

## **PART I: APPENDICES**

### **54. APPENDIX I**

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## Appendix I

### Corporate Income Tax Nexus Creating Activities

Below is a summary of South Carolina Revenue Ruling #03-4 and the Department's guidance concerning corporate income tax nexus creating activities. (A complete copy of South Carolina Revenue Ruling #03-4 is available on the Department's website at [www.dor.sc.gov](http://www.dor.sc.gov).) Initially, this project began as an informal response to a Bureau of National Affairs, Inc., survey covering types of business activities or relationships that, by themselves, may or may not create corporate income tax nexus. The survey contained the following categories of questions:

1. General Activities
2. Property and Other Investments in South Carolina
3. Sales and Other Related Activities in South Carolina
4. Employee Activities
5. Activities of Unrelated Parties
6. Distribution and Delivery
7. Financial Activities/Transactions
8. Transactions with South Carolina Printers

Each response is based upon the specific facts described in the survey and necessary assumptions were made to answer each question. For example, the Department assumed that each specific survey question by itself was the only possible nexus creating activity or relationship a business has in South Carolina. Also, the Department assumed that the activities described are not "de minimis" unless the question or answer specifically states otherwise.

Each response refers only to income tax nexus. Activities that create nexus for income tax purposes differ somewhat from those that create nexus for other tax purposes. Further, the Department did not address the imposition of any license fee, filing requirements, withholding responsibilities, or the consequences of unity and foreign commerce.

A “yes” or “no” response to the survey question indicates whether each of the following activities or relationships will, by themselves, create corporate income tax nexus. In some instances, if the survey question was ambiguous or there were insufficient facts to accurately answer the question, the Department either provided a qualified response or did not provide a response to the question. Such questions have a “note” appended to them. Since developments in this area are constantly taking place, any response is subject to change due to a future statute, court decision, or advisory opinion.

**CAUTION:** Since a thorough review of the facts and circumstances of each taxpayer’s situation is required in order to make a nexus determination, additional facts not considered in answering the questions below may change the result.

**A. General Activities**

	YES	NO
1. The corporation is licensed, registered, authorized, or certified to conduct business in South Carolina.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. The corporation makes sales to customers in South Carolina by means of an 800 telephone order number and advertises in South Carolina.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. The corporation is listed in the local telephone books of cities in South Carolina. <b>Note:</b> Assuming phone is not answered in South Carolina.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. The corporation uses local phone numbers in South Carolina, which are forwarded to the corporation’s headquarters located in another state.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. The corporation has a Web site located on a server in South Carolina. <b>Note:</b> Assuming server is a common carrier, and the corporation does not own or lease the server.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. The corporation reimburses its in-state salespersons for the costs of maintaining an in-home office.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7. Does South Carolina have a de minimis standard? <b>Note:</b> South Carolina has a de minimis standard and follows the principles defined by the courts. See <i>Wisconsin Department of Revenue v. William Wrigley, Jr., Co.</i> , 112 S. Ct. 2447 (1992), SC Revenue Ruling #97-15, SC Private Letter Ruling #94-8, and SC Code Section 12-6-4920.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Does South Carolina conform to the Multistate Tax Commission’s Nexus Bulletin 95-1 “Computer Company’s Provision of In-State Repair Services Creates Nexus?” <b>Note:</b> South Carolina has not adopted MTC’s Nexus Bulletin, however, see Questions E. 5. and E. 7.	<input type="checkbox"/>	<input type="checkbox"/>

**B. Property and Other Investments in South Carolina**

	YES	NO
1. The corporation owns raw land.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The corporation stores inventory or other goods in a public warehouse for fewer than 30 days per year. <b>Note:</b> Except for independent contractors under Public Law 86-272 and persons storing material in connection with a printing contract under SC Code Section 12-6-555.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The corporation ships in-process inventory to an unrelated party in South Carolina solely for processing. <b>Note:</b> Except for processing in connection with a printing contract under SC Code Section 12-6-555.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The corporation consigns goods to vendors, independent contractors, or other parties. <b>Note:</b> Except for independent contractors under Public Law 86-272.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. The corporation owns display racks. <b>Note:</b> Furnishing and setting up display racks and advising customers on the display of the company's products without charge or other consideration is a protected activity under SC Revenue Ruling #97-15. The answer assumes that the corporation does not sell or lease the racks and the racks do not operate to prepare the product for use or as vending machines.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. The corporation owns tooling, molds, dies, etc., located at a manufacturing facility in South Carolina.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. The corporation leases (as lessor) real estate in the state to an unrelated third party.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. The corporation leases (as lessor) rented mobile property such as rail cars, planes, and trailers, which the lessee may use in South Carolina five or fewer times per year. <b>Note:</b> Assuming it is not de minimis. See SC Private Letter Ruling #94-8 where it was concluded that the leasing of airplanes landing in SC three times per year was de minimis.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. The corporation owns or leases automobiles provided to salespersons.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10. The corporation owns or leases trucks or automobiles used by non-salespersons.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. The corporation owns or leases other machinery or equipment.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. The corporation owns an interest in an investment partnership or LLC that has operations in South Carolina. <b>Note:</b> Although the income may not be taxed in SC. See SC Commission Decision #92-58 and SC Private Letter Ruling #95-2.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. The corporation owns a general interest in a partnership that is doing business in South Carolina.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. The corporation owns a limited interest in a partnership that is doing business in South Carolina.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

- |   | YES                                 | NO                       |
|---|-------------------------------------|--------------------------|
| 15. The corporation owns an interest in an LLC that is doing business in South Carolina and is involved in managing the LLC.<br><b>Note:</b> Assuming the LLC is taxed as a partnership or S Corporation.                                       | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 16. The corporation owns an interest in an LLC that is doing business in South Carolina, but is not the managing member or otherwise involved in managing the LLC.<br><b>Note:</b> Assuming the LLC is taxed as a partnership or S Corporation. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

