

REPORT OF THE SALES AND INCOME TAX SUBCOMMITTEE

(Crawford, Simrill, Stavrinakis, Erickson & Daning - Staff Contact: Emma Hall)

HOUSE BILL 3348

H. 3348 -- Reps. Daning, Robinson, Pope, and J. L. Johnson: A BILL TO AMEND THE CODE OF SOUTH CAROLINA, 1976, BY ADDING SECTIONS 12-6-3710 AND 12-6-3720 SO AS TO ALLOW A TAX CREDIT TO ANY TAXPAYER THAT EMPLOYS A FORMERLY INCARCERATED INDIVIDUAL IN AN APPRENTICESHIP PROGRAM, OR A VETERAN OF THE ARMED FORCES IN AN APPRENTICESHIP PROGRAM, TO SPECIFY THE TAXES FOR WHICH THE CREDIT MAY BE APPLIED, AND SPECIFY ELIGIBILITY REQUIREMENTS.

Received by Ways and Means: January 12, 2021

Summary of Bill: This bill will allow employers who employ a formerly incarcerated individual or a veteran of the Armed Forces of the United States in a registered apprenticeship program a tax credit for up to three years. The amount of tax credit will be decreased annually from three thousand the first year, to two thousand five hundred dollars the second year and one thousand dollars in the third year. The tax credit is earned in the year in which the formerly incarcerated individual or veteran completes the twelfth month of employment with the taxpayer. The tax credit allowed by this section only may be claimed for an eligible individual once, regardless of the employer.

Estimated Revenue Impact: The bill will reduce General Fund individual income tax, corporate income or license taxes, bank tax, savings and loan association tax, and insurance premium taxes, or some combination thereof, by approximately \$4,008,000 in FY 2021-22, \$4,017,000 in FY 2022-23, \$3,325,000 in FY 2023-24, \$3,036,000 in FY 2024-25, \$3,036,000 in FY 2025-26, \$1,635,000 in FY 2026-27, and \$467,000 in FY 2027-28. However, the timing of the impact may vary if taxpayers do not have sufficient tax liability to claim the full amount and carry forward the credits to the succeeding tax year.

Other Notes/Comments: Passed out of Sub 4/28/21 Favorable with amendment

HOUSE
AMENDMENT

THIS AMENDMENT
ADOPTED

GOOD/DOWNEY
APRIL 27, 2021

CLERK OF THE HOUSE

THE SALES, USE AND INCOME TAX SUBCOMMITTEE PROPOSES
THE FOLLOWING AMENDMENT No. TO H. 3348
(COUNCIL\DG\3348C001.NBD.DG21):

REFERENCE IS TO THE BILL AS INTRODUCED.

**AMEND THE BILL, AS AND IF AMENDED, BY
STRIKING ALL AFTER THE ENACTING WORDS AND
INSERTING:**

**/SECTION 1. ARTICLE 25, CHAPTER 6, TITLE
12 OF THE 1976 CODE IS AMENDED BY ADDING:**

**“SECTION 12-6-3710. (A) FOR TAX YEARS
BEGINNING AFTER 2021, THERE IS ALLOWED A
TAX CREDIT FOR ANY TAXPAYER THAT EMPLOYS
A FORMERLY INCARCERATED INDIVIDUAL IN A**

REGISTERED APPRENTICESHIP PROGRAM THAT HAS BEEN VALIDATED BY THE UNITED STATES DEPARTMENT OF LABOR. AN EMPLOYER WHO HAS ONE OR MORE ELIGIBLE EMPLOYEES IS ELIGIBLE TO APPLY FOR AND RECEIVE A CREDIT AGAINST THE TAXES SET FORTH IN SUBSECTION (B). IN THE FIRST YEAR IN WHICH THE CREDIT IS EARNED PURSUANT TO SUBSECTION (D), THE AMOUNT OF THE CREDIT IS THREE THOUSAND DOLLARS FOR EACH ELIGIBLE EMPLOYEE. IF THE ELIGIBLE EMPLOYEE REMAINS EMPLOYED AND OTHERWISE MEETS THE REQUIREMENTS OF THIS SECTION THEREAFTER, THE CREDIT IS TWO THOUSAND FIVE HUNDRED DOLLARS IN THE SECOND YEAR, AND ONE THOUSAND DOLLARS IN THE THIRD YEAR. THE CREDIT MAY NOT BE CLAIMED BEYOND THE THIRD YEAR.

