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SC Court of Appeals

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM THE ADMINISTRATIVE LAW COURT

Ralph K. Anderson, III, Chief Administrative Law Judge

Case No. 19-ALJ-17-0153-CC

2020-001542

Duke Energy Corporation..... Appellant,

v.

South Carolina Department of Revenue..... Respondent.

RECORD ON APPEAL

VOLUME VI [Pages 1231-1354]

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- Solid waste disposal collection bags required under a solid waste disposal plan of a county or other political subdivision
- Lottery tickets sold pursuant to Chapter 150 of Title 59 (South Carolina Education Lottery Act)
- 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
- Any property sold to the public through a sheriff's sale as provided by law

Educational or School Related Exemptions

- Textbooks, books, magazines, periodicals, newspapers and access to on line information used in a course of study or for use in a school or public library. These items may be in printed form or in alternative forms such as microfilm or CD ROM. Communication services and equipment subject to tax under South Carolina Code §§12-36-910(B)(3) and 12-36-1310(B)(3) are not exempt.
- Newspapers, newsprint paper, and the SC Department of Agriculture Market Bulletin
- Meals or food used in furnishing meals to K-12 students in schools (not for profit)
- Television, radio, and cable TV supplies, equipment, machinery and electricity
- Zoo plants and animals
- Exhibition rentals for museums (charitable, eleemosynary or governmental museums)
- Purchases of tangible personal property during the State fiscal year 2013-2014 for use in private primary and secondary schools, including kindergarten and early childhood education programs, are exempt from the use tax if the school is exempt from income taxes under Internal Revenue Code §501(c)(3). Temporary proviso 117.41 (Act No. 101)

Agricultural Exemptions

- Livestock
- Feed used to produce and maintain livestock
- Insecticides, chemicals, fertilizers, soil conditioners, seeds, or seedlings, or nursery stock used in the production of farm products
- Containers and labels used in preparing agriculture products for sale or preparing turpentine gum, gum resin and gum spirits of turpentine for sale
- Farm machinery
- Fuel used to cure agriculture products
- Farm products sold in their original state of production when sold by the producer
- Electricity and gas used in the production of livestock and milk
- Electricity used to irrigate crops
- Building materials, supplies, fixtures and equipment used to construct commercial housing for poultry or livestock

General Public Good Exemptions

- Meals provided to elderly or disabled persons at home by nonprofit organizations
- Food sold to nonprofit organizations or food sold or donated by the nonprofit organization to another nonprofit organization
- 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 18 or individuals over 60. This exemption only applies to meals and foodstuffs eligible for purchase under the USDA food stamp program.
- Water sold by public utilities and certain non-profit corporations
- Medicine and prosthetic devices sold by prescription; certain diabetic supplies sold to diabetics under the written authorization and direction of a physician; certain free samples of medicine and certain medicine donated to hospitals; prescription medicine and radiopharmaceuticals used in treating cancer or rheumatoid arthritis, including prescription medicines to relieve the effects of treatment; prescription medicines used to prevent respiratory syncytial virus; disposable medical supplies, such as bags, tubing, needles and syringes, dispensed by a pharmacist by prescription of a licensed health care provider for the intravenous administration of a prescription drug (only for treatment outside of a hospital, skilled nursing facility or ambulatory surgical treatment center); and prescription medicine dispensed to Medicare Part A patients in a nursing home.
- Residential electricity and fuel
- Hearing aids
- Concession sales by nonprofit organizations at festivals
- Sales by nonprofit organizations
- Goods sold to nonprofit hospitals that primarily treat children at no cost to the patient
- Annual sales tax holiday on the first Friday, Saturday and Sunday in August for personal use clothing, clothing accessories, footwear, computers, printers, printer supplies, computer software, bath wash cloths, blankets, bed spreads, bed linens, sheet sets, comforter sets, bath towels, shower curtains, bath rugs, pillows, pillow cases, and school supplies
- Medicine and medical supplies, including diabetic supplies and diabetic diagnostic and testing equipment, sold to a health care clinic providing free medical and dental care to all patients
- Durable medical equipment and related supplies as defined under federal and state Medicare and Medicaid laws if (a) paid directly by funds of South Carolina or the United States under the Medicare and Medicaid programs, (b) state and federal law prohibits the payment of the sales and use tax, and (c) the sale is by a provider with a South Carolina retail license whose principal place of business is in South Carolina. Effective January 1, 2013, sales meeting the requirements of this exemption will be fully exempt from both state and local sales and use taxes.
- Unprepared food that lawfully may be purchased with United States Department of Agriculture food coupons. This exemption does not apply to local taxes unless the local tax specifically exempts the sale of such food

- Injectable medications and injectable biologics, so long as the medication or biologic is administered by or pursuant to the supervision of a physician in an office which is under the supervision of a physician, or in a Center for Medicare or Medicaid Services certified kidney dialysis facility.
- Children clothing sold to a private charitable organization exempt from federal and state income tax (except private schools) for the sole purpose of distribution by the organization to needy children.
- Construction materials used by an entity organized under Internal Revenue Code §501(c)(3) as a nonprofit corporation to build, rehabilitate, or repair a home for the benefit of an individual or family in need.

Alternative Energy Exemptions

- Any device, equipment or machinery that is (a) operated by hydrogen or fuel cells, (b) used to generate, produce, or distribute hydrogen and designated specifically for hydrogen applications or for fuel cell applications and (c) used predominantly for the manufacturing of, or research and development involving hydrogen or fuel cell technologies.
- Building material used to construct a new or renovated building in a research district and machinery or equipment located in a research district. The sales tax that would have been assessed must be invested by the taxpayer in hydrogen or fuel cell machinery or equipment located in the same research district within 24 months of the exempt purchase.
- Manufactured homes designated by the United States Environmental Protection Agency and the United States Department of Energy as meeting or exceeding each agency’s energy efficiency requirements or designated as meeting or exceeding the energy efficiency requirements under each agency’s Energy Star program.

REPORTING AND PAYING THE TAX

After you receive your retail license or purchaser’s certificate of registration, you have several ways to file and pay:

1. File online using MyDORWAY
2. File electronically via EDI
3. Complete a paper return found on our website

Returns and payments are due no later than the 20th of the month following the month in which the sales were made. For example:

You have \$2000 worth of sales in the month of January. The sales tax return for the month of January must be filed no later than February 20. The return must be postmarked on or before February 20 to be considered timely filed.

The tax is remitted for the month the sale was made regardless of whether the tax was collected from the customer in that month. Depending on the amount of tax paid, the SCDOR may authorize certain businesses to pay quarterly or annually, rather than monthly.

For reporting and paying the tax online, see information beginning on page 12.

Electronic Payment Requirements

Businesses that have paid \$15,000 or more during any one filing period during the past year are required to pay electronically. Taxpayers with less than \$15,000 in tax due during a filing period may participate voluntarily with Electronic Funds Transfer (EFT)/ E-File (XML) or MyDORWAY.

Discount for Timely Payment

If returns are filed and the taxes paid in full by the due date, you will be allowed a discount.

- For taxes less than \$100, you may take a 3% discount of the tax.
- For taxes of \$100 or more, your discount is 2% of the tax.

The maximum discount allowed per taxpayer (*all locations included*) during the state's fiscal year (*July 1 - June 30*) is \$3,000. If the retailer files his sales and use tax returns electronically, that discount increases to a maximum of \$3,100.

Nonresident retailers not required by law to collect South Carolina sales or use tax, but whom voluntarily register to do so, are allowed a maximum discount of \$10,000 each fiscal year. This \$10,000 discount must be preapproved by the SCDOR. In calculating the maximum discount, begin with the June return filed in July and end with the May return filed in June.

SALES TAX HOLIDAY

If your business sells clothing, footwear and/or educational supplies, South Carolina's sales tax exemption may impact your business. The three-day sales tax exemption occurs from 12:01 a.m. on the **first Friday in August** and ends at midnight the following Sunday.

For a list of items that are exempt from sales tax during this period, see Revenue Ruling #10-7.

SALES & USE TAX EMAIL LIST

Do you want to receive email notices related to sales and use tax? Sign up for our sales and use tax email list on our [website](#).

WHAT HAPPENS IF YOU DON'T FILE A RETURN?

PENALTIES AND INTEREST ARE IMPOSED IF YOU DO NOT FILE.

If you fail to comply with any of the tax rules administered by the SCDOR, your retail license may be revoked, and you must close your business until all tax liabilities have been paid. Alcoholic Beverage Licenses may be revoked or renewals denied if there are outstanding tax liabilities.

SELECTED FORMS TO USE

There are a number of sales and use tax forms to use based on the types of taxes you collect and where you are located.

Form Number	Form Name
ST-3	State Sales and Use Tax Return
ST-3T	Accommodations Report by County or Municipality
ST-8	Single Sale Certificate
ST-8A	Resale Certificate
ST-10	Application for Certificate
ST-382	Religious Organization Affidavit for Musical Instruments/Office Equipment
ST-385	Vehicle Affidavit for Nonresident
ST-387	Application for Sales Tax Exemption
ST-388	Sales, Use and Accommodations Tax Return
ST-389	Schedule for Local Taxes
ST-403	Sales, Use and Aviation Gasoline Tax Return
ST-455	Sales, Use, Maximum Tax and Special Filers Tax Return

For the most up-to-date forms, visit the SCDOR’s [website](#).

WITHHOLDING

A person located, doing business or having gross income in this state and an employer having an employee earning income within this state are subject to the South Carolina withholding laws. South Carolina requires withholding from:

- Wages
- Prizes
- Royalties
- Winnings
- Payments to nonresident contractors (*contracts exceeding \$10,000.00*)
- Rental payments made to nonresidents who own five or more residential units or one or more commercial properties in South Carolina
- Income from the sale of real estate and associated tangible personal property located in South Carolina to nonresident sellers
- Distributions by partnerships to nonresident partners and by S corporations to nonresident shareholders
- Compensation paid to individuals who have no valid taxpayer identification number or social security number or whose taxpayer identification number is reserved for nonresident aliens

HOW TO REGISTER FOR A WITHHOLDING NUMBER

You must apply for a South Carolina Withholding number in order to establish an account in which to deposit your withholding payments. This can be done online with [MyDORWAY](#) or by completing the Business Tax Application, Form SCDOR-111. The number entitles you to be a **withholding agent**. The withholding number is permanent as long as it is active and will not be issued to any other business or person. Should the ownership of the business change, such as conversion from a partnership to a corporation, a new withholding number must be obtained. The withholding number will appear on all reports, returns, and correspondence concerning the withholding agent and the account.

Your SC withholding number is a nine digit number. **You should reference this number on all returns, correspondence, and when any phone calls are made to the agency.**

You can apply for and receive your Federal Employer Identification Number at [irs.gov](#).

Rule of Thumb: If you are required to get a new Federal Employer Identification Number, then you are required to get a new SC withholding number.

W-4 (EXEMPTION CERTIFICATE) REQUIREMENTS

A federal Form W-4, Withholding Exemption Certificate, should be on file for each employee to determine the amount of income tax to withhold from an employee’s wages. Employers should withhold at the rate for zero exemptions if no exemption certificate (W-4) is provided by the employee. South Carolina has adopted the use of the federal W-4. **South Carolina does not have a separate state W-4 form** (except for nonresident spouses of service members; see below).

It is not required that an employee file a separate W-4 for state purposes, unless the employee claims a smaller number of exemptions from those claimed for federal purposes. Use the federal Form W-4 and indicate on the face of the form that it is “For State Purposes Only.” An employee is not allowed to claim a greater number of exemptions for state purposes than the exemptions claimed for federal purposes. Copies of W-4 forms are available from the Internal Revenue Service and are to be maintained in the employer’s records.

If an employer receives a W-4 claiming ten or more exemptions or believes a W-4 is incorrect, the employer must furnish a copy of the W-4 to the SCDOR within 30 days per SC Code §12-8-1030(A)(1). The employer should withhold on the basis of the claimed exemptions until notified by the SCDOR to withhold at a different rate.

SC W-4 ANNUAL WITHHOLDING TAX EXEMPTION CERTIFICATION FOR SERVICEMEMBER’S NONRESIDENT SPOUSE

The federal Military Spouses Residency Relief Act of 2009 provides that income earned by civilian spouse of a military person is not taxable to the state where the income was earned if all of these conditions are met:

1. The state where the service member and spouse are living is not the domicile of the spouse or the service member;
2. The spouse resides in the state solely in order to live with the service member;
3. The service member is present in the state as a result of military orders; and
4. The spouse and the service member both have the same domicile.

In order to qualify for a withholding exemption, the employee (civilian spouse) must provide all of the following to the employer:

1. A completed SC W-4, Annual Withholding Tax Exemption Certification for Service member’s Nonresident Spouse;
2. An original of the service member’s latest Leave and Earning Statement (LES), on which the LES assignment location must match the information provided on SC W-4; and
3. A current military identification card identifying the employee as a military spouse.

WITHHOLDING TAX TABLES

Use the withholding tables (WH-1603) to determine the amount of tax to withhold, depending on the employee's salary, number of exemptions, and frequency of payment (daily, weekly, biweekly, semi-monthly or monthly).

All South Carolina withholding agents are required to withhold tax from employees' wages at the same time employees are paid (based on the date of the paycheck).

WITHHOLDING PAYMENTS

When to Make State Withholding Payments

For payment of withholding taxes, the South Carolina employer/withholding agent accounts are divided into two categories: RESIDENT and NONRESIDENT.

- A **resident** employer/withholding agent is an individual or other entity whose principle place of business is in South Carolina.
- A **nonresident** employer/withholding agent is an individual or other entity whose principal place of business is outside South Carolina.

Resident employers/withholding agents are required to make payment of withholding taxes at the same time that their federal payments are due. ***Regardless of the state amount withheld, your payment is due at the same time that your federal payment is due.***

Nonresident employers/withholding agents are required to make payments either quarterly or monthly. If the South Carolina state tax liability is less than \$500 for the quarter, the payment is due by the last day of the month following the end of the quarter. Once the state withholding reaches \$500 or more during the quarter, it is due by the 15th of the following month.

How to Make State Withholding Payments

There are three ways to make withholding payments:

1. **MyDORWAY**—Submit your payment by electronic funds withdrawal (bank draft) or by credit card through [MyDORWAY](#). There is no cost to you.
2. **EFT**—Payments may be made by using the internet or the telephone when using the Electronic Funds Transfer (EFT) method. To use this payment method, **you must register** with our EFT office at 803-896-1715.
3. **Check**—Make your payment directly to the SCDOR using the Withholding Tax Payment Coupon (WH-1601). Prepare your check (made payable to the SC Department of Revenue), complete the WH -1601 payment coupon indicating which quarter the payment is to be applied and mail the check with the coupon directly to:

South Carolina Department of Revenue
Withholding
Columbia, SC 29214-0004

Electronic Payment Requirements

Withholding agents who withhold \$15,000 or more state tax per quarter or who make 24 or more withholding payments per year are required to electronically pay taxes using either MyDORWAY or Electronic Funds Transfer (EFT). The SCDOR notifies withholding agents if they are required to make electronic payments. *Any withholding agent may voluntarily participate in the electronic programs.* For additional information regarding MyDORWAY, you may contact us at 803-898-5000. For more information regarding EFT, contact the EFT Helpdesk at 803-896-1715.

WITHHOLDING RETURNS

Returns Required to be Filed

There are two types of state withholding returns:

1. SC Withholding Quarterly Tax Return (WH-1605)
2. SC Withholding Fourth Quarter/Annual Reconciliation (WH-1606)

A withholding agent is required to file a return for each quarter that the withholding account is open.

- Quarterly returns (WH-1605) are due by the end of the month following the end of the quarter for the first, second, and third quarters of the calendar year.
- The Fourth Quarter/Annual Reconciliation (WH-1606) is due by the last day of January following the calendar year.
 - The Fourth Quarter/Annual Reconciliation has two sections. The top section of the form is exactly like the WH-1605 Quarterly return. The fourth quarter information is listed in this section. The bottom section of the WH-1606 contains the annual information. *Both sections of the form must be completed.*

A quarterly withholding return must be filed if the withholding account is open, even if no South Carolina withholding tax was withheld during the quarter. **A fourth quarter/ annual reconciliation return (WH1606) must be filed if the withholding account was open for any portion of the year, even if the account was closed during that year.**

Which Withholding Return to File

The SC Withholding Quarterly Tax Return (WH-1605) should be filed for the first, second, and third quarters of the calendar year.

The SC Withholding Fourth Quarter/Annual Reconciliation (WH-1606) is a combined form and should be the final return filed for the year. *Do not file a WH-1605 for the fourth quarter.* Fourth quarter information is included on the WH-1606.

How to File Withholding Returns

There are two ways to file a withholding return:

1. File online using [MyDORWAY](#), or
2. Complete and mail a paper return.

IF A WITHHOLDING ACCOUNT IS OPEN, A RETURN MUST BE FILED EVEN IF SOUTH CAROLINA TAXES WERE NOT WITHHELD DURING THE QUARTER.

When to File Withholding Returns

Due dates for returns are:

First Quarter	April 30
Second Quarter	July 31
Third Quarter	October 31
Fourth Quarter/Annual	Last day of January

Where to Mail Returns

Mail your returns to:

South Carolina Department of Revenue
 Withholding
 Columbia SC 29214-0004

What Happens If You Don't File a Return?

South Carolina Employer Withholding Tax Returns (WH-1605 and WH-1606) are to be filed for any open withholding account even if zero tax is withheld. Failure to file the withholding return will result in a Failure to File notice being mailed. Penalties and interest will be assessed if quarterly withholding returns are not filed for open withholding accounts.

For reporting and paying the tax electronically, see information beginning on page 12.

Tax Service Providers

If you are a tax service provider or CPA who files for approximately 100 or more South Carolina withholding clients, you are **mandated** to file your clients' withholding quarterly returns through our Batch Withholding program. If you have 25 to 99 South Carolina withholding clients, you may voluntarily participate in the Batch Withholding program. This program provides an electronic means of filing withholding quarterly returns with the SCDOR. For more information, call 803-896-1715.

W2S

A federal wage and tax statement, Form W2, must be furnished to each employee before January 31 following the close of the calendar year or on the last day of employment.

The W2 must include the following information:

- name and address of the withholding agent;
- state and federal identification number of the withholding agent;
- name and address of the employee;
- Social Security Number of the employee;
- total amount of wages or payments;
- total amount of tax withheld.

Copy one of the W2 must be sent to SCDOR electronically using the W2 Portal at [SCBOS](#) or by paper with Form WH-1612 *on or before the last day of January of the following year.*

Who Needs to File

SC Code §12-8-1550 provides that where information required under §12-8-1540 (Wage and Tax Statements and 1099s) is required to be submitted to the Internal Revenue Service by non-paper methods, the information must also be submitted to the SCDOR using electronic filing or CD-ROM.

Electronic Filing

A corporation, partnership, employer, estate, and trust who files 250 or more W2s for any calendar year must file online using the W2 portal at [scbos.sc.gov](#). A corporation, partnership, employer, estate, and trust who files 250 or more 1099s for any calendar year must file by CD-ROM. See complete **Instructions and Specifications for Filing Forms W2** in SCDOR Package **RS-1**. A complete package is available on our website. For W2 submission questions, please contact 803-896-1450.

An online solution for submitting W2s to the SCDOR (in partnership with SCBOS) is operational for tax years 2011 forward. Employers will have two options for submitting W2s.

1. Employers with a small number of employees can utilize direct entry method.
2. Software packages can produce an output file compatible to be uploaded to SCDOR via the SCBOS application.

For more information on submitting W2s online, visit the W2 Portal on [SCBOS](#).

Where to mail W2 and/or 1099 Forms

Paper W2, 1099 and Extensions	CD-ROM	Overnight Delivery (CD-ROM Only)
SC Department of Revenue Withholding Columbia, SC 29214-0004	SC Department of Revenue CD-ROM Columbia, SC 29214-0022	SC Department of Revenue CD-ROM 300A Outlet Point Blvd. Columbia, SC 29210

Selected Forms to Use

WH-1603	Withholding Tax Tables
WH-1603F	Computer Formula
WH-1605	Quarterly Tax Return (Quarters 1, 2 and 3)
WH-1606	Fourth Quarter/Annual Reconciliation of Income Tax Withheld
WH-1612	Transmitter Summary Report for CD-ROM
W2	Wage and Tax Statement (<i>federal form</i>)
W-4	Withholding Exemption Certificate (<i>federal form</i>)
SC W-4	Annual Withholding Tax Exemption Certification for Service member's Nonresident Spouse
Form 105	Information Guide - South Carolina Withholding Tax
SCDOR-111	Business Tax Application
SCDOR-111Ins	Instructions for Completing SCDOR-111
C-278	Account Closing Form
SC8822	Change of Address/Business Location

OTHER SOUTH CAROLINA TAXES YOU MAY NEED TO FILE

Unemployment Insurance Contributions

Employers of one or more workers must pay a tax on wages paid to employees for purposes of providing unemployment compensation. This tax is administered and collected by the South Carolina Department of Employment and Workforce.

South Carolina Department of Employment and Workforce

1550 Gadsden Street
 Post Office Box 995
 Columbia, SC 29202
 Telephone: 803-737-2400
dew.sc.gov

Workers' Compensation

Employers with four or more employees must purchase insurance or qualify as a self-insurer by meeting certain requirements in accordance with the rules and regulations of the South



Carolina Workers' Compensation Commission. Workers' Compensation provides benefits to employees who have sustained a job-related injury or illness. The Workers' Compensation Commission collects premiums.

South Carolina Workers' Compensation Commission

1333 Main Street, Suite 500

Post Office Box 1715

Columbia, SC 29202

Telephone: 803-737-5700

WCC.SC.GOV

PROPERTY TAX

Property tax is generally administered and collected by local governments. Real property is subject to property taxes. Personal property used in business and certain personal property used for personal purposes such as motor vehicles, boats and airplanes are subject to property taxes. There is no state or local tax on intangible personal property or inventories.

The SCDOR assesses and collects some property taxes and oversees all property tax assessments to ensure equitable and uniform assessment throughout the state. Businesses must file a Business Personal Property Tax Return with the SCDOR.

HOW THE TAX IS CALCULATED

Each class of property is assessed at a ratio unique to that type of property. The assessment ratio is applied to the market value of the property to determine the assessed value of the property. Each county, municipality, or other taxing entity then applies its millage rate to the assessed value to determine the tax due. A mill is a unit of monetary value, equal to one-tenth of a cent, or one-thousandth of a dollar (.001).

For example, if the millage rate is 200 mills and the assessed value of the property is \$1,000, the tax on that property is \$200. ($\$1000 \times .200 = \200)

A state property tax is levied on private carlines and airlines based on the average statewide millage rate.

ASSESSMENT RATIOS

The following assessment ratios are applied to the value of the property to determine the assessed value for purposes of taxation:

Manufacturing Property	10.5% of fair market value
Utility Property	10.5% of fair market value
Railroads, Private Carlines, Airlines and Pipelines	9.5% of fair market value
Primary Residences	4.0% of fair market value
Agricultural Property (<i>privately owned</i>)	4.0% of use value
Agricultural Property (<i>corporate owned</i>)	6.0% of use value
Other real estate	6.0% of fair market value
Personal property	10.5% of income tax depreciated value
Private Passenger Vehicles	6% of fair market value

BUSINESS PERSONAL PROPERTY

Merchants are required to file a Business Personal Property Tax Return with the county or the SCDOR annually. The taxpayer should contact the SCDOR or the county to determine which jurisdiction to file the return. All furniture, fixtures, and equipment are reported at acquisition cost with a deduction allowed for depreciation but should never fall below 10%.

The Business Personal Property Tax Return filed with SCDOR can be filed online through MyDORWAY at dor.sc.gov/mydorway.

The return is due on the last day of the fourth month following the close of the tax year. For example, if your business' accounting closing period is December 31, 2017, your return is due April 30, 2018. An extension for time to file will not be granted.

PROPERTY EXEMPTIONS

South Carolina law provides for a number of property tax exemptions. To obtain an exemption, application must be sent to the SCDOR on Application for Exemption, Form PT-401-I (for individuals) or PT-401-O (for organizations).

The properties listed below are exempt from property tax:

Exemptions as they relate to institutions of learning

All property of:

- Schools
- Colleges and other institutions of learning except where the profits of the institutions are applied to private use

The property of all charitable institutions

In the nature of hospitals, institutions caring for:

- The infirmed
- The disabled
- The aged
- Children
- Indigent persons except where the profits of the institutions are applied to private use

The property of all:

- Libraries
- Churches
- Parsonages
- Burial grounds
 - all property that extends beyond the premises actually occupied by the church if

no profit or benefit from any operation flows through to any private stockholder or individual or no income producing ventures are located on the property

Exemptions as they relate to certain individuals

The dwelling house and up to five acres of surrounding land is exempt for:

- A Veteran who is permanently and totally disabled from a service-connected disability
- A former law enforcement officer who is permanently and totally disabled from a service connected disability in this State as defined in Section 23-23-10 (E)(1).
- A former firefighter, including a volunteer firefighter who is permanently and totally disabled from a service connected disability in this State as defined in Chapter 80 of Title 40.
- The exemption is passed to the surviving spouse of a member of the armed forces of the United States who meet the qualifications of a veteran, law enforcement officer, or firefighter.
- Qualified surviving spouse also means the surviving spouse of a member of the armed forces of the United States who was killed in action who at the time of death owned the dwelling in fee or jointly with the now surviving spouse. All criteria must be met to qualify for the exemption.
- The law enforcement officer and firefighter must have been employed in the State of South Carolina when declared permanently and totally disabled as a result of a service connected disability.

The dwelling house and up to one acre of surrounding land is exempt for:

- A paraplegic or hemiplegic person is exempt provided he or she can provide satisfactory proof of their disability.

The following may qualify for an exemption of two motor vehicles, if all requirements are met:

- Prisoner of War (World War I, World War II, Korean Conflict and Vietnam Conflict)
- A permanent and totally service connected disabled veteran
- Recipients of the Medal of Honor
- Persons required to use wheelchairs

Exemptions as they relate to organizations

Nonprofit organizations involved in the following:

- Water supply
- Sewage disposal
- A combination of both water supply and sewage disposal
- American Legion
- Veterans of Foreign Wars
- Disabled American Veterans
- Fleet Reserve Association

- Marine Corps League
- Other similar veterans' organizations
- YMCA and YWCA
- Salvation Army
- Boy Scouts
- Girl Scouts
- Palmetto Junior Homemaker Association
- New Homemakers of South Carolina
- South Carolina Association of Future Farmers of America
- New Farmers of South Carolina
- Religious, charitable, eleemosynary, educational or literary society, corporation or association, when the property is held primarily for holding meetings and conducting business
- Property owned by religious, charitable, eleemosynary, educational or literary society, corporation or association, if property is acquired to construct or renovate a residential structure for sale to economically disadvantaged persons
 - The exemption will not exceed fifty (50) acres per county and the sale cannot be for profit
- Property owned by religious, charitable, eleemosynary, educational or literary society, corporation or association, extends to the real property that is held for a future use by the organization that would qualify for the exemption or held for investment by the organization in sole pursuit of the organization's exempt purposes and while held this property is not rented or leased for a purpose unrelated to the exempt purposes as defined in SC Code Section 12-37-220 (B)(16)(c).

Real property leased on a nonprofit basis to a:

- State agency
- County
- Municipality or other political subdivision used for public purposes
 - exemption does not apply to property used for office space or warehousing
- Volunteer fire departments and rescue squads when property is used exclusively for that purpose or property leased to a department or squad by an entity itself exempt from property taxes
- Nonprofit museums used exclusively for such purpose
- Property of nonprofit or eleemosynary community theater companies, symphony orchestras, county and community arts councils and other similar companies, which is used exclusively for promotion of the "arts"
- Charitable trusts and foundations if property is used for charitable purposes

The following exemptions as they relate to personal effects and the home

- Household goods and furniture used in the owner's home

- Household goods and furniture used in a timeshare residential units
- Clothing
- A homestead exemption of \$50,000 is available to residents who are 65 years of age, who are totally disabled or who are totally blind

The following exemptions pertain to the farm

- All agricultural products owned by the producer
- Livestock and poultry
- Farm machinery and equipment
- Greenhouses

The following exemptions pertain to business concerns

- New manufacturing facilities and additions costing at least \$50,000 to existing manufacturing facilities are exempt from the ordinary county taxes for a period of five years
- Corporate headquarters, corporate office facilities and distribution facilities are exempt from ordinary county taxes for five years if the cost of new construction or additions is \$50,000 or more and 75 or more full-time jobs are created
- Manufacturers' inventories
- Merchants' inventories
- Personal property of an air carrier operating a hub in South Carolina is exempt for 10 years
- Water, air, or noise pollution equipment and facilities

Other property tax exemptions

- Real property leased on a nonprofit basis to a state agency, county, municipality or other political subdivision used for a public purpose other than office space or warehousing
- Property leased to and operated by the S.C. Public Service Authority for generating or transmitting electricity
- Personal property used for public display loaned or leased on a nonprofit basis to a(n):
 - State agency
 - County
 - Municipality
 - Other political subdivision
 - Organization exempt from federal income tax under Internal Revenue Code Section 501-514
- Carnival equipment owned, leased, or used by a foreign corporation or nonresident for a period of not more than six months if property tax has been paid in another state
- Other property owned by churches if no income producing ventures are located on the property and no profit or benefit is derived by any individual

- Nonprofit community-owned recreation facilities open to the general public
- Personal property in transit with 'no situs' status
- Intangible personal property

MANUFACTURING AND FEE IN LIEU OF PROPERTY TAXES

A Manufacturer or miner is every person engaged in making, fabricating, or changing things into new forms or in refining, rectifying, or combining different materials. Manufacturers are required to file a PT-300 Property Return and appropriate Schedules with the SCDOR annually. Please refer to the PT-300 Instructions for filing requirements. The PT-300 Instructions are available online at dor.sc.gov.

The PT-300 Property Return and Schedules filed with SCDOR can be found online at dor.sc.gov.

The return is due on the last day of the fourth month following the close of the tax year. No extension of time for filing will be granted.

Businesses investing at least \$2.5 million in South Carolina may negotiate for a fee-in-lieu of property taxes. Under a fee in lieu of property tax agreement, the assessment ratio can be negotiated down from 10.5% to 6%. For large investments, the assessment ratio can be reduced down to 4%. The county and the business may agree to either set the millage rate for the entire agreement period or have the millage change every five years in step with the average millage rate for the area where the project is located. Any personal property subject to the fee in lieu of property taxes depreciates in accordance with South Carolina law while the real property is either set at cost for the life of the agreement or can be appraised by SCDOR every five years.

A fee in lieu of property taxes is granted at the sole discretion of the county as to whether to grant a fee in lieu of property taxes for a particular project. The business must make the \$2.5 million investment over a five-year period to qualify. Large investment projects have eight years to meet their increased investment requirements. During this period, all property that is placed in service pursuant to the agreement is subject to a fee instead of ad valorem property taxes. A county may give the business an additional five years to complete the project and place new property in service subject to the fee. A single piece of property can be subject to the fee for a maximum of 40 years with the county's consent. The total project can be subject to the fee for a maximum of 50 years with the county's consent. In addition, a company may replace existing property with new property that may become eligible for the fee agreement.

Tax Returns

Tax returns reporting business personal property, manufacturers' property, and utility companies' property must be submitted by businesses to the SCDOR by the last day of the fourth month after the close of the taxpayer's accounting period. An extension for time to file

will not be granted.

Selected Forms to Use

PT-100	Business Personal Property Tax Return
PT-139	Water and Sewer Companies Property Tax Return
PT-300	Manufacturer's Property Tax Return
PT-401-I	Property Tax Exemption Application for Individuals
PT-401-O	Property Tax Exemption Application for Organizations
PT-417	Private Carline Tax Report
PT-418	Airline Property Tax Report
PT-420	Utility and Railroad Company Property

For the most up-to-date forms, visit the SCDOR's [website](#).

ALCOHOLIC BEVERAGES

BASIC REQUIREMENTS FOR A BEER AND WINE PERMIT OR A LIQUOR LICENSE

A sole proprietor applicant must:

- Be at least twenty-one (21) years of age
- Be a legal resident of the United States
- Be a legal resident of South Carolina for at least thirty (30) days prior to making application to the SCDOR
- Be of good moral character. This includes the applicant, principals, officers, agents, etc.
- Not have any outstanding liabilities with the SCDOR

A corporate entity that is an applicant must:

- Disclose corporate principals
- Have a certificate of good standing as an SC corporate entity or be registered to do business in SC if a foreign corporate entity
- Have all corporate principals of good moral character
- Neither have a corporate tax liability or an individual tax liability of a corporate principal with the SCDOR

➤ Depending on the type of license, the location must meet certain requirements.

Alcoholic Liquors and Beer/Wine License/Permit Fees

The alcoholic liquors tax is imposed on all manufacturers, wholesalers, and retailers of alcoholic liquors. Anyone selling alcoholic liquors must apply to the SCDOR for a license.

The license fees are:

License Type	Nonrefundable Filing Fee	License Fee
OFF PREMISES BEER & WINE PERMIT	\$300.00	\$600.00
120 DAY TEMPORARY OFF PREMISE BEER & WINE PERMIT	\$0.00	\$25.00
ON PREMISE BEER & WINE PERMIT	\$300.00	\$600.00
120 DAY TEMPORARY ON PREMISE BEER & WINE PERMIT	\$0.00	\$25.00
7 DAY ON PREMISE BEER & WINE PERMIT	\$300.00	\$2,200.00
120 DAY TEMPORARY 7 DAY ON PREMISE BEER & WINE PERMIT	\$0.00	\$25.00
7 DAY OFF PREMISE BEER & WINE PERMIT	\$300.00	\$2,200.00
120 DAY TEMPORARY 7 DAY OFF PREMISE	\$0.00	\$25.00

BEER & WINE PERMIT		
BREW PUB PERMIT	\$300.00	\$2,200.00
120 DAY TEMPORARY BREW PUB PERMIT	\$0.00	\$25.00
SUNDAY/SABBATH BEER & WINE PERMIT	\$300.00	\$700.00
120 DAY TEMPORARY SUNDAY/SABBATH BEER & WINE PERMIT	\$0.00	\$25.00
FOOD SERVICE ESTABLISHMENT BEER AND WINE PERMIT	\$300.00	\$600.00
120 DAY TEMPORARY FOD SERVICE ESTABLISHMENT BEER AND WINE PERMIT	\$0.00	\$25.00
BUSINESS LIQUOR BY THE DRINK LICENSE	\$200.00	\$1,700.00
120 DAY TEMPORARY BUSINESS LIQUOR BY THE DRINK LICENSE	\$0.00	\$30.00
NON PROFIT PRIVATE CLUB LIQUOR BY THE DRINK LICENSE	\$200.00	\$1,700.00
120 DAY TEMPORARY NON PROFIT PRIVATE CLUB LIQUOR BY THE DRINK LICENSE	\$0.00	\$30.00
RETAIL LIQUOR STORE LICENSE	\$200.00	\$1,400.00
120 DAY TEMPORARY RETAIL LIQUOR LICENSE	\$0.00	\$30.00
ALCOHOLIC LIQUORS COOKING LICENSE	\$0.00	\$250.00
IN STATE BREWERY/WINERY	\$300.00	\$400.00
7 DAY WINERY PERMIT	\$300.00	\$1,500.00
DOMESTIC WINERY	\$300.00	\$400.00
WHOLESALE BEER & WINE DISTRIBUTOR LICENSE	\$300.00	\$2,200.00
*CERTIFICATION FEE	\$0.00	\$5.00

*(Certification fee is required, in addition to filing fees, if you are applying for a license at a location that is currently licensed to sell liquor by the drink or retail liquor.)

