



## **SCETA Full Legislative Brief – S.867 (Updated)**

### **EXECUTIVE SUMMARY**

Senate Bill 867 (S.867), the Data Center Development Act, represents South Carolina’s most comprehensive effort to date to establish a statewide framework for the siting, permitting, and regulation of large-scale data centers and digital infrastructure facilities.

As written, S.867 creates a tiered regulatory structure based primarily on connected electrical load, establishes a Data Center Development Office within the Department of Environmental Services, requires state siting permits, mandates infrastructure adequacy and environmental impact reviews, and prioritizes redevelopment of brownfields, former manufacturing facilities, and industrial sites.

SCETA supports the bill’s core objectives: protecting ratepayers, ensuring responsible infrastructure planning, encouraging redevelopment of legacy industrial properties, and providing regulatory clarity for large-load facilities.

However, SCETA’s analysis finds that S.867 relies on assumptions rooted in traditional manufacturing-era development models that do not fully reflect modern technology-driven facilities. In particular, tiering based solely on connected load fails to account for actual grid impact, flexible and dispatchable loads, phased project development, behind-the-meter generation, and capital-intensive projects that create fewer but higher-wage jobs.

The basis for SCETA’s analysis is the evolution of technology infrastructure, including data centers, AI compute, advanced manufacturing, and digital asset operations, all of which are characterized by scalable deployment, high capital investment, and increasingly sophisticated grid interaction.

This brief outlines the bill as written, identifies where it functions effectively, highlights where it may unintentionally discourage investment or redevelopment, and provides targeted recommendations to modernize S.867 while preserving its environmental, community, and ratepayer protections.

### **MAJOR PROVISIONS AS INTRODUCED**

- Establishes the Data Center Development Act.
- Creates a Data Center Development Office.



- Implements tiered thresholds based on connected load.
- Requires state siting permits.
- Mandates infrastructure adequacy and environmental review.
- Prioritizes redevelopment of brownfields and industrial sites.
- Preserves PSC authority.

### **SCETA RECOMMENDATIONS FOR IMPROVEMENT**

- Align tier thresholds with actual grid impact.
- Recognize flexible and dispatchable loads.
- Authorize phased development.
- Expand industrial safe harbors.
- Coordinate with S.163.
- Support Special Economic Zones (SEZ) for capital formation.

### **NEW ADDITIONS - SALES TAX & BEHIND-THE-METER**

#### Sales and Use Tax Exemption

A targeted sales and use tax exemption for qualified data center equipment to align South Carolina with peer states and incentivize capital-intensive investment without burdening ratepayers.

#### Behind-the-Meter Generation

Explicit authorization for on-site and behind-the-meter generation to reduce grid strain, protect ratepayers, and allow utilities to compete for advanced technology investment.

### **CONCLUSION**

With these refinements, S.867 can become model legislation redefining economic development around technology, capital formation, and grid planning.