

Sales and Use Tax Exemption Estimates, FY 2021-22

Line	Code Section	Year Enacted	Description of Exemption	Total	Collectable	Non-Collectable	Notes
Retail & Business							
1	12-36-2110(A)	1984	Maximum tax on sale or lease of aircraft, motor vehicles, motorcycles, boats, trailers or semitrailers pulled by a truck tractor, horse trailers, recreational vehicles, and self-propelled light construction equipment	\$ 218,106,000	\$ 218,106,000	\$ -	1/
2	12-36-2110(A)(1)(a)	1984	Aircraft, including unassembled aircraft which is to be assembled by the purchaser	\$ 2,163,000	\$ 2,163,000	\$ -	1/
3	12-36-2110(A)(1)(b)		Motor vehicles	\$ 181,018,000	\$ 181,018,000	\$ -	1/
4	12-36-2110(A)(1)(c)		Motorcycles	\$ 1,807,000	\$ 1,807,000	\$ -	1/
5	12-36-2110(A)(1)(d)		Boats	\$ 10,386,000	\$ 10,386,000	\$ -	1/
6	12-36-2110(A)(1)(e)		Trailer or semitrailers, pulled by a truck tractor, and horse trailers	\$ 16,000	\$ 16,000	\$ -	1/
7	12-36-2110(A)(1)(f)		Recreational vehicles, including tent campers, travel trailers, park model, park trailer, motor homes, and fifth	\$ 14,400,000	\$ 14,400,000	\$ -	1/
8	12-36-2110(A)(1)(g)		Self-propelled light construction equipment with compatible attachments limited to a maximum of 160 net engine horsepower	\$ 8,315,000	\$ 8,315,000	\$ -	1/
9	12-36-2110(B)	1984	Manufactured homes	\$ 16,166,000	\$ 16,166,000	\$ -	
10	12-36-2110(C)	1984	Musical instruments or office equipment purchased by religious organizations exempt under IRC Sec. 501(c)(3)	\$ 101,000	\$ 101,000	\$ -	
11	12-36-2110(E)	1984	Equipment provided, supplied, or installed on a firefighting vehicle is included with the vehicle	\$ 589,000	\$ 589,000	\$ -	
12	12-36-2120(3)	1951	Textbooks, books, magazines, periodicals, newspapers, and on-line access used in a course of study in all schools or for students' use in the school library	\$ 17,302,000	\$ 17,302,000	\$ -	

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Retail & Business							
13	12-36-2120(8)	1951	Newsprint paper, newspapers, religious publications, including the Holy Bible, and the SC Department of Agriculture's "The Market Bulletin"	\$ 3,540,000	\$ 3,540,000	\$ -	
14			Newsprint paper	\$ 867,000	\$ 867,000	\$ -	
15			Newspaper sales	\$ 2,666,000	\$ 2,666,000	\$ -	
16			The Holy Bible	N/A	N/A	N/A	2/
17			The Market Bulletin	\$ 6,000	\$ 6,000	\$ -	
18	12-36-2120(11)(d)	1951	Automatic teller machine transactions	\$ 4,897,000	\$ 4,897,000	\$ -	
19	12-36-2120(14)	1951	Wrapping paper, wrapping twine, paper bags, and containers used in the sale and delivery of tangible personal property	\$ 39,466,000	\$ 39,466,000	\$ -	
20	12-36-2120(15)	1951	Motor fuel, blended fuel, and alternative fuel subject to tax under Chapter 28 Title 12; however, gasoline used in aircraft is not exempt from sales and use tax	\$ 605,300,000	\$ 605,300,000	\$ -	
21			On-Highway	\$ 575,759,000	\$ 575,759,000	\$ -	
22			Off-Highway	\$ 19,539,000	\$ 19,539,000	\$ -	
23			Farm machinery and farm tractors	\$ 2,338,000	\$ 2,338,000	\$ -	
24			Commercial fishing vessels	\$ 7,664,000	\$ 7,664,000	\$ -	
25	12-36-2120(24)	1959	Supplies and machinery used by laundries, cleaning, dyeing, pressing, or garment rental establishments (excludes coin-operated laundromats)	\$ 1,293,000	\$ 1,293,000	\$ -	
26	12-36-2120(25)	1967	Motor vehicles (excluding trucks) or motorcycles sold to out-of-state residents of the US Armed Forces when by reason of orders is located in SC	\$ 111,000	\$ 111,000	\$ -	

