

**REPORT OF THE  
ECONOMIC DEVELOPMENT,  
CAPITAL IMPROVEMENT &  
OTHER TAXES SUBCOMMITTEE**

(Loftis, Cobb-Hunter, J.R. Smith, Edge & Ott - Staff Contact: Marc Aquino)

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**HOUSE BILL 3720**

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H. 3720 -- Reps. Cooper and Henderson: A BILL TO AMEND SECTION 12-6-3360, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO DEFINITIONS OF THE JOBS TAX CREDIT, SO AS TO REVISE THE REQUIREMENTS OF A QUALIFYING SERVICE-RELATED FACILITY AND A TECHNOLOGY INTENSIVE FACILITY; BY ADDING SECTION 12-6-3411 SO AS TO PROVIDE THAT A CORPORATION ESTABLISHING A NATIONAL CORPORATE HEADQUARTERS OR EXPANDING OR ADDING TO AN EXISTING NATIONAL CORPORATE HEADQUARTERS IN THIS STATE, WHICH IN CONNECTION THEREWITH ADDS AT LEAST FIFTY NEW FULL-TIME JOBS SHALL BE EXEMPT FROM PAYING STATE CORPORATE INCOME TAXES FOR A PERIOD OF TEN YEARS; TO AMEND SECTION 12-20-105, AS AMENDED, RELATING TO TAX CREDITS FOR PROVIDING INFRASTRUCTURE, SO AS TO INCREASE THE MAXIMUM AGGREGATE CREDIT TO FOUR HUNDRED THOUSAND DOLLARS ANNUALLY; TO AMEND SECTIONS 4-12-30, 4-29-67, AND 12-44-90, ALL AS AMENDED, RELATING TO FEE IN LIEU OF TAXES, SO AS TO PROVIDE THAT A COUNTY AUDITOR OR COUNTY ASSESSOR MAY REQUEST AND OBTAIN ANY FINANCIAL BOOKS AND RECORDS FROM A SPONSOR THAT SUPPORT THE SPONSOR'S TAX FORM OR RETURN TO VERIFY THE CALCULATIONS OF THE FEE IN LIEU OF TAXES TAX FORM OR RETURN; AND TO AMEND SECTION 12-36-2120, AS AMENDED, RELATING TO SALES TAX EXEMPTIONS, SO AS TO EXEMPT COMPUTERS, COMPUTER EQUIPMENT, COMPUTER HARDWARE AND SOFTWARE PURCHASES FOR A DATACENTER AND ELECTRICITY USED BY A DATACENTER.

***Summary of Bill:***

Under the definitions of the Jobs Tax Credit, this bill changes the requirements of a Qualifying Service-related facility and a technology intensive facility.

***Introduced:*** 02/22/2011

***Received by Ways and Means:*** 02/22/2011

***Estimated Fiscal Impact:***

Pending

***Subcommittee Recommendation:***

Favorable with Amendment

***Full Committee Recommendation:***

*Other Notes/Comments:*

Addresses the following changes:

“Qualifying Services Facility” means:

- net increase of 150 jobs at a single location (was 250)
- net increase of 75 jobs (was 125) if compensation is at least 1.5 times of certain income requirements.
- net increase of 40 jobs (was 75) if compensation level is at least double certain income requirements
- deletes last portion notating the qualification of a facility if they netted 30 new jobs and were 2.5 times the income requirements stated.

“Technology Intensive Facility” means:

- Adds 3 Codes published by the Office of Management and Budget of the Federal Govt.:
  - Data Processing, hosting, and related services
  - Computer facilities management services, and
  - Other computer-related services
- Also lists “A facility primarily used for one or more of the activities listed...”
- Amends the maximum aggregate tax credit that may be claimed each year to be \$400,000 (was \$300,000).