Licenses must be renewed every two years. Renewal is determined by the county in which the license is located.

Excise Tax

Manufacturers, wholesalers, and retailers must pay tax on alcoholic liquors as follows:

Per 8 ounces of alcohol	\$.17
Liquor by the drink	5% of gross proceeds from sales of alcoholic liquor by the drink
Per liter	\$.71825
Standard case (wholesalers)	\$1.81

Standard case (payable by retailers to wholesalers)	\$2.99
Standard case (additional tax paid by wholesalers)	\$.56
Surtax	9%

Beer and Wine Tax

All wholesale distributors, retailers, breweries, and wineries doing business in South Carolina are required to be licensed by the SCDOR.

Wholesale distributors are required to pay beer and wine tax, the tax rates are:

Beer per Ounce	\$.006
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Wine U.S. Sized Containers:

Per 8 oz. up to 1 gallon	\$.06
Per gallon	\$.90
Additional tax per 8 oz.	\$.012
Additional tax per gallon	\$.15

Wine Metric Sized Containers:

Per liter	\$.2535
Additional tax per liter	\$.0507

Each wholesaler is required to report all beer and wine sold or disposed of within this state and **pay the tax due no later than the 20th of the month following the month the sales occurred.**

For additional information about Beer, Wine, or Liquor, please visit the SCDOR's [website](#), contact the Miscellaneous Tax Section at 803-898-1970, or email BeerTax@dor.sc.gov, WineTax@dor.sc.gov, or AlcoholicLiquorTax@dor.sc.gov.

What type of establishments can be licensed for a liquor by the drink license?

Restaurants must be primarily engaged in preparing and serving meals; have seating for not less than 40 people simultaneously at tables, which must be usable and suitable for the consumption of meals year round; a separate kitchen area that is used solely for the storage and preparation of meals; not less than 21 cu. feet of cold storage; and have a Grade A health permit from the South Carolina Department of Health and Environmental Control. For additional requirements, refer to S.C. Ann. §§61-6-20; 61-6-1610; and Code Reg. 7-401.3.

Hotels and motels must rent lodging to the public of at least 18 rooms on a regular basis.

Private clubs must be established for social, benevolent, patriotic recreational, or fraternal purposes, have a limited membership, be governed by bylaws, not open to the general public, and must have a nonprofit charter in good standing with the South Carolina Secretary of State.

Retail liquor stores must meet structural requirements of South Carolina Code Section 61-6-1510 and may sell liquor at wholesale to restaurants and bars only after they have applied for a wholesale basic permit under the Federal Alcohol Administration Act.

For additional information about Liquor by the Drink, please visit the SCDOR's [website](#) or contact the Miscellaneous Tax Section at 803-898-1970 or email LiquorByTheDrinkTax@dor.sc.gov

Alcoholic Beverage License Renewals Online

Businesses which currently have an alcohol beverage license and have been sent a 60 day notification for renewal may renew online with MyDORWAY beginning in September 2017. The SCDOR will not renew a license if there is an outstanding tax liability with the SCDOR or the Internal Revenue Service. If there has been a change of ownership, possession, business address, or control of the business since the original issuance of the license, the renewal is not allowed; you will have to reapply.

Renewals are permitted for the following license types:

- PBB - Brew Pub Beer/Wine
- PBW - On Premises Beer/Wine
- PBG - Off Premises Beer/Wine
- PBP - Beer/Wine Producer
- P7B - 7 Day Week Off Premises Beer/Wine
- PO7- 7 Day On Premise Beer & Wine Permit
- PAL - Alcoholic Cooking Liquors
- PLP - Liquor Producer/Importer (outside SC)
- PLR - Liquor Producer Representative
- PML - Liquor Manufacturer
- PMD - Liquor Micro-Distillery
- PRL - Retail Store Liquor
- PWL - Wholesale Liquor
- PLB- Business Liquor by the Drink
- PLC- Non Profit Liquor By the Drink
- PFS- Food Service Establishment Beer and Wine Permit
- PWY- In State Brewery/Winery
- PDW- Domestic Winery
- PWB- Wholesale Beer & Wine Distributor License
- PLW- In State Liquor Warehouse
- PWS- Out of State Wine Shipper

CORPORATE INCOME TAX

The Initial Annual Report of Corporations, Form CL-1, must be submitted by both domestic and foreign corporations. The report should be submitted when filing:

- Articles of Incorporation
- Application for Authority to Transact Business in South Carolina
- On or before 60 days after commencing business in South Carolina

The minimum license fee of \$25 must be paid at the time the report is filed.

TAX RATE

The tax rate on South Carolina net corporate income is 5%. The starting point in determining South Carolina taxable income is the corporation's federal taxable income.

The license fee rate is .001% of the corporation's capitalization plus \$15. The corporation's capital stock and paid in capital accounts are subject to this tax.

The minimum license fee is \$25 and is paid a year in advance with the year's corporate tax report.

MOST COMMON MODIFICATIONS TO FEDERAL TAXABLE INCOME

1. Interest on state or local obligations other than South Carolina are additions to income.
2. State and local income taxes or state and local franchise taxes measured by net income, any income taxes or any taxes measured by or with respect to net income must be added back to federal taxable income.
3. Add back federal net operating loss (NOL). South Carolina allows a South Carolina NOL carryover but no carry-back.
4. If a corporation is claiming a reduction in salaries and wages due to the federal jobs credit, subtract this amount for South Carolina purposes.
5. South Carolina does not recognize deductions for bonus depreciation, domestic production activities, or qualifying shipping activities.

CORPORATE INCOME TAX CREDITS SUMMARY

DRIP/TRICKLE IRRIGATION SYSTEMS CREDIT: For purchasing and installing conservation tillage equipment, drip/trickle irrigation system or dual purpose combination truck and crane equipment **(TC-1)**

MINORITY BUSINESS CREDIT: For state contractors that subcontract with socially and economically disadvantaged small businesses **(TC-2)**

WATER RESOURCES CREDIT: For investing in the construction of water storage and control structures for soil and water conservation, wildlife management, agriculture, and aquaculture purpose **(TC-3)**

NEW JOBS CREDIT: For qualifying employers that create and maintain 10 or more full-time jobs **(TC-4)**

ACCELERATED SMALL BUSINESS JOBS CREDIT: For qualifying small businesses that create two or more full-time jobs **(TC-4SA)**

SMALL BUSINESS JOBS CREDIT: For qualifying small businesses that create and maintain two or more full-time jobs **(TC-4SB)**

SCENIC RIVER CREDIT: For donating certain lands adjacent to designated rivers or sections of a river **(TC-5)**

INFRASTRUCTURE CREDIT: For construction or improvements of water lines, sewer lines, and road projects eventually dedicated to public use or qualifying private entity **(TC-6)**

PALMETTO SEED CAPITAL CREDIT: For investing in the Palmetto Seed Capital Corporation **(TC-7)**

CORPORATE HEADQUARTERS CREDIT: For qualifying costs related to establishing a corporate headquarters in South Carolina or expanding or adding to an existing headquarters **(TC-8)**

CHILD CARE PROGRAM CREDIT: For employers that establish child care programs to benefit employees or donate to a non-profit corporation providing child care **(TC-9)**

CAPITAL INVESTMENT CREDIT: For placing qualified manufacturing and productive equipment property in service **(TC-11)**

PLASTICS AND RUBBER PRODUCTS MANUFACTURERS CREDITS: For large manufacturers of plastics or rubber products **(TC-11A)**

FAMILY INDEPENDENCE PAYMENTS CREDIT: For employers hiring qualifying recipients of Family Independence Payments **(TC-12)**

COMMUNITY DEVELOPMENT CREDIT: For investing amounts not claimed as charitable deductions in qualifying development corporations or financial institutions **(TC-14)**

RECYCLING PROPERTY CREDIT: For taxpayers constructing or operating a qualified recycling facility when investing in recycling property **(TC-17)**

RESEARCH EXPENSES CREDIT: For taxpayers claiming a federal research expenses credit **(TC-18)**

QUALIFIED CONSERVATION CONTRIBUTION CREDIT: For donating a qualifying gift of land for conservation or a qualified conservation contribution of a real property interest **(TC-19)**

BROWNFIELDS CLEANUP CREDIT: For costs of voluntary cleanup activity by a nonresponsible party **(TC-20)**

CERTIFIED HISTORIC STRUCTURE CREDIT: For rehabilitation projects that qualify for the federal credit **(TC-21)**

TEXTILES REHABILITATION CREDIT: For rehabilitating an abandoned textile manufacturing facility **(TC-23)**

COMMERCIALS CREDIT: For production companies producing commercials in South Carolina **(TC-24)**

MOTION PICTURES CREDITS: For investing in motion picture projects or motion picture production or post-production facilities in South Carolina **(TC-25)**

VENTURE CAPITAL INVESTMENT CREDIT: For lending money to the SC Venture Capital Authority **(TC-26)**

SC QUALITY FORUM CREDIT: For participating in quality programs of the SC Quality Forum **(TC-28)**

PORT CARGO CREDIT: For increasing usage by volume at state ports **(TC-30)**

RETAIL FACILITIES REVITALIZATION CREDIT: For revitalizing abandoned retail facilities **(TC-31)**

MERCURY SWITCH DISPOSAL CREDIT: For vehicle recycler or scrap recycling facility participating in End-of-Life Vehicle Solution (ELVS) Program for each mercury switch collected and admitted for disposal **(TC-33)**

CORPORATE TAX MORATORIUM: For qualifying taxpayers that make a substantial investment and creates at least 100 new, full-time jobs, a 10 year, or in some cases, a 15 year moratorium (not a credit) on corporate income taxes **(TC-34)**

ALTERNATIVE MOTOR VEHICLE CREDIT: Taxpayers with federal credit allowed under Internal Revenue Code 30B will receive SC Credit **(TC-35)**

INDUSTRY PARTNERSHIP FUND CREDIT: For contributing to the SC Research Authority's Industry Partnership Fund **(TC-36)**

WHOLE EFFLUENT TOXICITY TESTING CREDIT: For a manufacturing facility incurring costs in complying with whole effluent toxicity testing **(TC-37)**

SOLAR ENERGY OR SMALL HYDROPOWER SYSTEM OR GEOTHERMAL MACHINERY OR EQUIPMENT CREDIT: For installing a solar energy system or small hydropower system in a South Carolina facility **(TC-38)**

ETHANOL OR BIODIESEL PRODUCTION CREDIT: For producers of corn-based or non-corn-based ethanol or soy-based or non-soy-based biodiesel **(TC-40)**

RENEWABLE FUEL FACILITY CREDIT: For constructing a renewable fuel production or distribution facility in South Carolina **(TC-41)**

APPRENTICESHIP CREDIT: For employing an apprentice **(TC-45)**

NEW PLUG-IN HYBRID VEHICLE CREDIT: For in-state purchase or lease of a new plug-in hybrid vehicle **(TC-48)** You must file TC-48 to have this credit preapproved.

BIOMASS RESOURCE CREDIT: For costs incurred by corporation for purchases and installation of equipment used to create power, etc. for commercial use **(TC-50)** You must file TC-50 to have this credit preapproved.

VENISON FOR CHARITY CREDIT: For processing deer meat for charity **(TC-51)**

FIRE SPRINKLER SYSTEM CREDIT: For installing a fire sprinkler system **(TC-52)**

ENERGY EFFICIENT MANUFACTURED HOME CREDIT: \$750 credit for new purchase of an Energy Star manufactured home **(TC-53)**

CREDIT FOR MANUFACTURING RENEWABLE ENERGY SYSTEMS: For investing in production of renewable energy systems and components. **(TC-54) You must file TC-54 to have this credit preapproved.**

ABANDONED BUILDINGS REVITALIZATION CREDIT: For rehabilitating an abandoned building **(TC-55)**

ANGEL INVESTOR CREDIT: For investing in certain types of businesses **(TC-56) You must file TC-56 to have this credit preapproved.**

EDUCATIONAL CREDIT FOR EXCEPTIONAL NEEDS CHILDREN (NONREFUNDABLE): For contributing money to a nonprofit scholarship funding organization to benefit exceptional needs children. This nonrefundable credit is **limited to 60%** of your tax liability. **(TC-57A) You must file TC-57A to have this credit preapproved.**

SOLAR ENERGY PROPERTY CREDIT: For a taxpayer who constructs, purchases, or leases energy property located on the EPA’s National Priority List, National Priority List Equivalent site, or certified DHEC site. **(TC-58) You must file TC-57A to have this credit preapproved.**

ALTERNATIVE FUEL PROPERTY CREDIT: For a taxpayer who purchases or constructs, installs, and places in service in this State eligible property that is used for distribution, dispersing, or storing alternative fuel at a new or existing distribution or dispensing facility **(TC-59)**

These Credits Can Also Be Used Against Corporate License Fees:

- Infrastructure Credit **(TC-6)**
- Corporate Headquarters Credit **(TC-8)**
- Recycling Property Credit **(TC-17)**
- Research Expenses Credit **(TC-18)**
- Certified Historic Structure Credit **(TC-21)**
- Textiles Rehabilitation Credit **(TC-23)**
- Venture Capital Investment Credit **(TC-26)**
- Mercury Switch Disposal Credit **(TC-33)**
- Industry Partnership Fund Credit **(TC-36)**
- Biomass Resource Credit **(TC-50)**
- Abandoned Buildings Revitalization Credit **(TC-55)**

REFUNDABLE INCOME TAX CREDITS

MILK CREDIT: A resident taxpayer in the business of producing milk for sale may be eligible for a refundable income tax credit against corporate income tax based on the amount of milk produced and sold. **(I-334)**

ANHYDROUS AMMONIA CREDIT: A resident taxpayer engaged in the business of farming is eligible for a refundable income tax credit equal to the amount expended to obtain the additive required to comply with Code Section 44-53-375(E)(2)(a)(ii) for the agricultural use of anhydrous ammonia. The refundable credit may be claimed against corporate income taxes.
(I-333)

FILING REQUIREMENTS

Corporations are required to file one of the following forms (whichever is applicable):

- SC1120 for corporations
- SC1120S for 'S' corporations
- SC1120U for utilities
- SC1101B for banks
- SC1104 for savings and loan associations
- CL-4 Electric Coops

NOTE: Insurance companies file tax returns with the Department of Insurance.

SC1120, SC1120S, and SC1120U each have three sections:

1. Computation of income tax liability
2. Computation of license fee
3. Annual Report

Banks and Savings and Loan Associations are exempt from license fees. Tax-exempt organizations are also exempt from license fees and file SC990T only if they have unrelated business income. SC990T is due on the 15th day of the fifth month following the close of the taxable year.

With tax periods beginning 1/1/2016, corporate income tax extensions with payment for the SC1120, SC1120U, SC1101B, SC1104, and CL-4 are due no later than the 15th day of the fourth month following the close of the taxable year with an automatic 6 month filing extension. The SC1120S is due the 15th day of the third month following close of the tax year with an automatic 6 month filing extension.

Corporations with a multi-state business are taxed only on income earned or derived within South Carolina. Some amounts are directly allocated. The remaining income is apportioned according to one of the following methods:

1. "Sales only" apportionment for taxpayers whose principal business in South Carolina is dealing in tangible personal property. This method is typically used by businesses that manufacture, sell, distribute, or rent tangible personal property.

2. “Gross receipts” apportionment method for taxpayers not dealing in tangible personal property. This method is typically used by financial businesses and service businesses, including doctors, architects, businesses that install or repair tangible personal property, and contractors.
3. A “special” apportionment method for certain companies, such as railroad companies, telephone companies, pipeline companies, airline companies, and shipping lines.
4. An individualized apportionment method tailored to a particular business because the normally required method would not fairly represent the extent of the taxpayer’s business in South Carolina.
5. An individualized apportionment method tailored to a particular business as an economic incentive.

Extension to File

If any corporate income tax or license fee is anticipated to be due, the taxpayer must use South Carolina extension Form SC1120-T. An extension can also be filed online through [MyDORWAY](#).

If no income tax or license fee is anticipated to be due and the taxpayer has requested a federal extension, the federal extension will be accepted as a South Carolina extension if the corporate return is received within the time as extended by the Internal Revenue Service.

Corporations filing a consolidated return should file a single South Carolina extension SC1120-T and attach a schedule listing the corporations to be included in the South Carolina consolidation. A federal extension will be accepted if all corporations filing in South Carolina are included in one or more federal extensions. A schedule must also be attached listing the corporations included in the South Carolina consolidation.

A copy of the federal or South Carolina extension(s) must be attached to the return when filed.

There is no extension for payment of corporate income tax or license fee. Any income tax or license fee due must be paid by the prescribed due date to avoid the assessment of late penalties and interest.

Electronic Payment

You may also make Corporate Tax declaration payments online with [MyDORWAY](#). There is no cost to you.

Consolidated Returns

A consolidated return is not required unless a consolidated return was filed previously. The following corporations may file a consolidated return: (1) a parent and any substantially

controlled (80%) subsidiary or subsidiaries; or (2) two or more corporations under substantially the entire control of the same interest. A corporation doing business entirely within South Carolina may consolidate with another doing a multi-state business. All corporations included in a consolidated return must be C corporations, use the same accounting year, and be subject to South Carolina corporate income tax. The income tax calculation is determined separately for each corporation included in a consolidated return, but tax credits earned by members of the consolidated group are used on a consolidated basis.

Fed/State Corporate EFile

Taxpayers can file both federal and South Carolina returns or just the state return electronically utilizing tax preparation software available from software developers. South Carolina began offering Fed/State filing for Corporate (SC1120/1120S) in September, 2007. Corporate returns may be filed for returns being filed for current year plus back two years. For example, in 2017, corporate returns will be filed for tax years 2016, 2015, and 2014. If the return is a balance due return, payment information may be submitted with the electronically filed return. Amended returns are NOT eligible for electronic filing via the Fed/State method.

COUNTY RANKINGS, MORATORIUM AND REDUCED INVESTMENT COUNTIES

South Carolina's 46 counties are ranked and designated annually for job tax credit purposes based on unemployment rates and per capita income.

A 10- or 15-year moratorium on corporate income or insurance premium taxes is available to a qualifying taxpayer in a county with average annual unemployment rate of at least twice the State average during each of the last two completed calendar years, based on the most recent unemployment rates available, or in a county with one of the three lowest per capita incomes based on the average of the three most recent years of available average per capita income data.

The minimum required investment necessary to qualify for the fee in lieu of property tax under the "Little Fee," provided in South Carolina Code Section 4-12-30(B)(3), and the "Simplified Fee," provided in South Carolina Code Section 12-44-30(14), is \$2.5 million. This investment amount, however, is reduced to \$1 million for a company investing in a county with an average annual unemployment rate of at least twice the State average during each of the last 24 months, based on data available on November 1.

Each year, the SCDOR releases a list of all County Rankings, Moratorium Counties, and Reduced Investment Counties. You can find the list on the SCDOR's [website](#).

LIMITED LIABILITY COMPANIES & PARTNERSHIPS

The following definitions will be used:

- ❖ **Partnership** includes an LLC taxed for SC income tax purposes as a partnership.
- ❖ **Partner** includes any member of an LLC taxed for SC income tax purposes as a partnership.
- ❖ **Corporation** includes an LLC or professional or other association taxed for SC income tax purposes as a corporation.
- ❖ **Shareholder** includes any member of an LLC taxed for SC income tax purposes as a corporation.
- ❖ **A Limited Liability Partnership (LLP)** is formed when an application is filed by a majority of the partners or any one or more partners authorized to execute it and delivered to the Secretary of State with a \$100 filing fee. An LLP's registration is effective for one year only. Each year the LLP must file a renewal application within the 60-day period preceding the expiration date. The Secretary of State is not required to notify an LLP that its registration is up for renewal.

LIMITED LIABILITY COMPANIES - THE BASICS

A limited liability company (LLC) is an unincorporated business association that provides its owners (members) limited liability and flexible management and financial alternatives. An LLC can provide the favorable pass-through tax treatment of partnerships and the limited personal liability of corporations. An LLC is formed when one or more initial members sign Articles of Organization and deliver that to the Secretary of State along with the filing fee.

If an LLC is a corporation for federal income tax purposes, it is a corporation for South Carolina income tax purposes. Likewise, if an LLC is a partnership for federal income tax purposes, it is a partnership for South Carolina income tax purposes. South Carolina has adopted all of the partnership provisions of subchapter K of the Internal Revenue Code and Section 7701 that defines partnership and corporation. A single member LLC that is not taxed as a corporation for federal purposes is not considered to be an entity separate from its owner.

United States Treasury regulations govern how an organization is classified for federal tax purposes. There are United States Department of Treasury regulations for determining the classification of an unincorporated business organization as either a partnership or a corporation for federal income tax purposes.

These regulations replaced the prior four-factor test of:

- Continuity of life
- Centralized management
- Limited liability
- Free transferability of interests

Under these regulations an unincorporated entity can choose to be taxed as a partnership (or

disregarded as an entity entirely separate from its owner if it is a single member LLC) or be taxed as a corporation. This new classification process is referred to as “check the box.” For South Carolina income tax purposes, the SCDOR follows the “check the box” regulations.

PARTNERSHIPS - THE BASICS

A partnership is a legal entity that is jointly owned by two or more individuals. The owners are personally responsible for all debts of the business, even those in excess of the amount invested in the business.

Liability for Returns

Every partnership in South Carolina, domestic or foreign, doing business or owning a business in South Carolina must make a return of income on the Partnership Return of Income, Form SC1065, no later than the 15th day of the third month following the close of the accounting period.

The income or loss of a partnership will be computed in the same manner and on the same basis as in the case of the individual.

Taxpayers carrying on business in a partnership are liable for income tax only in their individual capacity. Each partner must include in their return their distributive share, whether distributed or not, of the net income or loss of the partnership for the taxable year. If the taxable year of a partner is different from that of the partnership, the amount included will be based on the partnership income of the year ending with the taxpayer’s taxable year.

Information to be Furnished to the Partners

An SC1065 K-1 must be provided to each partner and is prepared by the partnership to show each partner’s share of the entity’s income. Each item is adjusted as required by South Carolina law and allocated or apportioned to SC or to states other than South Carolina. Provide each nonresident partner with a federal Form 1099-MISC with “SC only” written at the top, showing the amount of the nonresident partner’s withholding.

When and Where Do I File?

A South Carolina partnership income return should be completed after the federal partnership return is completed. The return is due no later than the 15th day of the third month after the close of the taxable year.

Returns should be mailed to:
South Carolina Department of Revenue
Partnership Returns
P O Box 125
Columbia SC 29214-0008

Failure to file your return on time may subject the Partnership to a penalty. If additional time is

needed to file your SC1065, you may file Form SC8736 by the return due date. The SCDOR will accept the federal extension for a partnership in lieu of SC8736.

If you intend to use the federal extension in lieu of South Carolina’s extension, it is not necessary to send South Carolina a copy of the federal form by the return due date. Simply attach a copy of the federal extension when you file the tax return within the extended period.

Partners’ returns are extended separately. A copy of each federal K-1 is required to be attached to Form SC1065.

Partners with income or loss must file a tax return regardless of tax liability. See SC1065 K-1 on information to be furnished to partners.

What Happens if You Don’t File?

A taxpayer who fails to remit tax when due will be charged interest from the time the tax was due until paid in its entirety. Penalties may be applied for late payment of tax and for late filing of returns. Penalties may also be applied for negligence and for disregard of regulations.

Selected Forms to Use

SC616	Certification of Eligibility for South Carolina New Jobs Tax Credit
SC990-T	Return of Organization Exempt from Income Tax
SC1065	Partnership Return of Income
SC8736	Partnership Extension
SC Sch. TC-1	Drip/Trickle Irrigation Systems Credit
SC Sch. TC-2	Minority Business Credit
SC Sch. TC-3	Water Resources Credit
SC Sch. TC-4	New Jobs Credit
SC Sch. TC-4SA	Accelerated Small Business Jobs Credit
SC Sch. TC-4SB	Small Business Jobs Credit
SC Sch. TC-5	Scenic River Tax Credit
SC Sch. TC-6	Infrastructure Credit
SC Sch. TC-7	Palmetto Seed Capital Credit
SC Sch. TC-9	Child Care Program Credit
SC Sch. TC-11	Capital Investment Credit
SC Sch. TC-11A	Plastics and Rubber Manufacturers Credits
SC Sch. TC-12	Family Independence Payments Credit
SC Sch. TC-14	Community Development Tax Credit
SC Sch. TC-17	Recycling Property Tax Credit
SC Sch. TC-18	Research Expenses Credit
SC Sch. TC-19	Qualified Conservation Contribution Credit
SC Sch. TC-20	Brownfields Cleanup Credit
SC Sch. TC-21	Certified Historic Structure Credit

SC Sch. TC-23	Textiles Rehabilitation Credit
SC Sch. TC-24	Commercials Credit
SC Sch. TC-25	Motion Pictures Credit
SC Sch. TC-26	Venture Capital Investment Credit
SC Sch. TC-28	SC Quality Forum Credit
SC Sch. TC-30	Port Cargo Volume Increase
SC Sch. TC-31	Retail Facilities Revitalization Credit
SC Sch. TC-35	Alternative Motor Vehicle Credit
SC Sch. TC-36	Industry Partnership Fund Credit
SC Sch. TC-37	Whole Effluent Toxicity Testing Credit
SC Sch. TC-38	Solar Energy or Small Hydropower System Credit
SC Sch. TC-40	Ethanol or Biodiesel Production Credit
SC Sch. TC-41	Renewable Fuel Facility Credit
SC Sch. TC-45	Apprenticeship Credit
SC Sch. TC-48	New Plug-in Hybrid Vehicle Credit
SC Sch. TC-51	Venison for Charity Credit
SC Sch. TC-52	Fire Sprinkler System Credit
SC Sch. TC-53	Energy Efficient Manufactured Home Credit
SC Sch. TC-54	Credit for Manufacturing Renewable Energy Systems
SC Sch. TC-55	Abandoned Buildings Revitalization Credit
SC Sch. TC-56	Angel Investor Credit
SC Sch. TC-57	Educational Credit for Exceptional Needs Children
SC Sch. TC-58	Solar Energy Property Credit
SC Sch. TC-59	Alternative Fuel Property Credit
I-333	Anhydrous Ammonia Additive Credit
I-334	Milk Credit
I-348	Composite Filing Instructions

For the most up-to-date forms, visit the SCDOR's [website](#).

Fed/State Partnership EFile

Taxpayers can file both federal and South Carolina partnership returns or just the state return electronically. South Carolina will begin offering Fed/State filing for Partnership (SC1065) in 2017. Partnership returns may be filed for the current year ONLY (tax year 2016). If the return is a balance due return, payment information may be submitted with the electronically filed return. Amended returns cannot be filed electronically through the Fed/State method.

MISCELLANEOUS TAXES & FEES

ADMISSIONS TAX

Admissions tax must be collected by all places of amusement when an admission price has been charged. The tax is 5% of the paid admissions. If you operate a place of amusement, you must obtain an admissions tax license. There is no charge for the license. You may also be required to obtain a retail license.

Examples of “places of amusement” include: nightclubs, college and professional sporting events, amusement parks, golf courses, miniature golf or “putt-putt” courses, tennis courts, bowling alleys, water slides, movie theaters, musical concerts, health clubs, spas, gyms, swimming pools, skating rinks, baseball batting cages, and craft shows.

Exemptions from the admissions tax are:

1. Stage plays or pageants in which only local or nonprofessional talent or players perform
2. Certain Junior American Legion athletic events
3. High school or grammar school athletic events
4. Admissions to the State Fair or county or community fairs
5. Admissions charged by eleemosynary and nonprofit organizations organized exclusively for religious, charitable, scientific or educational purposes or the presentation of performing artists by an accredited college or university (*except athletic events of a college or university and admissions to rides, places of amusement, shows, exhibits and other facilities at a circus, carnival or community fair, except when the proceeds are donated to a hospital*)
6. Nonprofit public swimming pools
7. Hunting or shooting preserves
8. Privately owned fish ponds or lakes
9. Circuses operated by nonprofit organizations organized exclusively for religious, charitable, scientific, or educational purposes when the proceeds will be used for those same purposes
10. Properties or attractions on the National Register of Historical Places
11. Classical musical performances of a nonprofit organization operated exclusively to promote classical music
12. Admissions to events sponsored by nonprofit organizations organized exclusively for religious, charitable, scientific, civic, fraternal, or educational purposes, when the entire net proceeds are donated to an organization operated exclusively for charitable purposes
13. Admissions charged by nonprofit community theater companies, community symphony orchestras, county and community arts councils, and other commissions and companies promoting the arts

14. Boats that charge a fee for pleasure fishing, excursion, sightseeing, and private charter
15. Admissions to physical fitness centers that provide only aerobics, calisthenics, weight-lifting equipment, exercise equipment, running tracks, racquetball, handball, squash or swimming pools for aerobics or lap swimming

Reporting and Paying the Tax

Filers of Admissions Tax must complete and submit to the SCDOR an Admissions/Theater Tax Return, Form L-511, and are required to maintain a copy of this return for audit purposes. This return is due on the 1st day of the month following the period covered by the return, and becomes delinquent on the 21st day.

The tax is 5% of net receipts.

What Happens If You Don't File?

Failure to file this return will result in a penalty of 5% for the first month plus 5% for each additional month not to exceed an aggregate of 25%. Failure to pay will result in penalties of ½ of 1% per month not to exceed 25%.

Interest on all overdue accounts will be assessed at the rate provided under Sections 6621 and 6622 of the Internal Revenue Code. Rates will change quarterly depending on the prime rate. In addition interest will be compounded daily.

For additional information about Admissions Tax, please visit the SCDOR's [website](#) or contact the Miscellaneous Tax Section at 803-898-1970 or AdmissionsTax@dor.sc.gov.

BINGO TAX

Nonprofit groups organized for fraternal, religious, or charitable purposes which have been certified as tax exempt by the Internal Revenue Service and domiciled in South Carolina for at least three years may conduct bingo in South Carolina. The organization must also have been active in this State for at least two years.

Authorized nonprofit organizations may apply for a bingo license on Form L-2058. There are six categories of bingo licenses which vary in prize limits, number of allowable sessions, and costs.

The SCDOR authorizes the purchase of bingo cards/paper from licensed distributors. The bingo tax is 10% of each dollar of face value of the cards on Class AA, B, D and E. The bingo tax is 4% of each dollar of face value of the cards on Class C games. The tax is 5% of each dollar of face value of the cards on a Class F game. If the tax is not paid within 15 days, the organization will not be able to obtain bingo cards.

Type of License	License Cost (ONE TIME FEE)
Class AA	\$4,000
Class B	\$1,000
Class C	No Cost
Class D	\$100 (10 days or less)
Class D	\$200 (more than 10 days)
Class E	\$500
Class F	\$100

Class AA, B, and C licensed organizations must designate a promoter, who must be licensed. However, if a Class C licensed organization is authorized by the department to use bingo hard cards, a licensed promoter is not required. The promoter must complete an application Form L-2057 to obtain a license. The promoter’s license is \$1,000 annually.

Each organization licensed to operate bingo must file quarterly financial reports.

At least 50% of the gross proceeds from the sale of bingo cards taken in by a bingo operation during a single session must be returned to the players in the form of prizes.

In February 2004, the General Assembly passed legislation which allows bingo to be played on electronic devices, in addition to the traditional bingo dabbled on paper.

For additional information about Bingo, please visit the SCDOR’s [website](#) or contact the Bingo Licensing and Enforcement Section at 803-898-5393 or Bingo@dor.sc.gov.

DEED RECORDING FEE

The County Clerk of Court or Register of Deeds imposes a recording fee when any lands, tenements, or other realty is transferred to another person. The fee is \$1.85 for each \$500, or fractional part thereof, of the real estate’s value. The value is the consideration paid or to be paid in money or money’s worth for the realty.

The following transfers of realty are exempt from the deed-recording fee:

- Realty valued at \$100 or less;
- Transfers to the federal, state, or local government, including school districts;
- Transfers exempted under federal or South Carolina laws and Constitutions;
- No gain or loss is recognized by Section 1041 of the Internal Revenue Code;
- Transfers that are made to partition realty;
- Individual grave space at a cemetery;
- Contract for the sale of timber to be cut;

- Transfers to a corporation, partnership, or a trust in order to become or as a stockholder, partner, or trust beneficiary of the entity provided no consideration is paid for the transfer other than stock in the corporation, interest in the partnership, beneficiary interest in the trust, or the increase in value in stock or interest held by the grantor;
- Transfers from a family partnership to a partner or from a family trust to a beneficiary so long as no consideration is paid;
- Statutory merger or consolidation from a constituent corporation to the continuing or new corporation;
- Merger or consolidation from a constituent corporation to the continuing or new partnership;
- A corrective deed or quitclaim deed used to confirm title already vested in the grantee provided that no consideration is paid;
- Transferring realty subject to a mortgage to the mortgagee whether by a deed in lieu of foreclosure executed by the mortgagee or deed pursuant to foreclosure proceedings;
- Transferring realty from an agent to the agent’s principal in which the realty was purchased with funds of the principal, provided that a notarized document that is also filed with the deed that establishes that the agent and principal relationship existed at the time of the original purchase as well as for the purpose of purchasing the realty.

For additional information about deed recording, you can review the deed recording manual by visiting the SCDOR’s [website](#) or contact the Miscellaneous Tax Section at 803-896-1970 or DeedRecordingTax@dor.sc.gov.

