

Option (2)

Revise Tax Rates

a) Definition:

South Carolina's Unemployment Insurance system is a "reserve ratio" system. A separate "reserve account" is established for each liable employer to cover the possible need for unemployment insurance benefits by any of its employees. An employers "reserve" is equal to their contributions minus any benefit charges assigned to their account. The system is "experience rated" because benefit charges are related to individual employer accounts. An employer's reserve is permanent until they go out of business. An employer's reserve can even be transferred under certain acquisition arrangements.

All new employers start off paying a 3.34% rate on the first \$7,000 (\$223.80) of annual payroll for each worker employed. This is done until the employer has one year of qualified experience. Then the employer is eligible for an "experience rate". An employer's experience rate is equal to the sum of all his contributions less any benefit charges, divided by the most recent annual amount of taxable wages-\$7,000 per employee. The resulting "reserve ratio" is then used to determine the appropriate contributions rate provided for by the law. (See attached base rate table)

b) Current Policy/Practice:

The current tax structure is ineffective. Revenues produced do not cover the amount of benefit outlays. This has resulted in periodic adjustments through a "surcharging" mechanism (currently .70%).

In addition, almost all "insurance" systems have certain "pooled" costs that are built into the rating mechanism for all employers. In South Carolina's, and most other reserve ratio UI systems, these pooled costs complicate the reserve system approach and can cause the "rating structure" to be ineffective in varying degrees.

The major types of "pooled costs" in the system include:

1. Closed Businesses – In most cases when a business closes, the resulting unemployment insurance benefit payments exceed the company's reserves, if there are any, by substantial amounts.

2. Benefit Non-Charging – When a claimant is disqualified for a period of weeks (usually in discharge cases), then subsequently receives benefits after serving the disqualification period, these benefits are not charged to the separating employer. There are also several other types of benefit non-charging.
3. Ineffective Rates – The current maximum base contribution rate in South Carolina is 5.4 % of taxable wages, regardless of the “experience rate”. Therefore, experience at higher levels results in “pooled costs”. The contribution rates for all employers who have “negative” reserves are ineffective.
4. Uncollectible Employer Debt – There is always a certain proportion of employer accounts that have outstanding payments due. Eventually, many of these accounts are closed as not collectable and are written off.
5. Uncollectible Benefit Overpayments – Likewise, some claimant benefit overpayments are not collectable and are eventually written off.

“Pooled costs” are covered in the system in several ways. Individual contribution rates for employers with positive reserves were originally set to cover part of the “pooled costs”. Statewide reserve requirements also provide for additional across-the-board rate adjustments when statewide reserves are below the required level.

On the other hand, all contributions made by an employer are considered to be part of “their” reserve in calculating their “reserve ratio” and annual contribution rate. This created “artificiality” because the employer’s reserve includes contributions towards “pooled costs”, which in actuality do not exist as part of the reserve.

This means that all “reserve ratios” are actually higher than they should be which makes all rates ineffective to some degree. This ineffectiveness creates “leakage” in the system, which is eventually repaid through “surcharges” from all current employers when statewide reserves fall below the required level.

c) **Other States’ Practice In This Area:**

Minimum and maximum tax rates vary from -0- to as high as 11.05%.

(See Attachment)

d) Proposed Change:

Alternative schedules (Options 1-6)

e) Estimated Fiscal Impact on Fund Per Year:

Additional revenue per year

f) Pros and Cons of This Change:

Pros - More revenue

Cons- More tax liability for employers. Detrimental to economic recruitment/growth.

g) Required Action to Implement:

Legislative

h) Time Frame Required for Implementation:

Agency-One calendar quarter

Employers-Unknown-Third Party Agents

i) Impact on Agency in Implementation:

IT programming changes/Employer education

j) Agency Recommendation:

Yes

k) Other Comments/Considerations:

None

CURRENT CONTRIBUTION RATES

Employer's Reserve Ratio	Base Rate	<2.00% 0.10%	<1.90% 0.20%	<1.80% 0.30%	<1.70% 0.40%	<1.60% 0.50%	<1.50% 0.60%	<1.40% 0.70%
+9% or More	0.54%	0.64%	0.74%	0.84%	0.94%	1.04%	1.14%	1.24%
+8% but < 9%	0.89%	0.99%	1.09%	1.19%	1.29%	1.39%	1.49%	1.59%
+7% but < 8%	1.24%	1.34%	1.44%	1.54%	1.64%	1.74%	1.84%	1.94%
+6% but < 7%	1.59%	1.69%	1.79%	1.89%	1.99%	2.09%	2.19%	2.29%
+5% but < 6%	1.94%	2.04%	2.14%	2.24%	2.34%	2.44%	2.54%	2.64%
+4% but < 5%	2.29%	2.39%	2.49%	2.59%	2.69%	2.79%	2.89%	2.99%
< +4% but > -5%	2.64%	2.74%	2.84%	2.94%	3.04%	3.14%	3.24%	3.34%
-5% but < -10%	2.99%	3.09%	3.19%	3.29%	3.39%	3.49%	3.59%	3.69%
-10% but < -15%	3.34%	3.44%	3.54%	3.64%	3.74%	3.84%	3.94%	4.04%
-15% but < -20%	3.69%	3.79%	3.89%	3.99%	4.09%	4.19%	4.29%	4.39%
-20% but < -25%	4.04%	4.14%	4.24%	4.34%	4.44%	4.54%	4.64%	4.74%
-25% but < -30%	4.39%	4.49%	4.59%	4.69%	4.79%	4.89%	4.99%	5.09%
-30% but < -35%	4.74%	4.84%	4.94%	5.04%	5.14%	5.24%	5.34%	5.44%
-35% but < -40%	5.09%	5.19%	5.29%	5.39%	5.49%	5.59%	5.69%	5.79%
-40% or More	5.40%	5.50%	5.60%	5.70%	5.80%	5.90%	6.00%	6.10%

NOTE: These base rates may include a surcharge of from one-tenth (0.10%) to seven-tenths (0.70%) percent depending upon the annual statewide reserve ratio computation.