# Statement of Estimated State Revenue Impact

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**Date:** March 9, 2011  
**Bill Number:** H.B. 3720  
**Authors:** Cooper, Henderson, and Patrick

**Committee Requesting Impact:** House Ways and Means Committee

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## Bill Summary

To amend Section 12-6-3360, as amended, Code of Laws of South Carolina, 1976, relating to definitions of the jobs tax credit, so as to revise the requirements of a qualifying service-related facility and a technology intensive facility; by adding Section 126-3411 so as to provide that a corporation establishing a national corporate headquarters or expanding or adding to an existing national corporate headquarters in this state, which in connection therewith adds at least fifty new full-time jobs shall be exempt from paying state corporate income taxes for a period of ten years; to amend Section 12-20-105, as amended, relating to tax credits for providing infrastructure, so as to increase the maximum aggregate credit to four hundred thousand dollars annually; to amend Sections 4-12-30, 4-29-67, and 12-44-90, all as amended, relating to fee in lieu of taxes, so as to provide that a county auditor or county assessor may request and obtain any financial books and records from a sponsor that support the sponsor's tax form or return to verify the calculations of the fee in lieu of taxes tax form or return; and to amend Section 12-36-2120, as amended, relating to sales tax exemptions, so as exempt computers, computer equipment, computer hardware and software purchases for a datacenter and electricity used by a datacenter.

## REVENUE IMPACT<sup>17</sup>

This bill, in total, would reduce General Fund revenues by \$458,432 in FY2011-12 and by \$777,000 in FY2012-13. Of this total amount, \$358,432 would be a reduction in General Fund corporate income tax revenues in FY2011-12, \$100,000 would be a reduction in General Fund corporate license taxes in FY2011-12, and \$777,000 would be a reduction in General Fund income tax revenues in FY2012-13.

## Explanation of Bill

**Section 1:** This section of the bill would amend Section 12-6-3360(M)(13) by lowering the required amount of new jobs created by a qualifying service-related facility in order for such a facility to receive job tax credits. This section would also amend Section 12-6-3360(M)(14) to include data processing, hosting and related services facilities (NAICS code 518210), computer facilities management services (NAICS code 541513), and other computer-related service facilities (NAICS code 541519) to the definition of "technology intensive facility", expanding the jobs tax credit to these sectors. Based upon data from the SC Employment Security Commission, these qualifying sectors (NAICS code 518210, 541513, and 541519) added an average of 222 jobs each year over the latest three fiscal years even without the credit. It is expected that this pace of new jobs creation in this sector will continue in FY2011-12, but with this bill, these companies will receive the credit. Multiplying 222 new jobs by an average job tax credit of \$3,500 per new job created, it is estimated that this section of the bill would reduce ongoing collections of taxes by an estimated \$777,000 in FY2012-13 as this credit is claimed one year after jobs are created.

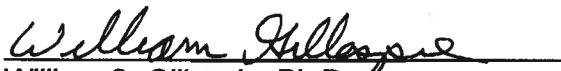
## Statement of Estimated State Revenue Impact

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**Section 2:** This section of the bill would add Section 12-6-3411 that exempts corporations that establish national corporate headquarters or expand existing national corporate headquarters in South Carolina from the corporate income tax for a period of ten years if the headquarters adds at least fifty new full-time corporate headquarters related jobs. Under current law, corporations establishing headquarters in South Carolina and creating at least forty new headquarters-related jobs may claim an income tax credit equal to twenty percent of the cost of real property and an additional income tax credit equal to twenty percent of the cost of personal property. This section prohibits a national corporate headquarters from claiming both the twenty-percent income tax credits and the ten-year corporate income tax exemption. According to the South Carolina Department of Commerce, in the past four years, five national corporate headquarters have expanded existing national corporate headquarters in South Carolina and created at least fifty new full-time jobs. Based upon corporate headquarters income tax credit data from the Department of Revenue, it is estimated that one national corporate headquarters expansion qualified for and claimed the existing twenty-percent corporate headquarters income tax credit. It is expected that one national corporation that already exists in South Carolina and is paying taxes will expand existing headquarters in South Carolina and qualify for the corporate income tax exemption in FY2011-12. This will reduce taxes currently being collected. Based upon state corporate income tax liability data provided by the Department of Revenue, it is estimated that this section of the bill will reduce General Fund corporate income tax revenue by \$358,432 in FY2011-12.

**Section 3:** This section of the bill amends 12-20-105(E) that increases the maximum aggregate corporate license tax credit for companies that provide infrastructure improvements to eligible projects from three hundred thousand dollars to four hundred thousand dollars per tax year. This section of the bill is expected to reduce General fund corporate license tax revenues by \$100,000 in FY2011-12.

