**South Carolina General Assembly**

125th Session, 2023-2024

**A88, R76, S739**

**STATUS INFORMATION**

Joint Resolution

Sponsors: Senators Setzler, Alexander, Peeler, Williams, Davis, Talley and Malloy

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Introduced in the Senate on April 18, 2023

Introduced in the House on May 4, 2023

Last Amended on May 3, 2023

Currently residing in the Senate

Governor's Action: May 19, 2023, Signed

Summary: SC Housing Tax Credit

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

4/18/2023 Senate Introduced and read first time ([Senate Journal‑page 4](h:\sj\20230418.docx))

4/18/2023 Senate Referred to Committee on **Finance** ([Senate Journal‑page 4](h:\sj\20230418.docx))

4/26/2023 Senate Committee report: Favorable with amendment **Finance** ([Senate Journal‑page 7](h:\sj\20230426.docx))

4/27/2023 Scrivener's error corrected

5/2/2023 Senate Read second time ([Senate Journal‑page 24](h:\sj\20230502.docx))

5/3/2023 Senate Committee Amendment Adopted ([Senate Journal‑page 21](h:\sj\20230503.docx))

5/3/2023 Senate Read third time and sent to House ([Senate Journal‑page 21](h:\sj\20230503.docx))

5/4/2023 Senate Roll call Ayes-43 Nays-0 ([Senate Journal‑page 21](h:\sj\20230504.docx))

5/4/2023 House Introduced and read first time ([House Journal‑page 17](h:\hj\20230504.docx))

5/4/2023 House Referred to Committee on **Ways and Means** ([House Journal‑page 17](h:\hj\20230504.docx))

5/9/2023 House Committee report: Favorable **Ways and Means** ([House Journal‑page 3](h:\hj\20230509.docx))

5/10/2023 House Read second time ([House Journal‑page 89](h:\hj\20230510.docx))

5/10/2023 House Roll call Yeas-82 Nays-25 ([House Journal‑page 91](h:\hj\20230510.docx))

5/11/2023 House Read third time and enrolled ([House Journal‑page 15](h:\hj\20230511.docx))

5/17/2023 Ratified R 76

5/19/2023 Signed By Governor

5/26/2023 Effective date 05/19/23

7/6/2023 Act No. 88

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**VERSIONS OF THIS BILL**

[04/18/2023](https://www.scstatehouse.gov/sess125_2023-2024/prever/739_20230418.docx)

[04/26/2023](https://www.scstatehouse.gov/sess125_2023-2024/prever/739_20230426.docx)

[04/27/2023](https://www.scstatehouse.gov/sess125_2023-2024/prever/739_20230427.docx)

[05/03/2023](https://www.scstatehouse.gov/sess125_2023-2024/prever/739_20230503.docx)

[05/09/2023](https://www.scstatehouse.gov/sess125_2023-2024/prever/739_20230509.docx)

(A88, R76, S739)

A JOINT RESOLUTION PROVIDING FOR A ONE-TIME AUTHORIZATION FOR USE OF CERTAIN REMAINING SOUTH CAROLINA HOUSING TAX CREDITS PROVIDED PURSUANT TO SECTION 1.B.1 OF ACT 202 OF 2022, CERTAIN REMAINING SOUTH CAROLINA HOUSING TAX CREDITS AUTHORIZED PURSUANT TO SECTION 12-6-3795 FOR THE TAX YEAR ENDING DECEMBER 31, 2023, certain federal low-income housing credits, AND NOT EXCEEDING $25 MILLION IN ONE-TIME, NONRECURRING FUNDING FROM THE SOUTH CAROLINA HOUSING TRUST FUND ESTABLISHED PURSUANT TO ARTICLE 4 OF CHAPTER 13, TITLE 31 OF THE SOUTH CAROLINA CODE, ALL FOR THE LIMITED PURPOSE OF PROVIDING SUPPLEMENTAL FINANCIAL SUPPORT TO ADDRESS ESCALATIONS AND OTHER COSTS FOR CERTAIN MULTIFAMILY HOUSING DEVelOPMENTS.