Table 12—MINIMUM & MAXIMUM U.C. TAX RATES, 2009

State	Current Tax		Taxable Wage Base	State	Current Tax		Taxable Wage Base
	Minimum	Maximum			Minimum	Maximum	
Alabama ¹	0.70%	6.30%	\$8,000	Nebraska	0.00%	5.40%	\$9,000
Alaska ¹	1.50	5.90	32,700	Nevada	0.30 ¹	5.40	26,600
Arizona ²	0.02	5.40	7,000	New Hampshire	0.10 ⁷	6.50	8,000
Arkansas ¹	0.90	10.80	10,000	New Jersey ²	0.30 ¹	5.40	28,900
California ¹	1.50	6.20	7,000	New Mexico	0.03	5.40	20,900
Colorado ²	0.00	5.40	10,000	New York ^{1,2}	1.225	9.625	8,500
Connecticut ¹	1.90	6.80	15,000	North Carolina	0.00	6.84 ²	19,300
Delaware ¹	0.30	8.20	10,500	North Dakota	0.20	9.86	23,700
D.C.	1.30	6.60	9,000	Ohio ⁶	0.70	9.40	9,000
Florida	0.12	5.40 ⁵	7,000	Oklahoma	0.10	5.50	14,200
Georgia ¹	0.03	6.21	8,500	Oregon	0.90	5.40	31,300
Hawaii	0.00	5.40	13,000	Pennsylvania ^{1,2}	1.8370	9.9836	8,000
Idaho ¹	0.447	5.40	33,200	Puerto Rico	1.40	5.40	7,000
Illinois ^{1,4}	0.60	6.80	12,300	Rhode Island	1.69	9.79	18,000
Indiana	1.10	5.60	7,000	South Carolina ¹	1.24 ²	6.10	7,000
Iowa	0.00	8.00	23,700	South Dakota ¹	0.00	9.08	9,500
Kansas	0.00	7.40	8,000	Tennessee ¹⁰	0.50	10.00	7,000
Kentucky ³	1.00	10.00	8,000	Texas ¹	0.26 ¹⁵	6.26 ¹⁵	9,000
Louisiana	0.10	6.20	7,000 ⁹	Utah ¹	0.20	9.20	27,800
Maine	0.44	5.40	12,000	Vermont ¹³	1.10	7.70	8,000
Maryland	0.60	9.00	8,500	Virginia	0.18	6.28	8,000
Massachusetts	1.26 ¹⁴	12.27 ¹⁴	14,000	Virgin Islands	0.00	6.00	22,100
Michigan	0.06	11.05	9,000	Washington	0.00 ²	5.40 ²	35,700
Minnesota	0.40 ²	9.30 ²	26,000	West Virginia	1.50	8.50 ¹	8,000
Mississippi	0.70	5.40	7,000	Wisconsin ¹	0.10 ¹²	9.80 ¹²	12,000
Missouri ⁸	0.00	9.75 ¹	12,500 ¹¹	Wyoming ¹	0.30	9.10	21,500
Montana ¹	0.13	6.30	25,100				

FOOTNOTES FOR TABLE 12

- The rates include additional taxes or fees in the following states-- **Alabama**: employment security assessment (ESA) of 0.06%. **Alaska**: an employee tax of 0.50%. **Arkansas**: 0.80% stabilization tax. **California**: 15% emergency solvency surcharge. **Connecticut**: solvency tax of 1.4%. **Delaware**: 0.20%. **Georgia**: 0.08% assessment on all rates except 0.03% and 6.21%. **Idaho**: minimum tax rate is an aggregate of three components. Unemployment Contributions is 0.254%, and the Workforce Development Fund is 0.008%. Administrative Reserve Fund is not in effect for 2009. No Administrative Reserve Fund or Workforce Development Fund components are charged against the highest rate and all of the 5.4% is for Unemployment Contributions. **Illinois**: 0.40% fund building rate. **Missouri**: includes percentage increase based on the average fund balance and highest surcharge for max-rated employer. **Montana**: includes administrative fund tax of 0.13% for experience employers with a contribution rate of 0.0%, 0.18% for experience rated employers with contribution rate greater than 0.0%, and 0.08% for reimbursable employers. Beginning 07/01/08, governmental rated employers will pay 0.09%. **Nevada**: 0.05% career enhancement tax. **New Jersey**: 0.1175% for workforce development. **New York**: minimum rate includes 0.525% subsidy; maximum rate includes 0.925% subsidy. **Pennsylvania**: regular maximum 9.2%, minimum 1.5%, and delinquent employer rate increase of 3.0%; adjusted by a solvency trigger mechanism of 5.8% plus an additional contributions tax of 0.25%. **South Carolina**: includes surcharge of 0.70%. **South Dakota**: includes investment fee of 0.0% to 0.58%. **Texas**: effective tax rate for 2009 = General Tax Rate (GTR) + Replenishment Tax Rate (RTR) + Employment Training Investment Assessment. **Utah**: socialized benefit tax of 0.20% for 2009. **West Virginia**: maximum includes a 1.0% surtax for all debit reserve balance employers or new foreign businesses engaged in construction trades. **Wisconsin**: minimum and maximum solvency taxes, maximum to 0.90%. **Wyoming**: 2009 Positive Fund Balance factor included in the tax rates is applied to experience rated employers with a zero experience rate at 0.12% (0.0012). This factor is applied to all other employers at 0.42% (0.0042).

