**South Carolina General Assembly**

118th Session, 2009-2010

**H. 3676**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Herbkersman and Erickson

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Introduced in the House on March 9, 2009

Currently residing in the House Committee on **Ways and Means**

Summary: Corporate income tax credit

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

3/9/2009 House Introduced and read first time [HJ](file:///h:\HJ%20Archive\2009\03-09-09.docx)‑7

3/9/2009 House Referred to Committee on **Ways and Means** [HJ](file:///h:\HJ%20Archive\2009\03-09-09.docx)‑7

**VERSIONS OF THIS BILL**

[3/9/2009](file:///p:\pprever\2009-10\3676_20090309.docx)

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 12‑6‑3588 SO AS TO PROVIDE FOR A CREDIT AGAINST CERTAIN TAX LIABILITY OF A TAXPAYER FOR COSTS INCURRED FOR NEW CONSTRUCTION, RENOVATION, OR OTHER BUILDING PROJECT THAT MEETS CERTAIN GREEN GLOBES OR LEED STANDARDS FOR ENERGY EFFICIENCY AND TO DEFINE TERMS; TO AMEND SECTION 12‑6‑3360, AS AMENDED, RELATING TO THE JOBS TAX CREDIT, SO AS TO INCLUDE A KNOWLEDGE‑INTENSIVE BUSINESS AS A QUALIFYING FACILITY, DEFINE “KNOWLEDGE‑INTENSIVE BUSINESS”, AND PROVIDE FOR THE DESIGNATION OF COUNTY RANKINGS BY USING THE UNEMPLOYMENT RATE AND EITHER THE PER CAPITA INCOME OR THE AVERAGE REGIONAL WAGE RATE; AND TO AMEND SECTION 12‑6‑3410, AS AMENDED, RELATING TO THE CORPORATE INCOME TAX CREDIT FOR CORPORATE HEADQUARTERS, SO AS TO MODIFY THE REQUIREMENT OF A CERTAIN NUMBER OF NEW FULL‑TIME JOBS TO TEN PERCENT OF THE CORPORATE PAYROLL.

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

SECTION 1. Article 25, Chapter 6, Title 12 of the 1976 Code is amended by adding:

“Section 12‑6‑3588. (A) There is allowed as a tax credit against the income tax liability of a taxpayer imposed by Section 12‑6‑510 or Section 12‑6‑530, bank taxes imposed pursuant to Chapter 11 of this title, and premium taxes imposed pursuant to Chapter 7, Title 38 an amount equal to twenty‑five percent of the costs incurred by the taxpayer in a new construction, renovation, or commercial tenant fit‑out project that meets certification as receiving at least two globes using the Green Globes Rating System or at least the LEED Silver standard. The tax credit allowed by this section must not be claimed before the completion of the project. The amount of the credit in any year may not exceed fifty percent of the taxpayer’s tax liability for that taxable year. Excess credit may be carried forward for up to ten years.

(B) For purposes of this section, the definitions in Section 48‑52‑810 apply to their common terms.”

SECTION 2. A. Section 12‑6‑3360(A) and (B)(1) through (4) of the 1976 Code, as last amended by Act 116 of 2007, is further amended to read:

“(A) Taxpayers that operate manufacturing, tourism, processing, warehousing, distribution, research and development, corporate office, qualifying service‑related facilities, extraordinary retail establishment, qualifying technology intensive facilities, knowledge‑intensive businesses, and banks as defined pursuant to this title are allowed an annual jobs tax credit as provided in this section. In addition, taxpayers that operate retail facilities and service‑related industries qualify for an annual jobs tax credit in counties designated as least developed or distressed, and in counties that are under developed and not traversed by an interstate highway. As used in this section, ‘corporate office’ includes general contractors licensed by the South Carolina Department of Labor, Licensing and Regulation. Credits pursuant to this section may be claimed against income taxes imposed by Section 12‑6‑510 or 12‑6‑530, bank taxes imposed pursuant to Chapter 11 of this title, and insurance premium taxes imposed pursuant to Chapter 7, ~~of~~ Title 38, and are limited in use to fifty percent of the taxpayer’s South Carolina income tax, bank tax, or insurance premium tax liability. In computing a tax payable by a taxpayer pursuant to Section 38‑7‑90, the credit allowable pursuant to this section must be treated as a premium tax paid pursuant to Section 38‑7‑20.

(B) The department shall rank and designate the state’s counties by December thirty‑first each year using data from the South Carolina Employment Security Commission and the United States Department of Commerce. The county designations are effective for taxable years that begin in the following calendar year. A county’s designation may not be lowered in credit amount more than one tier in the following calendar year. The counties are ranked using the last three completed calendar years of per capita income data and the last thirty‑six months of unemployment rate data that are available on November first, with equal weight given to unemployment rate and per capita income or average regional wage rate as follows:

(1)(a) The twelve counties with a combination of the highest unemployment rate and lowest per capita income or lowest average regional wage rate, whichever is less, are designated distressed counties. Notwithstanding any other provision of law, no more than twelve counties may be designated or classified as distressed and notwithstanding any other provision of this section, a county may be designated as distressed only by virtue of the criteria provided in this subitem.

(b) A category with the same criteria as provided in subitem (a) of this item is designated least developed county which consists of underdeveloped counties otherwise eligible for this category.

(2) The twelve counties with a combination of the next highest unemployment rate and next lowest per capita income or next lowest average regional wage rate, whichever is less, are designated underdeveloped counties.

(3) The eleven counties with a combination of the next highest unemployment rate and ~~the~~ next lowest per capita income or next lowest average regional wage rate, whichever is less, are designated moderately developed counties.

(4) The eleven counties with a combination of the lowest unemployment rate and ~~the~~ highest per capita income or highest average regional wage rate, whichever is more, are designated developed counties.”

B. Section 12‑6‑3360(M) of the 1976 Code, as last amended by Act 116 of 2007, is further amended by adding an appropriately numbered item at the end to read:

“( ) ‘Knowledge‑intensive business’ is a business that is primarily dependent upon the professional and intellectual expertise of its workforce and the translation and distribution of its product to various markets including the healthcare, computer and information technology, architecture, business and financial operations, arts, and design sectors.”

SECTION 3. A. Section 12‑6‑3410(B)(2) of the 1976 Code is amended to read:

“(2) The headquarters establishment, expansion, or addition must result in the creation of:

(a) ~~at least forty~~ new jobs performing headquarters related functions and services or research and development related functions and services. These jobs must constitute at least ten percent of the corporate payroll and be permanent, full‑time positions located in this State, and

(b) at least ~~twenty~~ one‑half of the above‑referenced new jobs must be classified as headquarters staff employees.”

B. Section 12‑6‑3410(D)(2) of the 1976 Code, as last amended by Act 352 of 2008, is further amended to read:

“(2) The establishment, expansion, or addition of a corporate headquarters or research and development facility must result in the creation of ~~at least seventy‑five~~ new full‑time jobs performing either:

(a) headquarters related functions and services; or

(b) research and development related functions and services.

The ~~seventy‑five~~ required new full‑time jobs must constitute at least ten percent of the corporate payroll and have an average cash compensation level of more than twice the per capita income of this State based on the most recent per capita income data available as of the end of the taxpayer’s taxable year in which the jobs are filled.”

SECTION 4. This act takes effect upon approval by the Governor and is applicable for taxable years beginning after 2008.

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