~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

May 4, 2021

**S. 677**

Introduced by Senators Davis, Goldfinch, Jackson, Shealy, Grooms, Gambrell, Matthews, Turner, Alexander, Hutto, Talley, Kimpson, McElveen, Stephens, M. Johnson, Williams, Kimbrell, Campsen, Sabb and Climer

S. Printed 5/4/21--H.

Read the first time April 13, 2021.

**THE COMMITTEE ON WAYS AND MEANS**

To whom was referred a Bill (S. 677) to amend Section 12-2-100 of the 1976 Code, relating to tax credits, to provide for the allocation of a tax credit or unused credit amount carried forward, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by striking SECTION 1 and inserting:

/ SECTION 1. Section 12-2-100 of the 1976 Code is amended to read:

“Section 12-2-100. (A) Unless otherwise provided by law, a tax credit administered by the department must be used in the year it is generated and must not be refunded.

(B) A tax credit earned by a partnership or limited liability company taxed as a partnership pursuant to Sections 12-6-3535, 12-6-3795, or 12-65-10, including any unused credit amount carried forward, may be passed through to the partners or members and may be allocated among any of its partners or members on an annual basis, including, without limitation, an allocation of the entire credit to any partner or member who was a partner or member at any time in the year in which the credit or unused carryforward was allocated. The allocation must be allowed without regard to any provision of the Internal Revenue Code, or regulation promulgated pursuant to it, that may be interpreted as contrary to the allocation, including, without limitation, the treatment of the allocation as a disguised sale.” /

G. MURRELL SMITH, JR. for Committee.

**A** **BILL**

TO AMEND SECTION 12-2-100 OF THE 1976 CODE, RELATING TO TAX CREDITS, TO PROVIDE FOR THE ALLOCATION OF A TAX CREDIT OR UNUSED CREDIT AMOUNT CARRIED FORWARD THAT IS EARNED BY A PARTNERSHIP OR LIMITED LIABILITY COMPANY TAXED AS A PARTNERSHIP.

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

SECTION 1. Section 12-2-100 of the 1976 Code is amended to read:

“Section 12-2-100. (A) Unless otherwise provided by law, a tax credit administered by the department must be used in the year it is generated and must not be refunded.

(B) A tax credit earned by a partnership or limited liability company taxed as a partnership pursuant to Section 12-6-3795, including any unused credit amount carried forward, may be passed through to the partners or members and may be allocated among any of its partners or members on an annual basis, including, without limitation, an allocation of the entire credit to any partner or member who was a partner or member at any time in the year in which the credit or unused carryforward was allocated. The allocation must be allowed without regard to any provision of the Internal Revenue Code, or regulation promulgated pursuant to it, that may be interpreted as contrary to the allocation, including, without limitation, the treatment of the allocation as a disguised sale.”

SECTION 2. This act takes effect upon approval by the Governor and applies to a qualified project in service after January 1, 2020, but before December 31, 2030, if the project is issued an eligibility statement after May 14, 2020.

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