FOOTNOTES FOR TABLE 12 — Continued

2. The rates do not include additional fees or penalties in the following states-- **Arizona**: additional surtax of 1.0% or 2.0% will be added to the tax rates of shared work employers with negative reserve account balances. **Colorado**: excludes surcharge tax of 0.22% and solvency surcharge of 0.20% for rated employers with a benefit charge balance of less than \$100 in the last three fiscal years. **Minnesota**: does not include solvency surtax of 14% of tax due and a 0.10% workforce development fee. When all factors are combined (tax rate, assessments, fee), the total amount due ranges from 0.5560% to 10.7020%. **New Jersey**: effective January 1, 2009, additional employee tax of 0.3825% of taxable wages, not to exceed \$110.54 per year. **New York**: rates do not include 0.075% re-employment tax, which applies to all tax rated employers. In addition, if an employer fails to file all required quarterly tax reports by the state's quarterly deadline, there will be imposed a penalty of five percent of the amount of contributions required if the failure is for not more than one month, and an additional five percent for each additional month or fraction thereof during which the failure continues, not to exceed twenty-five percent. The minimum penalty shall not be less than \$100 for each occurrence. **North Carolina**: a 20% surtax applies when the state reserve fund balance falls below \$163,349,000 on Aug. 1. **Pennsylvania**: additional employee tax of 0.6% in 2009. **South Carolina**: a 0.06% administrative contingency assessment is added to employers with less than a 6.10% tax rate. **Washington**: for minimum, experience rated tax is 0.0%, plus social cost rate of 0.35%, plus employment administrative surcharge of 0.03%. For maximum, experience rated tax is 5.4%, plus social cost factor of 0.50%, plus employment administrative surcharge of 0.02%.
3. **Kentucky**: there is no surtax in Kentucky.
4. **Illinois**: an employer whose contribution rate is 5.5% or higher and whose total quarterly wages are less than \$50,000 pays contributions of 5.4% in that quarter.
5. **Florida**: short-time compensation maximum, 6.40%.
6. **Ohio**: the penalty rate for delinquent employers is 11.8%.
7. **New Hampshire**: includes a fund balance reduction, established for the entire next calendar year by the trust fund balance on September 30th. For 2009, the rate is 1.0%. Fund Balance Reductions are only given to positive balance employers whose tax rates are 2.7% or less, and to new employers who have yet to receive an earned merit or experience rate.
8. **Missouri**: rates can include a percentage increase or decrease depending on fund balance and an additional surcharge up to 1.5% for maximum rated employers. Workshare employers can have a maximum rate of 13.65%. Employers liable for contributions (except those with a rate equal to zero) are subject to an automation surcharge and will have their rate reduced by 0.05% in 2009, 2010 and 2011.
9. **Louisiana**: annual wage base varies according to trust fund balance.
10. **Tennessee**: rates apply to first and second quarters of 2009 only. The trust fund balance is read every June 30 and December 31, and will be read again June 30, 2009, to determine rates for July 1, 2009, through December 31, 2008. The maximum and minimum tax rates are expected to change as of July 1, when the trust fund is read again.
11. **Missouri**: taxable wage base set by law at \$12,500 for 2009. For 2010 and subsequent years: if the average fund balance is \$350 million or less, the wage base will increase by \$1,000; if the average fund balance is \$650 million or more, the wage base will be reduced by \$500. The wage base is limited to no lower than \$7,000 and no higher than \$13,000.
12. **Wisconsin**: the stated rates apply to employers with payrolls greater than \$500,000. For employers with payrolls under \$500,000, the minimum rate is 0.05%, and the maximum rate is 9.80%.
13. **Vermont**: rates valid through June 30, 2009, at which time new rates will be calculated.
14. **Massachusetts**: minimum and maximum rates temporarily increased to 1.26% and 12.27%, respectively, until the governor signed HB 4528 into law, which returned rates to 2007 levels.
15. **Texas**: reduced all rates by 0.12% after the rates were issued. Revised rate notices sent at the end of Feb. (Does not apply to 2009 rates.)

Tax Schedule Alternatives

The necessity to adopt a new Unemployment Insurance Tax Structure is important for the long term solvency of the program.

Attached are options that consist of significantly higher rates than currently exist. The various schedules increase revenue by approximately \$50 to \$115 million.

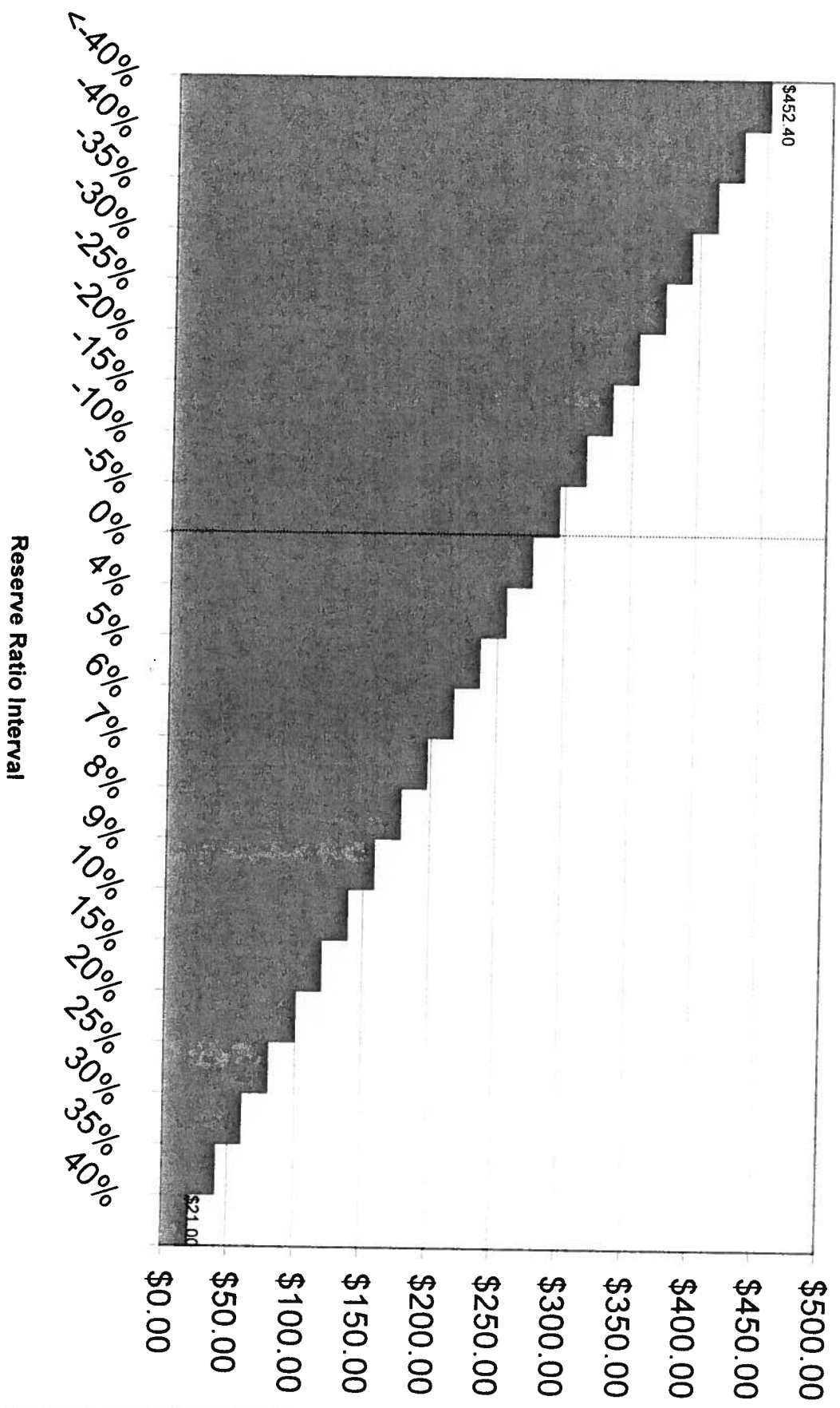
South Carolina is currently at its highest tax schedule (base rates include a .70% surcharge) which has provided revenue of \$250 to \$270 million and an average tax rate of approximately 2.1% to 2.2% of taxable wages. Based upon our economic forecasting model, it is estimated that these schedules would produce revenue of anywhere between \$313 and \$339 million.

