

Executive Overview

Manufacturers worldwide continue to recognize South Carolina's advantages for doing business.

South Carolina hosts a strong and diverse base of nearly 4,000 manufacturers due in large part to a bounty of advantages offered in South Carolina for manufacturers. South Carolina enjoys economic strength that supports not only new business growth but also the expansion of existing business. South Carolina consistently leads the southern U.S. in per capita capital investments, ranking first in five of the last seven years.

South Carolina's outstanding growth pattern continued in 1996, demonstrating that the momentum of businesses recognizing South Carolina's site advantages continues to grow.

- 1,238 companies announced the location of new facilities or the expansion of existing facilities within South Carolina in 1996.
- Capital investments in South Carolina totaled \$5.7 billion in 1996, the highest total ever, an increase of 97% over the announced capital investment in 1994.
- Nearly 26,000 new jobs were created with this investment, the highest total in thirty years.

Significant advantages for South Carolina manufacturers include the following:

- A legislation that works for business, supporting low business tax rates and available tax credits
- A history of strong corporate investment
- A statewide commitment to quality manufacturing
- A strong work force featuring the lowest unionization rates in the U.S., state-sponsored pre-employment training, and an outstanding transportation network.

South Carolina manufacturers compete successfully in a global marketplace. Foreign and domestic manufacturers as well as existing businesses have made significant investment commitments in South Carolina, showing their faith in our ability to adapt in the global marketplace.

It is South Carolina's goal to work proactively and aggressively to maintain advantages for manufacturers. As you read further, the opportunities for your company to profit and prosper in South Carolina's manufacturing environment will become clear. Join the growing group of manufacturers worldwide that enjoy the benefits of South Carolina's proven performance.

Business Climate

What does South Carolina do to create an ideal climate for manufacturing?

The business climate that ensures long-term success for South Carolina's manufacturers is not due to a single factor, rather it is a combination of advantages - a well-trained and productive work force, low startup and operating costs, and numerous business incentives. These factors apply not only for manufacturers, but also other investment and commercial industries. South Carolina also offers strength in support industries such as warehouse, distribution, and service facilities as well as foreign investment initiatives. This complements the strong manufacturing base and provides economic diversity, thus allowing South Carolina to thrive in an ever-changing global marketplace.

Among the competitive advantages offered by South Carolina:

- Third-lowest hourly wages in the country
- A well-trained work force that is ready at the time of the facility opening
- The lowest rate of unionization in the U.S. as a percentage of non-agricultural employment
- Nationally-recognized pre-employment training program
- Fourth lowest construction costs in the U.S., 15% below the national average
- Legislative initiatives conducive to business such as the Rural Development Act, reduced corporate income tax, no inventory or unitary taxes, available tax credits, and an \$18 million highway set-aside fund to ensure strong transportation access for industry.

While various journals and publications rank South Carolina favorably on economic indicators and corporate performance, the bottom line is the success and growth of our manufacturers. South Carolina will only continue to grow in stature as a manufacturing location in the years to come.

Summary of Investments in South Carolina

New and existing manufacturers show confidence in South Carolina's business climate through substantial capital investment.

The healthy business climate in South Carolina is characterized by the consistent pattern of success in attracting capital investment from both domestic and international companies. Over the past ten years, more than 8,000 new and expanding firms have announced capital investments in South Carolina of over \$33.5 billion. This investment has created more than 177,000 new jobs in the last ten years.

Despite its small population relative to other states, South Carolina has ranked first in capital investment dollars per capita in five of the last seven years (ranked second and third the other two years) in the Southeast region. This demonstrates the confidence of investors in South Carolina as a manufacturing location.

Capital investment ultimately leads to the improvement of quality of life for South Carolina's citizens. South Carolina's per capita income has risen faster than national and South Atlantic regional averages since 1987.

Most of South Carolina's capital investment is for manufacturing facilities. Substantial investments come from international business, expansion of existing South Carolina businesses and headquarters and distribution facilities. The diversity of sources of capital investment ensures long-term growth and viability for South Carolina manufacturers.

Manufacturing Investment

While the United States as a whole has had less manufacturing activity, South Carolina manufacturing is growing, becoming a larger part of the state's economy. In addition, South Carolina manufacturing is diversifying. In 1996, manufacturing accounted for 90% of capital investments and 76% of the employment growth.

1996 economic growth in South Carolina in the manufacturing sector was based in a variety of industries, indicating South Carolina's growing manufacturing diversity. The major industries attracting investment:

- Metals/Equipment
- Chemicals
- Rubber & Plastics
- Transportation Equipment

- Textile Products

The largest contributors of new jobs in the manufacturing sector in 1994 were:

- Metals/Equipment
- Textile Products
- Transportation Equipment
- Chemicals
- Rubber & Plastics

International Investment

South Carolina has enjoyed great success in recent years in attracting capital investment from international firms. The advantages offered by South Carolina to international manufacturers has resulted in \$11.4 billion in capital investment since 1987.

1996 was the best year in state history for capital investment and new employment from international companies. International firms announced \$2.25 billion in capital investment and nearly 5,000 newly created jobs. This represents 39% of the state's total capital investments, a substantial increase from international capital investment levels of prior years. This indicates a growing interest and awareness worldwide of the advantages of doing business in South Carolina. International firms also provided 19% of new jobs in 1996.

Germany provided the largest percentage of international investment with 42% of the total. Japan, France, Sweden, the United Kingdom and Canada joined Germany in 1996 as significant sources of international capital investment in South Carolina. Growth in investment continues from both European, Asian and North American sources, demonstrating South Carolina's strength worldwide as a manufacturing center.

International firms play a major role in diversifying South Carolina's manufacturing base. Rubber and Plastics, Chemicals, Metals & Equipment and Transportation Equipment were the leading industries attracting international investment. Also noteworthy is the continued international investment in distribution facilities, headquarters, and research and development facilities, which complement the substantial manufacturing investment.

Corporate Reinvestment

A significant portion of South Carolina's economic and industrial growth continues to come from existing industry. In 1996, existing businesses accounted for over \$4.9 billion in investments (86% of all investments) and announced 18,555 new jobs (71% of the total). This clearly demonstrates the confidence of existing businesses in South Carolina's pro-business climate. 1996 is the tenth consecutive year with investment by existing firms of over \$1.5 billion.

International investors with facilities in South Carolina also show confidence in South Carolina's business climate by expanding their facilities. BMW announced an additional investment of \$200 million to its Spartanburg County facility that will create 150 new jobs. In 1995, Michelin Tire, based in France, made an additional investment of more than \$500 million to expand its South Carolina manufacturing facilities.

Headquarters and Distribution Investment

In 1988, South Carolina passed a Corporate Headquarters and Office Facilities initiative to promote growth in this area. Since 1988, about \$1 billion in headquarters investments have been announced in South Carolina, attracting such firms as Michelin, Hoffman-LaRoche, BMW Manufacturing (USA), and Pirelli Cable.

South Carolina continues to grow as a distribution center with significant investment by firms such as United Parcel Service, Wal-Mart, and Michelin. Much of this success is due to South Carolina's location near population centers and access to regional, national, and international markets.

South Carolina's attractiveness as a center for headquarters and distribution facilities is an excellent complement to the numerous advantages offered to manufacturers in the state.

Quality Manufacturing

South Carolina promotes quality manufacturing at all levels.

South Carolina has developed many programs on the state, regional, and local level to promote an environment of quality manufacturing. The results of these efforts are evident:

- South Carolina is home to three companies that have won the prestigious Malcolm Baldrige National Quality Award: Milliken & Company (Spartanburg), Westinghouse Nuclear Fuel Division (Columbia), and Carolina Eastman (Columbia). No other state can boast as many Baldrige winners.
- Nearly 140 companies in South Carolina have received ISO9000 certification, including AVX (Myrtle Beach), DuPont (Florence, Charleston, Camden), Hoechst Celanese (Spartanburg), and NCR (West Columbia).
- Over 100 South Carolina manufacturers have received international, national, or industry awards for quality manufacturing.
- In April 1995, South Carolina presented the first Governor's Award for Quality Manufacturing to MEMC Electronics Materials, Inc. of Spartanburg.

South Carolina has shown a commitment to Total Quality Manufacturing (TQM) by investing in programs necessary for quality manufacturing.

- The Quality Institute at the University of South Carolina (Spartanburg) began operations in 1992. The Institute focuses on the integration of Total Quality Management concepts into the manufacturing for businesses in South Carolina and elsewhere. The institute also sponsors research in the science of quality technology. The institute is the first comprehensive quality manufacturing center in the Southeast and it is certified to teach ISO curriculum.
- The Quality Manufacturing Resource Center in Greenwood, one of several resource centers in the TECH system, is the statewide center for Total Quality education for TECH.
- The Southeastern Manufacturing Technology Center (SMTC) is one of five national centers to improve manufacturing competitiveness by facilitating technology transfer. The SMTC works closely with small and medium sized manufacturers (less than 500 employees) to improve their competitive positioning. SMTC performs consulting, education, and application demonstrations with resources and partners located throughout South

Carolina. Focus areas include Product Realization and Design, ISO9000 Services, Workforce Training, Computer Aided Technologies, Information Systems and Networking, and Total Quality Management (TQM). Company improvements are measured through impact analysis in the areas of increased revenues, jobs saved, reduced costs, productivity, and quality.

