~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

March 26, 2015

**S. 523**

Introduced by Senator Cleary

S. Printed 3/26/15--S. [SEC 3/27/15 1:28 PM]

Read the first time March 5, 2015.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (S. 523) to amend Chapter 28, Title 12 of the 1976 Code, relating to motor fuels subject to user fees, so as to enact the “South Carolina Collective Road Act”, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by striking all after the enacting words and inserting:

/ SECTION 1. A. Section 12‑28‑310 of the 1976 Code is amended to read:

“Section 12‑28‑310. (A) Subject to the exemptions provided in this chapter, a user fee of sixteen cents a gallon is imposed on:

(1) all gasoline, gasohol, or blended fuels containing gasoline that are used or consumed for any purpose in this State; and

(2) all diesel fuel, substitute fuels, or alternative fuels, or blended fuels containing diesel fuel that are used or consumed in this State in producing or generating power for propelling motor vehicles.

(B) The user fee levied on motor fuel subject to the user fee pursuant to this chapter is a levy and assessment on the consumer, and the levy and assessment on other persons as specified in this chapter are as agents of the State for the collection of the user fee. This section does not affect the method of collecting the user fee as provided in this chapter. The user fee imposed by this section must be collected and paid at those times, in the manner, and by the persons specified in this chapter.

(C) The license user fee imposed by this section is instead of all sales, use, or other excise tax that may be imposed otherwise by any municipality, county, or other local political subdivision of the State.

(D) On July 1, 2015, on July 1, 2016, and on July 1, 2017, the department shall permanently increase the amount of the user fees imposed pursuant to subsection (A) by four cents, for a total of twelve cents. Fifteen percent of the funds raised by the increase in the motor fuel user fee imposed by this subsection shall be credited to the Department of Transportation State Non‑Federal Aid Highway Fund. The remainder of the funds raised by the increase in the motor fuel user fee imposed by this subsection shall be credited to the State Highway Fund.

(E)(1) The department shall increase the amount of the motor fuel user fee imposed pursuant to subsections (A) and (D) on an annual basis by an inflation factor equal to the annual average percentage adjustment over the last ten completed calendar years of the Consumer Price Index for all‑urban consumers as published by the United States Department of Labor, Bureau of Labor Statistics. Upon determining the increase, the department must then convert the weighted average price to a cents‑per‑gallon price for all motor fuel and round the price to the nearest one‑tenth of a cent. If the converted cents‑per‑gallon price is exactly between two‑tenths of a cent, the department must round the price up to the higher of the two. Then, the department must round the cents‑per‑gallon price to the nearest whole cent. The department shall determine the increase in the motor fuel user fee by March thirty‑first of each year, and the increase shall take effect the following July first. The department must notify affected taxpayers of the motor fuel user fee to be in effect for the coming July first to June thirtieth period.

(2) Notwithstanding the provisions of item (E)(1), the motor fuel user fee may not be increased by more than two cents in a single year.

(3) The provisions of item (E)(1) shall be suspended by the Director of the Department of Revenue if they result in the motor fuel user fee exceeding the same in North Carolina and the Georgia county with the highest cumulative motor fuel user fee. The suspension shall remain in place until such time as the motor fuel user fees in North Carolina and the Georgia county with the highest cumulative motor fuel user fee are greater than or equal to South Carolina.”

B. The first CPI adjustment made pursuant to this SECTION shall take effect July 1, 2018.

SECTION 2. Section 56‑1‑140 of the 1976 Code is amended to read:

“Section 56‑1‑140. (A) Upon payment of a fee of ~~twelve~~ twenty‑five dollars ~~and fifty cents~~ for a license that is valid for five years, or ~~twenty‑five~~ fifty dollars for a license that is valid for ten years, the Department of Motor Vehicles shall issue to every qualified applicant a driver’s license as applied for by law. The license must bear on it a distinguishing number assigned to the licensee, the full name, date of birth, residence address, a brief description and laminated colored photograph of the licensee, and a facsimile of the signature of the licensee, or a space upon which the licensee shall write his usual signature with pen and ink immediately upon receipt of the license. No license is valid until it has been so signed by the licensee. The license authorizes the licensee to operate only those classifications of vehicles as indicated on the license.

(B) An applicant for a new, renewed, or replacement South Carolina driver’s license may apply to the Department of Motor Vehicles to obtain a veteran designation on the front of his driver’s license by providing:

(1) a United States Department of Defense discharge certificate, also known as a DD Form 214, that shows a characterization of service, or discharge status of ‘honorable’ or ‘general under honorable conditions’ and establishes the person’s qualifying military service in the United States Armed Forces; and

(2) payment of a one dollar fee that must be retained by the department.

The Department of Motor Vehicles may determine the appropriate form of the veteran designation on the driver’s license authorized pursuant to this section.

(C) ~~The fees collected pursuant to this section must be credited to the Department of Transportation State Non‑Federal Aid Highway Fund.~~ Fifteen percent of the fees collected pursuant to this section shall be credited to the Department of Transportation State Non‑Federal Aid Highway Fund. The remaining fees collected pursuant to this section shall be credited to the State Highway Fund.”

SECTION 3. Section 56‑3‑620 of the 1976 Code is amended to read:

“Section 56‑3‑620. (A) For persons sixty‑five years of age or older or persons who are handicapped, as defined in Section 56‑3‑1950, the biennial registration fee for every private passenger motor vehicle, excluding trucks, is ~~twenty~~ thirty‑six dollars.

(B) ~~Beginning July 1, 1987, for~~ For persons under the age of sixty‑five years the biennial registration fee for every private passenger motor vehicle, excluding trucks, is ~~twenty‑four~~ forty dollars.

(C) For persons sixty‑five years of age or older, the biennial registration fee for a property‑carrying vehicle with a gross weight of six thousand pounds or less is ~~thirty~~ forty‑six dollars.

(D) For persons who are sixty‑four years of age, the biennial registration fee for a private passenger motor vehicle, excluding trucks, is ~~twenty‑two~~ thirty‑eight dollars.

(E) Applicable truck fees, established by Section 56‑3‑660, are not negated by this section.

(F) Annual license plate validation stickers which are issued for nonpermanent license plates on certified South Carolina public law enforcement vehicles must be issued without charge.

(G) From each biennial registration and license fee collected, sixteen dollars shall be credited as follows: fifteen percent to the Department of Transportation State Non‑Federal Aid Highway Fund and the remainder credited to the State Highway Fund.”

SECTION 4. Chapter 3, Title 56 of the 1976 Code is amended by adding:

“Section 56‑3‑645. (A) In addition to the registration fees imposed by this chapter, motor vehicles that are powered:

(1) exclusively by electricity, hydrogen, or any fuel other than motor fuel, as defined in Section 12‑28‑110(39), that are not subject to motor fuel user fees imposed by Chapter 28, Title 12 shall pay a biennial road user fee of one hundred twenty dollars; and

(2) by a combination of motor fuel subject to motor fuel user fees imposed by Chapter 28, Title 12 and electricity, hydrogen, or any fuel other than motor fuel that are not subject to motor fuel user fees imposed by Chapter 28, Title 12 shall pay a biennial road user fee of sixty dollars.

(B) Fifteen percent of the fees collected pursuant to this section shall be credited to the Department of Transportation State Non‑Federal Aid Highway Fund and the remainder of the fees shall be credited to the State Highway Fund.

(C) The Department of Motor Vehicles shall collect this fee at the same time as the vehicle subject to the fee is registered.”

SECTION 5. Section 12‑36‑2110(A) of the 1976 Code is amended to read:

“Section 12‑36‑2110. (A)(1) The maximum tax imposed by this chapter is ~~three~~ six hundred dollars for each sale made after June 30, 1984, or lease executed after August 31, 1985, of each:

~~(1)~~(a) aircraft, including unassembled aircraft which is to be assembled by the purchaser, but not items to be added to the unassembled aircraft;

~~(2)~~(b) motor vehicle;

~~(3)~~(c) motorcycle;

~~(4)~~(d) boat;

~~(5)~~(e) trailer or semitrailer, pulled by a truck tractor, as defined in Section 56‑3‑20, and horse trailers, but not including house trailers or campers as defined in Section 56‑3‑710 or a fire safety education trailer;

~~(6)~~(f) recreational vehicle, including tent campers, travel trailer, park model, park trailer, motor home, and fifth wheel; or

~~(7)~~(g) self‑propelled light construction equipment with compatible attachments limited to a maximum of one hundred sixty net engine horsepower.

(2) In the case of a lease, the total tax rate required by ~~law~~ this section applies on each payment until the total tax paid equals ~~three~~ six hundred dollars. Nothing in this section prohibits a taxpayer from paying the total tax due at the time of execution of the lease, or with any payment under the lease. To qualify for the tax limitation provided by this section, a lease must be in writing and specifically state the term of, and remain in force for, a period in excess of ninety continuous days.

(3) Beginning with Fiscal Year 2016‑17:

(a) the first twenty percent of revenue generated from the first three hundred dollars of the maximum imposed tax pursuant to this section shall be credited to the South Carolina Education Improvement Act Fund; and

(b) from the remainder of the revenue generated pursuant to this section:

(i) fifteen percent shall be credited to the Department of Transportation State Non‑Federal Aid Highway Fund;

(ii) the remainder of the revenue shall be credited to the State Highway Fund. The Department of Transportation shall transfer to the State Infrastructure Bank an amount equivalent to fifty percent of the revenues credited to the State Highway Fund pursuant to this section.

(c) the revenues transferred to the bank must be from non‑tax sources and must be used solely by the bank to finance road projects which may include the issuance of revenue bonds issued pursuant to Article 3. The revenues from this source may not be used for projects approved by the bank before July 1, 2015. The bank shall submit all projects proposed to be financed by revenue generated pursuant to this section to the Joint Bond Review Committee as provided in Section 11‑43‑180, prior to approving a project for financing. The bank shall then determine which projects are eligible projects and select from among the eligible projects those qualified to receive financial assistance from the bank. In selecting eligible projects, the bank must consider the projected feasibility of the project and the amount and degree of risk to be assumed by the bank. The bank also must consider the maximum statewide economic benefit, enhancement of mobility, enhancement of public safety, acceleration of project completion, and enhancement of transportation services of the project. The presence or absence of local financial support will not be a factor in determining preference for projects financed pursuant to this section. The bank may request the assistance of the South Carolina Department of Transportation in recommending or selecting eligible projects. Nothing in this section may be construed to mean that the bank is bound by the recommendations or selections of the department.”

SECTION 6. Section 12‑36‑2647 of the 1976 Code is repealed.

SECTION 7. Any revenues raised pursuant to this act shall not be used to hire additional personnel.

SECTION 8. If any section, subsection, paragraph, subparagraph, sentence, clause, phrase, or word of this act is for any reason held to be unconstitutional or invalid, such holding shall not affect the constitutionality or validity of the remaining portions of this act, the General Assembly hereby declaring that it would have passed this act, and each and every section, subsection, paragraph, subparagraph, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more other sections, subsections, paragraphs, subparagraphs, sentences, clauses, phrases, or words hereof may be declared to be unconstitutional, invalid, or otherwise ineffective.

SECTION 9. The General Assembly finds that the sections presented in this act constitute one subject as required by Article III, Section 17 of the South Carolina Constitution, in particular finding that each change and each topic relates directly to or in conjunction with other sections to the subject of directing additional funding for transportation infrastructure projects as clearly enumerated in the title.

The General Assembly further finds that a common purpose or relationship exists among the sections, representing a potential plurality but not disunity of topics, notwithstanding that reasonable minds might differ in identifying more than one topic contained in the act.

SECTION 10. This act takes effect upon approval by the Governor. /

Renumber sections to conform.

Amend title to conform.

Majority favorable. Minority unfavorable.

HUGH K. LEATHERMAN, SR. KEVIN L. BRYANT

For Majority. LAWRENCE K. GROOMS

For Minority.