**C. Sales and Other Income-Related Activities in South Carolina**

- |   | YES                                 | NO                                  |
|---|-------------------------------------|-------------------------------------|
| 1. The corporation holds title to property located in South Carolina until the contract price has been paid.<br><b>Note:</b> Assuming ownership has not passed and that holding title does not serve merely as a security interest.   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 2. The corporation files a security interest on inventory sold until the contract price has been paid.  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 3. The corporation licenses trademarks or trade names to related entities with locations in South Carolina.   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 4. The corporation licenses trademarks or trade names to unrelated entities with locations in South Carolina.   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 5. The corporation sells/licenses franchises (such as fast-food franchises) to residents of South Carolina.<br><b>Note:</b> Assuming this does not mean the sale of an entire business, <i>e.g.</i> , not an outright sale of a restaurant and not a sale of all of franchisor’s interest in the franchise. | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 6. The corporation licenses canned software to consumers in South Carolina.   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 7. The corporation provides six or fewer days of consulting services in South Carolina during the year.<br><b>Note:</b> Unless de minimis.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

**D. Employee Activities**

- |  | YES                                 | NO                                  |
|--|-------------------------------------|-------------------------------------|
| 1. Employees, while in South Carolina, accept and approve customer orders.                           | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 2. Employees, while in South Carolina, negotiate prices, subject to approval outside South Carolina. | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

	YES	NO
3. Employees, while in South Carolina, investigate credit-worthiness of customers.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Employees, while in South Carolina, secure or accept deposits on sales.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Employees, while in South Carolina, handle credit disputes.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Employees, while in South Carolina, collect delinquent accounts.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Employees, while in South Carolina, repossess property.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Employees, while in South Carolina, regularly perform installation, repair, maintenance, or warranty services.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Employees, while in South Carolina, perform installation, repair, or warranty services four or fewer times per year. <b>Note:</b> Unless de minimis.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Employees, while in South Carolina, set up promotional display of products (e.g., end caps, etc.) and inspect inventory. <b>Note:</b> No response. The setting up of promotional displays of products will not create nexus. The inspection of inventory for purposes other than reorder, such as quality control, will create nexus.	<input type="checkbox"/>	<input type="checkbox"/>
11. Employees, while in South Carolina, supervise or inspect installation.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. Employees, while in South Carolina, conduct training courses, seminars or lectures two times per year. <b>Note:</b> Unless sales training.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. Employees, while in South Carolina, provide engineering or design functions related to customized products.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. Employees, while in South Carolina, handle customer complaints. <b>Note:</b> Facilitating communication between the company and the customer when the purpose of such mediation is to ingratiate the sales personnel with the customer, however, is a protected activity. See SC Revenue Ruling #97-15.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. Employees, while in South Carolina, pick up defective merchandise.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16. Employees, while in South Carolina, pick up or replace damaged or returned property.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17. Employees, while in South Carolina, provide shipping information and coordinate deliveries.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18. Employees, while in South Carolina, attend trade shows or maintain sample/display rooms for 14 or fewer days per year.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
19. Employees, while in South Carolina, maintain a two-month supply of free samples.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20. Employees, while in South Carolina, check customers' inventories for reorder.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
21. Employees, while in South Carolina, telecommute from their homes located in South Carolina (assume that there are six or fewer such employees in South Carolina and all of these employees perform nonsolicitation activities.)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

- |   | YES                                 | NO                                  |
|---|-------------------------------------|-------------------------------------|
| 22. Employees, while in South Carolina, assist the corporation in defending a lawsuit (e.g., legal staff and witnesses) while in South Carolina for 30 or fewer days.<br><b>Note:</b> See SC Revenue Ruling #98-3 where it concluded that the use of the SC court system by an out-of-state company sending various employees to SC to assist its independent legal counsel defend a lawsuit does not give the out-of-state company nexus with SC. The law firm providing counsel is taxable in SC. | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 23. Employees, while in South Carolina, purchase raw materials and inventory while in South Carolina for 20 or fewer days.  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 24. Employees, while in South Carolina, attend seminars.  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 25. Employees, while in South Carolina, attend an annual training seminar, convention, trade show, retreat, or board of directors meeting for 14 or fewer consecutive days each year (assume that during their stay, employees maintain contact with the out-of-state office, and conduct business over the telephone or fax machines in South Carolina.)   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 26. Employees, while in South Carolina, fly into South Carolina on a company plane to attend a seminar.   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 27. Employees, while in South Carolina, fly into South Carolina on a company plane to attend sports events at least four times, but fewer than 10 times per year.<br><b>Note:</b> Assuming the employees are attending as spectators.   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 28. Employees, while in South Carolina, attend seminars or social functions while staying on a company yacht docked in waters in South Carolina for 14 or fewer days.   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 29. An employee, while in South Carolina, makes a single sale on his or her own initiative and without the company's prior knowledge (assume that the sale was de minimis.)   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 30. An employee, while in South Carolina, makes a single sale on his or her own initiative and without the company's prior knowledge (assume that the sale was not de minimis.)   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 31. An employee, while in South Carolina, solicits sales of services in South Carolina six or fewer days per year.<br><b>Note:</b> Assuming not de minimis.   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

**E. Activities of Unrelated Parties**

- |  | YES                                 | NO                       |
|--|-------------------------------------|--------------------------|
| 1. Unrelated third parties located in South Carolina provide fulfillment services (i.e., fill product orders from corporate-owned inventory.)<br><b>Note:</b> No Response. Depends upon facts that have not been provided. | <input type="checkbox"/>            | <input type="checkbox"/> |
| 2. Unrelated third parties located in South Carolina collect regular or delinquent accounts.<br><b>Note:</b> Assuming the collection is being done on behalf of the out of state company.                                  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- |  | YES                                 | NO                       |
|--|-------------------------------------|--------------------------|
| 3. Unrelated third parties located in South Carolina investigate credit worthiness of new customers.<br><b>Note:</b> Assuming the investigation is done on behalf of the out of state company.   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. Unrelated third parties located in South Carolina repossess property six or fewer times a year.<br><b>Note:</b> If not de minimis.  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 5. Unrelated third parties located in South Carolina repair or provide maintenance, including warranty services, six or fewer times per year.<br><b>Note:</b> If not de minimis and if conducted on behalf of the out of state company. Generally, services will be considered to be conducted on behalf of the out of state company if that company contracts for or controls the services. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 6. Unrelated third parties located in South Carolina assist with the “set-up” or installation of the company’s products.<br><b>Note:</b> See Question E. 5. note.  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 7. Unrelated third parties located in South Carolina perform repairs under standard or extended warranty.<br><b>Note:</b> See Question E. 5. note.   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 8. Unrelated third parties located in South Carolina close mortgage loans for an out-of-state financial organization.  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. Unrelated third parties located in South Carolina service mortgage and/or consumer loans for an out-of-state financial organization.  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