- The State Chamber of Commerce sponsors a Quality Forum that encourages businesses to implement quality management practices.
- Clemson University's Industrial Engineering Department specializes in quality engineering, including coursework in training and implementation of TQM, SPC (Statistical Process Control), ISO9000, and general principles of quality and assessment. Quality programs are part of the curriculum in many academic departments at Clemson, including Engineering and Commerce and Industry.
- Seven regional and local Quality Committees promote quality manufacturing in their areas.

Regional Quality Organizations

Carolina Quality Initiative	Rock Hill
Midlands Area Council of Excellence	Columbia
Pee Dee Community of Excellence	Florence
Piedmont Excellence Process	Greenwood
Quality in the Workplace Program	Spartanburg
Quality Greenville	Greenville
Trident Area Council of Excellence	Charleston

The regional quality organizations consist of business leaders, local government, quality experts, and academic professionals from all regions of the state who have the common goal of improving the competitiveness of businesses in their regions

Regulatory Climate

South Carolina works cooperatively with business in regulatory affairs.

The South Carolina Department of Health and Environmental Control (DHEC)

While South Carolina grows rapidly as a business and manufacturing center, the state's air quality is among the best in the nation. The U.S. Environmental Protection Agency monitors all states for six criteria pollutants. South Carolina is monitored at various points throughout the state and passes for all pollutants in all locations. The only other state in the Southeast that also meets this criteria is Mississippi.

Environmental issues in South Carolina are administered by the South Carolina Department of Health and Environmental Control (DHEC). DHEC works cooperatively with business in South Carolina to assist economic development in the state while maintaining a sound environment. This cooperative relationship between DHEC and business is demonstrated in the fact that less than 1% of all environmental permits applied for in South Carolina are contested. DHEC oversees all state and federal permits issued in South Carolina, having been granted federal oversight responsibilities for implementing EPA regulations and compliance procedures. This situation allows South Carolina businesses to work with local agents concerning most environmental issues. DHEC is aware of the importance of new industry to our state and gives priority to the review of new facilities, thus reducing turnaround time for issuance of new permits.

Permitting fees, both initial and maintenance, are lower than those in most states. Local and regional agencies in South Carolina have not enacted local environmental compliance or permitting requirements, with the exception of the standard local wastewater system use ordinances. South Carolina has no state law requiring the preparation of environmental impact statements.

DHEC is also active in the assistance to new and existing businesses in reducing waste management costs. The program is offered through the Office of Waste Management, a non-regulatory arm of DHEC. The Office assists manufacturers in modifying production processes so that waste is minimized during the production process, as opposed to waiting until the end of production to decide how to manage waste material. This benefits the manufacturer in final manufacturing cost, cleanliness of operations, and reputation in the community.

Regulatory Oversight

The cooperative regulatory environment in South Carolina is due in no small part to our system that encourages input from all sides of the community. Each regulatory agency in South Carolina is governed by a volunteer board of community representatives. Agencies in South Carolina are required by law to have all regulations approved by the legislature before implementation. South Carolina is one of a few states with this requirement; these safeguards allow parties affected by regulations to have ample opportunity to have their interests addressed.

In contrast, regulatory agencies in most other states can issue regulations independently. Some states have also installed technical boards, comprised of government personnel, to provide regulatory oversight. These approaches tend to limit input from the parties affected by regulation.

The South Carolina Department of Commerce monitors regulatory and other business climate issues. The Department of Commerce interviews the top managers of many South Carolina companies each year to understand business communities' concerns and to provide direct assistance to companies.

Taxes

Sound financial management leads to a low tax burden for South Carolina's citizens.

Much of South Carolina's success in attracting capital investment is due to its conservative policies in fiscal management. This conservatism has allowed South Carolina to enjoy economic growth while maintaining low and stable tax rates. South Carolina is one of only eight states in the nation to maintain an AAA credit rating from Moody's Investor Services.

South Carolina has passed numerous tax incentives for industry, indicating the pro-business attitude of the state legislature. Some of the incentives include the following:

- Elimination of taxes on inventory and intangibles
- Granting exemptions on property and sales taxes
- Increasing existing exemptions through Jobs Tax Credits and Fee-In-Lieu

Business Taxes

South Carolina corporations pay taxes on income, sales, and license at the state level; they pay property taxes at the local level.

Corporate Income Tax

South Carolina corporations are taxed on income derived from conducting business in the state. The tax is levied on net taxable income. Foreign corporations are taxed only on the portion of income earned in the state according to a formula derived from the ratios of in-state to total company property, payrolls, and sales.

In 1989, the corporate tax rate was reduced to 5%.

Corporate License Fee

All South Carolina corporations must pay an annual fee to the South Carolina Department of Revenue and Taxation of one mill per dollar of a proportion of paid-in-capital and paid-in-surplus, plus an annual \$15 license fee. Earned surplus is not included in this tax.

For corporations doing business outside of the state, the license fee is determined by apportionment, similar to the method used in calculating the state corporate income tax.

Sales and Use Taxes

South Carolina's sales tax applies to retail, sales, leases, and rentals of tangible personal property. The use tax applies to the storage, use, or consumption of tangible personal property purchased at retail outside of South Carolina for storage, use, or consumption in the state, regardless of whether the retailer is or is not engaged in business in South Carolina. The rate for either tax is 5%.

State law allows counties the option of instituting an additional 1% sales tax. 17 of the state's 46 counties have adopted this local option. State law requires those counties that impose the additional sales tax to provide corresponding property tax relief.

Property Tax

Real and personal property taxes in South Carolina are levied by the local taxing authorities, not by the state. There are no taxes in South Carolina on inventories nor intangible personal property.

For manufacturers, the value of real and personal property is established by the South Carolina Department of Revenue & Taxation. Property is reappraised every three to five years.

Personal property, such as machinery and equipment, is valued based on original cost less depreciation, which cannot exceed 80% of the original cost. Depreciation rates are established by state law, generally following federal guidelines. Depreciated values of property are assessed at 10.5% to determine the taxable property value. Millage rates, which are determined locally, are applied to the assessed, depreciated value to determine the property tax.

Individual Taxes

Income tax is levied on:

- The entire net income of residents
- Income earned within South Carolina by nonresidents having a business or agency in the state
- Income earned from the sale of, rental of, or income from property within South Carolina.

The basis for state taxable income is federal taxable income. The deductions and exemptions allowed on federal returns flow through to state returns.

Sales tax on personal property such as automobiles and boats is limited to a maximum of \$300.

Individual property taxes for on owner-occupied residence are assessed at 4% of fair market value. The appropriate millage rate is applied to the assessed value to determine the actual tax.

Personal property for individuals is assessed at 10.5% of current value. The appropriate millage rate is applied to the assessed value to determine the actual tax. South Carolina does not assess an intangibles tax.

South Carolina remains among the lowest in per capita tax burden of all states. Total per capita taxes at all levels paid in South Carolina in 1991 were ranked sixth-lowest in the nation at \$1,561 (Commerce Clearing House, 1994). The average national per capita tax burden was \$2,083.

Tax Incentives

for Manufacturers

South Carolina encourages investment and employment and rewards profitability.

South Carolina's pro-business climate and legislative reforms are reflected in exemptions and credits against business taxes. There have been significant changes made by The Rural Development Act of 1996. The South Carolina legislature strongly believes that incentives for businesses who locate new facilities or expand existing facilities in the state ultimately lead to more rewarding employment opportunities for South Carolinians. This, in turn, enhances the quality of life for state residents.

Jobs Tax Credit

Under the Rural Development Act of 1996, the Jobs Tax Credit provides income tax credits for companies locating in or expanding current business in any county in South Carolina. Credit is based on each full-time job created through location or expansion. Counties are designated as developed, moderately developed, under developed and least developed, each offering a different schedule of job tax credit. All classifications have a 10 jobs created minimum to qualify.

Jobs Tax Credit Values	
County Classification	Value
Least Developed	\$4,500
Under Developed	\$3,500
Moderately Developed	\$2,500
Developed	\$1,500

Job tax credits are available for a five-year period and can be applied against corporate income tax. The credit cannot exceed 50% of the total tax liability. Unused credits may be carried forward for 15 years from the time that the credit is earned.

Child Care Credit

South Carolina has been very progressive in recognizing the changing demographics of labor markets and the resulting child care needs faced by employees. South Carolina was one of the first states in the nation to offer companies credits for employee child care expenses.

Payments made to licensed and/or registered child care facilities for the benefit of an employee are eligible for a credit against state corporate income tax. The

credit is for 50% of the payments, not to exceed a maximum of \$3,000 per employee.

In addition, capital costs and operating costs associated with building and operating a child care facility for the benefit of employees may be claimed as credits against state income tax. Capital cost credits may equal 50% of the incurred capital expenditure, not to exceed \$100,000. Operating cost credit may equal 50% of the costs, not to exceed a maximum of \$3,000 per employee.