(B) THE CREDIT ALLOWED PURSUANT TO THIS SECTION MAY BE TAKEN AGAINST THE INCOME TAXES IMPOSED PURSUANT TO THIS CHAPTER, THE BANK TAX IMPOSED PURSUANT TO CHAPTER 11 OF THIS TITLE, THE SAVINGS AND

LOAN ASSOCIATION TAX IMPOSED PURSUANT TO CHAPTER 13 OF THIS TITLE, THE CORPORATE LICENSE TAX IMPOSED PURSUANT TO CHAPTER 20 OF THIS TITLE, AND INSURANCE PREMIUM TAXES IMPOSED PURSUANT TO CHAPTER 7, TITLE 38.

(C) THE TOTAL AMOUNT OF THE TAX CREDIT FOR A TAXABLE YEAR MAY NOT EXCEED THE TAXPAYER'S TAX LIABILITY. ANY UNUSED CREDIT MAY BE CARRIED OVER TO APPLY TO THE TAXPAYER'S SUCCEEDING YEAR'S LIABILITY.

(D)(1) THE TAX CREDIT IS EARNED IN THE YEAR IN WHICH THE FORMERLY INCARCERATED INDIVIDUAL COMPLETES THE TWELFTH CONSECUTIVE MONTH OF EMPLOYMENT WITH THE TAXPAYER. THE CREDIT IS EARNED IN THE SAME MANNER AND ON THE SAME SCHEDULE IN THE SECOND AND THIRD YEAR OF EMPLOYMENT.

(2) THE TAX CREDIT ALLOWED BY THIS SECTION ONLY MAY BE CLAIMED FOR AN ELIGIBLE INDIVIDUAL ONCE, REGARDLESS OF THE EMPLOYER. THE DEPARTMENT SHALL CONSULT WITH THE DEPARTMENT OF COMMERCE, THE DEPARTMENT OF EMPLOYMENT AND WORKFORCE, SCWORKS, AND ANY OTHER AGENCY OR ENTITY NECESSARY TO ESTABLISH A PROCESS BY WHICH EMPLOYERS ARE AWARE OF AN INDIVIDUAL'S ELIGIBILITY FOR THE CREDIT ALLOWED BY THIS SECTION.

(E) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, THE CREDIT ALLOWED BY THIS SECTION ONLY MAY BE CLAIMED IF THE FORMERLY INCARCERATED INDIVIDUAL IS EMPLOYED BY THE EMPLOYER IN THE REGISTERED APPRENTICESHIP PROGRAM BEFORE 2027. IF THE INDIVIDUAL IS EMPLOYED BEFORE SUCH TIME, THEN THE EMPLOYER MAY CLAIM THE CREDIT FOR EACH YEAR THE INDIVIDUAL IS ELIGIBLE AND ON THE SAME SCHEDULE AS PROVIDED IN THIS SECTION.

(F) THE DEPARTMENT MAY PRESCRIBE FORMS AND PROMULGATE REGULATIONS NECESSARY TO IMPLEMENT THE PROVISIONS OF THIS SECTION, INCLUDING REQUIRING THE NECESSARY DOCUMENTATION TO PROVE ELIGIBILITY.

(G) FOR PURPOSES OF THIS SECTION:

(1) 'FULL-TIME' HAS THE SAME MEANING AS PROVIDED IN SECTION 12-6-3360.

(2) 'INCARCERATED INDIVIDUAL' MEANS AN INDIVIDUAL THAT WAS HELD IN A STATE OR COUNTY PRISON, JAIL, OR DETENTION CENTER FOR AT LEAST NINETY CONSECUTIVE DAYS, BUT DOES NOT INCLUDE AN INDIVIDUAL INCARCERATED FOR A VIOLENT CRIME SET FORTH IN SECTION 16-1-60, UNLESS SUCH INDIVIDUAL RECEIVED A PARDON FOR THE OFFENSE.