Whereas, Act 137 of 2020 amended the South Carolina Code to enact the “Workforce and Senior Affordable Housing Act” by adding Section 12‑6‑3795 so as to allow a taxpayer eligible for the Federal Housing Tax Credit to claim a South Carolina Housing Tax Credit; and

Whereas, following the enactment of Act 137 of 2020 and through December 31, 2021, preliminary determinations of eligibility for the South Carolina Housing Tax Credit totaled approximately $100 million annually and approximately $1 billion for the ten‑year term of the South Carolina Housing Tax Credit, far exceeding the estimated fiscal impact on the general fund at the time of enactment of approximately $2.1 million annually and $20.6 million for the ten‑year term of the South Carolina Housing Tax Credit; and

Whereas, following study and a determination that the actual fiscal impact of the South Carolina Housing Tax Credit on the general fund was not sustainable, Act 202 of 2022 amended Section 12‑6‑3795 to, among other things, limit the South Carolina Housing Tax Credit; and

Whereas, Section 1.B.1 of Act 202 of 2022 provided for a one‑time authorization of South Carolina Housing Tax Credits in an amount necessary but not exceeding $100 million dollars to ratify amounts reflected in preliminary determination statements for qualified projects approved before December 31, 2021, with any allocations of South Carolina Housing Tax Credits made pursuant to this provision subject to the review and comment of the Joint Bond Review Committee; and

Whereas, in accordance with Section 1.B.1 of Act 202, the South Carolina State Housing Finance and Development Authority provided a report to, among others, the Joint Bond Review Committee identifying all qualified projects to which the $100 million one‑time authorization provided in Section 1.B.1 of Act 202 of 2022 was proposed to apply; and

Whereas, on August 23, 2022, the Joint Bond Review Committee determined that the amount of South Carolina Housing Tax Credits applicable to projects qualified for the one‑time authorization provided pursuant to Section 1.B.1 of Act 202 of 2022 was $87,110,848; and

Whereas, it has been asserted that escalations in costs of construction and materials, increases in interest rates, and other factors have negatively impacted the financial feasibility of certain projects to the extent that such projects face a threat that they cannot be completed in the absence of supplemental funding; and

Whereas, there remains available $12,889,152 in South Carolina Housing Tax Credits pursuant to the one‑time authorization provided in Section 1.B.1 of Act 202 of 2022; and

Whereas, there remains available for the tax year ending December 31, 2023, a total of $16,916,877 in South Carolina Housing Tax Credits, comprised of the amounts of $6,726,825 and $10,190,052 for allocation pursuant to Section 12‑6‑3795 to qualified projects utilizing the federal four percent tax credit and the federal nine percent tax credit, respectively; and

Whereas, there is available no less than $25 million in undesignated funding held in the South Carolina Housing Trust Fund established pursuant to Article 4, Chapter 13, Title 31 of the South Carolina Code. Now, therefore,

Be it enacted by the General Assembly of the State of South Carolina:

South Carolina Housing Tax Credits

SECTION 1. The General Assembly hereby provides a one‑time authorization of South Carolina Housing Tax Credits pursuant to and for the purposes described in this joint resolution 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. In addition to the foregoing, the General Assembly hereby authorizes pursuant to and for the purposes described in this joint resolution an amount necessary but not exceeding $25,000,000 from the undesignated balance held in the South Carolina Housing Trust Fund established pursuant to Article 4, Chapter 13, Title 31 of the South Carolina Code, as nonrecurring, one‑time funding, and not as South Carolina Housing Tax Credits. No later than June 30, 2023, the State Housing Finance and Development Authority must develop a plan to allocate the South Carolina Housing Tax Credits and nonrecurring, one‑time funding made available pursuant to this joint resolution as supplemental financial support to certain multifamily housing projects that had by March 31, 2023, received a tentative allocation of South Carolina Housing Tax Credits pursuant to Act 202 of 2022. 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 nonrecurring, one‑time funding made available pursuant to this joint resolution.

Allocation Plan

SECTION 2. The plan must be provided in such form and substance as the Joint Bond Review Committee may prescribe, and must include for each project, the project name and location; the amount of any South Carolina Housing Tax Credits, state ceiling, or both, previously allocated to the project; project ownership; the total number of units assisted; any supplemental South Carolina Housing Tax Credits or nonrecurring, one‑time funding proposed to be made available to the project pursuant to this joint resolution; and any supplemental amount of state ceiling, if any, proposed for allocation to the project. The plan must further include for each project a disclosure of every affiliate or other related legal entity having a direct or beneficial interest in the development of the project.