**F. Distribution and Delivery**

- |  | YES                                 | NO                                  |
|--|-------------------------------------|-------------------------------------|
| 1. The corporation ships products into South Carolina in returnable containers.<br><b>Note:</b> Assuming the corporation asks for their return.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 2. The corporation delivers goods into South Carolina (from a point outside South Carolina) to customers in the corporation’s owned or leased vehicles.  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 3. The corporation picks up defective products or scrap materials in South Carolina in corporate owned vehicles.   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 4. The corporation picks up raw materials in South Carolina in corporate owned vehicles.<br><b>Note:</b> Assuming the pickup is not a backhaul; see Question F. 8.   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 5. The corporation travels to or through South Carolina no more than six times per year in corporate owned trucks, but does not pick up or deliver goods in South Carolina.<br><b>Note:</b> See SC Code Section 12-6-4920. | <input type="checkbox"/>            | <input type="checkbox"/>            |

- |   | YES                                 | NO                                  |
|---|-------------------------------------|-------------------------------------|
| 6. The corporation travels to or through South Carolina more than six times, but no more than 12 times, per year in corporate owned trucks, but does not pick up or deliver goods in South Carolina.<br><b>Note:</b> See SC Code Section 12-6-4920.                   | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 7. The corporation travels to or through South Carolina more than 12 times per year in corporate owned trucks, but does not pick up or deliver goods in South Carolina.<br><b>Note:</b> See SC Code Section 12-6-4920.  | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 8. The corporation “back hauls” ( <i>i.e.</i> , pick up shipments at the destination or nearby location for delivery to another point) in corporate owned trucks.   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 9. The corporation holds title to electricity flowing through a transmission wire within South Carolina (the transmission neither originates nor terminates in South Carolina.)<br><b>Note:</b> Assuming the corporation does not own or lease the transmission wire. | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 10. The corporation holds title to natural gas flowing through a pipeline within South Carolina (the natural gas neither originates nor terminates in South Carolina.)<br><b>Note:</b> Assuming the corporation does not own or lease the pipeline.                   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

**G. Financial Activities/Transactions**

- |  | YES                                 | NO                                  |
|--|-------------------------------------|-------------------------------------|
| 1. The corporation maintains a bank account at a bank located in South Carolina.   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 2. The corporation negotiates and obtains bank loans from a bank located in South Carolina (assume officers of the corporation visit the bank at least twice a year to discuss business.)  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 3. The corporation makes loans secured by real estate located in South Carolina.<br><b>Note:</b> No response, depends on facts that are not provided.  | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 4. The corporation makes personal loans secured by tangible property located in South Carolina.<br><b>Note:</b> No response, depends on facts that are not provided. SC Revenue Ruling #98-3 provides an example where a NC finance company does business in NC and TN. The company makes a personal loan to a NC resident who moves to SC the following year. The finance company does not have nexus with SC. The result would not change if the NC resident who moved to SC had his personal car secured by the NC loan. Further, the finance company does not have nexus with SC if the SC borrower contacts the NC finance company to renew the loan. | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 5. The corporation issues credit cards to residents of South Carolina.   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

- |  | YES                                 | NO                                  |
|--|-------------------------------------|-------------------------------------|
| 6. The corporation purchases, via the secondary market, loans secured by real estate located in South Carolina.<br><b>Note:</b> No response, depends on facts that are not provided. SC Revenue Ruling #98-3 provides an example where a NY company is in the business of packaging and selling credit card and mortgage loans to passive investors throughout the US. A few of the debtors and some of the property securing the loans are located in SC. The passive investors do not have nexus with SC. Note, however, if the purchaser “services” the loans in SC, there may be nexus depending on the facts and circumstances. | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 7. The corporation purchases, via the secondary market, credit account balances of residents of South Carolina.<br><b>Note:</b> No response. See Question G. 6. note.  | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 8. The corporation makes personal loans to 20 or more residents of South Carolina who traveled across the state border to obtain the loans.<br><b>Note:</b> No response, depends on facts that are not provided.   | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 9. The corporation makes personal loans to 20 or more out-of-state residents who over a number of years subsequently move to South Carolina.<br><b>Note:</b> See SC Revenue Ruling #98-3 debt examples.  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 10. The corporation makes automobile loans to 20 or more out-of-state residents who, over a number of years, subsequently move to South Carolina.<br><b>Note:</b> See SC Revenue Ruling #98-3 debt examples.   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 11. The corporation is in the business of packaging and selling credit card and mortgage loans to passive investors throughout the United States (assume a few of the debtors and some of the property securing the loans are located in South Carolina.)<br><b>Note:</b> See SC Revenue Ruling #98-3 debt examples.   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 12. The corporation forecloses on one parcel of real estate located in South Carolina.<br><b>Note:</b> No response, depends on facts that are not provided.  | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 13. The corporation forecloses on several parcels of real estate located in South Carolina.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

**H. Transactions with South Carolina Printers**

- |  | YES                      | NO                                  |
|--|--------------------------|-------------------------------------|
| 1. The corporation leases tangible personal property located at a printer in South Carolina for use in connection with a printing contract (assume that once the work is complete, the printer ships the printed material out of South Carolina for addressing and mailing.)<br><b>Note:</b> See SC Code Section 12-6-555. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 2. The corporation owns raw materials at an in-state printer.<br><b>Note:</b> See SC Code Section 12-6-555.  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3. The corporation visits in-state printers for quality control purposes six or fewer times per year.  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

