



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

300A Outlet Pointe Blvd., Columbia, South Carolina 29210
P.O. Box 12265, Columbia, South Carolina 29211

SC REVENUE RULING #16-2

SUBJECT: Interest Exempt from South Carolina Income Tax
(Income Tax under Chapters 6 and 13 of Title 12)

EFFECTIVE DATE: All periods open under statute.

MODIFIES: SC Revenue Ruling #91-15 and any oral directives in conflict herewith.

REFERENCE: S.C. Code Ann. Section 12-2-50 (2014)
S.C. Code Ann. Section 12-6-1120 (2014)
S.C. Code Ann. Section 12-13-30 (2014)

AUTHORITY: S.C. Code Section 12-4-320 (2014)
SC Revenue Procedure #09-3

SCOPE: The purpose of a Revenue Ruling is to provide guidance to the public. It is an advisory opinion issued to apply principles of tax law to a set of facts or a general category of taxpayers. It is the Department's position until superseded or modified by a change in statute, regulation, court decision, or another Department advisory opinion.

I. INTRODUCTION

The purpose of this advisory opinion is to update SC Revenue Ruling #91-15 concerning interest exempt from South Carolina income taxes. This advisory opinion provides a discussion of the types of interest exempt from South Carolina income taxes,¹ the taxability of exempt interest when distributed as a dividend from a mutual fund, and Section 265 of the Internal Revenue Code (IRC), which disallows a deduction for expenses allocable to tax-exempt income. This document also provides examples of tax-exempt obligations and obligations which are not tax-exempt for South Carolina income tax purposes.

II. DISCUSSION

The discussion of the types of interest which are exempt from South Carolina income taxation can be divided into three categories: (1) state and local obligations, (2) obligations congressionally designated as nontaxable, and (3) obligations of the United States.

¹ This advisory opinion applies to income taxes under Chapter 6 (South Carolina Income Tax Act) and Chapter 13 (Income Tax on Building and Loan Associations) of Title 12.

A. State and Local Obligations

Under IRC § 61(a), any interest earned by a taxpayer generally is included in the taxpayer's federal gross income. However, IRC § 103 excludes from federal gross income interest derived from state and local obligations. IRC § 103 provides:

(a) EXCLUSION – Except as provided in subsection (b), gross income does not include interest on any State or local bond.

* * *

(c) DEFINITIONS – For purposes of this section . . .

(1) STATE OR LOCAL BOND – The term “State or local bond” means an obligation of a State or political subdivision thereof.

(2) STATE – The term “State” includes the District of Columbia and any possession of the United States.

Under Code Section 12-6-1120, South Carolina gross income is determined under the IRC with certain modifications. Code Section 12-6-1120(1) provides the following modification:

The exclusion from gross income authorized by Internal Revenue Code Section 103 (Interest on State and Local Bonds) is modified to exempt only interest on obligations of this State or any of its political subdivisions, and to exempt interest upon obligations of the United States. This modification applies to all Internal Revenue Code Sections referencing Section 103.

Accordingly, under Code Section 12-6-1120(1), interest from a state or local obligation is excluded from South Carolina gross income only if it is an obligation of South Carolina or any of its political subdivisions which is also exempt from federal income taxes pursuant to IRC § 103.²

Additionally, Code Section 12-2-50, entitled “Governmental bonds, notes, and certificates of indebtedness tax exempt” provides:

(A) Both the principal and interest of all bonds, notes, and certificates of indebtedness, by or on behalf of the United States government, the State, or an authority, agency, department, or institution of the State, and all counties, school districts, municipalities, and other political subdivisions of the State, and all agencies thereof, are exempt from all state, county, municipal,

² IRC § 103 also provides that the interest from private activity bonds is not exempt unless the bonds are "qualified bonds" within the meaning of IRC § 141. Accordingly, interest from private activity bonds issued by South Carolina or any of its political subdivisions are excluded from South Carolina gross income only if they are qualified bonds within the meaning of IRC § 141.

school district, and all other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise. This exemption extends to all recipients of all interest paid on the obligation, whether paid directly or paid indirectly through a trustee, guardian, or other fiduciary.

(B) “Bonds” as used in this section applies to general obligation bonds and bonds payable wholly or in part from any special fund or from the revenues of a project or undertaking of the issuer.

