

1 ~~Indicates Matter Stricken~~

2 Indicates New Matter

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4 COMMITTEE AMENDMENT AMENDED AND ADOPTED

5 May 29, 2008

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H. 4950

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9 Introduced by Rep. Cooper

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11 S. Printed 5/29/08--S.

[SEC 5/30/08 3:37 PM]

12 Read the first time May 6, 2008.

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A BILL

TO AMEND TITLE 12, CODE OF LAWS OF SOUTH
CAROLINA, 1976, RELATING TO TAXATION, SO AS TO
MAKE MISCELLANEOUS CHANGES.

Amend Title To Conform

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

SECTION 1. A.Title 12 of the 1976 Code is amended by adding:

“CHAPTER 64

South Carolina Textiles Communities Revitalization Act

Section 12-64-10. This chapter is known and may be cited as
the ‘South Carolina Textiles Communities Revitalization Act’.

Section 12-64-20. (A) The primary purpose of this chapter is
to create an incentive for the rehabilitation, renovation, and
redevelopment of abandoned textile mill sites located in South
Carolina.

(B) The abandonment of textile mills has resulted in the
disruption of communities and increased the cost to local
governments by requiring additional police and fire services due to
excessive vacancies. Many abandoned textile mills pose safety
concerns. A public and corporate purpose is served by restoring
these textile mill sites to a productive asset for the communities
and result in increased job opportunities.

(C) There exists in many communities of this State abandoned
textile mills. The stable economic and physical development of
these textile mill sites is endangered by the presence of these
abandoned textile mills as manifested by the progressive and
advanced deterioration of these structures. As a result of the
existence of these abandoned mills, there is an excessive and

1 disproportionate expenditure of public funds, inadequate public
2 and private investment, property not marketable, growth in
3 delinquencies, and crime in the areas, together with an abnormal
4 exodus of families and businesses, so that the decline of these
5 areas impairs the value of private investments, threatens the sound
6 growth and the tax base of taxing districts in these areas, and
7 threatens the health, safety, morals, and welfare of the public. To
8 remove and alleviate these adverse conditions, it is necessary to
9 encourage private investment and restore and enhance the tax base
10 of the taxing districts in the areas by the redevelopment of these
11 abandoned textile mill sites.

12
13 Section 12-64-30. For the purposes of this chapter, unless the
14 context requires otherwise:

15 (1) 'Abandoned' means that at least eighty percent of the
16 textile mill has been closed continuously to business or otherwise
17 not operational as a textile mill for a period of at least one year
18 immediately preceding the date on which the taxpayer files a
19 'Notice of Intent to Redevelop'. For purposes of this item, a
20 textile mill site that otherwise qualifies as abandoned may be
21 subdivided into separate parcels, which parcels may be owned by
22 the same taxpayer or different taxpayers, and each parcel must be
23 deemed to be an eligible site for purposes of determining whether
24 the parcel is considered to be abandoned.

25 (2) 'Ancillary uses' means uses related to the textile
26 manufacturing, dying, or finishing operations on a textile mill site
27 consisting of sales, distribution, storage, water runoff, wastewater
28 treatment and detention, pollution control, personnel offices,
29 security offices, employee parking, dining, and recreation areas,
30 and internal roadways or driveways directly associated with such
31 uses.

32 (3) 'Textile mill' means a facility or facilities that were used for
33 textile manufacturing, dying, or finishing operations and for
34 ancillary uses to those operations.

35 (4) 'Textile mill site' means the textile mill together with the
36 land and other improvements on it which were used for textile
37 manufacturing operations, ancillary uses, or located within 1,000
38 feet of the textile mill and its ancillary uses.

39 (5) 'Local taxing entities' means a county, municipality, school
40 district, special purpose district, and other entity or district with the
41 power to levy ad valorem property taxes against the textile mill
42 site.

(6) 'Local taxing entity ratio' means that percentage computed by dividing the millage rate of each local taxing entity by the total millage rate for the textile mill site.

(7) 'Placed in service' means the date upon which the textile mill site is completed and ready for its intended use. If the textile mill site is completed and ready for use in phases, each phase is considered to be placed in service when it is completed and ready for its intended use.

