~~Indicates Matter Stricken~~

Indicates New Matter

AMENDED

February 25, 2010

**H. 4514**

Introduced by Rep. Cooper

S. Printed 2/25/10--H. [SEC 2/26/10 2:33 PM]

Read the first time February 3, 2010.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**REVENUE IMPACT 1/**

This bill would reduce general fund individual income tax revenue by an estimated $5,000,000 in FY2010-11, and each fiscal year thereafter through FY2014-15.

## Explanation

This bill would amend Section 12-6-590, as last amended by Act 116 of 2007, to require that one-half of all income taxes paid by resident and nonresident shareholders of an “S” corporation that make a capital investment of at least $500,000,000 at a single site and hire at least 400 new employees must be paid by the State Treasurer to the Coordinating Council for Economic Development (Council). The income taxes are capped at $5,000,000 each year for a period of five years. The county or municipality where the project is located may apply to the council for grants from the fund by submitting a grant application. The council shall determine the amount of monies to be received by each of the eligible counties or municipalities. All monies must be used for public infrastructure improvements which directly support the project. This bill would allow the State Treasurer to transfer up to $5,000,000 from the general fund to the Coordinating Council for Economic Development. This bill would reduce general fund individual income tax revenue an estimated $5,000,000 in FY2010-11, and each fiscal year thereafter through FY2014-15.

*Approved By:*

William C. Gillespie

Board of Economic Advisors

1/ This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

**A** **BILL**

TO AMEND SECTION 12‑44‑30, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE FEE IN LIEU OF TAX SIMPLIFICATION ACT, SO AS TO REVISE THE DEFINITION OF “TERMINATION DATE”; AND TO AMEND SECTION 12‑6‑590, AS AMENDED, RELATING TO TREATMENT OF “S” CORPORATIONS FOR TAX PURPOSES, SO AS TO PROVIDE THAT A SPECIFIED AMOUNT OF INCOME TAXES PAID BY RESIDENT AND NONRESIDENT SHAREHOLDERS OF CERTAIN “S” CORPORATIONS MUST BE DEPOSITED INTO A SPECIAL FUND AND DISTRIBUTED BY THE COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT AS GRANTS FOR PUBLIC INFRASTRUCTURE IMPROVEMENTS, WHICH DIRECTLY SUPPORT THE PROJECTS, AND TO PROVIDE FOR GUIDELINES TO ADMINISTER THE FUND AND APPLICATIONS FOR THE GRANTS.

Amend Title To Conform

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

SECTION 1. Section 12‑44‑30(20) of the 1976 Code, as last amended by Act 116 of 2007, is further amended to read:

“(20) ‘Termination date’ means the date that is the last day of a property tax year that is the ~~nineteenth~~ twenty‑ninth year following the first property tax year in which an applicable piece of economic development property is placed in service~~; provided, however, that the~~. A sponsor may apply to the county prior to the termination date for an extension of the termination date beyond the ~~nineteenth~~ twenty‑ninth year up to ten years. The county council of the county shall approve an extension by resolution upon a finding of substantial public benefit. A copy of the resolution must be delivered to the department within thirty days of the date the resolution was adopted. ~~With respect to a fee agreement involving an enhanced investment, the termination date is the last day of a property tax year that is the twenty‑ninth year following the first property tax year in which an applicable piece of economic development property is placed in service.~~ If the fee agreement is terminated in accordance with Section 12‑44‑140, the termination date is the date the agreement is terminated.”

SECTION 2. Section 12‑6‑590 of the 1976 Code, as last amended by Act 116 of 2007, is further amended by adding:

“(C) One‑half of all income taxes paid by resident shareholders and nonresident shareholders under Section 12‑8‑590 or other provisions of law, up to five million dollars, of an ‘S’ Corporation engaged in manufacturing with a new five hundred million dollar capital investment at a single site and four hundred new employees, for a period of five years, must be paid by the department to the State Treasurer to be deposited into a fund and distributed pursuant to the approval of the Coordinating Council for Economic Development. The county or municipality in which the project is located may apply to the Council for grants from the fund by submitting a grant application. Upon review of the grant application, the Council shall determine the amount of monies to be received by each of the eligible counties or municipalities. All monies must be used for public infrastructure improvements which directly support the project. Grants may run for more than a year and may be based upon a specified dollar amount or a percentage of the monies deposited annually into the fund. After approval of a grant application, the Council may approve the release of monies. The Council shall adopt guidelines to administer the fund, including, but not limited to, grant application criteria for review and approval of grant applications.”

SECTION 3. This act takes effect upon approval by the Governor.

‑‑‑‑XX‑‑‑‑