B. Obligations Congressionally Designated as Nontaxable

Certain federal agencies and/or instrumentalities are empowered to issue obligations to provide funding for their stated purposes. Many of these contain language in their enabling legislation prohibiting the levying of a state or local tax. For example, 12 USC § 2134 states:

Each bank for cooperatives and its obligations are instrumentalities of the United States and as such any and all notes, debentures, and other obligations issued by such bank shall be exempt, both as to principal and interest from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any State, territorial, or local taxing authority, except that interest on such obligations shall be subject to Federal income taxation in the hands of the holder.

Thus, a state is prohibited from taxing interest on obligations issued by a bank for cooperatives. Similar language is used in other federal statutes. When a federal statute provides that certain interest is exempt from state taxation, such interest is excluded from South Carolina gross income.

C. Obligations of the United States

Under federal law, obligations of the United States are exempt from South Carolina income tax. Section 3124(a) of Title 31 of the United States Code provides:

Stocks and obligations of the United States Government are exempt from taxation by a State or political subdivision of a State. The exemption applies to each form of taxation that would require the obligation, the interest on the obligation, or both, to be considered in computing a tax, except –

- (1) a nondiscriminatory franchise tax or another nonproperty tax instead of a franchise tax, imposed on a corporation; and

(2) an estate or inheritance tax.³

As mentioned above, Code Section 12-6-1120(1) excludes from South Carolina gross income the interest earned on obligations of the United States; however, the question arises as to what securities constitute "obligations of the United States."

In Smith v. Davis,⁴ the U.S. Supreme Court set forth four qualities which characterize "obligations" which the Court in the past has recognized as constitutionally exempt from state and local taxation. Those qualities are:

- (1) Written documents;
- (2) The bearing of interest;
- (3) A binding promise by the United States to pay specified sums at specified dates; and
- (4) Specific Congressional authorization, which also pledged the faith and credit of the United States in support of the promise to pay.

The Court further stated that, under the rule of *ejusdem generis*, the term "obligations" as used in 31 USC § 3124 refers to obligations or securities of the same type as those specifically enumerated. Therefore, if an obligation is not similar to stocks, bonds, and Treasury notes and does not meet the four qualifications listed above, it should not be considered an obligation of the United States.

1. Federal Tax Refunds

The criteria set forth in Smith v. Davis can be applied to the interest paid by the federal government on federal tax refunds. IRC § 6611(a) provides that "interest shall be allowed and paid upon any overpayment in respect of any internal revenue tax" No provision is given prescribing the income tax treatment of such interest. Accordingly, such interest is exempt from South Carolina income tax only if it qualifies as interest paid on an obligation of the United States under 31 USC § 3124.

The factual situation in Smith v. Davis is somewhat analogous to tax refunds. State tax officials sought to assess for ad valorem property tax purposes the balance in an open account which the United States owed to contractors. The contractors claimed that this account was an instrumentality of the United States and could not be included in the property to be assessed as this would be a tax on the credit of the federal government. The Supreme Court rejected this argument and stated:

³ South Carolina law also exempts interest on "all bonds, notes, and certificates of indebtedness, by or on behalf of the United States government" from South Carolina income taxes. See Code Section 12-2-50.

⁴ 323 U.S. 111 (1944).

[The account] is not evidenced by any written document whereby the United States, the debtor, has promised to pay this claim at a certain time in the future; nor is there any binding acknowledgement by the United States of the correctness of the claim. Conceivably the amount claimed to be due is incorrect or is subject to certain defenses or counterclaims by the United States, necessitating further settlement or adjustment. Such a unilateral, unliquidated creditor's claim, which by itself does not bind the United States and which in no way increases or affects the public debt, cannot be said to be a credit instrumentality of the United States for purposes of tax immunity.⁵

Similarly, a tax refund cannot be considered an obligation of the United States as defined in Smith v. Davis in that there is no written, binding document in which the United States has promised to pay a definite amount at a specified date.

2. Government National Mortgage Association

This reasoning in Smith v. Davis was reiterated in Rockford Life Insurance Company v. Illinois Department of Revenue,⁶ in which the Supreme Court ruled that obligations issued by the Government National Mortgage Association ("Ginnie Mae") were not exempt from state taxation in that they did not constitute obligations of the United States. Citing Smith v. Davis, the Court stated that the provision in the instruments which pledged the "full faith and credit of the United States" in the payment of the interest and principal was not sufficient to render the instruments as obligations of the federal government. The GNMA certificates were held to be neither direct nor certain obligations of the United States; the government was merely the guarantor, not the obligor.

