

Income Tax Reduction

Least-Regressive

Section 12-6-510. (A) For taxable years beginning after 1994, a tax is imposed on the South Carolina taxable income of individuals, estates, and trusts and any other entity except those taxed or exempted from taxation under Sections 12-6-530 through 12-6-550 computed at the following rates with the income brackets indexed in accordance with Section 12-6-520:

| | |
|------------------------------------|---|
| Not over \$2,220 | 2.5 percent of taxable income; |
| Over \$2,220 but not over \$4,440 | \$56 plus 3 percent of the excess over \$2,220; |
| Over \$4,440 but not over \$6,660 | \$123 plus 4 percent of the excess over \$4,440; |
| Over \$6,660 but not over \$8,880 | \$212 plus 5 percent of the excess of \$6,660; |
| Over \$8,880 but not over \$11,100 | \$323 plus 6 percent of the excess over \$8,880; |
| Over \$11,100 | \$456 plus 7 percent of the excess over \$11,100. |

(B) Beginning taxable year 2015, using the tax rates and tax brackets that applied in tax year 2014, the rate of tax imposed pursuant to subsection (A) on South Carolina taxable income is reduced, beginning with the lowest tax bracket and upon being reduced completely, reducing each subsequent tax bracket, by a percentage amount sufficient to offset the cumulative motor fuel fee increase for that taxable year and each previous taxable year, pursuant to Section 12-28-310, beginning with the motor fuel user fee increase in taxable year 2015. The income bracket reduction required by this section shall cease after tax year 2024, at which time the reduction in each affected tax bracket shall be permanent. If a tax rate applicable to a bracket is eliminated, that income bracket is added to the then applicable zero percent bracket.

~~(B)~~(C) The department may prescribe tax tables consistent with the rates set pursuant to ~~subsection (A)~~ this section.

Same Reduction in each Bracket

Section 12-6-510. (A) For taxable years beginning after 1994, a tax is imposed on the South Carolina taxable income of individuals, estates, and trusts and any other entity except those taxed or exempted from taxation under Sections 12-6-530 through 12-6-550 computed at the following rates with the income brackets indexed in accordance with Section 12-6-520:

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|------------------------------------|---|
| Not over \$2,220 | 2.5 percent of taxable income; |
| Over \$2,220 but not over \$4,440 | \$56 plus 3 percent of the excess over \$2,220; |
| Over \$4,440 but not over \$6,660 | \$123 plus 4 percent of the excess over \$4,440; |
| Over \$6,660 but not over \$8,880 | \$212 plus 5 percent of the excess of \$6,660; |
| Over \$8,880 but not over \$11,100 | \$323 plus 6 percent of the excess over \$8,880; |
| Over \$11,100 | \$456 plus 7 percent of the excess over \$11,100. |

(B) Beginning taxable year 2015, using the tax rates and tax brackets that applied in tax year 2014, the rate of tax imposed pursuant to subsection (A) on South Carolina taxable income is reduced, equally on each tax bracket by a percentage amount sufficient to offset the cumulative motor fuel user fee increase for that taxable year and each previous taxable year, pursuant to Section 12-28-310, beginning with the motor fuel user fee increase in taxable year 2015. The income bracket reduction required by this section shall cease after tax year 2024, at which time the reduction in each affected tax bracket shall be permanent. If a tax rate applicable to a bracket is eliminated, that income bracket is added to the then applicable zero percent bracket.

~~(B)~~(C) The department may prescribe tax tables consistent with the rates set pursuant to ~~subsection (A)~~ this section.

A Little bit of Both Types of Reduction

Section 12-6-510. (A) For taxable years beginning after 1994, a tax is imposed on the South Carolina taxable income of individuals, estates, and trusts and any other entity except those taxed or exempted from taxation under Sections 12-6-530 through 12-6-550 computed at the following rates with the income brackets indexed in accordance with Section 12-6-520:

| | |
|------------------------------------|---|
| Not over \$2,220 | 2.5 percent of taxable income; |
| Over \$2,220 but not over \$4,440 | \$56 plus 3 percent of the excess over \$2,220; |
| Over \$4,440 but not over \$6,660 | \$123 plus 4 percent of the excess over \$4,440; |
| Over \$6,660 but not over \$8,880 | \$212 plus 5 percent of the excess of \$6,660; |
| Over \$8,880 but not over \$11,100 | \$323 plus 6 percent of the excess over \$8,880; |
| Over \$11,100 | \$456 plus 7 percent of the excess over \$11,100. |

(B)(1) Beginning taxable year 2015, using the tax rates and tax brackets that applied in tax year 2014, the rate of tax imposed pursuant to subsection (A) on South Carolina taxable income is reduced, beginning with the lowest tax bracket and upon being reduced completely, reducing each subsequent tax bracket, by a percentage amount sufficient to offset the cumulative motor fuel fee increase for that taxable year and each previous taxable year, pursuant to Section 12-28-310, beginning with the motor fuel user fee increase in taxable year 2015. The income bracket reduction required by this item shall cease after tax year 2019. If a tax rate applicable to a bracket is eliminated, that income bracket is added to the then applicable zero percent bracket.

