**A** **BILL**

TO AMEND CHAPTER 6, TITLE 12, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO STATE INCOME TAX CREDITS, BY ADDING SECTION 12‑6‑3588, SO AS TO ALLOW A STATE INCOME TAX CREDIT EQUAL TO TWENTY PERCENT OF THE CREDIT ALLOWED AGAINST A TAXPAYER’S FEDERAL INCOME TAX LIABILITY FOR QUALIFIED EXPENDITURES ON PHOTOVOLTAIC, SOLAR, AND FUEL CELL PROPERTY; AND TO AMEND SECTION 12‑36‑2120, RELATING TO EXEMPTIONS FROM THE STATE SALES TAX, SO AS TO INCLUDE AN EXEMPTION FOR THE PURCHASE OF MACHINERY, MACHINE TOOLS, AND ANY PART THEREOF THAT IS USED IN THE PRODUCTION OF ELECTRICITY FROM A RENEWABLE ENERGY SOURCE.

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

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

“Section 12‑6‑3588. (A) A South Carolina resident taxpayer who is eligible for and claims the qualified photovoltaic property expenditure credit, solar water heating property expenditure credit, or fuel cell property expenditure credit provided pursuant to the Internal Revenue Code, 26 U.S.C. Section 25D, is allowed a credit against the income taxes imposed pursuant to this chapter in an amount equal to twenty percent of the federal income tax credit. The credit allowed by this section is nonrefundable and, if the amount of the credit exceeds the taxpayer’s liability for the applicable tax year, any unused credit may be carried forward and claimed in the succeeding five taxable years.

(B) The credit allowed by this section must be calculated without regard to the phase‑out provided in 26 U.S.C. Section 25D(g) and, for purposes of the credits allowed pursuant to this section, the provisions of 26 U.S.C. Section 25D are deemed permanent law.”

SECTION 2. Section 12‑36‑2120 of the 1976 Code is amended by adding an appropriately numbered item at the end to read:

“( ) machinery and machine tools, or any part of them, actually used in the production of electricity from a renewable source including, but not limited to, solar, wind, tides, geothermal, and biomass, whether or not the purchase of these items is capitalized or expensed.”

SECTION 3. This act takes effect upon approval by the Governor.

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