

**REPORT OF THE
PROPERTY TAX SUBCOMMITTEE**
(Collins, Clyburn, Moss, Hewitt & Hiott - Staff Contact: Ryan Tooley)

SENATE BILL 853
Abandoned Buildings Tax Credit

Summary of Bill:

This bill amends the Abandoned Buildings Revitalization Act by clarifying that the abandoned building did not have to be used for “income producing purposes” prior to abandonment to qualify for the tax credit. Further, it requires that taxpayers file a Notice of Intent to Rehabilitate with the Department of Revenue (DOR) before obtaining a building permit and excludes rehabilitation expenses incurred before the approval of the notice from qualifying for the tax credit. It stipulates that tax credits obtained pursuant to the act are not allowed to be used as collateral for debt. Finally, it removes the “State-owned abandoned building” definition to ensure uniformity regardless if the abandoned building was previously state-owned and thus non-income producing.

Estimated Fiscal Impact:

DOR indicated that the bill would have no expenditure impact on the agency. There is no other state or local fiscal impact.

Subcommittee Action/Explanation:

Passed favorably.

Full Committee Action/Explanation:

N/A

Other Notes/Comments:

This legislation will override Revenue Ruling #26-1 on Jan. 6, 2026, in which DOR provided an updated advisory opinion on the Abandoned Building Revitalization Credit specifying that the building to be rehabilitated must have been income producing.



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.

Bill Number: S. 0853 Introduced on January 28, 2026
Subject: Abandoned Buildings Tax Credit
Requestor: Senate Finance
RFA Analyst(s): Manic
Impact Date: February 11, 2026

Fiscal Impact Summary

This bill amends the Abandoned Buildings Revitalization Act by removing the separate state-owned abandoned buildings category and clarifying that the income-producing use of the building prior to abandonment is not a requirement for the tax credit eligibility. Further, the bill requires that taxpayers file a Notice of Intent to Rehabilitate with the Department of Revenue (DOR) before obtaining a building permit and excludes rehabilitation expenses incurred before the approval of the notice from qualifying for the tax credit. The bill stipulates that tax credits obtained pursuant to the act are not allowed to be used as collateral for debt.

DOR indicates that the bill will have no expenditure impact on the agency, as the requirements of the bill can be implemented with existing staff and resources.

The bill is not expected to impact state revenues. In Revenue Ruling #26-1, DOR provided an updated advisory opinion on the Abandoned Buildings Act. The ruling specifies that the credit requires that the building to be rehabilitated must be income producing. This bill clarifies the statutory language to conform to previous interpretations of the Act and, therefore, is not expected to impact revenues.

Explanation of Fiscal Impact

Introduced on January 28, 2026

State Expenditure

This bill amends the Abandoned Buildings Revitalization Act by clarifying that the income-producing use of the building prior to abandonment is not a requirement for the tax credit eligibility and eliminating the current state-owned abandoned building specifications. The bill requires that taxpayers file a Notice of Intent to Rehabilitate with DOR before obtaining a building permit and excludes rehabilitation expenses incurred before the approval of the notice from qualifying for the tax credit. DOR indicates that the bill will have no expenditure impact on the agency, as the requirements of the bill can be implemented with existing staff and resources.

State Revenue

This bill amends the Abandoned Buildings Revitalization Act by clarifying that the income-producing use of the building prior to abandonment is not a requirement for the tax credit eligibility and eliminating the current state-owned abandoned building specifications. The bill

requires that taxpayers file a Notice of Intent to Rehabilitate with DOR before obtaining a building permit and excludes rehabilitation expenses incurred before the approval of the notice from qualifying for the tax credit. Also, the bill stipulates that abandoned buildings tax credits may not be used as security for debt.

The act currently allows a taxpayer to claim a non-refundable state tax credit equal to 25 percent of actual rehabilitation expenses of an abandoned building that is to be put into operation for income producing purposes. In Revenue Ruling #26-1, DOR provided an updated advisory opinion on the Abandoned Buildings Act and answered additional questions related to the abandoned building tax credits. The ruling notes that the credit requires that the building to be rehabilitated must be income producing. Further, the Act currently provides separate qualifications for state-owned buildings.

This bill removes the requirement that the building must have been income-producing and eliminates the current state-owned buildings definition. Therefore, all buildings or other similar facilities that were not income producing previously but that otherwise meet the qualifications in the Act will now qualify for the credit. This bill clarifies the statutory language to conform to previous interpretations of the Act and, therefore, is not expected to impact revenues.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director

South Carolina General Assembly
126th Session, 2025-2026

S. 853

STATUS INFORMATION

General Bill

Sponsors: Senators Davis, Hutto, Sutton, Graham, Turner, Stubbs, Matthews, Zell, Campsen, Kimbrell and Walker

