

Chapter 12

Local Sales and Use Taxes

A. General Information

The South Carolina Code of Laws allows the imposition of various types of local sales and use taxes. Citizens of a county, depending upon the needs within the county, may impose one or several local sales and use taxes. Municipal councils, or the citizens of a municipality, may impose a sales and use tax¹ for tourism development if the municipality is located in a county where revenue from state accommodations tax is at least \$14 million in a fiscal year.

The Department publishes a chart with the various types of local sales and use taxes collected by the Department and the exemptions allowed under each tax. As of the date of this document, SC Information Letter #22-16 contains the most recently published information; updated information will be published in new information letters on the Department's website (dor.sc.gov) as warranted.

Most local taxes administered and collected by the Department on behalf of local jurisdictions are administered and collected on a county-wide basis. However, the Catawba Tribal Sales and Use Tax is only imposed on the Catawba Indian Reservation and the Tourism Development Fee is only imposed on a municipal-wide basis. The criteria discussed in this publication, unless otherwise indicated in legislation enacted by the General Assembly, will also apply to any future sales and use taxes administered and collected by the Department on behalf of a jurisdiction on a county-wide, municipal-wide or other basis as established by the General Assembly.

Please note that this chapter only addresses the general local sales and use taxes collected by the Department on behalf of local jurisdictions (e.g., counties, municipalities, school districts) and the tribal sales tax collected by the Department on behalf of the Catawba Indian tribal government.² It does not address the local taxes, or beach preservation fees, on sales of accommodations or the local taxes on sales of prepared meals that are collected directly by the counties or municipalities.

B. Types of Local Sales and Use Taxes

The following is a list of local sales and use taxes³ that the General Assembly has authorized the Department to administer and collect on behalf of local jurisdictions that may enact one or more of these local sales and use taxes.

¹ This municipal sales and use tax is actually a fee (Local Option Tourism Development Fee) imposed under Article 9 of Chapter 10 of Title 4. For purposes of simplicity, this fee will be referred to as a sales and use tax in this publication.

² The tribal use tax is collected directly by the Catawba Indian tribal government.

³ The General Assembly may authorize other local sales and use taxes in the future. Unless such legislation states otherwise, any such new local sales and use tax will be administered and collected in the same manner as the taxes listed in this publication. In addition, the Catawba Indian Tribal Sales Tax is not a local tax; however, it is administered and collected by the Department in a similar manner and is therefore included on this list.

Local Option: The local option sales and use tax is authorized under SC Code §4-10-10 et seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed to reduce the property tax burden on persons in the counties that impose this type of local tax and is collected by the Department on behalf of these counties.

Capital Projects: The local capital projects sales and use tax is authorized under SC Code §4-10-300 et seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed specifically to defray the debt service on bonds issued for various capital projects in the counties that impose this type of local tax and is collected by the Department on behalf of these counties.

Transportation: The local transportation projects sales and use tax is authorized under SC Code §4-37-30 et seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed specifically to defray the debt service on bonds issued for various transportation projects in the counties that impose this type of local tax and are collected by the Department on behalf of these counties.

Personal Property Tax Relief: The personal property tax relief sales and use tax is authorized under SC Code §4-10-510 et seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed in lieu of the personal property tax imposed on private passenger motor vehicles, motorcycles, general aviation aircraft, boats, and boat motors. The tax may not exceed the lesser of 2% or the amount necessary to replace the property tax on vehicles, motorcycles, general aviation aircraft, boats, and boat motors in the most recently completed fiscal year.

Local Property Tax Credits: The local option sales and use tax for local property tax credits is authorized under SC Code §4-10-720 et seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed to provide a credit against property tax imposed by a political subdivision for all classes of property subject to the property tax and is collected by the Department on behalf of these counties.

Education Capital Improvement Sales and Use Tax: The school district or school districts within a county may impose a 1% sales and use tax within the county for specific education capital improvements for the school district. The tax is authorized under SC Code §4-10-410 et seq. and must be approved by a referendum open to all qualified electors residing in the county. Pursuant to a memorandum of agreement, a portion of the revenue may be shared with the area commission (governing body of a technical college) or higher education board of trustees (governing body of a public institution of higher learning) or both, for specific education capital improvements on the campus of the recipient located in the county listed in the referendum.

The General Assembly has established several criteria that make a county or school district eligible to impose this tax. The county or school district must meet only one of these criteria, established in SC Code §4-10-470, in order for the tax to be imposed within the county. Depending on the criteria met, this tax may be imposed for up to 15 years.

School District Taxes: The General Assembly has authorized certain school districts to impose a sales and use tax within the county. These taxes are generally imposed to pay debt service on general obligation bonds and/or the cost of capital improvements. These taxes are imposed county-wide, whether imposed by the county or one or more school districts.

