



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3874 Updated for Revised Analysis and Additional Revenue Impact
 Author: Mitchell
 Requestor: Senate Finance
 Date: May 22, 2015
 Subject: Renewable energy property
 RFA Analyst(s): Wren

Estimate of Fiscal Impact

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
State Expenditure					
General Fund	N/A	N/A	N/A	N/A	N/A
Other and Federal	N/A	N/A	N/A	N/A	N/A
Full-Time Equivalent Position(s)	0.00	0.00	0.00	0.00	0.00
State Revenue					
General Fund	(\$3,125,628)	(\$8,125,628)	(\$15,625,628)	(\$25,625,628)	(\$38,125,628)
Other and Federal	N/A	N/A	N/A	N/A	N/A
Local Expenditure	N/A	N/A	N/A	N/A	N/A
Local Revenue	N/A	N/A	N/A	N/A	N/A

Fiscal Impact Summary

This bill would reduce General Fund income tax revenue by \$3,125,628 in FY 2016-17. Additionally, General Fund income tax revenue would be reduced by an additional \$2,500,000 in FY 2017-18 and each year thereafter for a total of \$38,125,628 in FY 2020-21.

Explanation of Fiscal Impact

Updated on May 22, 2015 to Include Revised Analysis and Additional Revenue Impact

State Expenditure

N/A

State Revenue

The estimates represented in the table above have been updated to reflect the estimated total General Fund income tax revenue reduction for renewable energy property tax credits in FY 2016-17 through FY 2020-21. The update is based on five businesses that will claim the tax credit in each of the fiscal years stated above. The previous estimates assumed the same five businesses would claim the tax credit in the stated time period.

The Department of Revenue reports that five businesses claimed the renewable energy property tax credit in 2013. Based upon our analysis of solar energy equipment tax credits for business purposes over the past three years, we estimate that five businesses will claim the tax credit in

FY 2016-17 and each year thereafter through FY 2020-21. Since the credit for each installation of renewable energy property placed in service for a business purpose may not exceed \$2,500,000 and must be taken in five equal installments, we estimate that this bill would reduce General Fund income tax revenue by \$2,500,000 in FY 2016-17 and each year thereafter for a total of \$37,500,000 in FY 2020-21.

Based on data from the Department of Revenue, two hundred fifty-six taxpayers claimed the existing non-business solar energy tax credit for a total of \$625,628 in 2013. Since the credit for non-business renewable energy property must be taken in the taxable year in which the property is placed in service and assuming a similar trend, we estimate this bill will reduce General Fund income tax by \$625,628 beginning in FY 2016-17.

In summary, this bill would reduce General Fund income tax revenue by \$3,125,628 in FY 2016-17. Additionally, General Fund income tax revenue would be reduced by an additional \$2,500,000 in FY 2017-18 and each year thereafter for a total of \$38,125,628 in FY 2020-21.

The estimates represented above are for data on solar energy equipment. Data on real property eligible under the new renewable energy equipment credit is not available.

State Expenditure


N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director