



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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*This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.*

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<b>Bill Number:</b>	S. 739	Introduced on April 18, 2023
<b>Author:</b>	Setzler	
<b>Subject:</b>	SC Housing Tax Credit	
<b>Requestor:</b>	Senate Finance	
<b>RFA Analyst(s):</b>	Jolliff	
<b>Impact Date:</b>	April 24, 2023	

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### **Fiscal Impact Summary**

This joint resolution provides a one-time authorization of South Carolina Housing Tax Credits in an amount necessary but not exceeding \$29,806,029, comprised of \$12,889,152 remaining available from the one-time authorization of South Carolina Housing Tax Credits provided in Section 1.B.1 of Act 202 of 2022, and a total of \$16,916,877 remaining available for allocations for the tax year ending December 31, 2023, pursuant to Section 12-6-3795. Further, the joint resolution authorizes non-recurring, one-time funding of up to \$25,000,000 from the undesignated balance held in the South Carolina Housing Trust Fund. The State Housing Finance and Development Authority (SC Housing) must develop a plan to allocate the funding as supplemental financial support to certain multi-family housing projects.

This bill will not impact expenditures for SC Housing to implement these provisions as the agency will use existing staff and resources.

This bill allows for the allocation of the remaining \$12,889,152 from the one-time \$100 million authorization of South Carolina Housing Tax Credits in Section 1.B.1 of Act 202 of 2022. Further, it changes the allocation of the remaining tax credits available for tax year 2023 under the \$20 million per year limit, but does not increase the limits. The original allocation of these tax credits is included in the revenue forecast. Although the full \$100 million tax credit authorization was not completely allocated in the fiscal year originally anticipated, the impact of these credits carries forward for multiple years as the credits are claimed. The Board of Economic Advisors is accounting for these credits and the impact on revenues under the allocations provided in Act 202 of 2022 based on the actual timing of claims as additional information becomes available. As the multi-year impact of these credits has been anticipated since the adoption of Act 202, the joint resolution will have no further impact on state revenues.

### **Explanation of Fiscal Impact**

#### **Introduced on April 18, 2023**

#### **State Expenditure**

This joint resolution provides a one-time authorization of South Carolina Housing Tax Credits in an amount necessary but not exceeding \$29,806,029, comprised of \$12,889,152 remaining available from the one-time authorization of South Carolina Housing Tax Credits provided in

Section 1.B.1 of Act 202 of 2022, and a total of \$16,916,877 remaining available for allocations for the tax year ending December 31, 2023, pursuant to Section 12-6-3795. Further, the joint resolution authorizes non-recurring, one-time funding of up to \$25,000,000 from the undesignated balance held in the South Carolina Housing Trust Fund. SC Housing must develop a plan to allocate the funding as supplemental financial support to certain multi-family housing projects.

The plan must conform with such provisions of the Qualified Allocation Plan and the State Ceiling Allocation Plan as SC Housing may recommend to be applicable to any supplemental South Carolina Housing Tax Credits or non-recurring, one-time funding made available pursuant to the joint resolution. However, preference must be given to projects with highest rates of completion and earliest dates that the projects are expected to be placed in service. The plan, and any project allocations proposed thereunder, must be submitted to the Joint Bond Review Committee for review and comment prior to awarding any South Carolina Housing Tax Credits or non-recurring, one-time funding made available pursuant to the joint resolution.

This bill will not impact expenditures for SC Housing to implement these provisions as the agency will use existing staff and resources.

### **State Revenue**

This joint resolution provides a one-time authorization of South Carolina Housing Tax credits in an amount necessary but not exceeding \$29,806,029, comprised of \$12,889,152 remaining available from the one-time authorization of South Carolina Housing Tax Credits provided in Section 1.B.1 of Act 202 of 2022, and a total of \$16,916,877 remaining available for allocations for the tax year ending December 31, 2023, pursuant to Section 12-6-3795. The funding must be used as supplemental financial support to multi-family housing projects utilizing the federal 4 percent tax credit, as defined in Section 12-6-3795, that had by March 31, 2023, received a tentative allocation of South Carolina Housing Tax Credits pursuant to Act 202 of 2022. Any unallocated credits and non-recurring, one-time funding made available under the resolution may be carried forward for allocation beyond the current tax year ending December 31, 2023.

Act 202 of 2022 capped the amount of South Carolina Housing Tax Credits at \$20 million per year. It also provided a one-time allocation of up to \$100 million for projects that were approved by the State Fiscal Accountability Authority or SC Housing prior to December 31, 2021. The annual credit allocations are taken each year for ten years starting when the project is placed in service. This bill allows for the allocation of the remaining \$12,889,152 from the one-time \$100 million authorization of South Carolina Housing Tax Credits in Section 1.B.1 of Act 202 of 2022. Further, it changes the allocation of the remaining tax credits available for tax year 2023 under the \$20 million per year limit. The original allocation of these tax credits is included in the revenue forecast. Although the full \$100 million tax credit authorization was not completely allocated in the fiscal year originally anticipated, the impact of these credits carries forward for multiple years as the credits are claimed. The Board of Economic Advisors is accounting for these credits and the impact on revenues under the allocations provided in Act 202 of 2022 based on the actual timing of claims as additional information becomes available. As the multi-year

impact of these credits has been anticipated since the adoption of Act 202, the joint resolution will have no further impact on state revenues.

**Local Expenditure**

N/A

**Local Revenue**

N/A



Frank A. Rainwater, Executive Director