

2022 GS HB 262: Incentives Amendments

Summary | September 21, 2022

Tax credits modified

- **Research activities**
 - Eliminates one credit amounts equal to 7.5 % of total qualified research expenses
 - Leaves two other existing credit amounts, which mirror the existing federal credit:
 - 5% of the taxpayer's qualifying research expenses (above a baseline)
 - 5% of the taxpayer's payments to a qualified research organization for basic research (above a baseline)
 - Requires the Tax Commission to create and taxpayers to complete a worksheet to calculate the research activities credit
- **Economic development tax increment financing (EDTIF)**
 - Provides an end date of July 1, 2022, after which the Governor's Office of Economic Opportunity may not enter new contracts authorizing an economic development tax increment financing tax credit
- **Enterprise zone** (*already winding down/no new enterprise zones designated on or after Jan. 1, 2021*)
 - Eliminates the credit amount for rehabilitation of certain vacant buildings
 - currently 25% of first \$200,000 spent
 - Modifies the credit amount for investment in depreciable property
 - currently 5% of first \$750,000; modified to 2.5% of first \$500,000
 - Modifies the credit amounts for job creation from four available credits equaling a maximum of \$2200/job to one available credit amount of \$750/ job created meeting the following criteria:
 - Pays 125% of the county average monthly nonagricultural payroll wage (of respective industry, if available)
 - Filled by employee who is insured under employer-sponsored health insurance program; employer pays at least 50% of premium costs
- **Historic preservation** (*only individual income tax credit modified*)
 - Reduces credit amount from 20% to 10% of qualified expenditures
- **Commercial renewable energy systems**
 - Reduces the available credit amounts by 50%
 - Investment credit amount reduced from 10% of reasonable costs up to \$50,000/commercial unit to 5% of reasonable costs up to \$25,000/commercial unit
 - Production credits (*except for hydrogen production credit*) reduced from \$0.35/kilowatt hour of electricity produced and used or sold to \$0.175/kilowatt hour of electricity produced and used or sold

Tax credits repealed

- Investment in life science establishments*
- Interest income from state and federal securities
- Historic preservation (*only corporate credit is repealed*)*
- Renewable energy system for a residential unit (*only corporate*)**
- Recycling market development zone
- Alternative energy development*
- Qualifying solar projects*
- Motion picture (*cash incentive also repealed*)

*credits with declining or low usage in recent years

** credit with fewer than 10 claimants & claims of less than \$10,000 a year for three years; removed from 2022 corporate tax return per Section 59-7-903