3. Federal Credit Unions

Similar reasoning disallows an exemption for interest paid by federal credit unions. Section 1768 of Title 12 of the United States Code states that "[t]he Federal credit unions . . . their property, their franchises, capital, reserves, surpluses, and other funds, and their income shall be exempt from all taxation" However, no prohibition is given that disallows a state from taxing the recipients of interest from a federal credit union on such interest. Furthermore, the interest does not qualify as interest paid on an obligation of the United States as defined in Smith v. Davis.

4. Repurchase Agreements

In a typical repurchase agreement a seller (other than the United States) sells federal obligations to a buyer and simultaneously agrees to repurchase the obligations at a future time for a price

⁵ Id. at 114.

⁶ 482 U.S. 182 (1987).

which includes interest from the date of sale. Any interest paid by the United States on such obligations during the repurchase period is paid to the seller. When the seller repurchases the obligations, he pays the buyer the agreed upon price plus stated interest.⁷

In Nebraska Dept. of Revenue v. Lowenstein,⁸ the U.S. Supreme Court considered whether income earned by trusts (buyer) from repurchase agreements involving federal securities was exempt from Nebraska income tax under 31 USC § 3124(a). The Court held that the interest income earned by the trusts from the repurchase agreements was not interest on “obligations of the United States Government” for purposes of 31 USC § 3124(a). Instead the income was interest on loans from the trusts to the seller-borrower, and therefore, not exempt from Nebraska’s income tax.⁹

5. Federal Home Loan Bank Demand Deposits

Section 1433 of Chapter 12 of the United States Code provides:

Any and all notes, debentures, bonds, and other such obligations issued by any bank, and consolidated Federal Home Loan Bank bonds and debentures, shall be exempt both as to principal and interest from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

Code Section 12-13-30 provides:

Every [savings and loan] association located or doing business within this State shall pay an income tax measured by its net income from all sources, except for income from municipal, state, or federal bonds or securities exempted by law from the tax, including interest earned on deposits at the Federal Home Loan Bank of Atlanta, or its successors, for those savings and loan associations which meet the qualified thrift lender test set forth in the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (P.L. 101-73), as amended. The tax is six percent of the net income.

Accordingly, interest from demand/overnight deposits placed with Federal Home Loan banks by savings and loan associations is exempt from South Carolina income tax.

⁷ In many cases, this type of transaction is deemed to be a loan for income tax purposes. Accordingly, such interest paid by the seller to the buyer at the time of repurchase is interest paid on indebtedness. See Rev. Rul. 74-27, 1974-1 CB 24; Rev. Rul. 77-59, 1977-1 CB 196.

⁸ 513 U.S. 123 (1994).

⁹ Id. at 132.

D. Mutual Funds

1. Federal Tax Treatment

A mutual fund that qualifies as a “regulated investment company” (RIC) under Subchapter M of the IRC¹⁰ is afforded special treatment for federal income tax purposes. RICs are taxed only on their “investment company taxable income,” which is essentially the net income remaining in the RIC after distributing at least 90 percent of its gross income to shareholders.¹¹ The effect is that the income passed through to shareholders is taxed only at the shareholder level.¹²

Exempt-Interest Dividends. If, at the close of each quarter of its taxable year, at least 50 percent of the value of a RIC’s total assets consists of obligations described in IRC § 103(a) (state and local bonds), then the RIC is eligible to distribute “exempt-interest dividends.”¹³ Exempt-interest dividends are treated by recipient shareholders as interest excludable from gross income under IRC § 103(a).¹⁴ In other words, an exempt-interest dividend retains, in the hands of the shareholder, its character as tax-exempt interest from state and local obligations.

