



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number: S. 0556 Introduced on April 15, 2025
Subject: Renewable Natural Gas
Requestor: Senate Finance
RFA Analyst(s): Jolliff
Impact Date: April 9, 2026

Fiscal Impact Summary

This bill creates a tax credit for 25 percent of the costs incurred by a taxpayer for the purchase and installation of equipment used to produce renewable natural gas (RNG) for commercial purposes. The equipment must be used to collect and process landfill gas into RNG and transport and inject the RNG into a natural gas transmission pipeline system. The tax credit may be claimed against corporate income or license taxes in the year in which the equipment is placed in service. A taxpayer may use up to 25 percent of the credit, or \$5 million, whichever is less, in a single tax year. Unused credits earned prior to the end of 2028 may be carried forward for 15 years from the year earned. The credit is applicable for tax years 2026 through 2031.

A taxpayer must submit a request for the credit to the State Energy Office of the Office of Regulatory Staff (ORS), and within 30 days of receiving a request, the Energy Office must notify the taxpayer whether the taxpayer qualifies for the credit and the amount allocated to the taxpayer. The Department of Revenue (DOR) may require any documentation that it deems necessary to administer the credit.

The bill will not impact expenditures for the Energy Office or DOR as both entities will accomplish the new responsibilities with existing staff and resources. ORS notes that because the Energy Office operates solely with federal funding from the US Department of Energy, its ability to manage these responsibilities is contingent upon continuing to receive federal funding.

Developing this type of RNG facility would only be applicable to areas with viable landfill gas and in proximity to a natural gas line. Therefore, Revenue and Fiscal Affairs (RFA) anticipates that the number of qualifying taxpayers will be limited. Based on the average investment level of \$62 million for projects undertaken in other states recently, on average a taxpayer would earn \$15.5 million in tax credits and claim an average of \$3.875 million per year for four years. Assuming one project is undertaken in the next year, the bill will reduce General Fund corporate income and license taxes by approximately \$3.875 million annually for four years beginning in FY 2026-27. If additional projects are undertaken, the impact would increase for each additional project.

Explanation of Fiscal Impact

Introduced on April 15, 2025

State Expenditure

This bill creates a tax credit for 25 percent of the costs incurred by a taxpayer for the purchase and installation of equipment used to produce RNG for commercial purposes. The tax credit may be claimed against corporate income or license taxes in the year in which the equipment is placed in service. The credit is available for tax years 2026 to 2031. A taxpayer must submit a request for the credit to the Energy Office, and within 30 days of receiving a request, the Office must notify the taxpayer whether the taxpayer qualifies for the credit and the amount allocated to the taxpayer. In order to qualify for the credit, costs incurred by a taxpayer must be certified by the Energy Office. DOR may require any documentation that it deems necessary to administer the credit.

The bill will not impact expenditures for the Energy Office or DOR as both entities will manage the new responsibilities with existing staff and resources. ORS notes that because the Energy Office operates solely with federal funding from the US Department of Energy, its ability to manage these responsibilities is contingent upon continuing to receive federal funding.

State Revenue

This bill creates a tax credit for 25 percent of the costs incurred by a taxpayer for the purchase and installation of equipment used to produce RNG for commercial purposes. The credit may be claimed in the year in which the equipment is placed in service and may be claimed for all expenditures incurred for the purchase and installation of the equipment, including those related to engineering, permitting, and other necessary services. A taxpayer may use up to 25 percent of the credit, or \$5 million, whichever is less, in a single tax year. The credit is applicable for tax years 2026 through 2031. Unused credits earned prior to the end of 2028 may be carried forward for 15 years from the year earned.

The bill defines qualifying equipment as equipment and facilities used to collect and process landfill gas into RNG and transport and inject RNG into a natural gas transmission pipeline system. Equipment includes utility facilities owned by the taxpayer dedicated for use with an RNG production facility. RNG is defined as natural gas derived from landfill gas, also known as biomethane, which has been upgraded to a quality similar to fossil natural gas and has a methane concentration of 90 percent or greater.

