**South Carolina General Assembly**

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**S. 46**

**STATUS INFORMATION**

Joint Resolution

Sponsors: Senator Campsen

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Currently residing in the Senate Committee on **Finance**

Summary: Economic Recovery Act

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

12/13/2012 Senate Prefiled

12/13/2012 Senate Referred to Committee on **Finance**

1/8/2013 Senate Introduced and read first time ([Senate Journal‑page 48](file:///h:\SJ%20Archive\2013\01-08-13.docx))

1/8/2013 Senate Referred to Committee on **Finance** ([Senate Journal‑page 48](file:///h:\SJ%20Archive\2013\01-08-13.docx))

**VERSIONS OF THIS BILL**

[12/13/2012](file:///p:\pprever\2013-14\46_20121213.docx)

**A** **JOINT RESOLUTION**

TO ENACT THE “SOUTH CAROLINA ECONOMIC RECOVERY ACT” BY TEMPORARILY PROVIDING “BONUS” STATE INCOME TAX EXPENSING DEDUCTIONS FOR NEW DEPRECIABLE BUSINESS PROPERTY, BY EXCLUDING FROM SOUTH CAROLINA TAXABLE INCOME NET CAPITAL GAINS ATTRIBUTABLE TO THE SALE OR EXCHANGE OF DEPRECIABLE BUSINESS PROPERTY RECEIVING THAT “BONUS” DEDUCTION, AND BY PROVIDING A TAX CREDIT FOR EMPLOYERS HIRING A NEW FULL‑TIME EMPLOYEE WHO WAS FORMERLY UNEMPLOYED, AND TO DEFINE TERMS BY APPROPRIATE REFERENCES TO PROVISIONS IN CHAPTER 6, TITLE 12, CODE OF LAWS OF SOUTH CAROLINA, 1976, THE SOUTH CAROLINA INCOME TAX ACT.

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

SECTION 1. This joint resolution may be cited as the “South Carolina Economic Recovery Act”.

SECTION 2. (A) For purposes of Chapter 6, Title 12 of the 1976 Code, the South Carolina Income Tax Act, during the eligibility period, to the extent that a business claiming the maximum deduction allowed in 2012 and 2013 pursuant to Internal Revenue Code Section 179 and the cost of the property giving rise to the Section 179 deduction exceeded the maximum deduction allowed for federal income tax purposes, there is allowed as a deduction from South Carolina taxable income an amount equal to the difference between the total Section 179 deduction claimed for federal income tax purposes and one million dollars. If all or some part of this “bonus” deduction remains after the taxpayer’s South Carolina taxable income for the year is reduced to zero, then the unused deduction may be carried forward for the succeeding five taxable years. In the case of “pass‑through” businesses, this bonus deduction passes to the taxpayer in the same manner as the Section 179 deduction.

(B) To the extent there is included in a taxpayer’s South Carolina taxable income net capital gain attributable to the sale or exchange of property receiving the bonus deduction allowed pursuant to subsection (A) of this section, then the amount of that net capital gain is not included in the taxpayer’s South Carolina taxable income for the applicable taxable year. Any net capital gain recognized in that taxable year is deemed to be net capital gain attributable to the sale or exchange of the “bonus” receiving property up to the amount of net capital gain resulting solely from the sale or exchange of that property.

SECTION 3. (A) As used in this section, “creditable employee” means an employee of a taxpayer employer who:

(1) is first employed by the employer after the effective date of this joint resolution, and before July 1, 2014;

(2) has filed a claim for unemployment compensation in this State and is currently receiving weekly unemployment compensation benefits on that claim for at least four weeks;

(3) was unemployed immediately before becoming employed;

(4) has no return to work date or promise of future employment;

(5) remains employed by the employer for at least four consecutive work weeks and the employment with that employer consists of at least thirty‑five hours a week; and

(6) executes and provides a notarized affidavit swearing or affirming that the employee is eligible to work in the United States because the person is either a United States citizen or a lawfully present alien according to federal law.

(B) An employer who has one or more creditable employees and who provides a notarized affidavit attesting to use of the federal employment verification system now known as “E‑Verify” or any future federal employment verification system is eligible to apply for and receive a credit against taxes as provided in subsection (C) of this section. The amount of the credit is one twelfth of four percent of the creditable employee’s current annualized wages, not to exceed eighty‑five dollars a month for each creditable employee. Eligibility for the credit must be established as of the time the creditable employee completes thirty consecutive days of employment and the credit must be claimed for the taxable year in which the employment was completed.

(C) The credit allowed pursuant to subsection (B) of this section may be taken against the income taxes imposed pursuant to Chapter 6, the bank tax imposed pursuant to Chapter 11, the savings and loan association tax imposed pursuant to Chapter 13, and the corporate license tax imposed pursuant to Chapter 20, all of Title 12 of the 1976 Code, and insurance premium taxes imposed pursuant to Chapter 7, Title 38 of the 1976 Code.

(D) The total amount of any tax credit for a taxable year may not exceed the taxpayer’s tax liability. Any unused tax may be carried over to apply to the taxpayer’s succeeding year’s liability.

(E) The tax credit provided for in subsection (B) remains in effect for twenty‑four consecutive months for each creditable employee.

SECTION 4. (A) As used in SECTIONS 2 and 3 of this joint resolution:

(1) “eligible period” means the time from the effective date of this joint resolution through December 31, 2013;

(2) “Internal Revenue Code” means the Internal Revenue Code of 1986, as defined pursuant to Section 12‑6‑40 of the 1976 Code and includes provisions therein contained in the Small Business Jobs and Credit Act of 2010;

(3) “net capital gain” has the meaning provided pursuant to Section 12‑6‑1150(B)(2) of the 1976 Code.

(B) The South Carolina Department of Revenue may promulgate regulations and prescribe procedures to provide for the administration of this joint resolution.

SECTION 5. This joint resolution takes effect upon approval by the Governor.

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