

## History of the Agency

The South Carolina Department of Revenue was created as the South Carolina Tax Commission in 1915 under the authority of Governor Richard I. Manning. The agency's primary mission in the beginning was the assessment of property for taxation. Today, it is responsible for the administration and enforcement of laws, which produce more than 90 percent of the total revenue of the state, exclusive of federal aid. In addition, the agency performs other duties, which do not produce revenue, such as the assessment of property for the benefit of local subdivisions and the enforcement of laws pertaining to alcoholic beverages licenses, including beer and wine. It is also responsible for the duties and powers of the former State Board of Equalization and State Board of Assessors, which were transferred to the SC Department of Revenue.

The SC Department of Revenue currently administers and collects tax revenue from more than 32 different taxes and registration fees. This is a substantial increase over the number of taxes we were originally created to administer and collect- one.

### *Tax Trends*

In 1701, South Carolina entered the field of income taxation that was assessed locally within the colony. The first state income tax laws were passed in 1861 and remained in effect until 1868. In 1897, an income tax was passed applicable to net income of individuals, partnerships, associations and fiduciaries. The Act of 1897 remained in effect until 1918. For the years 1919-1921, South Carolina did not have an income tax.

Then in 1922, following a post-World War I depression and the damaging effect of a boll weevil attack on the state's cotton crop, the General Assembly sought much needed revenue by imposing the first indirect tax, which included income, inheritance and gasoline taxes. The state embarked upon a program designed to remove the tax on tangible property from the tax structure of South Carolina and turn over that field of taxation entirely to the counties and cities. However, that goal was not accomplished until 1940 when the last state property tax, a three mill constitutional tax, was removed. Although the state no longer assessed a state property tax, the Tax Commission (the name of the agency until 1993) still retained in its administrative organization, for purposes of equalization, all the machinery involved in the assessment and equalization of property.

The Property Division of the agency has been incorporated in Registration, Licensing and Local Government. Just as before 1922, this office fixes assessments for local tax purposes of all merchants, manufacturing and printers, textile plants, oil mills, fertilizer plants, telephone and telegraph companies, railroads, power companies and others. Although South Carolina derives no revenue from the property tax, the work of assessment and equalization constitutes one of the major activities of the SC Department of Revenue.

The 1922 Indirect Tax Program did bring into being an income tax law, inheritance tax law, an increase in the corporation license fees and tax on gasoline- all of which were assigned to the Tax Commission for administration and enforcement.

In 1923, the General Assembly enacted the business license law, imposing taxes for the privilege of dealing in cigars, cigarettes, smoking tobacco, ammunition and candy retailing at 80 cents per pound and above. In addition, a tax was also imposed for the privilege of operating places of amusement and a stamp tax was placed on documents. Revenue derived from these taxes resulted in the decrease of the state tax on property from 14 mills in 1920 to seven mills in 1923.

With the Indirect Tax Program largely complete, the repeal of the National Prohibition Amendment in 1933 opened up new sources of revenue. In that year, a tax was imposed upon beer having 3.2 percent alcohol content and in 1935; this was expanded to cover 5 percent beer, wines and alcoholic liquors. Comparatively minor changes were made from that time until 1951, when a general retail sales and use tax law was enacted, now the state's greatest source of revenue.

On June 20, 1967, Governor Robert E. McNair signed into law an act that provided for the reorganization of the Tax Commission. Under this law the Tax Commission was reduced from five to three members, and the powers and duties of the South Carolina Tax Commission concerning the regulation of alcoholic beverages, beer and wine were transferred to the newly created Alcoholic Beverage Control Commission. The Tax Commission continued to administer and collect the taxes relating to alcoholic beverages, beer and wine, however.

In June 1993, the South Carolina General Assembly approved a state government restructuring plan that merged the Tax Commission, the Division of Motor Vehicles (from the old Department of Highways and Public Transportation), and the Alcoholic Beverage Control Commission. The three agencies became the Department of Revenue creating an agency of 1700 employees responsible for collecting about 98 percent of the state's revenue. In February 1995, Governor David M. Beasley appointed Burnet R. Maybank as Director. His appointment replaced the former commission structure and the agency officially became a part of the Governor's Cabinet. In 1996, the Motor Vehicle Division was reassigned to the SC Department of Public Safety, placing all vehicle functions in one agency and returning the Department of Revenue to its original purpose of tax administration.

Governor Jim Hodges appointed Elizabeth Carpentier director of the agency in January 1999. During her tenure many changes were made to enhance electronic filing of taxes both in individual income tax and business registrations and tax filings.

Burnet R. Maybank, III was again appointed director of the agency by Governor Mark Sanford in January of 2003. In January 2006, Governor Mark Sanford appointed Ray N. Stevens to his Cabinet as Interim Director of the South Carolina Department of Revenue.

Today's Department of Revenue is a modern, efficient agency within state government, always searching for a fair system for all. We exist to serve the taxpayers of South Carolina. Excellence shall continue to be our goal.