## Appendix II

### Job Development Credit Hourly Gross Wage Figures For Years 1995 – 2016

Percent To Claim	Gross Wage Per Hour of New Employee – 1995	Percent To Claim	Gross Wage Per Hour of New Employee – 2000
2%	\$6.00 to \$7.99	2%	\$6.74 to \$8.98
3%	\$8.00 to \$9.99	3%	\$8.99 to \$11.23
4%	\$10.00 to \$14.99	4%	\$11.24 to \$16.85
5%	\$15.00 and over	5%	\$16.86 and over

Percent To Claim	Gross Wage Per Hour of New Employee – 1996	Percent To Claim	Gross Wage Per Hour of New Employee – 2001
2%	\$6.16 to \$8.21	2%	\$6.95 to \$9.26
3%	\$8.22 to \$10.26	3%	\$9.27 to \$11.57
4%	\$10.27 to \$15.40	4%	\$11.58 to \$17.37
5%	\$15.41 and over	5%	\$17.38 and over

Percent To Claim	Gross Wage Per Hour of New Employee – 1997	Percent To Claim	Gross Wage Per Hour of New Employee – 2002
2%	\$6.34 to \$8.44	2%	\$7.18 to \$9.57
3%	\$8.45 to \$10.55	3%	\$9.58 to \$11.96
4%	\$10.56 to \$15.84	4%	\$11.97 to \$17.95
5%	\$15.85 and over	5%	\$17.96 and over

Percent To Claim	Gross Wage Per Hour of New Employee – 1998	Percent To Claim	Gross Wage Per Hour of New Employee - 2003
2%	\$6.51 to \$8.68	2%	\$7.30 to \$9.72
3%	\$8.69 to \$10.85	3%	\$9.73 to \$12.15
4%	\$10.86 to \$16.28	4%	\$12.16 to \$18.23
5%	\$16.29 and over	5%	\$18.24 and over

Percent To Claim	Gross Wage Per Hour of New Employee – 1999	Percent To Claim	Gross Wage Per Hour of New Employee – 2004
2%	\$6.62 to \$8.82	2%	\$7.46 to \$9.94
3%	\$8.83 to \$11.03	3%	\$9.95 to \$12.43
4%	\$11.04 to \$16.55	4%	\$12.44 to \$18.65
5%	\$16.56 and over	5%	\$18.66 and over

<b>Percent To Claim</b>	<b>Gross Wage Per Hour of New Employee – 2005</b>	<b>Percent To Claim</b>	<b>Gross Wage Per Hour of New Employee – 2010</b>
2%	\$7.64 to \$10.17	2%	\$8.74 to \$11.64
3%	\$10.18 to \$12.72	3%	\$11.65 to \$14.55
4%	\$12.73 to \$19.08	4%	\$14.56 to \$21.84
5%	\$19.09 and over	5%	\$21.85 and over
<b>Percent To Claim</b>	<b>Gross Wage Per Hour of New Employee – 2006</b>	<b>Percent To Claim</b>	<b>Gross Wage Per Hour of New Employee – 2011</b>
2%	\$7.87 to \$10.49	2%	\$8.87 to \$11.81
3%	\$10.50 to \$13.11	3%	\$11.82 to \$14.77
4%	\$13.12 to \$19.68	4%	\$14.78 to \$22.16
5%	\$19.69 and over	5%	\$22.17 and over
<b>Percent To Claim</b>	<b>Gross Wage Per Hour of New Employee – 2007</b>	<b>Percent To Claim</b>	<b>Gross Wage Per Hour of New Employee – 2012</b>
2%	\$8.18 to \$10.89	2%	\$9.08 to \$12.10
3%	\$10.90 to \$13.63	3%	\$12.11 to \$15.12
4%	\$13.64 to \$20.44	4%	\$15.13 to \$22.69
5%	\$20.45 and over	5%	\$22.70 and over
<b>Percent To Claim</b>	<b>Gross Wage Per Hour of New Employee – 2008</b>	<b>Percent To Claim</b>	<b>Gross Wage Per Hour of New Employee – 2013</b>
2%	\$8.37 to \$11.14	2%	\$9.32 to \$12.41
3%	\$11.15 to \$13.94	3%	\$12.42 to \$15.51
4%	\$13.95 to \$20.91	4%	\$15.52 to \$23.28
5%	\$20.92 and over	5%	\$23.29 and over
<b>Percent To Claim</b>	<b>Gross Wage Per Hour of New Employee – 2009</b>	<b>Percent To Claim</b>	<b>Gross Wage Per Hour of New Employee – 2014</b>
2%	\$8.72 to \$11.62	2%	\$9.48 to \$12.62
3%	\$11.63 to \$14.53	3%	\$12.63 to \$15.78
4%	\$14.54 to \$21.80	4%	\$15.79 to \$23.67
5%	\$21.81 and over	5%	\$23.68 and over
<b>Percent To Claim</b>	<b>Gross Wage Per Hour of New Employee – 2015</b>	<b>Percent To Claim</b>	<b>Gross Wage Per Hour of New Employee – 2016</b>
2%	\$9.63 to \$12.82	2%	\$9.67 to \$12.87
3%	\$12.83 to \$16.03	3%	\$12.88 to \$16.10
4%	\$16.04 to \$24.06	4%	\$16.11 to \$24.16
5%	\$24.07 and over	5%	\$24.17 and over

## Appendix III

### GENERAL SUMMARY OF ABANDONED BUILDING, TEXTILE, AND RETAIL TAX CREDITS FROM INFORMATION LETTER #15-9

**(CAUTION: This summary is written in general terms. It may not be relied on as a substitute for researching original sources of authority.)**