BUSINESS LICENSE TAXES

Tobacco Products

The business license tax applies to all tobacco products sold in South Carolina. All persons selling, purchasing, distributing, or importing tobacco products in South Carolina are required to pay the business license tax. The tax is paid only once. If tobacco products are purchased from a licensed distributor, then the retailer would owe no tax.

A business license is required for all persons selling, purchasing, or distributing tobacco products in South Carolina at wholesale or through vending machines. A separate license is required for each business location. Apply for the license on Form L-915. Manufacturers’ sales representatives who conduct business in South Carolina must obtain a license by making application on Form L-917.

Persons who sell tobacco products through vending machines need only one license, but they must maintain a current listing of locations of each vending machine.

Persons who own and stock vending machines on their own premises are not required to obtain a license.

The tax rates on tobacco products are:

Cigarettes	.0285/cigarette (57 cents/pack of 20)
All other tobacco products	5% of manufacturing price

Every person first receiving untaxed cigarettes and/or other tobacco products for sale or distribution in South Carolina must file a monthly report and remit the tax.

Cigarette packages do not require tax stamps.

The tax is paid with a monthly return, Form L-922, due on or before the 20th day of the month following the month in which sales were made. The SCDOR may require tobacco tax be reported and paid during regular periods other than monthly.

➤ A discount for timely filing tobacco tax returns and paying the tax due is 3.5% of the tax due.

For additional information about Tobacco Products, please visit the SCDOR’s [website](#) or contact the Miscellaneous Tax Section at 803-898-1970 or TobaccoTax@dor.sc.gov.

Electric Power Tax

Every person who sells electric power for resale and every public utility and cooperative that sells electric power to the consumer must pay an electric power tax. The tax does not apply to electric power purchased from vendors previously taxed under the statute. The tax is 5/10 of one mill (.0005) upon each kilowatt-hour of electric power sold.

Every person subject to the tax is required to file Form L-814-A, Electric Power Excise Tax Return, showing the amount of electricity sold during the month. The return and the tax due must be filed by the 20th of the month following the month in which the electricity was sold. A biannual report is due in January and July of each year listing exempt sales to industrial customers for the preceding six months.

For additional information about Electric Power, please visit the SCDOR’s [website](#) or contact the Miscellaneous Tax Section at 803-898-1970 or ElectricPowerTax@dor.sc.gov.

Estate Tax

South Carolina does not impose an estate tax or a gift tax.

Forest Renewal Tax

The forest renewal tax is assessed on all primary forest products harvested from South Carolina and is paid by the processor of the primary forest products. The amount of tax to be collected for the fiscal year is determined by the Forestry Commission’s budget requirement. The tax is collected based on fiscal quarters beginning with quarter ending September 30 through quarter ending March 31 or until the required revenue is reached. The Forestry Commission provides to the SCDOR a list of processors required to report and pay this tax. The date due for this quarterly return is the 25th of the month following the end of the quarter. Processors are required to maintain product records for three fiscal years.

The tax rates are:

Softwood products measured in board ft.	50¢ per 1,000-board ft.
Softwood products measured in cords	20¢ cents per cord
Hardwood products measured in board ft.	25¢ per 1,000-board ft.
Hardwood products measured in cords	7¢ cents per cord

Use the Primary Forest Products Tax Report, Form L-2012, to remit tax due.

For additional information about Forest Renewal, please visit the SCDOR’s [website](#) or contact the Miscellaneous Tax Section at 803-898-1970 or ForestRenewalTax@dor.sc.gov.

Low-level Radioactive Waste Tax

A tax is levied on the disposal of low-level radioactive waste at the facility in Barnwell County for long-term disposal. The operator of a regional disposal facility should submit payment to the SCDOR within 30 days of the end of the fiscal year. The amount of the payment is equal to the total revenues received for waste disposed in that fiscal year (with interest accrued on cash flows in accordance with instructions from the State Treasurer) minus allowable costs, operating margin, and any payment already made from such revenue for reimbursement of administrative costs to state agencies and the compact commission. The SCDOR will deposit the payment with the State Treasurer.

For additional information about Low Level Radioactive waste, please visit the SCDOR’s [website](#) or contact the Miscellaneous Tax Section at 803-898-1970 or LowLevelRadioactiveWasteTax@dor.sc.gov.

Solid Waste Excise Tax

Retailers of tires and batteries and wholesalers of appliances and motor oil are required to report and pay the solid waste excise tax on the sale of these items. The tax is \$2 per tire, battery, and appliance sold and eight cents for each gallon of motor oil sold.

The tax is filed on Form ST-390. Register for the tax by checking block 8-A on Form SCDOR-111.

Highway Use Tax

South Carolina is a member of the International Fuel Tax Agreement (IFTA).

The IFTA is a base-state agreement administered by the South Carolina Department of Public Safety and designed to simplify the administration of the state fuel use tax for interstate motor carriers.

Motor carriers who travel exclusively within South Carolina (i.e. 100% of miles in South Carolina) no longer have to file highway use returns and do not have to become licensed under IFTA. If an occasional trip out of South Carolina is required, the South Carolina intrastate carrier has the option of purchasing trip permits with each state or becoming licensed under IFTA.

All motor carriers based in South Carolina and operating qualified motor vehicles in two or more IFTA states are required to be licensed under IFTA.

If you are an IFTA carrier based in another member jurisdiction outside South Carolina, your South Carolina highway use tax account is closed. You will report South Carolina fuel use information to your base jurisdiction IFTA. If you are not an IFTA carrier and are based in another jurisdiction, you will be required to continue filing highway use tax returns with South Carolina or obtain trip permits. For more information concerning IFTA registration or IFTA tax reports, call 803-896-3870. You can also mail your requests or reports to P. O. Box 1993, Blythewood, SC 29106.

Dry Cleaning Facility Registration Fees and Surcharges

Owners of dry-cleaning facilities must pay registration fees for each of their “wet-site” locations.

The initial and annual registration fees are based upon the number of employees at the facility the previous year and are computed as follows:

Number of Employees	Registration Fee
1-4	\$750
5-10	\$1,500
11 or more	\$2,250

Fees may be paid on an annual or quarterly basis. Use the Dry Cleaning Facility Registration Application, Form L-2093, to register.

An environmental surcharge is due on the privilege of producing in South Carolina or importing into the state perchloroethylene (tetrachloroethylene) and Stoddard (petroleum) solvent. A person importing or producing one of these solvents must register with the SCDOR for purposes

of remitting the surcharge and pay a \$30 registration fee.

The surcharge imposed is \$10 a gallon on perchloroethylene and \$2 a gallon on Stoddard solvent. The surcharge is due on the first day of the month after the month of production, importation, or removal from a storage facility. It must be paid on or before the 20th of the month on Solvent Surcharge Return, Form ST-397.

MOTOR FUEL FEES

SC Motor Fuel Code of Laws: see Title 12 - Chapter 28

The point of taxation for motor fuel occurs when the product is removed from an IRS terminal. The user fee rate for gasoline and low sulfur diesel is currently 18 cents (.18) per gallon. The inspection fee is one-quarter cent (.0025) and the environmental impact fee is one-half cent (.0050) for all products except LP gas.

Licensed suppliers are responsible for reporting and remitting the user fees and other applicable fees on product removed from an IRS terminal. Importers doing business in South Carolina are responsible for collecting the motor fuel fees and reporting and remitting it to the SCDOR.

Please see visit the SCDOR [website](#) for a list of motor fuel products subject to the motor fuel fees.

MOTOR FUEL LICENSE

Suppliers, permissive suppliers, terminal operators, exporters, transporters, bonded importers, occasional importers, tankwagon importers, fuel vendors, manufacturers, and blenders are required to obtain a license before operating in order to remit all motor fuel fees.

Some end users may be required to obtain a miscellaneous license.

Motor fuel fees are remitted to the Department on monthly returns by the 22nd day of the month following the month in which the transactions occurred. However, the Blender return is due by the last day of the month following the month in which the transactions occurred.

Some licenses may require a bond. Contact the SCDOR Motor Fuel Section at 803-896-1990 for a license application and additional information. After a license application is submitted, it may take up to 30 days for processing.

FILING ONLINE

All Suppliers, Terminal Operators, and Inter-State Transporters are required to file online. The options for these filers are EDI upload or manual entry into the SCDOR online filing system.

The SCDOR filing system is the only option available to all other filers. The following returns/vouchers are available for web filing: Blender, Bonded Importer, Occasional Importer, Tankwagon Importer, Exporter, Manufacturer, Miscellaneous, Annual Terminal Operator, Fuel Vendor Annual, Diversion Payment Voucher and Import Payment Voucher.

The SCDOR online filing system is free. If you have any questions regarding filing online, please contact the Motor Fuel Section at 803-896-1990.

REGISTERING FOR ONLINE FILING

A Registration Application (D-155) is required for each return/voucher type to file online.

Mail the completed D-155(s) to SCDOR, Admin Special Projects, Columbia, SC 29214-0016, or fax it to 803-896-1779. For help with this form, contact the Help Desk at 803-896-1715.

Once the registration application is received, a User ID and temporary password for access to a link on the SCDOR website will be emailed to you. You will then be able to create a permanent password.

ONLINE FILING PAYMENT REQUIREMENT

Payment options for online filing includes ACH credit and ACH debit. Paper checks cannot be accepted for liabilities reported on web filed user fee returns or vouchers. The payment method is required to be selected at the time of registration.

MOTOR FUEL REFUNDS

A motor fuel refund may be obtained for the following uses:

- Motor fuel sold for use in commercial shrimp boats
- Motor fuel sold for use in state school buses or other state vehicles used in the South Carolina school bus transportation program
- Motor fuel sold to the federal government
- Motor fuel purchased by a regional transport authority
- Motor fuel diverted to another state
- Motor fuel used in the manufacture of fuel oil

- Motor fuel used in trucking equipment for non-highway purposes (i.e., power take off units)
- Taxable diesel that has been contaminated by dye so as to be unsalable or unusable as highway fuel
- Diesel fuel used as heating oil or in trains

Contact the SCDOR Motor Fuel Section at 803-896-1990 to obtain a refund application or additional information.

INDIVIDUAL INCOME TAX

South Carolina's income tax structure follows federal income tax laws. South Carolina generally accepts the adjustments, exemptions, and most deductions allowed on your federal return. Your federal taxable income is the starting point in determining your state income tax liability.

You are required to file a South Carolina income tax return if you earn income in South Carolina and are required to file a federal return. Even if you are not required to file a federal return and you have taxes withheld from your wages, you should file a state income tax return in order to obtain a refund. For calendar year taxpayers, individual income tax returns are due on April 15 of each year.

Business income must be reported on Schedule C of the federal tax return. Attach a copy of your federal return to your state return when you file a Federal Schedule C, D, E or F or an SC Schedule NR, SC1040TC, I-319, or I-335.

ADDITIONS TO INCOME

The following are examples of items that must be added back to your federal taxable income for South Carolina purposes:

- Any out-of-state losses, if subtracted on your federal return
- Interest income from state and local obligations other than those in South Carolina
- South Carolina income tax paid if itemized and deducted on your federal return
- Expenses related to National Guard and military reserve income

For a complete list, see Form SC1040 and instructions available on the SCDOR [website](#).

DEDUCTIONS FROM INCOME

The following are examples of items that may be deducted from your federal taxable income for South Carolina purposes:

- Income from an out-of-state business if included on your federal return
- Interest income from U.S. obligations
- A taxpayer may take a retirement deduction or a military retirement deduction if applicable. See the SC1040 Instructions on our website for more information.
- National Guard or armed forces reserve annual training and drill pay (*pay for tours of active military duty is not deductible*)
- Disability retirement income received due to permanent and total disability
- Social Security benefits if included as income on the federal return

- 44% of net capital gains with a one-year holding period (beginning with tax year 2001)
- A deduction for each dependent claimed on your federal return who has not reached age six by December 31 of the tax year (the deduction is equal to 100% of the federal personal exemption)

For a complete list of deductions, see Form SC1040 and instructions. A copy is available on the SCDOR [website](#).

South Carolina Individual Income Tax Rates for 2016

Note: 2017 tax rates can be found on the 2017 SC1040ES under Forms>Find a Form>Individual Income.

Rates apply to Line 6 of the SC1040.

OVER	BUT NOT OVER	%	LESS
\$0	\$2,920	0%	\$0
\$2,920	\$5,840	3%	\$88
\$5,840	\$8,760	4%	\$146
\$8,760	\$11,680	5%	\$234
\$11,680	\$14,600	6%	\$350
\$14,600	7%	\$496

INCOME TAX CREDITS

South Carolina has a number of income tax credits, and some examples are listed below:

- A two-wage earner credit allows a maximum credit of \$210 if both spouses work
- A \$300 maximum credit is allowed for expenses paid by an individual for his own support or the support of another to an institution (in any state) providing nursing facility level of care or paid to a provider for in-home or community care
- A credit is allowed for income taxes paid to another state on income earned in the other state and taxed by both states
- A child and dependent care credit allows you to claim 7% of your allowable federal expenses for the care of a child or an elderly person, if that care is necessary for you to work. A maximum credit of \$210 is allowed for one child and or dependent and \$420 for two or more.

For a complete list, see Form SC1040, SC1040TC, and instructions to each on the SCDOR [website](#).

ESTIMATED TAX PAYMENTS

Declaration of estimated tax is the method you use to pay tax on income that is not subject to withholding. This includes income from self-employment, interest, dividends, alimony, rent, capital gains, and prizes. You may also have to pay estimated tax if enough tax is not being withheld from your salary, pension, or other income. Generally you should make estimated tax payments if you figure your estimated tax liability will be \$100 or more. If your estimated tax liability will exceed \$100, you must pay in at least 90% of the tax to be shown on your current income tax return or 100% of the tax shown on your last year's income tax return, whichever is less. The 100% rule is modified to be 110% of last year's tax liability for an individual with an adjusted gross income of more than \$150,000 as shown on the return for the preceding tax year.

Estimated tax payments are due April 15, June 15, September 15, and January 15 for calendar year taxpayers.

ONLINE PAYMENT

Payments can be made through [MyDORWAY](#).

PART-YEAR RESIDENTS

If you moved into South Carolina during the year, you are a part-year resident. As a part-year resident, you may consider yourself a full-year resident or a nonresident. You may choose the filing method that is most advantageous to you. If you elect to be a full-year resident, file Form SC1040. Report all your income as though you were a resident for the entire year. You will be allowed a credit for taxes paid to another state. If you elect to be a nonresident, file your Form SC1040 with Schedule NR. You will be taxed only on income earned in South Carolina, and your deductions and exemptions will be prorated.

EXTENSION TO FILE

If you need more time to file a South Carolina income tax return, and you owe additional state income tax, use SC4868 to request an extension of time to file. File this request on or before April 15. Beginning in September 2017, extensions can be filed online through [MyDORWAY](#). This extension will allow you an automatic six months to file your return.

If you filed a federal extension and no income tax is anticipated to be due, the SCDOR will accept a copy of the federal extension. Attach the federal extension to your SC tax return when the return is filed.

REPORTING AND PAYING THE TAX

In addition to mailing paper returns, South Carolina also allows online filing for individual income tax returns. Taxpayers using an online filing option have until May 1 to file or pay their balance due without penalties and interest. Failure to file or pay the balance due by May 1 will result in penalties and interest from April 15 until the return is filed and the tax is paid. **THIS INCENTIVE DOES NOT APPLY TO FEDERAL RETURNS OR TO SC TAXPAYERS THAT FILE PAPER RETURNS.**

South Carolina accepts electronically filed state income tax returns filed jointly with federal returns, as well as state-only filings. Refund and balance due returns are accepted electronically. Refunds can be deposited directly into your bank account.

You may use one of two methods to file your South Carolina tax return (SC1040) electronically. Visit the SCDOR's [website](#) for more information on each of these options:

- **Online Filing**
 - Easy access to tax preparation software
 - Go to dor.sc.gov to see if you qualify to have your federal and South Carolina returns filed for FREE
 - If you don't qualify to file your federal and South Carolina returns for free and you have a simple state return, you may still file for free using South Carolina Fillable Forms

- **Electronic Filing**
 - Taxpayers may electronically file federal and state returns through a tax practitioner
 - It's fast, safe, and easy

STATE AND FEDERAL GOVERNMENT ASSISTANCE

STATE AGENCIES

SC.gov

For quick and easy access to all aspects of South Carolina Government, as well as links to other local, county and national sites, visit the official South Carolina state government [website](#).

State Agency Contact Information

- For information on fire safety, service stations, fire extinguishers, and liquefied petroleum gas, contact:

SC Department of Labor, Licensing and Regulation

Division of Fire and Life Safety
141 Monticello Trail
Columbia, SC 29203

Telephone: 803-896-9800

Website: llr.sc.gov

- For information on Articles of Incorporation, foreign corporations authorized to conduct business in this state, security registration, and trademark registration, contact:

Secretary of State's Office

Edgar Brown Building
1205 Pendleton Street, Suite 525
Columbia, SC 29201

Telephone: 803-734-2158

Website: sos.sc.gov

- For information on Occupational Safety and Health (OSHA), labor-management services, employment standards, licensing for elevators and amusement rides, and migrant and seasonal farm workers, contact:

SC Department of Labor, Licensing and Regulation

PO Box 11329
Columbia, SC 29211

Telephones:

General Information 803-896-4300

OSHA 803-896-7665

Website: llr.sc.gov

- For information on professional licensing and regulations, contact:

SC Department of Labor, Licensing and Regulation

Synergy Business Park
Kingstree Building
110 Centerview Drive

Columbia, SC 29210

Telephone: 803-896-4300

Website: llr.sc.gov

- For information on public employment service, unemployment taxes, and finding employees for companies, contact:

SC Department of Employment and Workforce

1550 Gadsden Street

Columbia, SC 29201

Telephone: 803-737-2400

Website: dew.sc.gov

- For information on small and existing business services to help maintain costs and support growth initiatives, contact:

SC Department of Commerce

1201 Main Street, Suite 1600

Columbia, SC 29201-3200

Telephone: 803-737-0400 or 800-868-7232

Email: info@sccommerce.com

Website: sccommerce.com

- For information on water pollution control, air quality, solid waste, hazardous materials, water supply, shellfish, recreational waters, and radiological health, contact:

SC Department of Health and Environmental Control

2600 Bull Street

Columbia, SC 29201

Telephone: 803-898-3432

Email: info@dhec.sc.gov

Website: dhec.sc.gov

- For information concerning any business activities in coastal areas, contact:

SC Department of Health and Environmental Control

Office of Ocean and Coastal Resource Management

<p><u>Charleston (Main) Office:</u></p> <p>1362 McMillan Avenue Suite 400 Charleston, SC 29405 Telephone (843) 953-0200</p>	<p><u>Beaufort Office:</u></p> <p>104 Parker Drive <i>Beaufort, SC 29906</i> Telephone (843) 846-9400</p>	<p><u>Myrtle Beach Office:</u></p> <p><i>927 Shine Avenue</i> Myrtle Beach, SC 29577 Telephone (843) 238-4528</p>
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Website: www.dhec.sc.gov/environment/ocrm

- For information on electric and communication services, contact:

Public Service Commission

Synergy Business Park
 Saluda Building
 101 Executive Center Drive, Suite 100
 Columbia, SC 29210

Telephone: 803-896-5100

Email: contact@psc.sc.gov

Website: psc.sc.gov

- For information on credit services, consumer laws, policies, and regulations, contact:

SC Department of Consumer Affairs

2221 Devine Street, Suite 200
 Columbia, SC 29205

Telephone: 803-734-4200 in Columbia or 800-922-1594

Website: consumer.sc.gov

- For information on private security or private investigation business, concealed weapons permits, security guard, alcohol licensing questions, record checks, and regulations of pistols, contact:

SC Law Enforcement Division

Regulatory Services
 4400 Broad River Road
 Columbia, SC 29210

Telephone: 803-896-7015

Alcohol Licensing Questions: 803-896-7253

Record Checks and Questions: 803-896-7005

Website: sled.sc.gov

- For information on groundwater in capacity use areas; construction in navigable waters; oil and gas exploration, drilling and production; water use reporting; water well logging; state climatology; scenic rivers; drought plans, and inter-basin transfers of waters, contact:

SC Department of Natural Resources, Land, Water and Conservation Division

1000 Assembly Street
 Columbia, SC 29201

Telephone: 803-734-9100

Website: dnr.sc.gov

FEDERAL AGENCIES

Internal Revenue Service (IRS)

For information concerning federal tax issues contact:

Internal Revenue Service

Telephone: 800-829-1040 for Individuals
 800-829-4933 for Businesses

Website: irs.gov

South Carolina IRS offices:

City	Street Address	Days/Hours of Service	Telephone
Charleston	1 Poston Road Charleston, SC 29407	Monday-Friday - 8:30 a.m.-4:30 p.m.	843-566-0209
Columbia	1835 Assembly St. Columbia, SC 29201	Monday-Friday - 8:30 a.m.-4:30 p.m.	803-765-5544
Florence	401 W. Evans St. Florence, SC 29501	Monday-Friday - 8:30 a.m.-4:30 p.m. (Closed for lunch 12:30 p.m.-1:30 p.m.)	843-664-8889
Greenville	440 Roper Mountain Rd. Greenville, SC 29615	Monday-Friday - 8:30 a.m.-4:30 p.m.	864-286-7095
Myrtle Beach	601 19th Ave. N. Myrtle Beach, SC 29577	Monday-Friday - 8:30 a.m.-4:30 p.m. (Closed for lunch 12:00 noon-1:00 p.m.)	843-626-2700

- For information on Social Security taxes, contact:

Social Security Administration

Strom Thurmond Federal Building
1835 Assembly Street, 11th Floor
Columbia SC 29201

Telephone: 866-964-7594

Website: ssa.gov

- For information on federal labor laws, including the minimum wage, contact:

United States Department of Labor, Wage and Hour Division

Strom Thurmond Federal Building
1835 Assembly Street, Room 1072
Columbia, SC 29201-9863

Telephone: 803-765-5981 or 866-487-9243

Website: dol.gov

- The United States Small Business Administration provides financial, technical and management assistance to help Americans start, run and grow their businesses. The Columbia office serves the entire state. For more information contact:

United States Small Business Administration

South Carolina District Office
Strom Thurmond Federal Building
1835 Assembly Street, Room 1425
Columbia, SC 29201

Telephone: 803-765-5377

Website: sba.gov

Charleston Alternate Worksite
5900 Core Drive, Suite 403
North Charleston, SC 29406
Telephone: 843-225-7430

SMALL BUSINESS DEVELOPMENT CENTERS

Small Business Development Centers (SBDC) provide assistance to new and existing business owners. For additional information and for locations across the state, visit the SBDC website at scsbdc.com.

State SBDC Director's Office
 University of South Carolina
 Darla Moore School of Business
 1705 College Street
 Columbia, SC 29208
 Phone: 803-777-4907
scsbdc@sc.edu

OCCUPATIONAL AND PROFESSIONAL LICENSING

South Carolina's occupational and professional licensing boards are responsible for the examination and licensing of people in various industries. Most boards require that candidates meet certain educational and/or technical background requirements before becoming licensed. Call the appropriate board at the telephone number listed below for specific information.

Each of the licensing boards listed below are located in Columbia through the Office of Board Services (OBS) at the SC Department of Labor, Licensing & Regulation.

Licensing Board	Telephone Number
Accountancy	803-896-4770
Architectural Examiners	803-896-4408
Athletic Commission	803-896-4571
Auctioneers Commission	803-896-4800
Barber Examiners	803-896-4588
Boiler Safety Program	803-896-5171
Building Codes Council	803-896-4688
Chiropractic Examiners	803-896-4587
Perpetual Care Cemetery Board	803-896-4497
Contractors' Licensing Board	803-896-4686
Cosmetology	803-896-4588
Professional Counselors, Marriage and Family Therapists and Psycho-Educational Specialists	803-896-4658
Dentistry	803-896-4599
Dietetics	803-896-4651

Engineers and Surveyors	803-896-4422
Environmental Certification	803-896-4430
Foresters	803-896-4800
Funeral Service	803-896-4497
Geologists	803-896-4800
Landscape Architectural Examiners	803-896-4408
Liquefied Petroleum Gas Board	803-896-9802
Long Term Health Care Administrators	803-896-4544
Manufactured Housing Board	803-896-4682
Massage/Bodywork Panel	803-896-4588
Medical Examiners	803-896-4500
Nursing	803-896-4550
Occupational Therapy	803-896-4683
Opticianry	803-896-4681
Optometry	803-896-4679
Pharmacy	803-896-4700
Physical Therapy	803-896-4655
Pilotage	803-896-4598
Podiatry	803-896-4500
Psychology	803-896-4664
Pyrotechnic Safety	803-896-9800
Real Estate Commission	803-896-4400
Real Estate Appraisers	803-896-4400
Residential Builders Commission	803-896-4696
Social Work Examiners	803-896-4664
Soil Classifier Advisory Council	803-896-4408
Speech-Language Pathology & Audiology	803-896-4655
Veterinary Medical Examiners	803-896-4598

COUNTY AUDITORS, ASSESSORS AND TREASURERS

To find the most up-to-date information about counties and county officials, visit www.sccounties.org. Click on “SC Counties” and search for a county website.

STATE TAX DEPARTMENTS

You may obtain information on all of the state tax departments by contacting the Federation of Tax Administrators at either their website www.taxadmin.org or by telephone at 202-624-5890.

CONTACT SCDOR

CONTACT IN PERSON

The SCDOR has six taxpayer service centers located in Columbia, Charleston, Florence, Greenville, Myrtle Beach, and Rock Hill where you can receive assistance Monday through Friday, 8:30 a.m. – 5:00 p.m.

Our main office is located at 300A Outlet Pointe Boulevard, Columbia, SC 29210.

For other location addresses, visit our [website](#).

CONTACT BY PHONE

Call the SCDOR Monday through Friday, 8:30 a.m. – 4:45 p.m. toll free at 1-844-898-8542. For specific tax type phone numbers, visit our [website](#).

CONTACT BY EMAIL

A complete list of email contacts by tax type can be found on our [website](#).

Correspondence should be mailed to:

SC Department of Revenue
Post Office Box 125
Columbia, SC 29214

dor.sc.gov

About This Publication

This publication is written in general terms for widest possible use. It is intended as a guide only, and the application of its contents to a specific situation will depend on the circumstances involved.

This publication may not be relied upon as a substitute for obtaining professional advice and researching original sources of authority. Nothing in this publication supersedes, alters, or otherwise changes provisions of the South Carolina Code, regulations, or department advisory opinions.

The South Carolina Department of Revenue would appreciate your comments or notifications of any errors. Such remarks should be sent to: News@dor.sc.gov.

1023

STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
CORPORATE TAX CREDITS

2010
SC 1120-TC
(Rev. 8/13/10)
3370

NAME OF CORPORATION	FEIN	SC FILE #
DUKE ENERGY CORPORATION & AFFILIATES	20-2777218	200900249

These credits are computed on separate forms. Be sure to attach the appropriate form(s) to this schedule for the credit you are claiming.

Part I Corporate Income Tax Credits

	Column A Previously Accrued	Column B Earned This Year	Column C Taken This Year	Column D Lost Due to Statute	Column E Carried Forward
1. New Jobs Credit (TC- 4)	0	0	0	0	0
2. Economic Impact Zone Property Investment Credit (TC- 11)	823,534	501,741	0	0	1,325,275
3. Family Independence Payments Credit (TC- 12)	0	0	0	0	0
4. Research Expenses Credit (TC- 18)	0	0	0	0	0

For lines 5- 15, enter credit description and associated code from the following information, along with the dollar amount of credit claimed.

Credit Description	Code	Column A Previously Accrued	Column B Earned This Year	Column C Taken This Year	Column D Lost Due to Statute	Column E Carried Forward
5.	5.	0	0	0	0	0
6.	6.	0	0	0	0	0
7.	7.	0	0	0	0	0
8.	8.	0	0	0	0	0
9.	9.	0	0	0	0	0
10.	10.	0	0	0	0	0
11.	11.	0	0	0	0	0
12.	12.	0	0	0	0	0
13.	13.	0	0	0	0	0
14.	14.	0	0	0	0	0
15.	15.	0	0	0	0	0
16. Total of Lines 1- 15		823,534	501,741	0	0	1,325,275

**SEE SEPARATE LISTING FOR CREDITS WHICH MAY BE USED AS CREDITS AGAINST LICENSE FEES.

Part II Corporate License Fee Credits

Credit Description	Code	Column A Previously Accrued	Column B Earned This Year	Column C Taken This Year	Column D Lost Due to Statute	Column E Carried Forward
1. INFRASTRUCTURE CREDIT	1. 006	0	300,000	300,000	0	0
2.	2.	0	0	0	0	0
3.	3.	0	0	0	0	0
4.	4.	0	0	0	0	0
5.	5.	0	0	0	0	0
6.	6.	0	0	0	0	0
7. Total Corporate License Fee Credits (See Instructions)		0	300,000	300,000	0	0

DESCRIPTIONS CONTINUED ON LAST PAGE

F0.00.02 SC120TC1

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STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**ECONOMIC IMPACT ZONE PROPERTY
INVESTMENT CREDIT**

SC SCH.TC 11

(Rev. 7/20/07)

3348

20 10

Attach to Forms SC1040, SC1041, SC1065, SC1120, SC1120S or SC1120U.

Name as Shown on Tax Return DUKE ENERGY CORPORATION AND AFFILIATES	EIZ County SEE ATTACHED	Social Security or Employer ID Number 20-2777218
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This schedule must be completed and filed with the income tax return in order to claim an investment tax credit for the cost basis of economic impact zone property. The definitions on the reverse side should be carefully read before completing this schedule, as there are certain requirements that must be met before qualifying for this tax credit.

Purpose: Use this form to claim the income tax investment credit for qualifying Economic Impact Zone Property for investments made after June 30, 1998.

Enter Economic Impact Zone Property on the schedule below. (Qualifying property is used as an integral part of manufacturing or production or used as an integral part of extracting of or furnishing transportation, communications, electrical energy, gas, water or sewage disposal services in the economic impact zone. **A credit cannot be taken on property transferred from somewhere else (either in-state or out-of-state) unless the original use of such property commences with the taxpayer inside the economic impact zone. Recapture of the credit will be required if the taxpayer disposes of or removes the property from the economic impact zone before the useful life (per section 168(e) of the Internal Revenue Code) of the property.**)

	(1) Basis	(2) Credit Percentage	(3) Credit Amount (column 1 x column 2)
1. Three-year Property	_____	1%	1. _____
2. Five-year Property	_____	2%	2. _____
3. Seven-year Property	_____	3%	3. _____
4. Ten-year Property	_____	4%	4. _____
5. Fifteen-year Property or greater	10,170,830	5%	5. 508,542
6. Total of lines 1 through 5			6. 508,542
7. Maximum Credit (Form SC1120U filers)			7. \$5,000,000
8. Carryover of unused credits from 1997 and later			8. 823,534
9. Credit - Total of lines 6 and 8			9. 1,332,076

Caution: SC1120U filers add the **lesser** of lines 6 or 7 to line 8

GENERAL INSTRUCTIONS

- Effective for qualifying investments made after June 30, 1998, the amount of the credit is equal to the aggregate of:
 - Three-year Property** - one percent of total aggregate bases for all three-year property that qualifies;
 - Five-year Property** - two percent of total aggregate bases for all five-year property that qualifies;
 - Seven-year Property** - three percent of total aggregate bases for all seven-year property that qualifies;
 - Ten-year Property** - four percent of total aggregate bases for all ten-year property that qualifies;
 - Fifteen-year Property or greater** - five percent of total aggregate bases for all fifteen-year or greater property that qualifies. **Note:** See Definitions on reverse.
- Also effective for qualifying investments made after June 30, 1998, the basis of the qualifying property must be reduced by the amount of the credit claimed with respect to the property. The corresponding decrease in the depreciation deduction will result in an addition to federal taxable income for South Carolina income tax purposes.
- Effective for qualifying investments made after June 30, 1998, the amount of the credit is limited to no more than five million dollars for any entity subject to the license tax provided in Section 12-20-100 (Form SC1120U filers). **Note:** the credit offsets income tax, not license tax.

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STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
CORPORATE TAX CREDITS

2011
SC 1120-TC
(Rev. 7/26/11)
3370

NAME OF CORPORATION

FEIN

SC FILE #

DUKE ENERGY CORPORATION & AFFILIATES

20-2777218

200900249

These credits are computed on separate forms. Be sure to attach the appropriate form(s) to this schedule for the credit you are claiming.

Part I Corporate Income Tax Credits

	Column A Previously Accrued	Column B Earned This Year	Column C Taken This Year	Column D Lost Due to Statute	Column E Carried Forward
1. New Jobs Credit (TC- 4)	0	0	0	0	0
2. Capital Investment Credit (TC- 11)	1,325,275	4,832,741	3,313,459	0	2,844,557
3. Family Independence Payments Credit (TC- 12)	0	0	0	0	0
4. Research Expenses Credit (TC- 18)	0	0	0	0	0

Capital Investment Credit is net of Recapture Tax

For lines 5- 15, enter credit description and associated code from the following information, along with the dollar amount of credit claimed.

Credit Description	Code	Column A Previously Accrued	Column B Earned This Year	Column C Taken This Year	Column D Lost Due to Statute	Column E Carried Forward
5.	5.	0	0	0	0	0
6.	6.	0	0	0	0	0
7.	7.	0	0	0	0	0
8.	8.	0	0	0	0	0
9.	9.	0	0	0	0	0
10.	10.	0	0	0	0	0
11.	11.	0	0	0	0	0
12.	12.	0	0	0	0	0
13.	13.	0	0	0	0	0
14.	14.	0	0	0	0	0
15.	15.	0	0	0	0	0
16. Total of Lines 1-15		1,325,275	4,832,741	3,313,459	0	2,844,557

**SEE SEPARATE LISTING FOR CREDITS WHICH MAY BE USED AS CREDITS AGAINST LICENSE FEES.

Part II Corporate License Fee Credits

Credit Description	Code	Column A Previously Accrued	Column B Earned This Year	Column C Taken This Year	Column D Lost Due to Statute	Column E Carried Forward
1. INFRASTRUCTURE CREDIT	1. 006	0	300,000	300,000	0	0
2. RESEARCH EXPENSE CREDIT	2. 018	0	1,270,871	1,270,871	0	0
3.	3.	0	0	0	0	0
4.	4.	0	0	0	0	0
5.	5.	0	0	0	0	0
6.	6.	0	0	0	0	0
7. Total Corporate License Fee Credits (See Instructions)		0	1,570,871	1,570,871	0	0

DESCRIPTIONS CONTINUED ON THE FOLLOWING PAGES

F1.00.01 SC120TC1

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STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

CAPITAL INVESTMENT CREDIT

SC SCH. TC-11
(Rev. 8/8/11)
3348

Attach to your Income Tax Return

20 11

Name as Shown on Tax Return DUKE ENERGY CORPORATION & AFFILIATES	County SEE ATTACHED	FEIN 20-2777218
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IMPORTANT: Use 2010 version of this form to claim credit for qualifying investments made in an Economic Impact Zone before January 1, 2011. Prior year forms are available at www.sctax.org.

