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Growth incentives are an investment in our economic future. As a result, they must make good sense for all parties involved and be designed to target the needs of companies and local development plans. Successful businesses require growth, and South Carolina offers an array of grants and incentives to help businesses make a smart investment.

Why Invest in South Carolina?
South Carolina continues to experience significant growth in economic development. Since 2011, the Palmetto State has outpaced bordering states in manufacturing job growth. Companies — large and small, new or existing — are finding the Palmetto State has unparalleled value, from launch to legacy.

EXECUTIVE SUMMARY
Aggressive Incentives Reward Industries for Growth
South Carolina has a reputation as a superior business location, largely due to an exceptional economic climate that helps companies hold down operating costs and increase their return on investment. In addition, South Carolina’s performance-based tax incentives reward companies for job creation and investment. The state’s pro-business policies are demonstrated by the following:

- Numerous ways to potentially eliminate your entire corporate income taxes;
- A wide range of sales tax exemptions that will reduce start-up costs and annual operating costs;
- Property tax incentives that can be tailored to meet your company’s needs; and
- Special discretionary incentives at the local and state level that may be used to meet specific needs of individual companies on a case-by-case basis.

The following pages describe incentives available to qualified companies. Please note that state incentives are contingent upon submission of all required documentation, staff review, fulfillment of eligibility requirements and the conditions of each program. The relevant statutory provisions and agency guidelines must be reviewed for a full understanding of the terms and conditions of each incentive. The South Carolina Department of Commerce is not authorized to offer definitive commitments. Only the South Carolina Department of Revenue (Department of Revenue), local city and county councils and the South Carolina Coordinating Council for Economic Development (Coordinating Council) have the authority to offer definitive tax commitments under South Carolina law.

This document is provided to illustrate South Carolina’s pro-business environment and to assist a company in its evaluation of South Carolina taxes and incentives.
SOUTH CAROLINA’S TAX ADVANTAGE
South Carolina’s positive business environment starts with its corporate income tax structure.

Corporate Income Tax
In South Carolina, a corporation that transacts business partly within and partly outside of South Carolina is only taxed on the portion of its income that represents the proportion of its trade or business conducted in South Carolina. South Carolina starts with federal taxable income from which certain South Carolina additions and deductions are applied to determine the corporation’s net income.

Allocated Income: Certain items of income are then allocated to South Carolina or to another state. Allocable items include interest, dividend, royalties, and rents not connected with the business, and gains and losses on the sale of real property.

Apportioned Income: After allocation, the corporation determines the amount of remaining net income apportioned to South Carolina. For corporations engaged in manufacturing, selling, distributing or dealing in tangible personal property in South Carolina, a single sales factor is used to apportion the remaining net income by a fraction, the numerator of which is the corporation’s total sales in South Carolina and the denominator is the sales everywhere. Corporations not engaged in the manufacture, sale or distribution of tangible personal property (e.g., service providers) use a similar formula to determine apportioned net income based on gross receipts from South Carolina divided by gross receipts everywhere.

South Carolina’s 5% corporate tax rate is then applied to the sum of the income allocated and apportioned to South Carolina to determine the corporate income tax liability of the corporation.

The following shows the South Carolina corporate income tax liability for a corporation based on the following assumptions:

- Federal taxable income: $10,000,000
- South Carolina income after additions and subtractions: $10,000,000
- Amount of income allocated to South Carolina: $200,000
- Net income remaining after allocation*: $9,800,000
- Total sales everywhere: $9,000,000
- Sales in South Carolina: $500,000

Based on these assumptions, the corporation’s apportionment ratio is 0.056 ($500,000/$9,000,000). The amount of income apportioned to South Carolina is $544,880 ($9,800,000 x 0.056). The amount of South Carolina income to which the 5% corporate tax rate will be applied is $744,880 ($544,880 apportioned) + $200,000 (allocated). The total tax due is $37,244 ($744,880 x 0.05).

*Assumes no other income is allocated to another state.

Corporate License Fee (Franchise Tax)
All corporations must pay an annual fee to the Department of Revenue. The rate is one mill per dollar ($0.001) of a proportion of total paid-in-capital and paid-in-surplus, plus $15. Earned surplus (retained earnings) is not included in the base when calculating this tax. For corporations doing business outside the state, the license fee is determined by apportionment—the same way South Carolina corporate income tax is computed. The minimum corporate license fee is $25.