As of the date of this publication, these school district taxes are being imposed at a rate of 1%:⁴

<u>County</u>	<u>Act Authorizing Tax</u>
Chesterfield	Act No. 441 of 2000
Clarendon	Act No. 355 of 2004 and Act No. 195 of 2005
Dillon	Act No. 137 of 2007
Jasper	Act No. 146 of 2001
Lexington	Act No. 378 of 2004, Act No. 88 of 2011, and Act No. 278 of 2018
Marlboro	Act No. 204 of 2005

Catawba Indian Tribal Tax: The Catawba Indian Reservation is located in York County. The application of either the state sales and use tax or the Catawba Tribal sales and use tax for sales (deliveries) made on the Catawba Indian Reservation are determined by the Catawba Indian Claims Settlement Act. The specific sales and use tax provisions can be found in SC Code §27-16-130(H). The Catawba Tribal sales and use tax expires on November 28, 2092.

The following chart provides a summary of these provisions:

<u>Delivery on the Reservation From:</u>	<u>Type Tax Applicable</u>	<u>Administered and Collected By:</u>
Location On the Reservation	Tribal Sales Tax (Equal to Combined State and Local Rate*)	DOR
Location Off the Reservation But in SC – Sales \$100 or less	State Sales Tax (Local taxes would not be applicable in these circumstances.)	DOR
Location Off the Reservation But in SC – Sales Over \$100	Tribal Sales Tax (Equal to Combined State and Local Rate*)	DOR
Location Off the Reservation and Outside the State – Seller Registered with DOR	State Use Tax (Local taxes would not be applicable in these circumstances.)	DOR
Location Off the Reservation and Outside the State – Seller Not Registered with DOR	Tribal Use Tax (Equal to Combined State and Local Rate*)	Catawba Indian Tribe

⁴ See South Carolina Information Letter #22-16 for the date each school district tax was first imposed.

* York County imposes a 1% Capital Projects Tax. This local tax is in addition to the State sales and use tax. Therefore, effective May 1, 2016, the tribal sales tax and the tribal use tax are imposed at the following rates for sales (deliveries) made on the Reservation within York county:

- 7% for general sales of tangible personal property
- 8% for sales of accommodations
- 0% for sales of unprepared foods

Please note that the rate for the tribal sales tax and the tribal use tax may increase or decrease dependent upon whether the total state and local sales and use tax rates change in York County in the future.

Tourism Development Tax: The local tourism development sales and use tax is authorized under SC Code §4-10-910 et seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax and may only be imposed by a municipality located in a county where revenue from the state accommodations tax is at least \$14 million in a fiscal year. This tax may be imposed by an ordinance adopted by a two-thirds majority of the municipal council or by approval by a majority of qualified electors voting in a referendum authorized by a majority of the municipal council. The tax is imposed specifically for tourism advertisement and promotion directed at non-South Carolina residents; however, in the third and subsequent years of this tax, a portion of the tax may be used for certain property tax rollbacks. The tax is collected by the Department on behalf of these municipalities.

County Green Space Tax: The county green space sales and use tax is authorized under Code Section 4-10-1010, et seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed specifically for procuring, or for servicing bonds used to procure, open lands or green space for preservation by and through the acquisition of interests in real property. The interest in real property that may be acquired for preservation includes the acquisition of fee simple titles, conservation easements, development rights, rights of first refusal, options, leases with options to purchase, and any other interest in real property.

C. Local Sales and Use Tax Due Dependent on County or Municipality of Delivery

The determination as to which local sales and use tax is due depends on where delivery of the tangible personal property took place.⁵

For purposes of local sales and use taxes, delivery of tangible personal property is defined to occur when and where title or possession of tangible personal property transfers from the retailer to his customer. Following are guidelines to be used in determining when and where delivery occurs:

⁵ Attorney General Opinion #91-47 (7/30/1991).

FOB Destination or Similar Terms: Delivery is considered to take place at the purchaser's location or wherever delivered to the purchaser (at the purchaser's direction).

FOB Shipping Point or Similar Terms: Delivery is considered to take place at the retailer's location. Retailers with multiple retail locations are to maintain their records so as to clearly show which sales are attributable to each location.

Shipping Terms Are Unspecified: Delivery is considered to take place at the purchaser's location or wherever delivered to the purchaser (at the purchaser's direction).

Retailer Uses Own Vehicle: If a retailer uses his own vehicle(s) for making deliveries, delivery is considered to take place at the purchaser's location or wherever delivered at the direction of the purchaser. This applies whether the vehicles are owned or leased by the retailer.

