



COPY

October 23, 2009

Burnet R. Maybank, III, Esq.  
Nexsen Pruet LLC  
P O Drawer 2426  
Columbia SC 29202-2426

Dear Burnie:

I trust this will find you well, and that you will permit me to congratulate you on your selection to the Taxation Realignment Commission. The Legislature could not have made a finer choice. Please permit me to express my earnest belief that your lifelong achievement in the field of taxation will be if the greatest value to the Commission.

I understand the Committee will presently review the status of various State sales tax exemptions now in force. While we've no current indication of a perceived need or willingness to modify the lottery ticket exemption at S.C. Code Ann. §12-36-2120(60), I hope you will permit me to provide some information related to that subsection.

We certainly believe taxation of lottery sales would reduce our net proceeds provided to education. Other lottery jurisdictions have experienced a loss of sales and profits in consequence of taxation. Placing a sales tax on the whole dollar value of a Powerball ticket would put the State at risk of being prevented from participating in Powerball. The Board of Economic Advisors has previously assessed this matter. With your forbearance, I hope you will consider consulting that body in this context if such a need should arise.

Please accept my sincerest thanks for permitting me to share this information. I certainly hope you will call on me with any questions or comments, or if I may be of any service.

Sincerely,

A handwritten signature in cursive script that reads "Paula Harper Bethea".

Paula Harper Bethea  
Executive Director

C: Ms. Rena Grant, House Ways & Means Committee  
Mr. Craig H. Parks, Senate Finance Committee