**South Carolina General Assembly**

118th Session, 2009-2010

**S. 182**

**STATUS INFORMATION**

General Bill

Sponsors: Senators Setzler, Sheheen and Lourie

Document Path: l:\s-resmin\drafting\ns\002taxr.tcm.ns.docx

Introduced in the Senate on January 13, 2009

Currently residing in the Senate Committee on **Finance**

Summary: Tax Research Commission

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

12/17/2008 Senate Prefiled

12/17/2008 Senate Referred to Committee on **Finance**

1/13/2009 Senate Introduced and read first time [SJ](file:///h:\SJ%20Archive\2009\01-13-09.docx)‑155

1/13/2009 Senate Referred to Committee on **Finance** [SJ](file:///h:\SJ%20Archive\2009\01-13-09.docx)‑155

1/14/2009 Senate Referred to Subcommittee: O'Dell (ch), Peeler, Reese, Fair, Elliott

**VERSIONS OF THIS BILL**

[12/17/2008](file:///p:\pprever\2009-10\182_20081217.docx)

**A** **BILL**

TO AMEND CHAPTER 41, TITLE 2 OF THE 1976 CODE TO DISSOLVE THE JOINT COMMITTEE ON TAXATION AND ESTABLISH A PERMANENT TAX RESEARCH COMMISSION, TO PROVIDE FOR THE COMPOSITION, APPOINTMENT, AND TERM OF OFFICE OF THE MEMBERS OF THE COMMISSION, TO ESTABLISH THE DUTIES AND RESPONSIBILITIES OF THE COMMISSION, TO REQUIRE THE COMPLETION AND DELIVERY OF A REPORT ON SALES TAX EXEMPTIONS NOT LATER THAN DECEMBER 15, 2009, AND TO DIRECT THAT THE STATUTORY CHANGES RECOMMENDED IN THE REPORT SHALL BECOME EFFECTIVE JULY 1, 2010, UNLESS DISAPPROVED BY A JOINT RESOLUTION.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Chapter 41, Title 2 of the 1976 Code is amended to read:

“CHAPTER 41

~~Joint Committee on Taxation~~

South Carolina Tax Research Commission

Section 2‑41‑10. (A) There is established the ~~Joint Committee on Taxation~~ South Carolina Tax Research Commission composed of ~~nine~~ eleven members. The ~~nine~~ members must be appointed as follows:

~~(1)~~ ~~three Senators appointed by the Chairman of the Senate Finance Committee;~~

~~(2)~~ ~~three members of the House of Representatives appointed by the Chairman of the Ways and Means Committee; and~~

~~(3)~~ ~~three representatives of the business community, one being a certified public accountant, appointed by the Governor.~~

~~Members of the Senate and House of Representatives serve exofficio. The committee chairman must be one of the legislative members and the vice‑chairman must be one of the business community members. Both officers are to be elected by the membership of the committee. The terms of members appointed by the Governor shall be coterminous with the term of the appointing Governor.~~

(1) one member appointed by the President *Pro Tempore* of the Senate;

(2) one member appointed by the Speaker of the House of Representatives;

(3) one member appointed by the Chairman of the Senate Finance Committee;

(4) one member appointed by the Chairman of the House Ways and Means Committee;

(5) one member appointed by the Senate Majority Leader;

(6) one member appointed by the Senate Minority Leader;

(7) one member appointed by the House of Representatives Majority Leader;

(8) one member appointed by the House of Representatives Minority Leader;

(9) two members appointed by the Governor with the advice and consent of the Senate, one who must be an elected official serving on a county or municipal governing body and one who must be serving on a school district governing body; and

(10) the Director of the Department of Revenue, to serve ex officio.

(B) Members of the General Assembly are not eligible to serve on the commission. The members listed in items 1‑8 of subsection A of this section must have substantial academic or professional experience or specialization in one or more of the following areas:

(1) public finance;

(2) government budgeting and administration;

(3) tax administration;

(4) economics;

(5) accounting; or

(6) tax law.

