

HOUSE  
AMENDMENT

THIS AMENDMENT  
ADOPTED

GOOD/HUTH  
MAY 12, 2014

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CLERK OF THE HOUSE

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REP. ALLISON PROPOSES THE FOLLOWING AMENDMENT  
No. TO S. 234 (COUNCIL\BH\234C005.BH.DG14):

REFERENCE IS TO PRINTER'S DATE 6/4/13--S.

**AMEND THE BILL, AS AND IF AMENDED, SECTION  
12-67-140(C), BY ADDING AN ITEM TO READ:**

**(6)IF A TAXPAYER SELLS THE BUILDING  
SITE, OR ANY PHASE OR PORTION OF THE  
BUILDING SITE, THE TAXPAYER MAY TRANSFER  
ALL OR PART OF THE REMAINING CREDIT,  
ASSOCIATED WITH THE REHABILITATION  
EXPENSES INCURRED WITH RESPECT TO THAT  
PHASE OR PORTION OF THE SITE, TO THE  
PURCHASER OF THE APPLICABLE PORTION OF  
THE BUILDING SITE. TO THE EXTENT THAT THE**

**TAXPAYER TRANSFERS THE CREDIT, THE  
TAXPAYER SHALL NOTIFY THE COUNTY AUDITOR  
OF THE TRANSFER IN THE MANNER THE  
DEPARTMENT PRESCRIBES. /**

**RENUMBER SECTIONS TO CONFORM.  
AMEND TITLE TO CONFORM.**

HOUSE  
AMENDMENT

THIS AMENDMENT  
ADOPTED

GOOD/HUTH  
MAY 12, 2014

\_\_\_\_\_  
CLERK OF THE HOUSE

REP. LOFTIS PROPOSES THE FOLLOWING AMENDMENT  
No. TO S. 234 (COUNCIL\BH\234C006.BH.DG14):

REFERENCE IS TO PRINTER'S DATE 6/4/13--S.

**AMEND THE BILL, AS AND IF AMENDED, BY  
ADDING TWO APPROPRIATELY NUMBERED  
SECTIONS TO READ:**

**/ SECTION \_\_\_. A. ARTICLE 25, CHAPTER  
6, TITLE 12 OF THE 1976 CODE IS AMENDED BY  
ADDING:**

**“SECTION 12-6-3586. (A) AS USED IN THIS  
SECTION:**

**(1)‘SOLAR ENERGY SYSTEM’ IS A  
NONRESIDENTIAL SYSTEM THAT, AS DETERMINED**

**BY THE STATE ENERGY OFFICE, USES SOLAR RADIATION AS A SUBSTITUTE FOR TRADITIONAL ENERGY FOR WATER HEATING, ACTIVE SPACE HEATING AND COOLING, PASSIVE HEATING, DAYLIGHTING, GENERATING ELECTRICITY NOT GREATER THAN ONE MEGAWATT ALTERNATING CURRENT, DISTILLATION, DESALINATION, DETOXIFICATION, OR THE PRODUCTION OF INDUSTRIAL OR COMMERCIAL PROCESS HEAT. THE TERM ALSO INCLUDES RELATED DEVICES NECESSARY FOR COLLECTING, STORING, EXCHANGING, CONDITIONING, OR CONVERTING SOLAR ENERGY TO OTHER USEFUL FORMS OF ENERGY.**

**(2) 'TAX LIABILITY' INCLUDES INCOME TAXES IMPOSED PURSUANT TO THIS CHAPTER, LICENSE TAXES IMPOSED PURSUANT TO CHAPTER 20 OF THIS TITLE, BANK AND BUILDING AND LOAN TAXES IMPOSED PURSUANT TO CHAPTERS 11 AND 13 OF THIS TITLE, AND PREMIUM TAXES IMPOSED PURSUANT TO TITLE 38.**

**(3) 'DEPARTMENT' MEANS THE SOUTH CAROLINA DEPARTMENT OF REVENUE.**

**(B)(1) FOR TAX YEARS BEGINNING AFTER 2013 AND BEFORE 2017, IF A TAXPAYER THAT HAS CONSTRUCTED, PURCHASED, OR LEASED A NONRESIDENTIAL SOLAR ENERGY SYSTEM, THE TAXPAYER, SUBJECT TO THE LIMITATIONS SET FORTH IN SUBSECTION (E), IS ALLOWED A CREDIT AGAINST HIS TAX LIABILITY EQUAL TO TWENTY-FIVE PERCENT OF THE COST OF THE SYSTEM IN THE TAXABLE YEAR IN WHICH THE SYSTEM IS PLACED IN SERVICE.**