**A** **BILL**

TO AMEND CHAPTER 28, TITLE 12 OF THE 1976 CODE, RELATING TO MOTOR FUELS SUBJECT TO USER FEES, SO AS TO ENACT THE “SOUTH CAROLINA COLLECTIVE ROAD ACT”; TO AMEND SECTION 12‑28‑310 OF THE 1976 CODE, RELATING TO USER FEES ON GASOLINE AND DIESEL FUEL, TO PROVIDE FOR INDEXING OF THE MOTOR FUEL USER FEE TO ADJUST FOR INFLATION, BUT NOT TO INCREASE MORE THAN ONE AND ONE‑HALF CENT IN A SINGLE YEAR, AND TO PROVIDE THAT BEGINNING JULY 1, 2015, THE USER FEE SHALL INCREASE BY TEN CENTS; TO AMEND SECTION 56‑1‑140 OF THE 1976 CODE, RELATING TO THE ISSUANCE OF LICENSES AND RELATED FEES, TO INCREASE THE FEE FOR A FIVE‑YEAR LICENSE TO TWENTY‑FIVE DOLLARS, AND TO INCREASE THE FEE FOR A TEN‑YEAR LICENSE TO FIFTY DOLLARS, AND TO PROVIDE FOR THE ALLOCATION OF THE FUNDS RECEIVED; TO AMEND SECTION 56‑3‑620 OF THE 1976 CODE, RELATING TO FEES FOR PRIVATE PASSENGER MOTOR VEHICLES, TO INCREASE THE FEE FOR PERSONS SIXTY‑FIVE YEARS OF AGE OR OLDER WHO ARE HANDICAPPED TO THIRTY‑SIX DOLLARS, TO INCREASE THE FEE FOR PERSONS UNDER THE AGE OF SIXTY‑FIVE FOR EVERY PRIVATE PASSENGER MOTOR VEHICLE TO FORTY DOLLARS, TO INCREASE THE FEE FOR PERSONS WHO ARE SIXTY‑FOUR YEARS OF AGE OR OLDER FOR A PROPERTY‑CARRYING VEHICLE WITH A GROSS WEIGHT OF SIX THOUSAND POUNDS OR LESS TO FORTY‑EIGHT DOLLARS, AND TO INCREASE THE FEE FOR PERSONS WHO ARE SIXTY‑FOUR YEARS OF AGE FOR A PRIVATE PASSENGER MOTOR VEHICLE TO THIRTY‑EIGHT DOLLARS, AND TO ALLOCATE THE INCREASE IN FUNDS RECEIVED UNDER THIS SECTION; TO AMEND SECTION 56‑3‑130, RELATING TO THE EXEMPTION OF CERTAIN TRAILERS, TO PROVIDE THAT BOAT TRAILERS UNDER TWENTY‑FIVE HUNDRED POUNDS, LANDSCAPING EQUIPMENT TRAILERS, AUTOMOBILE UTILITY TRAILERS, AND OTHER PRIVATELY OWNED UTILITY TRAILERS, BUT NOT INCLUDING FARM TRAILERS, SHALL BE REGISTERED WITH THE DEPARTMENT, TO PROVIDE THAT THE DEPARTMENT SHALL COLLECT A REGISTRATION FEE FOR EACH TRAILER, WHICH SHALL BE CREDITED TO THE STATE HIGHWAY FUND; TO AMEND SECTION 56‑3‑400, RELATING TO AUTOMOBILE UTILITY TRAILERS, TO ADD A CODE SECTION; TO AMEND CHAPTER 3, TITLE 56 OF THE 1976 CODE, TO PROVIDE THAT MOTOR VEHICLES POWERED EXCLUSIVELY BY ELECTRICITY, HYDROGEN, OR ANY OTHER FUEL OTHER THAN MOTOR FUEL, SHALL PAY A ROAD USER FEE, TO PROVIDE THAT MOTOR VEHICLES POWERED BY A COMBINATION OF MOTOR FUEL SUBJECT TO MOTOR FUEL USER FEES AND ELECTRICITY, HYDROGEN, OR ANY FUEL OTHER THAN MOTOR FUEL SHALL BE SUBJECT TO A ROAD USER FEE, AND TO PROVIDE FOR THE DIRECTION OF FUNDS RECEIVED PURSUANT TO THIS SECTION; TO AMEND SECTION 12‑37‑2810, RELATING TO MOTOR CARRIERS, TO ADD DEFINITIONS FOR COMMERCIAL MOTOR VEHICLE, LARGE COMMERCIAL MOTOR VEHICLE, SMALL COMMERCIAL MOTOR VEHICLE, AND SOUTH CAROLINA APPORTIONMENT FACTOR; TO AMEND CHAPTER 37, TITLE 12 OF THE 1976 CODE, RELATING TO MOTOR CARRIERS, TO PROVIDE THAT THE PROVISIONS CONTAINED IN THIS ARTICLE DO NOT APPLY TO SMALL COMMERCIAL MOTOR VEHICLES; TO AMEND SECTION 12‑37‑2820 OF THE 1976 CODE, RELATING TO THE ASSESSMENT OF MOTOR VEHICLES, TO PROVIDE THAT THE DEPARTMENT OF MOTOR VEHICLES SHALL ASSESS THE VALUATION OF ALL LARGE COMMERCIAL MOTOR VEHICLES AND BUSES OF MOTOR CARRIERS REGISTERED FOR USE IN THIS STATE; TO AMEND SECTION 12‑37‑2830 OF THE 1976 CODE, RELATING TO THE DETERMINATION OF VALUE BASED ON RATIO, TO PROVIDE THAT LARGE COMMERCIAL MOTOR VEHICLES AND BUSES ARE SUBJECT TO A ROAD USER FEE IN LIEU OF A PROPERTY TAX, DETERMINED BY THE APPORTIONMENT FACTOR FOR THE FLEET OF WHICH THE COMMERCIAL VEHICLE IS A PART; TO AMEND SECTION 12‑37‑2840 OF THE 1976 CODE, RELATING TO THE FILING OF PROPERTY TAX RETURNS, TO PROVIDE THAT A MOTOR CARRIER REGISTERING A LARGE COMMERCIAL MOTOR VEHICLE OR BUS SHALL PAY THE ROAD USE FEE DUE ON THE VEHICLE AT THE TIME AND IN THE MANNER THE PERSON PAYS A REGISTRATION FEE ON HIS VEHICLE AND A HIGHWAY INFRASTRUCTURE IMPROVEMENT FEE INSTEAD OF FILING PROPERTY TAXES; TO AMEND SECTION 12‑37‑2850 OF THE 1976 CODE, RELATING TO THE ASSESSMENT OF TAXES, TO PROVIDE THAT THE DEPARTMENT OF MOTOR VEHICLES SHALL ASSESS ANNUALLY THE ROAD USE FEE DUE ON LARGE COMMERCIAL MOTOR VEHICLES AND BUSES FOR THE PRECEDING YEAR BY JULY FIRST OF EACH YEAR, AND TO PROVIDE FOR THE METHOD OF CALCULATION OF THE FEE; TO AMEND SECTION 12‑37‑2860 OF THE 1976 CODE, RELATING TO ONE‑TIME FEES, TO PROVIDE THAT ONE HUNDRED PERCENT OF THE FAIR MARKET VALUE OF SEMITRAILERS AND TRAILERS IS EXEMPT FROM PROPERTY TAX, TO PROVIDE THAT THE FEE IS IN LIEU OF ANY LOCAL ROAD USE FEE, REGISTRATION FEES, OR ANY OTHER VEHICLE‑RELATED FEE IMPOSED BY A POLITICAL SUBDIVISION OF THIS STATE ON A TRAILER OR SEMITRAILER, AND TO PROVIDE FOR THE MANNER IN WHICH FEES MAY BE PAID; TO AMEND CHAPTER 37, TITLE 12 OF THE 1976 CODE, TO PROVIDE FOR THE DISTRIBUTION OF THE FEE REVENUES; TO AMEND SECTION 12‑37‑2870, RELATING TO THE DISTRIBUTION FORMULA, TO PROVIDE THAT THE DISTRIBUTION OF FEE REVENUES SHALL BE PURSUANT TO SECTION 12‑37‑2865(B); TO AMEND SECTION 12‑37‑2880, RELATING TO AD VALOREM TAXES, TO PROVIDE THAT ONE HUNDRED PERCENT OF THE FAIR MARKET VALUE OF ALL LARGE COMMERCIAL MOTOR VEHICLES AND BUSES ARE EXEMPT FROM PROPERTY TAX AND INSTEAD SUBJECT TO THE ROAD USE FEE; TO AMEND SECTION 56‑3‑376, RELATING TO THE SYSTEM OF REGISTRATION FOR MOTOR VEHICLES, TO PROVIDE FOR A CLASSIFICATION PERTAINING TO LARGE COMMERCIAL VEHICLES AND BUSES; TO AMEND SECTION 56‑3‑120(5) OF THE 1976 CODE, RELATING TO EXEMPTIONS FROM REGISTRATION AND LICENSING, TO PROVIDE THAT A TRAILER OR SEMITRAILER COMMONLY USED IN COMBINATION WITH A LARGE COMMERCIAL MOTOR VEHICLE FOR WHICH THE FEE ON THE TRAILER OR SEMITRAILER HAS BEEN PAID, IS EXEMPT; TO AMEND SECTION 56‑3‑610 OF THE 1976 CODE, RELATING TO THE PAYMENT OF BIENNIAL REGISTRATION AND LICENSE FEES, TO PROVIDE THAT A LARGE COMMERCIAL MOTOR VEHICLE OR BUS ON WHICH THE ROAD USE FEE IS IMPOSED IS REQUIRED TO BE REGISTERED AND LICENSED ANNUALLY; TO AMEND SECTION 56‑3‑660 OF THE 1976 CODE, RELATING TO FEES FOR SELF‑PROPELLED PROPERTY CARRYING VEHICLES, TO PROVIDE THAT THE FEES FOR LICENSING AND REGISTRATION MAY BE CREDITED TO THE DEPARTMENT OF MOTOR VEHICLES; TO AMEND SECTION 56‑3‑660(E) OF THE 1976 CODE, TO PROVIDE THAT THE DEPARTMENT MAY REGISTER A LARGE COMMERCIAL MOTOR VEHICLE FOR THE PAYMENT OF ONE‑HALF OF THIS STATE’S PORTION OF THE LICENSE AND ROAD FEE; TO AMEND SECTION 58‑23‑620, RELATING TO SITUATIONS IN WHICH LOCAL FEES MAY OR MAY NOT BE IMPOSED, TO PROVIDE FOR ALLOCATION IF A MUNICIPALITY OR COUNTY IMPOSES A LICENSE FEE OR TAX; TO AMEND ARTICLE 21, CHAPTER 37, TITLE 12 OF THE 1976 CODE, TO PROVIDE THAT MOTOR CARRIERS ARE EXEMPT FROM AD VALOREM TAXES IMPOSED PURSUANT TO THIS CHAPTER ON LARGE COMMERCIAL MOTOR VEHICLES AND BUSES; TO AMEND SECTION 12‑37‑2610 OF THE 1976 CODE, RELATING TO TAX NOTICES AND PAID RECEIPTS, TO PROVIDE THAT LARGE COMMERCIAL MOTOR VEHICLES AND BUSES MUST PAY ROAD USE FEES IN LIEU OF AD VALOREM PROPERTY TAXES; TO AMEND THE FIRST PARAGRAPH OF SECTION 12‑37‑2650, TO PROVIDE THAT LARGE COMMERCIAL MOTOR VEHICLES AND BUSES MUST PAY ROAD USE FEES IN LIEU OF AD VALOREM PROPERTY TAXES; TO AMEND SECTION 56‑3‑660(A) OF THE 1976 CODE, RELATING TO FEES FOR SELF‑PROPELLED PROPERTY CARRYING VEHICLES, TO PROVIDE THAT THE DEPARTMENT OF MOTOR VEHICLES MAY REGISTER AND LICENSE SMALL COMMERCIAL MOTOR VEHICLES AND TO PROVIDE FOR THE FEES; TO AMEND CHAPTER 3, TITLE 56 OF THE 1976 CODE, TO DEFINE RECREATION VEHICLE, TO PROVIDE THAT A PERSON REGISTERING A MOTOR VEHICLE, MOTORCYCLE, OR RECREATIONAL VEHICLE MUST PAY AN INITIAL ROAD IMPACT REGISTRATION FEE EQUAL TO FIVE PERCENT OF THE GROSS PROCEEDS OF THE SALE OF THE MOTOR VEHICLE, NOT TO EXCEED FOURTEEN HUNDRED DOLLARS, TO PROVIDE FOR EXCLUSIONS FROM THIS FEE, TO CREATE A TRANSFER FEE APPLICABLE ON THE SALE OF A MOTOR VEHICLE, MOTORCYCLE, OR RECREATION VEHICLE, TO PROVIDE FOR THE ALLOCATION OF THE REVENUE WITH THE FIRST TWENTY MILLION OF REVENUE DISTRIBUTED TO THE EDUCATION IMPROVEMENT ACT FUND AND THE REMAINING FUNDS TO THE DEPARTMENT OF TRANSPORTATION, TO PROVIDE THAT SEVEN HUNDRED FIFTY THOUSAND DOLLARS SHALL BE DISTRIBUTED TO EACH COUNTY TRANSPORTATION COMMITTEE, AND TO PROVIDE FOR A LOCAL MATCH OPTION, AND TO PROVIDE THAT THE DEPARTMENT OF TRANSPORTATION MAY GIVE EACH COUNTY ANY SECONDARY ROADS IT DOES NOT KEEP IN ITS SYSTEM; TO AMEND SECTION 12‑28‑2740(B) OF THE 1976 CODE, RELATING TO THE DISTRIBUTION OF GASOLINE USER FEES AMONG COUNTIES, TO PROVIDE THAT A COUNTY TRANSPORTATION COMMITTEE MUST BE APPOINTED HALF BY THE COUNTY LEGISLATIVE DELEGATION AND HALF BY THE CITY COUNCIL; TO AMEND CHAPTER 36, TITLE 12 OF THE 1976 CODE, TO PROVIDE THAT A HIGHWAY IMPROVEMENT AND SAFETY FEE EQUAL TO SIX PERCENT OF THE APPLICABLE CHARGES IS IMPOSED UPON THE REPAIR OR LABOR OF A TRANSPORTATION VEHICLE AND TOWING OF A VEHICLE OR ANCILLARY ROAD SERVICES, AND TO PROVIDE FOR DEFINITIONS FOR PURPOSES OF THAT SECTION; TO AMEND SECTION 12‑6‑545(B)(2), BY REDUCING AND THEN ELIMINATING THE INCOME TAX IMPOSED BY THAT SECTION; TO AMEND SECTION 12‑36‑2120, TO REPEAL VARIOUS SALES TAX EXEMPTIONS IMPOSED BY THAT SECTION; CHAPTER 11, TITLE 11 OF THE 1976 CODE IS AMENDED BY ADDING SECTION 11‑11‑240, TO DIRECT REVENUES RAISED BY THE REPEAL OF VARIOUS SALES TAX EXEMPTIONS IN SECTION 12‑36‑2120 TO BE CREDITED TO THE STATE HIGHWAY FUND AND TO REQUIRE THE BOARD OF ECONOMIC ADVISORS TO MAKE ANNUAL ESTIMATES OF THE REVENUE RAISED BY THE REPEAL OF VARIOUS SALES TAX EXEMPTIONS IN SECTION 12‑36‑2120; TO AMEND SECTION 12‑36‑2110(A) OF THE 1976 CODE, RELATING TO MAXIMUM TAXES ON SALES OR LEASES, TO PROVIDE THAT A TRANSFER FEE OF FIVE PERCENT OF THE FAIR MARKET VALUE, NOT TO EXCEED ONE THOUSAND DOLLARS, MUST BE COLLECTED UPON THE SALE OF AN AIRCRAFT, BOAT, OR SELF‑PROPELLED LIGHT CONSTRUCTION EQUIPMENT, TO PROVIDE THAT IN THE CASE OF A LEASE, A TOTAL FEE EQUAL TO THE LESSER OF FIVE PERCENT OF THE VALUE OF THE LEASE OR ONE THOUSAND DOLLARS, TO PROVIDE FOR THE MANNER OF COLLECTION OF THE FEE, AND TO PROVIDE FOR THE ALLOCATION OF THE REVENUE GENERATED PURSUANT TO THIS SECTION; TO AMEND SECTION 11‑43‑130(6) OF THE 1976 CODE TO CHANGE THE DEFINITION OF ELIGIBLE PROJECT TO CLARIFY ELIGIBLE PROJECTS MUST BE SELECTED FROM THE DEPARTMENT OF TRANSPORTATION’S LONG‑RANGE STATEWIDE TRANSPORTATION PLAN; AND TO AMEND SECTION 57‑1‑140 OF THE 1976 CODE, RELATING TO THE APPOINTMENT OF THE SECRETARY OF TRANSPORTATION, TO REPEAL SECTION 6 OF ACT 114 OF 2007 REMOVING THE SUNSET PROVISION FOR THE GOVERNOR’S APPOINTMENT AUTHORITY.