2. South Carolina Tax Treatment

South Carolina income tax laws do not specifically address the taxation of interest from state and federal obligations when distributed as a dividend from a mutual fund. However, it has been the Department’s longstanding position that for a mutual fund invested in exempt obligations, dividends attributable to interest on such obligations are exempt for South Carolina income tax purposes. If only a portion of a mutual fund is invested in exempt obligations, the dividends received which are attributable to interest on such obligations are exempt for South Carolina income tax purposes. In other words, the fund need not be invested 50 percent or greater in exempt obligations in order for the taxpayer to receive pass-through treatment for the dividends received.¹⁵

Example 1: Mutual Fund Is Invested At Least 50 Percent in State and Local Bonds. The ABC Fund is invested 30% in U.S. government obligations, 30% in South Carolina obligations, and 35% in obligations issued by other state governments. Because at least 50 percent of ABC Fund’s total assets consist of obligations described in IRC § 103(a), ABC Fund is qualified to pay exempt-interest dividends to its shareholders under IRC § 852(b)(5). Exempt-interest dividends paid by the ABC Fund to South Carolina shareholders are excluded from the South

¹⁰ IRC §§ 851-855 prescribe the federal income taxation of RICs.

¹¹ IRC § 852(b)(1), (2).

¹² Thus, a RIC avoids the “double taxation” of income that typically applies to income earned by a corporation. Instead, there is only one level of tax on income that is passed through to shareholders. In other words, RICs are “pass-through” entities (or conduits) with respect to the items of income that are paid to shareholders. See 10 *Mertens Law of Fed. Income Tax’n* § 41:1.

¹³ IRC § 852(b)(5).

¹⁴ IRC § 852(b)(5)(B). Subchapter M also allows a RIC to pay shareholders dividends that retain their tax character as capital gains, IRC § 852(b)(3)(B), and as foreign source income, IRC § 853(b)(2).

¹⁵ See SC Revenue Ruling #91-15 and Private Letter Ruling #93-8.

Carolina shareholders' federal gross income. Furthermore, any dividends paid by ABC Fund to South Carolina shareholders that are directly attributable to interest on U.S. government obligations or South Carolina obligations are exempt from South Carolina income tax. Any dividends paid to South Carolina shareholders that are not attributable to interest on U.S. government obligations or South Carolina obligations (i.e., obligations issued by other state governments) are not exempt from South Carolina income tax.

Example 2: Mutual Fund Is Invested Less Than 50 Percent in State and Local Bonds. The XYZ Fund is invested 60% in U.S. government obligations, 20% in South Carolina obligations, and 15% in obligations issued by other state governments. Because less than 50 percent of XYZ Fund's total assets consist of obligations described in IRC 103(a), XYZ Fund is not qualified to pay exempt-interest dividends. Accordingly, dividends paid by XYZ Fund to South Carolina shareholders are included in the South Carolina shareholders' federal gross income. However, dividends paid by XYZ Fund to South Carolina shareholders that are directly attributable to interest on U.S. government obligations or South Carolina obligations are exempt from South Carolina income tax. Dividends paid by XYZ Fund to South Carolina shareholders that are not attributable to interest on U.S. government obligations or South Carolina obligations (i.e., obligations issued by other state governments) are not exempt from South Carolina income tax.

E. Interest Expense Deduction

Another issue related to the exclusion of interest from state and/or federal obligations from South Carolina gross income involves IRC § 265 which disallows a deduction for expenses allocable to exempt income. IRC § 265(a)(2) disallows a deduction for interest on indebtedness incurred or continued to purchase or carry obligations the interest from which is exempt. IRC § 265(a)(3) prohibits a deduction for expenses incurred to carry shares of a RIC (mutual fund) which is wholly or partly invested in exempt obligations. IRC § 265(a)(4) disallows a deduction for interest incurred or continued to purchase or carry shares of stock of a RIC (mutual fund) which during the taxable year of the holder distributes exempt-interest dividends. IRC § 265(b) controls the disallowance of interest expense related to exempt interest to financial institutions. Since South Carolina has also adopted IRC § 265, an adjustment must be made to federal taxable income for interest on indebtedness and other expenses incurred to carry obligations which are exempt from South Carolina income tax but are taxable for federal income tax purposes. If such interest or expenses are allocable to a mutual fund which is only partly invested in such securities, only a portion of the interest or expense incurred will be disallowed.

