**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 12‑6‑517 SO AS TO REPLACE THE INCOME TAX IMPOSED ON THE TAXABLE INCOME OF INDIVIDUALS, ESTATES, TRUSTS, AND CERTAIN OTHER ENTITIES IN TAX YEARS BEGINNING AFTER 2014 BY REDUCING THE RATE OF TAXATION BY 1.4 PERCENT EACH YEAR UNTIL THE TAX RATE FOR ALL BRACKETS IS ZERO PERCENT.

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

SECTION 1. Article 5, Chapter 6, Title 12 of the 1976 Code is amended by adding:

“Section 12‑6‑517. (A) Notwithstanding Section 12‑6‑510, for taxable years beginning after 2014, a tax is imposed on the South Carolina taxable income of individuals, estates, and trusts and any other entity except those taxed or exempted from taxation under Sections 12‑6‑530 through 12‑6‑550 computed at the following rates with the income brackets indexed in accordance with Section 12‑6‑520:

Over But Not Over Tax Plus Rate Of Excess Over

$0 $2,880 $0 0% $0

$2,880 $5,760 $0 1.6% $2,880

$5,760 $8,640 $46 2.6% $5,760

$8,640 $11,520 $121 3.6% $8,640

$11,520 $14,400 $225 4.6% $11,520

$14,400 $357 5.6% $14,400

(B) For tax years beginning after 2015, the rate of tax imposed pursuant to this section on all of the brackets of South Carolina taxable income is reduced by 1.4 percent each year until the rate of tax in all of the brackets has been reduced to zero percent.

(C) The department may prescribe tax tables consistent with the rates set pursuant to subsection (A). The department shall cumulatively adjust these brackets in the same manner as provided in Section 12‑6‑520, beginning in tax year 2015 and each year thereafter.

(D) A taxpayer that is eligible to elect the income tax rate established in Section 12‑6‑545 instead of the income tax rate established in Section 12‑6‑510, also may elect the income tax rate established in Section 12‑6‑545 instead of the income tax rate set forth in this section.”

SECTION 2. This act takes effect upon approval by the Governor.

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