

STATE OF SOUTH CAROLINA DEPARTMENT OF REVENUE

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SC INFORMATION LETTER #24-6

SUBJECT:	Amendment to the Maximum Abandoned Buildings Revitalization Credit (Income Tax, Corporate License Fees, Insurance Premium Tax, Property Tax)
DATE:	June 10, 2024
REFERENCES:	Chapter 67 of Title 12 2024 Act No. 169
AUTHORITY:	S.C. Code Ann. § 12-4-320 S.C. Code Ann. § 1-23-10(4) SC Revenue Procedure #09-3
SCOPE:	An Information Letter is a written statement issued to the public to announce general information useful in complying with the laws administered by the Department. An Information Letter has no precedential value.

Effective May 20, 2024, Act No. 169 extended the sunsetting of the Abandoned Buildings Revitalization credit to December 31, 2035, and amended S.C. Code Ann. § 12-67-140(B)(3)(b) to provide "The entire credit earned pursuant to this subsection may not exceed seven hundred thousand dollars for any taxpayer in a tax year for each abandoned building site. The limitation provided in this subitem applies to each unit or parcel deemed to be an abandoned building site." The previous cap on the amount of the credit was \$500,000 for any taxpayer in a tax year for each abandoned building site. The purpose of this Information Letter is to provide taxpayers with notice that <u>the Department</u> <u>will accept an Amended Notice of Intent to Rehabilitate until October 15, 2024</u>, to allow taxpayers to take advantage of the increase in the maximum amount of the credit.

When Act No. 169 became effective, some taxpayers had filed with the Department a Notice of Intent to Rehabilitate ("the Notice") but had not yet placed into service the applicable phase or portion of the building site. While taxpayers are not typically permitted to amend the Notice, the Department allowed amendments after a previous revision to the South Carolina Abandoned Buildings Revitalization Act ("the Act"). See RR 15-7.

The expressed intent of the Act is to create an incentive for the rehabilitation, renovation, and redevelopment of abandoned buildings in South Carolina. The Act provides that restoration of abandoned buildings into productive assets for the communities in which they are located serves a public and corporate purpose and results in job opportunities. To remove and alleviate adverse conditions, including disproportionate expenditure of public funds, unmarketability of property, crime, and abnormal exodus of families and businesses, it is necessary to encourage private investment and restore the tax base of the taxing districts through the redevelopment of these abandoned buildings.

To fully effectuate the intent of the Act including the increase in the maximum amount of the credit, if a taxpayer has filed the Notice with the Department but has not placed the qualifying building site in service, <u>the Department will allow amendments to the Notice until October 15, 2024</u>.

If a taxpayer chooses to amend the estimated rehabilitation expenses in the Notice, the taxpayer should bear in mind the following, which were not changed as part of Act No. 169:

- The credit is based on the actually incurred rehabilitation expenses so long as the actual expenses are between eighty and one hundred twenty-five percent of the *amended* estimated rehabilitation expenses.
- The credit is not allowed if the actual rehabilitation expenses are below eighty percent of the *amended* estimated rehabilitation expenses.
- If the actual rehabilitation expenses exceed one hundred twenty-five percent of the *amended* estimated rehabilitation expenses, the taxpayer qualifies for the credit based on one hundred twenty-five percent of the amended estimated expenses, rather than the actually incurred rehabilitation expenses.