SECTION 12-6-3720. (A) FOR TAX YEARS BEGINNING AFTER 2021, THERE IS ALLOWED A TAX CREDIT FOR ANY TAXPAYER THAT EMPLOYS A VETERAN OF THE ARMED FORCES OF THE UNITED STATES IN A REGISTERED APPRENTICESHIP PROGRAM THAT HAS BEEN VALIDATED BY THE UNITED STATES DEPARTMENT OF LABOR. AN EMPLOYER WHO HAS ONE OR MORE ELIGIBLE EMPLOYEES IS ELIGIBLE TO APPLY FOR AND RECEIVE A CREDIT AGAINST THE TAXES SET FORTH IN SUBSECTION (B). IN THE FIRST YEAR IN WHICH THE CREDIT IS EARNED PURSUANT TO SUBSECTION (D), THE AMOUNT OF THE CREDIT IS THREE THOUSAND DOLLARS FOR EACH ELIGIBLE EMPLOYEE. IF THE ELIGIBLE EMPLOYEE REMAINS EMPLOYED AND OTHERWISE MEETS THE REQUIREMENTS OF

THIS SECTION THEREAFTER, THE CREDIT IS TWO THOUSAND FIVE HUNDRED DOLLARS IN THE SECOND YEAR, AND ONE THOUSAND DOLLARS IN THE THIRD YEAR. THE CREDIT MAY NOT BE CLAIMED BEYOND THE THIRD YEAR.

(B) THE CREDIT ALLOWED PURSUANT TO THIS SECTION MAY BE TAKEN AGAINST THE INCOME TAXES IMPOSED PURSUANT TO THIS CHAPTER, THE BANK TAX IMPOSED PURSUANT TO CHAPTER 11 OF THIS TITLE, THE SAVINGS AND LOAN ASSOCIATION TAX IMPOSED PURSUANT TO CHAPTER 13 OF THIS TITLE, THE CORPORATE LICENSE TAX IMPOSED PURSUANT TO CHAPTER 20 OF THIS TITLE, AND INSURANCE PREMIUM TAXES IMPOSED PURSUANT TO CHAPTER 7, TITLE 38.

(C) THE TOTAL AMOUNT OF THE TAX CREDIT FOR A TAXABLE YEAR MAY NOT EXCEED THE TAXPAYER'S TAX LIABILITY. ANY UNUSED CREDIT MAY BE CARRIED OVER TO APPLY TO THE TAXPAYER'S SUCCEEDING YEAR'S LIABILITY.

(D)(1) THE TAX CREDIT IS EARNED IN THE YEAR IN WHICH THE VETERAN COMPLETES THE TWELFTH CONSECUTIVE MONTH OF EMPLOYMENT WITH THE TAXPAYER. THE CREDIT IS EARNED IN THE SAME MANNER AND ON THE SAME SCHEDULE IN THE SECOND AND THIRD YEAR OF EMPLOYMENT.

(2) THE TAX CREDIT ALLOWED BY THIS SECTION ONLY MAY BE CLAIMED FOR AN ELIGIBLE INDIVIDUAL ONCE, REGARDLESS OF THE EMPLOYER. THE DEPARTMENT SHALL CONSULT WITH THE DEPARTMENT OF COMMERCE, THE DEPARTMENT OF EMPLOYMENT AND WORKFORCE, SCWORKS, AND ANY OTHER AGENCY OR DEPARTMENT NECESSARY TO ESTABLISH A PROCESS BY WHICH EMPLOYERS ARE AWARE OF AN INDIVIDUAL'S ELIGIBILITY FOR THE CREDIT ALLOWED BY THIS SECTION.

(E) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, THE CREDIT ALLOWED BY THIS SECTION ONLY MAY BE CLAIMED IF THE VETERAN IS EMPLOYED BY THE EMPLOYER IN THE REGISTERED APPRENTICESHIP PROGRAM BEFORE 2027. IF THE INDIVIDUAL IS

EMPLOYED BEFORE SUCH TIME, THEN THE EMPLOYER MAY CLAIM THE CREDIT FOR EACH YEAR THE INDIVIDUAL IS ELIGIBLE AND ON THE SAME SCHEDULE AS PROVIDED IN THIS SECTION.

(F) THE DEPARTMENT MAY PRESCRIBE FORMS AND PROMULGATE REGULATIONS NECESSARY TO IMPLEMENT THE PROVISIONS OF THIS SECTION, INCLUDING REQUIRING THE NECESSARY DOCUMENTATION TO PROVE ELIGIBILITY.

(G) FOR PURPOSES OF THIS SECTION:

(1) 'FULL-TIME' HAS THE SAME MEANING AS PROVIDED IN SECTION 12-6-3360.

