

PROPOSED AMENDMENT TO H. 4216 - ESTIMATED SOUTH CAROLINA INDIVIDUAL INCOME TAX IMPACT
Tax Year 2026

(Amendment LC-4216.DG0009H)

Proposal: Apply a tax rate of 1.99% on taxable income up to \$30,000 and 5.39% over, eliminate the standard or itemized deduction, allow the new SC income adjusted deduction, and maintain all state adjustments, exemptions, and credits. (See notes below)
Impact: With this tax structure, 42.3% of taxpayers have a lower tax liability, 24.4% have a higher tax liability, and 33.2% are unchanged. The General Fund impact is (\$ 400,300,000).

	Estimated Tax Return Distribution				Estimated Tax Change (Returns with a Change)						Returns with a Change								Tax Returns with No Change		Tax Returns with Zero Tax Liability	
											Tax Returns with a Decrease in Liability				Tax Returns with an Increase in Liability							
Estimated Federal Adjusted Gross Income Range 2022	Estimated # of Returns	Estimated % of Returns	Old Avg. Tax Liability	New Avg. Tax Liability	Returns with Tax Change	% of Returns in Range	Old Avg. Tax Liability	New Avg. Tax Liability	Average Tax Change	Total Dollar Increase/ (Decrease)	Tax Decrease # of Returns	Tax Decrease % of Returns in Range	Total Decrease Amount	Average Decrease Amount	Tax Increase # of Returns	Tax Increase % of Returns in Range	Total Increase Amount	Average Increase Amount	No Tax Change # of Returns	No Change % of Returns	Zero Tax # of Returns	Zero Tax % of Returns
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
\$0*	90,171	3.2%	\$65	\$55	1,583	1.8%	\$3,710	\$3,157	(\$552)	(\$874,000)	710	0.8%	(\$918,000)	(\$1,293)	873	1.0%	\$45,000	\$52	88,588	98.2%	88,472	98.1%
\$1 to \$10,000	316,550	11.2%	\$4	\$10	51,754	16.3%	\$22	\$61	\$39	\$1,996,000	838	0.3%	(\$82,000)	(\$98)	50,916	16.1%	\$2,079,000	\$41	264,796	83.7%	265,314	83.8%
\$10,001 to \$20,000	322,475	11.4%	\$16	\$26	79,779	24.7%	\$65	\$105	\$41	\$3,257,000	3,733	1.2%	(\$275,000)	(\$74)	76,046	23.6%	\$3,533,000	\$46	242,696	75.3%	243,213	75.4%
\$20,001 to \$30,000	277,959	9.8%	\$104	\$110	142,726	51.3%	\$203	\$214	\$11	\$1,581,000	50,424	18.1%	(\$2,064,000)	(\$41)	92,302	33.2%	\$3,644,000	\$39	135,233	48.7%	134,740	48.5%
\$30,001 to \$40,000	270,592	9.6%	\$285	\$215	175,413	64.8%	\$439	\$331	(\$108)	(\$18,896,000)	143,637	53.1%	(\$20,806,000)	(\$145)	31,775	11.7%	\$1,910,000	\$60	95,180	35.2%	107,014	39.5%
\$40,001 to \$50,000	238,162	8.4%	\$590	\$396	195,867	82.2%	\$718	\$481	(\$237)	(\$46,381,000)	142,311	59.8%	(\$50,882,000)	(\$358)	53,556	22.5%	\$4,501,000	\$84	42,295	17.8%	53,996	22.7%
\$50,001 to \$75,000	407,589	14.4%	\$1,248	\$1,007	365,435	89.7%	\$1,393	\$1,123	(\$269)	(\$98,459,000)	297,476	73.0%	(\$108,757,000)	(\$366)	67,959	16.7%	\$10,297,000	\$152	42,154	10.3%	52,603	12.9%
