



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
**(803)734-0640 • RFA.SC.GOV/IMPACTS**

---

<b>Bill Number:</b>	S. 0974	Introduced on January 14, 2020
<b>Author:</b>	Talley	
<b>Subject:</b>	South Carolina Abandoned Buildings Revitalization Act	
<b>Requestor:</b>	Senate Finance	
<b>RFA Analyst(s):</b>	R. Martin	
<b>Impact Date:</b>	February 26, 2020	

---

### **Fiscal Impact Summary**

This bill is expected to reduce General Fund individual and corporate income taxes, bank taxes, savings and loan taxes, corporate license fees, insurance premium taxes (including retaliatory taxes), or any combination thereof, by an estimated \$4,100,000 in FY2020-21, and each fiscal year thereafter until FY2024-25. The statute will be repealed on December 31, 2024.

### **Explanation of Fiscal Impact**

#### **Introduced on January 14, 2020**

##### **State Expenditure**

The Department of Revenue has indicated that this bill would have no expenditure impact on the General Fund, Federal Funds, and Other Funds. The department can administer the legislative changes with existing resources.

##### **State Revenue**

The South Carolina Abandoned Buildings Revitalization Act was enacted in Act 57 of 2013 and has been amended since that time. Currently, a taxpayer may claim a nonrefundable state income tax credit equal to twenty-five percent of actual rehabilitation expenses of an abandoned building. The tax credit may be applied against individual and corporate income taxes, bank taxes, savings and loan taxes, corporate license fees, insurance premium taxes (including retaliatory taxes), or any combination thereof. The tax credit may also be applied against real property taxes as levied by local taxing entities. The tax credit must be taken in equal installments over a three-year period and may not exceed \$500,000 for any taxpayer in a tax year. The credit is earned in the tax year in which the applicable phase or portion of the building site is placed in service. Unused tax credits may be carried forward for five years. The South Carolina Abandoned Buildings Revitalization Act is repealed on December 31, 2019. Any credit carryforward will continue to be allowed until the five-year time period is completed.

The table below describes a summary of the abandoned building tax credit showing the number of taxpayers claiming the nonrefundable tax credit and the value of the tax credits claimed over the first six years of actual data filed by taxpayers. Through FY2018-19, the latest year for which there is data, a total of 944 taxpayers have claimed \$37,912,383 in nonrefundable tax credits. This amount does not include any tax credit carryforwards that may be claimed in succeeding tax years.

**History of the Abandoned Building Tax Credit**

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Taxpayers</b>	<b>Credits Claimed</b>	<b>Avg. Credits Claimed Per Taxpayer</b>
FY2013-14	TY2013	19	\$390,135	\$20,533
FY2014-15	TY2014	27	\$1,127,443	\$41,757
FY2015-16	TY2015	79	\$2,253,044	\$28,520
FY2016-17	TY2016	163	\$7,267,652	\$44,587
FY2017-18	TY2017	297	\$11,419,147	\$38,448
FY2018-19	TY2018	359	\$15,454,962	\$43,050
<b>Total</b>		<b>944</b>	<b>\$37,912,383</b>	<b>\$40,161</b>

Source: Board of Economic Advisors from data provided by the SC Department of Revenue

**Section 1.** This section states that notwithstanding Section 1.B of Act 57 of 2013, the provisions of Chapter 67, Title 12 of the 1976 Code are repealed on December 31, 2024. Currently, the South Carolina Abandoned Buildings Revitalization Act is scheduled to be repealed on December 31, 2019. This section would extend the sunset date of the tax credits and allow another five tax years of qualified projects to be eligible for nonrefundable abandoned building revitalization tax credits through December 31, 2024.

Since the passage of Act 57 of 2013, the Board of Economic Advisors (BEA) has recognized the claiming of nonrefundable abandoned building revitalization tax credits in its official General Fund revenue forecast each year. During the latest two fiscal years, the amount of tax credits claimed has increased by an average of \$4,100,000 each year. We expect to have this same amount return to the General Fund after the tax credit expires. Currently, this revenue reduction is scheduled to cease December 31, 2019, at which time, the BEA will no longer set aside nonrefundable abandoned building revitalization tax credits to be used to offset individual and corporate income taxes, bank taxes, savings and loan taxes, corporate license fees, insurance premium taxes (including retaliatory taxes), or any combination thereof.

This bill would extend the sunset date of the revenue transfer from through December 31, 2019 to December 31, 2024. The current transfer of revenues would remain in effect for an additional five fiscal years through December 31, 2024. Since the BEA had planned for the revenue reductions to cease after December 31, 2019, this bill would cause a further reduction in General Fund individual and corporate income taxes, bank taxes, savings and loan taxes, corporate license fees, insurance premium taxes (including retaliatory taxes), or any combination thereof, by an estimated \$4,100,000 in FY2020-21, and each fiscal year thereafter until FY2024-25. The statute will be repealed on December 31, 2024.

**Section 2.** This act takes effect upon approval by the Governor.

**Local Expenditure and Local Revenue**

N/A

Frank A. Rainwater, Executive Director