#### Part 1 – Income Tax Credits

	<b>Abandoned Building Income Tax Credit</b>	<b>Textile Mill Income Tax Credit (For sites placed in service Jan. 1, 2008, and after)</b>	<b>Retail Facility Income Tax Credit</b>
<b>Code Section</b>	Title 12, Chapter 67	Title 12, Chapter 65	Title 6, Chapter 34
<b>Form</b>	TC-55	TC-23	TC-31
<b>Repeal Date</b>	December 31, 2019 Does not affect remaining credit installments or carryforward period of any credit earned	none	July 1, 2016 Does not affect remaining credit installments or carryforward period of any credit earned
<b>Taxpayer (TP) Qualifying for Credit</b>	TP who rehabilitates an abandoned building, incurs minimum rehabilitation expenses, and places building site in service for income producing purposes	TP who rehabilitates a textile mill site and places site in service for its intended use	TP who improves, renovates, or redevelops an eligible site and places it in service
<b>Taxes Credit Available Against</b>	Income taxes - Ch. 6, Title 12 Bank franchise tax - Ch.11, Title 12 Savings & Loan - Ch. 13, Title 12 Corp. license fee - Ch. 20, Title 12 Insurance premium tax – Title 38, Ch.7  For building sites placed in service before June 9, 2015, see “Special Rules” below	Income taxes - Ch. 6, Title 12 Bank franchise tax - Ch. 11, Title 12 Corp. license fee - Ch. 20, Title 12 Insurance premium tax - Title 38, Ch. 7	Income taxes - Ch. 6, Title 12 Bank franchise tax - Ch. 11, Title 12 Savings & Loan - Ch. 13, Title 12

	<b>Abandoned Building Income Tax Credit</b>	<b>Textile Mill Income Tax Credit (For sites placed in service Jan. 1, 2008, and after)</b>	<b>Retail Facility Income Tax Credit</b>
<b>Notice of Intent or Notice of Election to Inform DOR of Credit Selection (Notice)</b>	<p>TP files Notice of Intent with DOR before incurring first rehabilitation expenses</p> <p>Failure to timely file results in qualification only of rehabilitation expenses incurred after Notice is provided</p> <p>See RR #15-7 for guidance in completing Notice letter</p>	<p>TP files Notice of Intent with DOR prior to receiving building permits for site</p> <p>Failure to timely file results in qualification only of rehabilitation expenses incurred after Notice is provided</p> <p>See RR #15-8 for guidance in completing Notice letter</p>	<p>TP files Notice of Election letter with DOR before site is placed in service to inform of selection of either the income tax credit or the property tax credit</p> <p>If failure to affirmatively elect either credit with DOR or TP is unable to obtain county approval, TP is deemed to have elected income tax credit</p>
<b>Address to Mail Notice to DOR</b>	<p>SCDOR Abandoned Buildings Credit Notice Research &amp; Forms Development Columbia, SC 29214-0019</p>	<p>SCDOR Textile Mill Credit Notice Research &amp; Forms Development Columbia, SC 29214-0019</p>	<p>SCDOR Retail Facility Credit Notice Research &amp; Forms Development Columbia, SC 29214-0019</p>
<b>Credit Amount Earned by TP</b>	<p>25% of actual rehabilitation expenses – if actual rehabilitation expenses are <u>80% - 125%</u> of estimated expense amount reported in Notice</p> <p>25% of 125% of estimated expense reported in Notice - if actual rehabilitation expenses <u>exceed 125%</u> of estimated expense amount reported in Notice</p> <p>No credit – if actual rehabilitation expenses are <u>below 80%</u> of estimated expense amount reported in Notice</p>	<p>25% of actual rehabilitation expenses – if actual rehabilitation expenses are <u>125% or less</u> than the estimated expense amount reported in Notice</p> <p>25% of 125% of estimated expense amount reported in Notice - if actual rehabilitation expenses <u>exceed 125%</u> of estimated expense amount reported in Notice</p> <p>For textile mill sites acquired before January 1, 2008, see “Special Rules” below</p>	<p>10% of rehabilitation expenses</p>

	<b>Abandoned Building Income Tax Credit</b>	<b>Textile Mill Income Tax Credit (For sites placed in service Jan. 1, 2008, and after)</b>	<b>Retail Facility Income Tax Credit</b>
<b>Maximum Credit Earned by TP</b>	\$500,000 for each site, each unit, or each parcel	No maximum	No maximum
<b>Abandonment Period and Space Closed to Business</b>	“Abandoned building” – a building or structure (clearly delineated from other buildings or structures) with 66% or more of the space continuously closed to business or nonoperational for income producing purposes for at least 5 years immediately preceding the date the TP files a Notice	“Abandoned” - at least 80% of textile mill has been closed continuously to business or otherwise nonoperational as a textile mill for at least 1 year immediately preceding filing of Notice	“Abandoned” - at least 80% of site’s facilities* have been continuously closed to business or nonoperational for at least 1 year preceding time determination is made (can serve as wholesale facility for up to one year during abandonment)  *Site’s facilities only include the site’s building or structure
<b>Subdivision of Site into Units or Parcels</b>	Yes, building may be subdivided into separate parcels or separate units which may be owned by same or different TPs  Each unit or parcel is deemed to be an abandoned building site for purposes of determining whether each unit or parcel is abandoned  Each unit or parcel must: (a) meet the minimum investment requirement, (b) file a separate Notice and report estimated expense; and (c) meet the Act’s purpose and requirements	Yes, site may be subdivided into separate parcels which may be owned by same or different TPs. A site, however, cannot be divided into separate units.  Each parcel is deemed to be a textile mill site for purposes of determining whether each parcel is abandoned  For any parcel on which there is a building, the building must be renovated or demolished	No, dividing site into separate units or separate parcels is not permitted