Credits are limited to 50% of the firm's state income tax. Unused credits may be carried forward for ten years.

Corporate Headquarters Credit

Firms establishing headquarters or expanding existing headquarters in South Carolina are eligible for credits to state corporate income taxes or corporate license fees. 20% of the capital cost of the headquarters facility or expansion may be credited against state corporate income tax. This credit may be carried forward for up to 10 years.

Upon qualifying as a headquarters, a firm may receive the credits with the creation of 40 headquarters or research and development jobs, 20 of which must be at the professional/managerial level.

Net Operating Loss

Net operating losses incurred by South Carolina businesses may be carried forward for up to 15 years.

Credit for Former Military Employees

The South Carolina legislature passed a bill in 1994 to address the impact of defense cutbacks. South Carolina has been affected substantially with cutbacks and closures at the Charleston Naval Shipyard, the Myrtle Beach Air Force Base and the U.S. Department of Energy's Savannah River Site.

South Carolina offers a credit to state corporate income taxes of 10% of the first \$10,000 of income per employee to firms hiring laid off defense workers. The credit is available to firms statewide hiring workers certified as unemployed as a result of cutbacks at designated federal facilities.

The credit is good for a period of one year.

Sales and Use Tax Exemptions

The following items are exempt for manufacturers from sales and use tax in South Carolina:

- Production machinery and equipment
- Repair parts
- Materials which will become an integral part of the finished product
- Industrial electricity and fuels used in the manufacturing process
- Packaging materials

Property Tax Exemptions, Abatements and Fee-in-Lieu

Property taxes in South Carolina are not levied at the state level. All property taxes are determined locally with millage rates set by each locality in the state. Taxes are based on 10.5% of fair market value of property. All millage rates are assessed by the South Carolina Department of Revenue.

The following items are exempt from property tax in South Carolina

- Manufacturing inventory
- Intangible property
- Facilities or equipment of industrial plants designed for elimination, mitigation, prevention, treatment, abatement, or control of water, air, or noise pollution

Any new manufacturing establishment is exempt for five years from county ordinary taxes from the time of opening or addition to existing facilities when the investment is \$50,000 or more. New and expanded facilities are not exempt from school or special-purpose taxes.

Companies investing \$5 million or more in new or expanded facilities are eligible to negotiate a fee-in-lieu of property taxes. Companies taking advantage of the fee benefit financially from a lower assessment ratio and, under the fee arrangement, will have known tax liabilities for planning purposes for up to 20 years. Companies in South Carolina who invest \$400 million and create 200 new jobs will be eligible for a 30-year fee-in-lieu of property taxes with an assessment ratio as low as 4%.

South Carolina s

Enterprise Program

The South Carolina General Assembly created The Rural Development Act of 1996 in a continuing effort to provide South Carolina businesses in all regions of the state with the best possible business environment.

The greatest benefit of the Rural Development legislation may be the ability of state government to participate in the cost of locating or expanding qualifying industries in all areas of the state through the Enterprise Program and Job Development Credits. This allows a company to retain a portion of the employee's state personal income tax for permissible expenditures made at the qualifying facility.

Some fundamental features of the Rural Development Act / Enterprise Program are:

- The Rural Development Act makes companies locating anywhere in the state eligible to take advantage of the Job Development Credit (JDC).
- Eligible companies will be involved in manufacturing, processing, warehousing, distribution, R&D, corporate office or certain tourism functions.
- Eligible companies will provide full-time employees with benefits packages including health care.
- Eligible companies will receive certification from the South Carolina Coordinating Council stating that the project's benefits exceed the cost to the state.

Companies that invest in South Carolina will enjoy several benefits that will lead to significant reductions in the cost of doing business. Qualifying companies may use part of gross employee wages for the purchase and improvement of real property, infrastructure, pollution control equipment and employee training through the Job Development Credit (JDC). The retention of a portion of withholding taxes through the JDC does not financially impact employees.

The portion of state withholding tax from each employee that may be retained by the employer is determined by the wage level of that employee according to the following schedule:

Average Hourly Wage (or Equivalent)*	Maximum Credit (as percent of Gross Wages)
\$ 6.51 - \$ 8.68	2%
8.69 - 10.85	3
10.86 - 16.28	4
16.29 - up	5

*Adjusted annually

The amount of the Job Development Credit that a company may retain depends on the Jobs Tax Credit classification of the county where it locates. The portion of the JDFC not retained by the company is deposited into the Rural Infrastructure Fund (RIF). This fund is designed to support infrastructure development in rural areas.

County Jobs Tax Credit Classification	Maximum Credit Company May Claim
Developed	55%
Moderately Developed	70%
Under Developed	85%
Least Developed	100%

In addition, companies creating 200 new jobs and either \$400 million in new investment or \$200 million in new investment plus \$200 million in existing investment will be allowed to keep 95% of their JDC, regardless of where they locate.

Funds collected as Job Development Credits must be expended by the company at the South Carolina site from which they were collected. Proceeds may be spent on:

- Acquiring and improving real estate;
- Improvements to both public and private utility systems;
- Transportation facilities;
- Equipment installed for the purpose of meeting environmental regulations
- Training costs and needed facilities.

Companies that are interested in applying for JDC's should submit an application to the Coordinating Council for Economic Development. The Enterprise Program also offers existing eligible businesses to qualify for the withholding of up to \$500 per employee for the purpose of retraining, providing that retraining is necessary for the business to remain competitive or to introduce new technologies.

Financing

South Carolina offers a variety of financial options for manufacturers.

South Carolina businesses have access to many financing options available through the public and private sectors. Financing sources are available to start-up operations or expansions of existing businesses.

Commercial Lending Institutions and Private Lenders

South Carolina has benefited from interstate banking with increased availability of capital assets promoting growth and development. 77 banks with over 800 branches operate in the state. South Carolina works closely with local lenders in the promotion of economic development. Consequently, the financial community is an important part of the state's economic development team.

The total base of assets among South Carolina's commercial banks in the first quarter of 1995 was \$31 billion. Of these assets, loan portfolios totaling \$19 billion comprised 61.3% of the asset base. These loans are classified as commercial and industrial (17%), individuals (18%), family real estate (28%) and all other real estate (30%). This balanced mix shows a healthy statewide portfolio as South Carolina's financial institutions do not have an excessive emphasis on any one type of loan activity.

Recent mergers between South Carolina's largest banks and out-of-state banks have resulted in increased resources for the state's industrial and commercial borrowers. The Charlotte-Rock Hill metropolitan area is the third largest banking center in the country behind only New York and San Francisco. Commercial and industrial loans in 1993 represented 16.7% of the overall loan portfolio at South Carolina's commercial banks.

Federally-Sponsored Programs

Several federally-sponsored financing programs are available in South Carolina, administered through state and local entities. Among the available programs:

- Small Business Administration (SBA)
- Governor's Economic Development Assistance Program
- Housing and Urban Development

- Farmers Home Administration

State-Sponsored Programs

State-sponsored financing options include six different programs offered through the Jobs-Economic Development Authority (JEDA). JEDA was created by the South Carolina General Assembly in 1983 to enhance the economic welfare of the state and business sector through loans. Companies may qualify for funding for economic development projects at favorable rates through the following programs:

- **Carolina Capital Investment Corporation:** A bank consortium administered by JEDA to provide funding to small, growth oriented firms.
- **Taxable and Tax-Exempt Industrial Development Bonds :** These bonds are financial instruments issued by JEDA or by counties or municipalities for projects that qualify under the state's Industrial Revenue Bond Act. The bonds are for individual company fundings ranging from \$1 million to \$10 million.
- **Taxable Bond Financing Program:** JEDA's Taxable Bond Program is designed to assist commercial business and real estate development firms in South Carolina with affordable long-term debt financing. Bond proceeds may be used to fund the acquisition, construction or renovation of buildings and land, the purchase of new or used equipment, and for working capital purposes as well as the refinancing of existing debt.
- **Community Development Block Grant Program:** Funds are made available to units of government for direct loans to small firms to create jobs in low to moderate income areas.
- **Export Trade and Finance Program:** Assistance through financial counseling, facilitating services and lending/guarantee program.
- **Venture Capital Funding:** Loans to businesses for innovative products or processes.

Grant Programs

Grant programs provide funds to government entities for economic development projects. In South Carolina these include the following:

- Highway Set-Aside Fund: \$18 million set aside annually for use in strategic, project-driven highway development by local governments.
- Governor's Economic Development Assistance Grant Program: Grants are made available to local governments for infrastructure improvement, industrial site acquisition, and financial assistance to private enterprise.
- Santee Cooper Economic Development Investment Fund (SCEDIF): This fund is administered by the Palmetto Economic Development Corporation (PED) to assist local communities in attracting industrial development.
- Infrastructure Act: South Carolina Resources Authority funds water and sewer projects in local areas.
- Rural Improvement Fund: Local governments can assist in location or expansion of industry or in developmental studies related to economic development.
- SCANA Corporation Economic Development Grant: This is a matching grant program providing capital assistance to rural communities for infrastructure improvements required by new industry.