Situations Where Title Transfers, but Not Possession: Delivery is considered to take place at the retailer's location.

For example, a printer may produce business cards for a customer. The cards include all needed information except for the employee name. The printer keeps possession of, but not title to, the cards. At the direction of the customer, the printer will imprint the customer's cards with an employee's name and send the imprinted cards to the customer.

Retailers with multiple retail locations are to maintain their records so as to clearly show which sales are attributable to each location.

D. Retailer's Responsibility to Remit Local Sales and Use Taxes⁶

Retailers who have nexus with South Carolina have nexus for sales and use tax purposes with all local jurisdictions in South Carolina and must collect and remit to the Department local sales and use taxes administered and collected by the Department for each jurisdiction where their products are delivered. For more information on establishing nexus with South Carolina and its local jurisdictions, see SC Revenue Ruling #18-15 and Chapter 13 of this manual.

The following are examples of when a retailer with nexus is required to collect and remit a local jurisdiction's sales and use tax:

Out-of-State Retailer: A retailer located in North Carolina establishes economic nexus with South Carolina.⁷ The retailer sells a chair to a South Carolina resident, and the chair is delivered to the customer in Lexington County. Since the retailer has nexus with South Carolina, the retailer is responsible for collecting and remitting Lexington County's local sales and use tax.⁸

⁶ South Carolina Revenue Ruling #18-15.

⁷ For information on economic nexus standards in South Carolina for out-of-state retailers, see SC Revenue Ruling #18-14 and Chapter 13 of this manual.

⁸ If, in this example, the retailer did not establish nexus with South Carolina, but had voluntarily registered with the Department for a retail license, the retailer would still be responsible for collecting and remitting Lexington County's local sales and use tax.

In-State Retailer: A retailer located in Greenville County sells plantation shutters to a customer located in Charleston County. The retailer delivers the shutters to the customer in Charleston using its own truck. Since the retailer has physical nexus with South Carolina, the retailer is responsible for collecting and remitting Charleston County's local sales and use tax.⁹

The retailer will be liable for the tax if the retailer fails to remit the tax when it has nexus with South Carolina. If, upon being audited, it is found a retailer has nexus with the state so as to require remittance of a local jurisdiction's sales and use tax, but the retailer has failed to do so, the Department will assess the retailer for that jurisdiction's tax.

E. Purchasers - Reporting Requirements

Purchases of tangible personal property (not for resale) first stored, used or consumed in a local tax jurisdiction are subject to the local use tax. Such purchases are to be reported by county and/or municipality where the property is first stored, used, or consumed using the applicable form (e.g., ST-389, UT-3) or through one of the Department's electronic filing and payment systems. Information as to which type of local sales and use tax must be reported by county and municipality and which type of local sales and use tax must be reported only by county or only by municipality can be found on Form ST-389 and the Department's electronic filing and payment systems.

Note: The purchaser is not liable for a jurisdiction's local use tax if he takes delivery in another jurisdiction and pays the other jurisdiction's local sales tax, provided the local sales tax he paid is equal to or greater than the local use tax that would otherwise be due. If the local sales tax he paid is less than the local use tax, then the purchaser owes the difference. Also, the purchaser is relieved of the liability for the local use tax if he has a receipt from a retailer showing the retailer has collected the full local use tax due.

F. Transactions Exempt from Local Sales and Use Taxes

While most local sales and use taxes provide the same exemptions for certain sales and purchases, there are some differences. South Carolina Information Letter #22-16 provides guidance concerning the various types of local sales and use taxes collected by the Department and the types of exemptions allowed under each tax.

⁹ If, in this example, the retailer did not establish nexus with South Carolina, but had voluntarily registered with the Department for a retail license, the retailer would still be responsible for collecting and remitting Charleston County's local sales and use tax.

Exhibit A

SC Information Letter #22-16: Local Tax Charts and Transactions Exempt from Local Sales and Use Taxes as of July 1, 2022



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

300A Outlet Pointe Blvd., Columbia, South Carolina 29210
P.O. Box 125, Columbia, South Carolina 29214-0575

SC INFORMATION LETTER #22-16

SUBJECT: Local Sales and Use Tax Charts, Catawba Tribal Sales and Use Tax Chart and Exemption Information
(Sales and Use Tax)

EFFECTIVE DATE: July 1, 2022

SUPERSEDES: SC Information Letter #21-30

AUTHORITY: S.C. Code Ann. Section 12-4-320 (2014)
S.C. Code Ann. Section 1-23-10(4) (2005)
SC Revenue Procedure #09-3

SCOPE: An Information Letter is a written statement issued to the public to announce general information useful in complying with the laws administered by the Department. An Information Letter has no precedential value.