Purpose: Use this form to claim the capital investment credit for qualified investments made in this State on or after January 1, 2011. This schedule must be completed and filed with the income tax return in order to claim a capital investment credit for the cost basis of qualified manufacturing and productive equipment property.

Read the definitions on the reverse side carefully before completing this schedule.

Enter qualified manufacturing and productive equipment property on the schedule below.

NOTE: Qualified property is property used as an integral part of manufacturing or production or used as an integral part of extracting or furnishing transportation, communications, electrical energy, gas, water or sewage disposal services in this State. Credit cannot be taken on property transferred from somewhere else unless the original use of such property commences with the taxpayer inside the State on or after January 1, 2011 or in an Economic Impact Zone before January 1, 2011. Recapture of the credit will be required if the taxpayer disposes of or removes the property from this State before the useful life of the property.

	(1) Basis	(2) Credit Percentage	(3) Credit Amount (column 1 x column 2)
1. Three-year Property	_____	0.5%	1. _____
2. Five-year Property	_____	1.0%	2. _____
3. Seven-year Property	11,835,440.30	1.5%	3. 177,531.60
4. Ten-year Property	_____	2.0%	4. _____
5. Fifteen-year Property or greater	245,215,813.57	2.5%	5. 6,130,395.34
6. Total of lines 1 through 5			6. 6,307,926.94
7. Maximum Credit (Form SC1120U filers)			7. \$5,000,000
8. Carryover of unused credits from 1997 and later			8. 1,325,275.00
9. Credit - Total of lines 6 and 8 Caution: SC1120U filers add the lesser of lines 6 or 7 to line 8			9. 6,325,275.00

GENERAL INSTRUCTIONS

IMPORTANT: Use 2010 version of this form to claim credit for qualifying investments made in an Economic Impact Zone before January 1, 2011. Prior year forms are available at www.sctax.org.

Credit amount

Effective January 1, 2011, a capital investment credit against income tax is allowed for any tax year in which the taxpayer places qualified manufacturing and productive equipment property in service in this State. The amount of the credit allowed by this section is equal to the aggregate of:

- 0.5% of total aggregate bases for all 3-year property that qualifies;
- 1.0% of total aggregate bases for all 5-year property that qualifies;
- 1.5% of total aggregate bases for all 7-year property that qualifies;
- 2.0% of total aggregate bases for all 10-year property that qualifies;
- 2.5% of total aggregate bases for all 15-year or greater property that qualifies.

33481029

STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
CORPORATE TAX CREDITS

2012
SC 1120-TC
(Rev. 7/25/12)
3370

NAME OF CORPORATION

FEIN

SC FILE #

DUKE ENERGY CORPORATION & AFFILIATES

20-2777218

200900249

These credits are computed on separate forms. Be sure to **attach the appropriate form(s)** to this schedule for the credit you are claiming.

Part I Corporate Income Tax Credits	Column A Previously Accrued	Column B Earned This Year	Column C Taken This Year	Column D Lost Due to Statute	Column E Carried Forward
1. New Jobs Credit (TC- 4)	0	0	0	0	0
2. Capital Investment Credit (TC- 11)	3,545,420	4,951,427	1,376,500	0	0
3. Family Independence Payments Credit (TC- 12)	0	0	0	0	7,120,347
4. Research Expenses Credit (TC- 18)	0	0	0	0	0

For lines 5- 15, enter any other credit description and associated code from Part I Codes, along with the credit amount.

Part I Credit Description	Part I Code	Column A Previously Accrued	Column B Earned This Year	Column C Taken This Year	Column D Lost Due to Statute	Column E Carried Forward
5. _____	5. _____	0	0	0	0	0
6. _____	6. _____	0	0	0	0	0
7. _____	7. _____	0	0	0	0	0
8. _____	8. _____	0	0	0	0	0
9. _____	9. _____	0	0	0	0	0
10. _____	10. _____	0	0	0	0	0
11. _____	11. _____	0	0	0	0	0
12. _____	12. _____	0	0	0	0	0
13. _____	13. _____	0	0	0	0	0
14. _____	14. _____	0	0	0	0	0
15. _____	15. _____	0	0	0	0	0
16. Total of Lines 1- 15		3,545,420	4,951,427	1,376,500	0	7,120,347

**ENTER ANY CREDIT DESCRIPTION AND ASSOCIATED CODE FROM PART II CODES, ALONG WITH THE CREDIT AMOUNT.

Part II Corporate License Fee Credits

Part II Credit Description	Part II Code	Column A Previously Accrued	Column B Earned This Year	Column C Taken This Year	Column D Lost Due to Statute	Column E Carried Forward
1. INFRASTRUCTURE CREDIT	1. 006	153,800	646,200	800,000	0	0
2. _____	2. _____	0	0	0	0	0
3. _____	3. _____	0	0	0	0	0
4. _____	4. _____	0	0	0	0	0
5. _____	5. _____	0	0	0	0	0
6. _____	6. _____	0	0	0	0	0
7. Total Corporate License Fee Credits (See Instructions)		153,800	646,200	800,000	0	0

DESCRIPTIONS CONTINUED ON THE FOLLOWING PAGES

F2.00.01 SC120TC1

CAPITAL INVESTMENT CREDIT

Attach to your Income Tax Return

Name as Shown on Tax Return DUKE ENERGY CORPORATION & AFFILIATES	County various	FEIN 20-2777218
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IMPORTANT: Use 2010 version of this form to claim credit for qualifying investments made in an Economic Impact Zone before January 1, 2011. Prior year forms are available at www.sctax.org.

Purpose: Use this form to claim the capital investment credit for qualified investments made in this State on or after January 1, 2011. This schedule must be completed and filed with the income tax return in order to claim a capital investment credit for the cost basis of qualified manufacturing and productive equipment property.

Read the definitions on the reverse side carefully before completing this schedule.

Enter qualified manufacturing and productive equipment property on the schedule below.

NOTE: Qualified property is property used as an integral part of manufacturing or production or used as an integral part of extracting of or furnishing transportation, communications, electrical energy, gas, water or sewage disposal services in this State. Credit cannot be taken on property transferred from somewhere else unless the original use of such property commences with the taxpayer inside the State on or after January 1, 2011 or in an Economic Impact Zone before January 1, 2011. Recapture of the credit will be required if the taxpayer disposes of or removes the property from this State before the useful life of the property.

	(1) - Basis	(2) Credit Percentage	(3) Credit Amount (column 1 x column 2)
1. Three-year Property	_____	0.5%	1. _____ 0
2. Five-year Property	_____	1.0%	2. _____ 0
3. Seven-year Property	_____	1.5%	3. _____ 0
4. Ten-year Property	27,262,838	2.0%	4. 545,257
5. Fifteen-year Property or greater	182,688,963	2.5%	5. 4,567,224
6. Total of lines 1 through 5			6. 5,112,481
7. Maximum Credit (Form SC1120U filers)			7. \$5,000,000
8. Carryover of unused credits from 1997 and later			8. _____
9. Credit - Total of lines 6 and 8			9. 5,000,000

Caution: SC1120U filers add the lesser of lines 6 or 7 to line 8

GENERAL INSTRUCTIONS

IMPORTANT: Use 2010 version of this form to claim credit for qualifying investments made in an Economic Impact Zone before January 1, 2011. Prior year forms are available at www.sctax.org.

Credit amount

Effective January 1, 2011, a capital investment credit against income tax is allowed for any tax year in which the taxpayer places qualified manufacturing and productive equipment property in service in this State. The amount of the credit allowed by this section is equal to the aggregate of:

- 0.5% of total aggregate bases for all 3-year property that qualifies;
- 1.0% of total aggregate bases for all 5-year property that qualifies;
- 1.5% of total aggregate bases for all 7-year property that qualifies;
- 2.0% of total aggregate bases for all 10-year property that qualifies;
- 2.5% of total aggregate bases for all 15-year or greater property that qualifies.

1023

STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
CORPORATE TAX CREDITS

2013
SC 1120-TC
(Rev. 8/21/13)
3370

NAME OF CORPORATION

FEIN

SC FILE #

DUKE ENERGY CORPORATION & AFFILIATES

20-2777218

200900249

These credits are computed on separate forms. Be sure to **attach the appropriate form(s)** to this schedule for the credit you are claiming.

Part I Corporate Income Tax Credits

	Column A Previously Accrued	Column B Earned This Year	Column C Taken This Year	Column D Lost Due to Statute	Column E Carried Forward
1 New Jobs Credit (TC- 4)	0	0	0	0	0
2 Capital Investment Credit (TC- 11)	7,120,347	4,953,682	6,923,233	0	5,150,796
3 Family Independence Payments Credit (TC- 12)	0	0	0	0	0
4 Research Expenses Credit (TC- 18)	0	0	0	0	0

For lines 5- 15, enter any other credit description and associated code from Part I Codes, along with the credit amount.

Part I Credit Description	Part I Code	Column A Previously Accrued	Column B Earned This Year	Column C Taken This Year	Column D Lost Due to Statute	Column E Carried Forward
5	5	0	0	0	0	0
6	6	0	0	0	0	0
7	7	0	0	0	0	0
8	8	0	0	0	0	0
9	9	0	0	0	0	0
10	10	0	0	0	0	0
11	11	0	0	0	0	0
12	12	0	0	0	0	0
13	13	0	0	0	0	0
14	14	0	0	0	0	0
15	15	0	0	0	0	0
16. Total of Lines 1- 15		7,120,347	4,953,682	6,923,233	0	5,150,796

**ENTER ANY CREDIT DESCRIPTION AND ASSOCIATED CODE FROM PART II CODES, ALONG WITH THE CREDIT AMOUNT.

Part II Corporate License Fee Credits

Part II Credit Description	Part II Code	Column A Previously Accrued	Column B Earned This Year	Column C Taken This Year	Column D Lost Due to Statute	Column E Carried Forward
1 INFRASTRUCTURE CREDIT	1 006	0	800,000	800,000	0	0
2	2	0	0	0	0	0
3	3	0	0	0	0	0
4	4	0	0	0	0	0
5	5	0	0	0	0	0
6	6	0	0	0	0	0
7. Total Corporate License Fee Credits (See Instructions)		0	800,000	800,000	0	0

F3.00.01 SC120TC1

DESCRIPTIONS CONTINUED ON THE FOLLOWING PAGES

33701038

CAPITAL INVESTMENT CREDIT

Attach to your Income Tax Return

Name as Shown on Tax Return DUKE ENERGY CORPORATION & AFFILIATES	County VARIOUS	SSN or FEIN 20-2777218
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IMPORTANT: Use 2010 version of this form to claim credit for qualifying investments made in an Economic Impact Zone before January 1, 2011. Prior year forms are available at www.sctax.org.

Purpose: Use this form to claim the capital investment credit for qualified investments made in this State on or after January 1, 2011. This schedule must be completed and filed with the income tax return in order to claim a capital investment credit for the cost basis of qualified manufacturing and productive equipment property.

Read the definitions on the reverse side carefully before completing this schedule.

Enter qualified manufacturing and productive equipment property on the schedule below.

NOTE: Qualified property is property used as an integral part of manufacturing or production or used as an integral part of extracting of or furnishing transportation, communications, electrical energy, gas, water or sewage disposal services in this State. Credit cannot be taken on property transferred from somewhere else unless the original use of such property commences with the taxpayer inside the State on or after January 1, 2011 or in an Economic Impact Zone before January 1, 2011. Recapture of the credit will be required if the taxpayer disposes of or removes the property from this State before the useful life of the property.

	(1) Basis	(2) Credit Percentage	(3) Credit Amount (column 1 x column 2)
1. Three-year Property	_____	0.5%	1. _____ 0
2. Five-year Property	_____	1.0%	2. _____ 0
3. Seven-year Property	_____	1.5%	3. _____ 0
4. Ten-year Property	46,839,031	2.0%	4. _____ 936,781
5. Fifteen-year Property or greater	752,009,964	2.5%	5. _____ 18,800,249
6. Total of lines 1 through 5			6. _____ 19,737,030
7. Maximum Credit (Form SC1120U filers)			7. <u>\$5,000,000</u>
8. Carryover of unused credits from 1997 and later			8. _____ 7,120,347
9. Credit - Total of lines 6 and 8			9. _____ 12,120,347

Caution: SC1120U filers add the **lesser** of lines 6 or 7 to line 8

GENERAL INSTRUCTIONS

IMPORTANT: Use 2010 version of this form to claim credit for qualifying investments made in an Economic Impact Zone before January 1, 2011. Prior year forms are available at www.sctax.org.

Credit amount

Effective January 1, 2011, a capital investment credit against income tax is allowed for any tax year in which the taxpayer places qualified manufacturing and productive equipment property in service in this State. The amount of the credit allowed by this section is equal to the aggregate of:

- 0.5% of total aggregate bases for all **3-year** property that qualifies;
- 1.0% of total aggregate bases for all **5-year** property that qualifies;
- 1.5% of total aggregate bases for all **7-year** property that qualifies;
- 2.0% of total aggregate bases for all **10-year** property that qualifies;
- 2.5% of total aggregate bases for all **15-year or greater** property that qualifies.

2014
 SC 1120-TC
 (Rev. 8/25/14)
 3370

STATE OF SOUTH CAROLINA
 DEPARTMENT OF REVENUE
CORPORATE TAX CREDITS

NAME OF CORPORATION

FEIN

SC FILE #

DUKE ENERGY CORPORATION & AFFILIATES

20-2777218

200900249

These credits are computed on separate forms. Be sure to **attach the appropriate form(s)** to this schedule for the credit you are claiming.

Part I Corporate Income Tax Credits	Column A Previously Accrued	Column B Earned This Year	Column C Taken This Year	Column D Lost Due to Statute	Column E Carried Forward
1. New Jobs Credit (TC- 4)	0	0	0	0	0
2. Capital Investment Credit (TC- 11)	5,150,796	4,955,817	10,106,613	0	0
3. Family Independence Payments Credit (TC- 12)	0	0	0	0	0
4. Research Expenses Credit (TC- 18)	0	0	0	0	0

For lines 5- 15, enter any other credit description and associated code from Part I Codes, along with the credit amount.

Part I Credit Description	Part I Code	Column A Previously Accrued	Column B Earned This Year	Column C Taken This Year	Column D Lost Due to Statute	Column E Carried Forward
5	5	0	0	0	0	0
6	6	0	0	0	0	0
7	7	0	0	0	0	0
8	8	0	0	0	0	0
9	9	0	0	0	0	0
10	10	0	0	0	0	0
11	11	0	0	0	0	0
12	12	0	0	0	0	0
13	13	0	0	0	0	0
14	14	0	0	0	0	0
15	15	0	0	0	0	0
16. Total of Lines 1- 15		5,150,796	4,955,817	10,106,613	0	0

** ENTER ANY CREDIT DESCRIPTION AND ASSOCIATED CODE FROM PART II CODES, ALONG WITH THE CREDIT AMOUNT.

Part II Corporate License Fee Credits

Part II Credit Description	Part II Code	Column A Previously Accrued	Column B Earned This Year	Column C Taken This Year	Column D Lost Due to Statute	Column E Carried Forward
1. INFRASTRUCTURE CREDIT	1. 006	0	800,000	800,000	0	0
2	2	0	0	0	0	0
3	3	0	0	0	0	0
4	4	0	0	0	0	0
5	5	0	0	0	0	0
6	6	0	0	0	0	0
7. Total Corporate License Fee Credits (See Instructions)		0	800,000	800,000	0	0

F4.00.02 SC120TC1

DESCRIPTIONS CONTINUED ON THE FOLLOWING PAGES

1350


 STATE OF SOUTH CAROLINA
 DEPARTMENT OF REVENUE

CAPITAL INVESTMENT CREDIT

Attach to your Income Tax Return

SC SCH.TC 11

(Rev. 7/24/14)

3348

20 14

Name as Shown on Tax Return

Duke Energy Corporation & Affiliates

County

Various

SSN or FEIN

20-2777218

IMPORTANT: Use 2010 version of this form to claim credit for qualifying investments made in an Economic Impact Zone before January 1, 2011. Prior year forms are available at www.dor.sc.gov.

Purpose: Use this form to claim the capital investment credit for qualified investments made in this State on or after January 1, 2011. This schedule must be completed and filed with the income tax return in order to claim a capital investment credit for the cost basis of qualified manufacturing and productive equipment property.

Read the definitions on the reverse side carefully before completing this schedule.

Enter qualified manufacturing and productive equipment property on the schedule below.

NOTE: Qualified property is property used as an integral part of manufacturing or production or used as an integral part of extracting of or furnishing transportation, communications, electrical energy, gas, water or sewage disposal services in this State and meets the other requirements of SC Code Section 12-14-60. Credit cannot be taken on property transferred from somewhere else unless the original use of such property commences with the taxpayer inside the State on or after January 1, 2011 or in an Economic Impact Zone before January 1, 2011. Recapture of the credit will be required if the taxpayer disposes of or removes the property from this State before the end of the applicable recovery period of the property.

	(1) Basis	(2) Credit Percentage	(3) Credit Amount (column 1 x column 2)
1. Three-year Property	_____	0.5%	1. _____ 0
2. Five-year Property	_____	1.0%	2. _____ 0
3. Seven-year Property	_____	1.5%	3. _____ 0
4. Ten-year Property	87,583,274	2.0%	4. _____ 1,751,665
5. Fifteen-year Property or greater	300,258,758	2.5%	5. _____ 7,506,469
6. Total of lines 1 through 5			6. _____ 9,258,134
7. Unused credits from 1997 and later that are available to carry forward			7. _____ 5,150,796
8. Credit - Total of lines 6 and 7			8. _____
Complete line 9 if subject to the license fee for utilities in SC Code Section 12-20-100.			
9. Utilities only: Enter amount from the Worksheet in the instructions.			9. _____
10. The lesser of lines 8 and 9. This is your total credit available for the current year.			10. _____ 10,106,613

33481029

Duke Energy Corporation & Affiliates
Sch TC 11
FEIN: 20-2777218
For the Year Ended December 31, 2014

Duke Energy Corporation is taking the capital investment credit in accordance with SC §12-14-60. Accordingly, Sch TC 11 has been completed with a five million dollar maximum credit generated per year applicable to utilities subject to SC Code §12-20-100. The amount of the credit being utilized is \$10,106,613, which consists of prior year carryover, plus \$5M generated in the current year, less recapture.

SC1040 INSTRUCTIONS 2019 (Rev. 1/2/2020)

Things you should know before you begin:

For tax year 2019, unless you have a valid extension, the due date is **April 15, 2020** and the deadline to claim a refund is April 17, 2023.

Complete your federal return before you begin your SC1040. You will need information from your federal return when preparing your South Carolina return.

The references to form numbers and line descriptions on federal Income Tax forms were correct at the time of printing. If they have changed and you are unable to determine the proper line to use, contact the SCDOR Individual Income Tax section at 1-844-898-8542 or by email at IITax@dor.sc.gov. Use these instructions as a guide when preparing your SC1040. They are not intended to cover all provisions of the law.

If you used federal schedules C, D, E, or F when filing your federal return or filed a Schedule NR, SC1040TC, I-319, or I-335 with your South Carolina return, attach a copy of your federal return and schedules to your South Carolina return.

Beginning with tax year 2019, if you need to amend your return, file a new SC1040 and check the Amended Return box on the front. Complete the return as it should have been filed, including all schedules and attachments. Complete the SCH AMD, Amended Return Schedule, and submit it with your amended SC1040. **For tax years 2018 and before**, use the SC1040X to amend your return. Find forms at dor.sc.gov/forms.

Social Security Number, name, and address:

Enter your Social Security Number. Check the box if the taxpayer is deceased.

Enter your name, mailing address, and the county code of the county where you live. You can find a list of county codes on page 16. Check the box to let us know if this is a new address for you. **To avoid delays, be sure your mailing address is complete and accurate on your return.**

For a foreign address, check the box to let us know the address is outside the US. Print or type the complete foreign address including postal code.

If you are married and filing a joint return, enter your spouse's name and Social Security Number. Check the box if the taxpayer is deceased.

If you are married and filing separate returns, **do not include your spouse's name or Social Security Number in this section. Enter your spouse's Social Security Number next to box 3 in the filing status section.**

Social Security Privacy Act Disclosure

It is mandatory that you provide your Social Security Number on this tax form. 42 U.S.C. 405(c)(2)(C)(i) permits a state to use an individual's Social Security Number as means of identification in administration of any tax. SC Regulation 117-201 mandates that any person required to make a return to the SCDOR must provide identifying numbers, as prescribed, for securing proper identification. Your Social Security Number is used for identification purposes and to process any refund due you.

Individual Taxpayer Identification Number (ITIN)

If you are a nonresident or resident alien and cannot get a Social Security Number, contact the IRS to apply for an Individual Taxpayer Identification Number (ITIN) for the purpose of filing Income Tax returns. South Carolina will accept this number in place of a Social Security Number to process your Individual Income Tax returns. For more information, contact the IRS at 1-800-829-1040 or visit irs.gov. We cannot accept your return for processing without complete Social Security Numbers or ITINs.

Check boxes:

If you are filing an amended SC1040 for 2019, check the **Amended Return** box. Complete the return as it should have been filed. Complete the SCH AMD and submit it with your amended SC1040. **The amended return cannot be processed without SCH AMD.**

If you are a nonresident for the entire year or a part-year resident electing to file as a nonresident, check the box and attach Schedule NR to the completed SC1040. **Do not submit the Schedule NR separately.**

If you are filing a composite return for a partnership or S corporation, check the box. See the I-348 Composite Instructions at dor.sc.gov/forms for more information on filing a composite return. **Do not check the box if you are an individual.**

If you filed a federal or state extension, check the box.

If you served in a Military Combat Zone during the filing period, check the box and enter the combat zone.

Filing status

Choose the same filing status as you used on your federal return. **Check only one box.**

Dependent exemption

You can take a South Carolina dependent exemption for each eligible dependent, including both qualifying children and qualifying relatives. Enter the total number of eligible dependents. The total number of dependents claimed on your South Carolina return must equal the number of dependents claimed on your federal return. Attach the federal 8332, Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent if you are required to file this form with your federal return. Claim your deduction for dependent exemptions on line w.

If you are claiming a deduction for dependent children under six, enter the number of children under six. Claim your deduction for dependents under six on line t.

Enter the number of taxpayers who are age 65 or older.

Enter the first and last name, Social Security Number, relationship, and date of birth of each dependent.

Line instructions:

ROUND ALL AMOUNTS TO THE NEAREST WHOLE DOLLAR.

Line 1: Federal taxable income

Enter your federal taxable income from your federal form. **If your federal taxable income is zero or less, enter zero** here and enter your negative amount on line r.

STOP! Nonresident/Part-year filers complete Schedule NR and go to line 5. See Schedule NR instructions. Find forms at dor.sc.gov/forms.

Additions to federal taxable income:

Enter all numbers on **line a through line e** as positive numbers even if they are negative numbers on the federal return. **Line a through line e** are adjustments which must be added to your federal taxable income to determine your South Carolina taxable income. Line 2 is the total of these additions.

Line a: State tax addback

If you itemized your deductions on your federal Income Tax return and deducted state and local Income Tax or general Sales Tax, you may be required to add back all or part of this amount to your federal taxable income when computing your South Carolina taxable income.

Federal law limits your total deduction for state and local Income, Sales, and Property Taxes to a combined, total deduction of \$10,000 (\$5,000 if Married Filing Separate). Any state and local taxes paid above this amount cannot be deducted on your federal return.

In determining the state tax addback for a taxpayer whose tax deduction is limited to \$10,000, you may first apply real or personal Property Taxes reported on federal Schedule A, lines 5b and 5c before applying state and local Income Taxes or general Sales Taxes reported on federal Schedule A, line 5a.

The state tax addback required for South Carolina is the lesser of your:

- a. itemized deductions in excess of the standard deduction that would have been allowed if you had used the standard deduction for federal Income Tax purposes;
- b. state and local Income Taxes or general Sales Taxes from your federal 1040, Schedule A, line 5a; or
- c. the \$10,000 federal tax deduction limit less deductible property taxes.

Use the worksheet below to compute the state tax addback on the SC 1040. Do not submit this worksheet with your return. Keep with your tax records.

Worksheet for State Tax Addback	
1. Itemized deductions from 2019 federal 1040, Schedule A line 17.	1. _____
2. Enter the federal standard deduction you would have been allowed if you had not itemized. Enter zero if filing status is Married Filing Separate (MFS). (See federal instructions.)	2. _____
3. Subtract line 2 from line 1. (Enter zero if line 2 is greater than line 1.)	3. _____
4. Enter the amount of state and local Income Tax or general Sales Tax from federal Schedule A.	4. _____
5. Subtract real estate taxes and personal property taxes reported on federal Schedule A from the federal limit of \$10,000 (\$5,000 if MFS). Enter the difference but not less than zero.	5. _____
6. Enter the lesser of line 3, line 4, or line 5. Enter this amount on SC1040 line a .	6. _____

Line b: Out-of-state losses

If you reported losses from out-of-state rental property, a business located outside South Carolina, or losses from real property located in another state, enter the amount from your federal return on **line b**. Include any related expenses, such as investment interest. Enter the total of these losses and related expenses on this line. Personal service income (W-2 or business wages) is taxable to South Carolina no matter where it is earned.

Line c: Expenses related to National Guard and Military Reserve income

Enter the expenses from your service in the National Guard or Reserves that you deducted on your federal return. You will deduct your income from the National Guard or Reserves on line n of the SC1040.

Line d: Interest income

Enter the amount of interest income that was exempt on the federal return and comes from obligations of states and political subdivisions other than South Carolina. For a mutual fund, add back the percentage of exempt interest income attributable to out-of-state non-federal obligations.

Line e: Other additions to income

Attach an explanation of your entry for this line. Some examples of items to enter on this line are:

- Taxpayers who claim bonus depreciation under federal law must add back the difference between the bonus depreciation taken and the depreciation which would have been allowed without bonus depreciation.
- Taxpayers who claim a nonrefundable credit for contributions to Exceptional SC (SCH.TC-57) are not allowed a deduction for these contributions. Add back the amount of the contribution deducted on the federal return.
- Taxpayers who claim a child care program credit for donations to a nonprofit corporation (SCH.TC-9) are not allowed a deduction for those donations. Add back the donation deducted on the federal return.
- Taxpayers who claim credits such as the Community Development Credit (SCH.TC-14), the Industry Partnership Fund Credit (SCH.TC-36), and the Credit for Child Care Program (SCH.TC-9), may not claim a deduction for the same qualified contribution which results in the credit. Add back the amount deducted on the federal return.
- Add back the federal net operating loss when it is larger than the South Carolina net operating loss being claimed.
- Add back any expenses deducted on the federal return related to any income not taxed by South Carolina. Some examples are investment interest to out-of-state partnerships and interest paid to purchase US obligations.
- Add back foreign area allowances, cost of living allowances, and income from US possessions.
- For qualifying investments made after June 30, 1998, taxpayers must reduce the basis of the qualifying property to the extent the Capital Investment Tax Credit is claimed. Add back any resulting reduction in depreciation.
- Add back the qualified business income deduction under IRC Section 199A.
- Add back any charitable contribution of land deducted under IRC Section 170 unless it meets the donative intent requirements of SC Code Section 12-6-5590.
- Include any withdrawals during the tax year from a Catastrophe Savings Account that were:
 1. necessary because contributions were more than the allowable limits; or
 2. more than the amount needed to cover qualified catastrophe expenses.

Do not include any withdrawals made by the surviving spouse of the account owner.

- Qualified catastrophe expenses are expenses paid or incurred because of a major disaster as declared by the Governor.
- A business must add back any amount paid for services performed by an unauthorized alien if the amount is \$600 or more a year.

Depending on how a particular item was reported or deducted, the following items may be an addition or a subtraction:

- A change in the accounting method to conform in the same manner and the same amount to the federal. At the end of the federal adjustment, any balance will continue until fully adjusted.
- Adjust the installment method of reporting if:
 - the entire sale has been reported for state purposes, or
 - the entire sale was reported for federal purposes and you wish to continue on an installment basis for state purposes
- Adjust the federal gain or loss to reflect any difference in the South Carolina basis and federal basis.

Line 2: Total additions

Add line a through line e.

Subtractions from federal taxable income:

Enter all numbers on line f through line w as positive numbers even if they are negative numbers on the federal return.

Line f through line w are adjustments which are subtracted from your federal taxable income to determine your South Carolina taxable income.

Line f: State tax refund

If you included your state tax refund on your federal 1040, enter that amount on this line.

Line g: Total and permanent disability retirement income

If **disability retirement income** was taxed on your federal Income Tax return and you are **totally and permanently disabled**, you may be able to deduct this income from your South Carolina taxable income.

You must be totally and permanently disabled, unable to be substantially gainfully employed, receiving income from a disability retirement plan, and eligible for the homestead exemption under SC Code Section 12-37-250. Attach a copy of the physician's statement establishing that you are permanently and totally disabled.

The deduction is limited to payments received from retirement plans. Third party sick pay reported on a W-2 does not qualify for the total and permanent disability retirement deduction.

A surviving spouse may take a disability retirement deduction for amounts received in the year the disabled spouse died. For following years, a surviving spouse is only eligible for the retirement deduction on **line p** and not the disability deduction.

Line h: Out-of-state income/gain

Enter income from out-of-state rental property; income from a business located outside South Carolina; or gain from real property located in another state, as reported on your federal return. Check the appropriate box to indicate the type of income or gain. **Personal service income (W-2 or business wages) is taxable to South Carolina no matter where it is earned.**

Line i: Net capital gain deduction

Net capital gains included in taxable income are reduced by 44% for South Carolina Income Tax purposes.

Net capital gain means the **excess** of the **net long-term** capital gain for the tax year **over** the **net short-term** capital loss for the tax year. The South Carolina holding period for long-term capital gains is the same as the federal holding period. Income received from installment sales and capital gain distribution qualifies for this deduction if the more than one year holding period has been met. Multiply the net capital gain by 44% and enter the result.

Example: A taxpayer reports a long-term (LT) gain on stock (held more than one year) of \$10,000 and a long-term loss on stock held since 1985 of \$3,000. Also reported is a short-term (ST) loss on stock held for six months of \$5,000.

SC Net LT Capital Gain	\$ 7,000 (10,000 - 3,000)
- SC Net ST Capital Loss	- 5,000
SC Net Capital Gain	\$ 2,000
x Gain Deduction	x 44%
Amount to be deducted	\$ 880

Line j: Volunteer deduction

Qualifying volunteer firefighters, rescue squad workers, volunteer hazardous material (HAZMAT) team members, reserve police officers, Department of Natural Resource (DNR) deputy enforcement officers, members of the State Guard, and state constables are allowed to deduct \$3,000.

- **Volunteer firefighters, rescue squad workers and HAZMAT** members qualify only if their employer provides them with a form stating they have earned the minimum number of points established by the State Fire Marshal during the year.
- **Reserve police officers, DNR deputy enforcement officers, and State Guard members** qualify only if the appropriate authority provides them with an I-332 form certifying their eligibility.
- **Volunteer state constables** qualify if they complete at least 240 logged service time hours per year. They must be designated as a state constable, by the State Law Enforcement Division (SLED), prior to the tax year the deduction is first claimed. SLED must provide the volunteer state constable with documentation supporting they have completed the required annual training required for the recently completed fiscal year.

An individual is limited to one deduction of \$3,000. If a taxpayer and spouse both qualify, enter \$6,000. Enter the type and amount of deduction.

Line k: Contributions to the SC College Investment Program (Future Scholar) or to the SC Tuition Prepayment Program.

You may deduct 100% of any contributions to the SC College Investment Program made between January 1, 2019 and April 15, 2020.

You may deduct 100% of any contribution to the SC Tuition Prepayment Program made between January 1, 2019 and December 31, 2019.

Line l: Active trade or business income deduction

Enter the amount from I-335, line 5. Find forms at dor.sc.gov/forms.

Line m: Interest from US obligations

Enter the interest income from US obligations that you reported as income on your federal Income Tax return. US obligations include savings bonds, treasury notes, and treasury bills. For more information see **South Carolina Revenue Ruling #16-2** at dor.sc.gov/policy.

Interest income from the following obligations **are taxable** for state purposes:

- Federal Home Loan Mortgage Corporation (Freddie Mac)
- Federal National Mortgage Association (Fannie Mae)
- Government National Mortgage Association (Ginnie Mae)

Line n: Certain nontaxable National Guard or Reserve pay

Income received from National Guard or Reserve members for customary annual training, weekend drills, and other inactive duty training is generally exempt from South Carolina Income Tax.

- Members of the National Guard or Reserves may deduct all inactive duty pay from the United States or any state for weekend drills and other inactive duty training they attended.
- Members of the National Guard and active duty Reserve members may also deduct up to 15 days of customary annual training pay, referred to as "active duty training" or "ADT".
- Inactive duty Reserve members may also deduct up to 14 days of customary annual training pay, referred to as "active duty training" or "ADT", plus up to two days of travel time listed on official orders.
- Full-time Active Guard and Reserve (AGR) employees may deduct up to 15 days of annual training they attended and up to 24 days of weekend drills (a maximum of 39 days) at the daily rate of pay.

For more information see **South Carolina Revenue Ruling #09-16** at dor.sc.gov/policy. Do not include Military Reserve and National Guard pay which is included in retirement income. For other subtractions, see instructions for line v.

Line o: Social Security and/or railroad retirement if taxed on your federal return

Enter the amount of Social Security from Title 2 of the Social Security Act or railroad retirement that was taxed on your federal return.

Line p-1 through line p-3: Retirement deduction

The deduction is allowed for an individual taxpayer who is the original owner of a qualified retirement account. An individual who is **under age 65** may claim a retirement deduction up to \$3,000 on qualified retirement income from their own plan.

An individual who is **age 65 or older** during the tax year may claim a retirement deduction up to \$10,000 on qualified retirement income from their own plan.

Line p-1: Include only qualified withdrawals from the taxpayer's own qualified retirement plan.

