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Indicates New Matter

COMMITTEE AMENDMENT ADOPTED

May 8, 2018

**H. 4009**

Introduced by Reps. Lucas, Williams, Crawford, Alexander, McCoy, Hiott, Clemmons, Bales, Bedingfield, Ott, G.R. Smith, Herbkersman, Sandifer and S. Rivers

S. Printed 5/8/18--S

Read the first time April 9, 2018.

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING CHAPTER 69 TO TITLE 12 SO AS TO ENACT THE “MOTORSPORTS ENTERTAINMENT COMPLEX INVESTMENT ACT” BY EXEMPTING CERTAIN BUILDING MATERIALS FOR A COMPLEX FROM THE SALES TAX AND TO PROVIDE THE PROCESS BY WHICH A QUALIFIED COMPANY MAY CLAIM THE EXEMPTION, TO CREATE THE MOTORSPORTS TOURISM INCENTIVE FUND TO AWARD GRANTS OR LOANS TO ATTRACT AND EXPAND TOURISM AND HOSPITALITY PROJECTS RELATED TO EVENTS AT SUCH COMPLEXES, TO PROVIDE THAT A COMPLEX IS ELIGIBLE FOR BENEFITS FROM THE CLOSING FUND, TO ALLOW A TAX CREDIT OF TWENTY‑FIVE PERCENT OF THE COSTS INCURRED BY A TAXPAYER TO INSTALL EQUIPMENT OR TECHNOLOGY THAT ALLOWS INFORMATION TO BE TRANSMITTED THROUGH A WIRELESS LOCAL AREA NETWORK AT A COMPLEX; TO AMEND SECTION 12‑20‑110, RELATING TO THE APPLICABILITY OF CORPORATION LICENSE FEE PROVISIONS, SO AS TO MAKE SUCH PROVISIONS INAPPLICABLE TO A COMPLEX; AND TO AMEND SECTION 12‑21‑2425, RELATING TO THE ADMISSION LICENSE TAX, SO AS TO INCREASE THE EXEMPTION ON A COMPLEX, TO REMOVE THE TIME PERIOD FOR THE EXEMPTION, AND TO PROVIDE THAT THE EXEMPTED REVENUE MUST BE USED ON MARKETING FOR EVENTS AT THE COMPLEX.

Amend Title To Conform

Whereas, since 1950, with the inaugural running of the Southern 500, the first stock car race on a paved track, South Carolina has served as a cornerstone in the development of stock car racing, one of the fastest growing and most popular spectator sports in the country; and

Whereas, South Carolina lays claim to many of the legends of NASCAR racing, including Rex White, David Pearson, Bud Moore, James Hylton, Tiny Lund, and Cale Yarborough; and

Whereas, the State of South Carolina is rich in historical references to the sport of stock car racing, as evidenced by the Darlington Raceway Stock Car Museum and the National Motorsports Press Association Hall of Fame, in addition to dirt raceways across the State of South Carolina that served as home to the fledgling sport of NASCAR racing in the 1950s; and

Whereas, the NASCAR events in South Carolina focus our nation’s attention and the attention of the world upon our great State as a sport and tourism destination each year; and

Whereas, the annual economic impact that NASCAR racing has on South Carolina is in excess of fifty million dollars, as NASCAR fans from across the country and around the world visit the State each year to attend racing events and then vacation in communities throughout the Palmetto State. Now, therefore

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

SECTION 1. Title 12 of the 1976 Code is amended by adding:

“CHAPTER 69

Motorsports Entertainment Complex Investment

Section 12‑69‑10. This chapter may be cited as the ‘Motorsports Entertainment Complex Investment Act’.

Section 12‑69‑20. For purposes of this chapter:

(1) ‘Company’ means any corporation, partnership, limited liability company, or other business entity.

(2) ‘Department’ means the Department of Revenue.

(3) ‘Motorsports entertainment complex’ has the same meaning as provided in Section 12‑21‑2425.

Section 12‑69‑30. (A) A company, upon making application for, meeting the requirements of, and receiving written certification of that designation from the department, as provided in subsection (B), is exempt from state and local sales tax on building materials, supplies, fixtures, and equipment for the construction, repair, or improvement of or that become a part of a motorsports entertainment complex.

(B) A company shall become a qualified company by applying with the department. The director of the department shall approve the application so long as the application is accompanied by a practical plan to make a capital investment of at least ten million dollars on any motorsport entertainment complex in this State within the five‑year period immediately following the approval of the application. Upon receiving written certification from the department, a company may utilize the exemption specified in subsection (A).