(2) equally on each tax bracket by a percentage amount sufficient to offset the cumulative motor fuel user fee increase for that taxable year and each previous taxable year, pursuant to Section 12-28-310, beginning with the motor fuel user fee increase in taxable year 2015. The income bracket reduction required by this section shall cease after tax year 2024. The income tax reduction contained in this item shall cease after tax year 2024, at which time the reduction in each affected tax bracket pursuant to items (1) and (2), cumulatively, shall be permanent.

(3) The reduction in each affected tax bracket shall pursuant to items (1) and (2) shall be permanent for tax years after tax year 2024. If a tax rate applicable to a bracket is eliminated pursuant to reductions contained in items (1) or (2), that income bracket is added to the applicable zero percent bracket.

~~(B)~~(C) The department may prescribe tax tables consistent with the rates set pursuant to ~~subsection (A)~~ this section.

Bracket Reduction / Partial Offset

Section 12-6-510. (A) For taxable years beginning after 1994, a tax is imposed on the South Carolina taxable income of individuals, estates, and trusts and any other entity except those taxed or exempted from taxation under Sections 12-6-530 through 12-6-550 computed at the following rates with the income brackets indexed in accordance with Section 12-6-520:

| | |
|-----------------------------------|---|
| Not over \$2,220 | 2.5 percent of taxable income; |
| Over \$2,220 but not over \$4,440 | \$56 plus 3 percent of the excess over \$2,220; |

| | |
|------------------------------------|---|
| Over \$4,440 but not over \$6,660 | \$123 plus 4 percent of the excess over \$4,440; |
| Over \$6,660 but not over \$8,880 | \$212 plus 5 percent of the excess of \$6,660; |
| Over \$8,880 but not over \$11,100 | \$323 plus 6 percent of the excess over \$8,880; |
| Over \$11,100 | \$456 plus 7 percent of the excess over \$11,100. |

(B) Beginning taxable year 2015, using the tax rates and tax brackets that applied in tax year 2014, the rate of tax imposed pursuant to subsection (A) on South Carolina taxable income on all brackets of South Carolina taxable income is reduced by two-tenths of one percent. The income bracket reduction required by this section shall cease after tax year 2024, at which time the reduction in each affected tax bracket shall be permanent. If a tax rate applicable to a bracket is eliminated, that income bracket is then added to the then applicable zero bracket.

(B)(C) The department may prescribe tax tables consistent with the rates set pursuant to ~~subsection (A)~~ this section.

Motor Fuel User Fee Increase

20 Cent Increase

Section 12-28-310. (A)(1) Subject to the exemptions provided in this chapter, a user fee ~~of sixteen cents a gallon~~ is imposed on:

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

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

(2) The user fee imposed by this subsection shall be imposed on a per gallon basis for the motor fuels identified in items (1)(a) and (1)(b) and shall be equal to:

| <u>Year</u> | <u>Amount (in cents per gallon)</u> |
|---------------------------------------|-------------------------------------|
| <u>2015</u> | <u>18</u> |
| <u>2016</u> | <u>20</u> |
| <u>2017</u> | <u>22</u> |
| <u>2018</u> | <u>24</u> |
| <u>2019</u> | <u>26</u> |
| <u>2020</u> | <u>28</u> |
| <u>2021</u> | <u>30</u> |
| <u>2022</u> | <u>32</u> |
| <u>2023</u> | <u>34</u> |
| <u>2024 and every year thereafter</u> | <u>36</u> |

(3) In each year that an increase to the motor fuel user fee is required pursuant to item (2), the increase shall occur on January first.

25 Cent Increase

| <u>Year</u> | <u>Amount (in cents per gallon)</u> |
|---------------------------------------|-------------------------------------|
| <u>2015</u> | <u>18</u> |
| <u>2016</u> | <u>20</u> |
| <u>2017</u> | <u>22</u> |
| <u>2018</u> | <u>24</u> |
| <u>2019</u> | <u>26</u> |
| <u>2020</u> | <u>29</u> |
| <u>2021</u> | <u>32</u> |
| <u>2022</u> | <u>35</u> |
| <u>2023</u> | <u>38</u> |
| <u>2024 and every year thereafter</u> | <u>41</u> |