	<b>Abandoned Building Income Tax Credit</b>	<b>Textile Mill Income Tax Credit (For sites placed in service Jan. 1, 2008, and after)</b>	<b>Retail Facility Income Tax Credit</b>
<b>Eligible Site</b>	<p>“Building site” - the abandoned building and the parcel of land it is located on and other improvements on the parcel</p> <p>The area of the building site is limited to the land the abandoned building is located upon and the land immediately surrounding the building used for parking and other similar purposes directly related to the building’s income producing use</p>	<p>“Textile mill” - facility or facilities that were initially used for textile manufacturing, dyeing, or finishing operations and for ancillary uses to those operations</p> <p>“Textile mill site” - the textile mill together with land and other improvements on it which were used directly for textile manufacturing, operations or ancillary uses</p> <p>The area of the site is limited to the land located within the boundaries where the textile manufacturing, dyeing, or finishing facility structure is located and does not include land located outside the boundaries of the structure or devoted to ancillary uses</p> <p>“Ancillary uses” - uses related to the textile manufacturing, dyeing, or finishing operations on a textile mill site consisting of sales, distribution, storage, water runoff, wastewater treatment and detention, pollution control, landfill, personnel offices, security offices, employee parking, dining and recreation areas, and internal roadways or driveways directly associated with such uses</p>	<p>“Eligible site” – an abandoned shopping center, a mall, or freestanding site whose primary use was as a retail sales facility with at least one tenant occupying a 40,000 square foot or larger building</p>

	<b>Abandoned Building Income Tax Credit</b>	<b>Textile Mill Income Tax Credit (For sites placed in service Jan. 1, 2008, and after)</b>	<b>Retail Facility Income Tax Credit</b>
<b>Certification of Site by County as Abandoned</b>	<p>Yes, if TP applies to county or municipality to make determination. TP may rely upon determination. Attach to first tax return for which credit is claimed.</p> <p>For building sites placed in service before June 9, 2015, see “Special Rules” below</p>	<p>Yes, if TP applies to county or municipality to make determination. TP may rely upon determination. Attach to first tax return for which credit is claimed.</p>	<p>No, burden of proof is on TP</p>
<b>TP or Site Ineligible for Credit</b>	<p>TP who owned building when it was operational and immediately prior to abandonment</p> <p>Site with preceding use as a single family residence or the construction of single family residence</p> <p>TP claiming textile or retail credit for site</p> <p>TP who does not put site into operation for income producing purposes</p> <p>TP who does not meet purpose of Act</p> <p>TP who incurs below the minimum required rehabilitation expense for the site</p> <p>TP whose actual expenses are under 80% of estimated rehabilitation expense amount reported in Notice</p>	<p>TP owned textile mill site when site was operational and immediately prior to abandonment</p> <p>TP claiming abandoned building credit for site</p> <p>If facility previously received textile credit</p>	

	<b>Abandoned Building Income Tax Credit</b>	<b>Textile Mill Income Tax Credit (For sites placed in service Jan. 1, 2008, and after)</b>	<b>Retail Facility Income Tax Credit</b>
<b>Rehabilitation Expenses</b>	<p>Expenses or capital expenditures incurred in rehabilitation, demolition, renovation, or redevelopment of building site</p> <p>Includes renovation or redevelopment of existing buildings, demolition expenses (complete destruction), environmental remediation, site improvements and construction of new buildings and other improvements</p> <p>Excludes (a) cost of acquiring building site, (b) expenses associated with increase in square footage of building site more than double the size of the existing buildings, (c) demolition expenses for historic building, and (d) cost of personal property at building site</p> <p>Note: For expenses to qualify, the abandoned buildings on the building site must be renovated or redeveloped</p>	<p>Expenses or capital expenditures incurred in rehabilitation, renovation, or redevelopment of textile mill site</p> <p>Includes demolition (complete destruction) of existing buildings, environmental remediation, site improvements and construction of new buildings and other improvements</p> <p>Excludes cost of acquiring textile mill site or cost of personal property located at textile mill site</p> <p>Excludes expenses incurred prior to filing Notice if Notice is filed after receiving building permit for the textile mill site</p> <p>Note: For expenses to qualify, textile mill and buildings on site must be renovated or demolished</p>	<p>Expenses incurred in the rehabilitation of eligible site</p> <p>Include demolition costs, (complete destruction), environmental remediation, site improvements, new construction, and renovation to existing buildings</p> <p>Excludes cost of acquiring eligible site or cost of personal property maintained at eligible site</p>

	<b>Abandoned Building Income Tax Credit</b>	<b>Textile Mill Income Tax Credit (For sites placed in service Jan. 1, 2008, and after)</b>	<b>Retail Facility Income Tax Credit</b>
<b>Real Property or Personal Property Costs</b>	Depends on facts and circumstances. Personal property is generally not permanent. DOR considers: (a) mode of attachment, (b) character of item, (c) intent of parties, (d) relationship of parties, and (e) if removal would be costly, time consuming, and destructive to building	Depends on facts and circumstances. Personal property is generally not permanent. DOR considers: (a) mode of attachment, (b) character of item, (c) intent of parties, (d) relationship of parties, and (e) if removal would be costly, time consuming, and destructive to building	Depends on facts and circumstances. Personal property is generally not permanent. DOR considers: (a) mode of attachment, (b) character of item, (c) intent of parties, (d) relationship of parties, and (e) if removal would be costly, time consuming, and destructive to building
<b>Date Expense Incurred</b>	On date expense would be considered incurred under accrual method of accounting	On date expense would be considered incurred under accrual method of accounting	On date expense would be considered incurred under accrual method of accounting
<b>Minimum Investment Requirement</b>	TP must incur the following rehabilitation expenses based on location: <ul style="list-style-type: none"> <li>• Over \$250,000 if building is in area with more than 25,000 people;</li> <li>• Over \$150,000 if building is in area with 1,000 – 25,000 people;</li> <li>• Over \$75,000 if building is in area with under 1,000 people</li> </ul>	None	None
<b>Date Credit Earned</b>	Entire credit is earned in tax year when building site (or phase) is placed in service  If placing phases in service, credit is not earned until costs incurred to date are 80% or more of the estimated expense amount reported in the Notice for the entire site	Entire credit is earned in tax year textile mill site (or phase or portion) is placed in service	Entire credit is earned in tax year eligible site is placed in service