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Retail & Business							
27	12-36-2120(26)	1967	Supplies, technical equipment, machinery, and electricity sold to radio and television stations, and cable television systems, for use in producing, broadcasting, or distributing programs	\$ 11,006,000	\$ 11,006,000	\$ -	
28	12-36-2120(31)	1979	Vacation time sharing plans and exchange of accommodations in which the accommodation to be exchanged is the primary consideration	\$ 3,694,000	\$ 3,694,000	\$ -	
29	12-36-2120(33)	1979	Electricity or any combustible heating material or substance used for residential purposes	\$ 288,852,000	\$ 288,852,000	\$ -	
30			Electricity	\$ 257,152,000	\$ 257,152,000	\$ -	
31			Natural Gas	\$ 23,273,000	\$ 23,273,000	\$ -	
32			Fuel Oil	\$ 395,000	\$ 395,000	\$ -	
33			Kerosene	\$ 126,000	\$ 126,000	\$ -	
34			LP Gas	\$ 7,609,000	\$ 7,609,000	\$ -	
35			Coal	\$ -	\$ -	\$ -	
36			Other combustible material	\$ 296,000	\$ 296,000	\$ -	
37	12-36-2120(34)	1981	Fifty percent of gross proceeds of the sale of a modular home, both on-frame and off-frame	\$ 695,000	\$ 695,000	\$ -	
38	12-36-2120(35)	1982	Motion picture film sold or rented to or by theaters	\$ -	\$ -	\$ -	3/
39	12-36-2120(42)	1989	Depreciable assets, used in the operation of a business, pursuant to the sale of the business, when the entire business is sold by the owner and the purchaser continues operation of the business	\$ 108,000	\$ 108,000	\$ -	
40	12-36-2120(43)	1991	All supplies, technical equipment, machinery, and electricity sold to motion picture companies for use in filming or producing motion pictures	\$ 340,000	\$ 340,000	\$ -	

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Retail & Business							
41	12-36-2120(48)	1994	Solid waste disposal collection bags when the county or political subdivision requires the purchase of a specific bag for solid waste disposal	\$ 38,000	\$ 38,000	\$ -	
42	12-36-2120(49)	1994	Postage paid by a person engaged in the business of selling advertising services for clients	\$ 853,000	\$ 853,000	\$ -	
43	12-36-2120(53)	1996	Motor vehicle extended service contracts and extended warranty contracts	\$ 29,480,000	\$ 29,480,000	\$ -	
44	12-36-2120(57)	2000	Sales tax holiday during the first weekend in August on clothing, footwear, and qualified school supplies	\$ 15,798,000	\$ 15,798,000	\$ -	
45	12-36-2120(60)	2001	Lottery ticket sales	\$ 144,646,000	\$ -	\$ 144,646,000	4/
46	12-36-2120(62)	2003	Seventy percent of the gross rental sales or leases of portable toilets	\$ 601,000	\$ 601,000	\$ -	
47	12-36-2120(64)	2005	Sweet grass baskets made by South Carolina artists	\$ 320,000	\$ 320,000	\$ -	
48	12-36-2120(65)	2006	Computer equipment used in a technology intensive facility	N/A	N/A	N/A	
49	12-36-2120(66)	2006	Electricity used by a technology intensive facility	N/A	N/A	N/A	
50	12-36-2120(67)	2006	Sales tax on construction materials of a new or expanded single manufacturing or distribution facility with a capital investment of at least \$100 million in real and personal property at a single site	\$ 19,730,000	\$ 19,730,000	\$ -	
51	12-36-2120(72)	2007	Building materials used to construct a new or renovated building or any machinery or equipment located in a research district	\$ 1,584,000	\$ 1,584,000	\$ -	
52	12-36-2120(73)	2007	Amusement park rides and any parts, machinery, and equipment used to assemble and operate a ride or performance venue facility	\$ 1,470,000	\$ 1,470,000	\$ -	