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

SECTION 1. This act may be referred to and cited as the "South Carolina Collective Road Act".

SECTION 2. A. Section 12‑28‑310 of the 1976 Code is amended to read:

“Section 12‑28‑310. (A) Subject to the exemptions provided in this chapter, a user fee of sixteen cents a gallon is imposed on:

(1) all gasoline, gasohol, or blended fuels containing gasoline that are used or consumed for any purpose in this State; and

(2) all diesel fuel, substitute fuels, or alternative fuels, or blended fuels containing diesel fuel that are used or consumed in this State in producing or generating power for propelling motor vehicles.

(B) The user fee levied on motor fuel subject to the user fee pursuant to this chapter is a levy and assessment on the consumer, and the levy and assessment on other persons as specified in this chapter are as agents of the State for the collection of the user fee. This section does not affect the method of collecting the user fee as provided in this chapter. The user fee imposed by this section must be collected and paid at those times, in the manner, and by the persons specified in this chapter.

(C) The license user fee imposed by this section is instead of all sales, use, or other excise tax that may be imposed otherwise by any municipality, county, or other local political subdivision of the State.

(D)(1) The department shall increase the amount of the motor fuel user fee imposed pursuant to (A) on an annual basis by an inflation factor equal to the annual average percentage adjustment over the last ten completed calendar years of the Consumer Price Index for all‑urban consumers as published by the United States Department of Labor, Bureau of Labor Statistics. Upon determining the increase, the department shall round the motor fuel user fee to the nearest one‑tenth of a cent. If the motor fuel user fee is exactly between two one‑tenths of a cent, the department must round the rate up to the higher of the two. The department shall determine the increase in the motor fuel user fee by March thirty‑first of each year, and the increase shall take effect the following July first. The department must notify affected taxpayers of the motor fuel user fee to be in effect for the coming July first to June thirtieth period.

(2) Notwithstanding the provisions of item (1), the motor fuel user fee may not be increased by more than two cents in a single year.

(3) The provisions of item (1) shall be suspended if they result in the motor fuel user fee exceeding the same in Georgia and North Carolina. The suspension shall remain in place until such time as the motor fuel user fees in North Carolina and Georgia are greater than or equal to South Carolina.

(E) On July 1, 2015, the user fee set by subsection (A) and as adjusted by subsection (D) shall be increased by an additional ten cents. The amount collected from the increase required by this subsection must be credited directly to the State Highway Fund.”

B. The first CPI adjustment made pursuant to this SECTION shall take effect July 1, 2015.

SECTION 3. Section 56‑1‑140 of the 1976 Code is amended to read:

“Section 56‑1‑140. (A) Upon payment of a fee of ~~twelve~~ twenty‑five dollars ~~and fifty cents~~ for a license that is valid for five years, or ~~twenty‑five~~ fifty dollars for a license that is valid for ten years, the Department of Motor Vehicles shall issue to every qualified applicant a driver’s license as applied for by law. The license must bear on it a distinguishing number assigned to the licensee, the full name, date of birth, residence address, a brief description and laminated colored photograph of the licensee, and a facsimile of the signature of the licensee, or a space upon which the licensee shall write his usual signature with pen and ink immediately upon receipt of the license. No license is valid until it has been so signed by the licensee. The license authorizes the licensee to operate only those classifications of vehicles as indicated on the license.

(B) An applicant for a new, renewed, or replacement South Carolina driver’s license may apply to the Department of Motor Vehicles to obtain a veteran designation on the front of his driver’s license by providing:

(1) a United States Department of Defense discharge certificate, also known as a DD Form 214, that shows a characterization of service, or discharge status of ‘honorable’ or ‘general under honorable conditions’ and establishes the person’s qualifying military service in the United States Armed Forces; and

(2) payment of a one dollar fee that must be retained by the department.

The Department of Motor Vehicles may determine the appropriate form of the veteran designation on the driver’s license authorized pursuant to this section.

(C) The fees collected pursuant to this section must be credited to the Department of Transportation State ~~Non‑Federal Aid~~ Highway Fund.”

SECTION 4. Section 56‑3‑620 of the 1976 Code is amended to read:

“Section 56‑3‑620. (A) For persons sixty‑five years of age or older or persons who are handicapped, as defined in Section 56‑3‑1950, the biennial registration fee for every private passenger motor vehicle, excluding trucks, is ~~twenty~~ thirty‑six dollars.

(B) ~~Beginning July 1, 1987,~~ ~~f~~For persons under the age of sixty‑five years the biennial registration fee for every private passenger motor vehicle, excluding trucks, is ~~twenty‑four~~ forty dollars.

(C) For persons sixty‑five years of age or older, the biennial registration fee for a property‑carrying vehicle with a gross weight of six thousand pounds or less is ~~thirty~~ forty‑six dollars.

(D) For persons who are sixty‑four years of age, the biennial registration fee for a private passenger motor vehicle, excluding trucks, is ~~twenty‑two~~ thirty‑eight dollars.

(E) Applicable truck fees, established by Section 56‑3‑660, are not negated by this section.

(F) Annual license plate validation stickers which are issued for nonpermanent license plates on certified South Carolina public law enforcement vehicles must be issued without charge.

(G) From each biennial registration and license fee collected pursuant to this section, sixteen dollars must be deposited in the State Highway Fund.”

SECTION 5. A. Section 56‑3‑130 of the 1976 Code is amended to read:

“Section 56‑3‑130. Boat trailers under twenty‑five hundred pounds, ~~farm trailers~~ landscaping equipment trailers, automobile utility trailers, as defined in section 56‑3‑400, and other utility trailers which are privately owned and not for hire ~~need not be licensed or registered.~~, but not including farm trailers, shall be registered with the department. The department shall collect an annual twenty dollar registration fee on each trailer. The department shall retain four dollars of each registration fee to implement the registration program and the remainder of each registration fee must be credited to the Department of Transportation’s State Highway Fund.”

B. Section 56‑3‑400 of the 1976 Code is amended to read:

“Section 56‑3‑400. The term ‘automobile utility trailer’ when used in Sections 56‑3‑400 to 56‑3‑420, and 56‑3‑130 shall mean and include any trailers suitable for towing by a private passenger automobile, the use of which is confined to the private hauling of personal property for intrastate or interstate use, or combined intrastate and interstate use. The term "automobile utility trailer" shall not include trailers or semitrailers rented or leased to any person for use by such lessee in the furtherance of or as an incident to any commercial or industrial enterprise in interstate commerce or for the use in connection with any business or occupation carried on in interstate commerce by the lessee.”

SECTION 6. Chapter 3, Title 56 of the 1976 Code is amended by adding:

“Section 56‑3‑645. (A) In addition to the registration fees imposed by this chapter, motor vehicles that are powered:

(1) exclusively by electricity, hydrogen, or any fuel other than motor fuel, as defined in Section 12‑28‑110(39), that are not subject to motor fuel user fees imposed by Chapter 28, Title 12 shall pay a biennial road user fee of one‑hundred twenty dollars; and

(2) by a combination of motor fuel subject to motor fuel user fees imposed by Chapter 28, Title 12 and electricity, hydrogen, or any fuel other than motor fuel that are not subject to motor fuel user fees imposed by Chapter 28, Title 12 shall pay a biennial road user fee of sixty dollars.

(B) The fees collected pursuant to this section must be deposited in the State Highway Fund to be used pursuant to Section 12‑28‑2760.

(C) The Department of Motor Vehicles shall collect this fee at the same time as the vehicle subject to the fee is registered.”

SECTION 7. A. Article 23, Chapter 37, Title 12 of the 1976 Code is amended to read:

“Article 23

Motor Carriers

Section 12‑37‑2810. As used in this article, unless the context requires otherwise:

(A) ‘Motor carrier’ means a person who owns, controls, operates, manages, or leases a commercial motor vehicle, or bus for the transportation of property or persons in intrastate or interstate commerce except for scheduled intercity bus service and farm vehicles using FM tags as allowed by the Department of Motor Vehicles. A motor carrier is defined further as being a South Carolina‑based International Registration Plan registrant or owning or leasing real property within this State used directly in the transportation of freight or persons.

(B) ‘Commercial motor vehicle’ means a motor propelled vehicle used for the transportation of property on a public highway ~~with a gross vehicle weight of greater than twenty‑six thousand pounds~~, except for farm vehicles using FM tags as allowed by the Department of Motor Vehicles.

(C) ‘Large commercial motor vehicle’ means a commercial motor vehicle with a gross vehicle weight of greater than twenty‑six thousand pounds that is registered under the International Registration Plan or used on a highway for the transportation of property.

(D) ‘Small commercial motor vehicle’ means a commercial motor vehicle with a gross vehicle weight of less than or equal to twenty‑six thousand pounds that is registered under the International Registration Plan or used on a highway for the transportation of property.

~~(C)~~(E) ‘Highway’ means all public roads, highways, streets, and ways in this State, whether within a municipality or outside of a municipality.

~~(D)~~(F) ‘Person’ means any individual, corporation, firm, partnership, company or association, and includes a guardian, trustee, executor, administrator, receiver, conservator, or a person acting in a fiduciary capacity.

~~(E)~~(G) ‘Semitrailers’ means every vehicle with or without motive power, other than a pole trailer, designed for carrying property and for being drawn by a motor vehicle and constructed so that a part of its weight and of its load rests upon or is carried by another vehicle.

~~(F)~~(H) ‘Trailers’ means every vehicle with or without motive power, other than a pole trailer, designed for carrying property and for being drawn by a motor vehicle and constructed so that no part of its weight rests upon the towing vehicle.

~~(G)~~(I) ‘Bus’ means every motor vehicle designed for carrying more than sixteen passengers and used for the transportation of persons, for compensation, other than a taxicab or intercity bus.

(J) ‘South Carolina apportionment factor’ means the ratio of miles operated by a fleet of vehicles in South Carolina to the miles operated by the fleet of vehicles everywhere which is used to apportion the registration fees of the fleet under the International Registration Plan.

Section 12‑37‑2815. The provisions contained in this article do not apply to small commercial motor vehicles which must be licensed, registered, and pay ad valorem taxes as otherwise provided by law.

Section 12‑37‑2820. (A) The Department of ~~Revenue~~ Motor Vehicles annually shall assess, equalize, and apportion the valuation of all large commercial motor vehicles and buses of motor carriers registered for use in this State under the International Registration Plan or otherwise pursuant to Section 56‑3‑190. The valuation must be based on fair market value for the motor vehicles and an assessment ratio of nine and one‑half percent as provided by Section 12‑43‑220(g). Fair market value is determined by depreciating the gross capitalized cost of each motor carrier’s large commercial motor vehicle~~,~~or bus by an annual percentage depreciation allowance down to ten percent of the cost as follows:

(1) Year One ‑‑ .90

(2) Year Two ‑‑ .80

(3) Year Three ‑‑ .65

(4) Year Four ‑‑ .50

(5) Year Five ‑‑ .35

(6) Year Six ‑‑ .25

(7) Year Seven ‑‑ .20

(8) Year Eight ‑‑ .15

(9) Year Nine ‑‑ .10

(B) ‘Gross capitalized cost’, as used in this section, means the original cost upon acquisition for income tax purposes, not to include taxes, interest, or cab customizing.

Section 12‑37‑2830. The value of a motor carrier’s large commercial motor vehicles and buses subject to ~~property taxes~~ road use fees in this State must be determined ~~based on the ratio of total mileage operated within this State during the preceding calendar year to the total mileage of its fleet operated within and without this State during the same preceding calendar year~~ according to the South Carolina apportionment factor for the fleet of which the commercial vehicle is a part.

Section 12‑37‑2840. ~~(A)~~ ~~Motor carriers must file an annual property tax return with the Department of Revenue no later than June 30 for the preceding calendar year and remit one‑half of the tax due or the entire tax due as stated on the return. If the motor carrier fails to pay either one‑half of the tax due or the entire tax due as of June 30, the department must issue a proposed assessment for the entire tax to the motor carrier. The tax as shown in the proposed assessment must be paid in full by cashier’s check, money order, or cash within thirty days of the issuance of the proposed assessment, or the taxpayer may appeal the proposed assessment within thirty days using the procedures provided in subarticle 1, Article 5, Chapter 60 of this title.~~

~~(B)(1)~~ ~~If one‑half of the tax is remitted on or before June 30, the remaining one‑half of the tax due must be paid to the Department of Revenue on or before December 31 of that year. If the motor carrier fails to remit the remaining tax due pursuant to this section, the department shall issue a proposed assessment to the motor carrier.~~

~~(2)~~ ~~The tax shown in the proposed assessment must be paid in full by cashier’s check, money order, or cash or appealed within thirty days of the issuance of the proposed assessment. The taxpayer may appeal the proposed assessment using the procedures provided in subarticle 1, Article 5, Chapter 60 of this title.~~

~~(C)~~ ~~If a motor carrier fails to timely file the return as required by this section, the department shall issue a proposed assessment which assumes all mileage of the motor carrier’s fleet was driven within this State. A taxpayer may appeal this proposed assessment using the procedures provided in subarticle 1, Article 5, Chapter 60 of this title.~~

~~(D)~~ ~~A twenty‑five percent penalty must be added to the property tax due if the motor carrier fails to file a return or pay any tax due, including the one‑half of the tax due on June 30, as required by this section. The penalty must be applied the day after the date that the return was due to be filed or the tax was due to be paid. This penalty is instead of all other penalties and interest required by law, except those provided in Section 12‑54‑44.~~

~~(E)~~ ~~If the motor carrier fails to remit the tax due within thirty days of receipt of the proposed assessment and the taxpayer fails to appeal the proposed assessment as provided in subsection (B), the department shall assess the tax. Tax due pursuant to this section is subject to the collection procedures provided in Chapter 54, of this title, except that the penalty provisions of Section 12‑54‑43 do not apply~~ A motor carrier registering a large commercial motor vehicle or bus shall pay the road use fee due on the vehicle at the time and in the manner the person pays the registration fees on the vehicle pursuant to Section 56‑3‑660. A person choosing to pay registration fees on a large commercial motor vehicle or bus in quarterly installments pursuant to Section 56‑3‑660 also must pay the road use fee on the vehicle in the same quarterly installments.