	<b>Abandoned Building Income Tax Credit</b>	<b>Textile Mill Income Tax Credit (For sites placed in service Jan. 1, 2008, and after)</b>	<b>Retail Facility Income Tax Credit</b>
<b>Placed in Service Definition</b>	The date the building site (or phase or portion) is completed and ready for its intended use	The date the textile mill site (or phase or portion) is completed and ready for its intended use	The date the site is suitable for occupancy for the purposes intended (may be other than retail use)
<b>Annual Credit Installment</b>	Credit taken in equal installments over 3 years beginning with tax year that site (or phase or portion) is placed in service  For building sites placed in service before June 9, 2015, see “Special Rules” below	Credit taken in equal installments over 5 years beginning with tax year that site (or phase or portion) is placed in service	Credit taken in equal installments over 8 years beginning with tax year that site is placed in service
<b>Installment Amount Available to Offset Tax</b>	Credit can offset 100% of income tax, bank tax, savings and loan tax, corporate license fee and/or insurance premium tax liability for the tax year  For building sites placed in service before June 9, 2015, see “Special Rules” below	Credit is limited to 50% of income tax, bank tax, corporate license fee, and/or insurance premium tax liability for the tax year	Credit can offset 100% of income tax, bank tax, or savings and loan tax liability
<b>Carryforward of Each Installment</b>	5 years	5 years	5 years

	<b>Abandoned Building Income Tax Credit</b>	<b>Textile Mill Income Tax Credit (For sites placed in service Jan. 1, 2008, and after)</b>	<b>Retail Facility Income Tax Credit</b>
<b>Pass Through and Allocation of Credit</b>	<p>If TP earning credit is a partnership or LLC taxed as partnership, the credit may be passed through to the <u>current</u> partners or members and may be allocated among any of its current partners or members, including an allocation of the entire credit to one partner or member, without regard to any IRC provision that may be contrary to the allocation, including treatment as a disguised sale</p> <p>A partnership or LLC cannot allocate more than its current year credit installment amount to any partner or member in a tax year</p>	<p>If TP earning the credit is a partnership or LLC taxed as a partnership, the credit may be passed through to the partners or members and may be allocated among any of its partners or members on an annual basis, including allocation of entire credit to any partner or member who was a partner or member at any time during the year the credit is allocated</p> <p>A partnership or LLC cannot allocate more than its current year credit installment amount to any partner or member in a tax year</p>	<p>If credit is earned by a partnership, LLC, or other entity taxed as a partnership, the credit must be passed through to its partners, and may be allocated among any of its partners in a manner agreed to by partners that is consistent with IRC Subchapter K, including allocation of the entire credit to one partner</p> <p>If credit is earned by S corporation owing corporate level income taxes, then credit must be used first at entity level. Any remaining credit passes through to each shareholder in percentage equal to percentage of ownership</p> <p>A pass through entity cannot allocate more than its current year credit installment amount to any partner, shareholder, or member in a tax year</p>
<b>Transfer of <u>Earned Credit</u> by TP to Lessee</b>	<p>If TP leases building site (or part of site), then TP may transfer any remaining credit associated with the rehabilitation expenses incurred with respect to that part of the site to the lessee of the site</p> <p>Unused credit carryforwards may not be transferred</p>	<p>If TP leases textile mill site (or part of site), then TP may transfer any applicable remaining credit associated with the rehabilitation expenses incurred with respect to that part of the site to the lessee of the site</p> <p>Unused credit carryforwards may not be transferred</p>	<p>The owner of the eligible site may transfer all or part of unused credit to the tenant of the eligible site</p> <p>Unused credit carryforwards may not be transferred</p>

	<b>Abandoned Building Income Tax Credit</b>	<b>Textile Mill Income Tax Credit (For sites placed in service Jan. 1, 2008, and after)</b>	<b>Retail Facility Income Tax Credit</b>
<b>Transfer of Earned Credit by TP to Purchaser</b>	<p>If TP sells building site (or any phase or portion of site), then TP may transfer all or part of remaining credit associated with rehabilitation expenses incurred with respect to that portion to the purchaser of the applicable portion of the building site</p> <p>Unused credit carryforwards may not be transferred</p>	<p>If TP sells textile mill site, (or any phase or portion of site), then TP may transfer all or part of remaining credit associated with rehabilitation expenses incurred with respect to that phase or portion to the purchaser of the applicable portion of the textile mill site</p> <p>Unused credit carryforwards may not be transferred</p>	No transfer to new owner
<b>Notice of Transfer to DOR</b>	<p>Transferor must notify DOR of transfer within 30 days after transfer</p> <p>See RR #15-7 for information required in the Notice</p>	<p>Transferor must notify DOR of transfer of credit within 30 days after transfer</p> <p>See RR #15-8 for information required in the Notice</p>	<p>Must notify DOR 30 days before the transfer</p> <p>See RR #15-9 for information required in the Notice</p>
<b>Address to Mail Notice of Transfer to DOR</b>	<p>SCDOR Abandoned Buildings Credit Transfer Research &amp; Forms Development Columbia, SC 29214-0019</p>	<p>SCDOR Textiles Credit Transfer Notice Research &amp; Forms Development Columbia, SC 29214-0019</p>	<p>SCDOR Retail Facility Credit Transfer Research &amp; Forms Development Columbia, SC 29214-0019</p>
<b>Use of Transferred Credit</b>	<p>Transferee may only claim that year's credit installment</p> <p>Each installment can offset 100% of the transferee's income tax, bank tax, savings and loan tax, corporate license fee, and/or insurance premium tax liability</p> <p>Each installment has a 5 year carryforward</p> <p>For building sites placed in service before June 9, 2015, see "Special Rules" below</p>	<p>Transferee may only claim that year's credit installment</p> <p>Each installment is limited to 50% of the transferee's income tax, bank tax, corporate license fee, and/or insurance premium tax liability</p> <p>Each installment has a 5 year carryforward</p>	<p>Transferee may only claim that year's credit installment</p> <p>Each installment has a 5 year carryforward</p>

