**South Carolina General Assembly**

118th Session, 2009-2010

**S. 1208**

**STATUS INFORMATION**

General Bill

Sponsors: Senators Lourie, Ford, Williams, Pinckney, O'Dell, Cleary, Campbell, Rose, Cromer, Reese, Nicholson, Thomas, Mulvaney, Alexander, Anderson, Massey, Land, Matthews, Verdin, Hutto, Setzler and Shoopman

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Companion/Similar bill(s): 4703

Introduced in the Senate on February 23, 2010

Currently residing in the Senate Committee on **Finance**

Summary: Income tax credit

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

2/23/2010 Senate Introduced and read first time [SJ](file:///h:\SJ%20Archive\2010\02-23-10.docx)‑6

2/23/2010 Senate Referred to Committee on **Finance** [SJ](file:///h:\SJ%20Archive\2010\02-23-10.docx)‑6

**VERSIONS OF THIS BILL**

[2/23/2010](file:///p:\pprever\2009-10\1208_20100223.docx)

**A** **BILL**

TO AMEND SECTION 12‑6‑3587, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO INCOME TAX CREDITS FOR THE PURCHASE AND INSTALLATION OF SOLAR ENERGY SYSTEMS SO AS TO INCREASE AND FURTHER PROVIDE FOR THE CREDIT IN REGARD TO RESIDENTIAL BUILDINGS, COMMERCIAL BUILDINGS AND FOR CREDITS IN REGARD TO OTHER USES AND PURPOSES OF THE CREDIT AND TO PROVIDE FOR THE GUIDELINES AND CRITERIA FOR EACH TYPE OF CREDIT.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 12‑6‑3587 of the 1976 Code, as last amended by Act 354 of 2008, is further amended to read:

“Section 12‑6‑3587. (A) There is allowed as a tax credit against the ~~income~~ tax liability of a taxpayer ~~imposed by this chapter~~ an amount equal to ~~twenty‑five percent~~ forty percent for 2010, thirty‑five percent for 2011, and thirty percent for 2012 through 2015 of the costs incurred by the taxpayer in the purchase and installation of a solar energy system or small hydropower system for heating water, space heating, air cooling, energy‑efficient daylighting, heat reclamation, energy‑efficient demand response, or the generation of electricity in or on a ~~facility~~ residence in South Carolina and owned by the taxpayer. The tax credit allowed by this section must not be claimed before the completion of the installation. The amount of the credit in any year may not exceed ~~three~~ ten thousand five hundred dollars for each ~~facility~~ residence or fifty percent of the taxpayer’s tax liability for that taxable year, whichever is less. If the amount of the credit exceeds ~~three~~ ten thousand five hundred dollars for each ~~facility~~ residence, the taxpayer may carry forward the excess credit for up to ~~ten~~ three years.

(B) Residences which are newly constructed that are built and have a solar energy system installed not by the final owner and occupant of the residence, qualify for a year of installation tax credit of thirty‑five percent of the cost incurred by the construction to purchase and install the system not to exceed fifty percent of contractors state income tax liability. If the amount of the credit exceeds ten thousand five hundred dollars for the residence, the taxpayer may carry forward excess credit for up to three years.

(C) There is allowed as a tax credit against the state tax liability of a taxpayer an amount equal to forty percent for 2010, thirty‑five percent for 2011, and thirty percent for 2012 through 2015 of the costs incurred by the taxpayer in the purchase and installation of a solar energy system or small hydropower system for heating water, space heating, air cooling, energy‑efficient daylighting, heat reclamation, energy efficient demand response, or the generation of electricity in or on a commercial building in South Carolina and used by the taxpayer. The tax credit allowed by this section must not be claimed before the completion of the installation. The entire credit may not be taken for the taxable year in which the property is placed in service, but must be taken in five increment installments (fifty percent, twenty‑five percent, ten percent, ten percent and five percent) beginning with the taxable year in which the property is placed in service and may not exceed two million five hundred thousand dollars per installation. This credit includes businesses whose primary focus is wholesale and retail, power generation or distribution. The tax credit must be adjusted to eight‑five percent of total ‘system cost’ if the taxpayer elects to apply for and receives a Federal Treasury grant qualifying for solar and other energy systems.

(D) For all other renewable energy property in or on a residence, there is allowed a tax credit against the state tax liability of a taxpayer equal to thirty‑five percent of the costs incurred by the taxpayer in the purchase and installation of the renewable energy property. The tax credit allowed by this section must not be claimed before the completion of the installation. The amount of the credit in any year may not exceed ten thousand five hundred dollars per installation or fifty percent of the taxpayer’s tax liability for that taxable year, whichever is less. If the amount of the credit exceeds ten thousand five hundred dollars for each residence, the taxpayer may carry forward the excess credit for up to five years.

(E) A thirty‑five percent credit also may be taken by donors to a eleemosynary 501(c)(3) charitable organization for the purpose of providing a solar energy system. The amount of the credit in any year may not exceed twenty thousand five hundred dollars per installation or fifty percent of the taxpayer’s state tax liability for that taxable year, whichever is less. If the amount of the credit exceeds twenty thousand five hundred dollars for each location, the taxpayer may carry forward the excess credit for up to five years.

~~(B)~~(F) ‘System’ includes all controls, tanks, pumps, heat exchangers, and other equipment used directly and exclusively for the solar energy system. The term ‘system’ does not include any land or structural elements of the building such as walls and roofs or other equipment ordinarily contained in the structure. A credit may not be allowed for a solar system unless the system is certified for performance by the nonprofit Solar Rating and Certification Corporation or a comparable entity endorsed by the State Energy Office.

~~(C)~~(G) For purposes of this section, ‘small hydropower system’ means new generation capacity on a nonimpoundment or on an existing impoundment that:

(1) meets licensing standards as defined by the Federal Energy Regulatory Commission (FERC);

(2) is a run‑of‑the‑river facility with a capacity not to exceed 5MW; or

(3) consists of a turbine in a pipeline or in an irrigation canal.

(H) ‘State Tax Liability’ for purposes of this section includes income taxes imposed pursuant to this chapter, license taxes imposed pursuant to Chapter 20 of this title, banks and building and loan taxes imposed pursuant to Chapters 11 and 13 of this title, and premium taxes imposed pursuant to Title 38.”

SECTION 2. This act takes effect upon approval by the Governor.

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