**(2) THE ENTIRE CREDIT MAY NOT BE TAKEN FOR THE TAXABLE YEAR IN WHICH THE SYSTEM IS PLACED IN SERVICE BUT MUST BE TAKEN IN THREE EQUAL ANNUAL INSTALLMENTS BEGINNING WITH THE TAXABLE YEAR IN WHICH THE SYSTEM IS PLACED IN SERVICE, AND SUBJECT TO THIS ANNUAL LIMIT, UNUSED CREDIT MAY BE CARRIED FORWARD FOR TAXABLE YEARS FOUR THROUGH TEN SUCCEEDING THE YEAR THE SYSTEM WAS PLACED IN SERVICE.**

**(3) IF A TAXPAYER IS NOT ALLOWED ALL OR PART OF THE CREDIT, THE TAXPAYER WOULD BE AUTHORIZED TO RECEIVE, BECAUSE OF THE LIMITATIONS SET FORTH IN SUBSECTION (E), THE CARRY FORWARD YEARS PROVIDED IN ITEM (1) BEGINNING IN THE YEAR IN WHICH ALL OR PART OF THE CREDIT IS FIRST ALLOWED. HOWEVER, IF THE CREDIT IS NOT ALLOWED BEFORE TAX YEAR 2017, THE TAXPAYER IS NOT ELIGIBLE TO CLAIM THE CREDIT.**

**(C) IF, IN ONE OF THE YEARS IN WHICH THE INSTALLMENT OF A CREDIT ACCRUES, THE SOLAR ENERGY SYSTEM, WITH RESPECT TO WHICH THE CREDIT WAS CLAIMED, IS DISPOSED OF, TAKEN OUT OF SERVICE, OR MOVED OUT OF STATE, THE CREDIT EXPIRES AND THE TAXPAYER MAY NOT TAKE ANY REMAINING INSTALLMENT OF THE CREDIT. A DISPOSITION DOES NOT INCLUDE THE SALE OR ASSIGNMENT OF THE PARTNERSHIP INTERESTS OR LIMITED LIABILITY COMPANY INTERESTS OF A PARTNERSHIP OR LIMITED LIABILITY COMPANY THAT OWNS OR LEASES A SOLAR ENERGY SYSTEM. THE TAXPAYER, HOWEVER, MAY TAKE THE PORTION OF AN INSTALLMENT THAT ACCRUED IN A PREVIOUS YEAR AND WAS CARRIED FORWARD TO THE EXTENT PERMITTED PURSUANT TO SUBSECTION (B) OF THIS SECTION. FOR PURPOSES OF CALCULATING THE CREDIT, IF THE SOLAR ENERGY SYSTEM WAS PROVIDED, IN WHOLE OR IN PART, BY PUBLIC FUNDS, THE AMOUNT OF PUBLIC FUNDS EXPENDED ON THE SOLAR ENERGY SYSTEM SHALL NOT BE CONSIDERED A COST OF THE SYSTEM. THE AMOUNT OF ANY CREDIT ALLOWED PURSUANT TO THIS SECTION MUST BE REDUCED BY ANY CREDIT CLAIMED PURSUANT TO SECTION 12-6-3587 OR ANY OTHER CREDIT ALLOWED PURSUANT TO THIS TITLE FOR THE SOLAR ENERGY SYSTEM. PUBLIC FUNDS DOES NOT INCLUDE PROCEEDS OF THE INVESTMENT CREDIT PURSUANT TO SECTION 48 OF THE INTERNAL REVENUE CODE, OR THE GRANT IN LIEU THEREOF UNDER SECTION 1603 PROGRAM ADMINISTERED BY THE UNITED STATES DEPARTMENT OF TREASURY. IN NO CASE MAY A CREDIT ALLOWED PURSUANT TO THIS**

**SECTION EXCEED ONE-HALF OF THE TAXPAYER'S TAX LIABILITY FOR A TAXABLE YEAR.**

**(D) THE CREDIT ALLOWED BY THIS SECTION MAY NOT EXCEED THREE HUNDRED THIRTY-THREE THOUSAND DOLLARS FOR EACH SOLAR ENERGY SYSTEM INSTALLATION AND THE CREDIT MAY NOT EXCEED ONE MILLION DOLLARS FOR ANY TAXPAYER.**