Corporate Income Tax Credits
In addition to a low corporate income tax rate and a favorable formula for determining the income subject to that rate, South Carolina provides credits that, in some cases, can completely eliminate a company’s corporate income tax liability for up to 10, or in some cases 15 years.

Jobs Tax Credits
The Jobs Tax Credit is a valuable financial incentive that rewards new and expanding companies for creating jobs in South Carolina. In order to qualify, companies must create and maintain a certain number of net new jobs in a taxable year. The number of new jobs is calculated as the increase in the average monthly employment from one year to the next. The following types of businesses qualify for the Jobs Tax Credit:

- Manufacturing, processing, agricultural packaging, warehousing and distribution, research and development, agribusiness operations and qualifying technology-intensive facilities must create a monthly average of 10 net new jobs.
- Corporate office facilities housing a majority of the headquarters functions must create a monthly average of 10 net new jobs.
- Qualified service-related facilities must meet the following criteria in order to qualify:
  - If the facility is engaged in an activity listed under the North American Industry Classification System Manual Section 62, subsectors 621, 622 and 623 and Section 4881, subsector 488190, the facility must create a monthly average of 10 net new jobs.
  - In a Tier IV county, the facility must create a monthly average of 10 net new jobs.
  - In a Tier I, II or III county the facility must create in a single taxable year a monthly average of:
    - 175 new jobs;
    - 150 new jobs in a building that has been vacant for at least 12 months;
> 100 new jobs with an average salary 1.5 times the lower of the state or the county per capita income;  
> 50 new jobs with an average salary 2 times the lower of the state or the county per capita income; or  
> 25 new jobs with an average salary 2.5 times the lower of the state or the county per capita income. The value of the credit depends on the county’s development tier as set forth below:

<table>
<thead>
<tr>
<th>COUNTY’S DEVELOPMENT TIER</th>
<th>CREDIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier I</td>
<td>$1,500</td>
</tr>
<tr>
<td>Tier II</td>
<td>$2,750</td>
</tr>
<tr>
<td>Tier III</td>
<td>$20,250</td>
</tr>
<tr>
<td>Tier IV</td>
<td>$25,000</td>
</tr>
</tbody>
</table>

Counties are re-ranked every year based on unemployment rates and per capita income, and the ranking of a county may change from year to year. A county may also join with another county to form a “multi-county industrial park.” Under this arrangement, a county agrees to share the property taxes with another county to form a “partner” county. This partnership raises the value of the credits by $1,000 per job, meaning credits from $2,500 to $26,000 per job may be available for qualifying companies.

If the company is a manufacturing, processing, agricultural packaging, warehousing and distribution, research and development, agribusiness or qualified technology intensive facility or a corporate office that have fewer than 99 employees worldwide, the company may only get the full credit amount for net new jobs, instead of 10. Under the Small Business Jobs Tax Credit, the credit is available for a five-year period beginning with Year 2 (Year 1 is used to establish the created job levels.) The credit can be applied against corporate income tax or premium tax, but cannot exceed 50% of the year’s tax liability. Unused credits may be carried forward for 15 years from the year earned.

The following table illustrates the value of Jobs Tax Credits for a qualified company assuming the creation of 100 net new jobs in a county designated as Tier II and at a site designated as a multi-county industrial park:

<table>
<thead>
<tr>
<th>ILLUSTRATION OF ESTIMATED JOB TAX CREDITS TIER II COUNTY</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>Credit</td>
<td>Number of Job Credits</td>
</tr>
<tr>
<td>1</td>
<td>Establish Qualification for Credit</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>$3,750</td>
<td>100</td>
</tr>
<tr>
<td>3</td>
<td>$3,750</td>
<td>100</td>
</tr>
<tr>
<td>4</td>
<td>$3,750</td>
<td>100</td>
</tr>
<tr>
<td>5</td>
<td>$3,750</td>
<td>100</td>
</tr>
<tr>
<td>6</td>
<td>$3,750</td>
<td>100</td>
</tr>
<tr>
<td>Total Value</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please note, the number of new jobs is calculated as the increase in average monthly employment from one year to the next. Should the number of jobs created also increase or decrease, the total credit will likewise vary. We have calculated these amounts assuming that the county in which the project is located remains a Tier III County.

