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.