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Retail & Business							
53	12-36-2120(75)	2007	Unprepared food that may be purchased with United States Department of Agriculture food coupons	\$ 435,385,000	\$ 435,385,000	\$ -	
54	12-36-2120(76)	2008	Sales tax holiday on handguns, rifles, and shotguns (beginning the Friday after Thanksgiving at 12:01 AM and ending at 12:00 midnight the following Saturday)	N/A	N/A	N/A	2/
55	12-36-2120(77)	2008	Sales tax holiday on noncommercial home and personal energy efficient products meeting or exceeding the requirements of the ENERGY STAR program with a sales price of \$2,500 or less	N/A	N/A	N/A	2/
56	12-36-2120(79)	2012	Computers, computer equipment, and computer software used within a datacenter where a taxpayer invests at least \$50/\$75 million over a five-year period and creates and maintains at least 25 full-time jobs with an average cash compensation of 150% of the per capita income level of the State or of the county where the facility is located.	\$ 2,277,000	\$ 2,277,000	\$ -	
57	12-36-2120(83)	2017	Any item subject to the fee set forth in Section 56-3-627	N/A	N/A	N/A	1/
58	12-36-2130(2)	1988	Purchases made by museums and exhibition rentals purchased or leased for sources outside of the State	\$ 61,000	\$ 61,000	\$ -	
59	12-36-2610	1959	Discount for timely filed payment of tax, maximum discount of \$10,000 for out-of-state retailers, \$3,000 for all other retailers (\$3,100 for retailers filing by EFT)	\$ 40,825,000	\$ 40,825,000	\$ -	
60	12-36-2620(2)	1990	One percent sales tax exemption for those individuals 85 years and older	\$ 6,645,000	\$ 6,645,000	\$ -	

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Retail & Business							
61	12-36-2140	2019	The State Ports Authority shall be considered a distribution facility for the purpose of sales tax exemptions associated with the purchase of equipment and construction materials	\$ 449,000	\$ 449,000	\$ -	
62	Proviso 50.2	2019	The Navy Base Intermodal Facility owned by Palmetto Railways, a division of the Department of Commerce, shall be considered a distribution facility for the purpose of sales tax exemptions associated with the purchase of equipment and construction materials.	N/A	N/A	N/A	
Subtotal Retail and Business				\$ 1,911,728,000	\$ 1,767,082,000	\$ 144,646,000	
Medical							
63	12-36-2120(28)	1974	Medicine and prosthetic devices sold by prescription, radiopharmaceuticals used in treatment of cancer and other related diseases, free samples distributed by its manufacturer, and medicines used to prevent respiratory syncytial virus	\$ 528,753,000	\$ 312,020,000	\$ 216,732,000	
64	12-36-2120(28)(a)		Medicine and prosthetic devices	\$ 511,798,000	\$ 303,496,000	\$ 208,302,000	
65	12-36-2120(28)(b)		Diabetic supplies, including hypodermic needles, insulin, and blood sugar test strips	\$ 7,163,000	\$ 3,037,000	\$ 4,126,000	
66	12-36-2120(28)(c)		Disposable medical supplies used in the treatment of a patient outside of a hospital, skilled nursing facility, or ambulatory surgical treatment center	\$ 1,593,000	\$ 1,087,000	\$ 507,000	
67	12-36-2120(28)(d)		Medicine donated by its manufacturer to a public institution of higher education for research or for treatment of indigent patients	\$ 68,000	\$ 68,000	\$ -	
68	12-36-2120(28)(e)		Dental prosthetic devices	\$ 4,951,000	\$ 4,268,000	\$ 683,000	

