



# House Republican Caucus SCHRC 2022 Week 6 - More Money In YOUR Pocket



## Tax relief



South Carolina House Speaker Jay Lucas, left, R-Hartsville, shakes the hand of Republican Gov. Henry McMaster, right, during a news conference to announce a proposed income tax cut on Tuesday in Columbia.

### Booming economy leads McMaster, House to bigger tax cut

BY JEFFREY COLLINS  
Associated Press

COLUMBIA — Another round of better-than-anticipated economic news in South Carolina had the Republican governor and House leaders agreeing Tuesday to work toward a bigger income tax cut than they originally proposed. The proposal would cost \$600 million next budget year and cut income taxes on all but about 120,000 of the 1.5 million people and couples who pay taxes. "We're in a unique situation this year. We have the opportunity to provide tax relief for every South Carolinian while still maintaining the economic success we have experienced in the past," said House Speaker Jay Lucas, a Republican from Hartsville.

Two dozen House Republicans piled into the governor's office Tuesday just about an hour after state economists announced South Carolina continues to grow at unprecedented rates, increasing their estimates on how much money the state should collect from taxes and other recurring money by more than \$600 million for the budget year that starts in July.

That kind of growth won't last forever — it is coming in sales taxes and corporate taxes boosted by federal stimulus and COVID-19 relief money, said state Revenue and Fiscal Affairs Office Executive Director Frank Rainwater. But there is no question the state

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Senate Finance Chairman Harvey Peeler, R-Gaffney

is also growing outside of the federal money with higher wage boosting income taxes, Rainwater said at an agency meeting Tuesday. "The federal money did help," the governor said in his hour later. "But the conservative policies we had in this state is what allowed this to occur."

No senators were at the governor's news conference, but Senate Finance Chairman Harvey Peeler said in a statement later he looks forward to working with McMaster and the House on a tax cut.

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South Carolina Gov. Henry McMaster speaks during a news conference to announce a proposed income tax cut on Tuesday in Columbia.

our citizens. The projected revenue ensures that we can both fund the operations of government and ease the burden on our people," the Republican senator from Gaffney said. "The proposal would cut the state's highest tax bracket — which 1.1 million of the 2.6 million eligible people pay — from 7% down to 6% immediately, with plans to continue to cut it to 4% soon, said House Ways and Means Chairman Maxwell Smith, a Republican from Sumter. The 6%, 5% and 4% tax brackets — a combined 292,000 taxpayers

— would all be cut to 3%. About 1 million taxpayers don't pay any South Carolina income tax at all. Many Republicans have been pushing for the tax cut for years, but have faced opposition from lawmakers who remember the Great Recession and the painful cuts that happened when the downturn left the state scrambling to balance its budget. Others have suggested the state's complicated system of property tax caps, sales tax exemptions and other lengthy rules needs a

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South Carolina Senate Finance Committee Chairman Harvey Peeler, R-Gaffney, listens to a debate on how to spend more than \$2 billion in federal money for COVID-19 relief and plutonium storage fees on Tuesday in Columbia.

### S.C. senators allocate nearly \$2B in federal cash

BY JEFFREY COLLINS  
Associated Press

COLUMBIA — South Carolina senators spent less than two hours Tuesday deciding how to spend more than \$2 billion in federal money coming to the state.

About \$2.7 billion in COVID-19 relief money and an additional \$325 million in fines paid by the federal government in a settlement after a plan to convert plutonium from nuclear bombs into nuclear reactor fuel was abandoned and it failed to make promised deadlines to remove the radioactive material from the Savannah River site near Aiken. There were questions asked about priorities and exactly where the money was going. But in the end, senators unanimously approved the spending plans for both pots of money. The plan faces one more routine vote and will go to the House.

"We'll be paying for these funds for generations. But investing this money wisely can trigger a transformation for communities across South Carolina for generations to come," said Senate Finance Committee Chairman Harvey Peeler, a Republican from Gaffney.

The bulk of the COVID-19 relief money — \$900 million — is proposed to go to helping rural water and sewer authorities upgrade their systems. Gov. Henry McMaster proposed similar aid, saying the money was a great one-time opportunity to repair systems that are reaching the end of their safety and usefulness after several decades. Senators also approved spending

The Palmetto State already enjoys lower taxes than neighboring states. Now, House Republicans and Governor McMaster have a plan to make them even lower. I am proud to have joined my House Republican colleagues, along with Governor McMaster, to roll out a plan to cut taxes in South Carolina by **\$1 billion**. South Carolina's economy is booming, with ARPA funds, infrastructure money, and years of conservative planning, we have a HISTORIC amount of surplus funds. Rather than spend this money as our Democrat colleagues might suggest, we're returning it to the taxpayers.