(2) 'VETERAN' HAS THE SAME MEANING AS PROVIDED IN SECTION 25-11-40."

SECTION 2. THIS ACT TAKES EFFECT UPON APPROVAL BY THE GOVERNOR. /

RENUMBER SECTIONS TO CONFORM.

AMEND TITLE TO CONFORM.



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.

Bill Number:	H. 3348	Introduced on January 12, 2021
Author:	Daning	
Subject:	Tax Credits	
Requestor:	House Ways and Means	
RFA Analyst(s):	Jolliff	
Impact Date:	March 12, 2021	

Fiscal Impact Summary

This bill provides an income tax credit for taxpayers that employ a formerly incarcerated individual or a veteran of the Armed Forces of the United States in an apprenticeship program. The Department of Revenue (DOR) and Department of Commerce (Commerce) both indicated that the bill will not affect their expenditures. These agencies indicate that will be able to implement the new tax credit with existing staff and resources. The Department of Employment and Workforce (DEW) indicates that the impact on the agency will depend on the level of involvement in implementing a system for employers to determine if an apprentice is eligible for the tax credit. Currently, Apprenticeship Carolina, a division of the S.C. Technical College System, provides employers with support registering an apprenticeship with the U.S. Department of Labor (USDOL). Based upon our discussions with Apprenticeship Carolina, the agency would be the most likely entity to provide support for these functions. They currently anticipate that they can assist with these responsibilities with existing staff, but because the staff are grant funded, they indicated that they may require funding in future years depending on available grant funding. Based upon these responses, the expenditure impact is undetermined at this time given the issues regarding how the process of verifying eligibility for a tax credit will be implemented.

The bill will reduce General Fund individual income tax, corporate income or license taxes, bank tax, savings and loan association tax, and insurance premium taxes, or some combination thereof, by approximately \$4,008,000 in FY 2021-22, \$4,017,000 in FY 2022-23, \$3,325,000 in FY 2023-24, \$3,036,000 in FY 2024-25, \$3,036,000 in FY 2025-26, \$1,635,000 in FY 2026-27, and \$467,000 in FY 2027-28. However, the timing of the impact may vary if taxpayers do not have sufficient tax liability to claim the full amount and carry forward the credits to the succeeding tax year.

Explanation of Fiscal Impact

Introduced on January 12, 2021

State Expenditure

This bill provides an income tax credit for taxpayers that employ a formerly incarcerated individual or a veteran of the Armed Forces of the United States in an apprenticeship program. The bill specifies that DOR must administer the credit and shall consult with Commerce, DEW,

SCWorks, and any other agency or entity necessary to establish a process by which employers are aware of an individual's eligibility for the credits.

DOR and Commerce both indicated that the bill will not affect their expenditures. These agencies indicate that will be able to implement the new tax credit with existing staff and resources.

DEW indicates that the impact on the agency will depend on their level of involvement in implementing a system for employers to determine if an apprentice is eligible for the tax credit. They do not currently have a system that would allow them to determine employment in a qualifying apprenticeship or the apprentice's status as a formerly incarcerated individual or a veteran. Currently, Apprenticeship Carolina, a division of the S.C. Technical College System, provides employers with support registering an apprenticeship with USDOL. Based upon our discussions with Apprenticeship Carolina, the agency would be the most likely entity to provide support for these functions. They currently anticipate that they can assist with these responsibilities with existing staff, but because the staff are grant funded, they indicated that they may require funding in future years depending on available grant funding. Based upon these responses, the expenditure impact is undetermined at this time given the issues regarding how the process of verifying eligibility for the tax credit will be implemented.

State Revenue

This bill creates a tax credit for taxpayers that employ a formerly incarcerated individual or a veteran of the Armed Forces of the United States in an apprenticeship program that has been validated by the United States Department of Labor (USDOL) beginning in tax year 2021. The taxpayer is eligible for a credit for each eligible employee in the amount of \$3,000 in year one, \$2,500 in year two, and \$1,000 in year three if the eligible employee continues to meet the requirements. The credit may be taken against individual income tax, corporate income or license taxes, bank tax, savings and loan association tax, or insurance premium taxes. The credit amount may not exceed the taxpayer's liability, and any unused credit may be carried over to the succeeding year. The credits are allowed for any qualifying individual employed in the registered apprenticeship program before 2026. Any apprentice employed before 2026 would be eligible for a tax credit in tax years 2025, 2026, and 2027 based on the employment requirements, at which time the credits would end.