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Medical							
69	12-36-2120(28)(f)		Prescription drugs dispensed to Medicare Part A patients residing in a nursing home	\$ 3,180,000	\$ -	\$ 3,180,000	
70	12-36-2120(38)	1985	Hearing aids	\$ 14,014,000	\$ 14,014,000	\$ -	
71	12-36-2120(63)	2005	Prescription and over-the-counter medicines and medical supplies sold to charitable medical and dental clinics	\$ 243,000	\$ 243,000	\$ -	
72	12-36-2120(74)	2007	Durable medical equipment which is paid by state or federal Medicaid or Medicare funds	\$ 21,909,000	\$ 4,207,000	\$ 17,703,000	
73	12-36-2120(80)	2012	Injectable medications and injectable biologics administered by a physician in the physician's office or in a Center for Medicare or Medicaid Services (CMS) certified kidney dialysis facility.	\$ 6,199,000	\$ 2,074,000	\$ 4,126,000	
74	Proviso 117.55	2005	Respiratory syncytial virus medicines	N/A	N/A	N/A	5/
75	Proviso 117.59	2006	Viscosupplementation therapies sales	\$ 871,000	\$ 375,000	\$ 497,000	
Subtotal Medical				\$ 571,989,000	\$ 332,933,000	\$ 239,058,000	
Utilities							
76	12-36-2120(9)	1951	Coal, or coke, or other fuel sold to manufacturers, electric power companies, and transportation companies	\$ 211,311,000	\$ 211,311,000	\$ -	
77			Manufacturing (Industrial)	\$ 106,946,000	\$ 106,946,000	\$ -	
78			Electric utilities	\$ 85,351,000	\$ 85,351,000	\$ -	
79			Transportation companies	\$ 19,014,000	\$ 19,014,000	\$ -	
80	12-36-2120(11)	1951	Toll charges for the transmission of voice or messages between telephone exchanges and transactions	\$ 107,572,000	\$ 107,572,000	\$ -	
81	12-36-2120(11)(a)	1951	Toll charges for the transmission of voice messages between telephone exchanges (long distance)	\$ 38,401,000	\$ 38,401,000	\$ -	

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Utilities							
82	12-36-2120(11)(b)	1951	Charges for telegraph messages	N/A	N/A	N/A	6/
83	12-36-2120(11)(c)	1951	Carrier and customer access charges established by the Federal Communications Commission or the SC Public Service Commission	\$ 9,725,000	\$ 9,725,000	\$ -	
84	12-36-2120(12)	1951	Water sold by public utilities, if rates and charges are the kind determined by the Public Service Commission or water sold by nonprofit corporations organized under Chapter 36 of Title 33	\$ 59,446,000	\$ 59,446,000	\$ -	
85	12-36-2120(59)	2001	Facilities for transmitting electricity that is transferred, sold, or exchanged to a limited liability company controlling electric transmission assets	N/A	N/A	N/A	7/
Subtotal Utilities				\$ 426,455,000	\$ 426,455,000	\$ -	
Manufacturing							
86	12-36-2120(17)	1951	Machines used in manufacturing, processing, recycling, compounding, mining, or quarrying tangible personal property for sale	\$ 145,206,000	\$ 145,206,000	\$ -	
87	12-36-2120(19)	1951	Electricity used by cotton gins, manufacturers, miners, or quarriers to manufacture, mine, or quarry tangible personal property for sale	\$ 119,692,000	\$ 119,692,000	\$ -	
88	12-36-2120(50)	1995	Recycling property, including fuels and gasses of any type, fluids, and lubricants used by a qualified recycling facility	\$ 3,225,000	\$ 3,225,000	\$ -	
89	12-36-2120(51)	1996	Material handling systems and equipment used in a distribution or manufacturing facility	\$ 1,951,000	\$ 1,951,000	\$ -	