The amount disallowed for South Carolina income tax purposes should be computed by multiplying the interest or other expense incurred to carry the shares of the mutual fund for a given taxable year by a fraction. The numerator of the fraction is the amount of exempt-interest dividends received which are attributable to obligations which are exempt from South Carolina income taxation. The denominator is the sum of the exempt-interest dividends and taxable dividends received by the shareholder during the taxable year. (This computation is the same as described in Treas. Reg. 1.265-3(b)(2) for interest paid to purchase or carry obligations the income from which is exempt from federal taxation.) Any difference between this amount and the deduction claimed on the federal income tax return should be reflected as an adjustment on the taxpayer's South Carolina income tax return.

III. CONCLUSION

The guidelines that the Department can provide as to the income taxation of interest on certain federal and state obligations are as follows:

A. General Rules

The following are exempt from South Carolina income taxes:¹⁶

1. Interest from obligations issued by the State of South Carolina or any of its political subdivisions which are exempt from federal income taxes;
2. Interest from obligations listed under Code Section 12-2-50;
3. Interest from obligations which are issued by federal agencies or instrumentalities and contain language in their enabling legislation prohibiting the levying of a state or local tax on the interest from such obligations; and
4. Interest from obligations of the United States which are characterized by:
 - a. Written documents;
 - b. The bearing of interest;
 - c. A binding promise by the United States to pay specified sums at specified dates; and
 - d. Specific Congressional authorization, which also pledged the faith and credit of the United States in support of the promise to pay.

The interest from the obligations described in (1), (2), (3) and (4) above is exempt from South Carolina income taxation whether owned directly by the taxpayer or received as dividends from mutual funds. If only a portion of a mutual fund is invested in exempt obligations, the portion of dividends received which is attributable to such obligations is exempt for South Carolina income tax purposes.

Expenses (including interest on indebtedness incurred or continued to purchase or carry obligations the interest from which is exempt) related to interest which is exempt for South Carolina income tax purposes but is taxable for Federal income tax purposes must be added back to compute South Carolina taxable income pursuant to IRC § 265.

¹⁶ Interest from these obligations is exempt from the income taxes imposed under Chapter 6 (South Carolina Income Tax Act) and Chapter 13 (Income Tax on Building and Loan Associations) of Title 12. See footnote 1 above.

B. Examples of Exempt Interest

The following is a list of securities the interest from which is exempt from South Carolina income taxes pursuant to the above general rules, federal statute, Constitutional provisions, or State law. This list should not be considered as an exhaustive listing of all exempt securities. (As used in this section, the term "obligation" is interpreted in light of Smith v. Davis.)

1. Bonds Issued by South Carolina or its Political Subdivisions - Interest from bonds issued by the State of South Carolina or any of its political subdivisions which are exempt from federal income tax. Code Sections 12-2-50 and 12-6-1120(1).
2. Banks for Cooperatives - Interest from notes, debentures, and other obligations issued by Banks for Cooperatives. 12 USC § 2134.
3. Commodity Credit Corporation - Interest derived from bonds, notes, debentures, and other similar obligations issued by Commodity Credit Corporation. 15 USC § 713a-5.
4. Farm Credit System Financial Assistance Corporation (Financial Assistance Corporation) - Interest derived from notes, bonds, debentures and other obligations issued by the Financial Assistance Corporation. 12 USC § 2278b-10.
5. Federal Deposit Insurance Corporation (FDIC) - Interest derived from notes, debentures, bonds or other such obligations issued by the Federal Deposit Insurance Corporation. 12 USC § 1825.
6. Federal Farm Credit Banks - Interest from consolidated system-wide notes, bonds, debentures, and other obligations issued jointly and severally under 12 USC § 2153 by Banks of the Federal Farm Credit System. 12 USC § 2055; 12 USC § 2079; 12 USC § 2098; and 12 USC § 2134.
7. Federal Financing Bank - Interest derived from obligations issued by the Federal Financing Bank. 12 USC § 2290.
8. Federal Home Loan Banks - Interest derived from notes, debentures, bonds, and other obligations issued by Federal Home Loan Banks and from consolidated Federal Home Loan bonds and debentures. 12 USC § 1433. Interest earned on deposits at the Federal Home Loan Bank of Atlanta or its successors by savings and loan associations which meet the qualified thrift lender test set forth in the Financial Institutions Reform, Recovery and Enforcement Act of 1989. Code Section 12-13-30.
9. Federal Intermediate Credit Banks - Interest from notes, bonds, debentures, and other obligations issued by Federal Intermediate Credit Banks. 12 USC § 2079.
10. Federal Land Banks and Federal Land Bank Associations - Interest from notes, bonds, debentures, and other obligations issued by Federal Land Banks and Federal Land Bank Associations. 12 USC § 2055.