The ORS Pipeline Safety division is responsible for monitoring natural gas pipeline operators. Based on their records, there are five natural gas operators that collect and transport landfill natural gas currently. ORS does not have information to determine if the gas produced by any of these operators would meet the requirements in the bill or the potential costs related to equipment installations to generate RNG.

Based on general information and discussions, the costs for landfill RNG projects vary by size and scope. The US Environmental Protection Agency reports that the typical capital costs for gas compression and treatment to convert landfill gas to RNG are \$6,200 to \$8,300 per standard

cubic foot per minute.¹ The capital costs for a pipeline are \$600,000 for less than 1 mile or \$1 million per mile for 1 mile or more. RNG projects completed around the country that appear to be similar to the requirements in the bill varied greatly in size and cost. A project in Dane County, Wisconsin completed in 2019 cost approximately \$28 million, which equates to approximately \$37 million in 2026 after adjusting for inflation.^{2,3} A facility in Prince William County, Virginia announced in 2021 was originally estimated to cost \$60 million.⁴ A project in Temple, Texas opened in 2025 with a total cost of approximately \$50 million.⁵ Waste Management recently invested over \$100 million into the WM Simi Valley RNG Facility project in Southern California, which was completed in January 2026.⁶ The average cost of these projects is approximately \$62 million.

Given that developing this type of facility would only be applicable to areas with viable landfill gas and in proximity to a natural gas line, RFA anticipates that the number of qualifying projects will be limited. The tax credit is for 25 percent of the total cost of the equipment and installation, and a taxpayer is limited to claiming 25 percent of the credit, or \$5 million annually, whichever is less. Based on the potential range of investment from \$37 million to \$100 million, a taxpayer is likely to earn between \$10 million and \$25 million in tax credits. Since each taxpayer is limited to claiming the lesser of 25 percent of the credit or \$5 million per year, the range of credit that could be claimed per taxpayer per year would be between \$2.5 million and \$5 million. Based on the average investment level of \$62 million for the projects noted above, a taxpayer would likely earn \$15.5 million in tax credits and claim an average of \$3.875 million per year for four years. Based on the available information and assuming one project is undertaken next year, the bill will reduce corporate income and license taxes by an average of \$3.875 million in FY 2026-27 and annually for three additional years. If additional projects are undertaken, the impact would increase for each additional project.

Local Expenditure and Local Revenue

N/A

¹ U.S. Environmental Protection Agency, *Switch to Renewable Natural Gas*, Retrieved March 31, 2026, <https://www.epa.gov/lmop/switch-renewable-natural-gas>

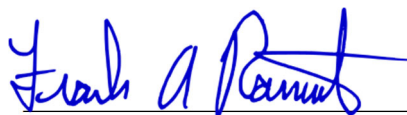
² Vruwink, Ariana, County of Dane Wisconsin, *Dane County Executive Parisi and Partners Cut Ribbon on Landfill Biogas Project's Completion This Earth Week*, April 25, 2019, R<https://www.danecounty.gov/PressDetail/9755>

³ Inflation adjustment based on producer price index for the Utilities industry from 2019 to 2025 published by the US Bureau of Labor Statistics

⁴ Muzyk, Cher, Prince William Times, *Prince William, OPAL Fuels to build renewable natural gas facility at the landfill* March 3, 2023, Updated January 17, 2024, https://www.princewilliamtimes.com/news/prince-william-opal-fuels-to-build-renewable-natural-gas-facility-at-the-landfill/article_7cce5884-b9bb-11ed-b0a4-3b2c92b59e5f.html

⁵ Humphries, Jon, Temple Daily Telegram, *Renewable natural gas facility opening brings innovation, \$50 million investment at Temple landfill*, May 8, 2025, https://www.tdtnews.com/news/central_texas_news/article_8fbaf957-c3b3-4955-87c8-486c4c5375df.html

⁶ Waste Today Magazine, *SoCalGas Connects Landfill-based RNG Project to Pipeline System*, January 07, 2026, <https://www.wastetodaymagazine.com/news/socalgas-connects-landfill-based-rng-project-to-pipeline-system/>



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