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Manufacturing							
90	12-36-2120(52)	1996	Parts and supplies used by persons engaged in the business of repairing or reconditioning aircraft	\$ 619,000	\$ 619,000	\$ -	
91	12-36-2120(54)	1999	Clothing and attire for working in a Class 100 or better clean room environment	N/A	N/A	N/A	
92	12-36-2120(55)	2000	Audiovisual masters made or used by a production company in making visual and audio images for first generation reproduction	\$ 48,000	\$ 48,000	\$ -	
93	12-36-2120(56)	2000	Machines used in research and development	\$ 6,631,000	\$ 6,631,000	\$ -	
94	12-36-2120(71)	2007	Any device, equipment, or machinery operated by hydrogen or fuel cells, or any device, equipment, or machinery used to generate, produce, or distribute hydrogen	N/A	N/A	N/A	6/
Subtotal Manufacturing				\$ 277,372,000	\$ 277,372,000	\$ -	
Government							
95	12-36-2120(2)	1984	Tangible personal property sold to the federal government	\$ 222,611,000	\$ -	\$ 222,611,000	
96	12-36-2120(22)	1990	Missile assembly materials used by the Armed Forces of the United States	\$ 18,000	\$ -	\$ 18,000	
97	12-36-2120(27)	1974	Plants and animals sold to any publicly-supported zoological park or garden or any of its nonprofit support corporations	N/A	N/A	N/A	6/
98	12-36-2120(29)	1996	Sale of tangible personal property by persons under written contract with the federal government where the property is later transferred to the federal government	N/A	N/A	N/A	8/

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Government							
99	12-36-2120(30)	1977	Supplies, commodities, and services resold by the Division of General Services of the Department of Administration to departments and state agencies, if the tax was paid on the divisions original purchase	\$ -	\$ -	\$ -	
100	12-36-2120(46)	1991	War memorials or monuments honoring units of the US Armed Forces or National Guard, including US military vessels, affixed to public property	\$ 51,000	\$ 51,000	\$ -	
101	12-36-2120(61)	2002	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	\$ 2,000	\$ 2,000	\$ -	
102	12-36-2120(68)	2006	Any property sold to the public through a sheriffs sale as provided by law	\$ 32,000	\$ 32,000	\$ -	
103	12-36-2120(70)	2007	Gold, silver, or platinum bullion; legal tender coins and currency	\$ 1,999,000	\$ 1,999,000	\$ -	
Subtotal Government				\$ 224,713,000	\$ 2,084,000	\$ 222,629,000	
Agriculture							
104	12-36-2120(4)	1951	Sale of livestock used primarily as beasts of burden and livestock that provide, food, pelts, or fur	\$ 51,545,000	\$ 51,545,000	\$ -	
105	12-36-2120(5)	1951	Feed used for production and maintenance of poultry and livestock	\$ 48,395,000	\$ 48,395,000	\$ -	
106	12-36-2120(6)	1951	Insecticides, chemicals, fertilizers, soil conditioners, seeds, or seedlings, or nursery stock, used in production of farm, dairy, grove, vineyard, or garden products, or in the cultivation of poultry or livestock feed	\$ 23,107,000	\$ 23,107,000	\$ -	

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Agriculture							
107	12-36-2120(7)	1951	Containers and labels used in preparing agriculture, dairy, grove, or garden products, turpentine gum, gum spirits of turpentine, and gum resin for sale	\$ 1,474,000	\$ 1,474,000	\$ -	
108	12-36-2120(16)	1951	Farm machinery and parts used in planting, cultivating, or harvesting farm crops, the preservation of milk, and machines used in poultry production, when sold in the original state of production or preparation for sale	\$ 10,359,000	\$ 10,359,000	\$ -	
109	12-36-2120(18)	1951	Fuel used exclusively to cure agriculture products	\$ 960,000	\$ 960,000	\$ -	
110	12-36-2120(23)	1951	Farm, grove, vineyard, and garden products, sold in the original state of production or preparation for sale, when sold by the producer or members of the producers immediately family	\$ 57,995,000	\$ 57,995,000	\$ -	
111	12-36-2120(32)	1979	Natural and liquefied petroleum gas and electricity used exclusively in the production of poultry, livestock, swine, and milk	\$ 3,463,000	\$ 3,463,000	\$ -	
112	12-36-2120(44)	1991	Electricity used to irrigate crops	\$ 593,000	\$ 593,000	\$ -	
113	12-36-2120(45)	1991	Building materials, supplies, fixtures, and equipment for the construction, repair or improvement of commercial housing of poultry or livestock	\$ 351,000	\$ 351,000	\$ -	
Subtotal Agriculture				\$ 198,242,000	\$ 198,242,000	\$ -	
Nonprofit							
114	12-36-2120(10)	1951	Meals or foodstuffs used in furnishing meals to school children within school buildings, and meals provided to the elderly, disabled, homeless, needy, or disabled adults	\$ 41,145,000	\$ 41,145,000	\$ -	
115	12-36-2120(39)	1986	Concession sales at a festival by an organization devoted exclusively to public or charitable purposes	\$ 372,000	\$ 372,000	\$ -	

