**A** **BILL**

TO AMEND SECTION 12‑6‑3385, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO REFUNDABLE STATE INDIVIDUAL INCOME TAX CREDITS FOR TUITION PAYMENTS, SO AS TO INCREASE THE AMOUNT OF CREDIT FOR TUITION TO FOUR‑YEAR INSTITUTIONS TO ONE THOUSAND SIX HUNDRED FIFTY DOLLARS AND TO INCREASE THE AMOUNT OF CREDIT FOR TUITION TO TWO‑YEAR INSTITUTIONS TO SIX HUNDRED FIFTY DOLLARS.

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

SECTION 1. Section 12‑6‑3385(A) of the 1976 Code, as last amended by Act 386 of 2006, is further amended to read:

“(A)(1) A student is allowed a refundable individual income tax credit equal to twenty‑five percent, not to exceed ~~eight~~ one thousand six hundred fifty dollars in the case of four‑year institutions and twenty‑five percent, not to exceed ~~three~~ six hundred fifty dollars in the case of two‑year institutions for tuition paid to an institution of higher learning or to a designated institution as provided in this section during a taxable year. The amount of the tax credit claimed up to the limits authorized in this section for any taxable year may not exceed the amount of tuition paid during that taxable year.

(2)(a) Tuition credits may not be claimed for more than four consecutive years after the student enrolls in an eligible institution.

(b) The credit period is suspended for a qualifying student required to withdraw from an institution of higher learning to serve on active military duty if the service member ~~re‑enrolls~~ reenrolls in an eligible institution within twelve months upon demobilization and provides official documentation from the Armed Forces to verify the dates of active duty military service.

(c) An extension of the credit period may be granted due to medical necessity as defined by the Commission on Higher Education.

(3) The credit may be claimed by the student or by an individual eligible to claim the student as a dependent on his federal income tax return, whoever actually paid the tuition. The department shall prescribe a form for claiming the credit.”

SECTION 2. This act takes effect upon approval by the Governor and applies to taxable years beginning after 2009.

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