**Section 7:** This section of the bill exempts the state sales and use tax on computers, computer equipment, computer hardware, computer software, and electricity used by a datacenter. Datacenters are defined in this section as facilities in which at least fifty million dollars are invested in real or personal property or both over a five-year period and that provide infrastructure for hosting or data processing services. The state has not attracted hosting or data processing datacenters of this caliber. In the absence of this proposed legislation, this trend is expected to continue. Since the revenue projection does not include these projects, these tax exemptions will have no impact on the projection. As a result, the revenue projection would not be impacted.

  
William C. Gillespie, Ph.D.  
Chief Economist

**Analyst: Ball**

<sup>11</sup> This statement meets the requirement of Section 27-71 for a state revenue impact by the BEA, or Section 27-76 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.

HOUSE  
AMENDMENT

THIS AMENDMENT  
ADOPTED

GOOD/DOWNEY  
MARCH 4, 2011

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CLERK OF THE HOUSE

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*Economic Development, Capital Improvement and  
Other Taxes* PROPOSES THE FOLLOWING AMENDMENT No. TO H.  
3720 (COUNCIL\NBD\11435DG11):

REFERENCE IS TO THE BILL AS INTRODUCED.

**AMEND THE BILL, AS AND IF AMENDED,  
SECTION 1, PAGE 2, LINE 20, BY STRIKING  
/FORTY/ AND INSERTING /TWENTY/.**

RENUMBER SECTIONS TO CONFORM.  
AMEND TITLE TO CONFORM.

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**A BILL**

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11 TO AMEND SECTION 12-6-3360, AS AMENDED, CODE OF  
12 LAWS OF SOUTH CAROLINA, 1976, RELATING TO  
13 DEFINITIONS OF THE JOBS TAX CREDIT, SO AS TO  
14 REVISE THE REQUIREMENTS OF A QUALIFYING  
15 SERVICE-RELATED FACILITY AND A TECHNOLOGY  
16 INTENSIVE FACILITY; BY ADDING SECTION 12-6-3411 SO  
17 AS TO PROVIDE THAT A CORPORATION ESTABLISHING  
18 A NATIONAL CORPORATE HEADQUARTERS OR  
19 EXPANDING OR ADDING TO AN EXISTING NATIONAL  
20 CORPORATE HEADQUARTERS IN THIS STATE, WHICH IN  
21 CONNECTION THEREWITH ADDS AT LEAST FIFTY NEW  
22 FULL-TIME JOBS SHALL BE EXEMPT FROM PAYING  
23 STATE CORPORATE INCOME TAXES FOR A PERIOD OF  
24 TEN YEARS; TO AMEND SECTION 12-20-105, AS  
25 AMENDED, RELATING TO TAX CREDITS FOR PROVIDING  
26 INFRASTRUCTURE, SO AS TO INCREASE THE MAXIMUM  
27 AGGREGATE CREDIT TO FOUR HUNDRED THOUSAND  
28 DOLLARS ANNUALLY; TO AMEND SECTIONS 4-12-30,  
29 4-29-67, AND 12-44-90, ALL AS AMENDED, RELATING TO  
30 FEE IN LIEU OF TAXES, SO AS TO PROVIDE THAT A  
31 COUNTY AUDITOR OR COUNTY ASSESSOR MAY  
32 REQUEST AND OBTAIN ANY FINANCIAL BOOKS AND  
33 RECORDS FROM A SPONSOR THAT SUPPORT THE  
34 SPONSOR'S TAX FORM OR RETURN TO VERIFY THE  
35 CALCULATIONS OF THE FEE IN LIEU OF TAXES TAX  
36 FORM OR RETURN; AND TO AMEND SECTION 12-36-2120,  
37 AS AMENDED, RELATING TO SALES TAX EXEMPTIONS,  
38 SO AS TO EXEMPT COMPUTERS, COMPUTER  
39 EQUIPMENT, COMPUTER HARDWARE AND SOFTWARE  
40 PURCHASES FOR A DATACENTER AND ELECTRICITY  
41 USED BY A DATACENTER.  
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1 Be it enacted by the General Assembly of the State of South  
2 Carolina:

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4 SECTION 1. A. Section 12-6-3360(M)(13) of the 1976 Code, as  
5 last amended by Act 394 of 2006, is further amended to read:

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7 “(13) ‘Qualifying service-related facility’ means:

8 (a) an establishment engaged in an activity or activities  
9 listed under the North American Industry Classification System  
10 Manual (NAICS) Section 62, subsectors 621, 622, and 623; or

11 (b) a business, other than a business engaged in legal,  
12 accounting, banking, or investment services or retail sales, which  
13 has a net increase of at least:

14 (i) ~~two one~~ one hundred fifty jobs at a single location;

15 (ii) ~~one hundred twenty five~~ seventy-five jobs at a single  
16 location and the jobs have an average cash compensation level of  
17 more than one and one-half times the lower of state per capita  
18 income or per capita income in the county where the jobs are  
19 located; ~~or~~

20 (iii) ~~seventy five~~ forty jobs at a single location and the jobs  
21 have an average cash compensation level of more than twice the  
22 lower of state per capita income or per capita income in the county  
23 where the jobs are located; ~~or~~

24 (iv) ~~thirty jobs at a single location and the jobs have an~~  
25 ~~average cash compensation level of more than two and one half~~  
26 ~~times the lower of state per capita income or per capita income in~~  
27 ~~the county where the jobs are located.~~

28 A taxpayer shall use the most recent per capita income data  
29 available as of the end of the taxable year in which the jobs are  
30 filled. Determination of the required number of jobs is in  
31 accordance with the monthly average described in subsection (F).”

32

33 B. Section 12-6-3360(M)(14) of the 1976 Code, as last amended  
34 by Act 335 of 2006, is further amended to read:

35

36 “(14) ‘Technology intensive facility’ means:

37 (a) a facility at which a firm engages in the design,  
38 development, and introduction of new products or innovative  
39 manufacturing processes, or both, through the systematic  
40 application of scientific and technical knowledge. Included in this  
41 definition are the following North American Industrial  
42 Classification Systems, NAICS, Codes published by the Office of  
43 the Management and Budget of the federal government:

- 1 (i) 5114 database and directory publishers;  
2 (ii) 5112 software publishers;  
3 (iii) 54151 computer systems design and related services;  
4 (iv) 541511 custom computer programming services;  
5 (v) 541512 computer systems design services;  
6 (vi) 541710 scientific research and development services;  
7 (vii) 9271 space research and technology; ~~or~~  
8 (viii) 518210 data processing, hosting and related services;  
9 (ix) 541513 computer facilities management services;  
10 (x) 541519 other computer-related services; or  
11 (b) a facility primarily used for one or more activities listed  
12 under the 2002 version of the NAICS Codes 51811 (Internet  
13 Service Providers and Web Search Portals); or  
14 (c) a facility primarily used for one or more of the activities  
15 listed under the 2002 version of the NAICS Codes 541513,  
16 541519, or 518210.”

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

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21 “Section 12-6-3411. (A) A corporation establishing a national  
22 corporate headquarters in this State or expanding or adding to an  
23 existing national corporate headquarters in this State, which in  
24 connection therewith adds at least fifty new full-time jobs  
25 performing corporate headquarters related functions and services,  
26 as defined in Section 12-6-3410, shall be exempt from paying state  
27 corporate income taxes pursuant to Section 12-6-530 for a period  
28 of ten years from the date of establishment, expansion, or addition.  
29 (B) A taxpayer only may elect to receive either the exemption  
30 provided in this section or the credit provided in Section  
31 12-6-3410. If the taxpayer makes an election for the exemption,  
32 the taxpayer may not claim the credit in subsequent tax years.”

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34 SECTION 3. Section 12-20-105(E) of the 1976 Code, as last  
35 amended by Act 290 of 2010, is further amended to read:

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37 “(E) The maximum aggregate credit that may be claimed in any  
38 tax year by a single company is ~~three~~ four hundred thousand  
39 dollars.”

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41 SECTION 4. Section 4-12-30(O) of the 1976 Code, as last  
42 amended by Act 69 of 2003, is amended by adding an  
43 appropriately numbered subitem at the end to read:



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2 “( ) A county auditor or county assessor may request and obtain  
3 any financial books and records from a sponsor that support the  
4 sponsor’s tax form or return to verify the calculations of the fee in  
5 lieu of taxes tax form or return.”