Based on data provided by Apprenticeship Carolina, there are currently 13,659 active apprentices in South Carolina. Of those, approximately 6,869 are employed by the S.C. National Guard, the U.S. Navy, Department of Corrections, or a city or county and would not be eligible for a tax credit, leaving 6,790 potentially eligible apprentices.

In addition to data provided by Apprenticeship Carolina, we also used data published by USDOL through the third calendar quarter of 2020 to estimate the number of apprentices that would potentially qualify and the number of new apprentices that may be enrolled annually. An average of approximately 7,342 new apprentices were added in federal fiscal years 2018 and 2019. Based on the distribution of current apprentices, we assume that approximately 3,650 of these

new apprentices would qualify for the tax credit annually, and the remaining would be employed by a government entity.

We estimate that approximately 5.1 percent of apprentices may be formerly incarcerated. This percentage is based upon a 1997 report by the U.S. Department of Justice, *Lifetime Likelihood of Going to State or Federal Prison*. Using these figures, the table below provides the anticipated eligible apprentices. Further, using data from USDOL and excluding the apprentices employed by the National Guard or the U.S. Navy, approximately 7.7 percent of other apprentices reported being veterans. Our estimates of currently active and new apprentices are outlined below based on these percentages.

Estimate of Apprentices Eligible for Tax Credits

	Estimated Currently Active	Estimated New Apprentices Per year
Total Apprentices	13,659	7,342
Estimated Apprentices Employed by a Non-government Entity	6,790	3,650
Percentage of Formerly Incarcerated /1	5.1%	5.1%
Estimated Formerly Incarcerated Apprentices	346	374
Percentage of Veterans /2	7.7%	7.7%
Estimated Veteran Apprentices	523	281
Total Estimated Eligible Apprentices	869	655

/1: Source: U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Statistics Special Report, *Lifetime Likelihood of Going to State of Federal Prison*, March 1997

/2: Source: US Department of Labor, Employment and Training Administration RAPIDS data for apprenticeships started 2013 and later; Estimates by RFA staff

In reading the bill, we anticipate that all existing apprentices, in addition to new apprentices, that meet the qualifications would be eligible for the tax credits beginning in tax year 2021. While apprentice programs can be less than three years, the available data and reports by the Bureau of Labor Statistics indicate that the majority of programs are three years or longer. Therefore, we assume for this analysis that the existing and new apprentices will largely be eligible for three years, but anticipate that approximately one-third of the existing apprenticeships will be completed each year, reducing the number of existing apprentices receiving the tax credit.

Under these assumptions, the estimated tax credits and resulting General Fund Impact are detailed below. The impact is estimated by fiscal year based upon the currently active and new apprentices expected to qualify by year. The tax credits apply to apprenticeships before 2026. Therefore, beginning in FY 2026-27, the annual General Fund impact will decline as no new apprentices are eligible for tax credits. Please note, these estimates do not anticipate a change in behavior or increase in the number of registered apprentices as a result of the tax credit, which would further increase the revenue impact.

Estimated General Fund Revenue Impact by Fiscal Year

	Currently Active	New 2021	New 2022	New 2023	New 2024	New 2025	Total by Year
Formerly Incarcerated	\$1,039,000	\$558,000					\$1,597,000
Veterans	\$1,568,000	\$843,000					\$2,411,000
FY 2021-22	\$2,607,000	\$1,401,000					\$4,008,000
Formerly Incarcerated	\$577,000	\$465,000	\$558,000				\$1,600,000
Veterans	\$871,000	\$703,000	\$843,000				\$2,417,000
FY 2022-23	\$1,448,000	\$1,168,000	\$1,401,000				\$4,017,000
Formerly Incarcerated	\$115,000	\$186,000	\$465,000	\$558,000			\$1,324,000
Veterans	\$174,000	\$281,000	\$703,000	\$843,000			\$2,001,000
FY 2023-24	\$289,000	\$467,000	\$1,168,000	\$1,401,000			\$3,325,000
Formerly Incarcerated			\$186,000	\$465,000	\$558,000		\$1,209,000
Veterans			\$281,000	\$703,000	\$843,000		\$1,827,000
FY 2024-25			\$467,000	\$1,168,000	\$1,401,000		\$3,036,000
Formerly Incarcerated				\$186,000	\$465,000	\$558,000	\$1,209,000
Veterans				\$281,000	\$703,000	\$843,000	\$1,827,000
FY 2025-26				\$467,000	\$1,168,000	\$1,401,000	\$3,036,000
Formerly Incarcerated					\$186,000	\$465,000	\$651,000
Veterans					\$281,000	\$703,000	\$984,000
FY 2026-27					\$467,000	\$1,168,000	\$1,635,000
Formerly Incarcerated						\$186,000	\$186,000
Veterans						\$281,000	\$281,000
FY 2027-28						\$467,000	\$467,000