~~Section 12‑37‑2842.~~ ~~(A)~~ ~~The Department of Motor Vehicles, at the time of first registration by a motor carrier as defined in this article, shall notify the registrant of the Department of Revenue’s registration and filing requirements and supply the required registration forms.~~

~~(B)~~ ~~The motor carrier must register with the Department of Revenue within thirty days following the year in which the vehicle or bus was first registered for operation in South Carolina.~~

~~(C)~~ ~~A motor carrier must notify the Department of Revenue, on forms supplied by the department, of a motor vehicle or bus that is disposed of before December 31~~.

Section 12‑37‑2850. Beginning on January 1, 2016,~~The~~ the Department of ~~Revenue~~ Motor Vehicles shall assess annually the ~~taxes~~ road use fee due on large commercial motor vehicles and buses based on the value determined in Section 12‑37‑2820 and an average millage for all purposes statewide for the preceding calendar year and shall publish the average millage for the preceding year by ~~June 1~~ July first of each year. The Board of Economic Advisors, in consultation with the Department of Revenue, shall calculate the millage to be used to calculate the road use fee no later than June first of each year for the following calendar year. The ~~taxes~~ road use fee assessed must be paid to the Department of ~~Revenue no later than December 31 of each year and may be made in two equal installments~~ Motor Vehicles, in addition to the registration fees required pursuant to Section 56‑3‑660 and Section 56‑3‑670, at the time and in the manner that the registration fees on the vehicle are paid pursuant to Section 56‑3‑660 and Section 56‑3‑670. Distribution of the ~~taxes~~ fees paid must be made by the ~~State Treasurer’s Office~~ Office of the State Treasurer based on the distribution formula ~~contained~~ provided in ~~Section 12‑37‑2870~~ Sections 12‑37‑2865 and 12‑37‑2870.

Section 12‑37‑2860. (A) In addition to the property tax exemptions allowed pursuant to Section 12‑37‑220, one hundred percent of the fair market value of semitrailers and trailers as defined in Section 12‑37‑2810, and commonly used in combination with a large commercial motor vehicle as defined pursuant to Section 12‑37‑2810, is exempt from property tax.

(B) Instead of ~~the~~ any property ~~taxes~~ tax and the registration requirements ~~contained~~ provided in Sections 56‑3‑110 and 56‑3‑700 on semitrailers and trailers of motor carriers as defined in Section 12‑37‑2810, and commonly used in combination with a large commercial motor vehicle, a one‑time fee payable to the Department of Motor Vehicles in the amount of eighty‑seven dollars is ~~due~~ imposed on all semitrailers and trailers currently registered and subsequently on each semitrailer and trailer before being placed in service.

(C) The fee imposed pursuant to subsection (B) and the registration requirements of this article are in lieu of any local road use fee, registration fees, or any other vehicle related fee imposed by a political subdivision of this State on a trailer or semitrailer.

~~(B)~~(D) Twelve dollars of the one‑time fee must be distributed to the Department of ~~Revenue~~ Motor Vehicles and may be retained by the Department of ~~Revenue~~ Motor Vehicles and expended in budgeted operations to record and administer the fee. The remaining seventy‑five dollars of the fee must be distributed based on the distribution formula ~~contained~~ provided in ~~Section~~ Sections 12‑37‑2865 and 12‑37‑2870, and must occur by the fifteenth day of the month following the month in which the fees are collected.

~~(C)~~ ~~The fee required by this section is due on or before March 31, 1998, for the initial registration.~~

~~(D)~~(E) The Department of Motor Vehicles shall design a permanent tag for display on the exterior of the rear of the trailer or semitrailer in a conspicuous place.

(F) If the apportioned registration fees of a large commercial motor vehicle or bus and the road use fees for large commercial motor vehicles required under this chapter is equal to or exceeds four hundred dollars, the fees may be remitted to the Department of Motor Vehicles quarterly provided that each installment is made online. A motor carrier who fails to make a quarterly payment on a timely basis may no longer make installment payments and must remit to the department the balance of the fees owed for any previous calendar year before the Department of Motor Vehicles will renew registration for the current calendar year. A motor carrier that opts out of installment payments must make full payment of fees at the time of registration.

Section 12‑37‑2865. (A) The revenues from the road use fee assessed pursuant to Section 12‑37‑2850 must be distributed by the State Treasurer as provided in subsections (B) and (C). Distributions must be made by the last day of the next month succeeding the month in which the fee is paid.

(B) The first seventeen million dollars of fee revenues in a fiscal year must be distributed as provided pursuant to Section 12‑37‑2870.

(C) Fiscal year revenues in excess of seventeen million dollars described in subsection (A) must be distributed to the counties in the manner provided in Section 12‑28‑2740. The counties must apply revenue distributed pursuant to this subsection to road and bridge improvement projects in the state highway system following consideration of the Department of Transportation’s ranking pursuant to Section 57‑1‑370(B)(8).

Section 12‑37‑2870. The distribution of the fee revenues required to be distributed pursuant to Section 12‑37‑2865(B) for each county must be determined on the ratio of total federal and state highway miles within each county during the preceding calendar year to the total federal and state highway miles within all counties of this State during the same preceding calendar year. The county must distribute the revenue from the payment‑in‑lieu of taxes received pursuant to this section within thirty days of its receipt to every governmental entity levying a property tax in the manner set forth below. For each governmental entity levying a property tax, the entire assessed value of the taxable property within its boundaries and the county area must be multiplied by the millage rate imposed by the governmental entity. That figure constitutes the numerator for that governmental entity. The total of the numerators for all property tax levying entities within the county area constitutes the denominator. The numerator for each governmental entity must be divided by the denominator. The resulting percentage must be multiplied by the ~~payment‑in‑lieu of tax~~ fee revenue received pursuant to this section and that amount distributed to the general fund of the appropriate governmental entity. The distribution of taxes and fees paid must be made by the last day of the next month succeeding the month in which the taxes and fees were paid.

Section 12‑37‑2880. (A) In addition to the property tax exemptions allowed pursuant to Section 12‑37‑220, one hundred percent of the fair market value of all large commercial motor vehicles and buses registered for use in this State under the International Registration Plan or otherwise pursuant to Section 56‑3‑190, is exempt from property tax and is instead subject to the road use fee imposed pursuant to this article.

(B) The ~~ad valorem taxes authorized~~ road use fee imposed by this article ~~are~~ is in lieu of all ~~other~~ ad valorem taxes upon ~~the~~ large commercial motor vehicles or buses ~~of motor carriers~~, and any road use or other vehicle related fees imposed by a political subdivision of this State. ~~The fee‑in‑lieu of property taxes and registration requirements authorized by this article are in lieu of all other ad valorem taxes upon trailers and semitrailers of motor carriers.~~

~~Section 12‑37‑2890.~~ ~~(A)~~ ~~Upon request by the Department of Revenue, and after the time period for all appeals of tax due is exhausted, the Department of Motor Vehicles shall suspend the driver’s license and vehicle registration of a person that fails to file or pay a motor carrier property tax on a vehicle, pursuant to this article. The request to suspend must be an electronic notification from the Department of Revenue to the Department of Motor Vehicles. Before notification is sent to the Department of Motor Vehicles, the Department of Revenue shall notify the delinquent taxpayer by certified letter of the pending suspension and of the steps necessary to prevent the suspension from being entered on the taxpayer’s driving and registration records. The department shall allow thirty days for payment of taxes before notifying the Department of Motor Vehicles to suspend the driver’s license and vehicle registration.~~

~~(B)~~ ~~Notwithstanding the provisions of Sections 56‑1‑460 and 56‑9‑500, a charge of driving under suspension when the suspension is solely for failure to file or pay a motor carrier property tax or the reinstatement fee required for the property tax does not require proof of financial responsibility. A person is not subject to a custodial arrest solely for being under suspension pursuant to this section. Upon conviction of a violation of this section, the taxpayer is subject to:~~

~~(1)~~ ~~for a first offense a fine not to exceed fifty dollars;~~

~~(2)~~ ~~for a second offense a fine not to exceed two hundred fifty dollars; and~~

~~(3)~~ ~~for a third or subsequent offense under this section, the penalty is a fine not to exceed five hundred dollars or imprisonment not to exceed thirty days, or both.~~

~~(C)~~ ~~Notwithstanding the provisions of subsections (A) and (B) of this section or the provisions of Section 56‑1‑460, a charge of driving under suspension issued solely as a result of this section must be dismissed if the taxpayer provides proof on the taxpayer’s court date that the personal property taxes on the vehicle which resulted in the charge being issued have been paid.~~

~~(D)~~ ~~Before the reinstatement of a driver’s license or vehicle registration suspended due to a violation of this section, a fee of fifty dollars must be paid to the Department of Motor Vehicles. The Department of Motor Vehicles may retain revenues generated by payment of the reinstatement fees pursuant to this section for use in defraying costs associated with suspension and reinstatement actions pursuant to this section Fees collected in excess of actual departmental direct costs related to suspension and reinstatement actions pursuant to this section must be deposited to the credit of the general fund of the State at the end of each fiscal year.~~”

B. Section 56‑3‑376 of the 1976 Code is amended to read:

“Section 56‑3‑376. (A) All vehicles except those vehicles designated in Section 56‑3‑780 are designated as distinct classifications and must be assigned an annual registration period as follows:

(1) Classification (1). Vehicles for which the biennial registration fee is one‑hundred sixty dollars or more. The Department of Motor Vehicles may register and license a vehicle for which the biennial registration fee is one‑hundred sixty dollars or more or for a semiannual or one‑half year upon application to the department by the owner and the payment of one‑fourth of the specified biennial fee. Biennial registrations and licenses expire at midnight on the last day of the twenty‑fourth month for the period for which they were issued. Semiannual or half‑year registrations and licenses expire at midnight of the sixth month for the period for which they were issued and no person shall drive, move, or operate a vehicle upon a highway after the expiration of the registration and license until the vehicle is registered and licensed for the then current period. Trucks, truck tractors, or road tractors with an empty or unloaded weight of over five thousand pounds or less, or gross vehicle weight of eight thousand pounds or less also must be placed in this classification but may not be registered for less than a full biennial period.

(2) Classification (2). Other vehicles. All other vehicles except those vehicles described in classification (1) and (3) of this section are assigned a staggered biennial registration which expires on the last day of the month for the period for which they were issued.

(3) Classification (3). Large commercial motor vehicles and buses registered by motor carriers, as defined in Section 12‑37‑2810, are assigned a staggered annual registration which expires on the last day of the month for the period for which they were issued.

(B) Notwithstanding the registration periods provided in this section, upon appropriate notice, the department may revise the established renewal dates to allow renewals to be assigned an expiration date pursuant to a staggered monthly basis.”

C. Section 56‑3‑120(5) of the 1976 Code is amended to read:

“(5) a trailer or semitrailer ~~of a motor carrier~~ commonly used in combination with a large commercial motor vehicle, as defined in Section 12‑37‑2810, for which trailer or semitrailer the ~~fee‑in‑lieu of taxes and registration requirements has been paid~~ fee imposed pursuant to Section 12‑37‑2860 is paid and applicable registration requirements provided pursuant to Article 23, Chapter 37, Title 12, are met, and a distinctive permanent plate has been issued pursuant to Section 12‑37‑2860.”

D. Section 56‑3‑610 of the 1976 Code is amended to read:

“Section 56‑3‑610. (A) Except as provided in subsection (B), the ~~The~~ owner of every motor vehicle, trailer, semitrailer, pole trailer, and special mobile equipment vehicle required to be registered and licensed under this chapter shall pay to the Department of Motor Vehicles at the time of registering and licensing the vehicle and biennially after that time registration and license fees as set forth in this article.

(B) A large commercial motor vehicle or bus on which is imposed the road use fee provided pursuant to Article 23, Chapter 37, Title 12 is required to be registered and licensed annually pursuant to this chapter and the scheduled fees adjusted as provided pursuant to Section 56‑3‑660(E).”

E. Section 56‑3‑660(A) of the 1976 Code is amended to read:

“Section 56‑3‑660. (A) The determination of gross vehicle weight to register and license self‑propelled property carrying vehicles is the empty weight of the vehicle or combination of vehicles and the heaviest load to be transported by the vehicle or combination of vehicles as declared by the registered owner. All determinations of weight must be made in units of one thousand pounds or major fraction of one thousand pounds. The declared gross vehicle weight applies to all self‑propelled property carrying vehicles operating in tandem with trailers or semitrailers except that the gross weight of a trailer or semitrailer is not required to be included when the operation is to be in tandem with a self‑propelled property carrying vehicle licensed for six thousand pounds or less gross weight, and the gross vehicle weight of the combination does not exceed nine thousand pounds. The Department of Motor Vehicles may register and license a ~~vehicle of this classification~~ small commercial motor vehicle, as defined in Section 12‑37‑2810, for which the biennial registration and license fee is one‑hundred and sixty dollars or more for an annual or one‑year period beginning on April first and ending on March thirty‑first of the next year upon application to the department by the owner and the payment of one‑half the specified biennial fee or for a semiannual or one‑half year beginning on April first and ending on September thirtieth of the same year upon application to the department by the owner and the payment of the appropriate fees. The registration and license fee for small commercial motor vehicles ~~in this classification~~ which are registered for the remaining twenty‑four months or less of the twenty‑four month biennial period or for the eleven months or less of the twelve‑month year ending on March thirty‑first or the remaining five months or less for the one‑half period ending on September thirtieth is the proportionate part of the specified biennial fee for the remainder of the twenty‑four month period or year or one‑half year based on one twenty‑fourth of the specified twenty‑four‑month fee for each month or part of a month remaining in the biennial registration period or license year or one‑half year. No proportionate fee may be reduced lower than ten dollars. A person making application for a registration and license for a motor vehicle of this classification shall declare the true unloaded or empty weight of the vehicle.”

F. Section 56‑3‑660 of the 1976 Code is amended by adding an appropriately lettered new subsection read:

“( ) Fees for licensing and registration, and fees imposed pursuant to Article 23, Chapter 37, Title 12, may be credited or prorated as prescribed by the Department of Motor Vehicles.”