Alternative A:

This schedule increases the positive Reserve Ratio intervals to 40% while leaving the negative Reserve Ratios the same as currently exists.

Reserve Ratio Intervals		Tax Rate	Est. % of Taxable Wages	Est. Amount of Taxable Wages	Est. Revenue
(%)	(%)	(%)	(%)		
	40	0.30	1.90%	242,573,812	727,721
35	40	0.58	0.91%	116,306,754	674,579
30	35	0.86	1.49%	189,499,104	1,629,692
25	30	1.14	3.25%	413,649,169	4,715,601
20	25	1.42	5.27%	671,649,992	9,537,430
15	20	1.70	9.78%	1,247,002,303	21,199,039
10	15	1.98	22.72%	2,895,911,112	57,339,040
9	10	2.26	6.67%	850,590,652	19,223,349
8	9	2.54	7.63%	972,252,387	24,695,211
7	8	2.82	6.12%	779,499,304	21,981,880
6	7	3.10	4.78%	609,777,535	18,903,104
5	6	3.38	4.09%	521,422,534	17,624,082
4	5	3.66	3.59%	457,801,443	16,755,533
0	4	3.94	6.75%	860,506,209	33,903,945
Positive	Reserve	Balance	Employers		248,910,205
-5.0	0	4.22	3.90%	496,879,999	20,968,336
-10	-5	4.50	2.58%	329,036,596	14,806,647
-15	-10	4.78	1.53%	195,566,473	9,348,077
-20	-15	5.06	0.78%	99,120,767	5,015,511
-25	-20	5.34	0.45%	57,887,445	3,091,190
-30	-25	5.62	0.45%	57,887,445	3,253,274
-35	-30	5.90	0.45%	57,887,445	3,415,359
-40	-35	6.18	0.45%	57,887,445	3,577,444
	-40	6.46	2.63%	335,047,162	21,644,047
Negative	Reserve	Balance	Employers		85,119,885
	Avg. Rate (Tax)	2.62%		12,745,000,000	
	Avg. Rate (Tot.)	0.63%			
Total	Estimated	Contributions			334,030,090
CY 2008	Contributions	Collected			264,100,000
Estimated	Additional	Contributions			69,930,090

