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**Date:** 9/3/2013 10:25:16 AM  
**Subject:** SALT LS: School Choice Tax Credit

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## More than one tax benefit for S.C.'s school-choice credit

Published: September 1, 2013

2013-09-01T23:16:37Z

By JAMIE SELF The\_State

By JAMIE SELF — jself@thestate.com

A new S.C. tax credit created exclusively to give private-school grants to children with disabilities has another benefit for taxpayers.

In addition to reducing a taxpayer's total state tax bill by up to 60 percent, the donations qualify for state and federal tax deductions allowed for charitable contributions, Meredith Cleland with the state Department of Revenue told a state Senate panel two weeks ago.

Realizing the dual tax benefit, state Sen. Joel Lourie, a Richland Democrat on the panel tasked with reviewing school-choice proposals, said his "initial reaction was 'Oh, really?'" "On the surface it looks like double-dipping, but I don't think that was the intention," he said.

State Sen. Kevin Bryant, an Anderson Republican who helped author the legislation, said the tax deductions for donations to the private-school grants groups did not come up in discussions among lawmakers.

As legislators consider reauthorizing the one-year budget amendment that made the tax credit possible, the dual tax benefit may be something they want to consider, Bryant said. But, Bryant said he does not see a problem since all S.C. taxpayers are eligible to take the state credit.

The tax credit — the state's first private-school choice experiment — is one of four credits the state offers for charitable contributions that also qualify for deductions in state and federal taxable income, according to the state Revenue Department.

The state allows a tax credit of \$50 for every deer carcass a meat packer or butcher processes and gives away. The processor must have a contract with a charity that distributes the meat to the needy, Cleland said. South Carolina provides a credit for land donated for conservation purposes. The credit is capped at \$250 an acre and \$52,500 in credits claimed annually. Any remaining credit can be claimed in subsequent tax years.

The state also allows a tax credit for donations made to nonprofit community development corporations. This year, the General Assembly approved up to \$8 million in tax credits for donations made to nonprofit organizations that provide private-school scholarships to students with disabilities.

The nonprofits, currently taking shape under the new law, can start accepting donations in January. Taxpayers can start claiming credits on their 2014 returns.

Lourie said the added tax benefit for charitable deductions likely caught lawmakers off guard because of how fast the proposal was approved in the state budget. Proposals included in the state budget can be offered on the House or Senate floor and can be approved in the budget without being fully vetted in committees, said Lourie, who voted against the credit that was approved in the Senate's final days of budget negotiations.

"I'm not a big fan of changing the tax code in the budget," Lourie said. "If we're going to have tax credit proposals, they ought to go through (the finance committee)." The tax credit is a small part of a broader school-choice proposal supporters, including Bryant, are hoping the General Assembly will consider next year. One proposal includes expanding granting opportunities to low-income families and offer tax deductions to parents of private- or home-school students.

#### Status of S.C.'s school-choice tax credit

South Carolina will grant up to \$8 million in tax credits for donations made to nonprofits that give students with disabilities grants to attend private school.

The nonprofits can begin accepting donations in January.

Taxpayers can claim tax credits, reducing their tax liability by up to 60 percent, on their 2014 tax returns, filed in April 2015.

Reach Self at (803) 771-8658.

Read more here: <http://www.thestate.com/2013/09/01/2955358/more-than-one-tax-benefit-for.html#storylink=cpy>

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