**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 12‑6‑3800 SO AS TO PROVIDE DEFINITIONS, TO PROVIDE FOR AN INCOME TAX CREDIT TO QUALIFIED INDIVIDUALS FOR ELIGIBLE EDUCATION LOAN PAYMENT AMOUNTS, AND TO PROVIDE AN INCOME TAX CREDIT FOR CERTAIN QUALIFIED EMPLOYERS.

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 12‑6‑3800. (A) For purposes of this section:

(1) ‘Accredited community college, college, or university’ means an institution that is accredited by a regional accrediting association or by one of the specialized accrediting agencies recognized by the United States Secretary of Education.

(2) ‘Education loan payment’ means a loan payment paid during the taxable year for eligible education loans.

(3) ‘Eligible education loan’ means a loan obtained by a qualified individual for attendance by that qualified individual at an accredited community college, college, or university to obtain an associate, bachelor’s, or graduate degree. ‘Eligible education loan’ includes a refinanced loan or consolidated loan if the refinanced loan or consolidated loan remains separate from other debt, except for debt incurred in an educational program, but only in proportion to the portion of the loan payment that is otherwise eligible under this section. ‘Eligible education loan’ does not include a loan obtained from a person related to the qualified individual or from any person by reason of a loan under any qualified employer plan.

(4) ‘Employer’ means any person, partnership, for‑profit or nonprofit corporation, limited liability corporation, the State and its political subdivisions, including school districts, and their agents that employ one or more employees. As used in this definition, ‘agent’ means any former supervisor or the employer’s designee.

(5) ‘Part time’ means employment that on average during the taxable year consists of a work week of at least twenty hours, but less than thirty‑five hours.

(6) ‘Qualified employee’ means an employee who is employed at least part time and who is a qualified individual.

(7) ‘Qualified individual’ means an individual who:

(a) obtained an associate, bachelor’s, or graduate degree from an accredited community college, college, or university;

(b) was a resident individual for the entire taxable year; and

(c) worked during the taxable year at least part time in this State for an employer, as a self‑employed individual, in a position on a vessel at sea, or was deployed for military service in the United States armed forces, including the National Guard and the Reserves of the United States armed forces.

(8) ‘Resident individual’ means an individual:

(a) who is domiciled in this State; or

(b) who is not domiciled in this State, but maintains a permanent place of abode in this State and spends in the aggregate more than one hundred eighty‑three days of the taxable year in this State, unless the individual is a member of the armed forces of the United States.

(9) ‘Seasonal employment’ means employment in an industry in which, because of the seasonal nature, it is customary to operate only during a regularly recurring period or periods of less than twenty‑six weeks in a calendar year.

(10) ‘Term of employment’ includes all months when the individual is actually employed and includes time periods when an individual is on leave or vacation. It extends to the full year for individuals working for employers that customarily operate only during a regularly recurring period of nine months or more during the taxable year. For individuals working for employers that customarily operate only during regularly recurring periods of less than nine months during the taxable year, including seasonal employment, the term of employment extends only to months during which the individual is actually working.

(B) A qualified individual may claim an income tax credit equal to the amount of eligible education loan payment amounts paid by the taxpayer during that part of the taxable year that the qualified individual worked in this State. Payment of loan amounts in excess of the amounts due during the taxable year does not qualify for the credit. Forbearance or deferment of loan payments does not affect eligibility for the credit allowed by this section. An individual who worked in this State for any part of a month of the taxable year is considered to have worked in this State for the entire month.

(C) A taxpayer constituting an employer making payments on eligible education loans directly to a lender during the taxable year on behalf of a qualified employee may claim a credit equal to the actual monthly loan payment made by the employer on the loans, multiplied by the number of months during the taxable year the employer made the loan payments on behalf of the qualified employee during the term of employment. The credit under this subsection may not be claimed with respect to months of the taxable year during which the employee was not a qualified employee. If the qualified employee is employed on a part time basis during the taxable year, the credit with respect to that employee is limited to fifty percent of the credit otherwise determined by this subsection.

(D) The credit is equal to the lesser of:

(1) the monthly payment amount made on eligible education loans multiplied by the number of months during the taxable year in which the taxpayer made payments on eligible education loans; and

(2) one thousand dollars if the qualified individual obtained an associate degree, two thousand dollars if the qualified individual obtained a bachelor’s degree, and three thousand dollars if the qualified individual obtained a graduate degree.”

SECTION 2. This act takes effect upon approval by the Governor and applies to income tax years beginning after 2019.

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