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Budget Conference Committee Report and Comprehensive Tax Cut Report

The budget conferees (Sens. Peeler, Alexander, Setzler, and Reps. Murrell Smith, Simrill, and Rutherford) met today and took up the budget bill ([H. 5150](#)), the Comprehensive Tax Cut bill ([S. 1087](#)), and a pair of reserve fund bills ([S. 1106](#) and [H. 3346](#)). The conferees reached an agreement on all of the bills. The conference reports on these bills will be presented to the Senate and House chambers for adoption when the General Assembly reconvenes next week. SCAC will provide a more detailed report in next week's Friday Report, but here are some of the budget highlights:

- \$12,583,080 statewide increase to the Local Government Fund (LGF). This represents full funding to the LGF under the statutory formula;
- \$12 million for the Rural Stabilization Fund;
- An additional \$250 million for County Transportation Committees (CTCs); and
- A one-time income tax rebate of up to \$800, depending on the taxpayer's tax liability, for individual income taxpayers that filed a return for tax year 2021.

Under the tax reduction plan in S. 1087, the current 7 percent tax bracket would be lowered to 6.5 percent in tax year 2022 with additional triggers that could lower the rate for this tax bracket by an additional 0.1 percent beginning in 2023 until the rate hits 6 percent. It exempts all military retirement income and exempts 42.8571 percent of manufacturing property from property tax, which effectively lowers the manufacturing property tax assessment ratio from 9 percent to 6 percent. The revenue loss resulting from the property tax exemption would be reimbursed to political subdivisions from the Trust Fund for Tax Relief.