(C) The office of Commission Chair is to be elected by the members of the commission for a term of two years. No member may serve more than two consecutive terms as Commission Chair without the unanimous agreement of the membership. The commission may elect such officers as it deems appropriate. Legislative appointees shall serve terms which are coterminous with the term of their respective appointing authority’s term of office. The term of the Director of the Department of Revenue shall be coterminous with the term the Governor by whom he was appointed. The term of the initial appointees of the Governor shall be for two years and must begin on July first of the year of the appointment and expire on June thirtieth of the second year following their appointment. All subsequent appointees of the Governor shall serve terms of four years, which must begin on July first of the year of the appointment and expire on June thirtieth of the fourth year following their appointment.

Section 2‑41‑20. ~~The committee must:~~

~~(1)~~ ~~make a detailed and careful study of the revenue laws of the State, together with all other laws of the State which have a bearing upon the study of the revenue laws, and to make recommendations to the General Assembly;~~

~~(2)~~ ~~provide for the revision of revenue laws so as to develop a more easily understandable and workable system of revenue laws for the State;~~

~~(3)~~ ~~recommend changes in the basic tax structure of the State and in the rates of taxation, together with predicted revenue effects of the charges together with proposed alternate sources of revenue, to the end that our revenue system may be stable and equitable, and yet so fair when compared with the tax structures of other states, that business enterprises and persons would be encouraged by the economic impact of the South Carolina revenue laws to move themselves and their business enterprises into the State;~~

~~(4)~~ ~~recommend study of alternate sources of revenue found in the tax structures of other states, and particularly in the other southeastern states, and to make a report of the economic impact of the South Carolina tax structure upon the business enterprises of various types of industry, as compared with those of other southeastern states; and~~

~~(5)~~ ~~make recommendations for long‑range revenue planning and for future amendments of the revenue laws of South Carolina.~~

(A) The commission must select and employ a staff director and is authorized to select and employ such other staff as may be prudent to assist the commission in the performance of its duties and responsibilities. The staff director shall be chosen solely on the grounds of fitness to perform the duties of the position and must possess:

(1) a Masters Degree from an accredited college or university, or a Baccalaureate Degree from an accredited college or university and have obtained professional experience equivalent to a Masters Degree;

(2) at least five years of experience in a public, private, or governmental position at the managerial level; and

(3) an academic background or substantial career experience in one or more of the following fields:

(a) economics;

(b) government budgeting and administration;

(c) urban and regional economic development;

(d) economic forecasting; or

(e) state and local public finance.

(B) No member of the General Assembly, nor anyone who has been a member of the General Assembly in the three years prior to employment, is eligible to be selected as director. The director shall act as secretary for the commission and shall, with the approval of the commission, have authority to contract for experts, consultants, and such other assistance as may be necessary to carry out the duties of the commission.

Section 2‑41‑30. The ~~committee~~ commission may:

(1) hold public hearings;

(2) receive testimony of any employees of the State or any other witnesses who may assist the ~~committee~~ commission in its duties; ~~and~~

(3) call for assistance in the performance of its duties from any employees or agencies of the State or any of its political subdivisions~~.~~; and

(4) adopt, by majority vote, rules not inconsistent with this chapter, which it considers necessary with respect to the discharge of its duties under this chapter.

Section 2‑41‑40. ~~The committee may adopt by majority vote rules not inconsistent with this chapter it considers proper with respect to matters relating to the discharge of its duties under this chapter.~~

The commission must:

(1) conduct a detailed, comprehensive and careful study of the state’s tax structure, to include all revenue laws of the State, together with all other laws of the State which have a bearing upon the study of the revenue laws, with an emphasis on the systemic balance of the state’s revenue structure from the standpoint of adequacy, equity and efficiency and with the goal of maintaining and enhancing South Carolina as an optimum competitor in the effort to attract businesses and individuals making a decision on where to locate and live, work, and invest and report to the General Assembly a comprehensive package of modifications necessary to effectuate the commission’s recommendations;

