**South Carolina General Assembly**

118th Session, 2009-2010

**H. 3424**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Simrill, Ballentine, Skelton, Crawford, Duncan, Haley, E.H. Pitts, Hamilton, Lowe, Millwood, G.M. Smith, G.R. Smith, Stringer and Wylie

Document Path: l:\council\bills\bbm\9110htc09.docx

Companion/Similar bill(s): 378

Introduced in the House on February 3, 2009

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

Summary: Income tax

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

2/3/2009 House Introduced and read first time [HJ](file:///h:\HJ%20Archive\2009\02-03-09.docx)‑11

2/3/2009 House Referred to Committee on **Ways and Means** [HJ](file:///h:\HJ%20Archive\2009\02-03-09.docx)‑11

2/5/2009 House Member(s) request name added as sponsor: Wylie

**VERSIONS OF THIS BILL**

[2/3/2009](file:///p:\pprever\2009-10\3424_20090203.docx)

**A** **BILL**

TO AMEND SECTIONS 12‑6‑530 AND 12‑6‑540, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE FIVE PERCENT CORPORATE INCOME TAX AND THE FIVE PERCENT TAX ON UNRELATED BUSINESS INCOME OF EXEMPT ORGANIZATIONS, HOMEOWNER’S ASSOCIATIONS, AND COOPERATIVES, SO AS TO PHASE OUT THESE TAXES OVER TEN YEARS; TO REPEAL, EFFECTIVE FOR TAXABLE YEARS BEGINNING AFTER 2018, SECTIONS 12‑6‑3360, 12‑10‑80, 12‑10‑81, 12‑10‑95, 12‑14‑60, 12‑6‑3410, 12‑6‑3420, 12‑20‑105, 12‑6‑3415, 12‑6‑3375, 12‑6‑3580, 12‑6‑3585, 12-6-3630, CHAPTER 65 OF TITLE 12, AND CHAPTER 34 OF TITLE 6 ALL RELATING TO VARIOUS TAX CREDITS, AND PROVIDE FOR THE CARRY‑FORWARD AND PHASED REDUCTION OF THESE TAX CREDITS DURING THE PHASE‑OUT PERIOD.

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

SECTION 1. Section 12‑6‑530 of the 1976 Code is amended to read:

“Section 12‑6‑530. (A) An income tax is imposed annually at the rate ~~of five percent~~ provided pursuant to subsection (B) of this section on the South Carolina taxable income of every corporation, other than those described in Chapters 11 and 13 of this title and Sections 12‑6‑540 and 12‑6‑550, and any other entity taxed using the rates of a corporation for federal income tax purposes, transacting, conducting, or doing business within this State or having income within this State, regardless of whether these activities are carried on in intrastate, interstate, or foreign commerce. The terms ‘transacting’, ‘conducting’, and ‘doing business’ include transacting or engaging in any activity for the purpose of financial profit or gain.

(B) The tax imposed pursuant to subsection (A) of this section applies at the rates in the following schedule:

Taxable year Applicable Percentage Rate

Before 2010 5

2010 4.7

2011 4.25

2012 3.75

2013 3.25

2014 2.7

2015 2.15

2016 1.6

2017 1.05

2018 .5

After 2018 0”

SECTION 2. Section 12‑6‑540 of the 1976 Code, as last amended by Act 69 of 2003, is further amended to read:

“Section 12‑6‑540. An income tax is imposed annually at the ~~rate of five percent~~ rates provided pursuant to Section 12‑6‑530(B) on the South Carolina taxable income of an organization described in Internal Revenue Code Sections 501 through 528 (Exempt Organizations) and 1381 (Cooperatives) as computed under Internal Revenue Code Sections 501(b) (unrelated business income), 528(d) (taxable income of homeowners’ associations), and 1382 and 1383 (taxation of cooperatives). The modifications provided in Article 9 of this chapter and the allocation and apportionment provisions provided in Article 17 of this chapter apply for the taxes imposed by this section.”

SECTION 3. (A) The following tax credits contained in the 1976 Code are repealed for taxable years beginning after 2018:

(1) Section 12‑6‑3360, targeted jobs tax credit, but this repeal does not apply to the small business jobs tax credit allowed pursuant to Section 12‑6‑3362;

(2) Sections 12‑10‑80 and 12‑10‑81, job development credits;

(3) Section 12‑10‑95, job retraining credits;

(4) Section 12‑14‑60, economic impact zone investment credit;

(5) Section 12‑6‑3410, corporate headquarters credit;

(6) Section 12‑6‑3420, infrastructure construction credit;

(7) Section 12‑20‑105, infrastructure construction license tax credit;

(8) Section 12‑6‑3415, research and development credit;

(9) Section 12‑6‑3375, port volume increase credit;

(10) Section 12‑6‑3580, quality improvement program credit;

(11) Chapter 65, Title 12 of the 1976 Code, textile communities revitalization credit;

(12) Chapter 34, Title 6 of the 1976 Code, retail facility revitalization credit;

(13) Section 12‑6‑3585, industry partnership fund tax credit; and

(14) Section 12‑6‑3630, hydrogen fund tax credit.

(B) Credits earned pursuant to the provisions of subsection (A) and (C) of this section are carried forward as allowed by law, but no credit, including carryforwards, is allowed for a taxable year or corporate license year beginning after 2018.

(C) Notwithstanding the amounts of the tax credits allowed pursuant to those sections listed in subsection (A) of this section, for taxable years falling in the corporate income tax phase‑out period provided pursuant to Section 12‑6‑530(B) of the 1976 Code, the amount of the credit, including carryforwards, otherwise allowed is reduced for corporations by the proportion that the corporate tax rate for the applicable taxable year is less than the five percent rate applicable for taxable years beginning before 2010.

SECTION 4. This act takes effect upon approval by the Governor.

‑‑‑‑XX‑‑‑‑