

May 13, 2016

TALKING POINTS FOR PROPOSED AMENDMENT

- The Textile Mill Credit incentivizes economic development and job creation through the rehabilitation, renovation, and redevelopment of abandoned textile mill sites located in South Carolina. The credit is not earned until the completion of the project. The credit can be taken against state income taxes, license fees, or local property taxes and is based on 25% of the qualified expenditures made at the site. Redemption of the credit is spread over five years. The credit is limited to 50% of income tax or license fees, and 75% of real property taxes.
- Due to capital-intensive nature of rehabilitation projects and availability of tax credits, projects typically are structured using a limited liability company or partnership, with both the developer and investors as members/partners.
- South Carolina law currently is unclear regarding who owns and is eligible to allocate carryforward of the textile mill credit to the extent an LLC or partnership does not pass through the credits to members during a tax year.
- The proposed amendment clarifies that a limited liability company or partnership can carry forward unused textile mill credits at the LLC or partnership level, and then pass through those credits to members or partners during the succeeding five years.
- This proposed amendment has no revenue impact.
- The proposed amendment serves merely to clarify ownership of and eligibility for tax credits.
- There is no increase in the extent to which the textile mill credit can be taken over the five-year period, with carryforward.
- The proposed amendment applies only to the textile mill credit.

Charleston
 Charlotte
Columbia
 Greensboro
 Greenville
 Hilton Head
 Myrtle Beach
 Raleigh

- The textile mill credit went into effect in 2004 and was substantially revised in 2008.
- Adding additional clarity to the textile mill credit statute will promote investment, economic development, and job creation in South Carolina communities with abandoned textile mills. Across the state, textile mills are under varying stages of rehabilitation and re-use, including these which are included in the National Register for Historic Places:
 - Aiken County
 - Graniteville Mill (Graniteville Historic District), Graniteville
 - Vaucluse Mill (Vaucluse Mill Village Historic District), Vaucluse
 - Cherokee County
 - Irene Mill Finishing Plant, Gaffney
 - Greenville County
 - Huguenot Mill (Reedy River Industrial District), Greenville
 - Mills Mill, Greenville
 - Monaghan Mill, Greenville
 - Woodside Cotton Mill (Woodside Cotton Mill Village Historic District), Greenville
 - Kershaw County
 - Kendall Mill (Kendall Mill Historic District), Camden
 - Newberry County
 - Oakland Mill, Newberry
 - Oconee County
 - Courtney Mill (Newry Historic District), Newry
 - Orangeburg County
 - Enterprise Cotton Mills Building, Orangeburg
 - Richland County
 - Columbia Mills Building, Columbia
 - Granby Mill (Granby Mill Village Historic District), Columbia
 - Olympia Mill, Columbia
 - Richland Cotton Mill, Columbia
 - Spartanburg County
 - Arcadia Mill no. 2 (Mayfair-Baily Mill), Spartanburg
 - Pacolet Mills Cloth Room and Warehouse, Pacolet
 - York County
 - Highland Park Manufacturing Plant, Rock Hill
 - Rock Hill Cotton Factory, Rock Hill