Enterprise Development, Inc. (EDI)

EDI is an independent nonprofit affiliate of the South Carolina Department of Commerce. EDI develops strategic initiatives and business resources for new capital investments. EDI initiatives are in the development of finances, technology and human resources.

Sites, Buildings and Construction

South Carolina has a building or site for every need, large or small.

South Carolina maintains a sizable inventory of available buildings and development sites. In addition, construction costs in South Carolina are typically more than 15% below national averages. These factors promote South Carolina's status as an excellent location for manufacturing projects.

Industrial sites of all sizes are offered to manufacturers from small parcels to combined areas that meet large industry requirements. Information on more than 1,000 industrial site locations is maintained by the South Carolina Department of Commerce ranging from a minimum size of five acres to parcels of several hundred acres. Individual needs such as facility size, parking requirements, and buffer zones can be accommodated. Prices for available land generally range from \$2,000 to \$45,000 per acre. Sites range from highly visible campus-like parks to rural areas surrounded by undeveloped acreage.

South Carolina typically maintains an inventory of over 250 available buildings, including spec buildings. This allows many South Carolina manufacturers to meet their industrial building needs through the purchase or lease of an existing facility. The South Carolina Department of Commerce can provide information on available buildings and will assist in the location of a suitable facility based on product, transportation, and distribution requirements, among other factors. Buildings range in size from 5,000 to 1,000,000 square feet with prices ranging from \$50,000 to \$10,000,000. The majority of the inventory ranges in size from 20,000 to 90,000 square feet at prices from \$10 to \$30 per square foot.

South Carolina's mild climate permits year-round construction activity, with annual average temperatures ranging from the 40's in the winter to the 70's and 80's in summer. Frozen forms of precipitation occur infrequently during the winter months and rarely remain on the ground, even in the mountainous areas. South Carolina hosts nationally recognized engineering, architectural, and construction firms such as Fluor Daniel and John Brown, with headquarters in Greenville, Lockwood Green in Spartanburg and Wilbur Smith in Columbia.

Utilities

Abundant, reliable utilities at fair costs enhance the global competitiveness of South Carolina manufacturers.

South Carolina's infrastructure base includes a complete, reliable network of electric and gas utilities along with state-of-the-art telecommunications services.

Electric

South Carolina electric utilities meet the requirements of business and industry around the state through a network of four major companies with a combined installed generating capacity of nearly 16,000 megawatts. This capacity is designed to accommodate the projected generating needs of future growth. South Carolina's electric utilities offer assurances of long-term service stability at reasonable costs.

Electrical power generating capacity in the state in 1994 was primarily generated by nuclear steam (40.5%), fossil steam (30.4%) and hydroelectric (19.6%).

South Carolina's utility service providers include investor-owned companies, electric cooperatives and municipal systems. Because of the number of energy suppliers, a competitive environment exists that holds costs down. Industrial customers in South Carolina pay about 12% less than the national average for power.

Gas

South Carolina manufacturers have access to abundant supplies of natural gas from two interstate pipeline companies and four distributors. The four distributors serve 85% of the state. The remainder of the state receives natural gas from municipalities and natural gas authorities. The rates and services of these companies are subject to regulation by the Public Service Commission (PSC).

Water

South Carolina has the second and third largest river basins on the East Coast and a total average waterflow of about 33 billion gallons per day. This abundant quality surface water supplies 96% of the state's water needs, 38% of which goes to self-supplied industrial use.

Telecommunications

State-of-the-art telecommunication capability is critical in today's business world, and South Carolina offers one of the most comprehensive networks anywhere. The BellSouth Corporation is the largest local exchange company in the state and has invested over \$1.8 billion in expanding and improving their system. Bell South's service area includes Columbia, Greenville/Spartanburg, Charleston, Florence, Aiken and Anderson.

Besides BellSouth, there are 27 other local exchange carriers within the state, including GTE and United Telephone. All of the state's access lines are served by central offices utilizing digital capabilities.

Labor Force

and Demographics

South Carolina can provide manufacturers with the skilled workers ready to provide value from day one.

South Carolina's labor force, like the population, has grown substantially since the 1970's. The state labor force now averages over 30,000 new entrants annually. South Carolina's 1995 civilian labor force was 1,878,000, which represents approximately one half of the state's population. Strong growth and a youthful population ensure a steady supply of workers for South Carolina manufacturers now and in the future.

Characteristics

Population

The population of South Carolina exceeded 3.74 million residents in 1995 and is growing at a rate of 1.5% per year.

About 40% of South Carolina's population growth is from in-migration. South Carolina's average age is 32.6 years, among the lowest in the nation and second-lowest in the South Atlantic region.

60% of South Carolina's population lives in one of seven Metropolitan Statistical Areas, which include one-fourth of the state's counties.

Age

83% of South Carolina's labor force is in the 20-54 age range, generally considered to be the prime working age. The age distribution of South Carolina's work force is slightly younger than that of the nation, thus ensuring a steady supply of entrants into the work force along with many experienced workers.

Age Ranges of Labor Force, South Carolina and United States percentage of labor force

Age Ranges	South Carolina	United States
16-19	6.3	5.4
20-24	12.2	10.7
25-34	28.5	26.1
35-44	25.4	27.1
45-54	16.1	18.7
55-64	8.8	9.0
65+	2.7	2.9

Percentages may not add due to rounding

Sources: *Employment and Earnings*, November, 1994,
1990 Census for South Carolina.

Employment Rates

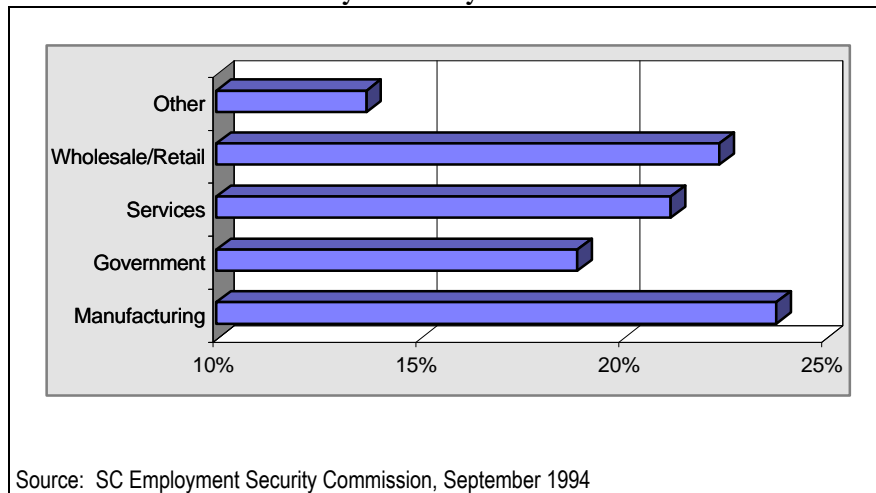
Unemployment rates in South Carolina have tended to be very slightly below that of the United States. The most recent state unemployment rate (December 1996) was 5.6%.

Manufacturing Employment

Nearly one-fourth (24%) of South Carolina's nonagricultural employment is in manufacturing. This is the fifth highest rate of manufacturing employment for a state in the nation. South Carolina has over 4,700 manufacturing operations, including 160 *Fortune 500* companies with South Carolina manufacturing operations.

The Greenville-Spartanburg Metropolitan Statistical Area is the nation's leading manufacturing MSA with 28.9% of its workforce employed in manufacturing.

**South Carolina Employment
by Industry Sector**



Right-to-Work Environment

South Carolina is a right-to-work state, which has contributed to high productivity levels, a 0.01% work stoppage rate (between 1983 and 1993), and a 2.2% unionization rate. South Carolina ranks lowest in the nation in union membership as a percentage of non-agricultural employment.

Sources of Labor

New Entrants

South Carolina has a relatively young population to provide many entry-level job candidates. During the 1990's, it is estimated that over 552,000 persons in South Carolina will reach employment age (18).

Graduates

Graduates of high schools and colleges are a primary source of workers for South Carolina companies. More than 32,500 students graduated from South Carolina high schools in 1994, 60% of whom entered some type of post-secondary education. 27% of the graduates entered employment out of high school.

In 1994, over 31,000 college degrees were awarded in South Carolina. Approximately 16,000 (52%) were bachelor's degrees, 5,800 (18%) were associate degrees, 5,300 were masters' degrees, and there were nearly 500 doctorate degrees.

These graduates are a significant resource for new and existing companies in South Carolina.

Level of Education of Labor Force, South Carolina and United States percentage of labor force		
Level of Education Achieved	South Carolina	United States
5 or more years college	5.6	7.7
4 years college	12.0	14.8
1-3 years college	26.4	29.6
4 years high school	76.1	81.9

Source: 1990 Census Data

State Employment Training Programs (Special Schools)

New and existing firms in South Carolina are offered the state's pre-employment training program, Special Schools, to recruit and train individuals for specific tasks and responsibilities. In nearly all cases, Special Schools training is provided at no cost to the employer. Special Schools training is usually short in duration and is offered before the opening of a new facility or the expansion of an existing plant. The goal of Special Schools is to provide South Carolina manufacturers with skilled employees who are ready to work from opening day.