Companion/Similar bill(s): 5252

Document Path: LC-0510SA26.docx

Introduced in the Senate on January 28, 2026

Introduced in the House on February 26, 2026

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

Summary: Abandoned Buildings Tax Credit

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
1/28/2026	Senate	Introduced and read first time (Senate Journal-page 5)
1/28/2026	Senate	Referred to Committee on Finance (Senate Journal-page 5)
2/18/2026	Senate	Committee report: Favorable Finance (Senate Journal-page 9)
2/24/2026	Senate	Read second time (Senate Journal-page 18)
2/24/2026	Senate	Roll call Ayes-44 Nays-0 (Senate Journal-page 18)
2/25/2026	Senate	Read third time and sent to House (Senate Journal-page 29)
2/25/2026	Senate	Roll call Ayes-33 Nays-10 (Senate Journal-page 29)
2/26/2026	House	Introduced and read first time (House Journal-page 17)
2/26/2026	House	Referred to Committee on Ways and Means (House Journal-page 17)

View the latest [legislative information](#) at the website

VERSIONS OF THIS BILL

[01/28/2026](#)

[02/18/2026](#)

1 ~~Indicates Matter Stricken~~

2 Indicates New Matter

3

4 COMMITTEE REPORT

5 February 18, 2026

6

7

S. 853

8

9 Introduced by Senators Davis, Hutto, Sutton and Graham

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11 S. Printed 2/18/26--S.

12 Read the first time January 28, 2026

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16 **THE COMMITTEE ON SENATE FINANCE**

17 To whom was referred a Bill (S. 853) to amend the South Carolina Code of Laws by amending
18 Section 12-67-120, relating to the Abandoned Buildings Revitalization Act definitions, so as to clarify
19 that, etc., respectfully

20

REPORT:

21 That they have duly and carefully considered the same, and recommend that the same do pass:

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23 HARVEY PEELER for Committee.

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A BILL

11 TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 12-67-120,
12 RELATING TO THE ABANDONED BUILDINGS REVITALIZATION ACT DEFINITIONS, SO
13 AS TO CLARIFY THAT THE EXISTENCE OF AN INCOME-PRODUCING USE PRIOR TO THE
14 PERIOD OF ABANDONMENT IS NOT A REQUIREMENT FOR ELIGIBILITY; BY AMENDING
15 SECTION 12-67-130, RELATING TO APPLICABILITY, SO AS TO MAKE A CONFORMING
16 CHANGE; BY AMENDING SECTION 12-67-140, RELATING TO ELIGIBILITY FOR THE
17 CREDIT, SO AS TO CLARIFY CERTAIN TIMING CONSIDERATIONS RELATED TO THE
18 FILING OF A NOTICE OF INTENT TO REHABILITATE AN ABANDONED BUILDING AND
19 TO CLARIFY THAT ABANDONED BUILDING TAX CREDITS MAY NOT SERVE AS
20 COLLATERAL FOR ANY DEBT; AND BY AMENDING SECTION 12-67-160, RELATING TO
21 THE CERTIFICATION OF ABANDONED BUILDING SITES, SO AS TO REMOVE A
22 REQUIREMENT FOR CERTAIN CERTIFICATIONS OF STATE-OWNED ABANDONED
23 BUILDING SITES.

24

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

26

27 SECTION 1. Section 12-67-120 (1), (2), (6), and (8) of the S.C. Code is amended to read:

28

29 (1) “Abandoned building” means a building or structure, which clearly may be delineated from other
30 buildings or structures, at least sixty-six percent of the space in which has been ~~closed~~ unoccupied
31 continuously ~~to business~~ or otherwise nonoperational ~~for income-producing purposes~~ for a period of at
32 least five years immediately preceding the date on which the taxpayer files a “Notice of Intent to
33 Rehabilitate”. For purposes of this item, a building or structure that otherwise qualifies as an
34 “abandoned building” may be subdivided into separate units or parcels, which units or parcels may be
35 owned by the same taxpayer or different taxpayers, and each unit or parcel is deemed to be an
36 abandoned building site for purposes of determining whether each subdivided parcel is considered to
37 be abandoned. For purposes of this item, an abandoned building is not a building or structure with an
38 immediate preceding use as a single-family residence. For purposes of this item, use of any portion of
39 a building or structure listed on the National Register for Historic Places when used solely for storage
40 or warehouse purposes is considered nonoperational ~~for income-producing purposes~~; provided,
41 however, that the credit provided under Section 12-67-140(B) is further limited by disqualifying for
42 credit purposes the portion of the building or structure that was operational and used as a for storage or
43 warehouse ~~for income-producing purposes~~. This limitation is calculated based on the actual percentage

1 of the space which has been ~~closed-unoccupied~~ continuously to business or otherwise nonoperational
2 for income producing purposes for a period of at least five years immediately preceding the date on
3 which the taxpayer files a "Notice of Intent to Rehabilitate" divided by one hundred percent.

4 (2) "Building site" means the abandoned building together with the parcel of land upon which it is
5 located and other improvements located on the parcel. However, the area of the building site is limited
6 to the land upon which the abandoned building is located and the land immediately surrounding such
7 building used for parking and other similar purposes directly related to the building's income producing
8 use.

