**South Carolina General Assembly**

119th Session, 2011-2012

**S. 474**

**STATUS INFORMATION**

General Bill

Sponsors: Senators Reese, Sheheen and Campbell

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Companion/Similar bill(s): 3346

Introduced in the Senate on January 27, 2011

Currently residing in the Senate Committee on **Finance**

Summary: Income tax credits

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

1/27/2011 Senate Introduced and read first time ([Senate Journal‑page 12](file:///h:\sj%20archive\2011\01-27-11.docx))

1/27/2011 Senate Referred to Committee on **Finance** ([Senate Journal‑page 12](file:///h:\sj%20archive\2011\01-27-11.docx))

**VERSIONS OF THIS BILL**

[1/27/2011](file:///p:\pprever\2011-12\474_20110127.docx)

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 12‑6‑3586 SO AS TO ALLOW A STATE TAX CREDIT FOR THE INSTALLATION OF SOLAR ENERGY EQUIPMENT IN AN AMOUNT EQUAL TO THIRTY‑FIVE PERCENT OF THE AMOUNTS FOR SPECIFIC INSTALLATIONS AND FOR SPECIFIC PURPOSES, TO DEFINE SOLAR ENERGY EQUIPMENT, TO PROVIDE FOR THE TIMING OF CREDITS AND THE CARRY FORWARD OF UNUSED CREDITS, TO PROVIDE THOSE TAXES AGAINST WHICH THIS CREDIT IS ALLOWED, AND TO PROHIBIT DOUBLE CREDITS.

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

SECTION 1. Article 25, Chapter 6, Title 12 of the 1976 Code is amended by adding:

“Section 12‑6‑3586. (A) As used in this section:

(1) ‘Solar energy equipment’ is equipment that uses 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. The term also includes related devices necessary for collecting, storing, exchanging, conditioning, or converting solar energy to other useful forms of energy.

(2) ‘Tax liability’ includes income taxes imposed pursuant to this chapter, license taxes imposed pursuant to Chapter 20 of this title, bank and building and loan taxes imposed pursuant to Chapters 11 and 13 of this title, and premium taxes imposed pursuant to Title 38.

(B) If a taxpayer that has purchased solar energy equipment places it in service in this State during the taxable year, the taxpayer is allowed a credit against his tax liability equal to thirty‑five percent of the cost of the equipment. In the case of solar energy equipment that serves a single‑family dwelling, the credit must be taken for the taxable year in which the equipment is placed in service. Unused credit with respect to a single family dwelling may be carried forward to the ten succeeding taxable years. For all other solar energy equipment, the entire credit may not be taken for the taxable year in which the equipment is placed in service but must be taken in five equal annual installments beginning with the taxable year in which the equipment is placed in service and subject to this annual limit, unused credit may be carried forward for taxable years six through fifteen succeeding the year the equipment was placed in service.

(C) If, in one of the years in which the installment of a credit accrues, the solar energy equipment with respect to which the credit was claimed is disposed of, taken out of service, or moved out of State, the credit expires and the taxpayer may not take any remaining installment of the credit. The taxpayer however, may take the portion of an installment that accrued in a previous year and was carried forward to the extent permitted pursuant to subsection (B) of this section. No credit is allowed pursuant to this section to the extent the cost of the solar energy equipment was provided by public funds and the amount of any credit allowed pursuant to this section must be reduced by any credit claimed pursuant to Section 12‑6‑3587 or any other credit allowed pursuant to this title for solar energy equipment. In no case may a credit allowed pursuant to this section exceed one half of the taxpayer’s tax liability for a taxable year.

(D) The credit allowed by this section may not exceed the applicable ceilings provided in this subsection.

(1) A ceiling of two million five hundred thousand dollars for each installation applies to solar energy equipment placed in service for any purpose other than residential.

(2) The following ceilings apply to solar energy equipment placed in service for residential purposes:

(a) one thousand four hundred dollars for each dwelling unit for solar energy equipment for domestic water heating, including pool heating;

(b) three thousand five hundred dollars for each dwelling unit for solar energy equipment for active space heating, combined active space and domestic hot water systems, and passive space heating;

(c) ten thousand five hundred dollars for each installation for any other solar energy equipment for residential purposes.”

SECTION 2. This act takes effect upon approval by the Governor and applies for installations of solar energy equipment placed in service in taxable years beginning after 2010.

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