The South Carolina Code of Laws allows the imposition of various types of local sales and use taxes. Citizens of a county, depending upon the needs within the county, may impose one or several local sales and use taxes. Municipal councils, or the citizens of a municipality, may impose a sales and use tax¹ for tourism development if the municipality is located in a county from which revenues from the state accommodations tax are at least \$14 million in a fiscal year.

While most of these local sales and use taxes provide the same exemptions for certain sales and purchases, there are some differences with respect to sales of unprepared foods. Attached are three charts that provide guidance concerning the various types of local sales and use taxes collected by the Department and the types of exemptions allowed under each tax.

The attached charts only address the general local sales and use taxes collected by the Department on behalf of the counties, municipalities, school districts, and the Catawba Indian tribal government. They do not address the local taxes imposed on sales of accommodations² or on sales of prepared meals³ that are collected directly by the counties or municipalities.

¹ This municipal sales and use tax is actually a fee (Local Option Tourism Development Fee) imposed under Article 9 of Chapter 10, Title 4. For purposes of simplicity, this fee is referred to as a sales and use tax in this Information Letter.

² Code Sections 6-1-500 through 6-1-570 provide for local accommodations taxes, and Code Sections 6-1-610 through 6-1-660 provide for beach preservation fees.

³ Code Sections 6-1-700 through 6-1-770 provide for a local hospitality tax.

This Information Letter is being issued to reflect the following changes:

1. County Green Space Sales and Use Tax: In Act No. 166 of 2022, the General Assembly authorized counties to impose, by referendum, a County Green Space Sales and Use Tax. A brief description of this new local sales and use tax is now listed in the “Types of Local Sales and Use Taxes” section of this Information Letter. As of the date of this Information Letter, the County Green Space Sales and Use Tax has not been approved for imposition in any county.
2. Maximum Tax – Watercraft Motors: Code Section 12-36-2110(A), concerning the sales of items subject to a maximum sales and use tax and maximum casual excise tax, has been amended to add watercraft motors. (See Act No. 237, Section 4, of 2022.) The sales of watercraft motors, effective July 1, 2022, are subject to the sales and use tax and the casual excise tax at a rate of 5%, but no more than \$500. With this amendment, sales of watercraft motors are exempt, effective July 1, 2022, from all local sales and use taxes administered and collected by the Department. Since all items subject to the Casual Excise Tax are now subject to the maximum tax, the charts below have been revised to eliminate, as unnecessary, the column for “12-36-1710 - Exemption of Casual Excise Tax Items.” These items (i.e., boats, boat and watercraft motors, and airplanes) are now covered by the column for “12-36-2110 – Exemption for Maximum Tax Items.”
3. Charleston County: The “Education Capital Improvements Tax” in Charleston County, which is set to expire on December 31, 2022, will be re-imposed beginning January 1, 2023.
4. Lancaster County: The “Capital Projects Tax” in Lancaster County, which is set to expire on April 30, 2023, will be re-imposed beginning May 1, 2023.

CHART 1: COUNTY SALES AND USE TAXES

(See “Types of Exemptions” section below for a brief description of each exemption listed.)

COUNTY	SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES					
	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	“GRANDFATHER CLAUSE” EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS
Abbeville	Local Option 5/1/92	Yes	Yes	Yes	No	Yes
Aiken	Capital Projects 5/1/19	Yes	Yes	Yes	Yes	Yes
	Ed. Capital Imp. 3/1/15	Yes	Yes	Yes	Yes	Yes

SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES						
COUNTY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	“GRANDFATHER CLAUSE” EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS
Allendale	Local Option 5/1/92	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/17	Yes	Yes	Yes	Yes	Yes
Anderson	Ed. Capital Imp. 3/1/15	Yes	Yes	Yes	Yes	Yes
Bamberg	Local Option 5/1/92	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/21	Yes	Yes	Yes	Yes	Yes
Barnwell	Local Option 5/1/99	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/17	Yes	Yes	Yes	Yes	Yes
Beaufort	No local sales and use tax is imposed in Beaufort					
Berkeley	Local Option 5/1/97	Yes	Yes	Yes	No	Yes
	Transportation 5/1/16	Yes	Yes	Yes	No	Yes
Calhoun	Local Option 5/1/05	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/19	Yes	Yes	Yes	Yes	Yes
Charleston	Local Option 7/1/91	Yes	Yes	Yes	No	Yes
	Transportation 5/1/05	Yes	Yes	Yes	No	Yes
	Ed. Capital Imp. 1/1/17	Yes	Yes	Yes	Yes	Yes
	Transportation 5/1/17	Yes	Yes	Yes	No	Yes
Cherokee	Local Option 5/1/09	Yes	Yes	Yes	No	Yes
	Ed. Capital Imp. 3/1/15	Yes	Yes	Yes	Yes	Yes

SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES						
COUNTY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	“GRANDFATHER CLAUSE” EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS
Chester	Local Option 5/1/94	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/21	Yes	Yes	Yes	Yes	Yes
Chesterfield	Local Option 5/1/97	Yes	Yes	Yes	No	Yes
	School District 9/1/00	Yes	Yes	Yes	Yes	Yes
Clarendon	Local Option 5/1/97	Yes	Yes	Yes	No	Yes
	School District 6/1/04	Yes	Yes	Yes	No - effective 7/1/05	Yes
Colleton	Local Option 7/1/91	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/15	Yes	Yes	Yes	Yes	Yes
Darlington	Local Option 5/1/97	Yes	Yes	Yes	No	Yes
	Ed. Capital Imp. 3/1/17	Yes	Yes	Yes	Yes	Yes
Dillon	Local Option 5/1/96	Yes	Yes	Yes	No	Yes
	School District 10/1/08	Yes	Yes	Yes	Yes	Yes
Dorchester	Transportation 5/1/05	Yes	Yes	Yes	No	Yes
Edgefield	Local Option 5/1/92	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/21	Yes	Yes	Yes	Yes	Yes
Fairfield	Local Option 5/1/06	Yes	Yes	Yes	No	Yes

SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES						
COUNTY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	“GRANDFATHER CLAUSE” EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS
Florence	Local Option 5/1/94	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/21	Yes	Yes	Yes	Yes	Yes
Georgetown	No local sales and use tax is imposed in Georgetown					
Greenville	No local sales and use tax is imposed in Greenville					
Greenwood	Capital Projects 5/1/17	Yes	Yes	Yes	Yes	Yes
Hampton	Local Option 7/1/91	Yes	Yes	Yes	No	Yes
Horry	Ed. Capital Imp. 3/1/09	Yes	Yes	Yes	Yes	Yes
	Capital Projects 5/1/17	Yes	Yes	Yes	Yes	Yes
Jasper	Local Option 7/1/91	Yes	Yes	Yes	No	Yes
	School District 12/1/02	Yes	Yes	Yes	Yes	Yes
	Transportation 5/1/17	Yes	Yes	Yes	No	Yes
Kershaw	Local Option 5/1/97	Yes	Yes	Yes	No	Yes
	Ed. Capital Imp. 3/1/17	Yes	Yes	Yes	Yes	Yes
Lancaster	Local Option 5/1/92	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/16	Yes	Yes	Yes	Yes	Yes
Laurens	Local Option 5/1/99	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/21	Yes	Yes	Yes	Yes	Yes
Lee	Local Option 5/1/96	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/21	Yes	Yes	Yes	Yes	Yes

SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES						
COUNTY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	“GRANDFATHER CLAUSE” EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS
Lexington	School District 3/1/19	Yes	Yes	Yes	Yes	Yes
Marion	Local Option 7/1/91	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/21	Yes	Yes	Yes	Yes	Yes
Marlboro	Local Option 5/1/92	Yes	Yes	Yes	No	Yes
	School District 2/1/13	Yes	Yes	Yes	Yes	Yes
McCormick	Local Option 7/1/91	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/17	Yes	Yes	Yes	Yes	Yes
Newberry	Capital Projects 5/1/17	Yes	Yes	Yes	Yes	Yes
Oconee	No local sales and use tax is imposed in Oconee					
Orangeburg	Capital Projects 5/1/20	Yes	Yes	Yes	Yes	Yes
Pickens	Local Option 5/1/95	Yes	Yes	Yes	No	Yes
Richland	Local Option 5/1/05	Yes	Yes	Yes	No	Yes
	Transportation 5/1/13	Yes	Yes	Yes	No	Yes
Saluda	Local Option 5/1/92	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/19	Yes	Yes	Yes	Yes	Yes
Spartanburg	Capital Projects 5/1/18	Yes	Yes	Yes	Yes	Yes
Sumter	Local Option 5/1/96	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/16	Yes	Yes	Yes	Yes	Yes

SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES						
COUNTY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	“GRANDFATHER CLAUSE” EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS
Union	Local Option 5/1/17	Yes	Yes	Yes	No	Yes
Williamsburg	Local Option 5/1/97	Yes	Yes	Yes	No	Yes
	Capital Projects 5/1/17	Yes	Yes	Yes	Yes	Yes
York	Capital Projects 5/1/18	Yes	Yes	Yes	Yes	Yes

CHART 2: CATAWBA INDIAN RESERVATION TRIBAL TAX

(See “Types of Exemptions” section and “Catawba Indian Tribal Tax” notes at the end of this Information Letter for a brief description of each exemption listed.)

SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES						
COUNTY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	“GRANDFATHER CLAUSE” EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS
Catawba Indian Reservation	Tribal Tax (See Notes #1 and #2)	Yes	See Note #2	Yes	See Note #2	See Note #2

CHART 3: MUNICIPAL SALES AND USE TAXES – LOCAL TOURISM DEVELOPMENT SALES AND USE TAX

(See “Types of Exemptions” section below for a brief description of each exemption listed.)

SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES						
MUNICIPALITY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	“GRANDFATHER CLAUSE” EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS
Myrtle Beach	Tourism Development 8/1/19	Yes	Yes	Yes	Yes	Yes

TYPES OF LOCAL SALES AND USE TAXES:

Local Option: The local option sales and use tax is authorized under Code Section 4-10-10 et seq. This tax is a general sales and use tax on all sales at retail (with certain exemptions and exclusions) taxable under the state sales and use tax. This tax is imposed to reduce the property tax burden on persons in the counties that impose this type of local tax and is collected by the Department on behalf of these counties.

Capital Projects: The local capital projects sales and use tax is authorized under Code Section 4-10-300 et seq. This tax is a general sales and use tax on all sales at retail (with certain exemptions and exclusions) taxable under the state sales and use tax. This tax is imposed specifically to defray the debt service on bonds issued for various capital projects in the counties that impose this type of local tax and is collected by the Department on behalf of these counties.

Transportation: The local transportation projects sales and use tax is authorized under Code Section 4-37-30 et seq. This tax is a general sales and use tax on all sales at retail (with certain exemptions and exclusions) taxable under the state sales and use tax. This tax is imposed specifically to defray the debt service on bonds issued for various transportation projects in the counties that impose this type of local tax and is collected by the Department on behalf of these counties.

County Green Space Tax: The county green space sales and use tax is authorized under Code Section 4-10-1010 et seq. This tax is a general sales and use tax on all sales at retail (with certain exemptions and exclusions) taxable under the state sales and use tax. This tax is imposed specifically for procuring, or for servicing bonds used to procure, open lands or green space for preservation by and through the acquisition of interests in real property. The interest in real property that may be acquired for preservation includes the acquisition of fee simple titles, conservation easements, development rights, rights of first refusal, options, leases with options to purchase, and any other interest in real property. As of the date of this Information Letter, this tax is not being imposed.

Education Capital Improvement Tax: The school district or school districts within a county may impose a 1% sales and use tax within the county for specific education capital improvements for the school district. The tax is authorized under Code Section 4-10-410 et seq. and must be approved by a referendum open to all qualified electors residing in the county. Pursuant to a memorandum of agreement, a portion of the revenue may be shared with the area commission (governing body of a technical college) or higher education board of trustees (governing body of a public institution of higher learning) or both, for specific education capital improvements on the campus of the recipient located in the county listed in the referendum.

The General Assembly has established several criteria that make a county or school district eligible to impose this tax. The county or school district must meet only one of these criteria, established in Code Section 4-10-470, in order for the tax to be imposed within the county. Depending on the criteria met, this tax may be imposed for up to 15 years.

School District Taxes: The General Assembly has authorized certain school districts to impose a sales and use tax within the county. These taxes are generally imposed to pay debt service on general obligation bonds and/or the cost of capital improvements. These taxes are imposed countywide, whether imposed by the county or one or more school districts.

As of the date of this Information Letter, these school district taxes are being imposed at a rate of 1%:

<u>County</u>	<u>Act Authorizing Tax</u>
Chesterfield	Act No. 441 of 2000
Clarendon	Act No. 355 of 2004 and Act No. 195 of 2005
Dillon	Act No. 137 of 2007
Jasper	Act No. 146 of 2001
Lexington	Act No. 378 of 2004, Act No. 88 of 2011, and Act No. 278 of 2018
Marlboro	Act No. 204 of 2005

Catawba Indian Tribal Tax: The Catawba Indian Reservation is located in York County, where the general, combined sales and use tax rate is 7%. Code Section 27-16-130(H) contains the specific sales and use tax provisions.

The tribal sales tax is administered and collected by the Department. The tribal use tax is administered and collected by the Catawba Indian Tribe. For additional information on the Catawba Indian Tribal Tax, including information on the specific tax rates for sales of accommodations and unprepared food, see SC Revenue Ruling #98-18 and Notes #1 and #2 at the end of this Information Letter.

