



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	S. 0440	Introduced on January 29, 2019
Author:	Talley	
Subject:	SC Textiles Communities Revitalization Act	
Requestor:	Senate Finance	
RFA Analyst(s):	R. Martin	
Impact Date:	March 4, 2019	

Fiscal Impact Summary

This bill is not expected to affect state General Fund revenue, Other Funds revenue, or Federal Funds in FY2019-20 or any fiscal year thereafter.

Explanation of Fiscal Impact

Introduced on January 29, 2019

State Expenditure

The Department of Revenue indicates that there will be no expenditure impact to the General Fund, Federal Funds, or Other Funds from this bill. The Department can administer the legislative changes with existing resources.

State Revenue

The Textile Communities Revitalization Act was first enacted in 2005. Currently, pursuant to Section 12-65-30, a taxpayer is allowed a tax credit against income taxes, corporate license tax, or insurance premium taxes, or any combination of them, or a property tax credit for the renovation, improvement, and redevelopment of abandoned textile mills in South Carolina. The income, license, and/or premium tax credit is equal to twenty-five percent of the qualified rehabilitation expenses. The credit is claimed in equal installments over a five-year period beginning with the year the property is placed in service. Any unused credit may be carried forward for five years. The tax credit is limited in use to fifty percent of a taxpayer's income tax liability, fifty percent of a taxpayer's corporate license fees, and/or fifty percent of a taxpayer's insurance premium license taxes in a taxable year. A taxpayer may claim this credit in addition to the credit for rehabilitation of a certified historic structure allowed pursuant to Section 12-6-3535. The "real property tax credit" is equal to twenty-five percent of the qualified rehabilitation expenses made to the eligible site up to seventy-five percent of the real property taxes due on the site each year. The municipality or the county must determine the eligibility of the site and the proposed project. The ordinance shall allow the property tax credit to be taken against up to seventy-five percent of the real property taxes due on the site each year not to exceed eight years. The credit vests in the taxpayer in the year in which the eligible site is placed in service. The credit may be carried forward up to eight years. According to the latest data from the Department of Revenue, 676 taxpayers have claimed a total of \$28,045,882 of nonrefundable tax credits since passage of the Textiles Communities Revitalization Act in 2005.

Section 1. During the 2018 legislative session, the Textile Communities Revitalization Act was amended to redefine the definition of a qualified textile mill site and the definition of qualified textile mill rehabilitation expenses. Pursuant to Act 265 of 2018, only those qualified textile mill sites would allow an eligible taxpayer to claim a nonrefundable tax credit for the renovation, improvement, and redevelopment of abandoned textile mills in South Carolina.

This bill restructures the enumerated sections of Section 12-65-20(4) and Section 12-65-20(8) by making technical corrections to existing statutory law. The changes do not affect state General Fund revenue, Other Funds revenue, or Federal Fund revenue. This bill amends existing language contained in Section 12-65-20(4) by dividing it into subitem (a) and subitem (b).

This bill also amends Section 12-65-20(8) by dividing it into subitem (a) and subitem (b). This bill removes language from subitem (a) and rewrites and adds the language to a newly created subitem (b) for clarification. Subitem (b) is amended to include,

“Notwithstanding subitem (a), for the purpose of calculating the credit with regard to new or rehabilitated buildings on ‘contiguous parcels’ pursuant to item (4)(b), ‘rehabilitation expenses’ do not include expenses that increase the amount of square footage of the buildings that existed on that contiguous parcel immediately preceding the time at which the textile mill became abandoned by more than two hundred percent.”

This amended language reinforces the limitation that there is a cap on the amount of square footage that would be included in calculating the abandoned textile mill revitalization tax credit. The amendment does allow a qualified site to be at least two hundred percent larger than the original footprint of the abandoned textile mill, but no more than two hundred percent. The revenue impact from this change enacted last year was incorporated into the Board of Economic Advisors’ General Fund revenue forecast made on February 14, 2019. Since this bill does not change any additional taxes or fees, this bill is not expected to affect state General Fund revenue, Other Funds revenue, or Federal Funds in FY2019-20 or any fiscal year thereafter.

Section 2. This act takes effect upon approval by the Governor and first applies to tax years beginning after 2017.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director