In summary, the bill will reduce General Fund individual income tax, corporate income or license taxes, bank tax, savings and loan association tax, and insurance premium taxes, or some combination thereof, by approximately \$4,008,000 in FY 2021-22, \$4,017,000 in FY 2022-23, \$3,325,000 in FY 2023-24, \$3,036,000 in FY 2024-25, \$3,036,000 in FY 2025-26, \$1,635,000 in FY 2026-27, and \$467,000 in FY 2027-28. However, the timing of the impact may vary if

taxpayers do not have sufficient tax liability to claim the full amount and carryforward the credits to the succeeding tax year.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director

South Carolina General Assembly
124th Session, 2021-2022

H. 3348

STATUS INFORMATION

General Bill

Sponsors: Reps. Daning, Robinson, Pope, J.L. Johnson, Jefferson, M.M. Smith, Dillard and Hill

Document Path: I:\council\bill\abd\11013dg21.docx

Companion/Similar bill(s): 3479

Introduced in the House on January 12, 2021

Currently residing in the House Committee on **Ways and Means**

Summary: Tax credits

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
12/9/2020	House	Prefiled
12/9/2020	House	Referred to Committee on Ways and Means
1/12/2021	House	Introduced and read first time (<u>House Journal-page 167</u>)
1/12/2021	House	Referred to Committee on Ways and Means (<u>House Journal-page 167</u>)
1/14/2021	House	Member(s) request name added as sponsor: J.L.Johnson
4/28/2021	House	Member(s) request name added as sponsor: Jefferson, M.M.Smith, Dillard
1/25/2022	House	Member(s) request name added as sponsor: Hill

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VERSIONS OF THIS BILL

12/9/2020

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A BILL

11 TO AMEND THE CODE OF SOUTH CAROLINA, 1976, BY
12 ADDING SECTIONS 12-6-3710 AND 12-6-3720 SO AS TO
13 ALLOW A TAX CREDIT TO ANY TAXPAYER THAT
14 EMPLOYS A FORMERLY INCARCERATED INDIVIDUAL IN
15 AN APPRENTICESHIP PROGRAM, OR A VETERAN OF THE
16 ARMED FORCES IN AN APPRENTICESHIP PROGRAM, TO
17 SPECIFY THE TAXES FOR WHICH THE CREDIT MAY BE
18 APPLIED, AND SPECIFY ELIGIBILITY REQUIREMENTS.

19
20 Be it enacted by the General Assembly of the State of South
21 Carolina:

22
23 SECTION 1. Article 25, Chapter 6, Title 12 of the 1976 Code is
24 amended by adding:

25
26 “Section 12-6-3710. (A) For tax years beginning after 2020,
27 there is allowed a tax credit for any taxpayer that employs a formerly
28 incarcerated individual in a registered apprenticeship program that
29 has been validated by the United States Department of Labor. An
30 employer who has one or more eligible employees is eligible to
31 apply for and receive a credit against the taxes set forth in subsection
32 (B). In the first year in which the credit is earned pursuant to
33 subsection (D), the amount of the credit is three thousand dollars for
34 each eligible employee. If the eligible employee remains employed
35 and otherwise meets the requirements of this section thereafter, the
36 credit is two thousand five hundred dollars in the second year, and
37 one thousand dollars in the third year. The credit may not be
38 claimed beyond the third year.

39 (B) The credit allowed pursuant to this section may be taken
40 against the income taxes imposed pursuant to this chapter, the bank
41 tax imposed pursuant to Chapter 11 of this title, the savings and loan
42 association tax imposed pursuant to Chapter 13 of this title, the

1 corporate license tax imposed pursuant to Chapter 20 of this title,
2 and insurance premium taxes imposed pursuant to Chapter 7, Title
3 38.