Alternative A



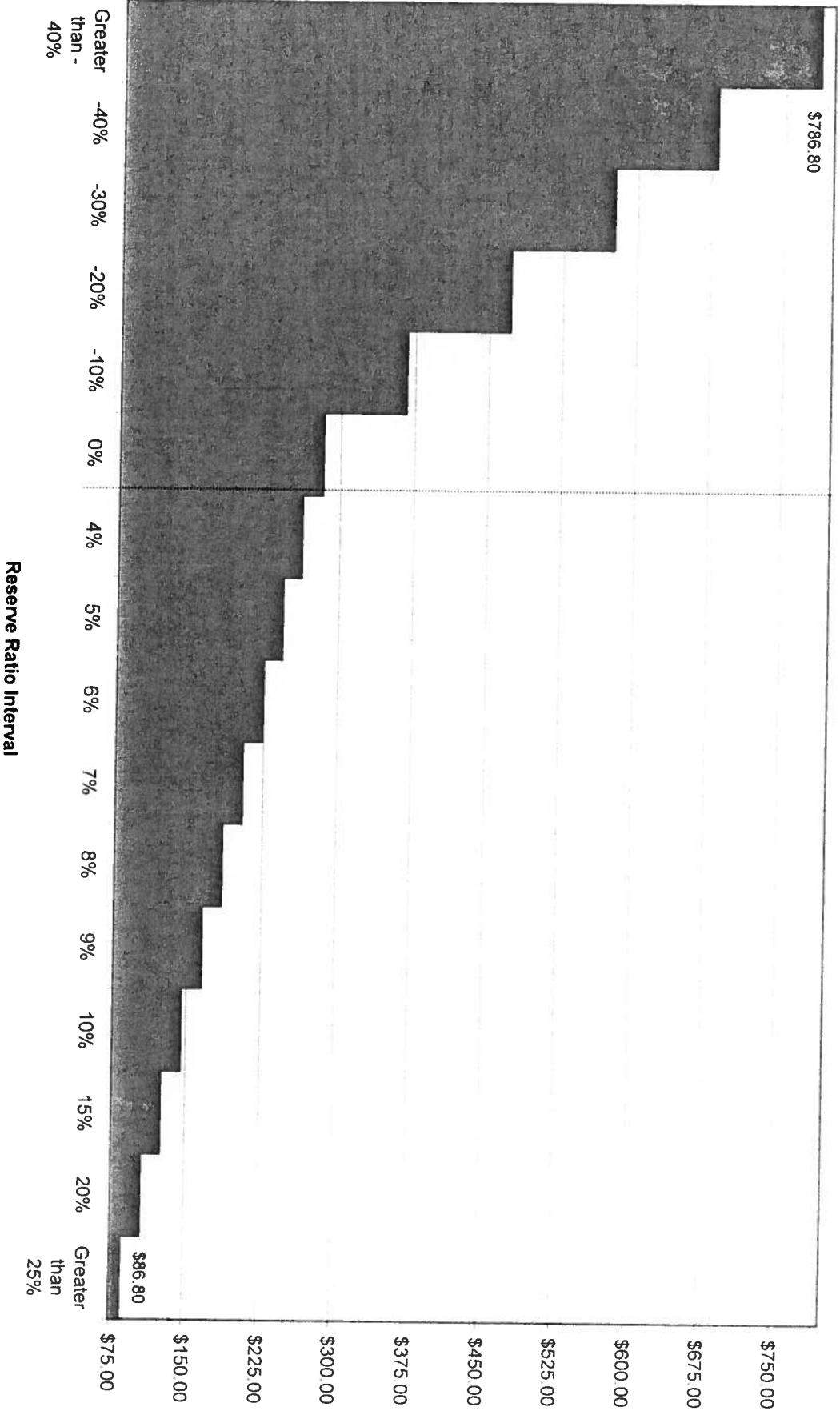
Alternative B:

This schedule increases positive Reserve Ratios to 25% and condenses the negative Reserve Ratios to five intervals:

Reserve Ratio Intervals		Tax Rate	Est. % of Taxable Wages	Est. Amount of Taxable Wages	Est. Revenue
(%)	(%)	(%)	(%)	(\$)	(\$)
	25	1.24	4.30%	548,379,671	6,799,908
20	25	1.52	5.27%	671,649,992	10,209,080
15	20	1.80	9.78%	1,247,002,303	22,446,041
10	15	2.08	22.72%	2,895,911,112	60,234,951
9	10	2.36	6.67%	850,590,652	20,073,939
8.0	9.0	2.64	7.63%	972,252,387	25,667,463
7.0	8.0	2.92	6.12%	779,499,304	22,761,380
6.0	7.0	3.20	4.78%	609,777,535	19,512,881
5.0	6.0	3.48	4.09%	521,422,534	18,145,504
4.0	5.0	3.76	3.59%	457,801,443	17,213,334
0	4	4.04	6.75%	860,506,209	34,764,451
Positive Reserve		Balance	Employers		257,828,932
-10.0	0	5.24	6.48%	825,916,595	43,278,030
-20	-10	6.74	2.31%	294,687,239	19,861,920
-30	-20	8.24	0.91%	115,774,890	9,539,851
-40	-30	9.74	0.91%	115,774,890	11,276,474
Negative Reserve	-40	11.24	2.63%	335,047,162	37,659,301
		Balance	Employers		121,615,576
				12,745,000,000	
	Avg. Rate (Tax)	2.98%			
	Avg. Rate (Tot.)	0.62%			

Total	Estimated	Contributions	379,444,508
CY 2008	Contributions	Collected	264,100,000
Estimated	Additional	Contributions	115,344,508