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7 SECTION 5. Section 4-29-67(S) of the 1976 Code, as last  
8 amended by Act 290 of 2010, is further amended by adding an  
9 appropriately numbered subitem at the end to read:

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11 “( ) A county auditor or county assessor may request and obtain  
12 any financial books and records from a sponsor that support the  
13 sponsor’s tax form or return to verify the calculations of the fee in  
14 lieu of taxes tax form or return.”

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16 SECTION 6. Section 12-44-90 of the 1976 Code, as last amended  
17 by Act 69 of 2003, is further amended by adding an appropriately  
18 numbered subsection at the end to read:

19

20 “( ) A county auditor or county assessor may request and obtain  
21 any financial books and records from a sponsor that support the  
22 sponsor’s tax form or return to verify the calculations of the fee in  
23 lieu of taxes tax form or return or the calculations of the special  
24 source revenue credit.”

25

26 SECTION 7. A. Section 12-36-2120 of the 1976 Code, as last  
27 amended by Act 280 of 2010, is further amended by adding an  
28 appropriately numbered subsection at the end to read:

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30 “( ) (a) computers, computer equipment, computer hardware and  
31 software purchases for a datacenter as defined by this section; and

32 (b) electricity used by a datacenter.

33 (c) As used in this subsection:

34 (i) ‘Computer’ means an electronic device that accepts  
35 information in digital or similar form and manipulates it for a  
36 result based on a sequence of instructions.

37 (ii) ‘Computer equipment’ means original or replacement  
38 servers, routers, switches, power units, network devices, hard  
39 drives, processors, memory modules, motherboards, racks, other  
40 computer hardware and components, cabling, cooling apparatus,  
41 and related or ancillary equipment, machinery, and components,  
42 the primary purpose of which is to store, retrieve, aggregate,  
43 search, organize, process, analyze, or transfer data or any

1 combination of these, or to support related computer engineering  
2 or computer science research. This also includes equipment  
3 cooling systems for managing the performance of the datacenter  
4 property, including mechanical and electrical equipment; hardware  
5 for distributed and mainframe computers and servers; data storage  
6 devices; network connectivity equipment and peripheral  
7 components and systems.

8 (iii) 'Computer software' means a set of coded instructions  
9 designed to cause a computer or automatic data processing  
10 equipment to perform a task.

11 (iv) 'Concurrently maintainable' means capable of having  
12 any capacity component or distribution element serviced or  
13 repaired on a planned basis without interrupting or impeding the  
14 performance of the computer equipment.

15 (v) 'Datacenter' means a facility where the taxpayer  
16 invests at least fifty million dollars in real or personal property or  
17 both comprising or located at the facility over a five-year period  
18 and that provides infrastructure for hosting or data processing  
19 services and that has power and cooling systems that are created  
20 and maintained to be concurrently maintainable and to include  
21 redundant capacity components and multiple distribution paths  
22 serving the computer equipment at the facility. Although the  
23 facility must have multiple distribution paths serving the computer  
24 equipment, a single distribution path may serve the computer  
25 equipment at any one time. The following definitions apply in this  
26 subdivision:

27 (vi) 'Multiple distribution paths' means a series of  
28 distribution paths configured to ensure that failure on one  
29 distribution path does not interrupt or impede other distribution  
30 paths.

31 (vii) 'Redundant capacity components' means components  
32 beyond those required to support the computer equipment.

33 (d) This exemption applies from the start of the investment  
34 in or construction of the datacenter. The taxpayer shall notify the  
35 Department of Revenue of its use of the exemption provided in this  
36 subsection on or before the first sales tax return filed with the  
37 department after its first use. Upon receipt of the notification, the  
38 department shall issue an appropriate exemption certificate to the  
39 taxpayer to be used for qualifying purposes under this subsection.  
40 Any subsequent purchase of or investment in computer equipment,  
41 computer software, and computers, including to replace originally  
42 deployed computer equipment or to implement future expansions,  
43 likewise shall qualify for the exemption provided in this

1 subsection, regardless of when the taxpayer makes the  
2 investments.”

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4 B. The exemption provided in this section no longer applies after  
5 twenty years from the date of enactment.