G. Section 56‑3‑660(E) of the 1976 Code is amended to read:

“(E) The department may register ~~an apportionable~~ a large commercial motor vehicle, as defined in Section 12‑37‑2810, for the payment of one‑half of this State’s portion of the license and road fee for a vehicle whose portion of the license and road fee owed to this State exceeds ~~eight~~ four hundred dollars. The department may require any information necessary to complete the transaction.”

H. Section 58‑23‑620 of the 1976 Code, as last amended by Act 145 of 1995, is further amended to read:

“Section 58‑23‑620. (A) ~~No city, town,~~ A municipality or county in this State ~~shall~~ may not impose a license fee or license tax upon a holder of a certificate A or a certificate B, and ~~no city, town,~~ a municipality or county ~~shall~~ may not impose a license fee or license tax on the holder of a certificate E or a certificate F, Certificate of Compliance, or a common or contract motor carrier of property, except the ~~city or town~~ municipality of ~~such~~ the carrier’s residence or the location of ~~his~~ the carrier’s principal place of business. However, the fee required of a holder of a certificate C is in addition to any license tax or license fee charged by a municipality.

(B) If a municipality or county imposes a license fee or license tax pursuant to subsection (A), the fee or tax in the case of any certificate holder or common or contract motor carrier of property which operates its vehicles both within and without this State, must be apportioned in the ratio that the miles traveled by the vehicles operated by the certificate holder in this State bears to miles traveled by those vehicles in all states.”

I. Article 21, Chapter 37, Title 12 of the 1976 Code is amended by adding:

“Section 12‑37‑2600. Motor carriers, as defined in Section 12‑37‑2810, are exempt from ad valorem taxes imposed pursuant to this chapter on large commercial motor vehicles and buses.”

J. Section 12‑37‑2610 of the 1976 Code is amended to read:

“Section 12‑37‑2610. The tax year for licensed motor vehicles begins with the last day of the month in which a license required by Section 56‑3‑110 is issued and ends on the last day of the month in which the license expires or is due to expire, unless the license is for a period of two years. In that case the tax year for motor vehicles for the first year of the two‑year licensing period begins with the last day of the month in which a license required by law is issued and ends on the last day of the month on the next anniversary of the issue date of the license. For the second year of the two‑year licensing period the tax year for motor vehicles begins with the last day of the month on the anniversary of the issue date of the license and ends on that last day of the month in which the license expires or is due to expire. No license may be issued for motor vehicles until the ad valorem tax is paid for the year for which the license is to be issued. ~~Motor vehicles registered under the International Registration Plan may pay ad valorem property taxes on a semiannual basis.~~ Large commercial motor vehicles and buses, as defined in Section 12‑37‑2810, must pay road use fees pursuant to Article 23, Chapter 37, Title 12 in lieu of ad valorem property taxes. The provisions of this section do not apply to sales of motor vehicles by a licensed motor vehicle dealer that do not involve the transfer of a license plate. Notice of the sales must be furnished to the department along with other documents necessary for the registration and licensing of the vehicle concerned. The notice must be received by the department as a prerequisite to the registration and licensing of the vehicle and must include the name and address of the purchaser, the vehicle identification number, and the year and model of the vehicle. The notice must be an original and one copy, and the copy must be provided by the department to the auditor of the county in which the vehicle is taxable. All ad valorem taxes on a vehicle are due and payable one hundred twenty days from the date of purchase. The notice and the time in which to pay the tax applies to motor vehicles that are serviced and delivered by a licensed motor vehicle dealer for the benefit of an out‑of‑state dealer.”

K. The first paragraph of Section 12‑37‑2650 of the 1976 Code is amended to read:

“The auditor shall prepare a tax notice of all vehicles owned by the same person and licensed at the same time for each tax year within the two‑year licensing period. A notice must describe the motor vehicle by name, model, and identification number. The notice must set forth the assessed value of the vehicle, the millage, the taxes due on each vehicle, and the license period or tax year. The notice must be delivered to the county treasurer who must collect or receive payment of the taxes. One copy of the notice must be in the form of a bill or statement for the taxes due on the motor vehicle and, when practical, the treasurer shall mail that copy to the owner or person having control of the vehicle. When the tax and all other charges included on the tax bill have been paid, the treasurer shall issue the taxpayer a paid receipt. The receipt or a copy may be delivered by the taxpayer to the Department of Motor Vehicles with the application for the motor vehicle registration. A record of the payment of the tax must be retained by the treasurer. The auditor shall maintain a separate duplicate for motor vehicles. No registration may be issued by the Department of Motor Vehicles unless the application is accompanied by the receipt, a copy of the notification required by Section 12‑37‑2610 or notice from the county treasurer, by other means satisfactory to the Department of Motor Vehicles, of payment of the tax. ~~Motor vehicles registered under the International Registration Plan may pay ad valorem property taxes on a semiannual basis, and a proportional receipt must be issued by the treasurer subject to penalties in Section 12‑37‑2730.~~ Large commercial motor vehicles and buses, as defined in Section 12‑37‑2810, must pay road use fees pursuant to Article 23, Chapter 37, Title 12 in lieu of ad valorem property taxes. The treasurer, tax collector, or other official charged with the collection of ad valorem property taxes in each county may delegate the collection of motor vehicle taxes to banks or banking institutions, if each institution assigns, hypothecates, or pledges to the county, as security for the collection, federal funds or federal, state, or municipal securities in an amount adequate to prevent any loss to the county from any cause. Each institution shall remit the taxes collected daily to the county official charged with the collections. The receipt given to the taxpayer, in addition to the information required in this section and by Section 12‑45‑70, must contain the name and office of the treasurer or tax collector of the county and must also show the name of the banking institution to which payment was made.”

L. (1) Notwithstanding any provision to the contrary within this SECTION, a person who registers a vehicle for use in this state pursuant to Article 23, Chapter 37, Title 12, as amended by this Act, who was subject to property taxes on the vehicle in this State prior to the effective date of this Act, who must register his vehicle on or after July 1, 2016 is required to pay the road fees calculated based on the fair market value of the vehicle as specified in Section 12‑37‑2820 and Section 12‑37‑2850 at the time the vehicle’s registration fees are paid.

(2) Notwithstanding the provisions in Section 12‑37‑2865(B) and (C), as contained in this SECTION, to the contrary, during calendar year 2016 the first four hundred thousand dollars of fee revenue collected under Section 12‑37‑2865 shall be retained by the Department of Motor Vehicles to defray programming costs.

(3) The initial millage required by Section 12‑37‑2850 must be calculated on or before June 1, 2016.

M. The provisions contained in this SECTION take effect January 1, 2016.

SECTION 8. A. Chapter 3, Title 56 of the 1976 Code is amended by adding:

“Section 56‑3‑450. (A) For the purposes of this section, ‘recreational vehicle’ shall include, but is not limited to, tent campers, travel trailers, park models, park trailers, motor homes, and fifth wheels.

(B)(1) A person registering a motor vehicle, motorcycle, or recreational vehicle must pay an initial road impact registration fee equal to five percent of the gross proceeds of the sale of the motor vehicle, not to exceed fourteen hundred dollars. The initial road impact registration fee shall not be collected on renewals of registration as required by law.

(2) In the case of a lease, a person registering the motor vehicle, motorcycle, or recreational vehicle must pay an initial road impact registration fee equal to five percent of the gross proceeds of the lease, not to exceed fourteen hundred dollars.

(C)(1) Except for a person subject to the provisions contained in subsection (B), there is imposed a proof of ownership road maintenance fee for the issuance of every certificate of title, or other proof of ownership, for every motor vehicle, motorcycle, or recreational vehicle. The fee is equal to five percent of the fair market value of the motor vehicle, not to exceed fourteen hundred dollars.

(2) Excluded from the fee are:

(a) motor vehicles, motorcycles, and recreational vehicles, including tent campers, travel trailers, park models, park trailers, motor homes, and fifth wheels:

(i) transferred to members of the immediate family;

(ii) transferred to a legal heir, legatee, or distributee;

(iii) transferred from an individual to a partnership upon formation of a partnership, or from a stockholder to a corporation upon formation of a corporation;

(iv) transferred to a licensed motor vehicle or motorcycle dealer for the purpose of resale;

(v) transferred to a financial institution for the purpose of resale;

(vi) transferred as a result of repossession to any other secured party, for the purpose of resale;

(b) the fair market value of a motor vehicle, motorcycle, or recreational vehicle transferred to the seller or secured party in partial payment.

(3) For the purposes of this subsection:

(a) ‘Fair market value’ means the total purchase price less any trade‑in, or the valuation shown in a national publication of used values adopted by the department, less any trade‑in.

(b) ‘Total purchase price’ means the price of a motor vehicle, motorcycle, or recreational vehicle agreed upon by the buyer and seller with an allowance for a trade‑in, if applicable.

(c) ‘Immediate family’ means spouse, parents, children, sisters, brothers, grandparents, and grandchildren.

(4) The department shall require every applicant for a certificate of title, or other proof of title, to supply information it considers necessary as to the time of purchase, the purchase price, and other information relative to the determination of fair market value. If the fee is based upon total purchase price as defined in this section, the department shall require a submission of a bill of sale and the signature of the owner subject to the perjury statutes of this State.

(5) The fees contained in this section apply only to the last sale before the application for title.

(D)(1) Upon the sale of a motor vehicle, motorcycle, or recreational vehicle to a resident of another state, the seller must collect from the purchaser a transfer fee equal to the lesser of:

(a) an amount equal to a similar fee or tax on the transaction, which would be imposed in the purchaser’s state of residence, or

(b) the initial road impact registration fee that would be imposed under this section.

(2) At the time of the sale, the seller shall:

(a) obtain from the purchaser a notarized statement of the purchasers intent to license the motor vehicle, motorcycle, or recreational vehicle, including tent campers, travel trailers, park models, park trailers, motor homes, and fifth wheels, within ten days, in the purchaser’s state of residence; and

(b) retain a signed copy of the notarized statement. The purchaser shall give a copy to the appropriate agency of the purchaser’s state of residence.

(3) No fee is due if a nonresident will not receive credit in his state of residence for the fee paid to this State under this section.

(E) Beginning with Fiscal Year 2016‑17:

(1) the first twenty‑one million dollars of the revenue generated pursuant to this section shall be credited to the South Carolina Education Improvement Act Fund; and

(2) the remainder of the revenue generated after the South Carolina Education Improvement Act Fund has received the proper amount of revenue shall be distributed to the Department of Transportation. Upon receiving the revenue distribution pursuant to this item, the Department of Transportation shall transfer fifty percent of that revenue to the South Carolina State Infrastructure Bank. Revenue transferred to the bank pursuant to this item may not be used for projects approved by the bank before July 1, 2015. The bank shall submit all projects proposed to be financed by revenue generated pursuant to this section to the Joint Bond Review Committee as provided in Section 11‑43‑180, prior to approving a project for financing. The other fifty percent of the revenue transferred to the department pursuant to this item shall be credited to the County Transportation Committees.

(a) Of the funds distributed to the County Transportation Committees, seven hundred fifty thousand dollars shall be administered to each county committee.

(b) If the governing body of a county by ordinance has imposed or imposes a sales and use tax of one percent to be applied exclusively towards highway, road, and bridge maintenance, construction, and repair, the county shall be eligible to receive an additional match of seven hundred fifty thousand dollars to be used for these purposes.

(c) With the funds distributed pursuant to this section, the Department of Transportation shall have the authority to require a county to assume control and responsibility for any road within that county that is currently maintained by the Department of Transportation. The county shall be responsible for the repair and maintenance of any roads in its jurisdiction for which it assumes control, and it shall do so in a manner that complies with all applicable department standards, unless the county and the department mutually agree to waive those standards.”

B. Section 12‑28‑2740(B) of the 1976 Code is amended to read:

“(B) The funds expended must be approved by and used in furtherance of a countywide transportation plan adopted by a county transportation committee. The county transportation committee must be appointed half by the county legislative delegation and half by the county council, and must be made up of fair representation from municipalities and unincorporated areas of the county. County transportation committees may join in approving a regional transportation plan, and the funds must be used in furtherance of the regional transportation plan. This subsection does not prohibit the county legislative delegation from making project recommendations to the county transportation committee. A county transportation committee may expend from the funds allocated under this section an amount not to exceed two thousand dollars for reasonable administrative expenses directly related to the activities of the committee. Administrative expenses may include costs associated with copying, mailings, public notices, correspondence, and recordkeeping but do not include the payment of per diem or salaries for members of the committee.”

C. This SECTION takes effect on July 1, 2016.

SECTION 9. Chapter 36, Title 12 of the 1976 Code is amended by adding:

“Article 20

Miscellaneous Impositions

Section 12‑36‑2010. (A) Notwithstanding any other provision of law, a highway improvement and safety fee, equal to six percent of the applicable charges, is imposed upon the:

(1) repair or labor of a transportation vehicle; and

(2) towing of a vehicle and ancillary automobile road services.

(B) Notwithstanding any other provision of law, the highway improvement and safety fee imposed by this section must be credited to the County Transportation Committee Fund.

(C) For purposes of this section:

(1) ‘Ancillary automobile road services’ means a fee charged by someone commercially engaged in the business of providing roadside services for a fee and including, but not limited to, charges for refueling, battery charging, and locksmith services.

(2) ‘Charges’ means the amount owed for the provided service, except that it does not include any amount owed which is subject to tax pursuant to Sections 12‑36‑910 and 12‑36‑1110.

(3) ‘Repair’ or ‘Labor’ means a fee charged for planning changes or improvements, diagnostic tests for which there is a charge, connection or hookup charges, installation or physical improvements, upgrading, updating, expanding or replacing existing capital or physical improvements to provide better service or improve the functionality of a transportation vehicle. It also includes costs incurred for construction, reconstruction, system improvements, replacement, restoration to original form including design, acquisition, engineering, or similar actions applied to a transportation vehicle.

(4) ‘Towing’ means a fee charged by someone commercially engaged in the business of towing, pulling, or loading a vehicle for a fee.

(5) ‘Transportation vehicle’ includes automobiles, motorcycles, trucks, limousines, buses, commercial transport trucks, recreational vehicles, and the engines or motors that propel them.”

