**South Carolina General Assembly**

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**H. 4164**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Weeks and B. Newton

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Introduced in the House on March 6, 2025

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

Summary: Community development corporation tax credit

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

3/6/2025 House Introduced and read first time ([House Journal‑page 8](h:\hj\20250306.docx))

3/6/2025 House Referred to Committee on **Ways and Means** ([House Journal‑page 8](h:\hj\20250306.docx))

View the latest  [legislative information](https://www.scstatehouse.gov/billsearch.php?billnumbers=4164&session=126&summary=B)  at the website

**VERSIONS OF THIS BILL**

[03/06/2025](https://www.scstatehouse.gov/sess126_2025-2026/prever/4164_20250306.docx)

A bill

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY ADDING SECTION 12‑6‑3531 SO AS TO ALLOW A TAX CREDIT TO A TAXPAYER THAT INVESTS IN A COMMUNITY DEVELOPMENT CORPORATION OR IN A COMMUNITY FINANCIAL INSTITUTION.

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

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

Section 12‑6‑3531. (A)(1) A taxpayer may claim as a credit against his state income tax, bank tax, or premium tax liability thirty‑three percent of all amounts invested in a community development corporation or in a community development financial institution. A taxpayer that makes a cash donation to a certified community development corporation or community development financial institution may claim a credit equal to fifty percent of the donation.

(2) To qualify for this credit the taxpayer must obtain a certificate from the South Carolina Department of Commerce certifying that the entity into which the funds are invested is a community development corporation or a community development financial institution and certifying that the credit taken or available to that taxpayer will not exceed the annual aggregate dollar limitation of all those credits as provided in subsection (B). A taxpayer who invested in good faith in a certified corporation or institution may claim the credit provided in this section, notwithstanding the fact that the certification is later revoked or not renewed by the department.

(B) The total amount of credits allowed pursuant to this section may not exceed in the aggregate fifteen million dollars for all taxpayers and all taxable years and three million dollars for all taxpayers in one taxable year.

(C) The Department of Commerce shall authorize the tax credits each year on a first‑come, first‑served basis. A single community development corporation or community development financial institution may not receive more than twenty-five percent of the total annual tax credits authorized pursuant to this section. Twenty-five percent of annual tax credits must be held in a reserve account during the first three quarters of each tax year and made available exclusively to small, rural‑based, community development corporations. During the first three quarters of any tax year, an individual community development corporation or a community development financial institution must not be authorized to receive more than fifteen percent of the statewide total annual credits. During the fourth quarter of each tax year, all remaining tax credits are available to all certified community development corporations or community development financial institutions.

(D) The department shall monitor the investments made by taxpayers in community development corporations and community development financial institutions as permitted by this section and shall perform the functions as provided in subsections (A) and (C).

(E) If the amount of the credit determined, pursuant to subsection (A), exceeds the taxpayer’s state tax liability for the applicable taxable year, the taxpayer may carry over the excess to the immediately succeeding taxable years. However, the credit carry‑over may not be used for a taxable year that begins on or after three years from the date of the acquisition of stock or other equity interest that is the basis for a credit pursuant to this section. The amount of the credit carry‑over from a taxable year must be reduced to the extent that the carry‑over is used by the taxpayer to obtain a credit provided for in this section for a later taxable year.

(F) The department must not authorize any tax credits after the annual aggregate limitation set forth in subsection (B) has been reached.

(G) Banks and financial institutions with tax liabilities in this State may invest in community development corporations and community development financial institutions incorporated pursuant to the laws of this State, up to a maximum of ten percent of a chartered bank or financial institution’s total capital and surplus.

(H) For purposes of this section:

(1) “Community development corporation” means a nonprofit corporation which:

(a) is chartered pursuant to Chapter 31, Title 33;

(b) is tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;

(c) has a primary mission of developing and improving low‑income communities and neighborhoods through economic and related development;

(d) has activities and decisions initiated, managed, and controlled by the constituents of those local communities;

(e) has a primary function of developing projects and activities designed to enhance the economic opportunities of the people in the community served, including efforts to enable them to become owners and managers of small businesses and producers of affordable housing and jobs in the community served;

(f) does not provide credit, capital, or other assistance from public funds in an amount greater than twenty‑five thousand dollars at one time or in one transaction. The department may adjust that dollar amount in the manner provided in Section 37‑1‑109; and

(g) is not a nonprofit organization with the sole purpose of providing housing to neighborhoods or technical assistance to other nonprofit organizations.

(2) “Community development financial institution” means an organization that:

(a) has a primary mission of promoting community development by providing credit, capital, or development services to small businesses or home mortgage assistance to individuals including, but not limited to, capital access programs, microlending, franchise financing, and guaranty performance bonds;

(b) maintains, through representation on its governing board, accountability to persons in need of the institution’s services;

(c) is not an agent or instrumentality of the United States, or of a state or political subdivision of a state nor maintains an affiliate relationship with any of them;

(d) maintains a goal of providing a majority of its services to low‑income individuals, minorities, females, or rural areas;

(e) provides capital and technical assistance to small and micro businesses or mortgage assistance to individuals;

(f) does not provide credit, capital, or other assistance in an amount greater than two hundred fifty thousand dollars at one time or in one transaction. That dollar amount may be adjusted in the manner provided in Section 37‑1‑109;

(g) has been certified or recertified as a community development financial institution as provided in this chapter; and

(h) may be a federally chartered or state‑chartered financial institution holding company which qualifies as a community development financial institution only if the holding company and the subsidiaries and affiliates of the holding company collectively satisfy the requirements of this section.

SECTION 2. Unless reauthorized by the General Assembly, the provisions of this act shall terminate on June 30, 2030, and this act and all other laws and regulations governing, authorizing, and otherwise dealing with community development corporations and community development financial institutions are deemed repealed on that date.

SECTION 3. This act takes effect upon approval by the Governor and first applies to credits earned and certificates issued, and the administration thereof, after 2024. Any credits earned and certificates issued, and the administration thereof, before 2025 must be claimed in accordance with the provisions of Section 12‑6‑3530 as it existed on June 30, 2023. However, any credits earned, and certificates issued before 2025 must count toward the aggregate credit limit for all taxpayers in all calendar years set forth in Section 12‑6‑3531(B).

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