Students typically train on machinery that is similar, if not identical, to equipment that will be used by the manufacturer. Classes are often taught in the actual facility. Special Schools also uses the facilities of South Carolina's 16 technical colleges. Special Schools managers will work with qualified companies to achieve the following:

- Analyze the skills needed for each job, gaining an understanding for the company's training objectives and timetable
- Employ instructors with relevant experience and provide an orientation program for the instructors in order to customize training programs
- Prepare customized training materials, including everything from written materials to an actual simulation of company software, depending on company requirements
- Recruit, screen, and test prospective workers
- Prepare the training site, including equipment set-up
- Conduct worker training.

Special Schools is a state-funded program. As a result, there are no target population requirements imposed upon participating companies; this is in sharp contrast to federally funded training programs.

Businesses in South Carolina are not obligated to hire attendees of Special Schools, nor are students obligated to accept employment offers.

Since 1961, over 150,000 trainees have served the needs of over 1,200 manufacturers through the Special Schools program.

Labor-Related Costs

South Carolina manufacturers enjoy substantial labor cost advantages over competitors from other states.

Wages

South Carolina's hourly manufacturing wages have consistently been lower than the national average and among the lowest in the nation. South Carolina's 1996 average manufacturing wage of \$10.24 per hour was the third lowest in the nation. The national average manufacturing hourly wage rate was \$12.73, while the rate for the Southeastern region was \$11.17.

Benefits

The costs of fringe benefits for South Carolina's manufacturers are low, 13% below the national average and 14 % below the average for all manufacturers in the Southeast region.

Unemployment Insurance

South Carolina's unemployment insurance rate is 2.64% on the first \$7,000 of earned income. This rate is in effect for two years for new South Carolina companies. After two years, the company will be re-rated each year based on experience.

The contribution rates for South Carolina companies range from 1.24% to 5.4%. In 1995, unemployment contribution rates for positive-balance employers range from 1.24% to 2.64% on the first \$7,000 of wages paid to each employee. Rates for negative-balance employers range from 2.64% to 5.4%. All employers in South Carolina, except those paying the maximum rate or 5.4%, are charged an additional contingency assessment of 0.06%.

Companies that have a reserve fund of 9.0% of the most recent annual taxable payroll will qualify for South Carolina's minimum contribution. The average rate is approximately 2%.

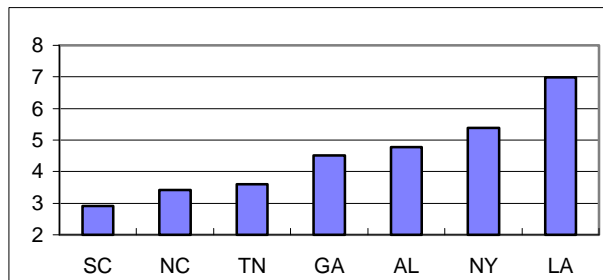
Workers Compensation Insurance

The South Carolina premium per employee for workers' compensation insurance is less than two-thirds of the national average. The base rate is set by a private insurance council. South Carolina companies select agencies of their choice. Premiums may be adjusted 25% in either direction based on a company's claim experiences. The average cost of workers' compensation insurance is roughly 2% of payroll. South Carolina's net workers' compensation insurance costs are currently the third lowest of any state in the U.S.

The insurance benefit for total disability is two thirds of weekly earning for a period of up to 500 weeks. The current maximum payment is \$422.48 per week. Partial disability can be compensated for a period of up to 340 weeks based on the differential of pre- and post-accident wages or by a specific schedule adopted by the General Assembly.

South Carolina companies may be self-insuring with approval from the Workers' Compensation Commission. Self-insured companies tend to be larger companies or one of a membership group of companies that enjoy reduced rates through group participation.

Workers Compensation Premium Rate Index, 1994



Index is in dollars per \$100 payroll employer cost

Source: Oregon Department of Consumer and Business Services, December 1994.

Infrastructure

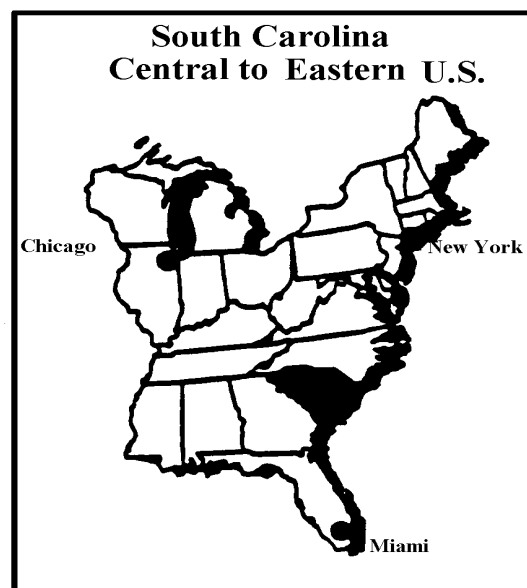
South Carolina has the infrastructure that you need today to market your goods worldwide.

South Carolina manufacturers benefit from an exceptionally strong infrastructure highlighted by the following:

- A system of three deepwater Atlantic seaports, led by the Port of Charleston, first in the South Atlantic region and second on the East and Gulf coasts in handled volume of container cargo
- Solid and hazardous waste facilities with future capacity reserved for in-state business
- Ample supply of water and wastewater systems
- Reliable electricity supply at rates substantially below those of the region and nation
- Road, rail, and air links to major domestic and international markets and suppliers
- Three foreign trade zones.

Transportation

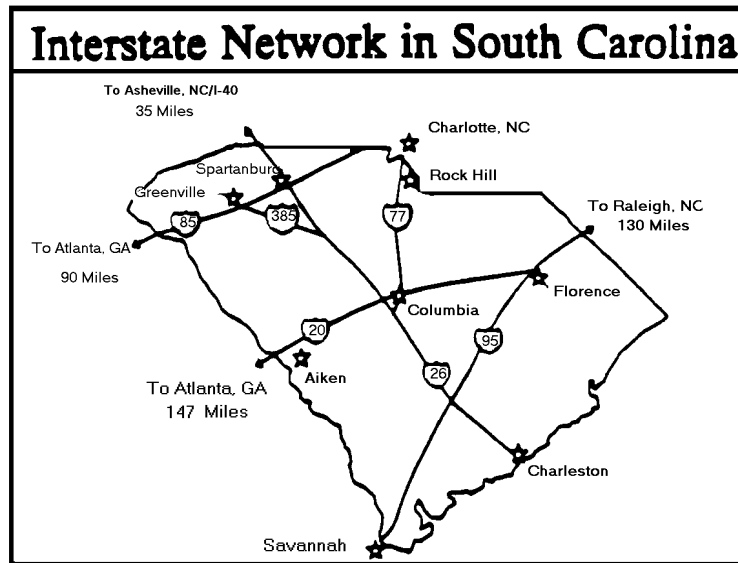
South Carolina enjoys a strategic location for manufacturers, equidistant from Chicago, New York, and Miami and located centrally in the eastern U.S. near national population centers. South Carolina's outstanding network of highways, railways, airports and seaports allow easy access to domestic and international markets and suppliers.



South Carolina Department of Commerce

Highways

South Carolina is traversed by five interstate highways providing rapid access to all points of the nation. South Carolina's excellent system of highways is toll-free, consisting of 800 miles of federal interstate highway and 64,000 miles of all highways. 12% of South Carolina's annual budget is for the maintenance and construction of highways, and there is an \$18 million annual set aside fund for highway construction and improvement projects that directly assist in economic development.



Airports and Air Freight Services

South Carolina's commercial air service is provided by nine airports, one or more of which are within a one-hour drive from any South Carolina location.

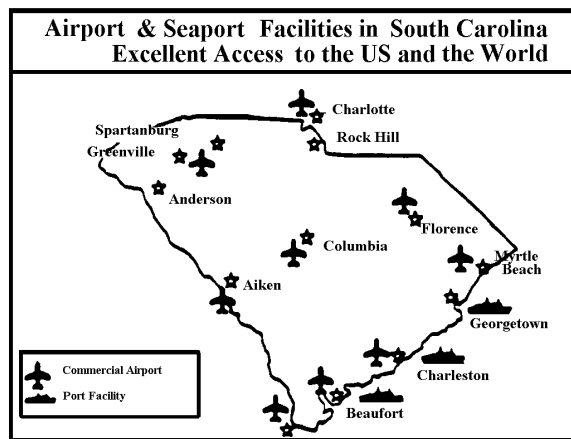
- Charleston International Airport
- Columbia Metropolitan Airport
- Greenville-Spartanburg Airport
- Florence Airport
- Myrtle Beach Airport
- Hilton Head Airport
- Charlotte (NC) Douglas International Airport

- Savannah (GA) International Airport
- Augusta (GA) Bush Field

South Carolina is served by six major airlines and several commuter operators with over 500 flights daily. Nonstop service is available to major cities such as Atlanta, Chicago, Cincinnati, Pittsburgh, Baltimore, Washington, New York/Newark, Philadelphia, Nashville, and Orlando. Direct service is available to other major cities, the West Coast, Europe, and Asia.

