**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 12‑6‑3632 SO AS TO ALLOW A REFUNDABLE STATE INDIVIDUAL INCOME TAX CREDIT EQUAL TO TEN PERCENT OF THE FEDERAL EARNED INCOME TAX CREDIT AND ANNUALLY TO INCREASE THE AMOUNT OF THE CREDIT IN INCREMENTS OF TWO AND ONE‑HALF PERCENT UNTIL THE CREDIT EQUALS TWENTY PERCENT.

Whereas, the federal earned income tax credit (EITC) was established in 1975 to offset the effects of federal payroll taxes on low‑income families; and

Whereas, the EITC has been expanded several times since, providing additional assistance to welfare recipients entering the workforce and other workers supporting their families on low wages; and

Whereas, the effectiveness of the federal EITC both in supporting work and in alleviating child poverty has been confirmed by a number of recent studies; and

Whereas, the EITC now lifts more than four million people, roughly half of them children, out of poverty each year; and

Whereas, it is the nation’s most effective antipoverty program for working families; and

Whereas, research shows that the credit has contributed to a significant increase in labor force participation among single mothers; and

Whereas, interviews with EITC recipients show that many use their EITC refunds to make the kinds of investments — paying off debt, investing in education, securing decent housing — that enhance economic security and promote economic opportunity; and

Whereas, it is appropriate that the State of South Carolina supplement this outstandingly successful program to raise the income of low‑income working families. Now, therefore,

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

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

“Section 12‑6‑3632. (A) There is allowed as a credit against the tax imposed pursuant to Section 12‑6‑510 on a full‑year resident individual taxpayer an amount equal to the percentage provided pursuant to subsection (B) of this section of the earned income tax credit (EITC) allowed the taxpayer pursuant to Internal Revenue Code Section 32. If the amount of the credit allowed by this section exceeds the tax imposed on the taxpayer pursuant to Section 12‑6‑510, the excess must be refunded to the taxpayer.

(B) The credit allowed pursuant to this section is calculated as follows:

Percentage of

Taxable year EITC

2013 10

2014 12.5

2015 15

2016 17.5

After 2016 20”

SECTION 2. This act takes effect upon approval by the Governor and applies for taxable years beginning after 2012.

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