

REPORT OF THE REVENUE POLICY SUBCOMMITTEE

(Crawford, Bannister, Stavrinakis, Lowe & Hewitt - Staff Contact: Julia Foster)

SENATE BILL 556 RENEWABLE NATURAL GAS

Summary of Bill:

This bill creates a new state income tax credit equal to twenty-five percent (25%) of the costs incurred by a taxpayer for the purchase and installation of equipment used to produce renewable natural gas (RNG) for commercial purposes. The credit is available against the corporate income tax or the corporate license fee. Eligible expenses must be certified by the State Energy Office. A taxpayer must submit a request for the credit to the State Energy Office of the Office of Regulatory Staff, and within 30 days of receiving a request, the Energy Office must notify the taxpayer whether the taxpayer qualifies for the credit and the amount allocated to the taxpayer. The Department of Revenue may require any documentation that it deems necessary to administer the credit, and the credit can be claimed in the year the equipment is placed in service.

The bill limits use of the credit to the lesser of 25% of the taxpayer's liability or \$5 million per year. The credit is nonrefundable but can be carried forward for up to 15 years (for credits earned before 2030) and may be transferred to another eligible taxpayer. If a regulated utility receives the credit, it must pass the benefit on to ratepayers, as directed by the Public Service Commission. The credit applies to taxable years beginning after 2025 and ending before Taxable Year 2030.

A taxpayer must submit a request for the credit to the State Energy Office. A taxpayer must submit a request for the credit to the State Energy Office of the Office of Regulatory Staff, and within 30 days of receiving a request, the Energy Office must notify the taxpayer whether the taxpayer qualifies for the credit and the amount allocated to the taxpayer. The Department of Revenue may require any documentation that it deems necessary to administer the credit.

Estimated Fiscal Impact:

Revenue and Fiscal Affairs anticipates that the number of qualifying taxpayers will be limited, as developing this type of RNG facility would only be applicable to areas with viable landfill gas and in proximity to a natural gas line. Based on recent projects in other states averaging \$62 million in investment, a typical project would generate about \$15.5 million in total tax credits, with approximately \$3.875 million claimed annually over four years. Assuming one project moves forward next year, the bill is projected to reduce General Fund revenues from corporate income and license taxes by roughly \$3.875 million per year for four years, beginning in FY 2026–27.

Subcommittee Action/Explanation:

The Subcommittee will meet on May 6 at 9am.

Full Committee Action/Explanation:

N/A

Other Notes/Comments:

[CLICK HERE](#) to Enter Notes/Comments



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

WWW.RFA.SC.GOV • (803)734-3793

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. 0556 Introduced on April 15, 2025
Subject: Renewable Natural Gas
Requestor: Senate Finance
RFA Analyst(s): Jolliff
Impact Date: April 9, 2026

Fiscal Impact Summary

This bill creates a tax credit for 25 percent of the costs incurred by a taxpayer for the purchase and installation of equipment used to produce renewable natural gas (RNG) for commercial purposes. The equipment must be used to collect and process landfill gas into RNG and transport and inject the RNG into a natural gas transmission pipeline system. The tax credit may be claimed against corporate income or license taxes in the year in which the equipment is placed in service. A taxpayer may use up to 25 percent of the credit, or \$5 million, whichever is less, in a single tax year. Unused credits earned prior to the end of 2028 may be carried forward for 15 years from the year earned. The credit is applicable for tax years 2026 through 2031.

A taxpayer must submit a request for the credit to the State Energy Office of the Office of Regulatory Staff (ORS), and within 30 days of receiving a request, the Energy Office must notify the taxpayer whether the taxpayer qualifies for the credit and the amount allocated to the taxpayer. The Department of Revenue (DOR) may require any documentation that it deems necessary to administer the credit.

The bill will not impact expenditures for the Energy Office or DOR as both entities will accomplish the new responsibilities with existing staff and resources. ORS notes that because the Energy Office operates solely with federal funding from the US Department of Energy, its ability to manage these responsibilities is contingent upon continuing to receive federal funding.

Developing this type of RNG facility would only be applicable to areas with viable landfill gas and in proximity to a natural gas line. Therefore, Revenue and Fiscal Affairs (RFA) anticipates that the number of qualifying taxpayers will be limited. Based on the average investment level of \$62 million for projects undertaken in other states recently, on average a taxpayer would earn \$15.5 million in tax credits and claim an average of \$3.875 million per year for four years. Assuming one project is undertaken in the next year, the bill will reduce General Fund corporate income and license taxes by approximately \$3.875 million annually for four years beginning in FY 2026-27. If additional projects are undertaken, the impact would increase for each additional project.

Explanation of Fiscal Impact

Introduced on April 15, 2025

State Expenditure

This bill creates a tax credit for 25 percent of the costs incurred by a taxpayer for the purchase and installation of equipment used to produce RNG for commercial purposes. The tax credit may be claimed against corporate income or license taxes in the year in which the equipment is placed in service. The credit is available for tax years 2026 to 2031. A taxpayer must submit a request for the credit to the Energy Office, and within 30 days of receiving a request, the Office must notify the taxpayer whether the taxpayer qualifies for the credit and the amount allocated to the taxpayer. In order to qualify for the credit, costs incurred by a taxpayer must be certified by the Energy Office. DOR may require any documentation that it deems necessary to administer the credit.

