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Subject: DEW news release: State's Businesses to Save on Federal Unemployment Taxes for Fourth Consecutive Year

Attachments: NR_FUTA Credit Reduction 2014.pdf

Good afternoon,

Please see the latest S.C. Department of Employment and Workforce news release attached and below.

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For Immediate Release

November 18, 2014

State's Businesses to Save on Federal Unemployment Taxes for Fourth Consecutive Year

COLUMBIA—For the fourth consecutive year, S.C. businesses will only pay the minimum 0.6 percent per employee for federal unemployment taxes (FUTA) because the Palmetto State once again met the requirements to obtain the maximum 5.4 percent credit for 2014 FUTA.

South Carolina is the only borrowing state to receive a waiver for the full 5.4 percent. Receiving this credit means S.C. businesses will save up to \$140 per worker.

"This is just another example of the positive track our state's unemployment trust fund is on as we approach solvency in the coming year," said Cheryl M. Stanton, executive director of the SC Department of Employment and Workforce (DEW). "Thanks to diligent fiscal stewardship by our governor and General Assembly, we are able to tell the state's business community that it will realize the maximum benefits of FUTA cost savings for the fourth year in a row."

Federal law requires a reduction in the FUTA tax credit (i.e. that the FUTA rate for a state's employers will increase) when a state has outstanding federal unemployment loans for two consecutive Januarys and has not made sufficient voluntary payments towards the loan and other solvency improvement measures. Such reduction in the FUTA tax credit would be higher when a state has outstanding federal unemployment loans for five consecutive Januarys—which is the case in South Carolina. However, borrowing states like South Carolina can formally ask the U. S. Department of Labor for the credit reduction to be avoided if they meet certain criteria that exhibit fiscal responsibility.

One of the requirements was that South Carolina make a voluntary payment toward the outstanding loan balance before Nov. 10. This year, the state made a \$60 million payment in April and a \$126 million payment in September. Most importantly, S.C. businesses have seen an 18 to 25 percent reduction in their unemployment taxes since 2011.

South Carolina also has repaid approximately \$700 million of the \$977 million borrowed from the federal government.

The outstanding balance on the loan is \$270 million, and the state is scheduled to repay the loan in full by the end of 2015.

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