Alternative B

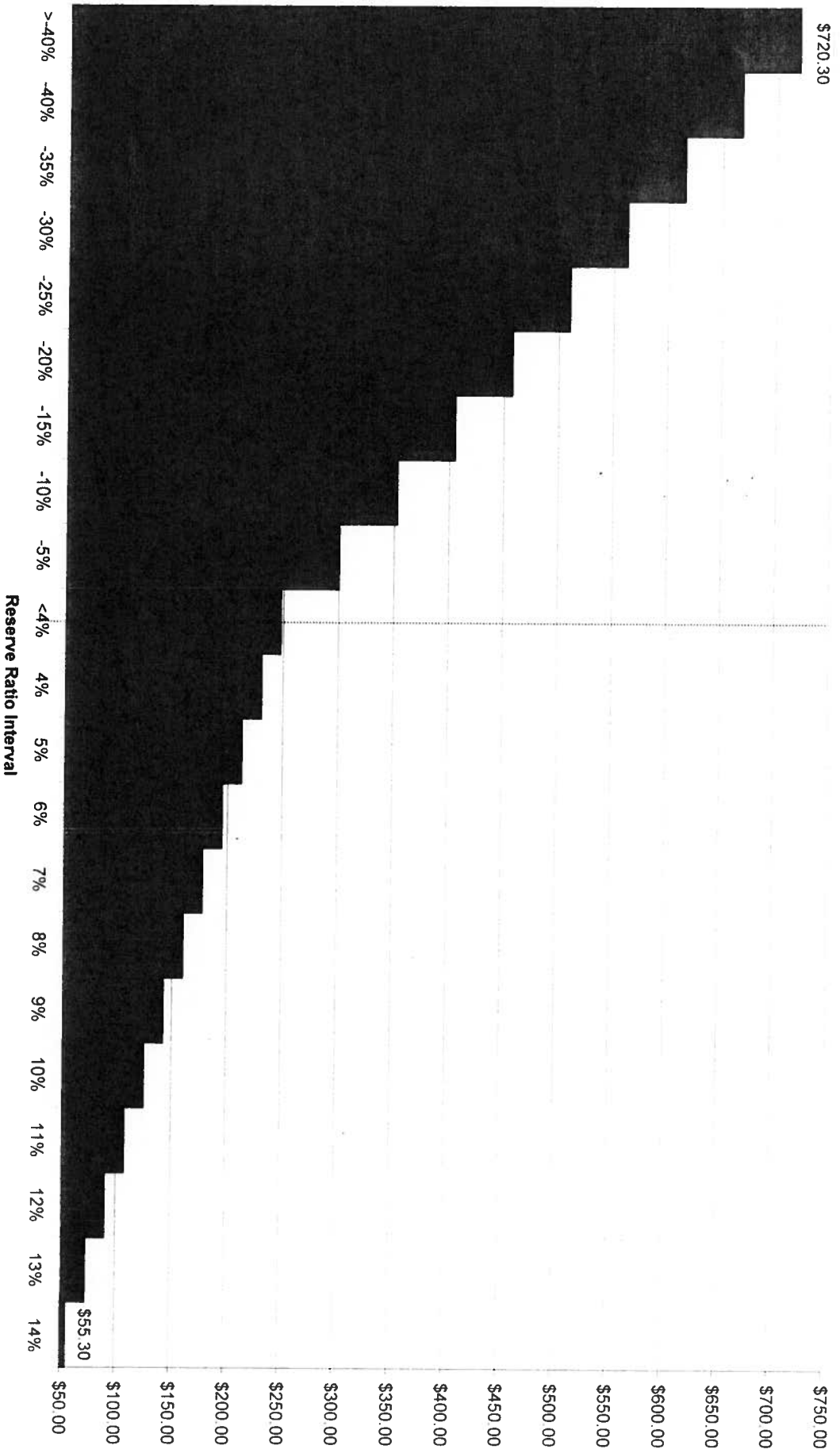


Alternative C:

This schedule increases positive Reserve Ratio intervals to .14% while leaving the negative Reserve Ratios the same as currently exists.

Employer's Reserve Ratio	Tax Rate	Tax Wages	Estimated Contributions In Million \$'s
14 % or More	0.79	3,365,608,000	26.6
13% but < 14%	1.04	458,325,000	4.8
12% but < 13%	1.29	451,484,000	5.8
11% but < 12%	1.54	800,358,000	12.3
10% but < 11%	1.79	889,287,000	15.9
9% but < 10%	2.04	875,605,000	17.9
8% but < 9%	2.29	656,013,000	15.0
7% but < 8%	2.54	754,657,000	19.2
6% but < 7%	2.79	564,040,000	15.7
5% but < 6%	3.04	506,055,000	15.4
4% but < 5%	3.29	479,793,000	15.8
< +4%	3.54	1,170,000,000	41.4
Positive Reserve Balance Employers			205.8
< -5%	4.29	384,924,000	16.5
" -5% but < -10%"	5.04	321,137,000	16.2
"-10% but < -15%"	5.79	221,314,000	12.8
"-15% but < -20%"	6.54	123,466,000	8.1
"-20% but < -25%"	7.29	97,337,000	7.1
"-25% but < -30%"	8.04	61,396,000	4.9
"-30% but < -35%"	8.79	61,764,000	5.4
"-35% but < -40%"	9.54	29,163,000	2.8
"-40% or More"	10.29	329,050,000	33.9
Negative Reserve Balance Employers			107.7
	Avg.Rate(Tax)	2.46%	
	Avg.Rate (Tot.)	0.59%	
Total Estimated Contributions			313.5
CY 2008 Contributions Collected			264.1
Estimated Additional Contributions			49.4

Alternative C



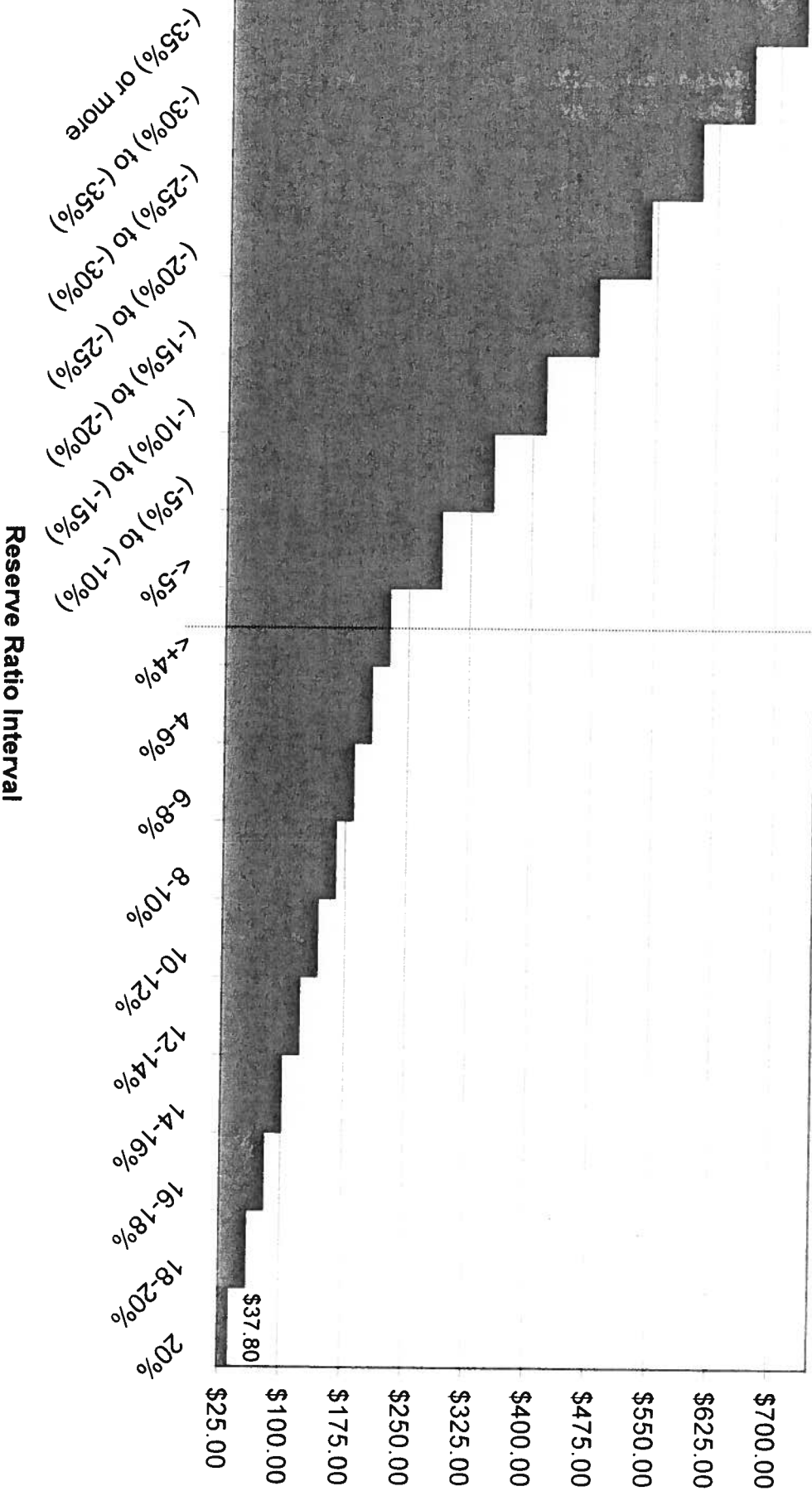
Alternative D:

This schedule increases the positive Reserve Ratios to 20% and condenses the negative Reserve Ratios to eight intervals

Employer's Reserve Ratio	Tax Rate	Tax Wages	Estimated Contributions In Million \$'s
20% or More	0.54	1,675,965,000	9.1
18% but < 20%	0.84	430,961,000	3.6
16% but < 18%	1.14	458,325,000	5.2
14% but < 16%	1.44	800,357,000	11.5
12% but < 14%	1.74	909,809,000	15.8
10% but < 12%	2.04	1,689,645,000	34.5
8% but < 10%	2.34	1,531,618,000	35.8
6% but < 8%	2.64	1,318,697,000	34.8
4% but < 6%	2.94	985,848,000	29.0
< +4%	3.24	1,170,000,000	37.9
Positive Reserve Balance Employers			\$217.2
< -5%	4.14	384,924,000	15.9
" -5% but < -10%"	5.04	321,137,000	16.2
"-10% but < -15%"	5.94	221,314,000	13.1
"-15% but < -20%"	6.84	123,466,000	8.4
"-20% but < -25%"	7.74	97,337,000	7.5
"-25% but < -30%"	8.64	61,396,000	5.3
"-30% but < -35%"	9.54	61,764,000	5.9
"-35% or More"	10.44	358,213,000	37.4
Negative Reserve Balance Employers			\$109.7
Avg. Rate (Tax) 2.56%			
Avg. Rate (Tot.) 0.62%			
Total Estimated Contributions			\$326.9
CY 2008 Contributions Collected			\$264.1
Estimated Additional Contributions			\$62.8

Alternative D

\$730.80



Alternative E:

This schedule is structured to place a specified proportion of employers at specific tax rate regardless of their Reserve Ratio. In this structure the State would first rank all employers from the highest to the lowest Reserve Ratio, then it would assign the best employers with the top 15% of taxable wages to the lowest tax rate, then the next group consisting of 10% of taxable wages would be assigned the next lowest rate, and so on until the lowest five percent of employers (taxable wages) would receive the highest tax rate.

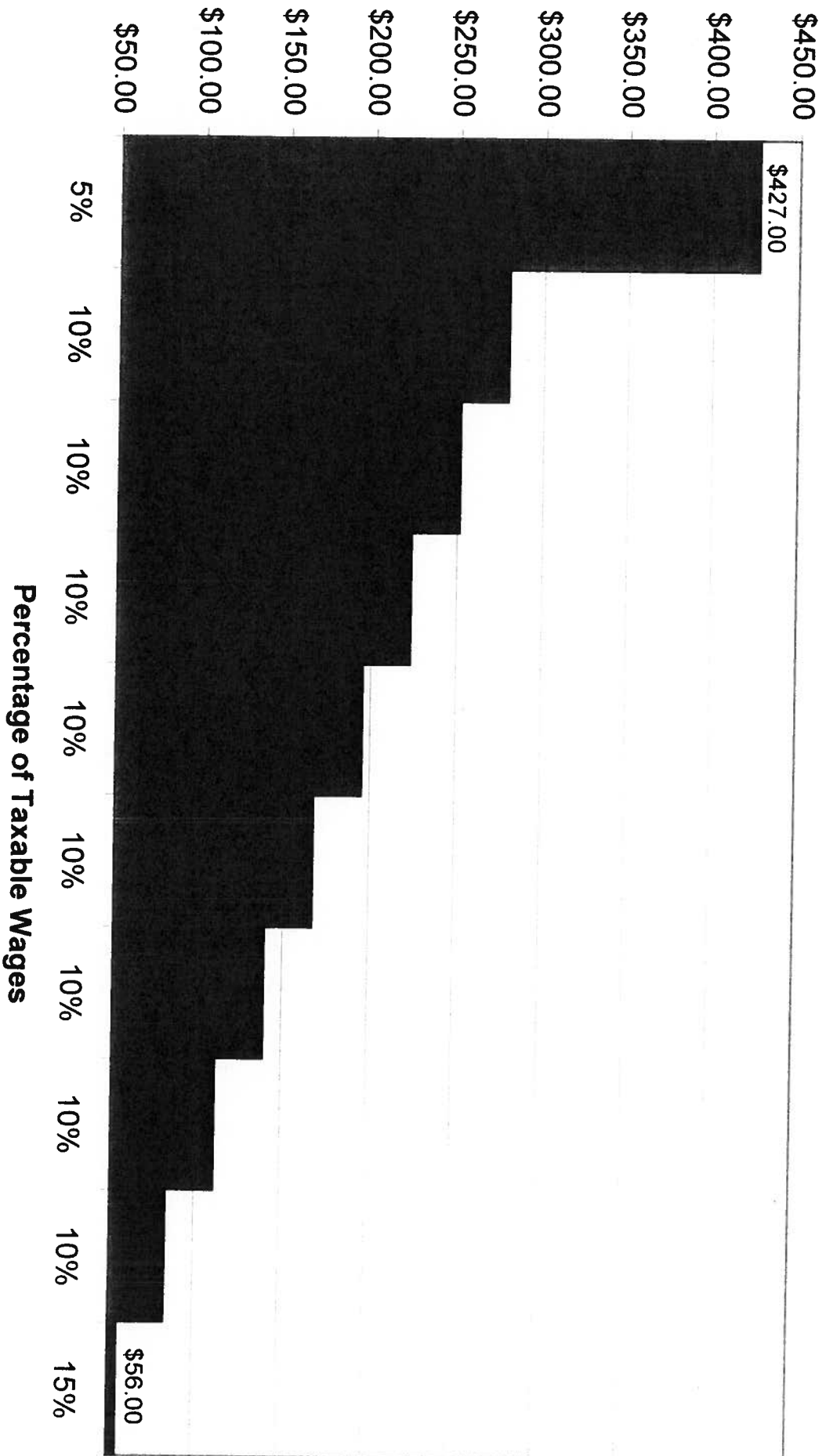
This method, often referred to as an array methodology, has the advantage of precisely pre-determining the total revenue that will be received by the state.

