**A** **BILL**

TO AMEND SECTION 12-6-1171(A) OF THE 1976 CODE, RELATING TO MILITARY RETIREMENT INCOME DEDUCTION, TO ENACT THE “WORKFORCE ENHANCEMENT AND MILITARY RECOGNITION ACT,” TO ALLOW THE DEDUCTION OF RETIREMENT BENEFITS ATTRIBUTABLE TO SERVICE ON ACTIVE DUTY IN THE ARMED FORCES OF THE UNITED STATES.

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

SECTION 1. This act may be cited as the “Workforce Enhancement and Military Recognition Act.”

SECTION 2. Section 12-6-1171(A) of the 1976 Code is amended to read:

“Section 12-6-1171. (A)(1) An individual taxpayer who has military retirement income, each year may deduct an amount of his South Carolina earned income from South Carolina taxable income equal to the amount of military retirement income that is included in South Carolina taxable income, not to exceed seventeen thousand five hundred dollars. In the case of married taxpayers who file a joint federal income tax return, the deduction allowed by this section shall be calculated separately as though they had not filed a joint return, so that each individual’s deduction is based on the same individual’s retirement income and earned income. For purposes of this item, ‘South Carolina earned income’ has the same meaning as provided in Section 12‑6‑3330. Beginning in tax year 2021, an individual taxpayer who has military retirement income, each year may deduct an amount of his South Carolina earned income from South Carolina taxable income equal to the full amount of military retirement income.

(2) Notwithstanding item (1), beginning in the year in which an individual taxpayer reaches age sixty‑five, an individual taxpayer who has military retirement income may deduct up to thirty thousand dollars of military retirement income that is included in South Carolina taxable income. Beginning in tax year 2021, the amount of the deduction shall be the full amount of military retirement income that is included in South Carolina taxable income.”

SECTION 3. This act takes effect upon approval by the Governor and applies to taxable years beginning after 2021.

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