(2) establish uniform content, collection, and reporting requirements for data to be reported to the commission by the various agencies and political subdivisions and maintain a repository of economic and fiscal data necessary and useable for the review, analysis, and assessment of existing and proposed revenue policies;

(3) review and analyze any proposed or recommended changes to the basic tax structure of the State or in the rates of taxation, together with predicted revenue effects of the changes or proposed alternate sources of revenue in the context of the goals set forth in item (1) of this section with priority to be given to any proposal referred by the Chairman of the Senate Finance Committee or the House Ways and Means Committee;

(4) develop criteria for assessing the effectiveness of the current tax structure, as well as the likely systemic impact of any proposed changes effecting tax revenues and report such criteria to the General Assembly at the earliest possible date;

(5) conduct periodic evaluations of enforcement and collection procedures and the administrative efficiency of the tax structure;

(6) seek public input and comment on proposals under review by the commission and on commission recommendations regarding changes in the tax structure;

(7) make periodic reports on legislative proposals and other matters referred to the commission for review and evaluation and annually report to the Senate Finance and House Ways and Means Committees all findings, recommendations, studies, reviews, analyses, or such papers regarding the status of the state’s tax structure and its ability to maintain and enhance South Carolina’s attractiveness as a place to work, invest, and live in comparison to other locations and any recommendations for changes or the timing of changes to the revenue system; and

(8) make all of its data, information resources, reports, and recommendations available, subject to the provisions of Chapter 4 of Title 30 of the Code.

Section 2‑41‑50. ~~Professional and clerical services for the committee must be made available from the staffs of the General Assembly, the~~ The Budget and Control Board, the Department of Revenue, ~~and~~ other state agencies and institutions, and political subdivisions of the State shall provide the commission with such information, reports, records, and data as it may reasonably require for the conduct of its duties.”

SECTION 2. Section 2‑41‑60 of the 1976 Code is repealed.

SECTION 3. Section 2‑41‑70 of the 1976 Code is amended to read:

“Section 2‑41‑70. The members of the ~~committee~~ commission are entitled to receive the per diem, mileage, and subsistence as is allowed by law for members of boards, committees, and commissions when engaged in the exercise of their duties as members of the ~~committee~~ commission. ~~These~~ The expenses must be paid from ~~approved accounts of their respective appointing authority. All other costs and expenses of the committee must be paid in equal proportion by the Senate, the House of Representatives, and the Office of the Governor, but only after the expenditures have been approved in advance by the President Pro Tempore of the Senate, the Speaker of the House, and the Governor~~ appropriations authorized in the annual general appropriations act.”

SECTION 4. Chapter 41, Title 2 of the 1976 Code is amended by adding:

“Section 2‑41‑80. (A) As soon as practicable after its organization,the commission shall conduct a thorough analysis and examination of the sales tax exemptions and limitations provided for inArticle 21, Chapter 36, Title 12 of the Code.

(B) Not later than December 15, 2009, the commission must publish and deliver a report and recommendation to the Chairs of the Senate Finance and House Ways and Means Committee setting forth the sales tax exemptions and limitations to be modified or repealed, including the text of an amendment to the provisions of Article 21, Chapter 36, Title 12 of the Code that effectuates the recommendations contained in the commission’s report. The provisions of the amendment to Article 21, Chapter 36 of Title 12 must also be delivered to the Code Commissioner who must take steps to prepare the substance of the amendment to be enrolled and engrossed in the Code of Laws with the provisions of such amendment to take effect July 1, 2010, unless, not later than April 30, 2010, the amendment is disapproved by enactment of a Joint Resolution which deals exclusively with the single question of the disapproval of the report and the associated amendment.

(C) The commission may appoint an advisory committee to assist with the evaluation and consideration of the various exemptions but the final report and recommendation must be the work product of the commission.”

SECTION 5. This act takes effect upon approval by the Governor.

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