Corporate and private aircraft are accommodated at 49 smaller airports statewide in nearly all communities.

South Carolina is served by major air freight facilities at Columbia, Greenville/Spartanburg, Charleston, Myrtle Beach, Charlotte, Savannah, and Augusta. Of great interest will be United Parcel Service's establishment of a hub for its freight services at Columbia Metropolitan Airport. Scale-up operations for UPS service commenced during 1995 and have increased substantially through 1996. The facility provides superior frequency and convenience in freight service not just for the Columbia metropolitan area, but also for the entire state due to the central location of the hub. Air freight and customs services are available with regularly scheduled air cargo carriers providing overnight delivery to most locations, Monday through Saturday.



Railways

South Carolina has an extensive rail system with one mile of track for every 13 square miles. Overall, there are 2,600 miles of active track in South Carolina. The state is served from nearly every point in the nation by two major carriers, Norfolk Southern and CSX Transportation, as well as seven affiliates or independent lines.

Seaports

The South Carolina Ports Authority operates three deepwater Atlantic seaports: Charleston, Georgetown, and Port Royal. There are four state terminals in Charleston, two in Georgetown, and one in Port Royal. Charleston combines container, bulk, and breakbulk operations, Georgetown is the designated breakbulk and bulk facility, and Port Royal handles specialty bulk and breakbulk cargoes.

The South Carolina Ports Authority is a state agency structured as a private business and operates solely on its own revenues and earning. The agency, therefore, is a customer-driven organization with a quality focus. The Ports Authority is also financially sound, with insured bonds rated AAA by *Moody's* and *Standard & Poor's*.

Port of Charleston

A leader in the shipping of containerized cargo, Charleston is ranked number one in shipping in the South Atlantic region, and is second only to the ports of New York/New Jersey on the east and gulf coasts. Charleston ranks sixth in the nation in the movement of containerized cargo. In 1995, over 8.3 million tons (7.5 metric tons) of containerized cargo passed through Charleston with a total tonnage of cargo of 8.8 million tons (8 million metric tons). The Port has experienced a 108% increase in shipments of containers over the past five years.

In 1995, over 1,700 vessels called in Charleston. The vessels represented 50 steamship companies serving 125 foreign nations, including the new 950- and 965-foot (288- and 292-meter) "Panamex" container vessels. The volume of cargo and the outstanding reputation of the Port have attracted the attention of shipping companies, brokers, and others. In addition, Charleston has received the President's E and E-Star Awards for excellence in exporting.

Centrally located on the U.S. eastern seaboard, the harbor is naturally protected by barrier islands on either side of its wide entrance channel. Ships enjoy safe passage to all of the Port's terminals and easy access (about one hour) to the open ocean.

No location in South Carolina is more than four hours from the Port, so a South Carolina location capitalizes on the strong existing infrastructure leading to and from the Port. Charleston has extensive direct interstate and rail connections and is served by 117 truck lines with routes throughout the country. Intermodal rail service is available to Atlanta and Charlotte, both transportation hubs with rapid cargo interchange to destinations throughout the U.S.

The Port of Charleston is strategically located to serve the markets of Europe, Latin America, and South America. Emerging Asian markets are being served

by new routes through the Suez Canal, making it easier than ever to ship to these markets.

Charleston's expertise in imports and exports is valuable to South Carolina companies. The Port offers everything from specialized equipment to computerized inventory and customs processing, all designed to get the product to the customer as quickly as possible.

The Port's physical facilities include public terminals with more than two miles of berthing space, which is room for up to 17 vessels at one time. There are 2 million square feet of warehouse space and open storage for 14,000 containers on chassis with 12,000 grounded. Charleston has 15 custom-built container cranes and a variety of gantry and mobile cranes for breakbulk application. The Port's 100-ton (91 metric ton) capacity roll on/roll off ramp is available to service all four terminals. The ramp can be positioned with an hour's notice and can operate in all tidal condition. There is a unique bar code system handling inventory to increase cargo flow and to eliminate errors and repetitive tasks.

For companies located in South Carolina, the Port of Charleston affords expanding opportunities to access world markets. Charleston is a progressive port, allowing local businesses to enjoy advantages ahead of their competition.

Foreign Trade Zones

South Carolina has three Foreign Trade Zones (FTZs) strategically located to serve the entire state. FTZ 21 is 12 miles north of Charleston, making it readily accessible to Charleston's port, the most advanced containerized port system on the Southeast and Gulf coasts. FTZ 127 in Columbia, serving the central areas of South Carolina, and FTZ 38, serving the Upstate, are both adjacent to major metropolitan airports, facilitating access for air freight service worldwide.

Operating within an FTZ offer several cost benefits:

- Possible reduction or elimination of customs duty
- Deferral of duty payment until the time of delivery of the final product into U.S. Commerce.
- Efficiency and timeliness gains of bypassing customs through direct delivery.

Educational and Training Resources

South Carolina's education system prepares today's and tomorrow's workers for the challenges of a global economy.

Tech Prep

Tech Prep is South Carolina's restructuring strategy designed to prepare students to apply the latest technologies in the workplace or to prepare students for higher education. The system is the only such program nationwide to involve all of the state's school districts and technical colleges.

The State Board of Education emphasizes the training of teachers and administrators in Tech Prep methodology in order to affect permanent changes in the delivery of quality education. A core of the program is 16 associations located statewide by region, each of which has responsibility for developing the Tech Prep program for their respective areas. The association consists of representatives from the local schools, technical colleges, universities, businesses, and government.

Tech Prep programs include career guidance for students in all grades and a core curriculum with defined competencies at each level. There are provisions for applied academics in communications, mathematics, and sciences, along with an apprenticeship program. Technical preparation programs are provided in business, engineering technology, applied sciences, industrial technology, health professions and agriculture. Tech Prep complements South Carolina's long-standing college prep program.

The apprenticeship program is of particular interest to manufacturers. Students enter the apprenticeship program during their senior year in high school. The program combines classwork and apprenticeship training throughout the senior year and continues through attendance at a technical college. At the end of the program, usually taking 3-4 years, students receive the high school diploma, vocational certification, and associate degree, and a workplace competency certificate from the apprentice's employer.

The end result of the Tech Prep program is that South Carolina offers students that are prepared to perform on the job with certified competency.

Higher Education

South Carolina's Colleges and Universities

South Carolina's 36 four-year colleges and universities award degrees to over 22,000 students per year. More than 6,000 students per year attain associate degrees through two-year colleges and the South Carolina's 16 technical colleges. Increases in the number of degrees awarded at South Carolina institutions of higher learning annually are greater than those at the national level.

Research Universities

South Carolina's three research universities have nationally recognized training programs and research initiatives: Clemson University, the University of South Carolina (USC), and the Medical University of South Carolina (MUSC).

University of South Carolina (USC)

USC offers programs in engineering, science, business, the liberal arts, fine arts, and medical sciences both at the main campus in Columbia and at branch campuses throughout the state. Research centers of interest to manufacturers will include the following:

- The Center for Fracture Mechanics and Nondestructive Analysis
- The Center for Machine Intelligence
- Applied Mathematics Research for engineering applications.

Clemson University

Clemson is South Carolina's land grant university and offers study and research in engineering, the sciences, and liberal arts. Among Clemson's research centers:

- Intelligent Design and Rapid Prototyping Laboratory - supported by many of South Carolina's most dynamic manufacturers, including Michelin
- Ceramics Engineering Department - one of only nine such academic centers in the U.S., focusing on applied materials and composites
- Center for Communications Systems

Medical University of South Carolina (MUSC)

MUSC, located in Charleston, is the oldest state-sponsored medical university in the Southeast. MUSC has developed one of the nation's most comprehensive clinical testing programs and houses one of the nation's only university-based pharmaceutical development centers. MUSC's Mass Spectrometry Laboratory is recognized as the nation's finest academic spectrometry facility. MUSC also operates the Molecular and Structural Biology Center, with interdisciplinary teams that collaborate on research projects examining the causes of major diseases. Teams focus on protein and genetic conditions which affect normal and abnormal signal-receptor molecular reactions.

Technical Education

South Carolina's technical education (TECH) system, created in 1961, is regarded as one of the nation's best, serving as a model for technical education programs throughout the country. The TECH system is directed by the South Carolina State Board for Technical and Comprehensive Education. TECH's two-year programs operate through a network of 16 colleges, 24 campuses, and 15 resource centers. The prime areas of training offered through the TECH system include:

- Technical and craft skills training for manufacturing occupations
- Computer skills and data processing
- Office and service operations

More than 130 Associate Degree and Diploma programs are offered through the system. Graduates are prepared to apply the latest available technology as they are employed by South Carolina's businesses and industries. The skills brought to the marketplace include initial product design and prototype development, high quality manufacturing skills and computer skills and literacy.

TECH's 15 resource centers offer specialized training programs for manufacturers and non-manufacturing businesses. The resource centers constantly update offerings in keeping with South Carolina's dynamic business climate.

There are several centers that will be of particular interest to manufacturers, including the following:

- The Advanced Machine Tools Resource Center at Greenville Technical College in Greenville is one of the most advanced machine tool training centers in the U.S., offering specialized training in the programming and

operation of computer numeric controlled (CNC) machine tools. Training at the center is tailored around a company's specific machine tool needs.