**(E)(1) THE TOTAL AMOUNT OF CREDITS ALLOCATED FOR ALL TAXPAYERS IN A TAXABLE YEAR MAY NOT EXCEED FIVE MILLION DOLLARS IN THE AGGREGATE. FOR PURPOSES OF THIS SUBSECTION, NOTWITHSTANDING SUBSECTION (B), THE ENTIRE CREDIT IS CONSIDERED TAKEN IN THE TAX YEAR IN WHICH THE SYSTEM IS PLACED IN SERVICE.**

**(2) IF AN ALLOCATION SET FORTH IN THIS ITEM IS NOT COMPLETELY EXHAUSTED, THE REMAINING AMOUNT MAY BE CARRIED FORWARD BY THE DEPARTMENT TO THE NEXT YEAR AND USED FOR THE SAME PURPOSE, AND IS IN ADDITION TO THE AGGREGATE AMOUNT SET FORTH IN ITEM (1). NO AMOUNT MAY BE CARRIED FORWARD BY THE DEPARTMENT BEYOND TAX YEAR 2016.**

**(F) IF THE TAXPAYER LEASES THE SOLAR ENERGY SYSTEM, OR PART OF THE SOLAR ENERGY SYSTEM, THE TAXPAYER MAY TRANSFER ANY APPLICABLE REMAINING CREDIT ASSOCIATED WITH THE SOLAR ENERGY SYSTEM EXPENSES INCURRED WITH RESPECT TO THAT PART OF THE SOLAR ENERGY SYSTEM TO THE LESSEE OF THE SOLAR ENERGY SYSTEM. THE PROVISIONS OF THIS SUBSECTION APPLY TO A LESSEE THAT IS AN ENTITY TAXED AS A PARTNERSHIP.**

**(G) TO THE EXTENT THAT THE TAXPAYER IS A PARTNERSHIP OR A LIMITED LIABILITY COMPANY TAXED AS A PARTNERSHIP, THE CREDIT MAY BE PASSED THROUGH TO THE PARTNERS OR MEMBERS AND MAY BE ALLOCATED BY THE TAXPAYER AMONG ANY OF ITS PARTNERS OR MEMBERS ON AN ANNUAL BASIS INCLUDING, WITHOUT LIMITATION, AN ALLOCATION OF THE ENTIRE CREDIT TO ANY PARTNER OR MEMBER**

**WHO WAS A MEMBER OR PARTNER AT ANY TIME DURING THE YEAR IN WHICH THE CREDIT IS ALLOCATED.**

**(H) THIS CREDIT IS IN NO WAY TO IMPLY OR ALLOW THE THIRD PARTY SALE OF ELECTRICITY BETWEEN PARTIES NOR DOES THIS SECTION MODIFY THE PROVISIONS OF TITLE 58 IN ANY WAY AND LESSEE SIMPLY REFERS TO THE FINANCIAL STRUCTURING OF THE PAYMENT FOR THE ‘SOLAR ENERGY SYSTEM’.**

**(I)(1) AFTER THE SYSTEM IS PLACED IN SERVICE, A TAXPAYER SEEKING TO CLAIM THE CREDIT PROVIDED IN THIS SECTION MUST SUBMIT AN APPLICATION TO THE STATE ENERGY OFFICE FOR TENTATIVE APPROVAL OF THE CREDIT. WITHIN FORTY-FIVE DAYS OF RECEIPT OF THE APPLICATION, THE STATE ENERGY OFFICE MUST REVIEW THE APPLICATION AND TENTATIVELY SHALL APPROVE THE APPLICATION UPON DETERMINING THAT THE TAXPAYER QUALIFIES FOR THE CREDIT, AND ONLY IF THE AGGREGATE CREDIT, PURSUANT TO SUBSECTION (E), HAS NOT YET BEEN REACHED FOR THE TAXABLE YEAR. THE STATE ENERGY OFFICE SHALL NOTIFY THE APPLICANT WHETHER ALL OR PART OF THE CREDIT MAY BE CLAIMED AND THE AMOUNT THAT MAY BE CLAIMED IN THE CURRENT YEAR. ALSO, THE STATE ENERGY OFFICE SHALL FORWARD THE NOTICE TO THE DEPARTMENT.**

