**A** **BILL**

TO AMEND SECTION 12‑6‑3587, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE PURCHASE AND INSTALLATION OF A SOLAR ENERGY SYSTEM FOR HEATING WATER, SPACE HEATING, AIR COOLING, OR GENERATING ELECTRICITY, SO AS TO ALLOW A STATE INCOME TAX CREDIT EQUAL TO THIRTY PERCENT OF THE COST TO THE TAXPAYER FOR THE PURCHASE AND INSTALLATION OF A SOLAR OR WIND ENERGY SYSTEM ON PROPERTY IN THIS STATE, TO PROVIDE THAT THE CREDIT IN ANY YEAR MAY NOT EXCEED FIVE THOUSAND FIVE HUNDRED DOLLARS FOR EACH FACILITY OR SEVENTY‑FIVE PERCENT OF THE TAXPAYER’S TAX LIABILITY FOR THAT TAXABLE YEAR, WHICHEVER IS LESS, TO PROVIDE IF THE CREDIT EXCEEDS FIVE THOUSAND FIVE HUNDRED DOLLARS, THE TAXPAYER MAY CARRY FORWARD THE EXCESS, AND TO DEFINE “WIND ENERGY SYSTEM”.

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

SECTION 1. Section 12‑6‑3587 of the 1976 Code, as last amended by Act 134 of 2016, is further amended to read:

“Section 12‑6‑3587. (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~~ thirty percent of the costs incurred by the taxpayer in the purchase and installation of a solar energy system, small hydropower system, ~~or~~ geothermal machinery and equipment, or wind energy 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 amount of the credit in any year may not exceed ~~three~~ five thousand five hundred dollars for each facility or ~~fifty~~ seventy‑five percent of the taxpayer’s tax liability for that taxable year, whichever is less. If the amount of the credit exceeds ~~three~~ five thousand five hundred dollars for each facility, the taxpayer may carry forward the excess for up to ten years.

(B) ‘System’ includes all controls, tanks, pumps, heat exchangers, and other equipment used directly and exclusively for the solar energy system. The term ‘system’ does not include any land or structural elements of the building such as walls and roofs or other equipment ordinarily contained in the structure. A credit may not be allowed for a solar system unless the system is certified for performance by the nonprofit Solar Rating and Certification Corporation or a comparable entity endorsed by the State Energy Office.

(C) For purposes of this section, ‘small hydropower system’ means new generation capacity on a nonimpoundment or on an existing impoundment that:

(1) meets licensing standards as defined by the Federal Energy Regulatory Commission (FERC);

(2) is a run‑of‑the‑river facility with a capacity not to exceed 5MW; or

(3) consists of a turbine in a pipeline or in an irrigation canal.

(D) For purposes of this section, ‘geothermal machinery and equipment’ means machinery and equipment for use at the taxpayer’s residence that either:

(1) is a heat pump that uses the ground or groundwater as a thermal energy source to heat a structure or as a thermal energy sink to cool a structure; or

(2) uses the internal heat of the earth as a substitute for traditional energy for water heating or active space heating or cooling; and

(3) on the date of installation, meets or exceeds applicable federal Energy Star requirements.

(E) For purposes of this section, ‘wind energy system’ means a wind energy conversion system consisting of a wind turbine, a tower, and associated control or conversion electronics, with a peak generating capacity of up to, but not exceeding, two hundred kilowatts, used for the individual function of generating electricity, that is certified by the State Energy Office and installed with a five‑year warranty against breakdown or undue degradation.”

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

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