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COMMITTEE REPORT

April 6, 2011

**H. 3059**

Introduced by Reps. Merrill and Stavrinakis

S. Printed 4/6/11--H.

Read the first time January 11, 2011.

**THE COMMITTEE ON WAYS AND MEANS**

To whom was referred a Bill (H. 3059) to amend Section 12‑6‑3376, Code of Laws of South Carolina, 1976, relating to the income tax credit for plug‑in hybrid vehicles, so as to revise, etc., respectfully

**REPORT:**

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

DANIEL T. COOPER for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**REVENUE IMPACT 1/**

This bill would have no impact on general fund income tax revenues in FY2011-12.

## Explanation

This bill amends Section 12-6-3376 by revising the definition of a plug-in hybrid vehicle, deleting the 2011 expiration date of the plug-in hybrid vehicle income tax credit, and increasing the aggregate amount of plug-in hybrid vehicle income tax credits that may be claimed in a fiscal year from two hundred thousand dollars to five hundred thousand dollars.

The plug-in hybrid vehicle income tax credit is equal to two thousand dollars per vehicle. According to the Department of Revenue, ten taxpayers claimed the plug-in hybrid vehicle income tax credit for a total of $18,910 in credits in FY2008-09. Because the maximum amount of credits available each fiscal year was not met, we do not anticipate that an increase in the aggregate amount of credits available each fiscal year will encourage more claimants of the plug-in hybrid vehicle income tax credit. We, therefore, estimate that this bill will have no impact on general fund income tax revenues in FY2011-12.

*Approved By:*

William C. Gillespie

Board of Economic Advisors

1/ This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

**A** **BILL**

TO AMEND SECTION 12‑6‑3376, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE INCOME TAX CREDIT FOR PLUG‑IN HYBRID VEHICLES, SO AS TO REVISE THE DEFINITION OF “PLUG‑IN HYBRID VEHICLE”, TO RAISE THE AGGREGATE AMOUNT OF THE CREDIT AVAILABLE EACH FISCAL YEAR AND DELETE ITS EXPIRATION DATE, AND TO PROVIDE THAT THE CREDIT MUST BE ALLOCATED TO ELIGIBLE CLAIMANTS DURING A FISCAL YEAR ON A FIRST‑COME, FIRST‑SERVE BASIS.

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

SECTION 1. Section 12‑6‑3376 of the 1976 Code, as added by Act 83 of 2007, is amended to read:

“Section 12‑6‑3376. (A) For taxable years beginning after 2007, ~~and before 2011,~~ a taxpayer is allowed a tax credit against the income tax imposed pursuant to this chapter for the in‑state purchase or lease of a plug‑in hybrid vehicle.

A plug‑in hybrid vehicle is a vehicle that:

(1) shares the same benefits as an internal combustion and electric engine with an all‑electric range of no less than nine miles;

(2) has four or more wheels;

(3) draws propulsion using a traction battery;

(4) has at least four kilowatt hours of battery capacity; and

(5) uses an external source of energy to recharge the battery.

Qualified plug‑in hybrid vehicles also must be manufactured primarily for use on public streets, roads, highways, and not be classified as low or medium speed vehicles. Low‑speed vehicles are vehicles capable of a speed of at least twenty but not more than twenty‑five miles per hour, is used primarily for short trips and recreational purposes, and has safety equipment such as lights, reflectors, mirrors, parking brake, windshield, and safety belts. Medium‑speed vehicles are vehicles capable of a speed of at least thirty but not more than thirty‑five miles per hour and has safety equipment such as lights, reflectors, mirrors, parking brake, windshield, and safety belts.

The credit is equal to two thousand dollars. The credit allowed by this section is nonrefundable and if the amount of the credit exceeds the taxpayer’s liability for the applicable taxable year, any unused credit may be carried forward for five years.

(B) Notwithstanding the credit amount allowed pursuant to this section, for a fiscal year all claims made pursuant to this section must not exceed two hundred thousand dollars and must apply proportionately to all eligible claimants; provided, that beginning with fiscal year 2011, all claims made pursuant to this section must not exceed five hundred thousand dollars a fiscal year and shall apply to eligible claimants on a first‑come, first‑serve basis as determined by the Department of Revenue in a manner it prescribes until the total allowable credits for that fiscal year are exhausted.”

SECTION 2. This act takes effect upon approval by the Governor.

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