COMMITTEE AMENDMENT ADOPTED AND AMENDED

February 1, 2017

**S. 44**

Introduced by Senator Gregory

S. Printed 2/1/17--S.

Read the first time January 10, 2017.

**A** **BILL**

TO AMEND SECTION 12‑37‑220, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO PROPERTY TAX EXEMPTIONS, SO AS TO EXEMPT EIGHTY PERCENT OF THE FAIR MARKET VALUE OF CERTAIN DISTRIBUTED ENERGY RESOURCES AND TO EXEMPT THE VALUE OF RENEWABLE ENERGY RESOURCE PROPERTY FOR RESIDENTIAL USE.

Amend Title To Conform

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

SECTION 1. Section 12‑37‑220(B) of the 1976 Code, as last amended by Act 23 of 2015, is further amended by adding appropriately numbered items at the end to read:

“(52)(a) eighty percent of the fair market value of a distributed energy resource required to be returned, pursuant to Section 12‑37‑970, or to be appraised and assessed pursuant to Section 12‑4‑540;

(b) this exemption applies for property that became operational after property tax year 2012 and only applies for the ten consecutive property tax years after the distributed energy resource becomes operational. For property that became operational in property tax year 2013 or 2014, this exemption applies so long as the property was not subject to a fee in lieu agreement as of December 31, 2014, pursuant to Chapter 44 of this title, or Chapter 12 or 29, Title 4. For property that became operational in property tax year 2015 or 2016, if the property was subject to a fee in lieu agreement as of December 31, 2016, pursuant to Chapter 44 of this title, or Chapter 12 or 29, Title 4, then the property is eligible for the exemption instead of the fee in lieu agreement so long as the taxpayer notifies the other parties to the agreement of the election no later than thirty days after the effective date of this item, and, upon the expiration of the exemption, at the taxpayer’s discretion, the provisions of the applicable pre‑existing agreement may apply;

(c) for purposes of this item, ‘distributed energy resource’ means property that is defined in Section 58‑39‑120(C). This definition includes, but is not limited to, all equipment required to meet all applicable safety, performance, interconnection, and reliability standards established by the commission, the National Electrical Code, the National Electrical Safety Code, the Institute of Electrical and Electronics Engineers, Underwriters Laboratories, the Federal Energy Regulatory Commission, and any local governing authorities;

(53) renewable energy resource property for residential use. For purposes of this item, ‘renewable energy resource’ is defined in Section 58‑40‑10, and also has a nameplate capacity of no greater than twenty kilowatts as measured in alternating current.”

SECTION 2. A. Section 12‑6‑3770(A) of the 1976 Code, as added by Act 134 of 2016, is amended to read:

“Section 12‑6‑3770. (A) A taxpayer who constructs, purchases, or leases solar energy property located on the Environmental Protection Agency’s National Priority List, National Priority List Equivalent Sites, or on a list of related removal actions, as certified by the Department of Health and Environmental Control, or on property owned by the Pinewood Site Custodial Trust located in the State of South Carolina, and places it in service in this State during the taxable year, is allowed an income tax credit equal to twenty‑five percent of the cost, including the cost of installation of the property. The credit is earned in the year in which the solar energy property is placed in service, but must be taken in five equal annual installments, beginning in the year in which the solar energy property is placed in service. Unused credit may be carried forward for five taxable years from the year in which the credit was able to be taken. A lessor shall give a taxpayer who leases solar energy property from him a statement that describes the solar energy property and states the cost of the property upon request. A credit is not allowed pursuant to this section to the extent the cost of the solar energy property is provided by public funds. For purposes of this section, ‘public funds’ does not include federal grants or tax credits.”

B. This SECTION takes effect in income tax years beginning after 2016 and shall apply and terminate in the same manner as provided in Section 1.B. of Act 134 of 2016.

SECTION 3. This act takes effect upon approval by the Governor and applies to property tax years beginning after 2016.

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