

# **REPORT OF THE SALES & USE TAX AND INCOME TAX SUBCOMMITTEE**

(Long, Hosey, Stavrinakis, Taylor & Crawford - Staff Contact: Jane Leneave)

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## **HOUSE BILL 5488 Textiles Revitalization**

### **Summary of Bill:**

This bill clarifies the eligibility requirements for tax credits under the South Carolina Textiles Communities Revitalization Act laid out under Section 12-65-20(8)(a). It requires that any textile mill and buildings included in a Notice of Intent to Rehabilitate must be either renovated or demolished to qualify for the credit, with each notice evaluated independently without regard to the status of any parcel or building not included in the notice. Additionally, if a contiguous parcel, pursuant to 4(b), is included and owned by the same or affiliated taxpayer, the mill and its buildings must also be renovated or demolished, ensuring the credit supports meaningful redevelopment of the site.

### **Estimated Fiscal Impact:**

This bill will not impact DOR and is not expected to impact state or local revenues overall, but may change the timing of when the credit is claimed. Based on discussions with DOR, although this bill would allow a taxpayer to claim credit for qualifying expenses before the unaffiliated taxpayer completes the demolition or renovation of the textile mill site, it does not change the amount of the credit or which properties qualify.

### **Subcommittee Action/Explanation:**

Passed favorably.

### **Full Committee Action/Explanation:**

N/A

### **Other Notes/Comments:**

- 12-65-20(4)(b): b) Notwithstanding the provisions of item (4)(a), with respect to (i) any site acquired by a taxpayer before January 1, 2008, (ii) a site located on the Catawba River near Interstate 77, or (iii) a site which, on the date the notice of intent to rehabilitate is filed, is located in a distressed area of a county in this State, as designated by the applicable council of government, "textile mill site" means the textile mill structure, together with all land and improvements which were used directly for textile manufacturing operations or ancillary uses, or were located on the same parcel or a contiguous parcel within one thousand feet of any textile mill structure or ancillary uses. For purposes of this subitem, "contiguous parcel" means any separate tax parcel sharing a common boundary with an adjacent parcel or separated only by private or public roads and railroad rights of way.
- A textile mill site is considered abandoned when for a period of at least one year immediately preceding the date a taxpayer files a Notice of Intent, at least 80% of the textile mill has been either closed continuously to business or otherwise nonoperational as a textile mill.



# SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

## STATEMENT OF ESTIMATED FISCAL IMPACT

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*This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.*

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**Bill Number:** H. 5488 Introduced on April 1, 2026  
**Subject:** Textiles Revitalization  
**Requestor:** House Ways and Means  
**RFA Analyst(s):** Jolliff  
**Impact Date:** April 13, 2026

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### Fiscal Impact Summary

This bill amends the South Carolina Textiles Communities Revitalization Act tax credit to specify that in order for expenses to qualify for the credit, the requirement to renovate or demolish the textile mill and buildings in a Notice of Intent to Rehabilitate applies independently to each notice without regard to the status of any parcel or building not in the notice. The Act allows taxpayers to claim a credit against local real property taxes or state income tax, corporate license fees, insurance premium taxes, or bank taxes for expenses incurred to rehabilitate a textile mill site. This bill would allow a taxpayer that owns a contiguous parcel that qualifies for the credit to claim the credit before the textile mill has been rehabilitated if the parcel on which the textile mill sits is owned by a different, unaffiliated taxpayer. If the parcels are owned by the same or an affiliated taxpayer, then the textile mill and buildings on the mill site must be either renovated or demolished in order for the expenses related to a contiguous parcel to qualify for the credit.

This bill will not impact expenditures for the Department of Revenue (DOR) as the changes to forms and guidance can be completed with existing staff and resources.

The bill is not expected to impact state or local revenues overall but may change the timing of when the credit is claimed. Based on discussions with DOR, although this bill would allow a taxpayer to claim a credit for qualifying expenses before the unaffiliated taxpayer completes the demolition or renovation of the textile mill site, it does not change the amount of the credit or which properties qualify. Therefore, the total amount of credits and resulting revenue impact is not expected to change even though the timing of the impact may be different.