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Nonprofit							
116	12-36-2120(41)	1989	Items sold by organizations exempt under 12-37-220(A),(3-4), and B(5-8), (12), (16), (19), (22), and (24), if the net proceeds are used exclusively for exempt purposes and no benefit inures to any individual	\$ 9,877,000	\$ 9,877,000	\$ -	
117	12-36-2120(47)	1994	Tangible personal property sold to charitable hospitals serving children where care is provided without charge	\$ 63,000	\$ 63,000	\$ -	
118	12-36-2120(58)	2000	Cooperative direct mail promotional advertising materials, and promotional maps, brochures, pamphlets, or discount coupons by nonprofit chambers of commerce or convention and visitor bureaus	\$ 365,000	\$ 365,000	\$ -	
119	12-36-2120(78)	2010	Machinery and equipment, building, and other raw materials, and electricity used by a nonprofit facility used for researching and testing the impact of natural disasters on building materials used in residential, commercial, and agricultural buildings	\$ 245,000	\$ 245,000	\$ -	
120	12-36-2120(81)	2015	Building materials purchased by a nonprofit tax exempt entity to build, rehabilitate, or repair a home for the benefit of an individual or family in need	\$ 277,000	\$ 277,000	\$ -	
121	12-36-2120(82)	2015	Children's clothing sold to a private charitable organization exempt from federal and state income tax, except for private schools, for the sole purpose of distribution by that organization to needy children	\$ 1,451,000	\$ 1,451,000	\$ -	
122	Proviso 117.36	1995	Tangible personal property purchased for use in private primary and secondary schools, including kindergartens and early childhood education programs	\$ 101,000	\$ 101,000	\$ -	
Subtotal Nonprofit				\$ 53,896,000	\$ 53,896,000	\$ -	

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Transportation							
123	12-36-2120(13)	1951	Fuel, lubricants, and supplies for use or consumption aboard ships in intercoastal trade or foreign commerce (commonly referred to as vessel bunkering)	\$ 8,166,000	\$ 8,166,000	\$ -	
125	12-36-2120(20)	1951	Railroad cars, locomotives, and their parts, monorail cars, and the engines or motors that propel them, and their parts	\$ 1,428,000	\$ 1,428,000	\$ -	
126	12-36-2120(21)	1951	Vessels and barges of more than 50 tons burden	\$ 1,049,000	\$ 1,049,000	\$ -	
124	12-36-2120(40)	1988	Containers and chassis, including parts, components, and attachments, sold to international shipping lines in contract with the SC State Ports Authority and used for the import and export of goods to and from South Carolina	\$ 886,000	\$ 886,000	\$ -	
Subtotal Transportation				\$ 11,529,000	\$ 11,529,000	\$ -	
Other							
127	12-36-2120(36)	1983	Tangible personal property delivered to an out-of-state buyer by a South Carolina retailer	N/A	N/A	N/A	
128	12-36-2120(37)	1983	Petroleum asphalt products, used in paving, purchased in this state, which are transported and consumed out of state	\$ 176,000	\$ -	\$ 176,000	
Subtotal Other				\$ 176,000	\$ -	\$ 176,000	
Definitional							
129	12-36-2120(1)	1951	Tangible personal property or receipts of any business which the State is prohibited from taxing by the United States or South Carolina Constitutions	N/A	N/A	N/A	9/
130	12-36-2130(1)	2002	Gross proceeds of the sale of property on which the use tax has been paid by its seller or retailer	N/A	N/A	N/A	9/
Subtotal Definitional				\$ -	\$ -	\$ -	