Supplemental Financial Support

SECTION 3. Any supplemental South Carolina Housing Tax Credits or nonrecurring, one‑time funding made available pursuant to this joint resolution must be limited to the amount necessary to provide supplemental financial support to projects that (1) are under construction; and (2) have demonstrated independently verified costs exceeding original estimates as a consequence of escalations in costs of construction and materials, increases in interest rates, and such other extenuating factors as may be recommended by the State Housing Finance and Development Authority, subject to the review and comment of the Joint Bond Review Committee; provided, however, that no single project may receive an allocation of more than the lesser of (1) the actual amount of South Carolina Housing Tax Credits and nonrecurring, one‑time funding made available pursuant to this joint resolution necessary to achieve financial feasibility of the project based on the independently verified costs exceeding the original estimate for the project; or (2) twenty percent of the South Carolina Housing Tax Credit reflected on the eligibility statement, as defined in Section 12‑6‑3795(A)(1), previously furnished for the project by the State Housing Finance and Development Authority; further provided, however, that the State Housing Finance and Development Authority may recommend, subject to the review of the Joint Bond Review Committee, a de minimus adjustment not exceeding five percent beyond the limitations of this SECTION to promote financial feasibility of the project in marginal circumstances. Project sponsors must have requested consideration of and provided justification for any costs in excess of original estimates to the State Housing Finance and Development Authority no later than March 31, 2023.

Allocation Plan

SECTION 4. The plan must conform with such provisions of the Qualified Allocation Plan and the State Ceiling Allocation Plan as the State Housing Finance and Development Authority may recommend to be applicable to any supplemental South Carolina Housing Tax Credits or nonrecurring, one‑time funding made available pursuant to this joint resolution; provided, however, that priority must be given to projects with highest rates of completion and earliest dates that the projects are expected to be placed in service.

South Carolina Housing Tax Credits

SECTION 5. Nothing in this joint resolution grants any rights to, or in the processes used in, the determination of any South Carolina Housing Tax Credits or nonrecurring, one‑time funding made available pursuant to this joint resolution.

Agreement

SECTION 6. The State Housing Finance and Development Authority may require, as a condition of any supplemental South Carolina Housing Tax Credits or nonrecurring, one‑time funding made available pursuant to the plan required by SECTION 1 and this joint resolution, an agreement from the project sponsor that the South Carolina Housing Tax Credits and any nonrecurring, one‑time funding allocated to the project are deemed final, without recourse.

Carry Forward

SECTION 7. Any unallocated South Carolina Housing Tax Credits and nonrecurring, one‑time funding made available pursuant to this joint resolution may be carried forward for allocation beyond the current tax year ending December 31, 2023, provided the unallocated South Carolina Housing Tax Credits and nonrecurring, one‑time funding are limited to the purposes and subject to the provisions of this joint resolution.

Suspension

SECTION 8. The allocation requirements of Section 12‑6‑3795(B)(5)(c) are suspended for the tax year ending December 31, 2023.

Suspension

SECTION 9. The provisions of Article 4, Chapter 13, Title 31 of the South Carolina Code are suspended in the amount of $25 million for the tax year ending December 31, 2023, and beyond December 31, 2023, but only to the extent of any amounts carried forward pursuant to SECTION 7 of this joint resolution.

Supplemental Financial Support

SECTION 10.  In addition to the other amounts made available by this joint resolution, the General Assembly hereby authorizes the State Housing Finance and Development Authority to allocate an amount necessary but not exceeding fifty percent of the federal low-income housing tax credit allocated to this State for the tax year ending December 31, 2023, as supplemental financial support to certain multifamily housing projects utilizing federal nine percent tax credits as defined in Section 12‑6‑3795(A)(7) that had by March 31, 2023, requested consideration of and provided justification for any costs in excess of original estimates to the State Housing Finance and Development Authority. Any allocations of federal tax credits made pursuant to this SECTION must be included and coordinated within the plan required pursuant to SECTION 1, and are subject to, without limitation, the same requirements, determinations, limitations, and other provisions as are applicable to the State Housing Tax Credits included in SECTIONS 1 through 7 of this joint resolution.

Time effective

SECTION 11. This joint resolution takes effect upon approval by the Governor.

Ratified the 17th day of May, 2023.

Approved the 19th day of May, 2023.

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