11. Federal Reserve Banks – Interest from obligations issued by Federal Reserve Banks. 12 USC § 531.
12. Federal Savings and Loan Insurance Corporation - Interest derived from notes, bonds, debentures, and other such obligations issued by Federal Savings and Loan Insurance Corporation. 12 USC § 1725(e).
13. General Insurance Fund:
 - a. Interest on debentures issued under the War Housing Insurance Law by the General Insurance Fund. 12 USC § 1739(d).
 - b. Interest on debentures issued by the General Insurance Fund to acquire rental housing. 12 USC § 1747g(g).
 - c. Interest on Armed Services Housing Mortgage Insurance Debentures issued by the General Insurance Fund. 12 USC § 1748b(f).
14. GSA Public Building Trust Participation Certificates - Interest on Series A through I, inclusive. 12 USC § 3124(a).
15. Guam - Interest on bonds issued by the Government of Guam. 48 USC § 1423(a).
16. Northern Mariana Islands – Interest on bonds issued by the Government of the Northern Mariana Islands. 48 USC § 1681(c).
17. Participation Certificates in the Federal Assets Financing Trust - Interest from Series A through D Participation Certificates, due in 1987 and 1988, and income from Participation Certificates in the Federal Assets Liquidation Trust, Series B, due in 1987, issued by the Federal National Mortgage Association as trustee (the Government National Mortgage Association is the current trustee) under 12 USC § 1717(c); 31 USC § 3124(a).
18. Production Credit Association - Interest from notes, debentures, and other obligations issued by Production Credit Association. 12 USC § 2098.
19. Puerto Rico - Interest derived from bonds issued by the Government of Puerto Rico. 48 USC § 745.
20. Resolution Funding Corporation - Interest from obligations issued by the Resolution Funding Corporation. 12 USC § 1441b(f)(7)(A).
21. Small Business Administration – Interest from obligations issued by the Small Business Administration. 15 USC § 633.

22. Student Loan Marketing Association - Interest derived from obligations issued by the Student Loan Marketing Association. 20 USC § 1087-2(l).
23. Tennessee Valley Authority - Interest from bonds issued by the Tennessee Valley Authority. 16 USC § 831n-4(d).
24. United States Postal Service - Interest from obligations issued by the United States Postal Service. 39 USC § 2005(d)(4).
25. United States Treasury Bonds, Bills, Certificates and Savings Bonds - Interest from Treasury Bonds, Treasury Bills, certificates and savings bonds. 31 USC § 3124(a).
26. Virgin Islands - Interest from bonds issued by the Government of the Virgin Islands. 48 USC § 1574(b)(ii)(A).

Note: The interest from the obligations described above is exempt from South Carolina income taxation whether owned directly by the taxpayer or received as dividends from mutual funds. If only a portion of a mutual fund is invested in such obligations, the portion of dividends received which is attributable to such obligations is exempt for South Carolina income tax purposes.

C. Examples of Nonexempt Interest

Interest from the following is taxable to South Carolina:

1. Federal Tax Refunds - Interest paid on federal tax refunds.
2. Federal and State Credit Unions - Interest from deposits with federal and state credit unions.
3. Federal Home Loan Mortgage Association (Freddie Mac) - Interest from obligations issued by the Federal Home Loan Mortgage Association.
4. Federal National Mortgage Association (Fannie Mae) - Interest from obligations issued by the Federal National Mortgage Association.
5. Government National Mortgage Association (Ginnie Mae) - Interest from obligations issued by the Government National Mortgage Association.
6. Inter-American Development Bank - Interest on obligations issued by the Inter-American Development Bank.
7. International Bank for Reconstruction and Development - Interest on obligations issued by the International Bank for Reconstruction and Development.
8. Municipal obligations of states other than South Carolina - Interest from obligations issued by other states and municipalities.

9. Repurchase Agreements - The interest received by a "buyer" in a repurchase agreement transaction of a federal obligation.

10. World Bank - Interest from obligations issued by the World Bank.

SOUTH CAROLINA DEPARTMENT OF REVNUUE

s/Rick Reames III

Rick Reames III, Director

April 7 _____, 2016
Columbia, South Carolina