9
10 (6) "Rehabilitation expenses" means the expenses or capital expenditures incurred in the
11 rehabilitation, demolition, renovation, or redevelopment of the building site, including without
12 limitations, the renovation or redevelopment of existing buildings, environmental remediation, site
13 improvements, and the construction of new buildings and other improvements on the building site, but
14 excluding the cost of acquiring the building site or the cost of personal property located at the building
15 site. For expenses associated with a building site to qualify for the tax credit, the abandoned buildings
16 on the building site must be either renovated or redeveloped. Rehabilitation expenses associated with
17 a building site that increases the amount of square footage on the building site in excess of two hundred
18 percent of the amount of square footage of the buildings that existed on the building site as of the filing
19 of the Notice of Intent to Rehabilitate shall not be considered a rehabilitation expense for purposes of
20 calculating the amount of the credit. Notwithstanding any other provision of this section, demolition
21 expenses shall not be considered a rehabilitation expense for purposes of calculating the amount of the
22 credit if the abandoned building is demolished and the building being demolished is on the National
23 Register for Historic Places.

24
25 (8) ~~"State-owned abandoned building" means an abandoned building and its ancillary service~~
26 ~~buildings or a project consisting of one or more abandoned buildings, the aggregate size of which is~~
27 ~~greater than fifty thousand square feet, that has been abandoned for more than five years, and, prior to~~
28 ~~the taxpayer's acquisition of such building, was most recently owned by the State, or an agency,~~
29 ~~instrumentality, or political subdivision of the State. For purposes of this definition, the taxpayer shall~~
30 ~~include any entity under common control or common ownership with the taxpayer. Reserved.~~

31
32 SECTION 2. Section 12-67-130(B) of the S.C. Code is amended to read:

33
34 (B) This chapter only applies to abandoned building sites or phases or portions thereof put into
35 operation for income producing purposes and that ~~meet the purpose of this chapter set forth in Section~~
36 12-67-110 otherwise meet the requirements of this chapter. The construction or operation of a charter

1 school, private or parochial school, or other similar educational institution does meet the purpose of
2 this chapter. The construction of a single-family residence is not an income producing purpose and
3 does not meet the purpose of this chapter.

4
5 SECTION 3. Section 12-67-140(B)(1) and (5) of the S.C. Code is amended to read:

6
7 (1) The taxpayer shall file with the department a Notice of Intent to Rehabilitate before ~~incurring its~~
8 ~~first rehabilitation expenses~~ obtaining a building permit at the building site. Failure to provide the
9 Notice of Intent to Rehabilitate prior to obtaining a building permit results in qualification of only those
10 rehabilitation expenses incurred after the notice is provided.

11
12 (5)(a) If the taxpayer leases the building site, or part of the building site, the taxpayer may transfer
13 any applicable remaining credit associated with the rehabilitation expenses incurred with respect to that
14 part of the site to the lessee of the site. If a taxpayer sells or otherwise transfers the building site, or any
15 phase or portion of the building site, the taxpayer may transfer all or part of the remaining credit,
16 associated with the rehabilitation expenses incurred with respect to that phase or portion of the site, to
17 the purchaser or transferee of the applicable portion of the building site.

18 (b) To the extent that the taxpayer transfers the credit, the taxpayer shall notify the department
19 of the transfer in the manner the department prescribes.

20 (c) The taxpayer may not pledge, assign, hypothecate, or otherwise collateralize any portion of
21 the credit earned pursuant to this chapter as security for debt in any way.

22
23 SECTION 4. Section 12-67-160 of the S.C. Code is amended to read:

24
25 Section 12-67-160. (A) Notwithstanding any other provision of law, the taxpayer may apply to the
26 municipality or county in which the abandoned building is located for a certification of the abandoned
27 building site made by ordinance or binding resolution of the governing body of the municipality or
28 county. The certification must include findings that the:

29 (1) building or buildings situated on the abandoned building site or sites ~~was-is~~ an abandoned
30 building as defined in Section 12-67-120(1); and

31 (2) geographic area of the abandoned building site or sites is consistent with Section 12-67-120(2).

32 ~~—(B) The taxpayer may apply to the municipality or county in which the state-owned abandoned~~
33 ~~building is located for a certification of the state-owned abandoned building site made by ordinance or~~
34 ~~binding resolution of the governing body of the municipality or county. The certification must include~~
35 ~~findings that the:~~

36 ~~—(1) state-owned abandoned building site was a state-owned abandoned building as defined in~~

1 Section ~~12-67-120(8)~~; and
2 ~~—(2) geographic area of the state-owned abandoned building site is consistent with Section~~
3 ~~12-67-120(8).~~
4 ~~—(C)(B)~~ The taxpayer conclusively may rely upon the certification in determining the credit allowed;
5 provided, however, that if the taxpayer is relying upon the certification, the taxpayer shall include a
6 copy of the certification on the first return for which the credit is claimed.

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8 SECTION 5. This act takes effect upon approval by the Governor.

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