

# Statement of Estimated State Revenue Impact

---

**Date:** April 2, 2013

**Bill Number:** H.B. 3605

**Authors:** Hamilton, Patrick, Finlay, Neal, Erickson, *et. al.*

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

---

## Bill Summary

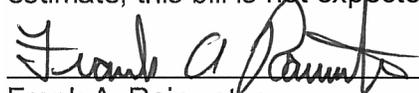
A bill to amend Section 12-65-30, as amended, of the Code of Laws of South Carolina, 1976, relating to tax credits allowable for a portion of the expenses incurred by a taxpayer in the rehabilitation, renovation, or redevelopment of a textile mill site, so as to make the income tax credits allowed transferable.

## REVENUE IMPACT <sup>1/</sup>

This bill is not expected to affect General Fund individual income tax, corporate income tax, bank tax, or corporate license fee revenue in FY2013-14.

## Explanation

This bill would amend Section 12-65-30 to allow a taxpayer that has received a nonrefundable textile revitalization credit to transfer, devise, or distribute any unused portion of the credit to another individual, partnership, LLC, corporation, trust, or estate. The Textiles Communities Revitalization Act allows a taxpayer an income/license tax credit or property tax credit for the renovation, improvement, and redevelopment of abandoned textile mills in South Carolina. The income or license tax credit is equal to twenty-five (25) percent of the qualified rehabilitation expenses. The credit is claimed in equal installments over a five (5) year period beginning with the year the property is placed in service. Any unused credit may be carried forward for five (5) years. A taxpayer may claim this credit against income or license taxes in addition to the credit for rehabilitation of a certified historic structure allowed pursuant to Section 12-6-3535. The "real property tax credit" is equal to twenty-five (25) percent of the qualified rehabilitation expenses made to the eligible site up to seventy-five (75) percent of the real property taxes due on the site each year. The municipality or the county must determine the eligibility of the site and the proposed project. The ordinance shall allow the property tax credit to be taken against up to seventy-five (75) percent of the real property taxes due on the site each year not to exceed eight (8) years. The credit vests in the taxpayer in the year in which the eligible site is placed in service. The credit may be carried forward up to eight (8) years. The Textile Communities Revitalization Act is repealed on July 1, 2014. This act takes effect upon approval of the Governor and the transferability of tax credits applies for rehabilitation expenses incurred for eligible sites placed in service after June 30, 2004. According to the Department of Revenue, 272 taxpayers have claimed a total of \$6,600,826 of nonrefundable credits since passage of the Textiles Communities Revitalization Act in 2005. Because the BEA has already accounted for the full amount of the tax credits in its revenue estimate, this bill is not expected to affect General Fund revenue in FY2013-14.



Frank A. Rainwater  
Chief Economist

**Analyst:** Martin

<sup>1/</sup> 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 of Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.