Corporate Headquarters Tax Credit

In an effort to offset the costs associated with relocating or expanding a corporate headquarters facility, South Carolina provides a generous 20% tax credit based on the value of the actual portion of the facility dedicated to the headquarters operation or direct lease costs for the first five years of operation. The credit can be applied against either corporate income tax or the license fee. These credits are not limited in their ability to eliminate corporate income taxes and can potentially eliminate corporate income taxes for as long as 10 years from the year earned. Eligibility for this credit is determined by meeting each of the following criteria:

- The company must create a minimum of 40 new full-time jobs that are engaged in corporate headquarters or research and development. At least 20 of these jobs must be classified as staff employees. (Headquarters staff employees are executive, administrative or professional workers performing headquarters related functions and services. An executive is an employee who spends 80% of his or her time on corporate-wide duties.)
- The facility must be the location where the majority of the company’s financial, legal, personnel, planning and/or other staff functions are handled on a regional or national basis.

Enhanced Corporate Headquarters Tax Credit

In addition to the standard Corporate Headquarters Tax Credit discussed above, South Carolina offers an additional credit equal to 20% of the tangible personal property costs of establishing the headquarters. Eligibility for this credit requires that:

- The tangible personal property must be purchased for the headquarters facility or research and development facility, which is a part of the same project.

Counts are re-ranked every year based on unemployment rates and per capita income, and the ranking of a county may change from year to year. A county may also join with another county to form a “multi-county industrial park.” Under this arrangement, a county agrees to share the property taxes with another county to form a “partner” county. This partnership raises the value of the credits by $1,000 per job, meaning credits from $2,500 to $26,000 per job may be available for qualifying companies.

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- The company must create a minimum of 40 new full-time jobs that are engaged in corporate headquarters or research and development. At least 20 of these jobs must be classified as staff employees. (Headquarters staff employees are executive, administrative or professional workers performing headquarters related functions and services. An executive is an employee who spends 80% of his or her time on corporate-wide duties.)
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Enhanced Corporate Headquarters Tax Credit

In addition to the standard Corporate Headquarters Tax Credit discussed above, South Carolina offers an additional credit equal to 20% of the tangible personal property costs of establishing the headquarters. Eligibility for this credit requires that:

- The tangible personal property must be purchased for the headquarters facility or research and development facility, which is a part of the same project.
n The tangible personal property must be used to create a minimum of 75 permanent new full-time jobs performing headquarters or research and development-related functions and services, 20 of which are staff level, and n The 75 new headquarters-related jobs must have an average cash compensation level of more than two times the state per capita income.

This credit may be used to eliminate both a company’s franchise tax and the corporate income tax. Unused credits may be carried forward for 15 years.

**Investment Tax Credit**

South Carolina allows manufacturers locating or expanding in South Carolina a one-time credit against the company's corporate income tax of up to 2.5% of a company's remaining tax liability, and unused credits may be carried forward for up to 10 years.

**Research & Development Tax Credit**

In order to reward companies for increasing research and development in a taxable year, South Carolina offers a credit equal to 5% of the taxpayer's qualified research expenses as defined in Section 41 of the Internal Revenue Code. The credit taken in any one taxable year may not exceed 50% of the company's remaining tax liability after all other credits have been applied. Any unused portion of the credit can be carried forward for 10 years from the date of the qualified expenditure.

<table>
<thead>
<tr>
<th>RECOVERY PERIOD</th>
<th>CREDIT VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 years</td>
<td>0.5%</td>
</tr>
<tr>
<td>5 years</td>
<td>1%</td>
</tr>
<tr>
<td>7 years</td>
<td>1.5%</td>
</tr>
<tr>
<td>10 years</td>
<td>2%</td>
</tr>
<tr>
<td>15 years or more</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

The credit may be used to offset up to 100% of corporate income tax liability, and unused credits may be carried forward for up to 10 years.