Line p-2: Include only qualified withdrawals from the spouse's own qualified retirement plan.

Line p-3: A surviving spouse receiving qualified retirement income on behalf of a deceased spouse may deduct up to \$3,000 or \$10,000 of the qualified retirement income, based on the age of the deceased spouse had they lived. The surviving spouse must receive the decedent's qualified retirement income as a surviving spouse.

The surviving spouse retirement deduction is in addition to the individual retirement deduction claimed from the taxpayer's own retirement plan.

Qualified retirement income is income from plans defined in IRC 401, 403, 408, and 457, and all public employee retirement plans of the federal, state, and local governments, including individual retirement plans, Keogh plans, and military retirement.

Disability retirement income due to permanent and total disability, Social Security income, and railroad retirement income, do not qualify because these items are not taxed by South Carolina. See lines g and o.

Any portion of qualified retirement income received this tax year that resulted in a federal premature withdrawal penalty does **not** qualify for a retirement deduction.

Reduce the retirement deduction by any military retirement deduction taken.

Worksheet for taxpayer (line p-1)	
1. Maximum deduction allowed for taxpayer based on age (\$3,000 or \$10,000)	1. _____
2. Taxpayer's military retirement deduction (line p-4)	2. _____
3. Taxpayer's retirement deduction available (subtract line 2 from line 1; if less than zero, enter zero)	3. _____
4. Taxpayer's individual qualified retirement income included in federal form (taxable IRA distributions, pensions, and annuities)	4. _____
5. Retirement deduction (lesser of line 3 or line 4) Enter on line p-1 .	5. _____

Worksheet for spouse (line p-2)	
1. Maximum deduction allowed for spouse based on age (\$3,000 or \$10,000)	1. _____
2. Spouse's military retirement deduction (line p-5)	2. _____
3. Spouse's retirement deduction available (subtract line 2 from line 1; if less than zero, enter zero)	3. _____
4. Spouse's individual qualified retirement income included in federal form (taxable IRA distributions, pensions, and annuities)	4. _____
5. Retirement deduction (lesser of line 3 or line 4) Enter on line p-2 .	5. _____

Worksheet for surviving spouse (line p-3) Calculate separately for each deceased spouse.	
1. Maximum deduction allowed for surviving spouse based on age of deceased spouse had they lived (\$3,000 or \$10,000 for each deceased spouse)	1. _____
2. Surviving spouse's military retirement deduction (line p-6)	2. _____
3. Surviving spouse's retirement deduction available (subtract line 2 from line 1; if less than zero, enter zero)	3. _____
4. Qualified retirement income received as surviving spouse included in federal form (taxable IRA distributions, pensions, and annuities)	4. _____
5. Retirement deduction (lesser of line 3 or line 4) Enter on line p-3 .	5. _____

Line p-4 through line p-6: Military retirement deduction

An individual with military retirement income included in their South Carolina taxable income may make a deduction up to the amount of military retirement income. Taxpayers filing a joint return must calculate the deduction separately for each spouse based on each individual's age, retirement income, and earned income. Reduce the retirement deduction (line p-1 through line p-3) and the age 65 and older deduction (line q-1 and q-2) by the amount of the military retirement deduction taken.

Retirement income means taxable income received by the taxpayer or the taxpayer's surviving spouse from a qualified military retirement plan. Income that is subject to a penalty for premature distribution does not qualify as retirement income. For a surviving spouse, retirement income includes a retirement benefit plan and dependent indemnity compensation received due to the deceased spouse's military services.

Retirement benefits received for service in the National Guard or Reserves, due to inactive time, are subtracted on line v and are not included in taxable income. Do not include these amounts in the deduction on line p.

Line p-4: Include military retirement income related to the taxpayer's military service.

Line p-5: Include military retirement income related to the spouse's military service.

Line p-6: Include military retirement income received on behalf of a deceased spouse's military service. Apply the deduction in the same manner that it applied to the deceased spouse.

The surviving spouse military retirement deduction is in addition to any retirement deductions claimed on the taxpayer's own retirement income.

Military retirement deduction: Under age 65

For 2019, the military retirement deduction is limited to \$14,600 for taxpayers under the age of 65. Taxpayers must have other earned income in addition to the military retirement. South Carolina earned income is income you receive from services you provide.

Earned income includes	Earned income does not include
wages salaries tips commissions sub-pay self-employment income business income or loss partnership income or loss farm income or loss	gambling winnings bingo winnings interest dividends Social Security benefits IRA distributions retirement plan or annuity benefits unemployment compensation deferred compensation any amount your spouse paid you

Taxpayers under the age of 65 with military retirement income but no earned income are only eligible for the retirement deduction on line p-1 or p-2.

- South Carolina does not recognize bonus depreciation in IRC Section 168(k). With or without bonus depreciation, the depreciable life of the property is the same for federal and state purposes. For the tax year the property is placed in service, a taxpayer must add back, on line e of the SC1040, the difference between the depreciation deduction allowed for federal purposes and the deduction that would have been allowed without bonus depreciation. The South Carolina adjusted basis will then be greater than the federal adjusted basis. For all other years of the depreciable life of the property, an additional depreciation deduction is available for South Carolina purposes.
- South Carolina net operating loss that is larger than the federal amount is a subtraction. The same loss can only be deducted once. Attach your own worksheet or keep with your tax records. No carryback losses are allowed.
- Legislators within a 50-mile radius of the State House are allowed to subtract travel expenses.
- Retirement income paid by the US government for service in the Reserves or National Guard is not taxed for South Carolina purposes. You may deduct the entire amount of any stipend paid by the state of South Carolina for National Guard service. Determine the percentage of your military retirement income which is excludable by dividing the length of time you served in the Reserves and/or National Guard (not full time) by the length of time of your total military service as follows:

Worksheet for military retirement exclusion			
Inactive Reserve time			
+ Inactive National Guard time	=	_____	% exclusion
Total Military time (active and inactive)			
Determine the excludable amount of your military retirement income by multiplying it by the percentage of exclusion as follows:			
_____ % exclusion	X	total taxable military retirement income shown on federal return	= excludable military retirement income to be entered on line v

- If you have adopted a special needs child, you may subtract \$2,000 per year per child as long as the adopted child qualifies as a dependent on your federal return.

A special needs child is:

1. a person under the age of 18 at the time of adoption
2. a dependent of a public or private non-profit adoption agency
3. legally free for adoption
4. determined by the agency to have specific conditions

Attach a copy of the letter you received at the time of adoption from the SC Department of Social Services which certified the person as a special needs child.

- Subtract amounts contributed to a Catastrophe Savings Account and interest income earned by the account.

If your legal residence is insured against hurricane, rising floodwaters, or other catastrophic windstorm event damage, you are allowed to contribute:

- o \$2,000 if the qualified deductible is \$1,000 or less
- o twice the qualified deductible if it is between \$1,000 and \$7,500
- o \$15,000 if the qualified deductible is more than \$7,500

If your legal residence is not insured against hurricane, rising floodwaters, or other catastrophic wind event damage, the limit is \$250,000 or the value of your legal residence, whichever is less.

Depending upon how a particular item was reported or deducted, the following items may be an addition or subtraction.

- A change in accounting method to conform in the same manner and same amount as federal. At the end of the federal adjustment, any balance will continue until fully adjusted.
- Adjust the installment method of reporting if :
 - o the entire sale was reported for state purposes or
 - o the entire sale was reported for federal purposes and you wish to continue on an installment basis for state purposes
- Adjust the federal gain or loss to reflect any difference in the South Carolina basis and federal basis.

Line w: South Carolina dependent exemption

A South Carolina dependent exemption is allowed for each eligible dependent, including both qualifying children and qualifying relatives. Eligible dependents are dependents claimed on your federal Income Tax return. See worksheet below.

Worksheet for South Carolina dependent exemption	
1. South Carolina dependent exemption amount	1. _____ \$4,190
2. Number of dependents claimed on your federal return	2. _____
3. Allowable deduction (multiply line 1 by line 2) Enter on line w .	3. _____

Line 4: Total subtractions

Add line f through line w and enter the total.

South Carolina tax:**Line 6: Tax on South Carolina taxable income**

If your income subject to tax on line 5 is less than \$100,000, use the SC1040 tax tables (SC1040TT) to determine your South Carolina tax. Enter the tax on line 6.

If your income subject to tax on line 5 is \$100,000 or more, use the tax rate schedule provided in the SC1040TT to compute your tax. Enter the tax on line 6. Find the SC1040TT at dor.sc.gov/forms.

Line 7: Tax on lump-sum distribution

South Carolina follows the federal provisions regarding lump-sum distributions. If you used the federal 4972 for a lump-sum distribution, you must use the SC4972 to compute the South Carolina tax. Find the SC4972 at dor.sc.gov/forms.

This separate tax on lump-sum distributions is in addition to the tax computed on line 6.

Do not enter the federal 10% premature early withdrawal penalty on line 7.

Line 8: Tax on active trade or business income

Enter the amount from I-335, line 7.

Line 9: Tax on excess withdrawals from catastrophe savings accounts

Withdrawals from a Catastrophe Savings Account are taxed an additional 2.5% unless:

- the taxpayer no longer owns a qualified legal residence in South Carolina,
- the amount contributed was within the allowable limits, and the withdrawal occurred after the taxpayer reached age 70, or
- the withdrawal followed the death of the individual who set up the account or the surviving spouse.

Credits:**Line 11: Child and Dependent Care Credit**

For a full-year resident, the credit is calculated at 7% of the federal child and dependent care expense.

For a part-year resident or nonresident, you are not eligible for this credit if you are a resident of a state that does not offer a credit for child and dependent care expense to nonresidents of that state.

For eligible part-year residents or nonresidents, calculate the credit at 7% of the prorated federal expenses using your proration percentage from Schedule NR.

The maximum credit allowed is \$210 for one child or \$420 for two or more children.

You cannot claim this credit if your filing status is Married Filing Separately.

Example A: Full-year resident

Federal child care expense from the federal 2441 is \$2,000
 $\$2,000 \times .07 = \140 (allowable credit)

Example B: Part-year resident or nonresident

Federal child care expense from the federal 2441 is \$2,000 and the proration percent from line 45 of Schedule NR is 30%
 $\$2,000 \times .30 = \$600 \times .07 = \$42$ (allowable credit)

Line 12: Two Wage Earner Credit

This credit is available to a married couple filing jointly when both spouses have earned income taxed to South Carolina. This credit is **not** allowed on returns with a filing status of Single, Married Filing Separately, or Head of Household.

The multiplier used in computing the Two Wage Earner Credit increases by \$3,333 each year beginning in 2018, until fully phased-in for tax year 2023. For 2019, the credit is computed at .007 of the lesser of \$36,667 or the South Carolina qualified earned income of the spouse with the lower South Carolina qualified earned income for the taxable year.

Use your South Carolina qualified earned income to calculate the credit. Compute your South Carolina qualified earned income by subtracting certain adjustments reported on your federal 1040 from your South Carolina earned income.

Adjustments to subtract are:

- deductible part of self-employment tax
- self-employment SEP, simple and qualified plans
- self-employment health insurance deduction
- IRA deduction
- repayment of sub-pay

South Carolina earned income is generally income you receive from services you provide. Compute the earned income for you and your spouse separately.

Earned income includes	Earned income does not include
wages salaries tips commissions sub-pay self-employment income business income or loss partnership income or loss farm income or loss	gambling winnings bingo winnings interest dividends Social Security benefits IRA distributions retirement plan or annuity benefits unemployment compensation deferred compensation any amount your spouse paid you

Example: A taxpayer earned a salary taxed to South Carolina of \$40,000. The taxpayer's qualified earned income is \$40,000. Spouse earned wages of \$17,000 taxed to South Carolina and had an IRA deduction of \$1,000. Spouse's qualified earned income is \$16,000 (\$17,000 - \$1,000). The credit is based on Spouse's qualified earned income, because it is the lesser of the two. The credit is \$112 (\$16,000 x .007).

Worksheet for Two Wage Earner Credit		
	(a) You	(b) Your spouse
1. Wages, salaries, and tips taxed to South Carolina (Do not include pensions or annuities.)	_____	_____
2. Net profit or loss from self-employment (from Schedule C) and any other earned income taxed to South Carolina.	_____	_____
3. Add line 1 and line 2. (This is your total earned income taxed to South Carolina.)	_____	_____
4. Add the adjustment amounts from your federal 1040. (See adjustments above.) If filing Schedule NR, enter amounts from Column B, lines 21, 22, 23, 26, and any repayment of supplemental unemployment benefits (sub-pay) allocable to South Carolina income.	_____	_____
5. Subtract line 4 from line 3. (This is your qualified earned income taxed to South Carolina.) If the amount in column (a) or column (b) is zero or less, you may not take this credit.	_____	_____
6. Enter the lesser of 5(a) or 5(b). Cannot be greater than \$36,667.	_____	_____
7. Allowable credit (multiply the line 6 by .007). Enter on line 12. Cannot be greater than \$257.	_____	_____

Line 13: Other nonrefundable credits

Refer to the instructions for the SC1040TC for descriptions of the nonrefundable tax credits along with the required tax credit schedule for each credit. Most tax credits are computed on separate tax credit schedules.

Attach tax credit schedules for all tax credits you claim, along with the SC1040TC Worksheet and the SC1040TC, to your Income Tax return. Tax credits may be disallowed if necessary schedules are not attached to your return.

Tax payments and refundable credits:

Line 16: South Carolina Income Tax withheld from wages

Enter the total South Carolina tax withheld:

- from your wages and reported on your W-2s as State Income Tax, and
- by a fiduciary on your behalf and reported on your SC41s.

Do not include:

- withholding paid to another state
- withholding from a federal 1099
- amounts reported on a South Carolina substitute 1099G/INT

Attach readable copies of your W-2s to the front of your return.

W-2s are available from your employer. If you do not have a W-2, complete the SC4852 and provide proof of tax withheld. Find forms at dor.sc.gov/forms.

Line 17: 2019 Estimated Tax payments

Enter the total Estimated Tax payments you made including any amount transferred from your 2018 tax return.

Line 18: Amount paid with extension

Enter the amount you paid with your extension request. Check the box on the front of the return to indicate you requested an extension of time to file your return.

Line 19: Nonresident sale of real estate

A nonresident of South Carolina who sells real property located in this state is subject to withholding of South Carolina Income Tax. The sale is reported to South Carolina on an Individual Income Tax return.

The state Income Tax withheld at the time of the sale is reported to you on an I-290 provided by the closing attorney. Enter the withholding from the I-290 and attach the form to your return.

Line 20: Other SC withholding

Enter the total South Carolina tax withheld from federal 1099s. Attach copies of all 1099s to the front of your return.

Do not include:

- withholding from a W-2
- amounts reported on a South Carolina substitute 1099G/INT

Line 21: Tuition tax credit

Refer to the I-319 at dor.sc.gov/forms to see if you qualify to claim this credit. If you qualify, complete all information on the I-319 and attach it to your return. If you have more than one qualifying student, complete a separate I-319 for each student. Attach a copy of your federal return.

Line 22: Other refundable credits

Refer to the I-333, I-334, I-360, I-361, and I-385 at dor.sc.gov/forms to see if you qualify to claim the credit. Attach the appropriate credit form to the SC1040.

- Enter amount from I-333 refundable credit for Anhydrous Ammonia Additive on line 22a.
- Enter amount from I-334 refundable credit for Production and Sale of Milk on line 22b.
- Enter amount from I-360 refundable credit for Classroom Teacher Expenses on line 22c.
- Enter amount from I-361 Parental Refundable credit on line 22d.
- Enter amount from I-385 refundable Motor Fuel Income Tax Credit on line 22e.
- Enter the total other refundable credits on line 22.

Line 23: Total payments

Add line 16 through line 22 and enter the total.

Amended return: Enter the amount from SCH AMD, line 7. If a negative, enter in [brackets].

Line 24: Overpayment

If line 23 is larger than line 15, subtract line 15 from line 23 and enter the overpayment.

Amended return: Enter the amount from line 24 on line 30. (Do not enter amounts on line 26 through line 29).

Example 1 (amended return)

Line 15 = 200

Line 23 = 250 (calculated on SCH AMD)

Line 24 = 50 (250 - 200)

Enter the \$50 refund amount on line 30.

Line 25: Amount due

If line 15 is larger than line 23, subtract line 23 from line 15 and enter the amount due.

Amended return: Enter the amount from line 25 on line 31. (Do not enter amounts on line 26 through line 29.)

Example 1 (amended return):

Line 15 = 200

Line 23 = <125> (negative number, calculated on SCH AMD)

Line 25 = 325 (200 - <125>)

Enter the \$325 tax due amount on line 31.

Example 2 (amended return):

Line 15 = 200

Line 23 = 125 (positive number, calculated on SCH AMD)

Line 25 = 75 (200 - 125)

Enter the \$75 tax due amount on line 31.

Line 26: South Carolina Use Tax

Use Tax is due on purchases outside of South Carolina for use, storage, or consumption in South Carolina. Use Tax is paid to the SCDOR when the state Sales and Use Tax has not been collected by the seller.

You may need to pay Use Tax if you make purchases:

- from retailers online
- from out-of-state catalog companies
- from home shopping networks
- when visiting another state

The tax rate for the Use Tax is the same as the Sales Tax. The rate is determined by where the tangible personal property will be used, stored, or consumed, regardless of where the sale takes place. For more information and updated tax rates, visit dor.sc.gov/tax/use.

You have three options for reporting and paying Use Tax:

1. On line 26 of your Individual Income Tax Return. Calculate your Use Tax using the SC Use Tax Worksheet below. No additional form or paperwork is required.
2. Online using our free tax portal, MyDORWAY, at MyDORWAY.dor.sc.gov. Sign into your existing account or create an account to get started. No additional form or paperwork is required.
3. Mail the UT-3 with check or money order payable to "SCDOR" to: **SCDOR, Sales Taxable, PO Box 100193, Columbia, SC 29202.**

If you have paid your Use Tax during the year on a UT-3 electronically, or have no Use Tax due, check the box on line 26.

Use Tax rates:

The state Sales and Use Tax rate is **6% plus the applicable local Use Tax rate of the county** in which you are located or other applicable rate wherever tangible personal property was delivered. Sales of unprepared foods are exempt from state Sales and Use Tax. Local taxes still apply to sales of unprepared food unless the local tax law exempts such sales.

The following are the rates for each county as of May 1, 2019:

- 6% Georgetown, Greenville, Oconee
- 7% Abbeville, Anderson, Beaufort, Dorchester, Edgefield, Fairfield, Greenwood, Laurens, Lexington, Newberry, Orangeburg, Pickens, Spartanburg, Union, York
- 8% Aiken, Allendale, Bamberg, Barnwell, Berkeley, Calhoun, Cherokee, Chester, Chesterfield, Clarendon, Colleton, Darlington, Dillon, Florence, Hampton, Horry, Kershaw, Lancaster, Lee, Marion, Marlboro, McCormick, Richland, Saluda, Sumter, Williamsburg
- 9% Charleston, Horry-City of Myrtle Beach, Jasper

Use this information to calculate line 2 of the worksheet.

Worksheet for South Carolina Use Tax				
Column A	Column B	Column C	Column D	Column E
Date of purchase	Name of store, company, or vendor	Total price of purchases <small>(includes shipping and handling, warranty costs, and Sales or Use Tax due and paid on the purchase)</small>	Sales or Use Tax due and paid to another state or jurisdiction	Amount taxable <small>(subtract Column D from Column C)</small>
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
line 1	Total	\$	\$	\$
line 2	Enter your county's state and local Sales and Use Tax rate.			%
line 3	Multiply line 1, Column E by the rate on line 2, Column E.			\$
line 4	Enter the total from Line 1, Column D.			\$
line 5	South Carolina Use Tax (subtract line 4 from line 3). Round to the nearest dollar. Enter on line 26 of the SC1040.			\$

Line 27: Estimated Tax

Enter the amount of your overpayment that you would like to apply to next year's tax.

Line 28: Contributions for check offs

Refer to the I-330, at dor.sc.gov/forms, for information about the various funds to which you may contribute. Enter the total from the I-330. Attach the I-330 to your return. Your contribution cannot be made if you do not attach the I-330.

Refund or amount you owe:**Line 30: Refund**

If line 29 is larger than line 24, go to line 31. Otherwise, subtract line 29 from line 24 and enter the amount to be refunded to you on line 30. We will not automatically issue a refund under \$5. However, upon notification we can release the refund. **Required: Mark your refund choice on line 30a.**

Line 30a: Refund options

Receive your refund by direct deposit, debit card, or paper check. Mark an **X** in one box to indicate your choice.

- **Direct deposit** is the fastest option for most filers. The funds are deposited directly into your bank account.
- **Debit cards** are issued by Bank of America and are subject to program limitations. If you choose to receive your refund by debit card, see the Bank of America disclosure information included at the end of these instructions.
- **Paper checks** are mailed to you at the address provided on your return. To avoid delays, be sure the address on your return is correct and accurate.

Line 30b: Direct deposit information

Choose direct deposit for a fast, simple, safe, and secure way to have your refund deposited automatically into your checking or savings account. Enter complete and correct account information. We will mail a paper check if the account information is not complete and correct. Direct deposit is not available for bank accounts located outside the United States.

To receive your refund by direct deposit:

1. Mark an X to choose checking or savings account.
2. Enter your 9 digit routing transit number (RTN). The RTN should begin with 01 through 12 or 21 through 32. Do not use a deposit slip to verify the RTN.
3. Enter your bank account number (BAN). The BAN contains 17 or less alphanumeric digits. Enter the BAN from left to right. Do not enter hyphens, spaces, special symbols, or the check number.

Line 31: Net tax

Add line 25 and line 29.

Line 32: Late filing and late payment penalties and interest

If you calculated failure to file or failure to pay penalties and interest, enter in the appropriate blanks and put the total of both on line 32.

A failure to file penalty is charged for failing to file a tax return on or before its due date, considering any extension of time for filing. The penalty is 5% of the tax amount if the failure is for not more than one month, with an additional 5% for each additional month or fraction of the month the failure continues, not to exceed 25% in total.

A failure to pay penalty is charged for failing to pay the tax on any return on or before its due date. The penalty is 1/2% of the tax if the failure is for not more than one month, with an additional 1/2% for each additional month or fraction of the month the failure continues, not to exceed 25% in total.

Any unpaid portion of the final tax due will accrue interest at the prevailing federal rates. This amount is computed from the original due date of the tax return to the date of payment.

Find a Penalty and Interest Calculator on our free tax portal, MyDORWAY, at dor.sc.gov/calculator.

Line 33: Underpayment of Estimated Tax penalty

You may owe a penalty for underpayment if you did not pay in the lesser of 90% of your tax liability for 2019 or 100% of your tax liability for 2018 in four equal amounts by the required dates.

If your adjusted gross income is \$150,000 or more, the 100% rule is modified to be 110% of the tax shown on your 2018 Income Tax return. See the SC2210 at dor.sc.gov/forms to calculate any penalty that may be due.

Exceptions to underpayment of Estimated Tax:

- Enter an **A** in the box if you completed federal Schedule AI-Annualized Income Installment Method for South Carolina purposes when determining the amount to enter on Line 33.
- Enter an **F** in the box if you are a farmer or fisherman who receives at least two-thirds of your gross income for the year from farming and fishing and you pay your tax due by March 1, 2020.
- Enter a **W** if you are requesting a waiver of your entire penalty. See the SC2210 instructions at dor.sc.gov/forms for information on what qualifies for a waiver of penalty.

Calculate your penalty for underpayment and enter the amount on line 33. If you are due a refund, subtract the penalty amount from the difference of line 24 and line 29 and enter the result on line 30. Attach the SC2210 to your tax return when using an exception to waive the penalty.

Line 34: Balance due

Add line 31 through line 33 and enter the total on line 34. This is the amount you owe.

If you owe \$15,000 or more in connection with any SCDOR return, you must pay electronically per SC Code Section 12-54-250(A)(1).

Pay online using our free tax portal, MyDORWAY, at dor.sc.gov/pay. Select **Individual Income Tax Payment** to get started.

If mailing your payment, do not send cash. Make check payable to SCDOR and include your name, SSN, and "2019 SC1040" in the memo. File your SC1040 with payment attached.

Sign and date your return:

You must sign your return. If your filing status is Married Filing Jointly, your spouse must also sign.

The return for a deceased taxpayer must be signed by a surviving spouse, an executor, or an administrator. If you are signing as a surviving spouse, write **filing as surviving spouse** by your signature.

If signing as a personal representative, sign in your official capacity and attach the completed SC1310.

Any refund check will be issued to the decedent's surviving spouse or estate.

Authorization:

The signature section of the return contains a **check the box** authorization for release of confidential information. A check in the **yes** box authorizes the Director of the SCDOR or delegate to discuss the return, its attachments, and any notices, adjustments, or assessments with the preparer.

If a person is paid to prepare the Income Tax return, their signature and Preparer Tax Identification Number (PTIN) or Federal Employer Identification Number (FEIN) are required in the spaces provided. Penalties are applicable for failure to comply.

Reminders:**Filing online is faster and more accurate**

- You may qualify to file online or submit your return electronically for free. Visit dor.sc.gov/iit-filing to learn more about your options.

Review your return

- Attach a complete copy of your federal return if you filed federal schedules A, C, D, E, or F, or filed a SCH NR, SC1040TC, I-319, or I-335 with your South Carolina return.
- Make sure you received all of your W-2s and other tax documents.
- Verify all Social Security Numbers on your return.
- Double check your name, address, and all math calculations.
- Be sure your return is signed.
- Make a copy of your complete return for your records.

Before you file your return

- Attach all W-2s and 1099s with South Carolina withholding.
- If you aren't paying online at dor.sc.gov/pay, mail your SC1040 Individual Income Tax return with payment attached to the proper address.

COUNTY CODES					
COUNTY	CODE	COUNTY	CODE	COUNTY	CODE
Abbeville	01	Dillon	17	McCormick	33
Aiken	02	Dorchester	18	Marion	34
Allendale	03	Edgefield	19	Marlboro	35
Anderson	04	Fairfield	20	Newberry	36
Bamberg	05	Florence	21	Oconee	37
Barnwell	06	Georgetown	22	Orangeburg	38
Beaufort	07	Greenville	23	Pickens	39
Berkeley	08	Greenwood	24	Richland	40
Calhoun	09	Hampton	25	Saluda	41
Charleston	10	Horry	26	Spartanburg	42
Cherokee	11	Jasper	27	Sumter	43
Chester	12	Kershaw	28	Union	44
Chesterfield	13	Lancaster	29	Williamsburg	45
Clarendon	14	Laurens	30	York	46
Colleton	15	Lee	31		
Darlington	16	Lexington	32		
APO/FPO Addresses					99
Outside of South Carolina					99
Outside of United States					88

South Carolina Department of Revenue Income Tax Refund Prepaid Debit Card Fee Disclosure and Other Important Disclosures*

You do not have to receive your payments on this benefits card. Ask the benefits office about other ways to receive your benefits.			
Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$0	\$0	\$0 in-network \$2.00** out-of-network	N/A
ATM balance inquiry			\$0
Customer service			\$0 per call
Inactivity			\$0
We charge 9 other types of fees. Here are some of them:			
Replacement card, express delivery			\$15.00
Replacement card, international			\$15.00
*This document entitled 'Fee Disclosure and Other Important Disclosures' is included with, and incorporated in, the South Carolina Department of Revenue Income Tax Refund Prepaid Debit Card Account Agreement.			
** Fees can be lower depending on how and where this card is used.			
See the materials you received with your card for free ways to access your funds and balance information.			
No overdraft/credit feature.			
Your funds are eligible for FDIC insurance.			
For more information about prepaid cards, visit cfpb.gov/prepaid .			
Find details and conditions for all fees and services in the cardholder agreement.			
The South Carolina Department of Revenue Income Tax Refund Prepaid Debit Card is issued by Bank of America. There is no fee to purchase or activate this card.			

Rev 1/19

DPP-047818



List of all fees for South Carolina Department of Revenue Income Tax Refund Prepaid Debit Card

All fees	Amount	Details
Spend money		
Per purchase with PIN	\$0	
Per purchase with signature	\$0	
Get cash in the U.S.		
ATM withdrawal, in-network	\$0	"In Network" refers to Bank of America ATMs. Locations can be found at www.bankofamerica.com/screfund . You will not be charged a fee by Bank of America.
ATM withdrawal, out-of-network	\$2.00	"Out of Network" refers to all the ATMs outside of Bank of America ATMs. You may also be charged a fee by the ATM operator even if you do not complete a transaction.*
Bank teller cash withdrawal	\$5.00	You will be charged this fee after 1 free after each deposit. Available at financial institutions that accept Visa cards. Limited to available balance only.
Emergency cash transfer, domestic	\$15.00	All emergency cash transfers must be initiated through the Prepaid Debit Card Customer Service Center.
Information		
Customer service	\$0	
Online account information	\$0	
ATM balance inquiry	\$0	
Using your card outside the U.S.		
Each international transaction	2%	Of total U.S. dollar amount of transaction
International ATM withdrawal	\$2.50	This is our fee. You may also be charged a fee by the ATM operator even if you do not complete a transaction.
Bank teller cash withdrawal	\$5.00	You will be charged this fee after 1 free after each deposit. Available at financial institutions that accept Visa cards. Limited to available balance only.
Emergency cash transfer, outside the U.S.	\$30.00	All emergency cash transfers must be initiated through the Prepaid Debit Card Customer Service Center
Other		
Online funds transfer	\$0	
Replacement card, domestic	\$5.00	You will be charged this fee after 1 free replacement
Replacement card, express delivery	\$15.00	Additional charge per request
Replacement card, international	\$15.00	Additional charge per request
Inactive account	\$0	
Paper check fee	\$5.00	

* ATM owners may impose an additional "convenience fee" or "surcharge fee" for certain ATM transactions (a sign should be posted at the ATM to indicate additional fees); however, you will not be charged any additional convenience fee or surcharge fee at a Bank of America ATM. A Bank of America ATM means an ATM that prominently displays the Bank of America name and logo.

Your funds are eligible for FDIC insurance. Your funds are insured up to \$250,000 by the FDIC in the event Bank of America, N.A. fails, if specific deposit insurance requirements are met. See fdic.gov/deposit/deposits/prepaid.html for details.

No overdraft/credit feature.

Contact Bank of America by calling 1.866.472.4959, 1.866.656.5913 (TTY), or 1.423.262.1650 (Collect, when calling outside the U.S.), by mail at Bank of America, P.O. Box 8488, Gray, TN 37615-8488, or visit www.bankofamerica.com/screfund.

For general information about prepaid accounts, visit cfpb.gov/prepaid.

If you have a complaint about a prepaid account, call the Consumer Financial Protection Bureau at 1.855.411.2372 or visit cfpb.gov/complaint.

To learn about Bank of America's environmental goals and initiatives, go to bankofamerica.com/environment.

FS384-135975

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CCI-10-18-0309.W

EXHIBIT A



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

300A Outlet Pointe Blvd., Columbia, South Carolina 29210
P.O. Box 125, Columbia, South Carolina 29214

July 19, 2018

Cooper Monroe
Duke Energy Corp
DEC41A
550 South Tryon St.
Charlotte, NC 28202

RE: Notice of Adjustment
Investment Tax Credit (SC Code Title 12, Chapter 14)

Dear Cooper,

The Department has completed its audit of Duke Energy Corporation's Investment Tax Credit carryforward for tax year 2014. In review of the returns filed from 1996 through 2014 the Department has determined the following:

Total Credit Claimed Per Returns	Credit Allowed By Department	Amount Disallowed
\$ 24,850,727	\$5,000,000	\$19,850,727

Per SC Code Section 12-14-60(g) which states:

"The credit allowed by this section for investments made after June 30, 1998, is limited to no more than five million dollars for an entity subject to the license tax as provided in Section 12-20-100."

Pursuant to the statute, this credit is limited to a \$5,000,000 lifetime cap. The Department's audit shows that \$4,298,806 has been utilized through 12/31/2014, and that Duke Energy has a carry-forward balance of \$701,195. Attached is a worksheet outlining the amounts earned and utilized during the review period. Should you disagree with the Department's proposed adjustment, you may file a written protest within ninety (90) days of the date of this letter. Should you have any questions concerning the adjustments you may contact my office at (803) 898-5619, or by email at Tim.Donovan@dor.sc.gov.

DOR 0003

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STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

300A Outlet Pointe Blvd., Columbia, South Carolina 29210
P.O. Box 125, Columbia, South Carolina 29214

Yours very truly,

SC Department of Revenue

A handwritten signature in black ink, appearing to read 'Tim Donovan'.

Tim Donovan
Manager, Foreign Audit/Nexus

DOR 0004

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SOUTH CAROLINA DEPARTMENT OF REVENUE
 CAPITAL INVESTMENT CREDIT DETAIL

TAXPAYER: Duke Energy Corporation & Affiliates
 FILE #: 21057418-1
 PERIOD: 12/31/2014

SCHEDULE: B
 AUDITOR: Golebiowski
 DATE: 7/12/2018

	PER RETURN	ALLOWED BY DOR	USED	DISALLOWED	CARRY FORWARD	
					PER TP	PER DOR
1996	208,415	208,415	208,415	-	-	-
1997	332,120	332,120	332,120	-	-	-
1998	382,454	382,454	382,454	-	-	-
1999	194,718	194,718	194,718	-	-	-
2000	450,347	450,347	450,347	-	-	-
2001	156,034	156,034	156,034	-	-	-
2002	346,795	346,795	346,795	-	-	-
2003	290,036	290,036	290,036	-	-	-
2004	640,665	640,665	-	-	640,665	640,665
2005	210,450	210,450	-	-	851,115	851,115
2006	180,785	180,785	-	-	1,031,900	1,031,900
2007	438,966	438,966	-	-	1,470,866	1,470,866
2008	387,240	387,240	-	-	1,858,106	1,858,106
2009	436,294	436,294	-	-	2,294,400	2,294,400
2010	501,741	344,681	-	157,060	2,796,141	2,639,081
2011	4,832,741	-	-	4,832,741	7,628,882	2,639,081
2012	4,951,427	-	-	4,951,427	12,580,309	2,639,081
2013	4,953,682	-	-	4,953,682	17,533,991	2,639,081
2014	4,955,817	-	1,937,887	4,955,817	20,551,921	701,194
	<u>24,850,727</u>	<u>5,000,000</u>	<u>4,298,806</u>	<u>19,850,727</u>		

EXHIBIT B

DEPARTMENT DETERMINATION

Taxpayer:

Duke Energy Corp.
DEC41A
550 South Tryon Street
Charlotte, NC 28202

Periods Involved:

Corporate Income Tax – Tax Period 1996 - 2014

Amount in Dispute:

\$19,850,727

Matter in Dispute:

Is the Taxpayer limited to a \$5,000,000 investment tax credit on a lifetime basis under S.C. Code Ann. § 12-14-60(A)(1), (D)(1) and (G) (2014) ?