\$75,001 to \$100,000	253,297	9.0%	\$2,175	\$1,961	236,965	93.6%	\$2,325	\$2,097	(\$228)	(\$54,002,000)	187,606	74.1%	(\$65,345,000)	(\$348)	49,360	19.5%	\$11,343,000	\$230	16,331	6.4%	19,067	7.5%
\$100,001 to \$150,000	300,002	10.6%	\$3,538	\$3,462	295,266	98.4%	\$3,594	\$3,517	(\$77)	(\$22,826,000)	191,911	64.0%	(\$54,297,000)	(\$283)	103,355	34.5%	\$31,471,000	\$304	4,737	1.6%	4,698	1.6%
\$150,001 to \$200,000	145,000	5.1%	\$5,947	\$6,118	143,468	98.9%	\$6,011	\$6,183	\$173	\$24,807,000	43,334	29.9%	(\$17,842,000)	(\$412)	100,133	69.1%	\$42,649,000	\$426	1,532	1.1%	1,070	0.7%
\$200,001 to \$300,000	109,079	3.9%	\$9,317	\$9,264	107,506	98.6%	\$9,454	\$9,399	(\$55)	(\$5,872,000)	59,073	54.2%	(\$32,015,000)	(\$542)	48,434	44.4%	\$26,143,000	\$540	1,572	1.4%	1,097	1.0%
\$300,001 to \$500,000	55,593	2.0%	\$15,594	\$14,740	54,200	97.5%	\$15,994	\$15,119	(\$876)	(\$47,462,000)	44,681	80.4%	(\$58,508,000)	(\$1,309)	9,519	17.1%	\$11,046,000	\$1,160	1,392	2.5%	1,046	1.9%
\$500,001 to \$1,000,000	25,468	0.9%	\$26,791	\$24,753	24,298	95.4%	\$28,080	\$25,944	(\$2,136)	(\$51,897,000)	20,165	79.2%	(\$62,095,000)	(\$3,079)	4,133	16.2%	\$10,198,000	\$2,468	1,169	4.6%	933	3.7%
Over \$1,000,000	12,102	0.4%	\$78,357	\$71,313	10,910	90.2%	\$86,916	\$79,102	(\$7,814)	(\$85,252,000)	8,884	73.4%	(\$109,718,000)	(\$12,351)	2,027	16.7%	\$24,466,000	\$12,071	1,192	9.8%	1,057	8.7%
Total	2,824,038	100.0%	\$2,392	\$2,251	1,885,171	66.8%	\$3,584	\$3,371	(\$212)	(\$400,300,000)	1,194,783	42.3%	(\$583,600,000)	(\$488)	690,388	24.4%	\$183,300,000	\$266	938,867	33.2%	974,320	34.5%

Figures may not add to totals due to rounding. For non-residents, federal AGI is only the amount applicable to South Carolina.

*Returns may have \$0 federal AGI but positive state taxable income due to provisions not adopted by South Carolina or out-of-state income adjustments.

Current 2026 Marginal Tax Rates:	Taxable Income Range:	Proposed Tax Rates :	SC Income Adj. Deduction	Other Notes:
0%	up to \$3,640	1.99% up to \$30,000	Single \$15,000	No standard or itemized deductions.
3%	\$3,640-\$18,220	5.39% over \$30,000	Start Phase out \$40,000	All other current state adjustments to income (federal conformity provisions), deductions, exemptions, and credits are maintained.
6.3%	over \$18,220		End Phase out \$95,000	Active trade or business rate at 3% is maintained.
(Rates are based on BEA forecast assumptions. Actual rate is 6.2% for tax year 2025 and after as accounted for in the budget.)		Married Filing Joint - amounts x 2, Head of Household amounts x 1.5		Earned income tax credit limited to \$200.
		Non-resident phase-out based on total federal AGI and amount is pro-rated		

Disclaimer: Estimates are based on current assumptions at the time of the analysis. Changes in growth rates, base year tax data, or other assumptions may have a positive or negative impact on these estimates and the budget.