### Explanation of Fiscal Impact

#### Introduced on April 1, 2026

#### State Expenditure

This bill amends the South Carolina Textiles Communities Revitalization Act tax credit to specify that in order for expenses to qualify for the credit, the requirement to renovate or demolish the textile mill and buildings in a Notice of Intent to Rehabilitate applies independently to each notice without regard to the status of any parcel or building not in the notice. This bill would allow a taxpayer that owns a contiguous parcel that qualifies for the credit to claim the credit before the textile mill has been rehabilitated if the parcel on which the textile mill sits is

owned by a different, unaffiliated taxpayer. If the parcels are owned by the same or an affiliated taxpayer, then the textile mill and building on the mill site must be either renovated or demolished in order for the expenses related to a contiguous parcel to qualify for the credit.

This bill will not impact expenditures for DOR as the changes to forms and guidance can be completed with existing staff and resources.

### **State Revenue**

This bill amends the South Carolina Textiles Communities Revitalization Act tax credit to specify that in order for expenses to qualify for the credit, the requirement to renovate or demolish the textile mill and buildings in a Notice of Intent to Rehabilitate applies independently to each notice without regard to the status of any parcel or building not in the notice. The Act allows taxpayers to claim a credit against local real property taxes or state income tax, corporate license fees, insurance premium taxes, or bank taxes for qualifying expenses incurred to rehabilitate a textile mill site.

Currently, DOR has provided guidance which specifies that in order to qualify for the credit, each owner of a subparcel must renovate or demolish all buildings which were on the original textile mill site, and each taxpayer's eligibility for the credit is dependent on the compliance by all owners of the subparcels with the requirement to renovate or demolish the textile mill and all buildings on the mill site.<sup>1</sup> This bill would allow a taxpayer that owns a contiguous parcel that qualifies for the credit to claim the credit before the textile mill has been rehabilitated if the parcel on which the textile mill sits is owned by a different, unaffiliated taxpayer. If the parcels are owned by the same or an affiliated taxpayer, then the textile mill and buildings on the mill site must be either renovated or demolished in order for the expenses related to a contiguous parcel to qualify for the credit.

Based on discussions with DOR, this bill would allow a taxpayer to claim a credit for qualifying expenses before the unaffiliated taxpayer completes the demolition or renovation of the textile mill site, but it does not change the amount of the credit or which properties qualify. Therefore, the bill is not expected to change the amount of credits or impact state and local revenues overall although the timing of when the credits are claimed may change.

### **Local Expenditure**

N/A

### **Local Revenue**

N/A

<sup>1</sup> Department of Revenue, SC Revenue Ruling #25-1, South Carolina Textiles Communities revitalization Act (income and Property Taxes); Retrieved April 9, 2026, <https://dor.sc.gov/income-tax-property-tax-south-carolina-textiles-communities-revitalization-act>



Frank A. Rainwater, Executive Director

**South Carolina General Assembly**  
126th Session, 2025-2026

**H. 5488**

**STATUS INFORMATION**

General Bill  
Sponsors: Rep. B. Newton  
Document Path: LC-0489DG26.docx

Introduced in the House on April 1, 2026  
Currently residing in the House Committee on **Ways and Means**

Summary: Textiles revitalization

**HISTORY OF LEGISLATIVE ACTIONS**

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
4/1/2026	House	Introduced and read first time (House Journal-page 8)
4/1/2026	House	Referred to Committee on <b>Ways and Means</b> (House Journal-page 8)

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**VERSIONS OF THIS BILL**

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**A BILL**

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 12-65-20, RELATING TO DEFINITIONS FOR THE SOUTH CAROLINA TEXTILES COMMUNITIES REVITALIZATION ACT, SO AS TO SPECIFY QUALIFYING REQUIREMENTS FOR CERTAIN REHABILITATION EXPENSES.

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

SECTION 1. Section 12-65-20(8)(a) of the S.C. Code is amended to read:

(a) "Rehabilitation expenses" means the expenses or capital expenditures incurred in the rehabilitation, renovation, or redevelopment of the textile mill site, including without limitations, the demolition of existing buildings, environmental remediation, site improvements and the construction of new buildings and other improvements on the textile mill site, but excluding the cost of acquiring the textile mill site or the cost of personal property located at the textile mill site. For expenses associated with a textile mill site to qualify for the credit, the textile mill and buildings ~~on the textile mill site~~ included in the Notice of Intent to Rehabilitate must be either renovated or demolished, and this requirement applies independently to each Notice of Intent to Rehabilitate without regard to the rehabilitation status of any parcel or building not included in that notice; provided, however, that for any contiguous parcel included within the textile mill site pursuant to item 4(b), the textile mill and buildings on the textile mill site must be either renovated or demolished if both the textile mill and the contiguous parcel are owned by the same taxpayer or affiliated taxpayers.

SECTION 2. This act takes effect upon approval by the Governor.

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