Tourism Development Tax: The local tourism development sales and use tax is authorized under Code Section 4-10-910 et seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax and may only be imposed by a municipality located in a county where revenue from the state accommodations tax is at least \$14 million in a fiscal year. This tax may be imposed by an ordinance adopted by a two-thirds majority of the municipal council or by approval by a majority of qualified electors voting in a referendum authorized by a majority of the municipal council. The tax is imposed specifically for tourism advertisement and promotion directed at nonresidents of South Carolina; however, in the third and subsequent years of this tax, a portion of the tax may be used for certain property tax rollbacks. The tax is collected by the Department on behalf of these municipalities.

Personal Property Tax Relief: The personal property tax relief sales and use tax is authorized under Code Section 4-10-510 et seq. This tax is a general sales and use tax on all sales at retail (with certain exemptions and exclusions) taxable under the state sales and use tax. This tax is imposed in lieu of the personal property tax imposed on private passenger motor vehicles, motorcycles, general aviation aircraft, boats, and boat motors. The tax may not exceed the lesser of 2% or the amount necessary to replace the property tax on vehicles, motorcycles, general aviation aircraft, boats, and boat motors in the most recently completed fiscal year. As of the date of this Information Letter, this tax is not being imposed.

Local Property Tax Credits: The local option sales and use tax for local property tax credits is authorized under Code Section 4-10-720 et seq. This tax is a general sales and use tax on all sales at retail (with certain exemptions and exclusions) taxable under the state sales and use tax. This tax is imposed to provide a credit against property tax imposed by a political subdivision for all

classes of property subject to the property tax and is collected by the Department on behalf of these counties. As of the date of this Information Letter, this tax is not being imposed.

REMITTANCE OF LOCAL SALES AND USE TAXES BY RETAILERS:

For information on when a retailer is required to remit a local sales and use tax, see the most recent revenue ruling entitled “Local Sales and Use Taxes and Catawba Tribal Sales and Use Tax.”

TYPES OF EXEMPTIONS:

State Exemptions – Code Sections 12-36-2120 and 12-36-2130: Except for sales of unprepared food exempt from the 6% state sales and use tax under Code Section 12-36-2120(75), sales of tangible personal property exempt from the State sales and use tax are exempt from the local sales and use tax if marked “Yes” in this column on the above charts.

Note: Sales of unprepared food are only exempt from a local sales and use tax if the local sales and use tax law specifically exempts such sales. For information on the exemption for sales of unprepared food from local sales and use taxes, see the discussion below entitled “Exemption for Certain Food Sales.”

Exemption for Maximum Tax Items - Code Section 12-36-2110: Sales of items subject to a maximum tax under the State sales and use tax law [i.e., aircraft, motor vehicles, motorcycles, boats, watercraft motors, trailers and semitrailers pulled by truck tractors,⁴ horse trailers, recreational vehicles (including tent campers, travel trailers, park models, park trailers, motor homes, and fifth wheels), self-propelled light construction equipment, unassembled aircraft, manufactured homes, musical instruments and office equipment purchased by certain religious organizations and fire safety education trailers] are exempt from the local sales and use tax if marked “Yes” in this column on the above charts.

Note: Code Section 12-36-2120(83) exempts from state and local sales and use tax the sale or purchase of each vehicle or other item that is subject to an infrastructure maintenance fee under Code Section 56-3-627. The infrastructure maintenance fee is due when the vehicle or other item is first registered with the South Carolina Department of Motor Vehicles pursuant to Chapter 3 of Title 56.

Exemption for Food Stamp Purchases: Sales of food purchased with food stamps are exempt from the State sales and use tax; therefore, such sales are exempt from the local sales and use tax if marked “Yes” in this column on the above charts.

Exemption for Certain Food Sales: Sales of certain foods are exempt from the local sales and use tax if marked “Yes” in this column on the above charts. Sales of foods which are eligible to be purchased with United States Department of Agriculture food stamps come under this exemption. This exemption applies to everyone, not just persons using food stamps.

⁴ Pole trailers and trailers that can be pulled by vehicles other than truck tractors are not maximum tax items under Code Section 12-36-2110 and are subject to the local sales and use tax.

Foods which may be purchased with food stamps and are exempt from these local sales and use taxes include:

- Any food intended to be eaten at home by people, including snacks, beverages and seasonings
- Seeds and plants intended to grow food (not birdseed or seeds to grow flowers)
- Cold items, which may include salads or sandwiches, intended to be eaten at home by people

Items which cannot be purchased with food stamps and are, therefore, subject to these local sales and use taxes are:

- Alcoholic beverages, such as beer, wine, or liquor
- Hot beverages ready to drink, such as coffee
- Tobacco
- Hot foods ready to eat
- Foods designed to be heated in the store
- Hot and cold food to be eaten at a lunch counter, in a dining area or anywhere else in the store or in a nearby area such as a mall food court
- Vitamins and medicines (Note: Sales of certain medicines are exempt from the State sales and use tax, and therefore, are also exempt from all local sales and use taxes.)
- Pet food
- Any non-food items such as tissue, soap, or other household goods

For more detailed information on this food exemption, see SC Regulation 117-337.