**Corporate Income Tax Moratorium**

Companies creating net new jobs in some economically distressed counties in South Carolina will benefit from a corporate income tax moratorium. Companies that qualify for the moratorium will be able to entirely eliminate their state corporate income tax liability for a period of either 10 or 15 years. In order to qualify, at least 90% of the company’s total investment in South Carolina must be in a county where the unemployment rate is twice the state average. The length of the moratorium depends on the number of net new, full-time jobs created. Companies creating at least 100 net new full-time jobs in a five-year period qualify for a 10-year moratorium, and companies creating at least 200 net new full-time jobs in a five-year period qualify for a 15-year moratorium. The moratorium period begins once a company meets the required job target. In order to qualify for the moratorium, a company must also obtain certification through an application process from the Coordinating Council that the project will have a significant beneficial effect on the region for which it is planned and that the benefits of the project to the public exceed its costs. The project will have a significant beneficial effect on the region for which it is planned and that the benefits of the project to the public exceed its costs. If a company is approved for the moratorium, it must enter into a contract with the Department of Revenue.

For 2024, only Chesterfield, Dillon, and Marlboro Counties have been designated as moratorium counties.

**Recycling Facility Tax Credit**

In order to reward qualified recycling facilities, South Carolina offers a credit equal to 30% of the cost of recycling property placed into service each year. A qualified recycling facility is one that has a $300 million dollar investment within five years and that manufactures products for sale composed of 50% or more postconsumer waste material by weight or volume. There is no limit to the amount of tax that can be offset with the credit, and the credit can be carried forward indefinitely.

**Solar Energy Tax Credit**

South Carolina allows companies a credit against income taxes equal to 25% of the costs incurred by the company in the purchase and installation of a solar energy system, a small hydropower system or geothermal machinery and equipment for heating water, space heating, air cooling, energy-efficient daylighting, heat reclamation, energy-efficient demand response or the generation of electricity in or on a facility in South Carolina owned by the company. The credit cannot be claimed before installation of the system is completed. The amount of the credit in any year may not exceed $3,500 for each facility or 50% of the income tax liability for the taxable year, whichever is less. Unused credit can be carried forward for 10 years. A “system” includes all controls, tanks, pumps, heat exchangers and other equipment used directly and exclusively for the solar energy system. It does not include any land or structural elements of the building such as walls, roofs or other equipment ordinarily contained in the structure. To qualify for the credit, the system must be certified for performance by the nonprofit Solar Rating & Certification Corporation or a comparable entity endorsed by the public utility commission.
State Energy Office.

**Credit for Alternative Fuels**

South Carolina provides allows a company a credit against income taxes equal to 25% of the cost of purchasing, constructing and installing eligible property that is used for distribution, dispensing, or storing alternative fuel at a new or existing commercial fuel distribution or dispensing facility in South Carolina. The credit must be taken in three equal annual installments beginning with the tax year the property is placed in service. If in one of the years the credit installment accrues the property used for distributing, dispensing, or storing renewable fuel is disposed of or taken out of service and is not replaced, the credit expires and the taxpayer may not take any remaining installment of the credit. “Eligible property” includes pumps, compressors, storage tanks, and related equipment that is used, directly and exclusively, for distribution, dispensing, or storing alternative fuel. The equipment must be labeled for this purpose and clearly identified as associated with alternative fuel. “Alternative fuel” means compressed natural gas, liquefied natural gas, or liquefied petroleum gas, dispensed for use in motor vehicles and compressed natural gas, liquefied natural gas, or liquefied petroleum gas, dispensed by a distributor or facility. Any unused portion of the unexpired credit may be carried forward for 10 tax years. A taxpayer who claims any other credit for the cost of purchasing, constructing and installing property at the facility, may not claim this credit for the same costs.

**Energy Conservation and Renewable Energy Tax Credit**

South Carolina allows a taxpayer a credit equal to 25% of all expenditures incurred during the taxable year for the purchase and installation of the following energy conservation and renewable energy production measures:

- Conservation tillage equipment
- Drip/trickle irrigation systems, including all necessary measures and equipment
- Dual purpose combination truck and crane equipment

A company may claim the credit only one time for each of the three measures in a lifetime. The maximum credit that may be claimed for each measure is $2,500. In the case of pass through entities, the credit is determined at the entity level and is limited to $2,500. Any unused credit can be carried forward for five years.
DID YOU KNOW?
South Carolina supports new and expanding industry with a wide range of valuable exemptions to the state and local sales tax.

