**South Carolina General Assembly**

124th Session, 2021-2022

**S. 238**

**STATUS INFORMATION**

General Bill

Sponsors: Senator Young

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Introduced in the Senate on January 12, 2021

Currently residing in the Senate Committee on **Finance**

Summary: Income tax credits

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

12/9/2020 Senate Prefiled

12/9/2020 Senate Referred to Committee on **Finance**

1/12/2021 Senate Introduced and read first time ([Senate Journal‑page 231](file:///h:\sj\20210112.docx))

1/12/2021 Senate Referred to Committee on **Finance** ([Senate Journal‑page 231](file:///h:\sj\20210112.docx))

View the latest [legislative information](http://www.scstatehouse.gov/billsearch.php?billnumbers=238&session=124&summary=B) at the website

**VERSIONS OF THIS BILL**

[12/9/2020](file:///p:\pprever\2021-22\238_20201209.docx)

**A** **BILL**

TO AMEND ARTICLE 25, CHAPTER 6, TITLE 12 OF THE 1976 CODE, RELATING TO SOUTH CAROLINA INCOME TAX CREDITS, BY ADDING SECTION 12‑6‑3785, TO PROVIDE LIMITATIONS ON THE AMOUNT AN INDIVIDUAL OR CORPORATION CAN CLAIM AS TAX CREDITS, TO PROVIDE FOR THE AWARD OF CERTAIN TAX CREDITS, AND TO DEFINE NECESSARY TERMS.

Whereas, cybersecurity is critical to protecting data from unauthorized or criminal use; and

Whereas, cyber threats are real, sophisticated, growing, and evolving; and

Whereas, the United States Army is consolidating Army cyber and networking operations under one commander at Fort Gordon; and

Whereas, this action brings active duty military and government, civilian, and contract personnel jobs to the surrounding area; creates economic development opportunities; fosters cybersecurity research innovation; and creates opportunities for private sector business. Now, therefore,

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

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

“Section 12‑6‑3785. (A) For the purposes of this section:

(1) ‘Security clearance administrative expenses’ means costs incurred by an individual or corporation for processing application requests for clearances for employees in the State; for maintaining, upgrading, or installing computer systems in the State required to obtain federal security clearances; and for training employees in the State to administer the application process.

(2) ‘Security clearance facility expenses’ means costs associated with acquiring, constructing, or equipping a sensitive compartmented information facility located in the State and constructed in accordance with the guidance established by the Office of the Director of National Intelligence as required by the federal government.

(3) ‘Security clearance facility rental expenses’ means expenses incurred for rental payments owed during an individual or corporation’s first year of operation in a location leased in the State if the individual or corporation is a business that performs security‑based contracting.

(B) Subject to the limitations of this section, an individual or a corporation may claim credits against state income tax for:

(1) security clearance administrative expenses, not to exceed two hundred thousand dollars;

(2) security clearance facility rental expenses, not to exceed two hundred thousand dollars; or

(3) security clearance facility expenses in an amount not to exceed:

(a) the lesser of fifty percent of the security clearance facility expenses incurred for a single sensitive compartmented information facility and two hundred thousand dollars; or

(b) the lesser of the total security clearance facility expenses incurred for two or more sensitive compartmented information facilities and five hundred thousand dollars.

(C)(1) The department may award tax credits set forth pursuant to subsection (B) in an aggregate amount of up to two million dollars for any taxable year.

(2) By September fifteenth of the calendar year following the end of the taxable year in which costs were incurred, an individual or corporation shall submit an application for tax credits allowed pursuant to subsection (B) on a form prescribed by the department.

(3) If the total amount of credits applied for by all qualifying individuals and corporations pursuant to subsection (B) exceeds two million dollars, then the department shall approve a credit pursuant to subsection (B) for each qualifying applicant in an amount equal to the product of multiplying the applied‑for credit by a fraction for which:

(a) the numerator is two million dollars; and

(b) the denominator is the total of all credits applied for by all qualifying applicants pursuant to subsection (B) in the calendar year.

(4) Upon review of all applications for tax credits pursuant to subsection (B), the department shall certify to the individual or corporation the amount of tax credits approved by the department for the individual or corporation. For an individual or corporation to claim the credits certified by the department, the individual or corporation must file an amended income tax return for the taxable year in which the costs were incurred and attach a copy of the department’s certification of the approved credit amount to the amended income tax return.

(5) If the credit allowed for any taxable year pursuant to this subsection exceeds the total tax otherwise due, then an individual or corporation may apply the excess as a credit against the state income tax for succeeding taxable years until the full amount of the excess is used.”

B. An individual or corporation may claim credits against state income tax pursuant to Section 12-6-3785(B), as added by this act, for taxable years beginning after December 31, 2017.

SECTION 2. This act takes effect upon approval by the Governor, provided, however, that it shall be automatically repealed five years from the effective date unless reauthorized by joint resolution prior to this date.

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