SECTION 10. Section 12‑6‑545(B)(2) of the 1976 Code is amended to read:

“(2) The rate of the income tax imposed pursuant to this subsection is:

Taxable Year Beginning in Rate of Tax

2006 6.5 percent

2007 6 percent

2008 5.5 percent

2008 through 2011 5 percent

2012 4.33 percent

2013 3.67 percent

~~after~~ 2013 through 2015 3 percent

2016 2 percent

2017 1 percent

2018 0 percent”

SECTION 11. A. Section 12‑36‑2120 of the 1976 Code is amended to read:

“Section 12‑36‑2120. (A) Exempted from the taxes imposed by this chapter are the gross proceeds of sales, or sales price of:

(1) tangible personal property or receipts of any business which the State is prohibited from taxing by the Constitution or laws of the United States of America or by the Constitution or laws of this State;

~~(2)~~ ~~tangible personal property sold to the federal government;~~

~~(3)~~(2)(a) textbooks, books, magazines, periodicals, newspapers, and access to on‑line information systems used in a course of study in primary and secondary schools and institutions of higher learning or for students’ use in the school library of these schools and institutions;

(b) books, magazines, periodicals, newspapers, and access to on‑line information systems sold to publicly supported state, county, or regional libraries;

Items in this category may be in any form, including microfilm, microfiche, and CD ROM; however, transactions subject to tax under Sections 12‑36‑910(B)(3) and 12‑36‑1310(B)(3) do not fall within this exemption;

~~(4)~~(3) livestock. ‘Livestock’ is defined as domesticated animals ~~customarily~~ raised on South Carolina farms for use primarily as beasts of burden, or food, and certain mammals when raised for their pelts or fur. Animals such as dogs, cats, reptiles, fowls (except baby chicks and poults), and animals of a wild nature, are not considered livestock;

~~(5)~~(6) feed used for the production and maintenance of poultry and livestock;

~~(6)~~(5) insecticides, chemicals, fertilizers, soil conditioners, seeds, or seedlings, or nursery stock, used solely in the production for sale of farm, dairy, grove, vineyard, or garden products or in the cultivation of poultry or livestock feed;

~~(7)~~(6) ~~containers and labels used in:~~

~~(a)~~ ~~preparing agricultural, dairy, grove, or garden products for sale; or~~

~~(b)~~ ~~preparing turpentine gum, gum spirits of turpentine, and gum resin for sale.~~

~~For purposes of this exemption, containers mean boxes, crates, bags, bagging, ties, barrels, and other containers;~~ Reserved

~~(8)~~(7) newsprint paper, newspapers, and religious publications, including the Holy Bible and the South Carolina Department of Agriculture’s The Market Bulletin;

~~(9)~~(8) coal, or coke or other fuel sold to manufacturers, electric power companies, and transportation companies for:

(a) use or consumption in the production of by‑products;

(b) the generation of heat or power used in manufacturing tangible personal property for sale. For purposes of this item, ‘manufacturer’ or ‘manufacturing’ includes the activities of a processor;

(c) the generation of electric power or energy for use in manufacturing tangible personal property for sale;

(d) the generation of motive power for transportation. For the purposes of this exemption, ‘manufacturer’ or ‘manufacturing’ includes the activities of mining and quarrying;

(e) the generation of motive power for test flights of aircraft by the manufacturer of the aircraft where:

(i) the taxpayer invests at least seven hundred fifty million dollars in real or personal property or both comprising or located at a single manufacturing facility over a seven‑year period; and

(ii) the taxpayer creates at least three thousand eight hundred full‑time new jobs at the single manufacturing facility during that seven‑year period; or

(f) the transportation of an aircraft prior to its completion from one facility of the manufacturer of the aircraft to another facility of the manufacturer of the aircraft, not including the transportation of major component parts for construction or assembly, or the transportation of personnel. This exemption only applies when:

(i) the taxpayer invests at least seven hundred fifty million dollars in real or personal property or both comprising or located at a single manufacturing facility over a seven‑year period; and

(ii) the taxpayer creates at least three thousand eight hundred full‑time new jobs at the single manufacturing facility during that seven‑year period.

To qualify for the exemptions provided for in subitems (e) and (f), the taxpayer shall notify the department before the first month it uses the exemption and shall make the required investment and create the required number of full‑time new jobs over the seven‑year period beginning on the date provided by the taxpayer to the department in its notices. The taxpayer shall notify the department in writing that it has met the seven hundred fifty million dollar investment requirement and has created the three thousand eight hundred full‑time new jobs or, after the expiration of the seven‑year period, that it has not met the seven hundred fifty million dollar investment requirement and created the three thousand eight hundred full‑time new jobs. The department may assess any tax due on fuel purchased tax free pursuant to subitems (e) and (f) but due the State as a result of the taxpayer’s failure to meet the seven hundred fifty million dollar investment requirement and create the three thousand eight hundred full‑time new jobs. The running of the periods of limitations for assessment of taxes provided in Section 12‑54‑85 is suspended for the time period beginning with notice to the department before the taxpayer uses the exemption and ending with notice to the department that the taxpayer either has met or has not met the seven hundred fifty million dollar investment requirement and created the three thousand eight hundred full‑time new jobs.

As used in subitems (e) and (f), ‘taxpayer’ includes a person who bears a relationship to the taxpayer as described in Section 267(b) of the Internal Revenue Code~~.~~;

~~(10)~~(9)(a) meals or foodstuffs used in furnishing meals to school children, if the sales or use are within school buildings and are not for profit;

(b) meals or foodstuffs provided to elderly or disabled persons at home by nonprofit organizations that receive only charitable contributions in addition to sale proceeds from the meals;

(c) food stuffs, either prepared or packaged for the homeless or needy that are sold to nonprofit organizations, or food stuffs that are subsequently sold or donated by a nonprofit organization to another nonprofit organization. This subitem is only applicable to food stuffs which are eligible for purchase under the USDA food stamp program;

(d) meals or foodstuffs prepared or packaged that are sold to public or nonprofit organizations for congregate or in‑home service to the homeless or needy or disabled adults over eighteen years of age or individuals over sixty years of age. This subitem only applies to meals and foodstuffs eligible for purchase under the USDA food stamp program~~.~~;

~~(11)~~(10)(a) toll charges for the transmission of voice or messages between telephone exchanges for call centers with at least two hundred and fifty employees at a single location;

(b) ~~charges for telegraph messages;~~

~~(c)~~ ~~carrier access charges and customer access line charges established by the Federal Communications department or the South Carolina Public Service department; and~~

~~(d)~~ electronic transactions involving automatic teller machines;

~~(12)~~(11) water sold by public utilities, if rates and charges are of the kind determined by the Public Service Commission, or water sold by nonprofit corporations organized pursuant to Chapter 36 ~~of~~, Title 33;

~~(13)~~(12) fuel, lubricants, and supplies for use or consumption aboard ships in intercoastal trade or foreign commerce. This exemption does not exempt or exclude from the tax the sale of materials and supplies used in fulfilling a contract for the painting, repair, or reconditioning of ships and other watercraft;

~~(14)~~(13) ~~wrapping paper, wrapping twine, paper bags, and containers, used incident to the sale and delivery of tangible personal property;~~ Reserved

~~(15)~~(14)(a) motor fuel, blended fuel, and alternative fuel subject to tax under Chapter 28 ~~of~~, Title 12; however, gasoline used in aircraft is not exempt from the sales and use tax;

(b) if the fuel tax is subsequently refunded under Section 12‑28‑710, the sales or use tax is due unless otherwise exempt, and the person receiving the refund is liable for the sales or use tax;

(c) fuels used in farm machinery and farm tractors used for farming purposes; and

(d) fuels used in commercial fishing vessels~~.~~;

~~(16)~~(15) farm machinery and their replacement parts and attachments, used in planting, cultivating or harvesting farm crops, including bulk coolers (farm dairy tanks) used in the production and preservation of milk on dairy farms, and machines used in the production of poultry and poultry products on poultry farms, when such products are sold in the original state of production or preparation for sale. This exemption does not include automobiles or trucks;

~~(17)~~ ~~machines used in manufacturing, processing, recycling, compounding, mining, or quarrying tangible personal property for sale. ‘Machines’ include the parts of machines, attachments, and replacements used, or manufactured for use, on or in the operation of the machines and which (a) are necessary to the operation of the machines and are customarily so used, or (b) are necessary to comply with the order of an agency of the United States or of this State for the prevention or abatement of pollution of air, water, or noise that is caused or threatened by any machine used as provided in this section. This exemption does not include automobiles or trucks. As used in this item ‘recycling’ means a process by which materials that otherwise would become solid waste are collected, separated, or processed and reused, or returned to use in the form of raw materials or products, including composting, for sale. In applying this exemption to machines used in recycling, the following percentage of the gross proceeds of sale, or sales price of, machines used in recycling are exempt from the taxes imposed by this chapter:~~

~~Fiscal Year of Sale~~  ~~Percentage~~

~~Fiscal year 1997‑98~~ ~~fifty percent~~

~~After June 30, 1998~~ ~~one hundred percent;~~

~~(18)~~(16) fuel used exclusively to cure agricultural products;

~~(19)~~(17) electricity used by cotton gins, manufacturers, miners, or quarriers to manufacture, mine, or quarry tangible personal property for sale. For purposes of this item, ‘manufacture’ or ‘manufacture’ includes the activities of processors;

~~(20)~~(18) ~~railroad cars, locomotives, and their parts, monorail cars, and the engines or motors that propel them, and their parts;~~ Reserved

~~(21)~~(19) ~~vessels and barges of more than fifty tons burden;~~ Reserved

~~(22)~~(20) materials necessary to assemble missiles to be used by the Armed Forces of the United States;

~~(23)~~(21) ~~farm, grove, vineyard, and garden products, if sold in the original state of production or preparation for sale, when sold by the producer or by members of the producers immediate family;~~

~~(24)~~(22) supplies and machinery used by laundries, cleaning, dyeing, pressing, or garment or other textile rental establishments in the direct performance of their primary function, but not sales of supplies and machinery used by coin‑operated laundromats;

~~(25)~~(23) ~~motor vehicles (excluding trucks) or motorcycles, which are required to be licensed to be used on the highways, sold to a resident of another state, but who is located in South Carolina by reason of orders of the United States Armed Forces. This exemption is allowed only if within ten days of the sale the vendor is furnished a statement from a commissioned officer of the Armed Forces of a higher rank than the purchaser certifying that the buyer is a member of the Armed Forces on active duty and a resident of another state or if the buyer furnishes a leave and earnings statement from the appropriate department of the armed services which designates the state of residence of the buyer;~~ Reserved

~~(26)~~(24) ~~all supplies, technical equipment, machinery, and electricity sold to radio and television stations, and cable television systems, for use in producing, broadcasting, or distributing programs. For the purpose of this exemption, radio stations, television stations, and cable television systems are deemed to be manufacturers;~~ Reserved

~~(27)~~(25) ~~all plants and animals sold to any publicly supported zoological park or garden or to any of its nonprofit support corporations;~~ Reserved

~~(28)~~(26)(a) medicine and prosthetic devices sold by prescription, prescription medicines used to prevent respiratory syncytial virus, prescription medicines and therapeutic radiopharmaceuticals used in the treatment of rheumatoid arthritis, cancer, lymphoma, leukemia, or related diseases, including prescription medicines used to relieve the effects of any such treatment, free samples of prescription medicine distributed by its manufacturer and any use of these free samples;

(b) hypodermic needles, insulin, alcohol swabs, blood sugar testing strips, monolet lancets, dextrometer supplies, blood glucose meters, and other similar diabetic supplies sold to diabetics under the authorization and direction of a physician;

(c) disposable medical supplies such as bags, tubing, needles, and syringes, which are dispensed by a licensed pharmacist in accordance with an individual prescription written for the use of a human being by a licensed health care provider, which are used for the intravenous administration of a prescription drug or medicine, and which come into direct contact with the prescription drug or medicine. This exemption applies only to supplies used in the treatment of a patient outside of a hospital, skilled nursing facility, or ambulatory surgical treatment center;

(d) medicine donated by its manufacturer to a public institution of higher education for research or for the treatment of indigent patients; ~~and~~

(e) dental prosthetic devices;

(f) prescription drugs dispensed to Medicare Part A patients residing in a nursing home are not considered sales to the nursing home and are not subject to the sales tax~~.~~;

~~(29)~~ ~~tangible personal property purchased by persons under a written contract with the federal government when the contract necessitating the purchase provides that title and possession of the property is to transfer from the contractor to the federal government at the time of purchase or after the time of purchase. This exemption also applies to purchases of tangible personal property which becomes part of real or personal property owned by the federal government or, as provided in the written contract, is to transfer to the federal government. This exemption does not apply to purchases of tangible personal property used or consumed by the purchaser;~~

~~(30)~~(27) office supplies, or other commodities, and services resold by the Division of General Services of the State Budget and Control Board to departments and agencies of the state government, if the tax was paid on the divisions original purchase;

~~(31)~~(28) ~~vacation time sharing plans, vacation multiple ownership interests, and exchanges of interests in vacation time sharing plans and vacation multiple ownership interests as provided by Chapter 32 of, Title 27, and any other exchange of accommodations in which the accommodations to be exchanged are the primary consideration;~~ Reserved

~~(32)~~(29) natural and liquefied petroleum gas and electricity used exclusively in the production of poultry, livestock, swine, and milk;

~~(33)~~(30) electricity, natural gas, fuel oil, kerosene, LP gas, coal, or any other combustible heating material or substance used for residential purposes. Individual sales of kerosene or LP gas of twenty gallons or less by retailers are considered used for residential heating purposes;

~~(34)~~(31) fifty percent of the gross proceeds of the sale of a manufactured home, as defined in Section 40‑29‑20, or a modular home regulated pursuant to Chapter 43 ~~of~~, Title 23, both on‑frame and off‑frame~~. For purposes of this item only, ‘gross proceeds of sale’ equals the manufacturer’s net invoice price of the modular home sold, including all accessories built in to the modular home at the time of delivery to the purchaser and not including freight or deposit on returnable materials. The manufacturer shall collect the tax and remit it to the Department of Revenue~~;

~~(35)~~(32) motion picture film sold or rented to or by theaters;