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			Total Estimated State Sales and Use Tax Exemptions	\$ 3,676,100,000	\$ 3,069,593,000	\$ 606,509,000	
			General Fund 10/	\$ 2,538,751,000	\$ 2,134,414,000	\$ 404,339,000	
			Education Improvement Act Fund 10/	\$ 634,688,000	\$ 533,603,000	\$ 101,085,000	
			Homestead Exemption Act 11/	\$ 502,661,000	\$ 401,576,000	\$ 101,085,000	
			 Total Estimated Local Revenue Impact	 \$ 768,065,000	 \$ 613,608,000	 \$ 154,458,000	

Disclaimer: These estimates are based on current economic activity and tax law provisions at the time of publication. Please be aware that these estimates may not represent the fiscal impact estimate for the removal of exemption. Estimating the removal of an exemption will involve more analysis such as updated economic conditions, interaction with other tax provisions, and behavioral impacts. Consequently, RFA reserves the right to modify or change these calculations in performing its duty to provide fiscal estimates of proposed legislation under Section 2-7-71 of the Code of Laws of South Carolina.

Notes:

N/A Estimate not available due to data or other issues. (See applicable notes below.)

- 1/ Act 40 of 2017 replaced the maximum sales and use tax on the sale or lease of specific items with an infrastructure maintenance fee (IMF). The maximum IMF affects those items required to be registered by the Department of Motor Vehicles (DMV), pursuant to Section 56-3-627. The estimates provided under Section 12-36-2110 combine the total amount subject to the sales tax and the IMF. This analysis does not account for the current distribution of funds.
- 2/ This exemption has been ruled unconstitutional. The exemption for religious publications was declared unconstitutional by the S.C. Supreme Court in *Thayer v. South Carolina Tax Commission*, 413 S.E.2d 810 (1992) and Act 338 of 2008, which established an annual sales tax holiday for handguns and for certain energy efficient products, was declared unconstitutional by the S.C. Supreme Court in *The American Petroleum Institution & BP Products North America, Inc. v. South Carolina Department of Revenue, et al.* S.C. 677 S.E.2d 16 (2009).
- 3/ The Motion Picture Association of America (MPA) lends films to all movie theaters at no charge and collects 60% of the proceeds of ticket sales from each theater. As such, this exemption is \$0 due to current business practices.
- 4/ Lottery tickets do not meet the definition of tangible personal property, as defined in Section 12-36-60, and thus sales tax is not collectable under Title 12.

Sales and Use Tax Exemption Estimates, FY 2021-22

Line	Code Section	Year Enacted	Description of Exemption	Total	Collectable	Non-Collectable	Notes
							5/ As this exemption deals primarily with the date of enactment, any items pertaining to it have already been included in exemption 12-2120-28(a).
							6/ Source data is unavailable, but estimate anticipated to be less than \$100,000.
							7/ While there have been instances when electric transmission facilities have been sold to LLCs in South Carolina, the events do not occur with regularity, and an estimate is unavailable.
							8/ This exemption amount is included in the exemption estimate for Section 12-36-2120(2), line 95.
							9/ This exemption is classified as definitional, meaning it provides clarification and guidance to sales and use exemptions and may not constitute an "exemption."
							10/ This analysis assumes that if the maximum sales and use tax was repealed, the change would apply to items subject to the Infrastructure Maintenance Fee as well. For simplicity, this analysis does not account for the current distribution of funds and assumes that the full amount collected from the base 4% sales tax would be credited to the General Fund and 1% to the Education Improvement Act fund.
							11/ Purchases by individuals aged 85 and older under 12-36-2620, those items subject to the maximum sales and use cap under Section 12-36-2110, and unprepared food items as enumerated in Section 12-36-1110 are specifically exempt from the sales tax credited to the Homestead Exemption fund.

Sales and Use Tax Exemption Estimates, FY 2021-22

APPENDIX - Explanation of Variance in Estimates

This report provides estimates for sales tax exemptions through FY 2021-22 and reflects comprehensive revisions to many of the prior estimates. These revisions reflect updates to our methodologies and forecasts to reflect new data sources, changes in long-term assumptions, and other revisions. To aid in understanding the revisions, we have summarized some of the larger changes reflected in this report by category.