**(2) THE CREDIT IS ALLOWED ON A FIRST-COME, FIRST-SERVE BASIS. IN NO EVENT SHALL THE AGGREGATE AMOUNT OF TAX CREDITS APPROVED BY THE STATE ENERGY OFFICE FOR ALL TAXPAYERS IN A TAXABLE YEAR EXCEED THE LIMITATIONS SPECIFIED IN SUBSECTION (E). FOR TAX YEARS 2014 AND 2015, IN THE EVENT THE TAXPAYER TIMELY FILES AN APPLICATION FOR THE CREDIT BUT IS NOT ALLOWED ALL OR PART OF THE CREDIT THE TAXPAYER WOULD BE AUTHORIZED TO RECEIVE BECAUSE OF THE LIMITATIONS SET FORTH IN SUBSECTION (E), THE TAXPAYER MUST BE ADDED TO A PRIORITY WAITING LIST OF APPLICATIONS, PRIORITIZED BY THE DATE OF THE TAXPAYER’S FIRST FILED APPLICATION. WITH RESPECT TO THE CREDIT ALLOCATION IN SUBSEQUENT YEARS, A TAXPAYER ON THE PRIORITY WAITING LIST**



SHALL HAVE PRIORITY OVER OTHER TAXPAYERS WHO APPLY FOR THE CREDIT FOR AN INSTALLATION IN THE SUBSEQUENT YEAR. FOR PURPOSES OF SUBSECTION (E), IF A TAXPAYER ON THE PRIORITY WAITING LIST IS ALLOWED THE CREDIT IN A TAXABLE YEAR AFTER THE SYSTEM IS PLACED IN SERVICE, THEN THE ENTIRE CREDIT IS CONSIDERED TAKEN IN THE YEAR IN WHICH THE CREDIT IS FIRST ALLOWED.

(J)(1) THE DEPARTMENT, IN CONSULTATION WITH THE STATE ENERGY OFFICE, SHALL DEVELOP AN APPLICATION FORM. ALSO, THE DEPARTMENT AND THE STATE ENERGY OFFICE SHALL ADOPT RULES TO PROVIDE FOR THE ADMINISTRATION OF THIS CREDIT. THE STATE ENERGY OFFICE, WITH ASSISTANCE FROM THE DEPARTMENT, SHALL CREATE A MECHANISM TO TRACK AND REPORT THE STATUS AND AVAILABILITY OF CREDITS FOR THE PUBLIC TO REVIEW ON A REGULAR BASIS, AS DETERMINED BY THE STATE ENERGY OFFICE.

(2) THERE IS A NONREFUNDABLE APPLICATION FEE EQUAL TO ONE PERCENT OF THE CREDIT APPLIED FOR, BUT NO MORE THAN TWO THOUSAND FIVE HUNDRED DOLLARS. THE FEE MUST ACCOMPANY THE APPLICATION. THE FEE SHALL BE CREDITED TO THE STATE ENERGY OFFICE AND SHALL BE USED TO MEET THE REQUIREMENTS OF THIS SECTION.

(K) IN ADDITION TO THE CARRY FORWARD OF UNUSED CREDIT ALLOWED PURSUANT TO THIS SECTION, UNUSED CREDIT MAY BE TRANSFERRED, DEVEISED, OR DISTRIBUTED, WITH OR WITHOUT CONSIDERATION, BY AN INDIVIDUAL, PARTNERSHIP, LIMITED LIABILITY COMPANY, CORPORATION, TRUST, OR ESTATE. TO BE EFFECTIVE, SUCH A TRANSFER, DEVISE, OR DISTRIBUTION REQUIRES WRITTEN NOTIFICATION TO AND APPROVAL BY THE DEPARTMENT WITH THE UNUSED CREDIT MAINTAINING ALL ITS ORIGINAL ATTRIBUTES IN THE HANDS OF THE ORIGINAL RECIPIENT INCLUDING, BUT NOT LIMITED TO, THE LIMIT ON THE AMOUNT BY WHICH THE TAXPAYER'S TAX LIABILITY MAY BE REDUCED. WITH REGARD TO THE SALE OR EXCHANGE OF A

**CREDIT ALLOWED PURSUANT TO THIS SECTION, GENERAL INCOME TAX PRINCIPLES APPLY FOR PURPOSES OF THE STATE INCOME TAX.**

**(L) NOT LATER THAN JUNE 1, 2015, AND BY JUNE FIRST EACH YEAR THEREAFTER, THE STATE ENERGY OFFICE SHALL PREPARE A REPORT DETAILING:**