- The Robotics Resource Center at Piedmont Technical College in Greenwood specializes in robotics applications for Computer Integrated Manufacturing (CIM). Instructional programs include computer-aided drafting and design (CAD), work-cell simulation and robot programming.
- The Applied Microelectronics Resource Center at Tri-County Technical College in Pendleton offers training in microelectronics devices used in all manufacturing and engineering industries, including software, communication and automation equipment and microprocessor-based equipment.
- The Electro-Mechanical Resource Center at Orangeburg-Calhoun Technical College in Orangeburg assists manufacturers in enhancing productivity through planned maintenance of equipment. Instruction is conducted in vibration monitoring and analysis, maintenance data management and lubrication analysis.

The TECH system also offers mobile training units, making equipment and instructors available throughout the state.

Training Resources

Educational Opportunities Through South Carolina Educational Television

South Carolina Educational Television (SCETV) offers another means of educating South Carolina's citizens at all levels. The network delivers instructional programming to educational institutions throughout the state, from elementary schools to universities and technical schools. In addition, SCETV offers South Carolina BusinessLink, providing satellite programming customized to meet the needs of South Carolina businesses.

Environmental Training Center

The Environmental Training Center, located at Central Carolina Technical College in Sumter, will be of specific interest to many manufacturers that generate environmentally controlled waste. The center maintains unique programs to assist companies in disposing of environmentally controlled waste by providing education and training on new technologies and compliance issues.

The programs are held on-site at Sumter as well as at other technical colleges around the state. Training can also be conducted at a company's plant site.

Over 4,000 people have completed environmental training courses at Central Carolina Technical College.

Continuing Education Programs

Continuing education programs can be structured as certificate programs or as customized programs designed to improve specific workplace skills. Courses are often customized to meet the employer's specific training objectives. State technical colleges have worked directly with employers to train workers using proprietary processes producing proprietary products. South Carolina's technical colleges provide instructors and develop course materials, and education programs are offered at Technical College campuses, employer's facilities, and mobile training facilities.

Research

South Carolina manufacturers enjoy an environment that promotes the development of new, world-class goods.

South Carolina is becoming home for an increasing number of technology-based industries that share an interest in research and applied technology. South Carolina's government-sponsored research and development programs are designed to promote economic development. Many programs are specifically designed to assist companies in adapting and implementing new products or processes which have immediate commercial potential. Research partnerships have become the central theme for a large portion of research underway at South Carolina's research universities and the state's other research institutions.

University Research

All three of South Carolina's major publicly funded research universities (The University of South Carolina, Medical University of South Carolina, Clemson University) are participating in wide-ranging research initiatives in engineering, the sciences, manufacturing, and health sciences, among others. Each of the universities has established a management framework to facilitate university/corporate research partnerships. The university research management programs are especially helpful in structuring multi-disciplinary research projects with corporations.

Each of the universities is committed to maintaining a highly responsive research environment, especially with corporate clients. None of the universities requires corporations to subscribe to research consortiums as a precondition for participating in research projects. All three universities have developed procedures for protecting company interests when engaged in cooperative research projects involving proprietary products or processes.

South Carolina Research Authority (SCRA)

The SCRA is a public, self-funded, non-profit organization that works to attract and support technology-based companies in South Carolina. The SCRA fosters joint projects among education/research institutions and private business by:

- Encouraging collaboration between industry, government, and educational institutions

- Providing unique site locations in specialized research parks
- Offering technology management specialization

Research Park System

SCRA supports the nation's first coordinated research park system. The research parks are in or near metropolitan areas and are convenient to the state's research institutions: The University of South Carolina, Medical University of South Carolina, and Clemson University. These parks provide research and technical assistance to businesses and industry throughout South Carolina.

- The Charleston Research Park is located in downtown Charleston, providing easy access to the Medical University of South Carolina.
- The Carolina Research Park is located minutes from the University of South Carolina just northeast of Columbia. Companies performing research in the park include the computer software, environmental engineering, packaging, and transportation industries.
- Clemson Research Park is located near Clemson University near Interstate 85. The "I-85 Corridor" through South Carolina, running between Charlotte and Atlanta, is one of the nation's most manufacturing-intensive regions.
- The Savannah Research Campus is located near Aiken. This park consists of 422 acres and has new buildings in progress.
- The Pee Dee Research Park is the newest member of the state research park system and is located on the campus of Francis Marion University near Florence.

Technology Management

SCRA administers the Advanced Technology Group (ATG) to facilitate the development and transfer of state-of-the-art technologies to industry and government. ATG also assists research and development contractors with the contractual, financial, and management aspects of government and private contracting. Contractors that work with ATG benefit from:

- Technical management
- Assistance in maximizing technical performance

- Lowering of overhead costs

Center for Applied Technology

The Center for Applied Technology (CAT) is a joint effort between Enterprise Development, Inc. of South Carolina and Clemson University. The purpose is to provide assistance in the formation and development of entrepreneurial technology-based companies as well as companies evolving from university research within the state. CAT has a facility near the Clemson campus which, in addition to housing the offices of a number of the entities in South Carolina which provide assistance, also provides facilities for a number of these companies. Three of the companies that presently operate at CAT have evolved through research conducted at Clemson.

Quality of Life

South Carolina offers superior quality of life in and out of the workplace.

South Carolina offers more to manufacturers than financial benefits, it also offers a quality of life rivaled by few places. The state features many natural and cultural resources, a temperate year-round climate, and very affordable costs of living.

Health Care

South Carolina's hospital care costs are among the lowest on the East Coast and are substantially below the national average. South Carolina hospitals are managed in a fiscally conservative manner. Capital resources are maximized through curbing of over-expansion and maintenance of low overhead expenses.

South Carolina's hospital system is a leader in medical research, such as free-standing cancer treatment and research centers. The Medical University of South Carolina system of health care facilities in Charleston and associated health centers throughout the state also lead in medical research. South Carolina also has a strong background in drug manufacturing and will grow in stature in research-based manufacturing with the opening of the Hoffman-LaRoche facility in Florence.

Housing Costs

Manufacturers locating in South Carolina enjoy the important benefit of being in a market with available and affordable housing. Many employees in South Carolina can own their own homes, something that is not possible in some other locations. South Carolina is one of the top ten states in new home construction per 1,000 residents.

Affordability is a key to the success of South Carolina's housing market. Greenville has been named among the top 20 housing markets in the nation by *U.S. News and World Report*, and Charleston and Columbia feature real estate pricing that is substantially below national averages. South Carolina real estate prices are consistently below those in many areas of the Southeast as well.

Weather

South Carolina's Southeastern location and varied terrain cause different climates in the state from temperate to sub-tropical, but all are mild and conducive to year-round outdoor activity. There are four distinct seasons, but the warm weather prevails through most of the year. Bitter winter weather is a rarity with significant snow an unusual event.

Natural Resources

South Carolina offers a spectacular range of geographic diversity despite being one of the smallest states. From any point in the state, the resident or visitor can reach the 200 miles of Atlantic beaches or the foothills of the Appalachian mountains within a few hours' drive. Abundant forests and bodies of water permit excellent hunting and fishing. South Carolina can truly offer something for everyone in outdoor activity.

Cultural Resources

South Carolina's exceptional quality of life is complemented by a strong cultural community. Perhaps best known is Spoleto Festival USA, one of the nation's great cultural exhibitions, held in early summer in Charleston. The multi-day festival features art, music, dance, and theater among the scenic backdrop of Historic Charleston.

South Carolina hosts 14 symphony orchestras along with numerous dance companies, chamber music groups, museums, and community theaters. The Kress Collection of Renaissance paintings in Columbia is one of the largest such collections in the Southeast. The Peace Center for the Performing Arts in Greenville and the Koger Center for the Arts in Columbia showcase local, national, and international performers. Also of interest will be the Carolina Cup Races and the Colonial Cup International Steeplechase thoroughbred horse races.