~~(36)~~(33) tangible personal property where the seller, by contract of sale, is obligated to deliver to the buyer, or to an agent or donee of the buyer, at a point outside this State or to deliver it to a carrier or to the mails for transportation to the buyer, or to an agent or donee of the buyer, at a point outside this State;

~~(37)~~(34) petroleum asphalt products, commonly used in paving, purchased in this State, which are transported and consumed out of this State;

~~(38)~~(35) ~~hearing aids, as defined by Section 40‑25‑20(5);~~ Reserved

~~(39)~~(36) ~~concession sales at a festival by an organization devoted exclusively to public or charitable purposes, if:~~

~~(a)~~ ~~all the net proceeds are used for those purposes;~~

~~(b)~~ ~~in advance of the festival, its organizers provide the department, on a form it prescribes, information necessary to ensure compliance with this item.~~

~~For purposes of this item, a ‘festival’ does not include a recognized state or county fair;~~ Reserved

~~(40)~~(37) ~~containers and chassis, including all parts, components, and attachments, sold to international shipping lines which have a contractual relationship with the South Carolina State Ports Authority and which are used in the import or export of goods to and from this State;~~ Reserved

~~(41)~~(38) ~~items sold by organizations exempt under Section 12‑37‑220A(3) and (4) and B(5), (6), (7), (8), (12), (16), (19), (22), and (24), if the net proceeds are used exclusively for exempt purposes and no benefit inures to any individual. An organization whose sales are exempted by this item is also exempt from the retail license tax provided in Article 5 of this chapter;~~ Reserved

~~(42)~~(39) depreciable assets, used in the operation of a business, pursuant to the sale of the business. This exemption only applies when the entire business is sold by the owner of it, pursuant to a written contract and the purchaser continues operation of the business;

~~(43)~~(40) ~~all supplies, technical equipment, machinery, and electricity sold to motion picture companies for use in filming or producing motion pictures. For the purposes of this item, ‘motion picture’ means any audiovisual work with a series of related images either on film, tape, or other embodiment, where the images shown in succession impart an impression of motion together with accompanying sound, if any, which is produced, adapted, or altered for exploitation as entertainment, advertising, promotional, industrial, or educational media; and a ‘motion picture company’ means a company generally engaged in the business of filming or producing motion pictures;~~ Reserved

~~(44)~~(41) electricity used to irrigate crops;

~~(45)~~(42) ~~building materials, supplies, fixtures, and equipment for the construction, repair, or improvement of or that become a part of a self‑contained enclosure or structure specifically designed, constructed, and used for the commercial housing of poultry or livestock.~~ Reserved

~~(46)~~(43) war memorials or monuments honoring units or contingents of the Armed Forces of the United States or of the National Guard, including United States military vessels, which memorials or monuments are affixed to public property;

~~(47)~~ ~~tangible personal property sold to charitable hospitals predominantly serving children exempt under Section 12‑37‑220, where care is provided without charge to the patient.;~~

~~(48)~~(44) ~~solid waste disposal collection bags required pursuant to the solid waste disposal plan of a county or other political subdivision if the plan requires the purchase of a specifically designated containment bag for solid waste disposal;~~ Reserved

~~(49)~~(45) ~~postage purchased by a person engaged in the business of selling advertising services for clients consisting of mailing, or directing the mailing of, printed advertising material through the United States mail directly to the client’s customers or potential customers or by a person to mail or direct the mailing of printed advertising material through the United States mail to a potential customer;~~ Reserved

~~(50)~~(46)(a) recycling property;

(b) electricity, natural gas, propane, or fuels of any type, oxygen, hydrogen, nitrogen, or gasses of any type, and fluids and lubricants used by a qualified recycling facility;

(c) tangible personal property which becomes, or will become, an ingredient or component part of products manufactured for sale by a qualified recycling facility;

(d) tangible personal property of or for a qualified recycling facility which is or will be used (1) for the handling or transfer of postconsumer waste material, (2) in or for the manufacturing process, or (3) in or for the handling or transfer of manufactured products;

(e) machinery and equipment foundations used or to be used by a qualified recycling facility;

(f) as used in this item, ‘recycling property’, ‘qualified recycling facility’, and ‘postconsumer waste material’ have the meanings provided in Section 12‑6‑3460;

~~(51)~~(47) material handling systems and material handling equipment used in the operation of a distribution facility or a manufacturing facility including, but not limited to, racks used in the operation of a distribution facility or a manufacturing facility and either used or not used to support a facility structure or part of it. To qualify for this exemption, the taxpayer shall notify the department before the first month it uses the exemption and shall invest at least thirty‑five million dollars in real or personal property in this State over the five‑year period beginning on the date provided by the taxpayer to the department in its notices. The taxpayer shall notify the department in writing that it has met the thirty‑five million dollar investment requirement or, after the expiration of the five years, that it has not met the thirty‑five million dollar investment requirement. The department may assess any tax due on material handling systems and material handling equipment purchased tax‑free pursuant to this item but due the State as a result of the taxpayer’s failure to meet the thirty‑five million dollar investment requirement. The running of the periods of limitations for assessment of taxes provided in Section 12‑54‑85 is suspended for the time period beginning with notice to the department before the taxpayer uses the exemption and ending with notice to the department that the taxpayer either has met or has not met the thirty‑five million dollar investment requirement~~.~~;

~~(52)~~(48) parts and supplies used by persons engaged in the business of repairing or reconditioning aircraft owned by or leased to the federal government or commercial air carriers. This exemption does not extend to tools and other equipment not attached to or that do not become a part of the aircraft~~.~~;

~~(53)~~(49) ~~motor vehicle extended service contracts and motor vehicle extended warranty contracts.~~ Reserved

~~(54)~~(50) ~~clothing and other attire required for working in a Class 100 or better as defined in Federal Standard 209E clean room environment.~~ Reserved

~~(55)~~(51) ~~audiovisual masters made or used by a production company in making visual and audio images for first generation reproduction. For purposes of this item:~~

~~(a)~~ ~~‘Audiovisual master’ means an audio or video film, tape, or disk, or another audio or video storage device from which all other copies are made.~~

~~(b)~~ ~~‘Production company’ means a person or entity engaged in the business of making motion picture, television, or radio images for theatrical, commercial, advertising, or education purposes.~~ Reserved

~~(56)~~(52) machines used in research and development. ‘Machines’ includes machines and parts of machines, attachments, and replacements which are used or manufactured for use on or in the operation of the machines, which are necessary to the operation of the machines, and which are customarily used in that way. ‘Machines used in research and development’ means machines used directly and primarily in research and development, in the experimental or laboratory sense, of new products, new uses for existing products, or improvement of existing products~~.~~;

~~(57)~~(53)(a) sales taking place during a period beginning 12:01 a.m. on the first Friday in August and ending at twelve midnight the following Sunday of the following school supplies or clothes for children in grades K‑12 to be used or worn in the classroom or at home with respect to school assignments:

(i) clothing strictly limited to outerwear garments such as shirts, shorts, and pants. This item specifically excludes items such as wedding and formal wear dresses, tuxedos, shoes, and footwear;

(ii) ~~clothing accessories including, but not limited to, hats, scarves, hosiery, and handbags;~~

~~(iii)~~ ~~footwear;~~

~~(iv)~~ school supplies including, but not limited to, pens, pencils, paper, binders, notebooks, books, bookbags, lunchboxes, ~~and~~ calculators, and similar school supplies;

~~(v)~~(iii) computers, printers and printer supplies, and computer software;

~~(vi)~~ ~~bath wash clothes, blankets, bed spreads, bed linens, sheet sets, comforter sets, bath towels, shower curtains, bath rugs and mats, pillows, and pillow cases.~~;

(b) ~~The~~ the exemption allowed by this item does not apply to:

(i) sales of jewelry, cosmetics, eyewear, wallets, watches;

(ii) sales or rentals of furniture, appliances, toiletries, bicycles, bath wash clothes, blankets, bed spreads, bed linens, sheet sets, comforter sets, bath towels, shower curtains, bath rugs and mats, pillows, pillow cases or similar items;

(iii) a sale of an item placed on layaway or similar deferred payment and delivery plan however described;

(iv) sales or rental of clothing, clothing accessories, or footwear;

(v) a sale or lease of an item for use in a trade or business~~.~~;

(c) ~~Before~~ before July tenth of each year, the department shall publish and make available to the public and retailers a list of those articles qualifying for the exemption allowed by this item~~.~~;

~~(58)~~(54) ~~cooperative direct mail promotional advertising materials and promotional maps, brochures, pamphlets, or discount coupons by nonprofit chambers of commerce or convention and visitor bureaus who are exempt from income taxation pursuant to Internal Revenue Code Section 501(c) delivered at no charge by means of interstate carrier, a mailing house, or a United States Post Office to residents of this State from locations both inside and outside the State. For purposes of this item, ‘cooperative direct mail promotional advertising materials’ means discount coupons, advertising leaflets, and similar printed advertising, including any accompanying envelopes and labels which are distributed with promotional advertising materials of more than one business in a single package to potential customers, at no charge to the potential customer, of the businesses paying for the delivery of the material.~~ Reserved

~~(59)~~(55) ~~facilities for transmitting electricity that is transferred, sold, or exchanged by electrical utilities, municipalities, electric cooperatives, or political subdivisions to a limited liability company which is subject to regulation under the Federal Power Act (16 U.S.C. Section 791(a)) and which is formed to operate or to take functional control of electric transmission assets as defined in the Federal Power Act;~~ Reserved

~~(60)~~(56) a lottery ticket sold pursuant to Chapter 150 ~~of~~, Title 59;

~~(61)~~(57) copies of or access to legislation or other informational documents provided to the general public or any other person by a legislative agency when a charge for these copies is made reflecting the agency’s cost of the copies. Funds received as revenue from the sale of materials or as reimbursements for the cost of providing certain supplies or services or refunds must be remitted to the State Treasurer as collected, but in no event later than twelve working days from the date of the receipt of any such funds~~.~~;

~~(62)~~(58) seventy percent of the gross proceeds of the rental or lease of portable toilets~~.~~;

~~(63)~~(59) prescription and over‑the‑counter medicines and medical supplies, including diabetic supplies, diabetic diagnostic equipment, and diabetic testing equipment, sold to a health care clinic that provides medical and dental care without charge to all of its patients~~.~~;

~~(64)~~(60) ~~Sweetgrass baskets made by artists of South Carolina using locally grown sweetgrass.~~ Reserved

~~(65)~~(61)(a) computer equipment, as defined in subitem (c) of this item, used in connection with a technology intensive facility as defined in Section 12‑6‑3360(M)(14)(b), where:

(i) the taxpayer invests at least three hundred million dollars in real or personal property or both comprising or located at the facility over a five‑year period;

(ii) the taxpayer creates at least one hundred new full‑time jobs at the facility during that five‑year period, and the average cash compensation of at least one hundred of the new full‑time jobs is one hundred fifty percent of the per capita income of the State according to the most recently published data available at the time the facility’s construction starts; and

(iii) at least sixty percent of the three hundred million dollars minimum investment consists of computer equipment;

(b) computer equipment, as defined in subitem (c) of this item, used in connection with a manufacturing facility, where:

(i) the taxpayer invests at least seven hundred fifty million dollars in real or personal property or both comprising or located at the facility over a seven‑year period; and

(ii) the taxpayer creates at least three thousand eight hundred full‑time new jobs at the facility during that seven‑year period.

As used in this subitem, ‘taxpayer’ includes a person who bears a relationship to the taxpayer as described in Section 267(b) of the Internal Revenue Code~~.~~;

(c) ~~For~~ for the purposes of this item, ‘computer equipment’ means original or replacement servers, routers, switches, power units, network devices, hard drives, processors, memory modules, motherboards, racks, other computer hardware and components, cabling, cooling apparatus, and related or ancillary equipment, machinery, and components, the primary purpose of which is to store, retrieve, aggregate, search, organize, process, analyze, or transfer data or any combination of these, or to support related computer engineering or computer science research~~.~~;

(d) ~~These~~ these exemptions apply from the start of the investment in or construction of the technology intensive facility or the manufacturing facility. The taxpayer shall notify the Department of Revenue of its use of the exemption provided in this item on or before the first sales tax return filed with the department after the first such use. Upon receipt of the notification, the department shall issue an appropriate exemption certificate to the taxpayer to be used for qualifying purposes under this item. Within six months after the fifth anniversary of the taxpayer’s first use of this exemption, the taxpayer shall notify the department in writing that it has or has not met the investment and job requirements of this item by the end of that five‑year period. Once the department certifies that the taxpayer has met the investment and job requirements, all subsequent purchases of or investments in computer equipment, including to replace originally deployed computer equipment or to implement future expansions, likewise shall qualify for the exemption described above, regardless of when the taxpayer makes the investments~~.~~;

(e) ~~The~~ the department may assess any tax due on property purchased tax free pursuant to this item but due the State if the taxpayer subsequently fails timely to meet the investment and job requirements of this item after being granted the exemption; for purposes of determining whether the taxpayer has timely satisfied the investment requirement, replacement computer equipment counts toward the investment requirement to the extent that the value of the replacement computer equipment exceeds the cost of the computer equipment so replaced, but, provided the taxpayer otherwise qualifies for the exemption, the full value of the replacement computer equipment is exempt from sales and use tax. The running of the periods of limitation within which the department may assess taxes provided pursuant to Section 12‑54‑85 is suspended during the time period beginning with the taxpayer’s first use of this exemption and ending with the later of the fifth anniversary of first use or notice to the department that the taxpayer either has met or has not met the investment and job requirements of this item;

~~(66)~~(62) electricity used by a technology intensive facility as defined in Section 12‑6‑3360(M)(14)(b) and qualifying for the sales tax exemption provided pursuant to item (65) of this section, and the equipment and raw materials including, without limitation, fuel used by such qualifying facility to generate, transform, transmit, distribute, or manage electricity for use in such a facility. The running of the periods of limitation within which the department may assess taxes pursuant to Section 12‑54‑85 is suspended during the same time period it is suspended in item (65)(d) of this section~~.~~;

~~(67)~~(63) effective July 1, 2011, construction materials used in the construction of a new or expanded single manufacturing or distribution facility, or one that serves both purposes, with a capital investment of at least one hundred million dollars in real and personal property at a single site in the State over an eighteen‑month period, or effective November 1, 2009, construction materials used in the construction of a new or expanded single manufacturing facility where:

(i) the taxpayer invests at least seven hundred fifty million dollars in real or personal property or both comprising or located at the facility over a seven‑year period; and

(ii) the taxpayer creates at least three thousand eight hundred full‑time new jobs at the facility during that seven‑year period.