Determination:

The Taxpayer is limited to a \$5,000,000 investment tax credit on a lifetime basis under § 12-14-60(A)(1), (D)(1) and (G).

Relevant Facts:

1. The Taxpayer is a utility company providing electrical power to South Carolina citizens and, as such, is entitled to claim certain investment tax credit under Chapter 14 of Title 12 of the S.C. Code of Laws.
2. The South Carolina Department of Revenue (Department) audited the Taxpayer's corporate income tax returns filed from 1996 through 2014 (the audit period). The Taxpayer filed returns for each year of the audit period and claimed investment tax credit totaling \$24,850,727, of which \$5,000,000 was allowed by the Department. The Department's audit showed that \$4,298,806 of tax credit was used by the Taxpayer through December 31, 2014, and that the Taxpayer had a carry-forward balance of \$701,195.

3. The following is a compilation of the audit results:¹

Tax Credit Per Return		Tax Credit Allowed by DOR	Tax Credit Used by Taxpayer	Tax Credit Disallowed	Tax Credit Carry Forward Per Taxpayer	Tax Credit Carry Forward Per Department
1996	208,415	208,415	208,415	-0-	-0-	-0-
1997	332,120	332,120	332,120	-0-	-0-	-0-
1998	382,454	382,454	382,454	-0-	-0-	-0-
1999	194,718	194,718	194,718	-0-	-0-	-0-
2000	450,347	450,347	450,347	-0-	-0-	-0-
2001	156,034	156,034	156,034	-0-	-0-	-0-
2002	346,795	346,795	346,795	-0-	-0-	-0-
2003	290,036	290,036	290,036	-0-	-0-	-0-
2004 ²	640,665	640,665	-0-	-0-	640,665	640,665
2005	210,450	210,450	-0-	-0-	851,115	851,115
2006	180,785	180,785	-0-	-0-	1,031,900	1,031,900
2007	438,966	438,966	-0-	-0-	1,470,866	1,470,866
2008	387,240	387,240	-0-	-0-	1,858,106	1,858,106
2009	436,294	436,294	-0-	-0-	2,294,400	2,294,400
2010	501,741	344,681	-0-	157,060	2,796,141	2,639,081
2011	4,832,741	-0-	-0-	4,832,741	7,628,882	2,639,081
2012	4,951,427	-0-	-0-	4,951,427	12,580,309	2,639,081
2013	4,953,682	-0-	-0-	4,953,682	17,533,991	2,639,081
2014	4,955,817	-0-	1,937,887	4,955,817	20,551,921	701,194
	24,850,727	5,000,000	4,298,806	19,850,727		

4. The Department issued a Notice of Adjustment to the Taxpayer dated July 19, 2018, which reflected the findings of the audit and adjusted the total tax credit allowed, including the carry-forward balance, as set forth above.

¹The audit reflecting the investment tax credit was part of a larger audit involving the Taxpayer and which dealt with a number of tax-related matters. Following the decision in Duke Energy Corporation v. S.C. Dep't of Revenue, 415 S.C. 351, 782 S.E. 2d 590 (2016), the Department and Taxpayer resolved all issues, with the exception of the investment tax credit addressed in this Determination. This information is provided as an explanation for the length of the audit period set forth herein. The Department reserves the right to make adjustments to the audit referenced in this Determination as may be necessary based on discovery or other information which becomes available to the Department.

²Duke claimed a loss on its income tax returns for the years 2004 through 2013, which is the reason none of the credit was used during those years. Duke used \$1,937,887.00 in tax credit in 2014, leaving unused carry-forward credit of \$701,195.00 per the audit report.

5. The Taxpayer timely protested the Department's Notice of Adjustment by letter dated October 16, 2018.
6. As the issue of the tax credit had been discussed with the Taxpayer as part of several other tax matters involving the Taxpayer, the Taxpayer requested that a conference with the Appeals Division of the Department be bypassed and that the matter be sent directly to the Office of General Counsel for Litigation for the issuance of this Determination.

Analysis

I. **The Taxpayer is not entitled to carry forward \$19,850,727 in investment tax credit, as the clear and unambiguous language of §§ 12-14-60(A)(1),(D)(1) and (G) limits the tax credit to \$5,000,000 on a lifetime basis.**

Chapter 14 of Title 12 of the South Carolina Code provides for investment tax credit for certain companies that place in service qualified manufacturing and productive equipment property. The Taxpayer is a company which qualifies for the tax credit.

Section 12-14-60(A)(1) provides "[t]here is allowed an investment tax credit against the tax imposed pursuant to Chapter 6 of this title for any taxable year in which the taxpayer places in service qualified manufacturing and productive equipment property." Any unused tax credit may be carried forward for ten years from the close of the tax year in which the credit was earned under § 12-14-60(D)(1). The lifetime limitation of \$5,000,000 is imposed by § 12-14-60(G) which reads "[t]he credit allowed by this section for investments made after June 30, 1998, *is limited to no more than five million dollars for an entity subject to the license tax as provided by Section 12-20-100.*" (emphasis added).

The cardinal rule employed by South Carolina courts in statutory construction is to first ascertain the plain meaning of the language in the statute. "It is axiomatic that statutory interpretation begins (and often ends) with the text of the statute in question." Smith v. Norman K. Tiffany, 419 S.C. 548, 556, 799 S.E. 2d. 479, 587 (2017). "The text of a statute as drafted by the legislature is considered the best evidence of the legislative intent or will." Hodges v. John S. Rainey, 341 S.C. 79, 85, 533 S.E.2d. 578, 581 (2000). "If a statute is clear and explicit in its language, then there is no need to resort to statutory interpretation or legislative intent to determine its meaning." Timmons v. S.C. Tricentennial Commission, 254 S.C. 378, 401, 175 S.E.2d. 805, 817 (1970).

The controlling statute is § 12-14-60 and the pertinent language of the applicable subsections defines the time period, duration and limitation for the allowable tax credit. Section 12-14-60(A)(1) provides the time period for which the credit may be taken (any taxable year in which the taxpayer places in service qualified equipment); § 12-14-60(D)(1) defines the duration over which the credit may be taken (the taxpayer may carry forward unused credit for a period of ten years from the close of the tax year in which the credit was earned); and § 12-14-60(G) sets forth the limitation on the total amount of credit a taxpayer may claim (the credit allowed by this section is limited to no more than \$5,000,000). The statute's language is plain and unambiguous, and conveys a clear and definite meaning, and no other meaning should be imposed. See SCANA Corp. v. S.C. Dep't of Rev., 384 S.C. 388, 391, 683 S.E.2d 468, 469 (2009) (construing S.C. Code Ann. § 12-14-60(D)). When the subsections are read together as a whole, the clear meaning of the language is that the statute provides a lifetime limit of \$5,000,000 in tax credit, which may be

used in a single tax year, earned over multiple tax years or carried forward if unused over a period of ten years.

If there is any resort to matters outside the plain text of the statute, the title to the statute in this instance is a clear indication of the legislative intent. Outside of the statute itself, the title is the text most closely related to the statute. The statute in question was first enacted in 1995 and has been amended on several occasions since. See 1995 S.C. Act No. 25 (Economic Impact Zone Community Development Act of 1995). In 1998 the statute was amended, and for the first time the General Assembly included language to specifically limit the credit for an entity subject to the license tax under S.C. Code Ann. § 12-20-100 (2014), to which the taxpayer, as a utility company, is subject. See 1998 S.C. Act No. 442. During the 1998 legislative session, the General Assembly first proposed legislation to limit the credit for utility companies to \$1,000,000; later that same session, the bill was amended to increase the credit to \$5,000,000. However, under both versions of the bill, the title clearly states that its purpose is “[t]o limit the *total credit* allowed a utility for investments made after June 30, 1998”. See 1998 S.C. Act No. 419; 1998 S.C. Act No. 442. (emphasis added). Our courts have held that the title is part of a statute and while a title may not be used to alter the text of a statute, it may be considered when construing legislative intent. Alyce B. McInnis v. Estate of E.C. McInnis, Jr., 348 S.C. 585, 560 S.E. 2d 632 (Ct. App. 2002); Nathaniel Garner v. William S. Houck, Jr., 312 S.C. 481; 435 S.E. 2d 847 (1993). “It is proper to consider the title or caption of an act in aid of construction to show the intent of the legislature.” Lindsay v. S. Farm Bureau Cas. Ins. Co., 258 S.C. 272,277 188 S.E.2d 374,376 (1972), citing Univ. of S. Carolina v. Elliott, 248 S.C. 218,221, 149 S.E. 2d 433,434 (1966). The plain and unambiguous language in the title to the 1998 amendment further evinces the legislature’s intent *to limit the total credit a taxpayer can claim after June 30, 1998 to \$5,000,000 on a lifetime basis*.

II. The credit at issue must be strictly construed against the Taxpayer.

Importantly, § 12-14-60 provides a tax credit, which is a legislatively-created special circumstance that lessens the overall tax burden of the Taxpayer. South Carolina courts have long held that any statute which lessens the tax burden, whether by exemption, deduction or tax credit, is a matter of legislative grace and should be strictly construed against the taxpayer. “[I]n order for a taxpayer to avail himself of a deduction in the calculation of a tax, the taxpayer must bring himself squarely within the terms of that statute authorizing such deduction.” Avco Corp. v. Robert C. Wasson, Chairman, et al., 267 S.C. 581, 230 S.E.2d 614 (1976).

In Matthews v. South Carolina Tax Commission, 267 S.C. 548, 230 S.E.2d.223(1976), the taxpayer sought to recover taxes paid under protest, citing a statute which allowed carry forward losses for taxpayers who had started a new business in the state. In ruling against the taxpayer, the Court held:

However, this case and Chronicle Publishers recognize a principle that applies in the present case: that a deduction is a matter of legislative grace; and that a statute allowing a deduction, if ambiguous, is construed strictly against the taxpayer. The language of section 65-259(12) does leave room for interpretation. What it takes to ‘establish a new business’ is admittedly not obvious. The present case is therefore one to which the above stated principle applies.

Matthews, at 548,557, 230 S.E.2d. at 223,232. This same reasoning was applied in denying tax credit claimed by the taxpayer in Centex v. South Carolina Department of Revenue, 406 S.C. 132, 750 S.E.2d. 65(2013), as the Court noted “[i]n conjunction with these rules of statutory construction, we must also be cognizant of our policy to strictly construe a tax credit against the taxpayer as it is a matter of legislative grace.” Centex at 140,750 S.E.2d. at 73.

Thus, the unambiguous language of § 12-14-60(G) must be strictly construed against the Taxpayer. Accordingly, the Department correctly concluded that the investment tax credit afforded under § 12-14-60(G) has a lifetime limit of \$5,000,000.

III. The Taxpayer’s arguments are unpersuasive.

In its protest letter, the Taxpayer raises two principal arguments against the Department’s Notice of Adjustment. Neither argument is persuasive.

First, the Taxpayer argues the Department inappropriately changed its form related to the tax credit under the statute. The form in this case is known as SC SCH. TC-11. On July 24, 2014, the Department revised Form TC-11 to ensure the language of the form more clearly reflected the lifetime limitation of the credit afforded under § 12-14-60(G) and to better assist taxpayers in the computation of the credit. The Taxpayer contends that the change to the form is tantamount to the passage of an unauthorized regulation and violates the South Carolina Administrative Procedures Act (APA).

Under S.C. Code Ann. § 1-23-10(4) (2014) of the APA, a regulation is defined as “each agency statement of general public applicability that implements or prescribes law or policy or practice requirements of any agency.” The issuance of a form, or revision of a form, to assist a taxpayer is not a regulation. Furthermore, § 1-23-10(4) also provides “[p]olicy or guidance issued by an agency other than in a regulation does not have the force or effect of law.” Therefore, the issue raised by the Taxpayer regarding the form is not dispositive of the underlying question of whether § 12-14-60(G) provides a lifetime or annual limitation on the available tax credit.

The Department was created to administer and enforce the revenue laws of this State including statutory law, case law and regulations. S.C. Code Ann. § 12-4-109 (2014). As such, the Department may issue advisory opinions, some of which are binding on the Department but not the taxpayer. Forms and instructions are not part of the revenue laws of the state, and they are not advisory opinions or regulations, but merely tools to assist taxpayers in complying with the revenue laws of the State. As such, forms and instructions do not carry the force of law, nor do they carry any precedential value, and they are not binding on the Department. Indeed, the Department oversees and issues dozens of forms to assist taxpayers with a myriad of tax matters, and to require regulatory action to issue or revise a form, as suggested by the Taxpayer, is both unduly cumbersome and unrealistic. To the extent the Taxpayer argues that the use of any form by the Department has established a precedent against the Department’s current position, there is ample case law which supports the proposition that state and federal agencies are not bound by their own forms, instructions or other interpretations in the administration of the law and, therefore, are not estopped by any inconsistencies contained therein. Anonymous Taxpayers v. S. C. Dep’t of Rev., Docket No. 00-ALJ-17-0681-CC, (J. Matthews, September 2019), 2001 WL 1185428 (S.C. Admin. Law Judge Div.); Texaco, Inc. v. Wasson, 269 S.C. 255, 237 S.E. 2d 75 (1977);

Colonial Life & Accident Ins. Co. v. S.C. Tax Comm'n., 248 S.C. 334, 149 S.E. 2d 777(1966); Adler v. U.S. [64-1 USTC P 9388], 330 F. 2d 91(9th Cir. 1964).

Moreover, to the extent the Taxpayer's argument is that the Department is estopped from enforcing the lifetime limitation imposed by § 12-14-60(G) because an alleged ambiguity in the Department's forms, South Carolina courts have routinely held that the doctrine of estoppel cannot be applied against a state agency that is seeking to exercise its police powers as provided by law. See, e.g., Heyward v. S.C. Tax Comm'n., 240 S.C. 347, 351, 126 S.E.2d 15, 17 (1962) ("[T]he doctrine of estoppel will not be applied to deprive the government of the due exercise of its police power, or to effect public revenues or property rights, or to frustrate the purpose of its laws or thwart its public policy."); see also Ahrens v. State, 392 S.C. 340, 348, 709 S.E.2d 54, 58 (2011) (finding that state agency could not be estopped based on forms issued by the agency).

Second, the Taxpayer relies on an un-enacted amendment to the statute introduced during the 2017-2018 Regular General Assembly Session to support its interpretation of the statute. The proposed amendment would have placed the word "annually" after the phrase "no more than five million dollars" found in § 12-14-60(G). The taxpayer cites to Dale C. Stuckey v State Budget & Control Board, 339 S.C. 397, 401, 529 S.E.2d 706, 708 (2000) for the proposition that "[a] subsequent statutory amendment may be interpreted as clarifying original legislative intent." However, in Stuckey the court was addressing a statute with a subsequent amendment which *had in fact passed the legislature* and was law. In this instance, the amendment cited by the taxpayer *did not pass the legislature* and, therefore, is not law. To the extent any of this is relevant to the meaning of the current statute, it is to show the legislature did not include the word "annually" in the 1998 version of the bill which was passed, and likewise it chose not to pass the 2017-2018 bill which did include the word.

Moreover, even if the proposed legislation had been enacted, the inclusion of the word "annually" in § 12-14-60(G) would not have been a simple clarification, but instead would have changed the current limitation completely. The legislature is well aware of how to use the word "annual" as it relates to tax credit, as it has chosen to utilize this language in other statutes. See, e.g., S.C. Code Ann. § 12-6-3420(B)(2)-(3) (2014) (providing tax credit for construction and infrastructure projects and limiting the credit to "ten thousand dollars *annually*; and any unused credit, may be carried forward three years") (emphasis added). However, the legislature chose not to include "annual" in § 12-14-60, so a subsequent decision to amend the statute to insert "annual" would have represented a wholesale change, not merely a clarification.

Conclusion:

For the foregoing reasons, the Taxpayer has not met its burden of proving that it is entitled to an annual \$5,000,000 tax credit under the statute, where the plain and unambiguous language of § 12-14-60(A)(1), (D)(1) and (G), when read together as a whole, limit the tax credit to \$5,000,000 on a lifetime basis. Accordingly, the Department correctly adjusted the Taxpayer's returns to limit any tax credit under § 12-14-60 to no more than \$5,000,000 lifetime after June 30, 1998.

April 26, 2019

EXHIBIT C

SECTION 49

1998 Appropriations
Bill (Act 419)
Part II; Section 49

TO AMEND SECTION 12-6-1140, AS AMENDED, AND SECTION 12-6-1170, OF THE 1976 CODE, RELATING TO THE RETIREMENT INCOME DEDUCTION ELECTION AND THE TAXABLE INCOME EXCLUSION ALLOWED PERSONS SIXTY-FIVE YEARS OF AGE OR OLDER FOR PURPOSES OF THE STATE INDIVIDUAL INCOME TAX, SO AS TO ELIMINATE THE ELECTION AND ALLOW AN ANNUAL DEDUCTION OF UP TO THREE THOUSAND DOLLARS OF RETIREMENT INCOME AND UP TO TEN THOUSAND DOLLARS OF RETIREMENT INCOME BEGINNING IN THE TAXABLE YEAR THE TAXPAYER ATTAINS AGE SIXTY-FIVE, AND TO ALLOW AN ANNUAL DEDUCTION OF ELEVEN THOUSAND FIVE HUNDRED DOLLARS OF SOUTH CAROLINA TAXABLE INCOME BEGINNING IN THE TAXABLE YEAR THE TAXPAYER ATTAINS THE AGE OF SIXTY-FIVE YEARS REDUCED BY THE RETIREMENT INCOME DEDUCTION, TO PROVIDE FOR CLAIMING THIS DEDUCTION ON JOINT RETURNS, TO DELETE PROVISIONS RELATING TO THE POSTPONEMENT OF THE MAXIMUM DEDUCTION UNDER THE PRIOR LAW, AND TO EXTEND THE PERIOD FOR FILING A TIMELY CLAIM FOR REFUND FOR THE 1994 TAXABLE YEAR THROUGH APRIL 15, 1999, FOR TAXPAYERS WHOSE CLAIM IS BASED ON NOT HAVING MADE THE IRREVOCABLE ELECTION RELATING TO THE RETIREMENT INCOME DEDUCTION; TO AMEND SECTION 12-14-40, RELATING TO THE DESIGNATION OF AN ECONOMIC IMPACT ZONE, SO AS TO DELETE THE FIFTEEN-YEAR "SUNSET" ON SUCH ZONES; AND TO AMEND SECTION 12-14-60, AS AMENDED, RELATING TO THE STATE INCOME TAX INVESTMENT CREDIT ALLOWED FOR CERTAIN INVESTMENTS IN ECONOMIC IMPACT ZONES, SO AS TO DELETE THE FIVE PERCENT CREDIT AND REPLACE IT WITH A GRADUATED PERCENTAGE FROM ONE TO FIVE PERCENT BASED ON THE INVESTMENT'S USEFUL LIFE AND TO LIMIT THE TOTAL CREDIT ALLOWED A UTILITY FOR INVESTMENTS MADE AFTER JUNE 30, 1998, TO ONE MILLION DOLLARS, LIMIT ALL CREDITS FOR INVESTMENTS MADE BEFORE JULY 1, 1998, TO NO MORE THAN FIFTY PERCENT OF THE TAX LIABILITY, AND TO MAKE OTHER TECHNICAL CHANGES.

I.A. (1) Section 12-6-1140(3) of the 1976 Code, as added by Act 76 of 1995, is amended to read:

"(3) a deduction as provided in Section 12-6-1170;"

(2) Section 12-6-1140 of the 1976 Code, as last amended by Section 2, Part II of Act 155 of 1997, is further amended by deleting item (9) which reads:

"(9) South Carolina taxable income received by a resident individual taxpayer who before or during the applicable taxable year has attained the age of sixty-five. If a married taxpayer eligible for this deduction files a joint federal income tax return with a spouse who is not eligible for this deduction, then their joint income must be allocated between them on a pro-rata basis in the manner the department shall provide."

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DOR 0213

South Carolina General Assembly
112th Session, 1997-1998

Bill 4853

1998 Act 942
Section 14B

Current Status

Bill Number: 4853
 Ratification Number: 541
 Type of Legislation: General Bill GB
 Introducing Body: House
 Introduced Date: 19980319
 Primary Sponsor: Boan
 All Sponsors: Boan
 Drafted Document Number: DKA\4757MM.98
 Date Bill Passed both Bodies: 19980616
 Date of Last Amendment: 19980616
 Governor's Action: S
 Date of Governor's Action: 19980831
 Subject: Motor fuel tax, gasoline tax;
 exemptions from; sale or use of dyed
 fuel; Taxation, kerosene

History

Body	Date	Action Description	Com	Leg Involved
-----	19980831	Signed by Governor		
-----	19980617	Ratified R541		
<u>House</u>	19980616	Ordered enrolled for ratification		
<u>House</u>	19980616	Free Conference Committee Report adopted	99 HFCC	
<u>Senate</u>	19980616	Free Conference Committee Report adopted	89 SFCC	
<u>House</u>	19980616	Free Conference Powers granted, appointed Reps. to Committee of Free Conference	99 HFCC	H. Brown Boan Young- Brickell
<u>Senate</u>	19980616	Free Conference Powers granted, appointed Senators to Committee of Free Conference	89 SFCC	Drummond Land McConnell
<u>House</u>	19980616	Conference powers granted, appointed Reps. to Committee of Conference	98 HCC	H. Brown Boan Young- Brickell
<u>Senate</u>	19980616	Conference powers granted, appointed Senators to Committee of Conference	88 SCC	Drummond Land McConnell
<u>Senate</u>	19980616	Insists upon amendment		
<u>House</u>	19980604	Non-concurrence in Senate amendment		
<u>Senate</u>	19980604	Read third time, returned to House with amendment		
<u>Senate</u>	19980604	Amended		
<u>Senate</u>	19980603	Amended		

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<u>Bill</u>	19980526	Read second time, notice of general amendments	
<u>Senate</u>	19980520	Recalled from Committee	06 SF
<u>House</u>	19980505	Introduced, read first time, referred to Committee	06 SF
<u>House</u>	19980430	Read third time, sent to Senate	
<u>House</u>	19980429	Amended, read second time	
<u>House</u>	19980423	Committee report: Favorable with amendment	30 HWM
<u>House</u>	19980319	Introduced, read first time, referred to Committee	30 HWM

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(Text matches printed bills. Document has been reformatted to meet World Wide Web specifications.)

(A442, R541, H4853)

AN ACT TO AMEND SECTION 12-28-710, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO EXEMPTIONS FROM TAX ON MOTOR FUEL, SO AS TO EXEMPT KEROSENE IN CERTAIN INSTANCES AND MOTOR FUEL USED TO TRANSPORT STUDENTS BY STATE-FUNDED INSTITUTIONS OF HIGHER LEARNING; TO AMEND SECTION 12-28-1730, RELATING TO PENALTIES IN CONNECTION WITH TAX ON MOTOR FUEL, SO AS TO FURTHER PROVIDE FOR THE CIVIL PENALTIES WHICH MAY BE IMPOSED REGARDING THE SALE OR USE OF DYED FUEL; TO REPEAL SECTIONS 12-31-220 AND 12-31-250 RELATING TO TEMPORARY AND BIENNIAL REGISTRATION CARDS AND IDENTIFICATION MARKERS FOR MOTOR CARRIERS; TO AMEND ARTICLE 1, CHAPTER 49, TITLE 12, RELATING TO LIENS AND SUITS FOR THE ENFORCED COLLECTION OF TAXES, BY ADDING SECTION 12-49-85 SO AS TO PROVIDE FOR THE REMOVAL OF A TAX, ASSESSMENT, OR PENALTY WHICH PROVES TO BE UNCOLLECTIBLE; TO AMEND SECTION 12-37-251, AS AMENDED, RELATING TO THE HOMESTEAD EXEMPTION FROM PROPERTY TAXES LEVIED FOR SCHOOL OPERATIONS, SO AS TO DELETE LANGUAGE REFERRING TO THE CALCULATION OF THE ROLLBACK MILLAGE IN A YEAR OF REASSESSMENT; TO AMEND SECTION 12-43-220, AS AMENDED, RELATING TO ASSESSMENT RATIOS FOR PROPERTY TAXES, SO AS TO REQUIRE THE OWNER-OCCUPANT OF A LEGAL RESIDENCE THAT IS BEING PURCHASED BY CONTRACT OF SALE TO RECORD THE CONTRACT IN ORDER TO QUALIFY FOR THE FOUR PERCENT ASSESSMENT RATIO; TO AMEND SECTION 12-54-85, RELATING TO TIME LIMITATIONS FOR ASSESSMENT OF TAXES, SO AS TO PROVIDE THAT THE ASSESSMENT OF THE TAX OCCURS ON THE LATER OF THE LAST DAY THE TAX MAY BE PAID WITHOUT PENALTY OR THE DATE OF THE TAX NOTICE; TO AMEND SECTION 12-60-2520, RELATING TO TAXPAYER OBJECTION TO A PROPERTY TAX ASSESSMENT, SO AS TO PROVIDE FOR AGREEMENT WITH THE OBJECTION WITHOUT A CONFERENCE; TO AMEND SECTION 12-60-2910, AS AMENDED, RELATING TO TAXPAYER OBJECTION TO A PERSONAL PROPERTY TAX ASSESSMENT OR A DENIAL OF A HOMESTEAD EXEMPTION, SO AS TO CONFORM THE DEFINITION OF WHEN THE ASSESSMENT OF THE TAX OCCURS; TO REPEAL SECTION 12-43-225, RELATING TO SPECIAL ASSESSMENT RATIOS, AND SECTION 12-49-80, RELATING TO LAWSUITS BY THE STATE TO COLLECT BACK TAXES; TO AMEND SECTION 61-2-100, RELATING TO

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PERSONS ALLOWED TO BE LICENSEES OR PERMITTEES OF THE DEPARTMENT OF REVENUE FOR PURPOSES OF SELLING ALCOHOLIC LIQUORS, BEER, AND WINE, SO AS TO PROVIDE FOR THE ISSUANCE OF A LICENSE OR PERMIT TO AN INDIVIDUAL OR TO A BUSINESS OR OTHER ENTITY AND TO ESTABLISH REQUIREMENTS FOR BEING ISSUED THE LICENSE OR PERMIT; TO AMEND SECTION 61-6-505, RELATING TO THE ISSUANCE OF A TEMPORARY LICENSE TO THE PURCHASER OF A RETAIL BUSINESS WHICH SELLS ALCOHOLIC BEVERAGES, SO AS TO INCLUDE ONE WHO ACQUIRES THE BUSINESS BY TRANSFER OTHER THAN PURCHASE; TO AMEND SECTION 61-6-2005, RELATING TO THE ISSUANCE OF A TEMPORARY LICENSE TO THE PURCHASER OF A RETAIL BUSINESS WHICH SELLS ALCOHOLIC LIQUORS IN MINIBOTTLES, SO AS TO INCLUDE ONE WHO ACQUIRES THE BUSINESS BY TRANSFER OTHER THAN PURCHASE; TO AMEND SECTION 61-4-210, RELATING TO THE ISSUANCE OF A TEMPORARY LICENSE TO THE PURCHASER OF A RETAIL BUSINESS WHICH SELLS BEER OR WINE, SO AS TO INCLUDE ONE WHO ACQUIRES THE BUSINESS BY TRANSFER OTHER THAN PURCHASE; TO AMEND SECTION 61-6-2890, RELATING TO STORAGE OF ALCOHOLIC LIQUORS IN A WAREHOUSE, SO AS TO DELETE THE REQUIREMENT OF A BOND; TO REPEAL SECTIONS 61-6-300, 61-6-310, 61-6-320, 61-6-330, 61-6-340, AND 61-6-350, ALL RELATING TO LICENSE BONDS FOR MANUFACTURERS, RETAILERS, AND WHOLESALERS OF ALCOHOLIC BEVERAGES; TO AMEND SECTION 33-44-801, RELATING TO THE DISSOLUTION OF A LIMITED LIABILITY COMPANY, SO AS TO DELETE THE DISSOCIATION OF A MEMBER AS A DISSOLVING EVENT; TO AMEND SECTION 33-44-103, RELATING TO THE OPERATING AGREEMENT OF A LIMITED LIABILITY COMPANY, AND SECTION 33-44-404, RELATING TO MANAGEMENT OF A LIMITED LIABILITY COMPANY, BOTH SO AS TO REFLECT THE DELETION OF THE DISSOCIATION OF A MEMBER AS A DISSOLVING EVENT; TO AMEND SECTION 33-44-503, RELATING TO RIGHTS OF A TRANSFEREE OF AN INTEREST IN A LIMITED LIABILITY COMPANY, SO AS TO RENUMBER A CROSS REFERENCE TO SECTION 33-44-801; TO AMEND SECTION 33-44-603, RELATING TO THE EFFECT OF A MEMBER'S DISSOCIATION FROM A LIMITED LIABILITY COMPANY, AND SECTION 33-44-701, RELATING TO COMPANY PURCHASE OF AN INTEREST IN A LIMITED LIABILITY COMPANY, BOTH SO AS TO REFLECT THE DELETION OF THE DISSOCIATION OF A MEMBER AS A DISSOLVING EVENT; TO AMEND SECTION 12-37-2810, RELATING TO MOTOR CARRIERS FOR PURPOSES OF ASSESSMENT OF PROPERTY TAXES, SO AS TO INCLUDE "BUS" IN THE DEFINITIONS OF A MOTOR VEHICLE OF MOTOR CARRIER; TO AMEND SECTION 12-37-2820, AS AMENDED, RELATING TO THE VALUATION OF MOTOR VEHICLES OF MOTOR CARRIERS, SO AS TO DEFINE "GROSS CAPITALIZED COST"; TO AMEND SECTION 12-37-2830, AS AMENDED, RELATING TO THE VALUATION OF MOTOR VEHICLES OF MOTOR CARRIERS, SO AS TO DELETE REFERENCE TO THE DEPARTMENT OF REVENUE; TO AMEND SECTION 12-37-2840, AS AMENDED, RELATING TO THE FAILURE OF A MOTOR CARRIER TO FILE AN ANNUAL PROPERTY TAX RETURN, SO AS TO PROVIDE FOR A PROPOSED ASSESSMENT BY THE DEPARTMENT OF REVENUE WHICH ASSUMES ALL MILEAGE WAS WITHIN THIS STATE; TO AMEND SECTION 12-37-2850, AS AMENDED, RELATING TO THE ESTABLISHMENT OF A STATEWIDE AVERAGE MILLAGE FOR ASSESSMENT OF TAXES ON MOTOR VEHICLES OF MOTOR CARRIERS, SO AS TO REQUIRE THE PUBLISHING OF THE AVERAGE MILLAGE BY JUNE 1; TO AMEND SECTION 4-10-40, AS AMENDED, RELATING TO THE CREDIT OF REVENUES FROM THE PROPERTY TAX CREDIT FUND TO PROPERTY TAX LIABILITY, SO AS TO INCLUDE LIABILITY FOR FEES IN LIEU OF TAXES ARISING OUT OF LOCATION IN A MULTI-COUNTY INDUSTRIAL OR BUSINESS PARK; TO AMEND SECTION 12-14-40, RELATING TO THE DESIGNATION OF AN ECONOMIC IMPACT

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ZONE, SO AS TO DELETE THE FIFTEEN-YEAR "SUNSET" ON SUCH ZONES; TO AMEND SECTION 12-14-60, AS AMENDED, RELATING TO THE STATE INCOME TAX INVESTMENT CREDIT ALLOWED FOR CERTAIN INVESTMENTS IN ECONOMIC IMPACT ZONES, SO AS TO DELETE THE FIVE PERCENT CREDIT AND REPLACE IT WITH A GRADUATED PERCENTAGE FROM ONE TO FIVE PERCENT BASED ON THE INVESTMENT'S USEFUL LIFE AND TO LIMIT THE TOTAL CREDIT ALLOWED A UTILITY FOR INVESTMENTS MADE AFTER JUNE 30, 1998, TO FIVE MILLION DOLLARS, LIMIT ALL CREDITS FOR INVESTMENTS MADE BEFORE JULY 1, 1998, TO NO MORE THAN FIFTY PERCENT OF THE TAX LIABILITY, AND TO MAKE OTHER TECHNICAL CHANGES; AND TO PROVIDE VARIOUS EFFECTIVE DATES.

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

Exemptions from tax on motor fuel

SECTION 1. Section 12-28-710(9) and (12) of the 1976 Code, as last amended by Act 461 of 1996, is further amended to read:

"(9) kerosene and diesel fuel used as heating oil or in trains or used in equipment not licensed as a motor vehicle other than as expressly exempted under another provision;

(12) taxable motor fuel used in state-owned school buses and in state-owned administration and service vehicles used in the pupil transportation program and transportation of students by state-funded institutions of higher learning;"

Penalties

SECTION 2. Section 12-28-1730(F) of the 1976 Code, as added by Act 136 of 1995, is amended to read:

"(F) The department shall impose a civil penalty in an amount equivalent to that imposed by Section 6715 of the Internal Revenue Code on the operator of a vehicle who knowingly violates the prohibition on the sale or use of dyed fuel upon public highways of this State."

Repeal

SECTION 3. Sections 12-31-220 and 12-31-250 of the 1976 Code are repealed.

Uncollectible property tax, assessment, or penalty; rollback millage; assessment ratio; "assessment of the tax"; written objection to assessment; objection to denial of homestead exemption; repeal

SECTION 4. A. Article 1, Chapter 49, Title 12 of the 1976 Code is amended by adding:

"Section 12-49-85. (A) If the person officially charged with the collection of ad valorem taxes on real or personal property for a county determines that the tax, assessment, or penalty is uncollectible, he shall record that determination and the reason for it on a list he maintains. At least annually he shall provide the list to the county auditor, who may remove a particular determination from the duplicate list, but the auditor shall record the removal and the reason for it as prescribed by the Comptroller General.

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(B) A designation may be revoked by the General Assembly only after a hearing on the record in which officials of the county or municipality involved may participate."

B. Section 12-14-60 of the 1976 Code, as amended by Act 151 of 1997, is further amended to read:

"Section 12-14-60. (A)(1) There is allowed an economic impact zone investment tax credit against the tax imposed pursuant to Chapter 6 of this title for any taxable year in which the taxpayer places in service economic impact zone qualified manufacturing and productive equipment property.