Retail and Business

Line	Exemption	Description of Methodology
3	Motor vehicles	This estimate is based upon updated data for Infrastructure Maintenance Fee collections from the Department of Motor Vehicles (DMV) and Department of Transportation (DOT), the average estimated price of a new and used motor vehicle in South Carolina, and the number of vehicles purchased in South Carolina annually.
5	Boats	This estimate is based on data provided by the Department of Natural Resources (DNR), which includes the number of boats registered per year and the sales amount.
24	Fuel sold to commercial fishing vessels	This estimate has been updated based on state-level non-highway fuel consumption data from the Federal Highway Administration. The percentage of marine fuel used by commercial fishing vessels is based on a report by the Food and Agriculture Organization of the United Nations.
25	Supplies and machinery used by laundries, cleaning, dyeing, pressing, or garment rental establishments	This estimate is based on newly released, state-level data from the 2017 Economic Census of Wholesale Trade.
29	Residential electricity or any residential combustible heating material or substance	This estimate is based on residential energy expenditure estimates from the U.S. Energy Information Administration's (EIA) State Energy Data System. Each type of energy exemption is forecasted individually using the EIA's Short-Term Energy Outlook.
38	Motion picture film sold or rented to or by theaters	The Motion Picture Association provides films to movie theaters at no charge and collects 60 percent of the proceeds of ticket sales from each theater.
43	Extended service and warranty contracts	This estimate is based on updated consumer behavior regarding the percent of individuals purchasing an extended service or warranty contract on used and/or new cars, which has increased over time.
44	Sales tax holiday	This estimate is based on updated data and changing consumer behavior regarding spending on back-to-school items. Over time, consumer spending has shifted towards more technological products, collections have increased from online-retailers due to tax law changes, and other effects have impacted the volume of purchases that consumers are purchasing during this sales tax holiday.

Sales and Use Tax Exemption Estimates, FY 2021-22

Medical

Line	Exemption	Description of Methodology
65	Diabetic supplies	This estimate is based on 2017 data on the economic costs of diabetes from the American Diabetes Association.
66	Disposable medical supplies	This estimate has been updated to reflect 2018 provider data from the Center for Medicare & Medicaid Services.
69	Prescription drugs dispensed to Medicare Part A patients residing in a nursing home	This exemption was not estimated previously because it is uncollectable.
70	Hearing aids	This estimate has been updated to reflect updated assumptions regarding hearing aid prices, replacement rate, and utilization.
72	Durable medical equipment	This estimate for was updated to include equipment funded by Medicare in addition to Medicaid. While the increase appears substantial, only approximately \$4,000,000 of this amount is likely collectable.

Utilities

Line	Exemption	Description of Methodology
77	Fuel sold to manufacturers of tangible personal property	This estimate is based on data from the Energy Information Administration's Manufacturing Energy Consumption Survey (MECS) for the South Region. Consumption of fuel from the agriculture and transportation sectors are removed from the estimate as they are included in other exemptions.

Nonprofit

Line	Exemption	Description of Methodology
114	Meals for school children and the elderly, disabled, homeless, needy, or disabled adults	This estimate is based on data from the Department of Education on school meal spending, as well as data from Feeding America, a nonprofit which estimates the total food budget shortage in South Carolina.
116	Items sold by exempt organizations	This estimate is based on 501(c)(3) nonprofit data for South Carolina from the National Center for Charitable Statistics Core Files.

Sales and Use Tax Exemption Estimates, FY 2021-22

Government

Line	Exemption	Description of Methodology
95	Tangible personal property sold to the federal government	This estimate is based on updated federal government contract data from USAspending.gov.
103	Bullion	This estimate is based on updated data for bullion sales from the US Mint and various bullion price points.

Agriculture

Line	Exemption	Description of Methodology
112	Electricity used to irrigate crops	This estimate is based on the U.S. Department of Agriculture's 2018 Irrigation and Water Management Survey and forecasted using the Consumer Price Index for electricity.

Treaties / Foreign Exemption

Line	Exemption	Description of Methodology
123	Vessel Bunkering	This estimate has been updated based on U.S. Energy Information Administration data pertaining to the number of gallons and the price per gallon of fuel used in vessel bunkering in South Carolina.