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COMMITTEE REPORT

May 19, 2016

**S. 427**

Introduced by Senators Hutto, Rankin, O’Dell and Williams

S. Printed 5/19/16--H.

Read the first time April 14, 2015.

**THE COMMITTEE ON WAYS AND MEANS**

To whom was referred a Bill (S. 427) to amend Section 12‑6‑3360, Code of Laws of South Carolina, 1976, relating to the jobs tax credit, so as to allow a taxpayer operating an, 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 all after the enacting words and inserting:

/ SECTION 1. Section 12‑6‑3360(M)(13)(a) of the 1976 Code is amended to read:

“(a) an establishment engaged in an activity or activities listed under the North American Industry Classification System Manual (NAICS) Section 62, subsectors 621, 622, and 623, or Sector 4881, subsector 488190; or”

SECTION 2. This act takes effect upon approval by the Governor and applies to tax years beginning after 2015. /

Renumber sections to conform.

Amend title to conform.

W. BRIAN WHITE for Committee.

**A** **BILL**

TO AMEND SECTION 12‑6‑3360, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE JOBS TAX CREDIT, SO AS TO ALLOW A TAXPAYER OPERATING AN AGRICULTURAL PACKAGING OPERATION TO CLAIM THE CREDIT, TO ALLOW CERTAIN AGRICULTURAL OPERATIONS TO CLAIM SEASONAL WORKERS AS A CERTAIN FRACTION OF A FULL‑TIME JOB, AND TO DEFINE AGRICULTURAL PACKAGING; TO AMEND SECTION 12‑36‑2120, RELATING TO EXEMPTIONS FROM THE STATE SALES TAX, SO AS TO EXEMPT MACHINES USED IN AGRICULTURAL PACKAGING; AND BY ADDING SECTION 13‑1‑780 SO AS TO REQUIRE THE DEPARTMENT OF COMMERCE AND THE COORDINATING COUNCIL TO CONSIDER AGRICULTURAL BUSINESSES IN AWARDING ECONOMIC DEVELOPMENT BENEFITS.

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

SECTION 1. Section 12‑6‑3360(A) of the 1976 Code is amended to read:

“(A) Taxpayers that operate manufacturing, tourism, processing, agricultural packaging, warehousing, distribution, research and development, corporate office, qualifying service‑related facilities, agribusiness operations, extraordinary retail establishment, and qualifying technology intensive facilities, and banks as defined pursuant to this title are allowed an annual jobs tax credit as provided in this section. In addition, taxpayers that operate retail facilities and service‑related industries qualify for an annual jobs tax credit in counties designated as ‘Tier IV’. As used in this section, ‘corporate office’ includes general contractors licensed by the South Carolina Department of Labor, Licensing and Regulation. Credits pursuant to this section may be claimed against income taxes imposed by Section 12‑6‑510 or 12‑6‑530, bank taxes imposed pursuant to Chapter 11 of this title, and insurance premium taxes imposed pursuant to Chapter 7, Title 38, and are limited in use to fifty percent of the taxpayer’s South Carolina income tax, bank tax, or insurance premium tax liability. In computing a tax payable by a taxpayer pursuant to Section 38‑7‑90, the credit allowable pursuant to this section must be treated as a premium tax paid pursuant to Section 38‑7‑20.

SECTION 2. Section 12‑6‑3360(M)(4) of the 1976 Code is amended to read:

“(4) ‘Full‑time’ means a job requiring a minimum of thirty‑five hours of an employee’s time a week for the entire normal year of company operations or a job requiring a minimum of thirty‑five hours of an employee’s time for a week for a year in which the employee was hired initially for or transferred to the South Carolina facility. For the purposes of this section, two half‑time jobs are considered one full‑time job. A ‘half‑time job’ is a job requiring a minimum of twenty hours of an employee’s time a week for the entire normal year of the company’s operations or a job requiring a minimum of twenty hours of an employee’s time a week for a year in which the employee was hired initially for or transferred to the South Carolina facility. For agricultural packaging and agribusiness operations, seasonal workers may be considered a full‑time employee; however, a seasonal employee only counts as a fraction of a full‑time worker, with the numerator being the number of hours worked a week multiplied by the number of weeks worked, and the denominator being the number one thousand eight hundred twenty.”

SECTION 3. Section 12‑6‑3360(M) of the 1976 Code is amended by adding an appropriately numbered item to read:

“( ) ‘Agricultural packaging’ means the technology of enclosing or protecting or preserving agricultural products for distribution, storage, sale, and use. Packaging also refers to the process of design, evaluation, and production of packages used for agricultural products. Packaging can be described as a coordinated system of preparing agricultural goods for transport, warehousing, logistics, sale and end use.”

SECTION 4. A. Section 12‑36‑2120(17) of the 1976 Code is amended to read:

“(17) machines used in manufacturing, processing, agricultural packaging, recycling, compounding, mining, or quarrying tangible personal property for sale. ‘Machines’ include the parts of machines, attachments, and replacements used, or manufactured for use, on or in the operation of the machines and which (a) are necessary to the operation of the machines and are customarily so used, or (b) are necessary to comply with the order of an agency of the United States or of this State for the prevention or abatement of pollution of air, water, or noise that is caused or threatened by any machine used as provided in this section. This exemption does not include automobiles or trucks. As used in this item ‘recycling’ means a process by which materials that otherwise would become solid waste are collected, separated, or processed and reused, or returned to use in the form of raw materials or products, including composting, for sale. In applying this exemption to machines used in recycling, the following percentage of the gross proceeds of sale, or sales price of, machines used in recycling are exempt from the taxes imposed by this chapter:

Fiscal Year of Sale Percentage

Fiscal year 1997‑98 fifty percent

After June 30, 1998 one hundred percent;”

B. This section takes effect July 1, 2015.

SECTION 5. Article 11, Chapter 1, Title 13 of the 1976 Code is amended by adding:

“Section 13‑1‑1780. In awarding benefits for economic development projects, including awards from the Governor’s Closing Fund, the Department of Commerce and the coordinating council must consider agricultural businesses. The Department of Commerce and the coordinating council must consider the number of jobs created, including full‑time, part‑time, and seasonal jobs, and the total investment made, including the cost of the real property.”

SECTION 6. Except where specified otherwise, this act takes effect upon approval by the Governor.

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