The bill will not impact expenditures for the Energy Office or DOR as both entities will manage the new responsibilities with existing staff and resources. ORS notes that because the Energy Office operates solely with federal funding from the US Department of Energy, its ability to manage these responsibilities is contingent upon continuing to receive federal funding.

State Revenue

This bill creates a tax credit for 25 percent of the costs incurred by a taxpayer for the purchase and installation of equipment used to produce RNG for commercial purposes. The credit may be claimed in the year in which the equipment is placed in service and may be claimed for all expenditures incurred for the purchase and installation of the equipment, including those related to engineering, permitting, and other necessary services. A taxpayer may use up to 25 percent of the credit, or \$5 million, whichever is less, in a single tax year. The credit is applicable for tax years 2026 through 2031. Unused credits earned prior to the end of 2028 may be carried forward for 15 years from the year earned.

The bill defines qualifying equipment as equipment and facilities used to collect and process landfill gas into RNG and transport and inject RNG into a natural gas transmission pipeline system. Equipment includes utility facilities owned by the taxpayer dedicated for use with an RNG production facility. RNG is defined as natural gas derived from landfill gas, also known as biomethane, which has been upgraded to a quality similar to fossil natural gas and has a methane concentration of 90 percent or greater.

The ORS Pipeline Safety division is responsible for monitoring natural gas pipeline operators. Based on their records, there are five natural gas operators that collect and transport landfill natural gas currently. ORS does not have information to determine if the gas produced by any of these operators would meet the requirements in the bill or the potential costs related to equipment installations to generate RNG.

Based on general information and discussions, the costs for landfill RNG projects vary by size and scope. The US Environmental Protection Agency reports that the typical capital costs for gas compression and treatment to convert landfill gas to RNG are \$6,200 to \$8,300 per standard

cubic foot per minute.¹ The capital costs for a pipeline are \$600,000 for less than 1 mile or \$1 million per mile for 1 mile or more. RNG projects completed around the country that appear to be similar to the requirements in the bill varied greatly in size and cost. A project in Dane County, Wisconsin completed in 2019 cost approximately \$28 million, which equates to approximately \$37 million in 2026 after adjusting for inflation.^{2,3} A facility in Prince William County, Virginia announced in 2021 was originally estimated to cost \$60 million.⁴ A project in Temple, Texas opened in 2025 with a total cost of approximately \$50 million.⁵ Waste Management recently invested over \$100 million into the WM Simi Valley RNG Facility project in Southern California, which was completed in January 2026.⁶ The average cost of these projects is approximately \$62 million.

Given that developing this type of facility would only be applicable to areas with viable landfill gas and in proximity to a natural gas line, RFA anticipates that the number of qualifying projects will be limited. The tax credit is for 25 percent of the total cost of the equipment and installation, and a taxpayer is limited to claiming 25 percent of the credit, or \$5 million annually, whichever is less. Based on the potential range of investment from \$37 million to \$100 million, a taxpayer is likely to earn between \$10 million and \$25 million in tax credits. Since each taxpayer is limited to claiming the lesser of 25 percent of the credit or \$5 million per year, the range of credit that could be claimed per taxpayer per year would be between \$2.5 million and \$5 million. Based on the average investment level of \$62 million for the projects noted above, a taxpayer would likely earn \$15.5 million in tax credits and claim an average of \$3.875 million per year for four years. Based on the available information and assuming one project is undertaken next year, the bill will reduce corporate income and license taxes by an average of \$3.875 million in FY 2026-27 and annually for three additional years. If additional projects are undertaken, the impact would increase for each additional project.

Local Expenditure and Local Revenue

N/A

¹ U.S. Environmental Protection Agency, *Switch to Renewable Natural Gas*, Retrieved March 31, 2026, <https://www.epa.gov/lmop/switch-renewable-natural-gas>

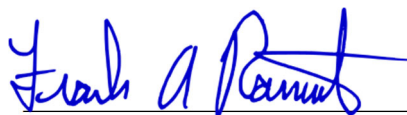
² Vruwink, Ariana, County of Dane Wisconsin, *Dane County Executive Parisi and Partners Cut Ribbon on Landfill Biogas Project's Completion This Earth Week*, April 25, 2019, R<https://www.danecounty.gov/PressDetail/9755>

³ Inflation adjustment based on producer price index for the Utilities industry from 2019 to 2025 published by the US Bureau of Labor Statistics

⁴ Muzyk, Cher, Prince William Times, *Prince William, OPAL Fuels to build renewable natural gas facility at the landfill* March 3, 2023, Updated January 17, 2024, https://www.princewilliamtimes.com/news/prince-william-opal-fuels-to-build-renewable-natural-gas-facility-at-the-landfill/article_7cce5884-b9bb-11ed-b0a4-3b2c92b59e5f.html