SALES AND USE TAX & INCENTIVES
Sales and Use Tax
The sales and use tax rate in South Carolina is 6%. Some counties assess a local option sales tax and/or a capital project sales tax, which currently range from 1 to 4%. Proceeds of such local taxes go toward infrastructure improvements or a rollback of property taxes.

The sales tax applies to all retail sales, leases and rentals of tangible personal property, including the value of property purchased at wholesale and then used or consumed by the purchaser. The use tax is based on the sales price of such property.

Out-of-State Sales
South Carolina exempts sales tax on the gross proceeds of the sales of tangible personal property where the seller, by contract of sale, is obligated to deliver to the buyer, an agent of the buyer, or a donee of the buyer, at a point outside of South Carolina or to deliver it to a carrier or to the mail for transportation to a point outside of South Carolina.

Out-of-State Purchases
South Carolina provides a use tax credit for purchases of tangible personal property paid in another state, if the state in which the property is purchased and the sales and use taxes are paid allows substantially similar tax credits on tangible personal property purchased in this state. If the amount of the sales or use tax paid in the other state is less than the amount of use tax imposed in South Carolina, the user is required to pay the difference to this state.

Sales Tax Incentives
Sales Tax Exemptions
South Carolina supports new and expanding industry with a wide range of valuable exemptions to the sales tax (state and local). These exemptions include the following:

- Machinery and equipment, and applicable repair parts, used in the manufacturing, processing, agricultural packaging, recycling, compounding, mining or quarrying of tangible personal property for sale;
- Materials that will become an integral part of the finished product;
- Coal, coke or other fuel for manufacturers, transportation companies, electric power companies and processors;
- Industrial electricity and other fuels used in manufacturing tangible personal property;
- Research and development machinery and equipment;
- Air, water and noise pollution control equipment;
- Material handling equipment for manufacturing or distribution projects investing $35 million or more in the state;
- Packaging materials; and
- Long distance telephone calls and access charges, including 800 services.

In addition, South Carolina offers the following exemptions:

Construction Materials: Construction materials used in the construction of a single manufacturing or distribution facility with a capital investment of at least $100 million in an 18-month period will be exempt from sales tax.

Technology Intensive Materials: “Technology intensive” companies locating or expanding in South Carolina may be exempt from some sales and use taxes when the new or expanding facility meets certain investment and job creation requirements. For a company to qualify for these exemptions, the expanding and/or new facility must:

- Qualify as a “technology intensive facility” which is defined as a facility at which a firm engages in the design, development and introduction of new products or innovative manufacturing processes, or both, through the systematic application of scientific and technical knowledge. It includes North American Industrial classification Systems (“NAICS”) Manual codes 5114 (database and directory publishers), 5112 (software publishers), 54151 (computer systems design and related services), 541511 (custom computer programming services), 541512 (computer design services), 547711 (research and development in biotechnology), 547712 (research and development in physical, engineering, and life sciences), 518210 (data processing, hosting and related services), 9271 (space research and technology) or a facility primarily used for one or more activities listed under the 2002 version of the NAICS codes 51811 (Internet Service Providers and Web Search Portals); and
- Invest at least $300 million in real or personal property at the facility over a five year period, 60% of which must be spent on computer equipment; and
- Create at least 100 new jobs within a five year period with an average wage that is at least 150% of the state per capita wage.

The items that may be exempt from sales and use tax are: computer equipment, electricity used by the facility and equipment and raw materials. Once qualified for this exemption, all future computer equipment purchases are exempt.

Recycling Equipment: For a new or expanding recycling facility that invests at least $300 million by the end of the fifth calendar year after the year in which the company begins construction or operation of the facility, South Carolina provides certain exemptions from sales and use tax. The
facility must manufacture products for sale composed of at least 50% post-consumer waste material by weight or volume. The items that will be exempt from sales and use tax are as follows:

- Recycling property used at the facility;
- Electricity, natural gas, propane or fuels of any type, oxygen, hydrogen, nitrogen, or gases of any type and fluids and lubricants used by the facility;
- Tangible personal property that becomes, or will become, an ingredient or component part of products manufactured for sale by the facility;
- Tangible personal property of, or for, the facility which is, or will be used: (1) for the handling or transfer of post-consumer waste material, (2) in, or for, the manufacturing process, or (3) in, or for, the handling or transfer of manufactured products; and
- Machinery and equipment foundations used, or to be used, by the facility.

