**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 12‑6‑3532 SO AS TO ENACT THE “SOUTH CAROLINA COMMUNITY INVESTMENT TAX CREDIT ACT”, TO PROVIDE A TAX CREDIT TO FINANCIAL INSTITUTIONS MAKING INVESTMENTS, LOANS, AND CONTRIBUTIONS FOR ACTIVITIES CREATING OR PRESERVING LOW‑INCOME HOUSING FOR LOW‑INCOME RESIDENTS OF THIS STATE, ASSISTING LOW‑INCOME RESIDENTS IN OBTAINING SAFE AND AFFORDABLE HOUSING, AND THAT BUILDS THE CAPACITY OF ELIGIBLE NONPROFIT ORGANIZATIONS TO PROVIDE HOUSING OPPORTUNITIES FOR LOW‑INCOME RESIDENTS, TO PROVIDE THE NATURE AND AMOUNTS OF THE TAX CREDITS, AND TO PROVIDE APPLICABLE DEFINITIONS.

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

SECTION 1. Article 25, Chapter 6, Title 12 of the 1976 Code is amended by adding:

“Section 12‑6‑3532. (A) This section may be cited as the ‘South Carolina Community Investment Tax Credit Act”.

(B) As used in this section:

(1) ‘Eligible activity’ means an activity that creates or preserves affordable housing for low‑income South Carolina residents, an activity to help low‑income South Carolina residents obtain safe and affordable housing, and an activity that builds the capacity of an eligible nonprofit to provide housing opportunities to low‑income South Carolina residents.

(2) ‘Eligible housing entity’ means a South Carolina nonprofit corporation with an Internal Revenue Code Section 501(c)(3) status, the State Housing Finance and Development Authority, or a housing authority established pursuant to Chapter 3, Title 31.

(3) ‘Financial institution’ means any organization authorized to do business pursuant to the laws of this State or the United States relating to financial institutions including, without limitation, banks and trust companies, savings banks, building and loan associations, savings and loan companies or associations, and credit unions.

(4) ‘Low income’ means any individual or family at or below eighty percent of the applicable area median family income as determined by family size as calculated by the Office of Research and Statistics of the State Budget and Control Board.

(5) ‘Qualified loan’ means a loan that is at least two percent below the prime rate, as published by the Wall Street Journal at the time the loan is approved, that does not qualify as a qualified low‑rate loan.

(6) ‘Qualified long‑term investment’ means an equity investment made for a period of more than five years to an eligible housing entity.

(7) ‘Qualified low‑rate loan’ means a loan that is at least four percent below the prime rate, as published by the Wall Street Journal at the time the loan is approved.

(C)(1) There is allowed, for any financial institution, a credit against the state income tax, bank tax, or building and loan association tax, as applicable, an amount equal to either:

(a) five percent of a qualified long‑term investment made to an eligible housing entity for any eligible activity; or

(b) three percent annually of the unpaid principal balance of a qualified loan made to an eligible housing entity for any eligible activity as of December thirty‑first of each year for the life of the loan or fifteen years, whichever is the shorter period.

(2) There is allowed, for any financial institution, a credit against the state income tax, bank tax, or building and loan tax an amount equal to either:

(a) ten percent of a grant, contribution, or qualified low‑rate loan made to an eligible housing entity for any eligible activity; or

(b) five percent annually of the unpaid principal balance of a qualified low‑rate loan made to an eligible housing entity for any eligible activity as of December thirty‑first of each year for the life of the loan or fifteen years, whichever is the shorter period.

(3) To take the credit, the financial institution must obtain and maintain a certification from the State Housing, Finance and Development Authority establishing entitlement to the credit. A copy of the certificate must accompany the claim for credit on the applicable tax return.

(4) The eligible housing entity receiving the funds must maintain the records as required by the State Housing, Finance and Development Authority to ensure that affordable housing opportunities are being provided.

(5) The South Carolina Department of Revenue may share with the State Housing, Finance and Development Authority information necessary to effectuate the purposes of this section. The State Housing, Finance and Development Authority is bound by restrictions on disclosure of such information otherwise applicable to the Department of Revenue.

(6) The South Carolina Department of Revenue may prescribe rules and promulgate regulations to effectuate the purposes of this section.

(7) Any unused credit allowed pursuant to item (1)(a) or (2)(a) of this subsection may be carried forward for fifteen years after the tax year in which the credit originated. Any unused credit allowed pursuant to item (1)(b) and 2(b) of this subsection may not be carried forward beyond the tax year in which the credit originated.”

SECTION 2. This act takes effect upon approval by the Governor and applies to credits earned after 2013.

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