(8) 'Redevelopment' means the act of demolishing, rehabilitating, and/or renovating an existing textile mill site that has been abandoned for the purpose to which it was designed, and includes expenses incurred throughout the extent of these acts of demolition, renovation, or redevelopment of the textile mill site. New construction costs are allowed to the extent the costs are for construction located within the dimensions of the textile mill site, and the construction is equal to or less than the square footage of the textile mill site. For expenses associated with a textile mill site to qualify for the credit, the textile mill and buildings on the textile mill site must be redeveloped, renovated, and/or demolished.

(9) 'Notice of Intent to Redevelop' means, with respect to a textile mill site, a letter submitted by the taxpayer to the department or the municipality or county as specified in this chapter, indicating the taxpayer's intent to redevelop the textile mill site; the location of the textile mill site; the amount of acreage involved in the textile mill site; and, the estimated expenses to be incurred in connection with redevelopment of the textile mill site. The notice also must set forth information as to which buildings the taxpayer intends to demolish, redevelop, and/or renovate; as to which buildings the taxpayer intends to demolish; and, whether new construction is to be involved.

Section 12-64-40. (A) Subject to the terms and conditions of this chapter, a taxpayer who redevelops a textile mill site is eligible for either:

(1) A credit against real property taxes levied by local taxing entities; or

(2) A credit against income taxes imposed pursuant to Chapter 6 and Chapter 11 of Title 12, or corporate license fees pursuant to Chapter 20, Title 12; or

(3) A credit against corporate license fees imposed pursuant to Chapter 20 of Title 12.

(B) If the taxpayer elects to receive the credit pursuant to subsection (A)(1), the following provisions apply:

1 (1) The taxpayer shall file a 'Notice of Intent to Redevelop'
2 with the municipality, or the county if the textile mill site is located
3 in an unincorporated area, in which the textile mill site is located
4 before incurring its first rehabilitation expenses at the textile mill
5 site. Failure to provide the 'Notice of Intent to Redevelop' results
6 in qualification of only those rehabilitation expenses incurred after
7 notice is provided.

8 (2) Once the 'Notice of Intent to Redevelop' has been
9 provided to the county or municipality, the municipality or the
10 county shall first by resolution determine the eligibility of the
11 textile mill site and the proposed redevelopment expenses for the
12 credit. A proposed redevelopment of a textile mill site must be
13 approved by a positive majority vote of the local governing body.
14 For purposes of this subsection, 'positive majority vote' is as
15 defined in Section 6-1-300(5). If the county or municipality
16 determines that the textile mill site and the proposed rehabilitation
17 expenses are eligible for the aforementioned credit(s), there must
18 be a public hearing and the municipality or county shall approve
19 the textile mill site for the credit by ordinance. Before approving a
20 textile mill site for the credit, the municipality or county shall
21 make a finding that the credit does not violate a covenant,
22 representation, or warranty in any of its tax increment financing
23 transactions or an outstanding general obligation bond issued by
24 the county or municipality.

25 (3)(a) The amount of the credit is equal to twenty-five
26 percent of the actual redevelopment expenses made at the textile
27 mill site times the local taxing entity ratio of each local taxing
28 entity that has consented to the credit pursuant to item (4), if the
29 actual redevelopment expenses incurred in rehabilitating the textile
30 mill site are between eighty percent and one hundred twenty-five
31 percent of the estimated redevelopment expenses set forth in the
32 'Notice of Intent to Redevelopment'. If the actual redevelopment
33 expenses exceed one hundred twenty-five percent of the estimated
34 expenses set forth in the 'Notice of Intent to Redevelopment', the
35 taxpayer qualifies for the credit based on one hundred twenty-five
36 percent of the estimated expenses as opposed to the actual
37 expenses it incurred in rehabilitating the textile mill site. If the
38 actual redevelopment expenses are below eighty percent of the
39 estimated redevelopment expenses, the credit is not allowed. The
40 ordinance must provide for the credit to be taken as a credit against
41 up to seventy-five percent of the real property taxes due on the
42 textile mill site each year for up to eight years.

1 (b) The local taxing entity ratio is set as of the time the
2 'Notice of Intent to Redevelop' is filed and remains set for the
3 entire period that the credit may be claimed by the taxpayer.

