**A** **BILL**

TO AMEND ARTICLE 2, CHAPTER 96, TITLE 44, OF THE 1976 CODE, RELATING TO SOLID WASTE MANAGEMENT, BY ADDING A NEW SECTION TO PROVIDE THAT CONSTRUCTION FOR HIGH‑RISE AND MULTI‑FAMILY RESIDENTIAL BUILDINGS THAT INCLUDE A REFUSE COLLECTION DESIGN SHALL ALSO INCLUDE A DESIGN FOR AN EQUAL AND PARALLEL RECYCLING COLLECTION DESIGN AND TO DEFINE NECESSARY TERMS; TO AMEND CHAPTER 6, TITLE 12, OF THE 1976 CODE, RELATING TO THE SOUTH CAROLINA INCOME TAX ACT, BY ADDING A NEW SECTION TO PROVIDE FOR AN INCOME AND CORPORATE TAX CREDIT FOR TAXES IMPOSED FOR INVESTMENTS IN DEPRECIABLE PROPERTY TO COLLECT OR PROCESS RECLAIMABLE MATERIAL OR TO MANUFACTURE A PRODUCT FROM RECLAIMED MATERIAL, IF THE TAXPAYER QUALIFIES; TO PROVIDE FOR QUALIFICATION REQUIREMENTS FOR THE TAX CREDIT; AND TO DEFINE NECESSARY TERMS.

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

SECTION 1. Chapter 96, Title 44 of the 1976 Code is amended by adding:

“Section 44‑96‑480. (A) For the purposes of this section:

(1) ‘High‑rise residential building’ means any residential‑type facility that exceeds three stories and thirty‑five feet in height.

(2) ‘Multi‑family residential building’ means a building consisting of four or more units.

(B) For high rise and multi‑family residential buildings built after January 1, 2017, building construction that includes a refuse collection design shall include an equal and parallel recycling collection design as follows:

(1) For high‑rise residential buildings, if building construction includes a design for garbage chutes, a similar design shall be included for recycling chutes.

(2) For multi‑family residential buildings, if the design includes a design for dumpster systems for waste collection, a similar design shall be included for a recycling system.”

SECTION 2. Chapter 6, Title 12 of the 1976 Code is amended by adding:

“Section 12‑6‑3466. (A) For the purposes of this section and Section 12‑6‑3467:

(1) ‘Collect’ means the collection and delivery of reclaimable materials to a recycling or reclaimable materials processing facility.

(2) ‘Postconsumer material’ means a product or packaging material that has served its intended end use, that has been discarded by an individual, a commercial enterprise, or other entity after having fulfilled its intended application or use, and that is usually thrown away and hauled to landfills. This term does not include waste generated during production of an end product.

(3) ‘Process’ includes but is not limited to the treatment of hazardous waste.

(4) ‘Reclaimable material’ or ‘reclaimed material’ means material that has useful physical or chemical properties after serving a specific purpose and that would normally be disposed of as solid waste by a consumer, processor, or manufacturer.

Except for claiming a tax credit as provided in subsections (B)‑(E) materials may not be considered reclaimed by the consumer, processor, or manufacture that generated the material.

(5) ‘Recycled material’ means a substance that is produced from reclaimed material.

(B) An individual, corporation, partnership, or small business corporation, may receive a credit against taxes imposed for investments in depreciable property to collect or process reclaimable material or to manufacturer a product from reclaimed material, if the taxpayer qualifies.

(C) A taxpayer qualifying for a credit is entitled to claim for the cost of each item of property purchased:

(1) to collect or process reclaimable material only in the year in which the property was purchased; or

(2) to manufacture a product from reclaimed material only in the year in which the property was purchased.

(D) The amount of the credit that may be claimed under this section for investments in depreciable property is determined according to the following schedule:

(1) twenty‑five percent of the cost of the property on the first two hundred fifty thousand dollars invested;

(2) fifteen percent of the cost of the property on the next two hundred fifty thousand dollars invested; and

(3) five percent of the cost of the property on the next five hundred thousand dollars invested.

(E) A credit may not be claimed for investments in depreciable property not in excess of eleven million dollars.

Section 12‑6‑3467. (A) The following requirements must be met to be entitled to a tax credit for investment in property to collect or process reclaimable material or to manufacture a product from reclaimed material:

(1) The investment must be for depreciable property used primarily to collect or process reclaimable material or to manufacture a product from reclaimed material.

(2)(a) The taxpayer claiming a credit must be a person who, as an owner, including a contract purchaser or lessee, or who pursuant to an agreement owns, leases, or has a beneficial interest in a business that, as its primary function, collects or processes reclaimable material for sale or that manufactures a product from reclaimed material. The collection of reclaimable material may be a minor or nonprofit part of the business otherwise engaged in a retail trade or other business activity.

(b) The taxpayer may, but need not operate, a business that collects or processes reclaimable material for sale or manufactures a product from reclaimed material. If more than one person has an interest in a business with qualifying property, they may allocate all or any part of the investment cost among themselves and their successors.

(c) The business must be owned or leased during the tax year by the taxpayer claiming the credit, except as otherwise provided in this subsection, and must have been collecting or processing reclaimable material for sale or manufacturing a product from reclaimed material during the tax year for which the credit is claimed.

(d) the reclaimed material may not be industrial waste generated by the person claiming the tax credit unless:

(i) the person gathering the waste historically has disposed of the waste onsite or in a licensed landfill; or

(ii) the standard industrial practice has not generally included the reuse of the waste in the manufacturing process.

(B) The credit provided by this section is not in lieu of any depreciation or amortization deduction for the investment or other tax incentive to which the taxpayer otherwise may be entitled.

(C) A tax credit otherwise allowable under this section that is not used by the taxpayer in the taxable year may not be carried forward to offset a taxpayer’s liability for any succeeding tax year.

(D) The taxpayer’s adjusted basis for determining gain or loss may not be further decreased by any tax credits allowed under this section.

(E) If the taxpayer is a shareholder of an electing small business corporation, the credit must be computed using the shareholder’s pro rata share of the corporation’s cost of investing in equipment necessary to collect or process reclaimable material or to manufacture a product from reclaimed material. In all other respects, the allowance and effect of the tax credit apply to the corporation as otherwise provided by law.”

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

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