(2) The amount of the credit allowed by this section is equal to the aggregate of:

three-year property one percent of total aggregate bases for all three-year property that qualifies;

five-year property two percent of total aggregate bases for all five-year property that qualifies;

seven-year property three percent of total aggregate bases for all seven-year property that qualifies;

ten-year property four percent of total aggregate bases for all ten-year property that qualifies;

fifteen-year property five percent of total aggregate bases for or greater all fifteen-year or greater property that qualifies.

For purposes of this section, whether property is three-year property, five-year property, seven-year property, ten-year property, or fifteen-year property is determined based on the applicable recovery period for such property under Section 168(e) of the Internal Revenue Code.

(B) For purposes of this section:

(1) 'economic impact zone qualified manufacturing and productive equipment property' means any property:

(a) which is used as an integral part of manufacturing or production, or used as an integral part of extraction of or furnishing transportation, communications, electrical energy, gas, water, or sewage disposal services in the economic impact zone;

(b) which is tangible property to which Section 168 of the Internal Revenue Code applies;

(c) which is Section 1245 property (as defined in Section 1245(a)(3) of the Internal Revenue Code); and

(d)(i) the construction, reconstruction, or erection of which is completed by the taxpayer in the economic impact zone; or

(ii) which is acquired by the taxpayer if the original use of such property commences with the taxpayer inside the economic impact zone.

(2) In the case of any computer software which is used to control or monitor a manufacturing or production process inside the economic impact zone and with respect to which depreciation (or amortization in lieu of depreciation) is allowable, the software must be treated as qualified manufacturing and productive equipment property.

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(C) This section does not apply to any property to which the other tax credits would apply unless the taxpayer elects to waive the application of the other credits to the property.

(D) Unused credit allowed pursuant to this section may be carried forward for ten years from the close of the tax year in which the credit was earned.

(E) If during any taxable year and before the end of applicable recovery period for such property as determined under Section 168(e) of the Internal Revenue Code, the taxpayer disposes of or removes from the economic impact zone, economic impact zone qualified manufacturing and productive equipment property, then the tax due under Chapter 6 by the taxpayer for the current taxable year must be increased by an amount of any credit claimed in prior years with respect to such property determined by assuming the credit is earned ratably over the useful life of the property and recapturing pro rata the unearned portion of the credit.

(F) For South Carolina income tax purposes, the basis of the economic impact zone qualified manufacturing and productive equipment property must be reduced by the amount of any credit claimed with respect to the property. If a taxpayer is required to recapture the economic impact zone investment tax credit in accordance with subsection (E), the taxpayer may increase the basis of the property by the amount of any basis reduction attributable with claiming the economic impact zone investment tax credit in prior years. The basis must be increased in the year in which the credit is recaptured.

(G) Credits claimed under this section for taxable years beginning after 1997 for investments made before July 1, 1998, may not reduce a taxpayer's state income tax liability by more than fifty percent.

(H) The credit allowed by this section for investments made after June 30, 1998, is limited to no more than five million dollars for an entity subject to the license tax as provided in Section 12-20-100.

(I) Notwithstanding any amendments to Section 12-14-60 of the 1976 Code enacted in the 1998 session of the General Assembly reducing the percentage amount of the economic impact zone investment tax credit or otherwise reducing the amount of the credit allowed, in the case of investments at a project operated by a company pursuant to a revitalization agreement entered into between the company and the South Carolina Advisory Council for Economic Development effective on or before July 1, 1996, the provisions of Section 12-14-60 in existence prior to the 1998 amendment shall apply."

Time effective

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

Approved the 31st day of August, 1998.

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1997 S.C. H.B. 4700

Enacted, June 30, 1998

Reporter

1998 S.C. Acts 419; 1997 S.C. H.B. 4700; 1998 S.C. R. 536

SOUTH CAROLINA LEGISLATIVE SERVICE > SOUTH CAROLINA 112TH SESSION OF THE GENERAL ASSEMBLY (1998) > ACT 419 > RATIFICATION NO. 536 > HOUSE BILL NO. 4700

Synopsis

AN ACT TO MAKE APPROPRIATIONS TO MEET THE ORDINARY EXPENSES OF THE STATE GOVERNMENT FOR THE FISCAL YEAR BEGINNING, JULY 1, 1998, AND FOR OTHER PURPOSES; TO REGULATE THE EXPENDITURE OF SUCH FUNDS; TO FURTHER PROVIDE FOR THE OPERATION OF THE STATE GOVERNMENT DURING THE FISCAL YEAR; TO APPROPRIATE FUNDS ALLOTTED TO THE STATE GOVERNMENT UNDER THE PUBLIC WORKS EMPLOYMENT ACT OF 1976 (FEDERAL); TO AMEND SECTION 59-35-10, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO KINDERGARTEN CLASSES WITHIN EACH SCHOOL DISTRICT OF THIS STATE, SO AS TO PROVIDE THAT FULL-DAY FIVE-YEAR-OLD KINDERGARTEN MUST BE PROVIDED TO ANY ELIGIBLE CHILD WHOSE PARENTS DESIRE FOR THEM TO ATTEND THAT KINDERGARTEN PROGRAM, AND TO PROVIDE FOR A WAIVER OF THE ABOVE REQUIREMENTS UNDER CERTAIN CONDITIONS; BY ADDING SECTION 59-123-125 SO AS TO PROVIDE FOR THE MANNER IN WHICH FUNDS APPROPRIATED TO THE MEDICAL UNIVERSITY OF SOUTH CAROLINA FOR THE "RURAL PHYSICIAN PROGRAM" SHALL BE ADMINISTERED, MANAGED, AND ALLOCATED; BY ADDING SECTION 59-123-115 SO AS TO PROVIDE FOR THE MANNER IN WHICH THE SOUTH CAROLINA AREA HEALTH EDUCATION CONSORTIUM SHALL BE AWARDED FUNDING FOR CERTAIN PROGRAMS; BY ADDING SECTION 59-117-85 SO AS TO PROVIDE THAT EMPLOYEES OF AGENCIES AND INSTITUTIONS AFFILIATED WITH THE UNIVERSITY OF SOUTH CAROLINA SCHOOL OF MEDICINE, WHO HOLD FACULTY APPOINTMENTS IN THE SCHOOL, MAY PARTICIPATE IN THE SCHOOL'S PRACTICE PLAN, AND TO PROVIDE THAT FUNDS GENERATED BY SUCH PARTICIPANTS SHALL BE HANDLED IN ACCORDANCE WITH UNIVERSITY POLICIES GOVERNING PRACTICE PLAN FUNDS; BY ADDING SECTION 59-113-45 SO AS TO PROVIDE THAT SOUTH CAROLINA TUITION GRANT FUNDS SHALL BE DISBURSED TO ELIGIBLE STUDENTS ON A SEMESTER-BY-SEMESTER BASIS, AND TO PROVIDE FOR THE MANNER IN WHICH INTEREST ACCRUING ON THE BALANCE OF UNDISBURSED TUITION GRANT FUNDS SHALL BE CALCULATED AND AWARDED; BY ADDING SECTION 59-101-410 SO AS TO PROVIDE THAT THE GOVERNING BOARDS OF STATE-SUPPORTED COLLEGES, UNIVERSITIES, AND TECHNICAL SCHOOLS MAY LEND THEIR ENDOWMENT FUNDS AND AUXILIARY ENTERPRISE FUNDS TO SEPARATELY CHARTERED NOT-FOR-PROFIT LEGAL ENTITIES WHOSE EXISTENCE IS PRIMARILY TO PROVIDE FINANCIAL ASSISTANCE AND OTHER SUPPORT TO THE INSTITUTION AND ITS EDUCATIONAL PROGRAM, AND TO PROVIDE THE CONDITIONS UNDER WHICH THE FUNDS MAY BE LOANED; TO AMEND SECTION 59-53-53, AS AMENDED, RELATING TO BORROWING BY AREA COMMISSIONS OF TECHNICAL COLLEGES AND THE MANNER IN WHICH THESE AREA COMMISSIONS ARE AUTHORIZED TO DISPOSE OF SURPLUS REAL PROPERTY, SO AS TO REVISE THE MANNER IN WHICH AND PROCEDURES UNDER WHICH SURPLUS REAL PROPERTY MAY BE DISPOSED OF BY TECHNICAL COLLEGES; TO AMEND SECTION 59-101-180, RELATING TO THE SALE AND DISPOSAL OF REAL PROPERTY BY STATE-SUPPORTED INSTITUTIONS OF HIGHER LEARNING, SO AS TO REVISE THE MANNER IN WHICH AND PROCEDURES

UNDER WHICH SURPLUS REAL PROPERTY MAY BE DISPOSED OF BY THESE INSTITUTIONS; TO AMEND CHAPTER 65, TITLE 2, RELATING TO THE SOUTH CAROLINA FEDERAL AND OTHER FUNDS OVERSIGHT ACT, SO AS TO DEVOLVE THE FUNCTIONS OF THE GOVERNOR UNDER THE ACT TO THE BUDGET AND CONTROL BOARD EXCEPT THAT THE AGENCY OPERATING THE BLOCK GRANTS SHALL CONDUCT THE PUBLIC HEARINGS, ELIMINATE THE REQUIREMENT THAT THE STATE BUDGET AND CONTROL BOARD SHALL FOLLOW THE RECOMMENDATIONS OF THE GOVERNOR WITH RESPECT TO THE APPLICATION OF THE ACT, TO EXEMPT CERTAIN FEDERAL GRANTS AND CONTRACTS FROM COST RECOVERY REQUIREMENTS, AND TO MAKE GRAMMATICAL AND OTHER TECHNICAL CHANGES; BY ADDING SECTION 59-119-165 SO AS TO PROVIDE THAT THE BUDGET AND CONTROL BOARD, IN CONJUNCTION WITH THE DEPARTMENT OF EDUCATION, SHALL TRANSFER ALL FEDERAL FUNDS ASSOCIATED WITH AGRICULTURAL EDUCATION AT THE DEPARTMENT OF EDUCATION TO CLEMSON-PSA (PUBLIC SERVICE ACTIVITIES) NO LATER THAN JULY FIFTEENTH OF EACH FISCAL YEAR AND TO PROVIDE FOR THE MANNER IN WHICH THESE FUNDS ARE REQUIRED TO BE USED; TO AMEND SECTION 50-9-910, RELATING TO REVENUE IN CONNECTION WITH FISH, GAME, AND WATERCRAFT, SO AS TO PROVIDE THAT ONE-HALF THE REVENUE FROM ANNUAL NONRESIDENT FISHING LICENSES BE CREDITED TO THE GAME FUND OF THE COUNTY WHERE THE REVENUE WAS COLLECTED; TO AMEND SECTION 35-1-220, AS AMENDED, RELATING TO FUNDS FROM FEES AND LITIGATION SETTLEMENT ALLOWED TO BE RETAINED BY THE ATTORNEY GENERAL FOR OPERATION OF THE SECURITIES DIVISION, SO AS TO ALLOW FIVE HUNDRED THOUSAND DOLLARS OF ANNUAL FEE REVENUES TO BE RETAINED BY THE ATTORNEY GENERAL FOR THE OPERATIONS OF THE SECURITIES DIVISION; TO AMEND SECTION 1-7-150, RELATING TO THE ACCOUNTING OF THE ATTORNEY GENERAL TO THE STATE TREASURER, SO AS TO REQUIRE THAT ALL MONIES, EXCEPT CERTAIN COSTS AND MONIES DEPOSITED IN THE MITIGATION TRUST FUND FOR LOSSES OR DAMAGES TO NATURAL RESOURCES, AWARDED TO THE STATE OF SOUTH CAROLINA BY JUDGMENT OR SETTLEMENT IN ACTIONS OR CLAIMS BROUGHT BY THE ATTORNEY GENERAL ON BEHALF OF THE STATE OR ONE OF ITS AGENCIES OR DEPARTMENTS MUST BE DEPOSITED IN THE GENERAL FUND OF THE STATE; TO AMEND SECTION 56-3-253, RELATING TO THE ESTABLISHMENT OF BIENNIAL REGISTRATION PERIODS FOR MOTOR VEHICLES, SO AS TO PROVIDE THAT THE DEPARTMENT OF PUBLIC SAFETY SHALL NOT ISSUE A REFUND OF THE BIENNIAL REGISTRATION FEE TO A PERSON WHO HAS PAID THE FEE AND MOVES OUT OF THE STATE DURING THE BIENNIAL REGISTRATION PERIOD; TO AMEND SECTION 42-7-65, AS AMENDED, RELATING TO WORKERS' COMPENSATION AND THE DESIGNATED AVERAGE WEEKLY WAGE FOR CERTAIN CATEGORIES OF EMPLOYEES, SO AS TO DELETE CERTAIN PROVISIONS AND PROVIDE THAT VOLUNTARY FIREMEN OF ORGANIZED VOLUNTEER FIRE UNITS AND MEMBERS OF ORGANIZED VOLUNTEER RESCUE SQUADS ARE COVERED UNDER TITLE 42 FOR WORKERS' COMPENSATION BY THE COUNTY GOVERNING BODY UNLESS THE GOVERNING BODY OF THE COUNTY OPTS OUT OF THIS COVERAGE; TO AMEND SECTIONS 9-17-10, 9-17-30, AND 9-17-40, AS AMENDED, RELATING TO THE OPTIONAL RETIREMENT PROGRAM FOR FACULTY AND ADMINISTRATION OF PUBLICLY-SUPPORTED FOUR-YEAR AND POSTGRADUATE INSTITUTIONS OF HIGHER EDUCATION, SO AS TO EXTEND ELIGIBILITY FOR THIS PROGRAM TO FACULTY AND ADMINISTRATION OF TECHNICAL COLLEGES AND TO REVISE THE MANNER IN WHICH CONTRIBUTIONS ARE PAID FOR MEMBERS ELECTING THE OPTIONAL PROGRAM; TO AMEND SECTION 9-1-1710, AS AMENDED, RELATING TO LUMP SUM CONTRIBUTIONS AND CREDITABLE SERVICE FOR MEMBERS WITH OUT-OF-STATE SERVICE, SO AS TO AUTHORIZE MEMBERS IN CONTINUOUS EMPLOYMENT FOR TEN YEARS TO RECEIVE CREDITABLE SERVICE FOR ANY AMOUNT OF OUT-OF-STATE SERVICE RATHER THAN ONLY AWARDED CREDIT ON A ONE-FOR-ONE BASIS; TO AMEND ARTICLE 1, CHAPTER 11, TITLE 11, RELATING TO THE GENERAL PROVISIONS OF THE STATE BUDGET SYSTEM, BY ADDING SECTION 11-11-150 SO AS TO ESTABLISH A TRUST FUND FOR TAX RELIEF WITHIN THE STATE TREASURY; TO AMEND SECTION 11-11-330, AS AMENDED, AND SECTION 12-37-251, AS AMENDED, BOTH RELATING TO THE STATE PROPERTY TAX RELIEF FUND, SO AS TO REPLACE IT WITH THE TRUST FUND FOR TAX RELIEF; TO AMEND SECTIONS 12-37-450, AS AMENDED, 12-37-935, AND 12-37-270, ALL RELATING TO THE APPROPRIATION OF FUNDS FOR VARIOUS TAX RELIEF PURPOSES, SO AS TO REQUIRE THAT THOSE FUNDS BE CREDITED TO THE TRUST FUND FOR TAX RELIEF; TO AMEND SECTION 12-37-280, RELATING TO REIMBURSEMENT TO LOCAL POLITICAL SUBDIVISIONS FOR HOMESTEAD EXEMPTIONS, SO AS TO FUND THOSE REIMBURSEMENTS FROM THE TRUST FUND FOR

TAX RELIEF; TO REPEAL SECTION 6-27-45 RELATING TO HOMESTEAD EXEMPTIONS REIMBURSEMENT; TO AMEND SECTION 1-11-300, RELATING TO THE REQUIREMENTS THAT STATE AGENCIES DEVELOP AND IMPLEMENT UNIFORM COST ACCOUNTING AND REPORTING SYSTEMS IN REGARD TO MOTOR VEHICLES, SO AS TO FURTHER PROVIDE FOR THE CIRCUMSTANCES WHERE GASOLINE MAY BE PURCHASED FROM RETAIL FUEL OUTLETS AND STATE-OWNED FACILITIES; TO AMEND SECTION 12-36-2110, AS AMENDED, RELATING TO THE THREE HUNDRED DOLLAR MAXIMUM SALES TAX ON AIRCRAFT, MOTOR VEHICLES, MOTORCYCLES, BOATS, TRAILERS, RECREATIONAL VEHICLES, SELF-PROPELLED LIGHT CONSTRUCTION EQUIPMENT, AND CERTAIN OTHER ITEMS OF TANGIBLE PERSONAL PROPERTY, SO AS TO PROVIDE THAT EQUIPMENT PROVIDED, SUPPLIED, OR INSTALLED ON A FIREFIGHTING VEHICLE IS INCLUDED WITH THE VEHICLE FOR PURPOSES OF CALCULATING THE MAXIMUM TAX DUE; BY ADDING SECTION 52-7-37 SO AS TO PROVIDE THAT NO TAX OR FEE MAY BE IMPOSED BY THE STATE ATHLETIC COMMISSION OR A COUNTY ATHLETIC COMMISSION ON THE GROSS RECEIPTS RECEIVED BY REASON OF THE LEASE OR SALE OF TELEVISION, MOTION PICTURE, OR RADIO RIGHTS IN CONNECTION WITH ANY BOXING, WRESTLING, KICK BOXING, FULL CONTACT KARATE, OR SPARRING EXHIBITION OR PERFORMANCE IN THIS STATE; TO REPEAL SECTION 52-7-37 JULY 30, 1999; TO AMEND SECTIONS 1-25-60, AS AMENDED, 2-13-240, AS AMENDED, 2-15-120, AND 8-13-770, RELATING TO THE HUMAN SERVICES RESOURCE PROJECT, DISTRIBUTION OF THE CODE OF LAWS, CONFIDENTIALITY OF RECORDS, AND LEGISLATIVE MEMBERS OF BOARDS AND COMMISSIONS, SO AS TO DELETE REFERENCES TO THE STATE REORGANIZATION COMMISSION; TO REPEAL CHAPTERS 19, 20, AND 22 OF TITLE 1 RELATING TO THE ESTABLISHMENT OF THE STATE REORGANIZATION COMMISSION, REVIEW OF STATE AGENCIES AND BOARDS, AND THE COMPLIANCE REVIEW ACT OF 1988; BY ADDING SECTION 11-11-340 SO AS TO ESTABLISH IN THE STATE TREASURY THE STATE INSTITUTION BONDS AND STATE HIGHWAY BONDS DEBT SERVICE FUND, TO REQUIRE AMOUNTS TO BE CREDITED TO THIS FUND AMOUNTS SUFFICIENT TO PAY DEBT SERVICE ON STATE INSTITUTION BONDS AND STATE HIGHWAY BONDS, AND TO PROVIDE THAT AMOUNTS CREDITED TO THIS FUND ARE NOT CONSIDERED STATE GENERAL FUND REVENUES; BY ADDING SECTION 12-10-35 SO AS TO PROVIDE A TEN-YEAR MORATORIUM ON STATE CORPORATE INCOME TAX FOR A CORPORATION THAT IS A "QUALIFYING BUSINESS" UNDER THE ENTERPRISE ZONE ACT OF 1995 IF THE BUSINESS HAS CREATED AT LEAST ONE HUNDRED NEW FULL-TIME JOBS IN A COUNTY IN WHICH THE AVERAGE ANNUAL UNEMPLOYMENT RATE FOR THE LAST TWO COMPLETED CALENDAR YEARS IS AT LEAST TWICE THE STATE AVERAGE AND AT LEAST NINETY PERCENT OF THE QUALIFYING BUSINESSES' INVESTMENT IN THIS STATE IS LOCATED IN SUCH A COUNTY, TO PROVIDE A MORATORIUM OF FIFTEEN YEARS IF AT LEAST TWO HUNDRED NEW FULL-TIME JOBS ARE ADDED, TO PROVIDE HOW THE MORATORIUM APPLIES, AND TO REPEAL THIS MORATORIUM PROVISION EFFECTIVE JULY 1, 2003; TO AMEND SECTIONS 12-23-810 AND 12-23-815, BOTH AS AMENDED, RELATING TO THE LICENSE TAX ON HOSPITALS, SO AS TO DELETE PROVISIONS RELATING TO THE APPLICATION OF THE TAX TO A LICENSED HOSPITAL IN ANOTHER STATE WHICH DOES BUSINESS IN THIS STATE AND TO DELETE AN OBSOLETE REFERENCE APPLICABLE TO THE INFORMATION NEEDED TO ISSUE TAX ASSESSMENTS AND ASSIGN THE DUTY TO THE OFFICE OF RESEARCH AND STATISTICS OF THE STATE BUDGET AND CONTROL BOARD; TO AMEND SECTION 44-6-155, AS AMENDED, RELATING TO THE MEDICAID EXPANSION FUND, SO AS TO DELETE VARIOUS USES OF THE MONIES IN THE FUND AND TO CORRECT AN OBSOLETE AGENCY REFERENCE; TO AMEND SECTION 44-7-2570, AS AMENDED, RELATING TO FEES FOR SERVICE UNDER THE INFANTS AND TODDLERS WITH DISABILITIES ACT, SO AS TO PROVIDE THAT FAMILIES MUST NOT BE CHARGED FEES FOR EARLY INTERVENTION SERVICES PROVIDED UNDER THE ACT; TO AMEND SECTION 50-3-180, RELATING TO THE MITIGATION TRUST FUND OF SOUTH CAROLINA, SO AS TO PROVIDE THAT FUNDS RECOVERED FOR LOSSES OR DAMAGES TO NATURAL RESOURCES MUST BE DEPOSITED IN THE FUND AND USED FIRST FOR RESTORATION IN THE AFFECTED AREAS AND THEN GENERALLY FOR SUCH RESTORATION; TO PROVIDE THAT THE LEGISLATIVE COUNCIL SHALL DISTRIBUTE NINE SETS OF THE 1976 CODE TO THE ADMINISTRATIVE LAW JUDGE DIVISION, TO PROVIDE THAT THE CODE COMMISSIONER SHALL INCLUDE THE ADDITIONAL DISTRIBUTION IN THE REPRINTING OF SECTION 2-13-240 OF THE 1976 CODE FOR THE 1998 CUMULATIVE SUPPLEMENT, AND TO AUTHORIZE THE CODE COMMISSIONER TO REPRINT THE DISTRIBUTION LIST IN TABULAR FORM; TO AMEND SECTION 44-6-400, AS AMENDED, RELATING TO DEFINITIONS CONCERNING INTERMEDIATE SANCTIONS FOR THE MEDICAID CERTIFIED NURSING HOME

ACT, SO AS TO REVISE CERTAIN DEFINITIONS; TO AMEND SECTION 44-6-420, AS AMENDED, RELATING TO SANCTIONS AGAINST NURSING HOMES FOR VIOLATIONS OF MEDICAID PROGRAM REQUIREMENTS, SO AS TO REQUIRE THE DEPARTMENT OF HEALTH AND HUMAN SERVICES TO COORDINATE ENFORCEMENT WITH THE FEDERAL AUTHORITIES FOR NURSING HOMES CERTIFIED UNDER BOTH MEDICARE AND MEDICAID AND TO TAKE ACTIONS COMMENSURATE WITH FEDERAL ACTIONS WHEN THE NURSING HOME IS ONLY CERTIFIED UNDER MEDICAID; TO AMEND SECTION 44-6-470, AS AMENDED, RELATING TO FINES FOR VIOLATIONS AND USE OF FINES COLLECTED, SO AS TO DELETE SPECIFIC FINE AMOUNTS AND FURTHER PROVIDE FOR THE USE OF CIVIL MONETARY PENALTIES COLLECTED; TO AMEND SECTION 44-6-540, RELATING TO THE AUTHORITY OF THE DEPARTMENT TO PROMULGATE REGULATIONS, SO AS TO PROVIDE THAT SUCH REGULATIONS SHALL ENSURE COMPLIANCE WITH THE REQUIREMENTS FOR PARTICIPATION IN THE MEDICAID PROGRAM; TO REPEAL SECTIONS 44-6-410, 44-6-430, 44-6-440, 44-6-450, 44-6-460, 44-6-480, 44-6-490, 44-6-500, 44-6-510, AND 44-6-520 ALL RELATING TO SANCTIONS AND ENFORCEMENT PROCEDURES FOR VIOLATIONS OF MEDICAID PROGRAM REQUIREMENTS; BY ADDING SECTION 44-7-262 SO AS TO ESTABLISH MINIMUM PATIENT-STAFF RATIOS FOR STAFF PROVIDING NURSING CARE IN NURSING HOMES AND MAKING THOSE MINIMUM STAFFING RATIOS A CONDITION OF LICENSURE; TO AMEND TITLE 44, RELATING TO HEALTH, BY ADDING CHAPTER 122 SO AS TO CREATE THE COUNTY GRANTS FUND PROGRAM FOR ADOLESCENT PREGNANCY PREVENTION INITIATIVES; TO PROVIDE FOR THE ADMINISTRATION AND DISTRIBUTION OF MONIES APPROPRIATED TO THE GRANTS FUND; AND TO REQUIRE REGULAR EVALUATIONS OF PROJECTS RECEIVING MONIES FROM THE GRANTS FUND; TO AMEND SECTION 12-6-1140, AS AMENDED, AND SECTION 12-6-1170, RELATING TO THE RETIREMENT INCOME DEDUCTION ELECTION AND THE TAXABLE INCOME EXCLUSION ALLOWED PERSONS SIXTY-FIVE YEARS OF AGE OR OLDER FOR PURPOSES OF THE STATE INDIVIDUAL INCOME TAX, SO AS TO ELIMINATE THE ELECTION AND ALLOW AN ANNUAL DEDUCTION OF UP TO THREE THOUSAND DOLLARS OF RETIREMENT INCOME AND UP TO TEN THOUSAND DOLLARS OF RETIREMENT INCOME BEGINNING IN THE TAXABLE YEAR THE TAXPAYER ATTAINS AGE SIXTY-FIVE, AND TO ALLOW AN ANNUAL DEDUCTION OF ELEVEN THOUSAND FIVE HUNDRED DOLLARS OF SOUTH CAROLINA TAXABLE INCOME BEGINNING IN THE TAXABLE YEAR THE TAXPAYER ATTAINS THE AGE OF SIXTY-FIVE YEARS REDUCED BY THE RETIREMENT INCOME DEDUCTION, TO PROVIDE FOR CLAIMING THIS DEDUCTION ON JOINT RETURNS, TO DELETE PROVISIONS RELATING TO THE POSTPONEMENT OF THE MAXIMUM DEDUCTION UNDER THE PRIOR LAW, AND TO EXTEND THE PERIOD FOR FILING A TIMELY CLAIM FOR REFUND FOR THE 1994 TAXABLE YEAR THROUGH APRIL 15, 1999, FOR TAXPAYERS WHOSE CLAIM IS BASED ON NOT HAVING MADE THE IRREVOCABLE ELECTION RELATING TO THE RETIREMENT INCOME DEDUCTION; TO AMEND SECTION 12-14-40, RELATING TO THE DESIGNATION OF AN ECONOMIC IMPACT ZONE, SO AS TO DELETE THE FIFTEEN-YEAR "SUNSET" ON SUCH ZONES; TO AMEND SECTION 12-14-60, AS AMENDED, RELATING TO THE STATE INCOME TAX INVESTMENT CREDIT ALLOWED FOR CERTAIN INVESTMENTS IN ECONOMIC IMPACT ZONES, SO AS TO DELETE THE FIVE PERCENT CREDIT AND REPLACE IT WITH A GRADUATED PERCENTAGE FROM ONE TO FIVE PERCENT BASED ON THE INVESTMENT'S USEFUL LIFE AND TO LIMIT THE TOTAL CREDIT ALLOWED A UTILITY FOR INVESTMENTS MADE AFTER JUNE 30, 1998, TO ONE MILLION DOLLARS, LIMIT ALL CREDITS FOR INVESTMENTS MADE BEFORE JULY 1, 1998, TO NO MORE THAN FIFTY PERCENT OF THE TAX LIABILITY, AND TO MAKE OTHER TECHNICAL CHANGES; TO AMEND SECTION 9-8-60, AS AMENDED, RELATING TO RETIREMENT UNDER THE RETIREMENT SYSTEM FOR JUDGES AND SOLICITORS, SO AS TO REDUCE FROM TEN YEARS TO EIGHT YEARS THE VESTING REQUIREMENT FOR SOLICITORS; TO AMEND SECTION 9-11-90, AS AMENDED, RELATING TO RESTORATION TO ACTIVE SERVICE OF RETIRED MEMBERS OF THE POLICE OFFICERS RETIREMENT SYSTEM, SO AS TO PROVIDE THE REQUIREMENTS FOR PARTICIPATION IN THE SYSTEM WHEN THE RESTORATION TO ACTIVE SERVICE IS BY VIRTUE OF ELECTION AS SHERIFF; TO AMEND SECTION 12-56-20, AS AMENDED, RELATING TO DEFINITIONS FOR PURPOSES OF THE SETOFF DEBT COLLECTION ACT WHICH ALLOWS THE DEPARTMENT OF REVENUE TO SET OFF TAX REFUNDS AGAINST CERTAIN DEBTS OR DELINQUENT ACCOUNTS, SO AS TO INCLUDE THE SOUTH CAROLINA STUDENT LOAN CORPORATION WITHIN THE DEFINITION OF A "CLAIMANT AGENCY"; TO AMEND SECTION 59-107-90, AS AMENDED, RELATING TO THE MAXIMUM AMOUNT OF OUTSTANDING STATE INSTITUTION BONDS, SO AS TO INCREASE THE MAXIMUM AMOUNT OF SUCH BONDS; TO AMEND SECTION 59-118-30, RELATING TO

DEFINITIONS FOR PURPOSES OF THE SOUTH CAROLINA ACADEMIC ENDOWMENT INCENTIVE ACT OF 1997, SO AS TO EXTEND ELIGIBILITY FOR THE INCENTIVE TO TECHNICAL COLLEGES; TO AMEND SECTION 12-43-220, AS AMENDED, RELATING TO PROPERTY TAX CLASSIFICATIONS AND ASSESSMENT RATIOS, SO AS TO PROVIDE THAT IF A CHANGE IN OWNERSHIP OF OWNER-OCCUPIED RESIDENTIAL PROPERTY OCCURS, AND THE NEW OWNER DOES NOT QUALIFY FOR THE FOUR PERCENT OWNER-OCCUPIED RESIDENTIAL PROPERTY ASSESSMENT RATIO, THE SIX PERCENT ASSESSMENT RATIO SHALL APPLY TO THE PROPERTY ONLY FOR THE PORTION OF THE PROPERTY TAX YEAR IN WHICH THE PROPERTY IS OWNED BY THE NEW OWNER; TO EXTEND THE TIME BY WHICH A WRITTEN NOTICE OF OBJECTION TO AN ASSESSMENT RATIO MUST BE FILED FOR THE 1997 TAX YEAR; AND TO REQUIRE THE DEPARTMENT OF REVENUE TO PUBLICIZE THE EXTENSION AND TO NOTIFY THE ASSESSOR AND AUDITOR OF THIS EXTENSION; TO AMEND SECTIONS 12-36-2120, AS AMENDED, 27-32-170, AND 27-32-250, AS AMENDED, RELATING TO EXEMPTIONS FROM SALES TAX OF THE SALE OF A VACATION TIME SHARING PLAN AND A VACATION MULTIPLE OWNERSHIP INTEREST, SO AS TO EXEMPT FROM SALES TAX THE SALE OR RESALE OR THE EXCHANGE OF AN INTEREST IN A VACATION TIME SHARING PLAN AND A VACATION MULTIPLE OWNERSHIP INTEREST; TO AMEND SECTION 12-43-230, AS AMENDED, RELATING TO CLASSIFICATION OF PROPERTY FOR PURPOSES OF THE PROPERTY TAX, SO AS TO DELETE THE PROHIBITION ON INCLUDING A GOLF COURSE AS HOMEOWNER PROPERTY AND ALLOW THE ASSOCIATION TO DESIGNATE THOSE TRACTS OR PARCELS IT OWNS ON ITS APPLICATION FOR THE SPECIAL VALUATION ALLOWED HOMEOWNER'S ASSOCIATION PROPERTY; TO AMEND SECTION 12-8-520, RELATING TO INCOMES SUBJECT TO WITHHOLDING, SO AS TO EXCLUDE WAGES OF SEVEN THOUSAND FIVE HUNDRED DOLLARS OR LESS A YEAR PAID TO A DISABLED PERSON EMPLOYED IN A PROGRAM APPROVED BY THE DEPARTMENT OF DISABILITIES AND SPECIAL NEEDS; TO AMEND ARTICLE 5, CHAPTER 1, TITLE 6, RELATING TO LOCAL ACCOMMODATIONS TAX, BY ADDING SECTION 6-1-570 AND TO AMEND ARTICLE 7, CHAPTER 1, TITLE 6, RELATING TO LOCAL HOSPITALITY TAX, BY ADDING SECTION 6-1-770 BOTH SO AS TO REQUIRE REMITTANCE OF THE TAX DUE TO THE LOCAL GOVERNING BODY ON A MONTHLY BASIS WHEN THE ESTIMATED AMOUNT OF AVERAGE TAX IS MORE THAN FIFTY DOLLARS A MONTH, ON A QUARTERLY BASIS WHEN THE ESTIMATED AMOUNT OF AVERAGE TAX IS TWENTY-FIVE DOLLARS TO FIFTY DOLLARS A MONTH, AND ON AN ANNUAL BASIS WHEN THE ESTIMATED AMOUNT OF AVERAGE TAX IS LESS THAN TWENTY-FIVE DOLLARS A MONTH; TO AMEND SECTION 44-56-460, RELATING TO ESTABLISHING REHABILITATION PRIORITIES AT CONTAMINATED DRYCLEANING FACILITIES, SO AS TO PROVIDE THAT THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL MAY NOT EXPEND FROM THE DRYCLEANING FACILITY RESTORATION FUND MORE THAN TWO HUNDRED FIFTY THOUSAND DOLLARS ANNUALLY FOR INVESTIGATION AND REHABILITATION ACTIVITIES; TO AMEND SECTION 44-56-470, RELATING TO ANNUAL DRYCLEANING FACILITY REGISTRATION FEES, SO AS TO EXTEND FROM DECEMBER 1, 1996 TO JULY 1, 1999 THE TIME WITHIN WHICH A FACILITY OWNER OR OPERATOR MUST DEMONSTRATE COMPETENCY TO OPERATE A FACILITY AND MUST INSTALL DIKES OR OTHER CONTAINMENT STRUCTURES AROUND EQUIPMENT; TO AMEND SECTION 12-36-2120, AS AMENDED, RELATING TO EXEMPTIONS FROM SALES TAX, SO AS TO EXEMPT AUTOMATIC TELLER MACHINE TRANSACTIONS; TO AMEND CHAPTER 3, TITLE 50, RELATING TO THE DEPARTMENT OF NATURAL RESOURCES, BY ADDING ARTICLE 9 SO AS TO CREATE THE SOUTH CAROLINA JOCASSEE GORGES TRUST FUND, AND TO PROVIDE FOR THE ADMINISTRATION AND USES OF THE TRUST FUND; TO PROVIDE THAT AN EDUCATION FINANCE ACT ALLOCATION UNDERPAYMENT TO A SCHOOL DISTRICT RESULTING FROM AN ERROR IN INFORMATION SUBMITTED TO THE DEPARTMENT OF REVENUE FOR SCHOOL YEAR 1997-98 FOR PURPOSES OF CALCULATING THE INDEX OF TAXPAYING ABILITY SHALL BE MADE UP, TO REQUIRE THE UNDERPAYMENT TO BE MADE UP IN EFA DISTRIBUTIONS TO THE DISTRICT OVER THE SUCCEEDING TWO SCHOOL YEARS, TO PROVIDE FOR EFA ALLOTMENT CALCULATIONS DURING THE PAYBACK PERIOD, TO REQUIRE THE UNDERPAYMENT TO EXCEED ONE PERCENT FOR THE DISTRICT TO BE ELIGIBLE FOR THE MAKEUP PAYMENT, AND TO REQUIRE ANY SCHOOL TAX LEVIED TO MAKE UP THE UNDERPAYMENT TO BE TAKEN INTO ACCOUNT BY A CORRESPONDING REDUCTION IN THE TAX LEVY REFLECTING THE AMOUNT OF MAKEUP FUNDS RECEIVED IN A SUBSEQUENT YEAR; TO AMEND SECTION 12-36-2120, AS AMENDED, RELATING TO EXEMPTIONS FROM SALES TAX, SO AS TO INCLUDE PRESCRIPTION MEDICINES AND THERAPEUTIC RADIOPHARMECEUTICALS USED IN THE TREATMENT OF CANCER AND RELATED DISEASES; AND BY

ADDING SECTION 13-1-1770 SO AS TO PROVIDE THAT THE ADVISORY COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT OF THE DEPARTMENT OF COMMERCE SHALL ESTABLISH A DOWNTOWN REDEVELOPMENT PROGRAM FOR THE PURPOSE OF MAKING GRANTS FOR REVITALIZING AND ENHANCING THE VIABILITY OF AREAS THROUGH PARTNERSHIPS OF MUNICIPAL GOVERNMENT, COUNTY GOVERNMENT, AND PRIVATE INVESTORS AND TO PROVIDE MINIMUM CRITERIA FOR AWARDING THESE GRANTS.