4 (C) The total amount of the tax credit for a taxable year may not
5 exceed the taxpayer's tax liability. Any unused credit may be
6 carried over to apply to the taxpayer's succeeding year's liability.

7 (D)(1) The tax credit is earned in the year in which the formerly
8 incarcerated individual completes the twelfth consecutive month of
9 employment with the taxpayer. The credit is earned in the same
10 manner and on the same schedule in the second and third year of
11 employment.

12 (2) The tax credit allowed by this section only may be claimed
13 for an eligible individual once, regardless of the employer. The
14 department shall consult with the Department of Commerce, the
15 Department of Employment and Workforce, SCWorks, and any
16 other agency or entity necessary to establish a process by which
17 employers are aware of an individual's eligibility for the credit
18 allowed by this section.

19 (E) Notwithstanding any other provision of this section, the
20 credit allowed by this section only may be claimed if the formerly
21 incarcerated individual is employed by the employer in the
22 registered apprenticeship program before 2026. If the individual is
23 employed before such time, then the employer may claim the credit
24 for each year the individual is eligible and on the same schedule as
25 provided in this section.

26 (F) The department may prescribe forms and promulgate
27 regulations necessary to implement the provisions of this section,
28 including requiring the necessary documentation to prove
29 eligibility.

30 (G) For purposes of this section:

31 (1) 'Full-time' has the same meaning as provided in Section
32 12-6-3360.

33 (2) 'Incarcerated individual' means an individual that was
34 held in a state or county prison, jail, or detention center for at least
35 ninety consecutive days, but does not include an individual
36 incarcerated for a violent crime set forth in Section 16-1-60, unless
37 such individual received a pardon for the offense.

38
39 Section 12-6-3720. (A) For tax years beginning after 2020, there
40 is allowed a tax credit for any taxpayer that employs a veteran of the
41 Armed Forces of the United States in a registered apprenticeship
42 program that has been validated by the United States Department of
43 Labor. An employer who has one or more eligible employees is

1 eligible to apply for and receive a credit against the taxes set forth
2 in subsection (B). In the first year in which the credit is earned
3 pursuant to subsection (D), the amount of the credit is three
4 thousand dollars for each eligible employee. If the eligible
5 employee remains employed and otherwise meets the requirements
6 of this section thereafter, the credit is two thousand five hundred
7 dollars in the second year, and one thousand dollars in the third year.
8 The credit may not be claimed beyond the third year.

9 (B) The credit allowed pursuant to this section may be taken
10 against the income taxes imposed pursuant to this chapter, the bank
11 tax imposed pursuant to Chapter 11 of this title, the savings and loan
12 association tax imposed pursuant to Chapter 13 of this title, the
13 corporate license tax imposed pursuant to Chapter 20 of this title,
14 and insurance premium taxes imposed pursuant to Chapter 7, Title
15 38.

16 (C) The total amount of the tax credit for a taxable year may not
17 exceed the taxpayer's tax liability. Any unused credit may be
18 carried over to apply to the taxpayer's succeeding year's liability.

19 (D)(1) The tax credit is earned in the year in which the veteran
20 completes the twelfth consecutive month of employment with the
21 taxpayer. The credit is earned in the same manner and on the same
22 schedule in the second and third year of employment.

23 (2) The tax credit allowed by this section only may be claimed
24 for an eligible individual once, regardless of the employer. The
25 department shall consult with the Department of Commerce, the
26 Department of Employment and Workforce, SCWorks, and any
27 other agency or department necessary to establish a process by
28 which employers are aware of an individual's eligibility for the
29 credit allowed by this section.

30 (E) Notwithstanding any other provision of this section, the
31 credit allowed by this section only may be claimed if the veteran is
32 employed by the employer in the registered apprenticeship program
33 before 2026. If the individual is employed before such time, then
34 the employer may claim the credit for each year the individual is
35 eligible and on the same schedule as provided in this section.

36 (F) The department may prescribe forms and promulgate
37 regulations necessary to implement the provisions of this section,
38 including requiring the necessary documentation to prove
39 eligibility.

40 (G) For purposes of this section:

41 (1) 'Full-time' has the same meaning as provided in Section
42 12-6-3360.

1 (2) 'Veteran' has the same meaning as provided in Section
2 25-11-40."
3
4 SECTION 2. This act takes effect upon approval by the Governor.
5 ----XX----
6