

SOUTH CAROLINA
HOUSE AMENDMENT

AMENDMENT NO. _____

David Good
May 06, 2026

ADOPTED	REJECTED	TABLED	ADJOURN DEBATE	RECONSIDERED	ROO

Clerk of the House

ADOPTION NO. _____

BILL NO: S. 688

(Reference is to the original version)

The Revenue Policy Subcommittee proposes the following amendment (LC-688.DG0001H):

Amend the bill, as and if amended, by striking all after the enacting words and inserting:

SECTION 1. This act may be cited as the “State of South Carolina Small Business Tax Cut of 2026.”

SECTION 2.A. Section 12-37-220(B) of the S.C. Code is amended by adding:

(54) the first ten thousand dollars of the net depreciated value of business personal property owned by a small business. For purposes of this item, “small business” means a commercial retail service, industry entity, or nonprofit corporation, including affiliates, that: (a) the business’ ownership is comprised of taxpayers who pay income taxes in this State; (b) is independently

owned and operated; and (c) employs fewer than one hundred full-time employees or has gross annual sales of less than ten million dollars.

B. This SECTION takes effect upon approval by the Governor and first applies to property tax years beginning after 2026.

SECTION 3.A. Section 12-37-900 of the S.C. Code is amended to read:

Section 12-37-900. (A) Every person required by law to list property shall, annually, between the first day of January and the first day of March, make out and deliver to the assessor of the county in which the property is by law to be returned for taxation a statement, verified by his oath, of all the real estate which has been sold or transferred since the last listing of property for which he was responsible and to whom, and of all real property possessed by him, or under his control, on the thirty-first day of December next preceding, either as owner, agent, parent, spouse, guardian, executor, administrator, trustee, receiver, officer, partner, factor, or holder with the value thereof, on such thirty-first day of December, at the place of return, estimating according to the rules prescribed by law.

(B) A manufacturer not under a fee agreement is not required to return personal property for ad valorem tax purposes if the property remains in this State at a manufacturing facility that has not been operational for one fiscal year and the personal property has not been used in operations for one fiscal year. The personal property is not required to be returned until the personal property becomes operational in a manufacturing process or until the property has not been returned for ad valorem tax purposes for four years, whichever is earlier. A manufacturer must continue to list the personal property annually and designate on the listing that the personal property is not subject to tax pursuant to this section.

(C)(1) Notwithstanding any other provision of this section, a taxpayer that meets the application requirements of item (2) is not required to pay business personal property taxes if the taxpayer

has less than ten thousand dollars of net depreciated value of business personal property.

(2) To claim the exemption allowed by item (1), a taxpayer must annually certify, under penalty of perjury, to the department in a manner prescribed by the department that the taxpayer has less than ten thousand dollars of net depreciated value of business personal property. The form prescribed by the department must contain a conspicuous notation citing the State of South Carolina Small Business Tax Cut of 2026 as the source of the exemption.

B. This SECTION takes effect upon approval by the Governor and first applies to property tax years beginning after 2026.

SECTION 4.A. Article 5, Chapter 37, Title 12 of the S.C. Code is amended by adding:

Section 12-37-980. Notwithstanding any other provision of law, all business personal property required to be returned for ad valorem taxation must be returned to the Department of Revenue. The property is subject to the tax imposed by the taxing jurisdiction in which the property is situated.

B. This SECTION takes effect upon approval by the Governor and first applies to property tax years beginning after 2026.

SECTION 5.A. Section 12-20-50 of the S.C. Code is amended by adding:

(D)(1) A corporation subject to the provisions of this section whose corporate headquarters, as defined in Section 12-6-3410, is in South Carolina may exclude the first fifty million dollars of equity contributions from a qualifying entity from its paid-in or capital surplus subject to the annual license fee. To qualify for this exclusion, the corporation must obtain a certificate from the South Carolina Research Authority certifying that the exclusions result from equity

contributions from a qualifying entity.

(2) For purposes of this subsection, a qualifying entity includes:

- (a) a venture capital fund as defined pursuant to 17 C.F.R. Section 275.203(1) 1;
- (b) an angel or accredited investor, as defined pursuant to 17 C.F.R. Section 230.501; and
- (c) a private investment firm that does not solicit capital from investors, excluding another qualifying entity or the general public, and meets one of the exemptions outlined in the Investment Company Act of 1940.

(3) A corporation claiming this exclusion must:

(a) submit an annual report to the department that contains the name of each qualifying entity, the date of the equity contribution, the manner in which the qualifying entity meets the requirements of item (2), the amount of the paid-in or capital surplus for each year that is attributable to each qualifying entity, and any other information that the department may require; and

(b) keep detailed books and records, including segregating out equity contributions attributable to each qualifying entity and retaining information concerning the information required to be provided in subitem (a).

B. Section 33-44-409(b)(3) of the S.C. Code is amended to read:

(3) to refrain from competing with the company in the conduct of the company's business before the dissolution of the company. This item does not apply when a member is also a member of another LLC and there is not an enforceable noncompete provision in the operating agreement.

C. This SECTION takes effect upon approval by the Governor and first applies to the tax year beginning after July 1, 2026.

SECTION 6. This act takes effect upon approval by the Governor.

Renumber sections to conform.
Amend title to conform.