4 (4) Not fewer than forty-five days before holding the public
5 hearing required by subsection (B)(2), the governing body of the
6 municipality or county shall give notice to all affected local taxing
7 entities in which the textile mill site is located of its intention to
8 grant a credit against real property taxes for the textile mill site and
9 the amount of estimated credit proposed to be granted based on the
10 estimated redevelopment expenses. If a local taxing entity does not
11 file an objection to the tax credit with the municipality or county
12 on or before the date of the public hearing, the local taxing entity is
13 considered to have consented to the tax credit.

14 (5) The credit against real property taxes may be claimed for
15 the property tax year the rehabilitated textile mill site is first placed
16 in service.

17 (C) If the taxpayer elects to receive the credit pursuant to
18 subsection (A)(2), the following provisions apply:

19 (1) The taxpayer must file with the department a 'Notice of
20 Intent to Redevelop' before incurring its first rehabilitation
21 expenses at the textile mill site. Failure to provide the 'Notice of
22 Intent to Redevelop' results in qualification of only those
23 rehabilitation expenses incurred after the notice is provided.

24 (2) The amount of the credit is equal to twenty-five percent
25 of the actual rehabilitation expenses made at the textile mill site if
26 the actual redevelopment expenses incurred in rehabilitating the
27 textile mill site are between eighty percent and one hundred
28 twenty-five percent of the estimated redevelopment expenses set
29 forth in the 'Notice of Intent to Redevelop'. If the actual
30 redevelopment expenses exceed one hundred twenty-five percent
31 of the estimated expenses set forth in the 'Notice of Intent to
32 Redevelop', the taxpayer qualifies for the credit based on one
33 hundred twenty-five percent of the estimated expenses as opposed
34 to the actual expenses it incurred in rehabilitating the textile mill
35 site. If the actual redevelopment expenses are below eighty
36 percent of the estimated redevelopment expenses, the credit is not
37 allowed.

38 (3) The entire credit shall vest in the taxable year in which
39 the application portion of the textile mill site is placed in service
40 but must be taken in equal installments over a five-year period
41 beginning with the tax year in which the rehabilitated textile mill
42 site is placed in service. Any unused portion of a credit installment
43 may be carried forward for the succeeding five years.

1 (4) If the taxpayer qualifies for both the credit allowed by
2 this subsection and the credit allowed pursuant to Section
3 12-6-3535, the taxpayer may claim both credits.

4 (5) The credit allowed by this subsection is limited in use to
5 fifty percent of either:

6 (a) The taxpayer's income tax liability for the taxable year
7 if the taxpayer claims the credit allowed by this section as a credit
8 against income tax imposed pursuant to Chapter 6 and Chapter 11;
9 or

10 (b) The taxpayer's corporate license fees for the taxable
11 year if the taxpayer claims the credit allowed by this section as a
12 credit against license fees imposed pursuant to Chapter 20.

13 (6)(a) If the taxpayer leases any portion of the textile mill
14 site, the taxpayer may transfer any applicable remaining credit
15 associated with the redevelopment expenses incurred with respect
16 to that portion of the textile mill site to the lessee of the site. If a
17 taxpayer sells the textile mill site, or part of the textile mill site, the
18 taxpayer may transfer all, or part of the remaining credit,
19 associated with the rehabilitation expenses incurred with respect to
20 that part of the site to the purchaser of the applicable portion of the
21 textile mill site.

22 (b) To the extent that the taxpayer transfers the credit, the
23 taxpayer must notify the department of the transfer in the manner
24 the department prescribes.

25 (7) To the extent that the taxpayer is a partnership or a
26 limited liability company taxed as a partnership, the credit may be
27 passed through to the partners or members and may be allocated
28 among any of its partners or members including, without
29 limitation, an allocation of the entire credit to one partner or
30 member.

31 (8) A taxpayer is not eligible for the credit if the taxpayer
32 owned the otherwise eligible textile mill site when the site was
33 operational and immediately prior to its abandonment.

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35 Section 12-64-50. The provisions of Chapter 31, Title 6 also
36 apply to this chapter; except that, the requirements of Section
37 6-31-40 do not apply."

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39 B. Chapter 32, Title 6 of the 1976 Code is repealed.

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

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