(C) Once a company has met the requirements of subsection (B), the department shall issue a sales and use tax exemption certificate to the company as evidence of the exemption. The exemption is effective upon receipt and shall remain effective until December thirty‑first of the fifth full calendar year after its issuance. Once the exemption certificate is ineffective, the company must return the exemption certificate to the department and submit a report to the department of the actual expenditures made in South Carolina in connection with the investment. The company must designate a member or representative of the company to work with the department on reporting of the investment.

(D) A company that is approved and receives a sales and use tax exemption certificate but fails to meet the capital investment requirements within the five‑year period, is liable for the sales and use taxes that would have been paid had the approval not been granted in the same proportion as the actual capital investment failed to meet the required capital investment. The company must be given a sixty‑day period in which to pay the sales and use taxes without incurring penalties. The sales and use taxes are considered due as of the date the tangible personal property was purchased in or brought into South Carolina for use, storage, or consumption.

SECTION 2. A. Section 12‑6‑3585(A), (E), and (F) of the 1976 Code are amended to read:

“(A) For each tax year beginning after 2017, a taxpayer may claim as a credit against state income tax imposed by Chapter 6, Title 12, bank tax imposed by Chapter 11, Title 12, license fees imposed by Chapter 20 of Title 12, or insurance premiums imposed by Chapter 7, Title 38, or any combination of them, one hundred percent of an amount contributed to the Industry Partnership Fund at the South Carolina Research Authority (SCRA), or an SCRA‑designated affiliate, or both, pursuant to Section 13‑17‑88(E), up to a maximum credit of ~~six hundred fifty thousand dollars for a single taxpayer, not to exceed an aggregate credit of two million dollars for all taxpayers in tax year 2006; up to a maximum credit of one million three hundred thousand dollars for a single taxpayer, not to exceed an aggregate credit of four million dollars for all taxpayers in tax year 2007; and up to a maximum credit of two million dollars for a single taxpayer, not to exceed an aggregate credit of six million dollars for all taxpayers for each tax year beginning after December 31, 2007~~ two hundred fifty thousand dollars for a single taxpayer, not to exceed an aggregate credit of twelve million dollars for all taxpayers. For purposes of determining a taxpayer’s entitlement to the credit for qualified contributions for a given tax year in which more than the applicable aggregate annual limit on the credit is contributed by taxpayers for that year, taxpayers who have made contributions that are intended to be qualified contributions earlier in the applicable tax year than other taxpayers must be given priority entitlement to the credit. The SCRA shall certify to taxpayers who express a bona fide intention of making one or more qualified contributions as to whether the taxpayer is entitled to that priority.

(E) ‘Taxpayer’ means an individual, corporation, partnership, trust, bank, insurance company, or other entity having a state income or insurance premium tax or license fee liability who has made a qualified contribution. However, for purposes of this section, any member of the SCRA board of trustees or the SC Launch!, Inc. board of directors is not considered a taxpayer, and may not claim the credit allowed by this section.

(F) To qualify for the credit, the taxpayer shall retain a form provided by SCRA identifying the taxpayer and the year and amount of credit for which the taxpayer qualifies. The Department of Revenue may require a copy of the form be attached to the taxpayer’s income tax return or be provided otherwise to the department. Also, to qualify for the credit, a taxpayer who is certified by SCRA under subsection (A) as having priority entitlement to the credit for an applicable year must make a commitment satisfactory to SCRA, at such time as SCRA deems appropriate but not later than April first of such year, to make the contribution during such year.”

B. Notwithstanding the increase in the annual maximum credit amount for all taxpayers from six million dollars to twelve million dollars in Section 12‑6‑3585, as amended by this SECTION, the increased maximum credit amount must be phased in in two equal and cumulative installment amounts beginning in tax years beginning after 2017.

C. This SECTION takes effect upon approval by the Governor and applies to tax years beginning after 2017, except that the amendment to Section 12‑6‑3585(F) shall not take effect until January 1, 2019.

SECTION 3. A. Section 12‑6‑3585 of the 1976 Code is amended by adding a subsection to read:

“(J) By March fifteenth of each year, the South Carolina Research Authority shall issue a report to the Chairman of the Senate Finance Committee, the Chairman of the House Ways and Means Committee, and the Governor detailing the amount contributed to the Industry Partnership Fund in the previous tax year that entitled the taxpayer to the credit allowed by this section, the taxpayers that received the credit, and the manner in which such contributions were expended or are expected to be expended. The report also must be posted in a conspicuous place on the website maintained by the South Carolina Research Authority.”

B. This SECTION takes effect January 1, 2019.

SECTION 4. Except where specified otherwise, this act takes effect upon approval by the Governor and applies to tax years beginning after 2017.

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