“Grandfather Clause” Exemption for Certain Purchases by Construction Contractors:

All the local sales and use taxes discussed in this Information Letter exempt purchases of building materials for use under a construction contract if both of the following conditions are met:

- A. 1. the construction contract is executed before the imposition date; or
 2. a written bid is submitted before the imposition date culminating in a construction contract entered into before or after the imposition date; and
- B. a verified copy of the contract is submitted to the Department within six months of the imposition date.

A “verified copy” is a copy accompanied by a statement, signed under penalties of perjury, that it is true and correct. If the contractor is a corporation, the statement is to be signed by an officer of the corporation or an employee authorized to sign. If the contractor is a partnership, the statement is to be signed by a general partner. If the contractor is a sole proprietorship, the owner is to sign.

Special Exemption Certificate. In order for a contractor to purchase building materials for a particular contract free of the local tax, the contractor must complete Form ST-10-C (“Application for Exemption from Local Tax for Construction Contractors”). If the Department determines the contract in question meets the above requirements, the contractor will be issued a special exemption certificate (Form ST-585). The certificate may only be used to purchase building

materials for the contract for which it is issued and may not be used to purchase anything other than building material. If the contractor uses this certificate to make purchases free of the local tax, upon which the tax should have been paid, then the contractor will be held liable for the tax. Also, the certificate does not allow the contractor to make purchases of building materials free of the State tax.

An exemption certificate (Form ST-585) issued by the Department to a prime contractor under this exemption may not be used by a subcontractor nor may a prime contractor use a subcontractor's exemption certificate. Each contractor must obtain his own certificate for each construction contract.

CATAWBA INDIAN TRIBAL TAX – NOTES #1 and #2:

Note #1: Whether the State sales and use tax or the Catawba Tribal sales and use tax for sales (deliveries) made on the Catawba Indian Reservation applies is determined by the Catawba Indian Claims Settlement Act (Chapter 16, Title 27, South Carolina Code of Laws). The provisions specific to sales and use tax are in Code Section 27-16-130(H).

The Catawba Tribal sales and use tax expires on November 28, 2092.

The following chart provides a summary of these provisions:

<u>Delivery on the Reservation From:</u>	<u>Type Tax Applicable</u>	<u>Administered and Collected By:</u>
Location On the Reservation	Tribal Sales Tax (Equal to Combined State and Local Rate*)	DOR
Location Off the Reservation but in SC – Sales \$100 or less	State Sales Tax (Local Taxes Do Not Apply.)	DOR
Location Off the Reservation but in SC – Sales Over \$100	Tribal Sales Tax (Equal to Combined State and Local Rate*)	DOR
Location Off the Reservation and Outside the State – Seller Registered with DOR	State Use Tax (Local Taxes Do Not Apply.)	DOR
Location Off the Reservation and Outside the State – Seller Not Registered with DOR	Tribal Use Tax (Equal to Combined State and Local Rate*)	Catawba Indian Tribe

* York County imposes a 1% Capital Projects Tax. This local tax is in addition to the State sales and use tax. As of the date of this Information Letter, the tribal sales tax and the tribal use tax are imposed at the following rates for sales (deliveries) made on the Reservation within York County:

- 7% for general sales of tangible personal property
- 8% for sales of accommodations
- 0% for sales of unprepared foods

The rate for the tribal sales tax and the tribal use tax may increase or decrease dependent upon whether the total state and local sales and use tax rates change in York County in the future.

For additional information, see SC Revenue Ruling #98-18.

Note #2: Maximum Tax Items: For sales (deliveries) made on the Reservation of tangible personal property subject to the maximum tax provisions, the tribal sales and use tax rate is 5% (since the state sales and use tax on maximum tax items is 5% and maximum tax items are exempt from all local sales and use taxes), but the tax may not exceed the maximum tax set forth in Code Section 12-36-2110.

“Grandfather Clause” Exemption for Certain Purchases by Construction Contractors: As a result of any increase in the tribal sales and use tax rate due to the imposition of a new local sales and use tax in York County, there is an exemption from the portion of the tribal sales and use tax represented by the new local sales and use tax for certain purchases by construction contractors. For more information about this partial exemption, see the discussion earlier in this Information Letter concerning “Grandfather Clause” Exemption for Certain Purchases by Construction Contractors and the Special Exemption Certificate.