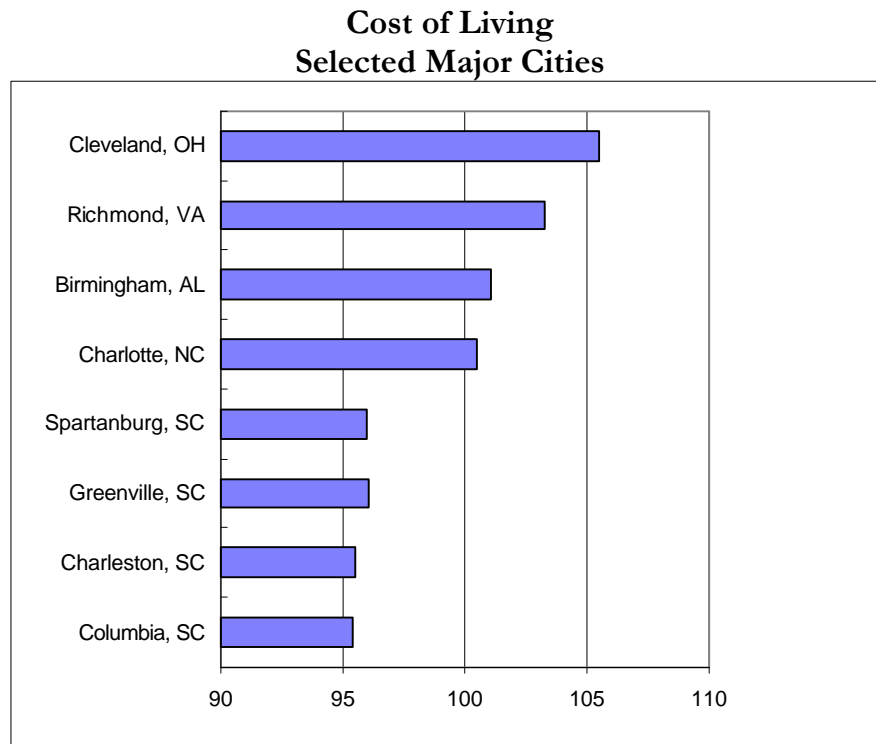
A Golfer's Paradise

One of South Carolina's greatest outdoor activities is golf. The state hosts over 335 golf courses, many of them championship caliber. South Carolina ranks second in the nation as most popular golfing destination, including the world-famous golf centers at Hilton Head Island, Kiawah Island, and Myrtle Beach. All state residents are within easy access to these coastal areas.

South Carolina hosts the MCI Classic - The Heritage of Golf each spring at Hilton Head Island's famous Harbor Town Golf Links. The Masters tournament, America's most prestigious, is held at Augusta National's course just across the state line in Augusta, Georgia. South Carolina has dozens of courses by renowned designers such as Jack Nicklaus, Arnold Palmer, and Tom Fazio.

Cost of Living

South Carolina's cities feature a cost of living index that compares favorably with most other cities in the U.S. This is demonstrated in the Second Quarter 1994 Cost of Living Index, prepared by the American Chamber of Commerce Researchers Association (ACCRA). South Carolina cities had cost of living indexes ranging from 95.4 in Columbia to 98.9 in Charleston. A relative index of 100 represents the national average for cost of living. The graph shows how South Carolina cities compare with other selected metropolitan areas.



Source: American Chamber of Commerce (ACCRA) Index, 2nd Quarter 1994.

South Carolina's Regions

Upcountry Carolina - Incorporating the Greenville-Spartanburg metropolitan area, this region features the foothills of the Appalachian mountains with whitewater rafting and scenic backpacking trails. The Cherokee Foothills Scenic Parkway allows the motorist a leisurely view of South Carolina's mountain scenery. Also to be found in the region are Native and mountain crafts and art galleries.

Olde English District - This region contains the cities of Rock Hill, Union, and Camden in the northern part of the state. There are numerous lakes in the region and several horse farms for the equestrian enthusiast. This area was very active in the Civil and Revolutionary Wars, a boon for the history buff.

Old Ninety Six - Including the city of Greenwood in the western part of the state, the region features historic homes and churches along with Revolutionary battle sites. The lakes in the Savannah River system offer fishing and boating opportunities through the state park system.

Capital City and Lake Murray Country - This area encompasses the central part, or Midlands, of South Carolina and includes Columbia, the capital. The capital city offers a wealth of cultural and recreational opportunities and features the State House and the University of South Carolina. Columbia is also home to Riverbanks Zoological Park, rated the best in the Southeast and one of the top ten such parks in the nation. Lake Murray offers a wealth of boating and fishing recreation.

Thoroughbred Country - The region includes the city of Aiken and areas adjacent to Augusta, Georgia in the Savannah River Area. Many thoroughbred horse farms are located in the rolling countryside with periodic racing events. There are numerous festivals held throughout the year celebrating the many agricultural products from this area, most notably the abundant peach crop that blossoms in spring to be harvested each summer.

Santee Cooper Country - Located in the eastern part of the state, the area features Lakes Marion and Moultrie, world-famous for record bass fishing. The region is also characterized by small towns, old plantations, and beautiful gardens.

Pee Dee Country - This region in the northeastern part of the state includes the city of Florence. This is primarily an agricultural area with black water rivers ideal for canoeing. The Pee Dee also hosts one of the great NASCAR racing events of the season, the Mountain Dew Southern 500 held at Darlington Speedway.

Low Country and Resort Islands - This area in the southeastern corner of the state features the world-renowned resort area of Hilton Head Island and the city of Beaufort, fast becoming a major film center. The Low Country is blessed with a semi-tropical climate where residents and visitors alike can take advantage of tremendous facilities for golf and tennis either as a participant or as a spectator at numerous championship events. The area is also home to many miles of pristine beaches.

Historic Charleston - A must for any history enthusiast, the city features cobblestone streets, historic homes and elaborate gardens from times past. This is the area that typifies Southern charm. The Charleston area is also home to many island resorts.

Grand Strand - This is the home of Myrtle Beach, luring thousands of tourists seeking sun, beaches, tennis, and golf year-round. The area is growing in stature for shopping enthusiasts and is becoming known as the eastern mecca for country music with numerous live shows.

Summary

South Carolina truly offers more to manufacturers committed to global success.

South Carolina: The South's Leader In Capital Investment

During the past ten years, capital investments in South Carolina have been over \$33.5 billion, primarily manufacturing investment. The trend of investment shows a pattern of momentum as the annual average investment since 1988 is more than \$3 billion and has been over \$5 billion over the past two years. South Carolina consistently attracts more capital investment dollars than any state in the South and has become a favorite location for international manufacturers, a statistic that becomes more significant on a per capita basis as South Carolina is not a large state in size or population. South Carolina has already been established as a premier site for manufacturers, yet the continuing investment shows that there is plenty of room for continued growth, and South Carolina is working hard to attract and accommodate manufacturing investment well into the future.

South Carolina: A Government that Works for Your Business

South Carolina has legislated a number of incentives for the benefit of new and expanding businesses, including the Rural Development Act of 1996. The ultimate goal is to encourage activity that provides rewarding, high-quality employment for South Carolina citizens.

Tax incentives include the following:

- A corporate tax rate of 5%, one of the lowest in the nation.
- No unitary tax on profits from international operation
- Jobs tax credits of \$2500 to \$5500 per new job created at new or expanding manufacturing facilities, effective for a five-year period, and permissible to be carried forward up to 10 years
- Sales tax exemptions on such items as machinery and equipment as well as electricity needed for manufacturing
- Real or personal property taxed only on local level

- No inventory or intangible taxes
- Property tax abatement on county taxes for five years, except for school and special purpose taxes.

South Carolina: Value-Added for Manufacturers

Many aspects of South Carolina's work force ultimately lead to greater value for manufacturers.

- South Carolina has a right-to-work law and the lowest union representation in the country with less than 0.01% of hours lost due to work stoppage.
- Manufacturing wages in South Carolina are 19% below the national average, third lowest in the nation.
- Pre-employment training programs offered through the state provide skilled workers from the opening day of a new or expanded facility.
- 83% of South Carolina's workers are between the ages of 20 and 54, the prime working years.
- South Carolina has a relatively young population, thus providing a steady supply of new entrants into the labor force.

South Carolina: A Pioneer In Educational Reform

South Carolina recognizes the value of education in providing skilled workers for manufacturers to compete in a global economy.

South Carolina led the movement in educational reform with the 1984 Education Improvement Act, leading to the development of statewide curriculum frameworks.

South Carolina Educational Television provides a wealth of instructional programming to schools and businesses through the conventional television network, tailored programming, and satellite programming.

South Carolina colleges and universities are producing quality graduates in many fields needed by manufacturers.

South Carolina's three research universities have become leaders in many fields important in the global marketplace.

South Carolina leads in practical training for high school students and in pre-employment training incentives provide the skills needed by established workers to meet the challenges of global competition.

South Carolina: A Crossroads for All Transportation Modes

South Carolina maintains a transportation infrastructure that is designed to serve the needs of domestic and international trade. The transportation network is strong in all modes.

The Port of Charleston leads the South Atlantic region in movement of containerized cargo and is one of the most automated ports in the world.

South Carolina has one of the largest networks of interstate highways in the nation, readily accessible from all points of the state.

South Carolina airports provide commercial air service from eight facilities with over 500 flights daily featuring nonstop service to major cities and easy connections to points worldwide.

Columbia, South Carolina is now home to a hub facility for United Parcel Service, facilitating air cargo service for manufacturers statewide.

Major rail lines traverse the state with service available to nearly all locations.

South Carolina: A High Quality of Life

South Carolina offers a mild, four-season climate and geography ranging from mountains to wide, sandy beaches. All points of South Carolina are accessible within a few hours for state residents. The climate is conducive to year-round outdoor activity from golf and tennis to fishing the many lakes.

The cost of living in South Carolina is very competitive. Housing costs and personal tax burdens are among the lowest of any state. Other associated costs, such as utilities, are also low.

As shown by the record of capital investments, manufacturers worldwide continue to recognize the advantages of doing business in South Carolina. South Carolina is not content to relax with this success, and the state will continue to work to provide the best possible environment for manufacturing activity in the rapidly changing world economy.

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