Section 1 of H.3874: Business Solar State Income Tax Credit for Superfund Sites
Primary sponsors of the bill: Reps. Mitchell, Cobb-Hunter, Merrill, Loftis, Dillard and Govan

- Credit covers 25% of the cost of installation, construction, purchase, or lease of solar energy property located on EPA’s National Priority List, National Priority List Equivalent Sites, or on a list of related removal actions, as certified by the DHEC, located in SC and placed in service in SC.
- Projects must be nonresidential with a nameplate capacity of at least that (2,000 kW AC) that use solar radiation as a substitute for traditional energy for water heating, active space heating and cooling, passive heating, daylighting, generating electricity, distillation, desalination, detoxification, or the production of industrial or commercial process heat. Related devices necessary for collecting, storing, exchanging, conditioning, or converting solar energy to other useful forms of energy are included in the credit.
- Credit begins the year the solar energy property is placed in service.
- Credit must be taken in 5 equal annual installments beginning in the year in which the solar energy property is placed in service.
- Unused credits can be carried forward for 5 taxable years.
- Credit for each solar energy project is capped at $2.5 million.
- Total amount of credits for all projects/taxpayers is capped at $2.5 million annually.
- Credit begins January 1, 2016 and is available through December 21, 2017. However, unearned credits can be claimed for the projects that begin after 2015 and before January 1, 2018, until credits have been fully claimed.
- Credit is allowed on a first come first serve basis.
- No other solar tax credit can be used in conjunction with this credit.
- Only one taxpayer can take the credit.
- A lessor must give a taxpayer who leases solar energy property from him a statement that describes the solar energy property and states the cost of the property upon request.
- Credits are not allowed to the extent the cost of the solar energy property is provided by public funds which do not include federal grants or tax credits.
- Credit is halted if the solar energy property is disposed of, taken out of service, or moved out of the State in a year in which the installment of a credit accrues. The credit expires, and the taxpayer may not take any remaining installments of the credit.
- DOR is authorized to promulgate regulations necessary to implement this new section in law.

Section 2 of H.3874: Residential Geothermal State Income Tax Credit
Sponsors of the geothermal tax credit amendment in the Senate:
Senators Coleman, Cromer, Campbell, Cleary, J. Matthews, Nicholson, Hayes, Setzler, and Scott

- Credit covers 25% of the cost of residential geothermal equipment and its installation.
- Residential customers can only take $3,500 annually on their tax form until the 25% cap is reached.
- Equipment must meet federal Energy Star energy efficiency requirements at time of installation.
- Credit is good for 3 years—Begins on January 1, 2016 and expires on January 1, 2019.
- Credit cannot exceed 50% of a person’s taxable liability in a single year.
- Credit can be carried forward for 10 years.
- Credit will accompany a 30% federal tax credit (geothermal equipment/installation).
The average cost of a geothermal installation is $21,000. The state tax credit would equal $5,250. The federal tax credit would reduce the cost by an additional $6,300 making the total average cost of the system $9,450 which is comparable with an equally energy efficient traditional HVAC system.

Who would benefit?

**Residential customers:** Geothermal customers can expect to save 50 – 70% on their monthly heating and cooling costs. Equipment replacement would be extended to every 20 years compared to 8 to 10 years for traditional HVAC systems. Geothermal loops can last up to 200 years.

**Geothermal industry:** In 2015 approximately 337 geothermal units were installed statewide. The industry expects a state tax credit would help installations increase substantially in 2016.

Geothermal installations can create up to 8 jobs per installation: plumbers, borers, well drillers, and geothermal installers. Traditional HVAC installations require only one to two installers.

**SC Economy:** In 2015 it’s estimated the geothermal industry added $10 million to SC’s economy. Making geothermal systems more affordable and thereby creating more jobs through increased installations, a state tax credit would help generate additional state income tax, unemployment tax, sales tax, and corporate income tax to our state’s economy.

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**S.626**

**Sponsors:** Senators Gregory, Hayes, and Reese

**Currently Residing:** House Judiciary Constitutional Laws Subcommittee

**Summary:**

- Provides a 100% county tax exemption for residential renewable energy generation property that has a nameplate capacity of no greater than 20 kilowatts. No expiration is placed on this exemption.

- Provides an 80% county tax exemption for business renewable energy generation property for 10 consecutive property tax years after a facility becomes operational—after 2012 and before 2021.
‘Renewable energy generation property’ is property that generates electric power by the use of renewable energy resource as defined in 58-10-10(F)—solar photovoltaic and solar thermal resources, wind resources, hydroelectric resources, geothermal resources, tidal and wave energy resources, recycling resources, hydrogen fuel derived from renewable resources, combined heat and power derived from renewable resources, and biomass resources.

**Exceptions for business property that became operational in 2013 & 2014:** The exemption applies for 10 years beginning in 2016 so long as the property was not subject to a fee in lieu agreement as of December 31, 2014.

**Exceptions for business property that became operational in 2015:** If the property were subject to a fee in lieu agreement, as of December 31, 2015, the taxpayer may decide to opt for this exemption. The taxpayer must notify the other parties to the agreement no later than 30 days after the effective date of the bill that he/she would like to access this exemption. Upon the expiration of the exemption, the taxpayer may then opt to have the pre-existing fee in lieu agreement apply.

**No double dipping**—A taxpayer may not take this exemption and the county 5-year ad valorem tax exemption provided for in 12-37-220(A)(7)—for all new manufacturing establishments located in SC after July 1, 1977, and all additions of $50,000 or more to the existing manufacturing establishments (machinery and equipment installed in the plant).