Here's how it works:

- This plan simplifies and modifies 2 income brackets: it collapses the 4%, 5%, and 6% brackets into 3% and reduces the top rate to 6.5% this year, and incrementally lowers it over the next 5 years until it hits 6%.
- Once fully implemented, this plan will decrease the average effective rate taxpayers pay from 3.1% to 2.54%.
- Puts **\$600 million** back in the pockets of South Carolinians in the first year.
- Read more on the bill [here](#)



This new tax plan was introduced on Tuesday, where we were joined by Governor McMaster for a press conference. Since then, the bill has been working its way through the committee process. I will vote in favor of this plan to ensure the hardworking people of South Carolina get to keep the money that they earn. Thank you to House leadership for their work on this bill, notably, House Ways and Means Chairman Murrell Smith, Speaker Jay Lucas and Majority Leader Simrill. Read more in the news, [here](#).

### **ARPA Dollars: Where are they going?**

Fiscal conservatism was the theme this week, as we passed an [ARPA Funds Appropriations Bill](#), essentially outlining how we should handle the federal money on its way to South

Carolina. As promised, we designated these dollars to state agencies for infrastructure improvements in rural and urban areas, including expanding and improving roads, highways, interstates, bridges, sewer, and broadband access. In particular, we are sending over \$450 million to SCDOT, who are using the funds to improve roads, interstates, highways, and bridges. We allocated \$800,000,000. to the Rural Infrastructure Authority, which is where a bulk of the water and sewer improvements will be done. We dedicated \$400,000,000 towards broadband expansion, which will impact rural areas the most in getting them connected. And we gave \$100,000,000 to the Office of Resilience to fortify our infrastructure and accommodate for storm damage and flooding... to see other dollar amounts, view the bill [here](#).

### **Passed: Eliminate Taxes on Military Retirement**

I recently updated you on legislation that aims to eliminate income taxes on military retirement making its way through committee. This week, I was proud to eliminate income taxes on [military retirement](#). This bill passed unanimously and is on its way to the Senate. This is the least we can do to repay veterans for their sacrifice to our country.

### **Work in Progress: In Committee This Week**

*ELECTION INTEGRITY*: I am proud to **be a sponsor of/support** a new comprehensive election bill, [H. 4919](#). This bill is progressing through committee, and is currently in House Judiciary. Here are some of the protections that the bill includes:

- Prevents candidates from being nominated by more than one political party or appearing on the ballot more than once.
- Requires the witness of every absentee ballot to provide a printed name, signature, and address for identity verification and accountability.
- Modifies the reasons that an absentee ballot can be cast, adding “absent from the country for the duration of early voting and election day” to the list.
- Requires a form of valid government issued photo identification to cast an absentee ballot, as needed when casting a ballot on Election Day.
- Allows absentee ballots to be opened and counted beginning at 7am on the Sunday before Election Day, in order for quicker election results when polls close.
- Ensures that only **one** ballot can be cast, where any voter who has cast an absentee ballot can cast **ONLY** a provisional ballot on Election Day. This ballot will **ONLY** count if the absentee ballot is never received.

I am hopeful that this bill will soon come to the House floor, where I can vote to pass necessary new protections that go to maintain the integrity of our state election system.

*CRITICAL RACE THEORY*: Critical race theory, also known as CRT, promotes the idea that groups of people, based on sex, race, religion, or other defining characteristics, should take responsibility for historical human rights violations -- a topic reserved for consideration in law classes and other high level education. Our children do not need to be introduced to this rhetoric in K-12 schools. The House Education and Public Works Committee heard hours of testimony this week on a series of bills that prohibits CRT from being taught in

South Carolina public schools. I look forward to supporting [legislation](#) that prohibits the teaching of critical race theory soon.

*SCHOOL CHOICE:* [Legislation](#) advanced from House Ways and Means and is now on the House calendar, which aims to give parents a choice on where to send their child to school. After pandemic conditions, the necessity of this has never been more obvious. Currently, the plan awards \$5,000 a year towards the cost of private school for qualifying families, which would be funded by money in our state surplus funds, available due to years of conservative budgeting. I look forward to supporting this bill on the Floor in the near future.

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