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Subject: Difficulties with Exceptional SC and the Special Needs Tax Credit

Lt. Gov. Bryant,

My name is Matt Hall. My wife, Mary, spoke to you at a recent event at Bob Jones Academy in Greenville, SC. She mentioned that we had some difficulty with our tax credit application this year, and you asked her to write and tell you what happened. I have been the one dealing with it, so here's a short version.

First, let me say how thankful we are for this program. It means so much to us to be able to put our daughter in a school that gives her the help she needs without having to worry about cost. We are very grateful.

Much of our problem stems from how the proviso is written. It allows the tax credit only against what a family physically pays a school - it assumes a check is written. We had to call SC DOR and ask how to demonstrate payment if we paid online. It took some discussion to come to a conclusion what was best. It makes NO allowance for handling a credit on the school account. It also creates a situation where activities in 2017 (spring scholarships from Exceptional SC) affect your 2016 tax year - the calendar and fiscal calendars are crossed. Both of these led to our problem.

Exceptional SC sends out both fall and spring scholarships. Last year they sent out the spring awards in mid-March, right during tax time. We are grateful for the money, but this really messed up the 2016 filing process, and it took SC DOR 10 weeks to review all the affected returns and issue refunds (by the way, no interest was offered on the delayed refunds). But this late scholarship caused another problem for us. It now sat on our school account as a credit. We forgot to pull it out, so that when the 2017-2018 fall bill came from BJA, the credit reduced the amount we had to pay the school. This means that SC DOR now starts our 2017 tax credit calculations with a number that was a good bit less than the tuition we owed (and paid, partially with the credit) BJA. I spent an hour on the phone with SC DOR discussing this. In the end, it looks like we will only lose \$14 because the complex "if-then" logic of the tax credit calculation will work out for me - I got lucky. The crossed fiscal/calendar year issue figures into this, as well. The SC DOR folks were VERY helpful and patient with me, so I cannot fault the people. But the proviso is a very difficult thing to execute, and Exceptional SC being a private organization must be very careful how they move and must be in very close contact with SC DOR to make this work well for families.

In the end, a re-write of the proviso might make all this much easier. Putting everything on a calendar year (tax year) basis would go a long way to making this simpler. I'm sure the SC DOR folks could give suggestions here, and people like me would be glad to help. Often when legislation is created in the capital the folks writing it do not understand all the implications. We can help.

I have copied Esther White at BJA, Exceptional SC, and the SC DOR Tax Tech folks, so they can see this discussion. I hope I don't make him uncomfortable, but I do want to mention Ruperto Manankil, Jr. at SC DOR. He has worked with me through this issue, and he and his supervisor are the ones who spent an hour talking with me. I am sure

they have suggestions how this could be made better.

Again, if could be a part of making this great program better, I'd be glad to help. It has been a HUGE help to our family. If it could be made easier to work with, it would be even better!!

Thanks for your interest,

Matthew Hall

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