Number of Array Group	Array Intervals % of Tax Wages	Tax Rate (%)	% of Taxable Wages (%)	2008 Taxable Wages (\$)	2008 Revenue (\$)
1	15.0	0.80	15.0	1,911,750,000	15,294,000
2	10.0	1.20	10.0	1,274,500,000	15,294,000
3	10.0	1.60	10.0	1,274,500,000	20,392,000
4	10.0	2.00	10.0	1,274,500,000	25,490,000
5	10.0	2.40	10.0	1,274,500,000	30,588,000
6	10.0	2.80	10.0	1,274,500,000	35,686,000
7	10.0	3.20	10.0	1,274,500,000	40,784,000
8	10.0	3.60	10.0	1,274,500,000	45,882,000
9	10.0	4.00	10.0	1,274,500,000	50,980,000
10	5.0	6.10	5.0	637,250,000	38,872,250
Ineligibles		3.4	2.32	295,684,000	10,053,256

Avg. Rate (Tax) **2.58%**
 Avg. Rate (Tot.) **0.62%**

Total	Estimated	Contributions	329,315,506
CY 2008	Contributions	Collected	264,100,000
Estimated	Additional	Contributions	65,215,506

Alternative E



Alternative F:

This tax schedule assigns every employer the same rate of 2.45% and then adds on an additional amount based on the amount of total benefit charges that have been assigned to that employer. Benefits charged to employers below \$8,000 are not assigned any additional tax; employers having benefit charges between \$8,000 and \$10,000 are assigned 20% tax on the benefits over \$8,000. Employers having benefit charges between \$10,000 and \$12,000 are assigned a rate of 30% on the benefits over \$8,000. Employers having benefits charges over \$20,000 are assigned a rate of 60% on their benefit charges over \$8,000. This method is perhaps the simplest to impose by giving all employers the same rate and adding an additional amount to conform to FUTA regulations and provide an incentive to reduce assigned benefit charges.

Reserve Ratio Intervals		Tax Rate	% of Tot. Bens Charged	Amt. of Bens Charged	% of Taxable Wages	Taxable Wages	Revenue
(%)	(%)	(%)	(%)		(\$)	(000)	(\$)
-999	to 999	2.45			100	12,745,000,000	312,252,500
Amt. of Benefits Charged to Each Employer							
<\$8,000		0.0					
\$8,000	\$10,000	20.0	(1) 0.14%	332,500		164,347	(2) 66,500
\$10,000	\$12,000	30.0	1.26%	3,036,000		254,231	910,800
\$12,000	\$15,000	40.0	6.04%	14,618,500		471,528	5,847,400
\$15,000	\$20,000	50.0	4.43%	10,721,000		394,107	5,360,500
	> \$20,000	60.0	6.28%	15,181,000		202,711	9,108,600
Avg. Rate (Tax)		2.62%		241,844,000		12,745,000,000	
Avg. Rate (Tot.)		0.63%					

Total	Estimated	Contributions	333,546,300
CY 2008	Contributions	Collected	264,100,000
Estimated	Additional	Contributions	69,446,300

(1) $332,500 \div 241,844,000 = 14\%$

(2) $20\% \times 332,500 = 66,500$

South Carolina
Totals For Rate Year Period 2010
(Based on 3rd & 4th Quarters of 2008 and 1st & 2nd Quarters of 2009)

Size Class	Employers	Benefit Charges	Contributions	Taxable Wages
Class 1 <= 49	91,604	\$ 226,671,615	\$ 88,672,146	\$ 4,201,634,986
Class 2 50 -100	2,277	\$ 75,738,595	\$ 26,914,808	\$ 1,274,104,322
Class 3 >= 101	2,100	\$ 308,871,763	\$ 114,752,352	\$ 5,916,365,993
Final Totals	95,981	\$ 611,281,973	\$ 230,339,306	\$ 11,392,105,301

Percent (%) Distributions by Size Class

Size Class	Employers	Benefit Charges	Contributions	Taxable Wages
Class 1 <= 49	95.4%	37.1 %	38.5 %	36.9%
Class 2 50-100	2.4 %	12.4 %	11.7%	11.2 %
Class 3 >=101	2.2 %	50.5 %	49.8 %	51.9 %