Text

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

PART 1A APPROPRIATIONS

SECTION 1 H63- DEPARTMENT OF EDUCATION

TOTAL FUNDS GENERAL FUNDS

I. SUPERINTENDENT OF EDUCATION

PERSONAL SERVICE

STATE SUPER. OF EDUCATION	92,007	92,007
(1.00)	(1.00)	

CLASSIFIED POSITIONS	1,002,933	967,196
(23.00)	(22.25)	

OTHER PERSONAL SERVICE	19,500	19,500
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TOTAL PERSONAL SERVICE	1,114,440	1,078,703
(24.00)	(23.25)	

OTHER OPERATING EXPENSES	423,625	363,025
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TOTAL STATE SUPT OF EDUCATION	1,538,065	1,441,728
(24.00)	(23.25)	

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II. STATE BOARD OF EDUCATION

PERSONAL SERVICE

OTHER PERSONAL SERVICE	15,295	15,295
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TOTAL PERSONAL SERVICE	15,295	15,295
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OTHER OPERATING EXPENSES	66,505	66,505
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TOTAL STATE BOARD OF EDUCATION	81,800	81,800
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(4) obtain approval from the county government before making changes in program goals, objectives, and target populations; and

(5) before the beginning of each fiscal year, submit to the county government for approval a budget of planned expenditures, and at the end of each fiscal year, render an accounting of expenditures to the county government.

(D) The Department of Health and Environmental Control shall:

(1) provide technical assistance and training to county governments and contractors, as needed, related to adolescent pregnancy prevention issues; and

(2) if a community health assessment has been conducted in a county, share information with county governments, contractors, and program applicants about the nature of the problem, available resources, and potential barriers to the development of teen pregnancy prevention projects and activities.

Section 44-122-60. An evaluation must be conducted by a firm or individual external to the department, on a schedule to be determined by the department and must assess the effectiveness of each initiative in meeting its short and long term outcomes. Evaluation standards must be consistent across all initiatives. The evaluation also must assess the effectiveness of each county government's efforts in measurably reducing the rate of adolescent pregnancy for the county. These efforts include administration of the fund and selection and oversight of contractors."

B. This section takes effect July 1, 1998.

SECTION 48 - DELETED

SECTION 49

TO AMEND SECTION 12-6-1140, AS AMENDED, AND SECTION 12-6-1170, OF THE 1976 CODE, RELATING TO THE RETIREMENT INCOME DEDUCTION ELECTION AND THE TAXABLE INCOME EXCLUSION ALLOWED PERSONS SIXTY-FIVE YEARS OF AGE OR OLDER FOR PURPOSES OF THE STATE INDIVIDUAL INCOME TAX, SO AS TO ELIMINATE THE ELECTION AND ALLOW AN ANNUAL DEDUCTION OF UP TO THREE THOUSAND DOLLARS OF RETIREMENT INCOME AND UP TO TEN THOUSAND DOLLARS OF RETIREMENT INCOME BEGINNING IN THE TAXABLE YEAR THE TAXPAYER ATTAINS AGE SIXTY-FIVE, AND TO ALLOW AN ANNUAL DEDUCTION OF ELEVEN THOUSAND FIVE HUNDRED DOLLARS OF SOUTH CAROLINA TAXABLE INCOME BEGINNING IN THE TAXABLE YEAR THE TAXPAYER ATTAINS THE AGE OF SIXTY-FIVE YEARS REDUCED BY THE RETIREMENT INCOME DEDUCTION, TO PROVIDE FOR CLAIMING THIS DEDUCTION ON JOINT RETURNS, TO DELETE PROVISIONS RELATING TO THE POSTPONEMENT OF THE MAXIMUM DEDUCTION UNDER THE PRIOR LAW, AND TO EXTEND THE PERIOD FOR FILING A TIMELY CLAIM FOR REFUND FOR THE 1994 TAXABLE YEAR THROUGH APRIL 15, 1999, FOR TAXPAYERS WHOSE CLAIM IS BASED ON NOT HAVING MADE THE IRREVOCABLE ELECTION RELATING TO THE RETIREMENT INCOME DEDUCTION; TO AMEND SECTION 12-14-40, RELATING TO THE DESIGNATION OF AN ECONOMIC IMPACT ZONE, SO AS TO DELETE THE FIFTEEN-YEAR; SUNSET; ON SUCH ZONES; AND TO AMEND SECTION 12-14-60, AS AMENDED, RELATING TO THE STATE INCOME TAX INVESTMENT CREDIT ALLOWED FOR CERTAIN INVESTMENTS IN ECONOMIC IMPACT ZONES, SO AS TO DELETE THE FIVE PERCENT CREDIT AND REPLACE IT WITH A GRADUATED PERCENTAGE FROM ONE TO FIVE PERCENT BASED ON THE INVESTMENT'S USEFUL LIFE AND TO LIMIT THE TOTAL CREDIT ALLOWED A UTILITY FOR INVESTMENTS MADE AFTER JUNE 30, 1998, TO ONE MILLION DOLLARS, LIMIT ALL CREDITS FOR INVESTMENTS MADE BEFORE JULY 1, 1998, TO NO MORE THAN FIFTY PERCENT OF THE TAX LIABILITY, AND TO MAKE OTHER TECHNICAL CHANGES.

I.A. (1) Section 12-6-1140(3) of the 1976 Code, as added by Act 76 of 1995, is amended to read:

"(3) a deduction as provided in Section 12-6-1170;"

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(2) Section 12-6-1140 of the 1976 Code, as last amended by Section 2, Part II of Act 155 of 1997, is further amended by deleting item (9) which reads:

"(9) South Carolina taxable income received by a resident individual taxpayer who before or during the applicable taxable year has attained the age of sixty-five. If a married taxpayer eligible for this deduction files a joint federal income tax return with a spouse who is not eligible for this deduction, then their joint income must be allocated between them on a pro-rata basis in the manner the department shall provide."

B. Section 12-6-1170 of the 1976 Code, as added by Act 76 of 1995, is amended to read:

"Section 12-6-1170. (A)(1) An individual is allowed an annual deduction from South Carolina taxable income of not more than three thousand dollars of retirement income received. Beginning in the year in which the taxpayer reaches age sixty-five, the taxpayer may deduct not more than ten thousand dollars of retirement income that is included in South Carolina taxable income.

(2) The term "retirement income", as used in this subsection, means the total of all otherwise taxable income not subject to a penalty for premature distribution received by the taxpayer or the taxpayer's surviving spouse in a taxable year from qualified retirement plans which include those plans defined in Internal Revenue Code Sections 401, 403, 408, and 457, and all public employee retirement plans of the federal, state, and local governments, including military retirement.

(3) A surviving spouse receiving retirement income that is attributable to the deceased spouse shall apply this deduction in the same manner that the deduction applied to the deceased spouse. If the surviving spouse also has another retirement income, an additional retirement exclusion is allowed.

(4) The department may require the taxpayer to provide information necessary for proper administration of this subsection.

(B) Beginning for the taxable year during which a resident individual taxpayer attains the age of sixty-five years, the resident individual taxpayer is allowed a deduction from South Carolina taxable income received in an amount not to exceed eleven thousand five hundred dollars reduced by any amount the taxpayer deducts pursuant to subsection (A) not including amounts deducted as a surviving spouse. If married taxpayers eligible for this deduction file a joint federal income tax return, then the maximum deduction allowed is eleven thousand five hundred dollars in the case when only one spouse has attained the age of sixty-five years and twenty-three thousand dollars when both spouses have attained such age."

C. Notwithstanding the provisions of Section 12-54-85(F) of the 1976 Code relating to the timeliness of claims for refund, for taxable year 1994 only, the period within which such claims are timely filed is extended through April 15, 1999, for taxpayers filing a claim based on their not having made the irrevocable election provided under Section 12-6-1170 of the 1976 Code prior to its amendment by this section.

D. This part is effective for taxable years beginning after 1997.

II.A. Section 12-14-40 of the 1976 Code, as added by Act 25 of 1995, is amended to read:

"Section 12-14-40. (A) The designation of an area as an economic impact zone must be made by the State Budget and Control Board.

(B) A designation may be revoked by the General Assembly only after a hearing on the record in which officials of the county or municipality involved may participate."

Section 12-14-60 of the 1976 Code, as amended by Act 151 of 1997, is further amended to read:

"Section 12-14-60. (A)(1) There is allowed an economic impact zone investment tax credit against the tax imposed pursuant to Chapter 6 of this title for any taxable year in which the taxpayer places in service economic impact zone qualified manufacturing and productive equipment property.

(2) The amount of the credit allowed by this section is equal to the aggregate of:

three-year property one percent of total aggregate bases for all three-year property that qualifies;

five-year property two percent of total aggregate bases for all five-year property, seven-year property, ten-year property, or fifteen-year property is determined based on the applicable recovery period for such property under Section 168(e) of the Internal Revenue Code.

seven-year property three percent of total aggregate bases for all seven-year property that qualifies;

fifteen-year property five percent of total aggregate bases for all or greater fifteen-year of greater property that qualifies

For purposes of this section, whether property is three-year property, seven year property, ten-year property, or fifteen-year property is determined based on the applicable period for such property under Section 168(e) of the Internal Revenue Code.

(B) For purposes of this section:

(1) "Economic impact zone qualified manufacturing and productive equipment property" means any property:

(a) which is used as an integral part of manufacturing or production, or used as an integral part of extraction of or furnishing transportation, communications, electrical energy, gas, water, or sewage disposal services in the economic impact zone;

(b) which is tangible property to which Section 168 of the Internal Revenue Code applies;

(c) which is Section 1245 property (as defined in Section 1245(a)(3) of the Internal Revenue Code); and

(d)(i) the construction, reconstruction, or erection of which is completed by the taxpayer in the economic impact zone; or

(ii) which is acquired by the taxpayer if the original use of such property commences with the taxpayer inside the economic impact zone.

(2) In the case of any computer software which is used to control or monitor a manufacturing or production process inside the economic impact zone and with respect to which depreciation (or amortization in lieu of depreciation) is allowable, the software must be treated as qualified manufacturing and productive equipment property.

(C) This section does not apply to any property to which the other tax credits would apply unless the taxpayer to waive the application of the other credits to the property.

(D) Unused credit allowed pursuant to this section may be carried forward for ten years from the close of the tax year in which the credit was earned.

(E) If during any taxable year and before the end of applicable recovery period for such property as determined under Section 168(e) of the Internal Revenue Code, the taxpayer disposes of or removes from the economic impact zone, economic impact zone qualified manufacturing and productive equipment property, then the tax due under Chapter 6 by the taxpayer for the current taxable year must be increased by the full amount of any credit claimed in prior years with respect to such property.

(F) For South Carolina income tax purposes, the basis of the economic impact zone qualified manufacturing and productive equipment property must be reduced by the amount of any credit claimed with respect to the property. If a taxpayer is required to recapture the economic impact zone investment tax credit in accordance with subsection (E), the taxpayer may increase the basis of the property by the amount of any basis reduction attributable with claiming the economic impact zone investment tax credit in prior years. The basis must be increased in the year in which the credit is recaptured.

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(G) The credit allowed by this section for investments made after June 30, 1998, is limited to no more than one million dollars for any entity subject to the license tax as provided in Section 12-20-100.

(H) Credits claimed under this section for taxable years beginning after 1997 for investments made before July 1, 1998, may not reduce a taxpayer's state income tax liability by more than fifty percent.

C. This part is effective for any qualifying investments made after June 30, 1998. However, Section 12-14-60(H) of the 1976 Code, as added by this part, is effective as provided in the text of that subsection.

SECTION 50 - DELETED

SECTION 51

TO AMEND SECTION 9-8-60, AS AMENDED, OF THE 1976 CODE, RELATING TO RETIREMENT UNDER THE RETIREMENT SYSTEM FOR JUDGES AND SOLICITORS, SO AS TO REDUCE FROM TEN YEARS TO EIGHT YEARS THE VESTING REQUIREMENT FOR SOLICITORS; AND TO AMEND SECTION 9-11-90, AS AMENDED, RELATING TO RESTORATION TO ACTIVE SERVICE OF RETIRED MEMBERS OF THE POLICE OFFICERS RETIREMENT SYSTEM, SO AS TO PROVIDE THE REQUIREMENTS FOR PARTICIPATION IN THE SYSTEM WHEN THE RESTORATION TO ACTIVE SERVICE IS BY VIRTUE OF ELECTION AS SHERIFF.

A. The first paragraph of subsection (1) of Section 9-8-60 of the 1976 Code, as last amended by Act 497 of 1994, is further amended to read:

"A member of the system may retire upon written application to the board setting forth at what time, not later than his attaining age seventy-two and not more than ninety days prior nor more than six months subsequent to the execution and filing thereof, the member desires to be retired, if the member at the time so specified for retirement is no longer in the service of the State, except as a member of the General Assembly, and has completed ten years of credited service as a judge or eight years of credited service as a solicitor or was in service as a judge or solicitor on July 1, 1984, and has either attained the age of sixty-five and completed at least twenty years of credited service, or attained age seventy and completed at least fifteen years of credited service, or attained age sixty-five with at least four years' service in the position and has at least twenty-five years" other service with the State, or completed at least twenty-five years of credited service regardless of age. A solicitor is eligible to retire upon completion of twenty-four years of credited service regardless of age. A person is not eligible to receive a retirement allowance under this system while under employment covered by the South Carolina Retirement System, and the South Carolina Police Officers Retirement System."

B. Section 9-11-90 of the 1976 Code, as last amended by Act 189 of 1989, is further amended by adding:

"(5) Notwithstanding the provisions of subsection (3), a retired member who has been restored to active employment by virtue of election to the office of sheriff is restored as a member of the system upon taking office and electing to cease receiving a retirement allowance. Credited service to which the sheriff was entitled when he retired is restored to the sheriff and upon subsequent retirement the allowance must be based on the sheriff's compensation and credited service before and after the period of prior retirement. The allowance must not be less than the amount of his allowance previously payable plus any increases which would have been payable under Section 9-11-310 had he not been restored to service."

C. Subsection A takes effect July 1, 1998. Subsection B takes effect upon approval by the Governor but applies only with respect to service credit earned pursuant to active service as a sheriff on and after that date.

SECTION 52 - DELETED

SECTION 53 - DELETED

SECTION 54 - DELETED

SECTION 55

establish the program guidelines, regulations, and criteria by which grants must be evaluated and awarded including, but not limited to:

- (1) a nonstate match requirement of at least one hundred fifty percent of state grant funds; and
- (2) completing an economic impact before an award is made."

(B) This section takes effect July 1, 1998.

SECTION 4. The appropriations in Section 2 of this part are listed in priority order beginning with item (1). Item (1) of Section 2 must be funded first and the remaining items or subitems must be funded seriatim to the extent that revenues are available. Each item or subitem must be fully funded before any funds are allocated to the next item. Provided, however, that any individual item or subitem may be partially funded in the order in which it appears to the extent that revenues are available. Unexpended funds appropriated pursuant to this part may be carried forward to succeeding fiscal years and expended for the same purposes.

SECTION 5. Except as otherwise stated, this part takes effect July 1, 1998, but no appropriation in Section 2 may be paid until after the Comptroller General closes the state's books on Fiscal Year 1997-98 and no such appropriation shall be available to state agencies until September 1, 1998. Appropriations contained in this part shall be posted in Fiscal Year 1998-99.

END OF PART III

All Acts or parts of Acts inconsistent with any of the provisions of Part I or Part III of this Act are hereby suspended for Fiscal Year 1998-99. All Acts or parts of Acts inconsistent with any of the provisions of Part II of this Act are hereby repealed. Except as otherwise specifically provided herein, this Act shall take effect immediately upon its approval by the Governor.

History

Approved by the Governor June 30, 1998

Sponsor

Committee on Ways and Means

SOUTH CAROLINA LEGISLATIVE SERVICE
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End of Document

1997 S.C. H.B. 4853

Enacted, August 31, 1998

Reporter

1998 S.C. Acts 442; 1997 S.C. H.B. 4853; 1998 S.C. R. 541

SOUTH CAROLINA LEGISLATIVE SERVICE > SOUTH CAROLINA 112TH SESSION OF THE GENERAL ASSEMBLY (1998) > ACT 442 > RATIFICATION NO. 541 > HOUSE BILL NO. 4853

Synopsis

AN ACT TO AMEND SECTION 12-28-710, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO EXEMPTIONS FROM TAX ON MOTOR FUEL, SO AS TO EXEMPT KEROSENE IN CERTAIN INSTANCES AND MOTOR FUEL USED TO TRANSPORT STUDENTS BY STATE-FUNDED INSTITUTIONS OF HIGHER LEARNING; TO AMEND SECTION 12-28-1730, RELATING TO PENALTIES IN CONNECTION WITH TAX ON MOTOR FUEL, SO AS TO FURTHER PROVIDE FOR THE CIVIL PENALTIES WHICH MAY BE IMPOSED REGARDING THE SALE OR USE OF DYED FUEL; TO REPEAL SECTIONS 12-31-220 AND 12-31-250 RELATING TO TEMPORARY AND BIENNIAL REGISTRATION CARDS AND IDENTIFICATION MARKERS FOR MOTOR CARRIERS; TO AMEND ARTICLE 1, CHAPTER 49, TITLE 12, RELATING TO LIENS AND SUITS FOR THE ENFORCED COLLECTION OF TAXES, BY ADDING SECTION 12-49-85 SO AS TO PROVIDE FOR THE REMOVAL OF A TAX, ASSESSMENT, OR PENALTY WHICH PROVES TO BE UNCOLLECTIBLE; TO AMEND SECTION 12-37-251, AS AMENDED, RELATING TO THE HOMESTEAD EXEMPTION FROM PROPERTY TAXES LEVIED FOR SCHOOL OPERATIONS, SO AS TO DELETE LANGUAGE REFERRING TO THE CALCULATION OF THE ROLLBACK MILLAGE IN A YEAR OF REASSESSMENT; TO AMEND SECTION 12-43-220, AS AMENDED, RELATING TO ASSESSMENT RATIOS FOR PROPERTY TAXES, SO AS TO REQUIRE THE OWNER-OCCUPANT OF A LEGAL RESIDENCE THAT IS BEING PURCHASED BY CONTRACT OF SALE TO RECORD THE CONTRACT IN ORDER TO QUALIFY FOR THE FOUR PERCENT ASSESSMENT RATIO; TO AMEND SECTION 12-54-85, RELATING TO TIME LIMITATIONS FOR ASSESSMENT OF TAXES, SO AS TO PROVIDE THAT THE ASSESSMENT OF THE TAX OCCURS ON THE LATER OF THE LAST DAY THE TAX MAY BE PAID WITHOUT PENALTY OR THE DATE OF THE TAX NOTICE; TO AMEND SECTION 12-60-2520, RELATING TO TAXPAYER OBJECTION TO A PROPERTY TAX ASSESSMENT, SO AS TO PROVIDE FOR AGREEMENT WITH THE OBJECTION WITHOUT A CONFERENCE; TO AMEND SECTION 12-60-2910, AS AMENDED, RELATING TO TAXPAYER OBJECTION TO A PERSONAL PROPERTY TAX ASSESSMENT OR A DENIAL OF A HOMESTEAD EXEMPTION, SO AS TO CONFORM THE DEFINITION OF WHEN THE ASSESSMENT OF THE TAX OCCURS; TO REPEAL SECTION 12-43-225, RELATING TO SPECIAL ASSESSMENT RATIOS, AND SECTION 12-49-80, RELATING TO LAWSUITS BY THE STATE TO COLLECT BACK TAXES; TO AMEND SECTION 61-2-100, RELATING TO PERSONS ALLOWED TO BE LICENSEES OR PERMITTEES OF THE DEPARTMENT OF REVENUE FOR PURPOSES OF SELLING ALCOHOLIC LIQUORS, BEER, AND WINE, SO AS TO PROVIDE FOR THE ISSUANCE OF A LICENSE OR PERMIT TO AN INDIVIDUAL OR TO A BUSINESS OR OTHER ENTITY AND TO ESTABLISH REQUIREMENTS FOR BEING ISSUED THE LICENSE OR PERMIT; TO AMEND SECTION 61-6-505, RELATING TO THE ISSUANCE OF A TEMPORARY LICENSE TO THE PURCHASER OF A RETAIL BUSINESS WHICH SELLS ALCOHOLIC BEVERAGES, SO AS TO INCLUDE ONE WHO ACQUIRES THE BUSINESS BY TRANSFER OTHER THAN PURCHASE; TO AMEND SECTION 61-6-2005, RELATING TO THE ISSUANCE OF A TEMPORARY LICENSE TO THE PURCHASER OF A RETAIL BUSINESS WHICH SELLS ALCOHOLIC LIQUORS IN MINIBOTTLES, SO AS TO INCLUDE ONE WHO

ACQUIRES THE BUSINESS BY TRANSFER OTHER THAN PURCHASE; TO AMEND SECTION 61-4-210, RELATING TO THE ISSUANCE OF A TEMPORARY LICENSE TO THE PURCHASER OF A RETAIL BUSINESS WHICH SELLS BEER OR WINE, SO AS TO INCLUDE ONE WHO ACQUIRES THE BUSINESS BY TRANSFER OTHER THAN PURCHASE; TO AMEND SECTION 61-6-2890, RELATING TO STORAGE OF ALCOHOLIC LIQUORS IN A WAREHOUSE, SO AS TO DELETE THE REQUIREMENT OF A BOND; TO REPEAL SECTIONS 61-6-300, 61-6-310, 61-6-320, 61-6-330, 61-6-340, AND 61-6-350, ALL RELATING TO LICENSE BONDS FOR MANUFACTURERS, RETAILERS, AND WHOLESALERS OF ALCOHOLIC BEVERAGES; TO AMEND SECTION 33-44-801, RELATING TO THE DISSOLUTION OF A LIMITED LIABILITY COMPANY, SO AS TO DELETE THE DISSOCIATION OF A MEMBER AS A DISSOLVING EVENT; TO AMEND SECTION 33-44-103, RELATING TO THE OPERATING AGREEMENT OF A LIMITED LIABILITY COMPANY, AND SECTION 33-44-404, RELATING TO MANAGEMENT OF A LIMITED LIABILITY COMPANY, BOTH SO AS TO REFLECT THE DELETION OF THE DISSOCIATION OF A MEMBER AS A DISSOLVING EVENT; TO AMEND SECTION 33-44-503, RELATING TO RIGHTS OF A TRANSFEREE OF AN INTEREST IN A LIMITED LIABILITY COMPANY, SO AS TO RENUMBER A CROSS REFERENCE TO SECTION 33-44-801; TO AMEND SECTION 33-44-603, RELATING TO THE EFFECT OF A MEMBER'S DISSOCIATION FROM A LIMITED LIABILITY COMPANY, AND SECTION 33-44-701, RELATING TO COMPANY PURCHASE OF AN INTEREST IN A LIMITED LIABILITY COMPANY, BOTH SO AS TO REFLECT THE DELETION OF THE DISSOCIATION OF A MEMBER AS A DISSOLVING EVENT; TO AMEND SECTION 12-37-2810, RELATING TO MOTOR CARRIERS FOR PURPOSES OF ASSESSMENT OF PROPERTY TAXES, SO AS TO INCLUDE "BUS" IN THE DEFINITIONS OF A MOTOR VEHICLE OF MOTOR CARRIER; TO AMEND SECTION 12-37-2820, AS AMENDED, RELATING TO THE VALUATION OF MOTOR VEHICLES OF MOTOR CARRIERS, SO AS TO DEFINE "GROSS CAPITALIZED COST"; TO AMEND SECTION 12-37-2830, AS AMENDED, RELATING TO THE VALUATION OF MOTOR VEHICLES OF MOTOR CARRIERS, SO AS TO DELETE REFERENCE TO THE DEPARTMENT OF REVENUE; TO AMEND SECTION 12-37-2840, AS AMENDED, RELATING TO THE FAILURE OF A MOTOR CARRIER TO FILE AN ANNUAL PROPERTY TAX RETURN, SO AS TO PROVIDE FOR A PROPOSED ASSESSMENT BY THE DEPARTMENT OF REVENUE WHICH ASSUMES ALL MILEAGE WAS WITHIN THIS STATE; TO AMEND SECTION 12-37-2850, AS AMENDED, RELATING TO THE ESTABLISHMENT OF A STATEWIDE AVERAGE MILLAGE FOR ASSESSMENT OF TAXES ON MOTOR VEHICLES OF MOTOR CARRIERS, SO AS TO REQUIRE THE PUBLISHING OF THE AVERAGE MILLAGE BY JUNE 1; TO AMEND SECTION 4-10-40, AS AMENDED, RELATING TO THE CREDIT OF REVENUES FROM THE PROPERTY TAX CREDIT FUND TO PROPERTY TAX LIABILITY, SO AS TO INCLUDE LIABILITY FOR FEES IN LIEU OF TAXES ARISING OUT OF LOCATION IN A MULTI-COUNTY INDUSTRIAL OR BUSINESS PARK; TO AMEND SECTION 12-14-40, RELATING TO THE DESIGNATION OF AN ECONOMIC IMPACT ZONE, SO AS TO DELETE THE FIFTEEN-YEAR "SUNSET" ON SUCH ZONES; TO AMEND SECTION 12-14-60, AS AMENDED, RELATING TO THE STATE INCOME TAX INVESTMENT CREDIT ALLOWED FOR CERTAIN INVESTMENTS IN ECONOMIC IMPACT ZONES, SO AS TO DELETE THE FIVE PERCENT CREDIT AND REPLACE IT WITH A GRADUATED PERCENTAGE FROM ONE TO FIVE PERCENT BASED ON THE INVESTMENT'S USEFUL LIFE AND TO LIMIT THE TOTAL CREDIT ALLOWED A UTILITY FOR INVESTMENTS MADE AFTER JUNE 30, 1998, TO FIVE MILLION DOLLARS, LIMIT ALL CREDITS FOR INVESTMENTS MADE BEFORE JULY 1, 1998, TO NO MORE THAN FIFTY PERCENT OF THE TAX LIABILITY, AND TO MAKE OTHER TECHNICAL CHANGES; AND TO PROVIDE VARIOUS EFFECTIVE DATES.

Text

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

SECTION 1. Section 12-28-710(9) and (12) of the 1976 Code, as last amended by Act 461 of 1996, is further amended to read:

"(9) kerosene and diesel fuel used as heating oil or in trains or used in equipment not licensed as a motor vehicle other than as expressly exempted under another provision;

during the applicable fiscal year of the political subdivision and the denominator is the total of the appraised value of taxable property in the county or municipality as of January 1 of the applicable taxable year.

(2) For purposes of this chapter:

(a) property tax liability includes liability to pay fees in lieu of property taxes;

(b) taxable property includes exempt property for which the owner must pay fees in lieu of property taxes; and

(c) reference to liability for fees in lieu of tax applies to fees arising pursuant to Section 4-1-170 in connection with location in a multi-county industrial or business park as provided in Section 13 of Article VIII of the Constitution of the State of South Carolina."

SECTION 14. A. Section 12-14-40 of the 1976 Code, as added by Act 25 of 1995, is amended to read:

"Section 12-14-40. (A) The designation of an area as an economic impact zone must be made by the State Budget and Control Board.

(B) A designation may be revoked by the General Assembly only after a hearing on the record in which officials of the county or municipality involved may participate."

B. Section 12-14-60 of the 1976 Code, as amended by Act 151 of 1997, is further amended to read:

"Section 12-14-60. (A)(1) There is allowed an economic impact zone investment tax credit against the tax imposed pursuant to Chapter 6 of this title for any taxable year in which the taxpayer places in service economic impact zone qualified manufacturing and productive equipment property.

(2) The amount of the credit allowed by this section is equal to the aggregate of:

three-year property one percent of total aggregate bases for all three-year property that qualifies;

five-year property two percent of total aggregate bases for all five-year property that qualifies;

seven-year property three percent of total aggregate bases for all seven-year property that qualifies;

ten-year property four percent of total aggregate bases for all ten-year property that qualifies;

fifteen-year property five percent of total aggregate bases for all

or greater fifteen-year or greater property that

qualifies.

For purposes of this section, whether property is three-year property, five-year property, seven-year property, ten-year property, or fifteen-year property is determined based on the applicable recovery period for such property under Section 168(e) of the Internal Revenue Code.

(B) For purposes of this section:

(1) "economic impact zone qualified manufacturing and productive equipment property" means any property:

(a) which is used as an integral part of manufacturing or production, or used as an integral part of extraction of or furnishing transportation, communications, electrical energy, gas, water, or sewage disposal services in the economic impact zone;

- (b) which is tangible property to which Section 168 of the Internal Revenue Code applies;
- (c) which is Section 1245 property (as defined in Section 1245(a)(3) of the Internal Revenue Code); and
- (d)(i) the construction, reconstruction, or erection of which is completed by the taxpayer in the economic impact zone; or
- (ii) which is acquired by the taxpayer if the original use of such property commences with the taxpayer inside the economic impact zone.
- (2) In the case of any computer software which is used to control or monitor a manufacturing or production process inside the economic impact zone and with respect to which depreciation (or amortization in lieu of depreciation) is allowable, the software must be treated as qualified manufacturing and productive equipment property.
- (C) This section does not apply to any property to which the other tax credits would apply unless the taxpayer elects to waive the application of the other credits to the property.
- (D) Unused credit allowed pursuant to this section may be carried forward for ten years from the close of the tax year in which the credit was earned.
- (E) If during any taxable year and before the end of applicable recovery period for such property as determined under Section 168(e) of the Internal Revenue Code, the taxpayer disposes of or removes from the economic impact zone, economic impact zone qualified manufacturing and productive equipment property, then the tax due under Chapter 6 by the taxpayer for the current taxable year must be increased by an amount of any credit claimed in prior years with respect to such property determined by assuming the credit is earned ratably over the useful life of the property and recapturing pro rata the unearned portion of the credit.
- (F) For South Carolina income tax purposes, the basis of the economic impact zone qualified manufacturing and productive equipment property must be reduced by the amount of any credit claimed with respect to the property. If a taxpayer is required to recapture the economic impact zone investment tax credit in accordance with subsection (E), the taxpayer may increase the basis of the property by the amount of any basis reduction attributable with claiming the economic impact zone investment tax credit in prior years. The basis must be increased in the year in which the credit is recaptured.
- (G) Credits claimed under this section for taxable years beginning after 1997 for investments made before July 1, 1998, may not reduce a taxpayer's state income tax liability by more than fifty percent.
- (H) The credit allowed by this section for investments made after June 30, 1998, is limited to no more than five million dollars for an entity subject to the license tax as provided in Section 12-20-100.
- (I) Notwithstanding any amendments to Section 12-14-60 of the 1976 Code enacted in the 1998 session of the General Assembly reducing the percentage amount of the economic impact zone investment tax credit or otherwise reducing the amount of the credit allowed, in the case of investments at a project operated by a company pursuant to a revitalization agreement entered into between the company and the South Carolina Advisory Council for Economic Development effective on or before July 1, 1996, the provisions of Section 12-14-60 in existence prior to the 1998 amendment shall apply."

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

History

Approved by the Governor August 31, 1998

Sponsor

Boan

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SC Court of Appeals

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM THE ADMINISTRATIVE LAW COURT

Ralph K. Anderson, III, Chief Administrative Law Judge

Case No. 19-ALJ-17-0153-CC

2020-001542

Duke Energy Energy Corporation..... Appellant,


v.

South Carolina Department of Revenue..... Respondent.

CERTIFICATE OF COUNSEL

The undersigned hereby certifies that the Record on Appeal contains all material to be included by any of the parties and not any other material.

July 1, 2021


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