**Datacenter Materials.** Datacenters locating or expanding in South Carolina may be exempt from some sales and use taxes when the new or expanding facility meets certain investment and job creation requirements. For a company to qualify for these exemptions, the expanding and/or new facility must:

- Be certified by the South Carolina Department of Commerce as a qualifying datacenter;
- Invest at least $50 million (or a combined $75 million with one or more other companies) in real or personal property at a single facility over a five year period;
- Create at least 25 new jobs within a five year period with an average wage that is at least 150% of the state or county per capita wage, whichever is lower; and
- Maintain the 25 jobs for at least three years.

The items that may be exempt from sales and use tax are: computer equipment, software and electricity directly used in datacenter operations. Once qualified for this exemption, all future computer equipment purchases are exempt. If the company does not meet the investment or job creation requirements, the company must pay back the entire amount of sales tax exempted. If the company meets the investment and job creation requirements within the five year period but fails to maintain the 25 jobs for three years, the company may obtain a pro-rata exemption on sales taxes paid for electricity but not for computer hardware or software.

**SALES TAX CAPS**

South Carolina provides a max cap of $500 for sales tax or infrastructure maintenance fee, as applicable, on the sale or lease of aircraft, motor vehicles, motorcycles, boats, recreational vehicles and other items.
**Property Taxes in South Carolina**

In South Carolina, only local governments levy property taxes. There is no state tax on real or personal property. In addition, there is no tax, state or local, on inventories or intangibles in South Carolina.

**Property Tax Incentives**

A company’s property tax liability is a function of:

\[ \text{Property Tax Liability} = \text{Property Value (less depreciation)} \times \text{Assessment Ratio} \times \text{Millage} \]

**Property Tax**

**Valuation and Assessment**

The Department of Revenue determines the fair market value of a business' real property (land and building) and personal property (machinery and equipment) to assure equitable local treatment. The fair market value is then assessed at rates established in the state constitution. For manufacturers, real and personal property are both assessed at 10.5%. The assessment ratio for all other businesses is 6% for real property and 10.5% for personal property. (For homeowners, primary residences are assessed at 4%)

**Property Tax Exemptions**

In support of business, South Carolina exempts three classes of property from local property taxation:

- **All inventories (raw materials, work-in-progress and finished goods);**
- **All intangible property; and**
- **All pollution control equipment.**

Please note that the Department of Revenue determines the fair market value of a business' real property (land and building) and personal property (machinery and equipment) to assure equitable local treatment. The fair market value is then assessed at rates established in the state constitution. For manufacturers, real and personal property are both assessed at 10.5%. The assessment ratio for all other businesses is 6% for real property and 10.5% for personal property. (For homeowners, primary residences are assessed at 4%)

**Depreciation**

Depreciation rates are determined by the Department of Revenue based on the type of personal property. For manufacturers, personal property is allowed to depreciate annually at a rate set in law according to the company’s primary function (the most common depreciation rate is 11% per year). For all other businesses, the personal property is allowed to depreciate annually (once it is placed in service) at the rate claimed by the company for income-tax purposes. The company will be allowed to depreciate its personal property to a level of 10% of the original property value. Please note that the Department of Revenue makes the final determination of the allowable depreciation.

**Millage**

The local millage rate is applied to the assessed depreciated value to determine taxes. Millage rates in South Carolina are site specific and set annually by local government. A mill is equal to $0.001.

**Property Tax Incentives**

**Five-Year Property Tax Abatement**

By law, manufacturers (investing $50,000 or more) and distribution or corporate headquarters facilities (investing $50,000 or more and creating 75 new jobs in Year 1) are entitled to a five-year property tax abatement from county operating taxes. This abatement usually represents an offset of up to 20% to 50% of the total millage, depending on the county. The abatement does not include the school portion of the local millage.

Please note that the tax abatement on investment is in effect for five years only. In year six, the abatement terminates, and the property is taxed at the millage rate in effect at that time. The five-year property tax abatement is not available for property placed under a Fee-in-Lieu agreement.