	<b>Abandoned Building Income Tax Credit</b>	<b>Textile Mill Income Tax Credit (For sites placed in service Jan. 1, 2008, and after)</b>	<b>Retail Facility Income Tax Credit</b>
<b>Use with Other Credits</b>	<p>May also claim state historic credit (in Code Section 12-6-3535) if eligible</p> <p>If TP claims abandoned buildings credit, TP cannot claim textile or retail credit for same site</p>	<p>May also claim state historic credit (in Code Section 12-6-3535) if eligible</p> <p>If TP claims textile credit, TP cannot claim abandoned building credit</p>	<p>May also claim state historic credit (in Code Section 12-6-3535) if eligible</p> <p>If TP claims retail credit, then TP cannot claim abandoned buildings credit</p>
<b>Special Rules</b>	<p>Building listed on National Historic Register for Historic Places, see RR #15-7, Question 25 and Code Section 12-67-120(1) and (6)</p> <p>Definition of “state-owned abandoned building” added. See Code Section 12-67-120(8)</p> <p>For sites placed in service <u>before</u> June 9, 2015:</p> <ul style="list-style-type: none"> <li>• Credit installment period is 5 years</li> <li>• Each credit installment is limited to 50% of TP’s income tax, bank tax, and/or corporate license fee liability</li> <li>• No credit against insurance premium taxes</li> <li>• No certification of building site by county or municipality as abandoned; TP has burden of proof.</li> </ul>	<p>Sites <u>placed in service</u> on or before December 31, 2007 must use provisions in Title 6, Chapter 32.</p> <p>For sites in which a portion but not all of the site was placed in service on or before December 31, 2007, see transitional rules in Code Section 12-65-50(C)</p> <p>Definition of textile mill site expanded for textile mill site located on the Catawba River near Interstate 77. Code Section 12-65-40(4).</p> <p>For textile mill sites <u>acquired</u> by a TP before January 1, 2008, the following apply (see RR #15-8, Question 26):</p> <ul style="list-style-type: none"> <li>• Definition of textile mill site includes textile mill structure, together with all land and improvements which were used directly for textile manufacturing operations or ancillary uses, or were located on the same parcel within 1,000 feet of any textile mill structure or ancillary uses</li> <li>• A Notice of Intent is not required to be sent to DOR for the income tax credit</li> <li>• Income tax credit is 25% of actual rehabilitation expenses (25% x 125% estimated expense limitation is not applicable)</li> </ul>	

## Part 2 – Brief Overview of Property Tax Credits

	<b>Abandoned Building Property Tax Credit</b>	<b>Textile Mill Property Tax Credit (For sites placed in service Jan. 1, 2008, and after)</b>	<b>Retail Facility Property Tax Credit</b>
<b>Code Section</b>	Title 12, Chapter 67	Title 12, Chapter 65	Title 6, Chapter 34
<b>Taxes Credit Available Against</b>	Real property taxes	Real property taxes	Real property taxes
<b>Credit Amount</b>	<p>If actual rehabilitation expenses are between 80% - 125% of estimated expenses, then credit amount equals 25% of actual rehabilitation expenses x local taxing entity ratio of each consenting entity</p> <p>If actual rehabilitation expenses exceed 125% of estimated expenses then credit amount is based on 125% of estimated expenses</p> <p>If actual rehabilitation expenses are below 80% of estimated expenses, then credit is not allowed</p>	<p>If actual rehabilitation expenses are between 80% - 125% of estimated expenses, then credit amount equals 25% of actual rehabilitation expenses x local taxing entity ratio of each consenting entity</p> <p>If actual rehabilitation expenses exceed 125% of estimated expenses then credit amount is based on 125% of estimated expenses</p> <p>If actual rehabilitation expenses are below 80% of estimated expenses, then credit is not allowed</p>	25% of rehabilitation expenses x local taxing entity ratio of each consenting entity
<b>Municipality or County Actions</b>	<p>Municipality or county must approve site and proposed expenses by resolution, ordinance and public hearing</p> <p>At least 45 days before public hearing, municipality or county must give notice to all affected local taxing entities</p>	<p>Municipality or county must approve site and proposed expenses by resolution, ordinance and public hearing</p> <p>At least 45 days before public hearing, municipality or county must give notice to all affected local taxing entities</p>	<p>Municipality or county must approve site and project by resolution, ordinance and public hearing</p> <p>At least 45 days before public hearing, municipality or county must give notice to all affected local taxing entities</p>

	<b>Abandoned Building Property Tax Credit</b>	<b>Textile Mill Property Tax Credit (For sites placed in service Jan. 1, 2008, or after)</b>	<b>Retail Facility Property Tax Credit</b>
<b>“Notice” of Intent or Notice of Election to Inform Selection of Property Tax Credit (Notice)</b>	TP files Notice with municipality or county (if in unincorporated area) where site is located before incurring first rehabilitation expenses  Failure to timely file results in qualification only of rehabilitation expenses incurred after Notice is filed	TP files Notice with municipality or county (if in unincorporated area) where site is located before incurring any rehabilitation expenses  Failure to timely file results in qualification only of expenses incurred after Notice is filed	TP files Notice of Election letter (selection of income or property credit) with DOR before site is placed in service.  Failure to affirmatively elect or inability to obtain county approval, TP deemed to have elected income tax credit
<b>Address to Mail Notice</b>	Municipality or county where site is located	Municipality or county where site is located	SCDOR Retail Credit Notice of Election Research & Forms Development Columbia, SC 29214-0019
<b>Eligible Site Size Reduction by Governing Body</b>	No	No	Yes, the governing body of a county or municipality where site is located, by resolution, may reduce the 40,000 square foot “eligible site” tenant occupancy requirement to not lower than 25,000 square feet
<b>Certification of Site as Abandoned</b>	Yes, if TP applies to county or municipality to make determination. TP may rely upon determination.  For building sites placed in service before June 9, 2015, no certification of building site by county or municipality as abandoned; TP has burden of proof.	Yes, if TP applies to county or municipality to make determination. TP may rely upon determination.	No, burden of proof is on TP
<b>Credit Amount and Duration</b>	Credit may be claimed beginning with the property tax year the phase or site is placed in service  Credit can be taken against up to 75% of real property taxes due on building site each year for up to 8 years	Credit may be claimed beginning with the property tax year the phase or site is placed in service  Credit can be taken against up to 75% of real property taxes due on textile mill site each year for up to 8 years	The entire credit vests in the TP in the tax year the site is placed in service  Credit can be taken against up to 75% of real property taxes due on the site each year for up to 8 years