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7 SECTION 8. This act takes effect upon approval by the Governor.

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**REPORT OF THE  
ECONOMIC DEVELOPMENT,  
CAPITAL IMPROVEMENT &  
OTHER TAXES SUBCOMMITTEE**

(Loftis, Cobb-Hunter, J.R. Smith, Edge & Ott - Staff Contact: Marc Aquino)

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**HOUSE BILL 3233**

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H. 3233 -- Rep. Mitchell: A BILL TO AMEND SECTION 31-7-30, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO REDEVELOPMENT PROJECT COSTS, SO AS TO PROVIDE PROPERTY ASSEMBLY COSTS ALSO INCLUDE THE COST OF ENVIRONMENTAL REMEDIATION.

***Summary of Bill:***

Includes costs associated to "Environmental Remediation" under Property Assembly Costs when relating to Redevelopment Project Costs.

***Introduced:*** 12/14/2010

***Received by Ways and Means:*** 12/15/2010

***Estimated Fiscal Impact:***

Pending

***Subcommittee Recommendation:***

Favorable

***Full Committee Recommendation:***

***Other Notes/Comments:***

Environmental Remediation is generally regarded as removal of pollution or contaminants from areas such as soil, groundwater, sediment, or surface water.

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**A BILL**

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11 TO AMEND SECTION 31-7-30, AS AMENDED, CODE OF  
12 LAWS OF SOUTH CAROLINA, 1976, RELATING TO  
13 REDEVELOPMENT PROJECT COSTS, SO AS TO PROVIDE  
14 PROPERTY ASSEMBLY COSTS ALSO INCLUDE THE COST  
15 OF ENVIRONMENTAL REMEDIATION.

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

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20 SECTION 1. Section 31-7-30(9)(b) of the 1976 Code is amended  
21 to read:

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23 “(b) property assembly costs including, but not limited to,  
24 acquisition of land and other property, real or personal, or rights or  
25 interest therein, demolition of buildings, environmental  
26 remediation, and the clearing and grading of land;”

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

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**REPORT OF THE  
ECONOMIC DEVELOPMENT,  
CAPITAL IMPROVEMENT &  
OTHER TAXES SUBCOMMITTEE**

(Loftis, Cobb-Hunter, J.R. Smith, Edge & Ott - Staff Contact: Marc Aquino)

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**HOUSE BILL 3506**

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H. 3506 -- Rep. Loftis: A BILL TO AMEND SECTION 12-6-3360, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE JOB TAX CREDIT, SO AS TO REVISE THE DEFINITION OF A "TECHNOLOGY INTENSIVE FACILITY"; TO AMEND SECTION 12-20-105, AS AMENDED, RELATING TO THE TAX CREDIT FOR INFRASTRUCTURE IMPROVEMENTS FOR WATER, WASTEWATER, HYDROGEN FUEL, SEWER, GAS, STEAM, ELECTRIC ENERGY, AND COMMUNICATION SERVICES, SO AS TO INCLUDE CERTAIN SITE PREPARATION COSTS WITHIN THE DEFINITION OF INFRASTRUCTURE IMPROVEMENTS WHICH GIVE RISE TO THE CREDIT; AND TO AMEND SECTION 12-44-30, AS AMENDED, RELATING TO FEES IN LIEU OF TAXES, SO AS TO REVISE THE DEFINITION OF "TERMINATION DATE".

***Summary of Bill:***

Revises definition of Technology Intensive Facility to include "Research and Development in Biotechnology" and "Physical, Engineering, and Life Sciences." Also Revises definition of termination date.

***Introduced:*** 01/27/2011

***Received by Ways and Means:*** 01/27/2011

***Estimated Fiscal Impact:***

Pending

***Subcommittee Recommendation:***

Favorable

***Full Committee Recommendation:***

***Other Notes/Comments:***

Addresses the following changes:

"Technology intensive facility" means:

- Adds 2 Codes published by the Office of Management and Budget of the Federal Govt.:
- R&D in biotechnology, and
- R&D in physical, engineering, and life sciences

Also changes definition of “Termination Date:”

- Adds that it is “no later than” the 29<sup>th</sup> year following the first applicable year.
- Adds stipulation that with respect to a fee agreement, the termination date is the last day of a property tax year that is no later than the 39<sup>th</sup> year following the first applicable year. Additionally, a sponsor may apply for an extension of up to 10 years.

