**A** **BILL**

TO AMEND SECTION 12‑20‑50, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE IMPOSITION OF LICENSE TAXES ON CORPORATIONS, SO AS TO PROVIDE THAT THE FEE DOES NOT APPLY TO ANY PORTION OF THE FIRST FIFTY MILLION DOLLARS OF CERTAIN CAPITAL STOCK AND PAID‑IN OR CAPITAL SURPLUS.

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

SECTION 1. Section 12‑20‑50 of the 1976 Code is amended by adding an appropriately lettered subsection at the end to read:

“( )(1) a corporation subject to the provisions of this section whose corporate headquarters, as defined in Section 12‑6‑3410, and principal place of business, as defined in Section 12‑6‑30, are in South Carolina may exclude the first fifty million dollars of equity contributions from a qualifying entity from its paid‑in or capital surplus subject to the annual license fee. To qualify for this exclusion, the corporation must obtain a certificate from the South Carolina Research Authority certifying that the exclusions result from equity contributions from a qualifying entity.

(2) For purposes of this subsection, a qualifying entity includes:

(a) a venture capital fund as defined pursuant to 17 C.F.R. Section 275.203(1)‑1;

(b) an angel or accredited investor, as defined pursuant to 17 C.F.R. Section 230.501; and

(c) a private investment firm that does not solicit capital from investors, excluding another qualifying entity, or the general public and meets one of the exemptions outlined in the Investment Company Act of 1940.

(3) A corporation claiming this exclusion must:

(a) submit an annual report to the department that contains the name of each qualifying entity, the date of the equity contribution, the manner in which the qualifying entity meets the requirements of item (2), the amount of the paid‑in or capital surplus for each year that is attributable to each qualifying entity, and any other information that the department may require; and

(b) keep detailed books and records including segregating out equity contributions attributable to each qualifying entity and retaining information concerning the information required to be provided in subitem (a).”

SECTION 2. This act takes effect upon approval by the Governor and first applies to the tax year beginning after July 1, 2022.

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