**(1) THE NUMBER OF TAXPAYERS APPLYING FOR THE CREDIT, THE AMOUNT APPLIED FOR, AND THE SYSTEM SIZES, INCLUDING THE TOTAL COST OF THE SYSTEM INSTALLED AGAINST WHICH THE CREDIT IS BEING CLAIMED, AND THE COUNTY IN WHICH THE SYSTEM WAS INSTALLED;**

**(2) THE NUMBER OF TAXPAYERS ALLOCATED THE CREDIT, THE AMOUNT ALLOCATED, AND THE SYSTEM SIZES, INCLUDING THE TOTAL COST OF THE SYSTEM INSTALLED AGAINST WHICH THE CREDIT IS BEING CLAIMED, AND THE COUNTY IN WHICH THE SYSTEM WAS INSTALLED;**

**(3) THE NUMBER OF TAXPAYERS DENIED THE CREDIT BASED ON AN INELIGIBILITY DETERMINATION BY THE DEPARTMENT; AND**

**(4) THE NUMBER OF TAXPAYERS ELIGIBLE FOR THE CREDIT, BUT PLACED ON THE WAITING LIST DUE TO THE LIMITATIONS SET FORTH IN SUBSECTION (E).**

**THE REPORT SHALL BE DELIVERED TO THE GOVERNOR, THE CHAIRMAN OF THE SENATE FINANCE COMMITTEE, THE CHAIRMAN OF THE HOUSE WAYS AND MEANS COMMITTEE, THE PUBLIC UTILITIES REVIEW COMMITTEE, THE PUBLIC SERVICE COMMISSION, AND THE OFFICE OF REGULATORY STAFF. THE REPORT ALSO MUST BE MADE AVAILABLE IN A CONSPICUOUS PLACE ON THE WEBSITE MAINTAINED BY THE STATE ENERGY OFFICE.”**

**B. THIS SECTION APPLIES TO SOLAR ENERGY SYSTEMS PLACED IN SERVICE IN TAXABLE YEARS BEGINNING AFTER 2013 AND BEFORE 2017.**

**SECTION \_\_. A. SECTION 12-6-3587(A) OF THE 1976 CODE IS AMENDED TO READ:**

**“(A) THERE IS ALLOWED AS A TAX CREDIT AGAINST THE INCOME TAX LIABILITY OF A TAXPAYER IMPOSED BY THIS CHAPTER AN AMOUNT EQUAL TO TWENTY-FIVE PERCENT OF THE COSTS INCURRED BY THE TAXPAYER IN THE PURCHASE AND INSTALLATION OF A SOLAR ENERGY SYSTEM OR SMALL HYDROPOWER SYSTEM FOR HEATING WATER, SPACE HEATING, AIR COOLING, ENERGY-EFFICIENT DAYLIGHTING, HEAT RECLAMATION, ENERGY-EFFICIENT DEMAND RESPONSE, OR THE GENERATION OF ELECTRICITY IN OR ON A FACILITY IN SOUTH CAROLINA AND OWNED BY THE TAXPAYER. THE TAX CREDIT ALLOWED BY THIS SECTION MUST NOT BE CLAIMED BEFORE THE COMPLETION OF THE INSTALLATION. THE CREDIT IS ALLOWED WITHOUT REGARD TO WHETHER OR NOT THE OWNER-TAXPAYER OCCUPIES THE INSTALLATION SITE. THE AMOUNT OF THE CREDIT IN ANY YEAR MAY NOT EXCEED THREE THOUSAND FIVE HUNDRED DOLLARS FOR EACH FACILITY OR FIFTY PERCENT OF THE TAXPAYER’S TAX LIABILITY FOR THAT TAXABLE YEAR, WHICHEVER IS LESS. IF THE AMOUNT OF THE CREDIT EXCEEDS THREE THOUSAND FIVE HUNDRED DOLLARS FOR EACH FACILITY, THE TAXPAYER MAY CARRY FORWARD THE EXCESS FOR UP TO TEN YEARS.”**

**B. SECTION 12-6-3587 OF THE 1976 CODE IS AMENDED BY ADDING A SUBSECTION AT THE END TO READ:**

**“(D) WITH RESPECT TO SOLAR ENERGY SYSTEMS, THIS SECTION ONLY APPLIES TO A SYSTEM PLACED IN SERVICE AFTER TAX YEAR 2005 AND BEFORE TAX YEAR 2017.”**

**C. THIS SECTION TAKES EFFECT UPON APPROVAL BY THE GOVERNOR. /**

**RENUMBER SECTIONS TO CONFORM.  
AMEND TITLE TO CONFORM.**