**A** **BILL**

TO AMEND SECTION 12‑6‑1150 OF THE 1976 CODE, RELATING TO THE CAPITAL GAINS TAX, TO ENACT THE “SOUTH CAROLINA CAPITAL GAINS TAX ELIMINATION ACT”, TO INCREASE THE DEDUCTION ALLOWED FROM FORTY‑FOUR PERCENT TO ONE HUNDRED PERCENT OF THE NET CAPITAL GAIN AND TO PHASE IN THIS INCREASE OVER TEN YEARS.

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

SECTION 1. This act may be cited as the “South Carolina Capital Gains Tax Elimination Act”.

SECTION 2. Section 12‑6‑1150 of the 1976 Code, as last amended by Act 387 of 2000, is further amended to read:

“Section 12‑6‑1150. (A) Individuals, estates, and trusts are allowed a deduction from South Carolina taxable income equal to ~~forty‑four percent~~ a percentage of net capital gain recognized in this State during a taxable year as provided in subsection (C) of this section. In the case of estates and trusts, the deduction is applicable only to income taxed to the estate or trust or individual beneficiaries and not income passed through to nonindividual beneficiaries.

(B)(1) South Carolina income includes capital gains and losses from partnerships and ‘S’ Corporations.

(2) Net capital gain is as defined in Internal Revenue Code, Section 1222 and related sections.

(C) The deduction allowed pursuant to this section is as follows:

Taxable years beginning in: Net Capital Gain Percentage

deduction allowed

2015 49.6

2016 55.2

2017 60.8

2018 66.4

2019 72.0

2020 77.6

2021 83.2

2022 88.8

2023 94.4

2024 and after 100”

SECTION 3. This act takes effect upon approval by the Governor and applies for taxable years beginning after 2014.

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