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**A BILL**

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11 TO AMEND SECTION 12-6-3360, AS AMENDED, CODE OF  
12 LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE  
13 JOB TAX CREDIT, SO AS TO REVISE THE DEFINITION OF  
14 A "TECHNOLOGY INTENSIVE FACILITY"; TO AMEND  
15 SECTION 12-20-105, AS AMENDED, RELATING TO THE  
16 TAX CREDIT FOR INFRASTRUCTURE IMPROVEMENTS  
17 FOR WATER, WASTEWATER, HYDROGEN FUEL, SEWER,  
18 GAS, STEAM, ELECTRIC ENERGY, AND  
19 COMMUNICATION SERVICES, SO AS TO INCLUDE  
20 CERTAIN SITE PREPARATION COSTS WITHIN THE  
21 DEFINITION OF INFRASTRUCTURE IMPROVEMENTS  
22 WHICH GIVE RISE TO THE CREDIT; AND TO AMEND  
23 SECTION 12-44-30, AS AMENDED, RELATING TO FEES IN  
24 LIEU OF TAXES, SO AS TO REVISE THE DEFINITION OF  
25 "TERMINATION DATE".

26

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

29

30 SECTION 1. Section 12-6-3360(M)(14) of the 1976 Code, as last  
31 amended by Act 290 of 2010, is further amended to read:

32

33 "(14) 'Technology intensive facility' means:

34 (a) a facility at which a firm engages in the design,  
35 development, and introduction of new products or innovative  
36 manufacturing processes, or both, through the systematic  
37 application of scientific and technical knowledge. Included in this  
38 definition are the following North American Industrial  
39 Classification Systems, NAICS, Codes published by the Office of  
40 the Management and Budget of the federal government:

- 41 (i) 5114 database and directory publishers;  
42 (ii) 5112 software publishers;



- 1 (iii) 54151 computer systems design and related
- 2 services;
- 3 (iv) 541511 custom computer programming services;
- 4 (v) 541512 computer systems design services;
- 5 (vi) 541710 scientific research and development
- 6 services;
- 7 (vii) 541711 research and development in
- 8 biotechnology; 2007 NAICS;
- 9 (viii) 541712 research and development in physical,
- 10 engineering, and life sciences; 2007 NAICS;
- 11 (ix) 9271 space research and technology; or
- 12 (b) a facility primarily used for one or more activities listed
- 13 under the 2002 version of the NAICS Codes 51811 (Internet
- 14 Service Providers and Web Search Portals)."
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16 SECTION 2. Section 12-20-105(C) of the 1976 Code, as last  
17 amended by Act 290 of 2010, is further amended by adding an  
18 item to read:

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20 "(6) for a qualifying project pursuant to subsection (B)(2), site  
21 preparation costs include, but are not limited to, clearing, grubbing,  
22 grading, and stormwater retention."  
23

24 SECTION 3. Section 12-44-30(21) of the 1976 Code, as last  
25 amended by Act 290 of 2010, is further amended to read:

26  
27 "(21) 'Termination date' means the date that is the last day of a  
28 property tax year that is no later than the twenty-ninth year  
29 following the first property tax year in which an applicable piece  
30 of economic development property is placed in service. A sponsor  
31 may apply to the county prior to the termination date for an  
32 extension of the termination date beyond the twenty-ninth year up  
33 to ten years. The county council of the county shall approve an  
34 extension by resolution upon a finding of substantial public  
35 benefit. A copy of the resolution must be delivered to the  
36 department within thirty days of the date the resolution was  
37 adopted. With respect to a fee agreement involving an enhanced  
38 investment, the termination date is the last day of a property tax  
39 year that is no later than the thirty-ninth year following the first  
40 property tax year in which an applicable piece of economic  
41 development property is placed in service. A sponsor may apply  
42 to the county before the termination date for an extension of the  
43 termination date beyond the thirty-ninth year up to ten years. If the

1 fee agreement is terminated in accordance with Section 12-44-140,  
2 the termination date is the date the agreement is terminated.”

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4 SECTION 4. This act takes effect upon approval by the Governor.

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