**Textile Revitalization Credit**

There are credits for rehabilitating abandoned textile mill sites that encourage businesses to renovate, improve and redevelop abandoned textile mill sites. Sites that are eligible are abandoned sites directly used for textile manufacturing operations or ancillary uses for, or designed for use by, textile manufacturing. “Abandoned” means that at least 80% of the site has been closed for a period of at least one year. A company that improves, renovates or redevelops an eligible site may be eligible for one of two tax credits:

- A credit against income taxes or license taxes equal to 25% of the rehabilitation expenses. This credit is to be taken in equal installments over five years beginning with the tax year in which the site is placed in service. The credit can offset up to 100% of income or license tax liability. Unused credits can be carried forward up to five years. In this case, the taxpayer must file a Notice of Intent to Rehabilitate with the Department of Revenue before receiving building permits.
- A credit against real property taxes equal to 25% of the rehabilitation expenses of an eligible site multiplied by the local taxing ratio of each local taxing entity that has consented to the tax credit. This credit can offset up to 75% of property taxes for a period of up to eight years. To receive this credit, the county or municipality in which the site is located must determine the eligibility of the site and the proposed project. A majority vote of the local governing body must approve the project, and the determinations and approval must be made by public hearing and ordinance. In this case, the taxpayer must file a Notice of Intent to Rehabilitate with the local government before incurring rehabilitation expenses.
**Revitalization of Abandoned Building Credit**

In order to qualify for this credit, the taxpayer must improve, renovate or redevelop an eligible site for income producing purposes and incur rehabilitation expenses in an amount:

- Greater than $250,000 for building in unincorporated area of a county or in a municipality of a county with a population of more than 25,000 persons;
- Greater than $150,000 for building in unincorporated area of a county or in a municipality of a county with a population of at least 1,000 persons but less than 25,000 persons; or
- Greater than $75,000 for building in unincorporated area of a county or in a municipality of a county with a population of less than 1,000 persons.

Sites that are eligible are buildings or structures, at least 66% of which has been closed continuously or otherwise non-operational for at least five years (excluding a building used immediately preceding as a single-family residence) from the date that the taxpayer files a Notice of Intent to Rehabilitate.

A qualifying taxpayer may be eligible for one of two tax credits:

- **A credit against income taxes** equal to 25% of the rehabilitation expenses of an eligible site multiplied by the local taxing ratio of each local taxing entity that has consented to the tax credit. This credit can offset up to 75% of property taxes for a period of up to eight years. To receive this credit, the county or municipality in which the site is located must determine the eligibility of the site and the proposed project. A majority vote of the local governing body must approve the project, and the determinations and approval must be made by public hearing and ordinance. In this case, the taxpayer must file the Notice of Intent to Rehabilitate with the local government before incurring rehabilitation expenses.

- **DID YOU KNOW?**

Companies that rehabilitate abandoned facilities may be eligible for tax credits. These credits encourage businesses to renovate, improve and redevelop these abandoned areas.
DISCRETIONARY INCENTIVES

Fee-in-lieu of Property Taxes (FILOT)
Under this program, companies making substantial capital investments may negotiate a lower assessment ratio and stabilize millage rates for up to 30 years. The long-term impact of the FILOT is based on the actual investment and is dependent on both the assessment and millage rates negotiated with the county.

South Carolina law allows a county to negotiate with a company for a FILOT agreement if total capital investment is $2.5 million or greater. By law, the company has five years to meet the minimum investment threshold, and the county can offer an additional five-year extension to complete the project. The company may include both real and personal property under the FILOT agreement. However, property that has been on the tax rolls in the state previously, including existing buildings, is not eligible for the FILOT. (This restriction is waived for companies investing an additional $45 million or more in new investment.)

The FILOT may result in substantial benefits for a company:

- **Savings:** Payments to local government may be reduced through the negotiation of a lower assessment rate (from 10.5% to as low as 6%).
  
  The company may also negotiate a locked-in millage rate for up to 30 years or a five-year adjustable rate for the property that is subject to the FILOT.
  
  With a FILOT, personal property depreciates, but real property is fixed at the original cost for the life of the fee. However, the county and the company may instead provide that any real property subject to the FILOT may be reported at its fair market value as determined by the appraisal of the Department of Revenue and may be re-appraised every five years.

