**A** **BILL**

TO AMEND SECTION 12-6-3620 OF THE 1976 CODE, RELATING TO PURCHASE AND INSTALLATION OF EQUIPMENT TO PRODUCE ENERGY FROM BIOMASS RESOURCES, TO RESTORE THE ADMINISTRATION OF THE BIOMASS RESOURCE ENERGY CREDIT TO THE DEPARTMENT OF REVENUE.

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

SECTION 1. Section 12‑6‑3620 of the 1976 Code is amended to read:

“Section 12‑6‑3620. (A) For taxable years beginning after 2007, and ending before taxable year 2020, 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 create heat, power, steam, electricity, or another form of energy for commercial use from a fuel consisting of no less than ninety percent biomass resource. ~~Costs incurred by a taxpayer and qualifying for the credit allowed by this section must be certified by the State Energy Office. The State Energy Office may consult with the Department of Agriculture and the South Carolina Institute for Energy Studies on standards for certifying the costs incurred by the taxpayer.~~ 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.

(B) A taxpayer may use up to six hundred fifty thousand dollars of credit for a single taxable year. The tax credit is nonrefundable but unused credits may be carried forward for fifteen years.

(C) For purposes of this section:

(1) ‘Biomass resource’ means noncommercial wood, by‑products of wood processing, demolition debris containing wood, agricultural waste, animal waste, sewage, landfill gas, and other organic materials, not including fossil fuels.

(2) ‘Commercial use’ means a use intended for the purpose of generating a profit.

(3) If the equipment ceases to use biomass resources as its primary fuel source before the entire credit has been utilized, the taxpayer is ineligible to utilize any remaining credit until it resumes using biomass resources as its primary fuel source (at least ninety percent). The fifteen‑year carry forward period must not be extended due to periods of noncompliance.

~~(D)(1)~~ ~~To obtain the maximum amount of credit available to a taxpayer, a taxpayer must submit a request for credit to the State Energy Office by January thirty‑first for all qualifying equipment placed in service in the previous calendar year and the State Energy Office must notify the taxpayer that it qualifies for the credit and the amount of credit allocated to the taxpayer by March first of that year. A taxpayer may claim the maximum amount of the credit for its taxable year which contains the December thirty‑first of the previous calendar year. The Department of Revenue may require any documentation that it deems necessary to administer the credit.~~

~~(2)~~ ~~For the state’s fiscal year beginning July 1, 2008, the maximum amount of the credit is to be determined based on an eighteen‑month period beginning July 1, 2008, through December 31, 2009. Applications are to be made by January 31, 2010, for the previous eighteen‑month period commencing July 1, 2008, and ending December 31, 2009. A taxpayer allocated a credit for this eighteen‑month period may claim the credit for its tax year which contains December 31, 2009.~~

~~(3)~~ ~~To the extent the maximum amount of the credit contained in this section is repealed, the elimination of the maximum amount shall be seen as the last expression of the legislature and to the extent any language in this act conflicts with that repeal, it shall be considered null and void.~~”

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

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