⁵ Humphries, Jon, Temple Daily Telegram, *Renewable natural gas facility opening brings innovation, \$50 million investment at Temple landfill*, May 8, 2025, https://www.tdtnews.com/news/central_texas_news/article_8fbaf957-c3b3-4955-87c8-486c4c5375df.html

⁶ Waste Today Magazine, *SoCalGas Connects Landfill-based RNG Project to Pipeline System*, January 07, 2026, <https://www.wastetodaymagazine.com/news/socalgas-connects-landfill-based-rng-project-to-pipeline-system/>



Frank A. Rainwater, Executive Director

South Carolina General Assembly
126th Session, 2025-2026

S. 556

STATUS INFORMATION

General Bill
Sponsors: Senator Verdin
Document Path: SR-0317KM25.docx

Introduced in the Senate on April 15, 2025
Introduced in the House on April 30, 2026
Last Amended on April 29, 2026
Currently residing in the House Committee on **Ways and Means**

Summary: Renewable Natural Gas

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
4/15/2025	Senate	Introduced and read first time (Senate Journal-page 10)
4/15/2025	Senate	Referred to Committee on Finance (Senate Journal-page 10)
4/15/2026	Senate	Committee report: Favorable with amendment Finance (Senate Journal-page 43)
4/28/2026	Senate	Committee Amendment Adopted (Senate Journal-page 45)
4/28/2026	Senate	Read second time (Senate Journal-page 45)
4/29/2026	Senate	Committee Amendment Adopted (Senate Journal-page 31)
4/29/2026	Senate	Amended (Senate Journal-page 31)
4/29/2026	Senate	Read third time and sent to House (Senate Journal-page 31)
4/29/2026	Senate	Roll call Ayes-41 Nays-1 (Senate Journal-page 31)
4/30/2026	House	Introduced and read first time (House Journal-page 154)
4/30/2026	House	Referred to Committee on Ways and Means (House Journal-page 154)

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

VERSIONS OF THIS BILL

[04/15/2025](#)
[04/15/2026](#)
[04/28/2026](#)
[04/29/2026](#)

1 ~~Indicates Matter Stricken~~
2 Indicates New Matter
3
4 AS PASSED BY THE SENATE
5 April 29, 2026
6

S. 556

7
8
9 Introduced by Senator Verdin

10
11 S. Printed 4/29/26--S.
12 Read the first time April 15, 2025
13
14

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40

A BILL

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY ADDING SECTION 12-6-3830 SO AS TO PROVIDE FOR A TAX CREDIT FOR RENEWABLE NATURAL GAS.

Amend Title To Conform

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

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

Section 12-6-3830. (A) For the purposes of this section:

(1) “Commercial use” means a use intended for the purpose of generating a profit.

(2) “Equipment” means equipment and facilities used to collect and process landfill gas into renewable natural gas and transport and inject renewable natural gas into a natural gas transmission pipeline system. Equipment includes utility facilities owned by the taxpayer dedicated for use with a renewable natural gas production facility.

(3) “Renewable natural gas” means natural gas derived from landfill gas, also known as biomethane, which has been upgraded to a quality similar to fossil natural gas and has a methane concentration of ninety percent or greater.

(B) For taxable years beginning after 2025 and ending before Taxable Year 2030, there is allowed a credit against the income tax imposed pursuant to Section 12-6-530 or license fees imposed pursuant to Section 12-20-50, or both, for twenty-five percent of the costs incurred by a taxpayer for the purchase and installation of equipment used to produce renewable natural gas for commercial purposes. Costs incurred by a taxpayer and qualifying for the credit allowed by this section must be certified as having been incurred by the State Energy Office. The credit may be claimed in the year in which the equipment is placed in service and may be claimed for all expenditures incurred for the purchase and installation of the equipment, including related engineering, permitting, and other necessary services.

(C) A taxpayer may use up to twenty-five percent, or five million dollars, whichever is less, of credit for a single taxable year. The tax credit is nonrefundable, but unused credits earned prior to the end of 2030 may be carried forward for fifteen years from the year in which they were earned. The credit under this section may be transferred by the taxpayer to another person who is eligible to utilize the tax credit and who will then be subject to the same requirements within this section. Regardless of whether

1 the credit is transferred, if a regulated utility receives this credit, the regulated utility must pass on the
2 credit to the benefit of ratepayers through the utility's next rate proceeding, or as otherwise directed by
3 the Public Service Commission.

4 (D) A taxpayer must submit a request for the credit to the State Energy Office no later than January
5 thirty-first for all qualifying equipment placed in service in the previous calendar year. Within thirty
6 days of receiving a request for the credit, the State Energy Office must notify the taxpayer whether the
7 taxpayer qualifies for the credit and, if so, the amount of credit allocated to the taxpayer. A taxpayer
8 may claim the maximum amount of the credit for its taxable year that contains the December thirty-first
9 of the previous calendar year. The Department of Revenue may require any documentation that it deems
10 necessary to administer the credit.

11
12 SECTION 2. This act takes effect upon approval by the Governor.

13 ----XX----