~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

February 10, 2022

**H. 3247**

Introduced by Reps. G.M. Smith, B. Cox, V.S. Moss, Yow, Huggins, Erickson, Bradley, Allison, Felder, B. Newton, W. Newton, Herbkersman, Ballentine and Davis

S. Printed 2/10/22--H.

Read the first time January 12, 2021.

**THE COMMITTEE ON WAYS AND MEANS**

To whom was referred a Bill (H. 3247) to amend the Code of Laws of South Carolina, 1976, so as to enact the “Workforce Enhancement and Military Recognition Act”; to amend Section 12‑6‑1171, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by striking SECTIONS 2 and 3 and inserting:

/ SECTION 2. Section 12‑6‑1171(A) of the 1976 Code is amended to read:

“(A)~~(1)~~ An individual taxpayer ~~who has~~ may deduct all military retirement income~~, each year may deduct an amount of his South Carolina earned income from South Carolina taxable income equal to the amount of military retirement income that is included in South Carolina taxable income, not to exceed seventeen thousand five hundred dollars. In the case of married taxpayers who file a joint federal income tax return, the deduction allowed by this section shall be calculated separately as though they had not filed a joint return, so that each individual’s deduction is based on the same individual’s retirement income and earned income. For purposes of this item, ‘South Carolina earned income’ has the same meaning as provided in Section 12‑6‑3330.~~

~~(2)~~ ~~Notwithstanding item (1), beginning in the year in which an individual taxpayer reaches age sixty‑five, an individual taxpayer who has military retirement income may deduct up to thirty thousand dollars of military retirement income~~ that is included in South Carolina taxable income.”

SECTION 3. This act takes effect upon approval by the Governor and first applies to tax years beginning after 2021. /

Renumber sections to conform.

Amend title to conform.

G. MURRELL SMITH, JR. for Committee.

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, SO AS TO ENACT THE “WORKFORCE ENHANCEMENT AND MILITARY RECOGNITION ACT”; TO AMEND SECTION 12‑6‑1171, RELATING TO THE MILITARY RETIREMENT INCOME DEDUCTION, SO AS TO PHASE‑IN THE REMOVAL OF CERTAIN LIMITS.

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

SECTION 1. This act shall be known and may be cited as the “Workforce Enhancement and Military Recognition Act”.

SECTION 2. Section 12‑6‑1171(A) of the 1976 Code is amended by adding an appropriately numbered item to read:

“( )(a) Notwithstanding the maximum deduction of South Carolina earned income set forth in item (1), as limited by the amount of military retirement included in South Carolina taxable income, beginning in tax year 2022, the maximum deduction for such taxpayers may not exceed twenty thousand four hundred dollars. Each year thereafter, the maximum deduction amount increases by two thousand nine hundred dollars through tax year 2027, after which the maximum deduction is limited only by the amount of South Carolina earned income.

(b) Notwithstanding the maximum deduction of military retirement income set forth in item (2), beginning in tax year 2022, the maximum deduction for such taxpayers may not exceed thirty‑three thousand dollars. Each year thereafter, the maximum deduction amount increases by three thousand dollars through tax year 2027, after which all military retirement income may be deducted from South Carolina taxable income.”

SECTION 3. This act takes effect upon approval by the Governor.

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