



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. 0853 Signed by Governor on May 19, 2026
Subject: Abandoned Buildings Tax Credit
Requestor: Senate
RFA Analyst(s): Jolliff
Impact Date: June 15, 2026

Fiscal Impact Summary

This bill amends the Abandoned Buildings Revitalization Act by removing the separate state-owned abandoned buildings category and clarifying that the income-producing use of the building prior to abandonment is not a requirement for the tax credit eligibility. Further, the bill requires that taxpayers file a Notice of Intent to Rehabilitate with the Department of Revenue (DOR) before obtaining a building permit and excludes rehabilitation expenses incurred before the approval of the notice from qualifying for the tax credit. The bill stipulates that tax credits obtained pursuant to the act are not allowed to be used as collateral for debt.

This bill also specifies in Section 5 that DOR may not grant final approval of any application for a property tax exemption pursuant to §12-37-220(B)(11)(e) for nonprofit housing corporations for tax years 2026 or 2027 filed on or after June 30, 2026. The provision does not apply to property owned entirely by a nonprofit housing corporation, either directly or through a wholly owned instrumentality, that is devoted to providing housing to low or very low income residents and that satisfies the safe harbor provisions of Revenue Procedure 96-32 issued by the Internal Revenue Service. The section expires June 30, 2027.

This bill will have no expenditure impact on DOR, as the requirements of the bill can be implemented with existing staff and resources.

The bill is not expected to impact state revenues. In Revenue Ruling #26-1, DOR provided an updated advisory opinion on the Abandoned Buildings Act. The ruling specifies that the credit requires that the building to be rehabilitated must be income producing. This bill clarifies the statutory language to conform to previous interpretations of the Act and, therefore, is not expected to impact revenues.

This bill may impact local property tax revenue by suspending the approval of applications for the property tax exemption for nonprofit housing corporations for tax years 2026 and 2027. Applications from taxpayers that apply for the exemption on or after June 30, 2026, and do not meet the ownership requirements in subsection B will be reviewed after the section expires on June 30, 2027, based on the law in effect at that time. Currently, DOR has approved 3,926 applications, and 350 new applications are under review. However, the total local property tax revenue that may be impacted due to the exemption changes is unknown at this time.

Explanation of Fiscal Impact

Signed by Governor on May 19, 2026

State Expenditure

This bill amends the Abandoned Buildings Revitalization Act by clarifying that the income-producing use of the building prior to abandonment is not a requirement for the tax credit eligibility and eliminating the current state-owned abandoned building specifications. The bill requires that taxpayers file a Notice of Intent to Rehabilitate with DOR before obtaining a building permit and excludes rehabilitation expenses incurred before the approval of the notice from qualifying for the tax credit.

Further, the bill specifies that DOR may not grant final approval of any application for a property tax exemption pursuant to §12-37-220(B)(11)(e) for nonprofit housing corporations for tax years 2026 or 2027 filed on or after June 30, 2026. The provision does not apply to property owned entirely by a nonprofit housing corporation, either directly or through a wholly owned instrumentality, that is devoted to providing housing to low or very low income residents and that satisfies the safe harbor provisions of Revenue Procedure 96-32 issued by the Internal Revenue Service. The section expires June 30, 2027.

This bill will have no expenditure impact on DOR, as the requirements of the bill can be implemented with existing staff and resources.

State Revenue

This bill amends the Abandoned Buildings Revitalization Act by clarifying that the income-producing use of the building prior to abandonment is not a requirement for the tax credit eligibility and eliminating the current state-owned abandoned building specifications. The bill requires that taxpayers file a Notice of Intent to Rehabilitate with DOR before obtaining a building permit and excludes rehabilitation expenses incurred before the approval of the notice from qualifying for the tax credit. Also, the bill stipulates that abandoned buildings tax credits may not be used as security for debt.

The act currently allows a taxpayer to claim a non-refundable state tax credit equal to 25 percent of actual rehabilitation expenses of an abandoned building that is to be put into operation for income producing purposes. In Revenue Ruling #26-1, DOR provided an updated advisory opinion on the Abandoned Buildings Act and answered additional questions related to the abandoned building tax credits. The ruling notes that the credit requires that the building to be rehabilitated must be income producing. Further, the Act currently provides separate qualifications for state-owned buildings.

This bill removes the requirement that the building must have been income-producing and eliminates the current state-owned buildings definition. Therefore, all buildings or other similar facilities that were not income producing previously but that otherwise meet the qualifications in the Act will now qualify for the credit. This bill clarifies the statutory language to conform to previous interpretations of the Act and, therefore, is not expected to impact revenues.

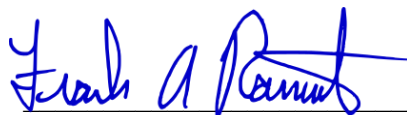
Local Expenditure

N/A

Local Revenue

Section 5 of the bill specifies that DOR may not grant final approval of any application for a property tax exemption pursuant to §12-37-220(B)(11)(e) for nonprofit housing corporations for tax years 2026 or 2027 filed on or after June 30, 2026. The provision does not apply to property owned entirely by a nonprofit housing corporation, either directly or through a wholly owned instrumentality, that is devoted to providing housing to low or very low income residents and that satisfies the safe harbor provisions of Revenue Procedure 96-32 issued by the Internal Revenue Service. The section expires June 30, 2027. The department is directed to hold these applications in abeyance and, upon expiration of this section, evaluate the application under the law in effect at that time.

This bill may impact local property tax revenue by suspending the approval of applications for the property tax exemption for nonprofit housing corporations for tax years 2026 and 2027. Applications from taxpayers that apply for the exemption on or after June 30, 2026, and do not meet the ownership requirements in subsection B will be reviewed after the section expires on June 30, 2027, based on the law in effect at that time. Currently, DOR has approved 3,926 applications, and 350 new applications are under review. However, the total local property tax revenue that may be impacted due to the exemption changes is unknown at this time.



Frank A. Rainwater, Executive Director