To qualify for this exemption, the taxpayer shall notify the department before the first month it uses the exemption and shall make the required investment over the applicable time period beginning on the date provided by the taxpayer to the department in its notices. The taxpayer shall notify the department in writing that it has met the investment requirement or, after the expiration of the applicable time period, that it has not met the investment requirement. The department may assess any tax due on construction materials purchased tax free pursuant to this subitem but due the State as a result of the taxpayer’s failure to meet the investment requirement. The running of the periods of limitations for assessment of taxes provided in Section 12‑54‑85 is suspended for the time period beginning with notice to the department before the taxpayer uses the exemption and ending with notice to the department that the taxpayer either has met or has not met the investment requirement.

As used in this subitem, ‘taxpayer’ includes a person who bears a relationship to the taxpayer as described in Section 267(b) of the Internal Revenue Code~~.~~;

~~(68)~~(64) ~~any property sold to the public through a sheriff’s sale as provided by law.~~ Reserved

~~(69)~~(65) ~~[~~Reserved~~]~~

~~(70)~~(66)(~~a)~~ ~~gold, silver, or platinum bullion, or any combination of this bullion;~~

~~(b)~~ ~~coins that are or have been legal tender in the United States or other jurisdiction; and~~

~~(c) currency.~~

~~The department shall prescribe documentation that must be maintained by retailers claiming the exemption allowed by this item. This documentation must be sufficient to identify each individual sale for which the exemption is claimed.~~ Reserved

~~(71)~~(67) ~~any device, equipment, or machinery operated by hydrogen or fuel cells, any device, equipment, or machinery used to generate, produce, or distribute hydrogen and designated specifically for hydrogen applications or for fuel cell applications, and any device, equipment, or machinery used predominantly for the manufacturing of, or research and development involving hydrogen or fuel cell technologies. For purposes of this item:~~

~~(a)~~ ~~‘fuel cells’ means a device that directly or indirectly creates electricity using hydrogen (or hydrocarbon‑rich fuel) and oxygen through an electro‑chemical process; and~~

~~(b)~~ ~~‘research and development’ means laboratory, scientific, or experimental testing and development of hydrogen or fuel cell technologies. Research and development does not include efficiency surveys, management studies, consumer surveys, economic surveys, advertising, or promotion, or research in connection with literary, historical, or similar projects.~~ Reserved

~~(72)~~(68) ~~any building materials used to construct a new or renovated building or any machinery or equipment located in a research district. However, the amount of the sales tax that would be assessed without the exemption provided by this section must be invested by the taxpayer in hydrogen or fuel cell machinery or equipment located in the same research district within twenty‑four months of the purchase of an exempt item.~~

~~‘Research district’ means land owned by the State, a county, or other public entity that is designated as a research district by the University of South Carolina, Clemson University, the Medical University of South Carolina, South Carolina State University, or the Savannah River National Laboratory.~~ Reserved

~~(73)~~(69) an amusement park ride and any parts, machinery, and equipment used to assemble, operate, and make up an amusement park ride or performance venue facility located in a qualifying amusement park or theme park and any related or required machinery, equipment, and fixtures located in the same qualifying amusement park or theme park.

(a) To qualify for the exemption, the taxpayer shall meet the investment and job requirements provided in subsubitem (i) of subitem (b) over a five‑year period beginning on the date of the taxpayer’s first use of this exemption. The taxpayer shall notify the Department of Revenue of its intent to qualify and use this exemption and upon receipt of the notification, the department shall issue an appropriate exemption certificate to the taxpayer to be used for qualifying purposes under this item. Within six months after the fifth anniversary of the taxpayer’s first use of this exemption, the taxpayer shall notify the department, in writing, that it has or has not met the investment and job requirements of this item. If the taxpayer fails to meet the investment and job requirements, the taxpayer shall pay to the State the amount of the tax that would have been paid but for this exemption. The running of the periods of limitations for assessment of taxes provided in Section 12‑54‑85 is suspended for this time period beginning with the taxpayer’s first use of this exemption and ending with notice to the department that the taxpayer has or has not met the investment and job requirements of this item.

(b) For purposes of this item:

(i) ‘Qualifying amusement park or theme park’ means a park that is constructed and operated by a taxpayer who makes a capital investment of at least two hundred fifty million dollars at a single site and creates at least two hundred fifty full‑time jobs and five hundred part‑time or seasonal jobs.

(ii) ‘Related or required machinery, equipment, and fixtures’ means an ancillary apparatus used for or in conjunction with an amusement park ride or performance venue facility, or both, including, but not limited to, any foundation, safety fencing and equipment, ticketing, monitoring device, computer equipment, lighting, music equipment, stage, queue area, housing for a ride, electrical equipment, power transformers, and signage.

(iii) ‘Performance venue facility’ means a facility for a live performance, nonlive performance, including any animatronics and computer‑generated performance, and firework, laser, or other pyrotechnic show.

(iv) ‘Taxpayer’ means a single taxpayer or, collectively, a group of one or more affiliated taxpayers. An ‘affiliated taxpayer’ means a person or entity related to the taxpayer that is subject to common operating control and that is operated as part of the same system or enterprise. The taxpayer is not required to own a majority of the voting stock of the affiliate~~.~~;

~~(74)~~(70) durable medical equipment and related supplies:

(a) as defined under federal and state Medicaid and Medicare laws;

(b) which is paid directly by funds of this State or the United States under the Medicaid or Medicare programs, where state or federal law or regulation authorizing the payment prohibits the payment of the sale or use tax; and

(c) sold by a provider who holds a South Carolina retail sales license and whose principal place of business is located in this State~~.~~;

~~(75)~~(71) unprepared food that lawfully may be purchased with United States Department of Agriculture food coupons. However, the exemption allowed by this item applies only to the state sales and use tax imposed pursuant to this chapter~~.~~;

~~(76)~~(72) ~~sales of handguns as defined pursuant to Section 16‑23‑10(1), rifles, and shotguns during the forty‑eight hours of the Second Amendment Weekend. For purposes of this item, the ‘Second Amendment Weekend’ begins at 12:01 a.m. on the Friday after Thanksgiving and ends at twelve midnight the following Saturday.~~ Reserved

~~(77)~~(73) ~~Energy efficient products purchased for noncommercial home or personal use with a sales price of two thousand five hundred dollars per product or less.~~

~~(a)~~ ~~For the purposes of this exemption, an ‘energy efficient product’ is any energy efficient product for noncommercial home or personal use consisting of any dishwasher, clothes washer, air conditioner, ceiling fan, fluorescent light bulb, dehumidifier, programmable thermostat, refrigerator, door, or window, the energy efficiency of which has been designated by the United States Environmental Protection Agency and the United States Department of Energy as meeting or exceeding each agency’s energy‑saving efficiency requirements or which have been designated as meeting or exceeding such requirements under each agency’s ENERGY STAR program, and gas, oil, or propane water heaters with an energy factor of 0.80 or greater and electric water heaters with an energy factor of 2.0 or greater.~~

~~(b)~~ ~~This exemption shall not apply to purchases of energy efficient products purchased for trade, business, or resale.~~

~~(c)~~ ~~The exemption provided in this item applies only to sales occurring during a period commencing at 12:01 a.m. on October 1, 2009, and concluding at 12:00 midnight on October 31, 2009, (National ‘Energy Efficiency Month’) and every year thereafter until 2019.~~

~~(d)~~ ~~Each year until 2019, the State Energy Office shall prepare an annual report on the fiscal and energy impacts of the October first through October thirty‑first exemption and submit the report to the General Assembly no later than January first of the following year.~~

~~(e)~~ ~~Beginning with the February 15, 2009, forecast by the Board of Economic Advisors of annual general fund revenue growth for the upcoming fiscal year, and annually after that, if the forecast of that growth then and in any adjusted forecast made before the beginning of the fiscal year equals at least five percent of the most recent estimate by the board of general fund revenues for the current fiscal year, then the exemption allowed by this item shall be allowed for the applicable year. If the February fifteenth forecast or adjusted forecast annual general fund revenue growth for the upcoming fiscal year meets the requirement for the credit, the board promptly shall certify this result in writing to the department.~~ Reserved

~~(78)~~(74) machinery and equipment, building and other raw materials, and electricity used in the operation of a facility owned by an organization which qualifies as a tax exempt organization pursuant to the Internal Revenue Code Section 501(c)(3) when the facility is principally used for researching and testing the impact of such natural hazards as wind, fire, water, earthquake, and hail on building materials used in residential, commercial, and agricultural buildings. To qualify for this exemption, the taxpayer shall notify the department of its intent to qualify and shall invest at least twenty million dollars in real or personal property at a single site in this State over the three‑year period beginning on the date provided by the taxpayer to the department in its notices. After the taxpayer notifies the department of its intent to qualify and use the exemption, the department shall issue an appropriate exemption certificate to the taxpayer to be used for qualifying purposes. Within six months of the third anniversary of the taxpayer’s first use of the exemption, the taxpayer shall notify the department in writing that it has met the twenty million dollar investment requirement or, that it has not met the twenty million dollar investment requirement. The department may assess any tax due on the machinery and equipment purchased tax free pursuant to this item but due the State as a result of the taxpayer’s failure to meet the twenty million dollar investment requirement. The running of the periods of limitations for assessment of taxes provided in Section 12‑54‑85 is suspended for the time period beginning with notice to the department before the taxpayer uses the exemption and ending with notice to the department that the taxpayer either has met or has not met the twenty million dollar investment requirement~~.~~;

~~(79)~~(75)(A)(1) original or replacement computers, computer equipment, and computer hardware and software purchases used within a datacenter; and

(2) electricity used by a datacenter and eligible business property to be located and used at the datacenter. This subsubitem does not apply to sales of electricity for any other purpose, and such sales are subject to the tax, including, but not limited to, electricity used in administrative offices, supervisory offices, parking lots, storage warehouses, maintenance shops, safety control, comfort air conditioning, elevators used in carrying personnel, cafeterias, canteens, first aid rooms, supply rooms, water coolers, drink boxes, unit heaters and waste house lights.”

B. Article 1, Chapter 11, Title 11 of the 1976 Code is amended by adding:

“Section 11‑11‑240. (A)(1) Notwithstanding any other provision of law, beginning in Fiscal Year 2016‑2017, increased sales tax revenue resulting from this act must be credited to the State Highway Fund.

(2) For Fiscal Year 2016‑2017, the Board of Economic Advisors must estimate the amount of increased sales tax revenue resulting from the amendments contained in this act. For subsequent fiscal years, by February fifteenth, the board must make its estimate using the latest available data.

(3) The Department of Revenue annually shall credit the State Highway Fund with the amount of the estimate required pursuant to item (2). The department must credit the fund with fifty percent of the estimate by January first, seventy‑five percent of the estimate by April first, and the balance must be credited by June thirtieth. The balance due is subject to revisions to the estimate of the Board of Economic Advisors.

(4) The Board of Economic Advisors shall account for the fund revenue separately from general fund revenues. The board’s annual February fifteenth estimate must be transmitted to the State Treasurer, the Comptroller General, and the Chairmen of the House Ways and Means Committee and the Senate Finance Committee.”

C. This SECTION takes effect January 1, 2016.

SECTION 12. Section 12‑36‑2110(A) of the 1976 Code is amended to read:

“Section 12‑36‑2110. (A)(1) ~~The maximum tax imposed by this chapter is three hundred dollars for each sale made after June 30, 1984, or lease executed after August 31, 1985, of each~~ A transfer fee of five percent of the fair market value, not to exceed fourteen hundred dollars, must be collected upon the sale of each:

~~(1)~~(a) aircraft, including unassembled aircraft which is to be assembled by the purchaser, but not items to be added to the unassembled aircraft;

~~(2)~~ ~~motor vehicle;~~

~~(3)~~ ~~motorcycle;~~

~~(4)~~(b) boat; or

~~(5)~~ ~~trailer or semitrailer, pulled by a truck tractor, as defined in Section 56‑3‑20, and horse trailers, but not including house trailers or campers as defined in Section 56‑3‑710 or a fire safety education trailer;~~

~~(6)~~ ~~recreational vehicle, including tent campers, travel trailer, park model, park trailer, motor home, and fifth wheel; or~~

~~(7)~~(c) self‑propelled light construction equipment with compatible attachments limited to a maximum of one hundred sixty net engine horsepower.

(2) In the case of a lease, the total ~~tax rate~~ fee required by ~~law~~ this section applies on each payment until the total ~~tax~~ fee paid equals ~~three hundred dollars~~ the lesser of five percent of the value of the lease or fourteen hundred dollars. Nothing in this section prohibits a ~~taxpayer~~ person from paying the total ~~tax~~ fee due at the time of execution of the lease, or with any payment under the lease. To qualify for the ~~tax~~ fee limitation provided by this section, a lease must be in writing and specifically state the term of, and remain in force for, a period in excess of ninety continuous days.

(3)(a) The fee imposed pursuant to this subsection must be collected at the time of sale, or as provided in item (2), in the same manner, and remitted to the department, as if the sale were subject to the sales tax on tangible personal property imposed by this chapter.

(b) Beginning with Fiscal Year 2016‑17, the revenue generated pursuant to this subsection shall be credited to the Department of Transportation State Highway Fund.”

SECTION 13. Section 11‑43‑130(6) of the 1976 Code is amended to read:

“(6) ‘Eligible project’ means a highway, including bridges, or transit project which provides public benefits by either enhancing mobility and safety, promoting economic development, or increasing the quality of life and general welfare of the public. Eligible projects must be selected from the long‑range Statewide Transportation Plan as defined in Section 57‑1‑370(A), and each project must be selected from a priority list of projects established by the Department of Transportation Commission pursuant to Section 57‑1‑370(B)(8). ‘Eligible project’ also includes mass transit including, but not limited to, monorail and monobeam mass transit systems.”

SECTION 14. SECTION 6 of Act 114 of 2007, terminating the Governor’s appointment authority of the Secretary of the Department of Transportation on July 1, 2015 is repealed.

SECTION 15. This act takes effect upon approval by the Governor.

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