- **Replacement Property:** Property that is replacing property previously under the FILOT is allowed to go under the agreement up to the original income tax basis of the original fee property it is replacing at any time during the agreement.

- **Additional Savings for Substantial Capital Investments:** If a company is investing more than $400 million or investing more than $150 million and creating at least 125 net new jobs, a “Super Fee” is negotiable. This fee can further lower the assessment rate to as low as 4%.

Job Development Credit
South Carolina’s Enterprise Program is substantially different from the state’s other tax incentives because it does not reduce a particular tax liability; instead, it provides companies with funds to offset the cost of locating or expanding a business facility in this state. Representing actual cash contributions to the project, this incentive allows South Carolina to lower the effective cost of investment and positively contribute to a company’s bottom line and profitability.

The Job Development Credit effectively uses the personal withholding taxes of new employees to reimburse qualified, approved companies that add value to South Carolina and the community in which they locate. These reimbursements are for eligible

DISCRETIONARY INCENTIVES

SOUTH CAROLINA’S DISCRETIONARY INCENTIVES

South Carolina law allows a county to negotiate with a company for a FILOT agreement if total capital investment is $2.5 million or greater.

The FILOT may result in benefits for a company: Savings, Replacement Property and Additional Savings for Substantial Capital Investments.
The Coordinating Council administers the Enterprise Carolina Program. Funds for the Job Development Credits come from state personal income tax withholding that is not used to provide the credits. To verify capital expenditures and qualifying jobs, a company must file a report with the Coordinating Council and the company's and the state's financial agencies. A company that itemizes the sources and uses of the funds, records available for inspection by the Coordinating Council, and such report must be filed by June 30 following the calendar year in which the refunds are received.

In addition, the Coordinating Council generally caps annual collection at no more than $3,250 per employee per year. No company will be allowed to claim a credit on any capital expenditures (land, building, site development, pollution control equipment or infrastructure) equal to the withholding used by the company; a company must use $1,000 per employee per calendar year in which the employee’s cost of health plan premiums; and pay at least 50% of an eligible plan employer’s cost of health plan premiums, and $500 annual renewal fee.

The total amount of tax credits allowed to all qualifying taxpayers in any one year is limited to $30 million. A taxpayer cannot claim both a port volume increase tax credit and another type of any tax credit it will receive. Any unused credits may be carried forward for five years. The company must match $1.50 for each $1.00 of the employee’s withholding share used for training. The total amount is paid to the technical college, the company is located. Under the terms of the Revitalization Agreement, the Coordinating Council and the company will be required to enter into an agreement with the state guaranteeing the company's participation in the state program assuming the entity's commitments.

Port Volume Increase Tax Credit

South Carolina provides possible income tax credits to companies engaged in warehousing, freight forwarding, freight handling, goods processing, cross docking, transloading or wholesale of goods. To be eligible for this credit, a company must meet the requirements if qualifying as a service facility; and pay at least 50% of an eligible plan employer’s cost of health plan premiums; and pay at least 50% of an eligible plan employer’s cost of health plan premiums.

Eligible businesses engaged in manufacturing, processing or technology intensive industries may receive a tax credit equal to the withholding used by the company; a company must use $1,000 per employee per calendar year in which the employee’s cost of health plan premiums; and pay at least 50% of an eligible plan employer’s cost of health plan premiums, and $500 annual renewal fee.

The Port Volume Increase Tax Credit may not exceed $1,000 in any $500 over five years. The company must match $500 for each $500 over 10 years, and only if the current county average wage is not exceeded $100,000 per taxpayer in any one year. The credit may be carried forward for five years.

The total amount is paid to the technical college, providing the training. In order to collect funds for retraining, a company must pay an annual $250 fee for retraining, a company must pay an annual $250 fee. The maximum total amount of retraining programs delivered directly or by the technical college under the coordination of the Coordinating Council is $250,000 per fiscal year for the Job Development Credit program. The maximum total amount of retraining programs delivered directly or by the technical college under the coordination of the Coordinating Council is $250,000 per fiscal year for the Job Development Credit program. The maximum total amount of retraining programs delivered directly or by the technical college under the coordination of the Coordinating Council is $250,000 per fiscal year for the Job Development Credit program.

Funds for Existing Industry

Port Volume Increase Tax Credit

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