

SOUTH CAROLINA UPDATES

PRESENTED TO

**SOUTH CAROLINA ASSOCIATION OF AUDITORS, TREASURERS
AND TAX COLLECTORS**

February 10, 2017



By

Frank A. Rainwater
Executive Director

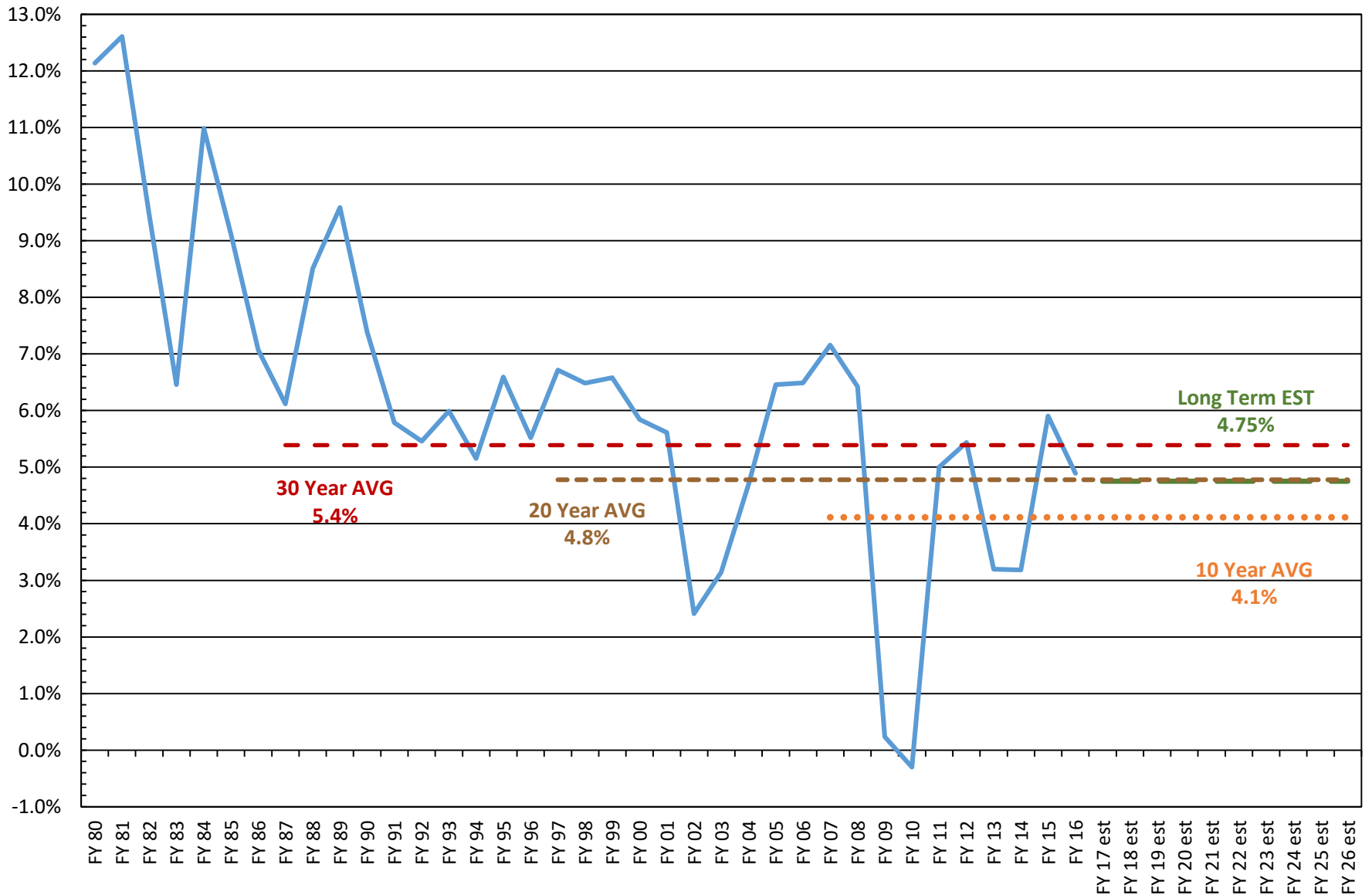
South Carolina Revenue and Fiscal Affairs Office
1000 Assembly St.
Rembert Dennis Building, Suite 402
Columbia, SC 29201
(803) 734-2265
www.rfa.sc.gov



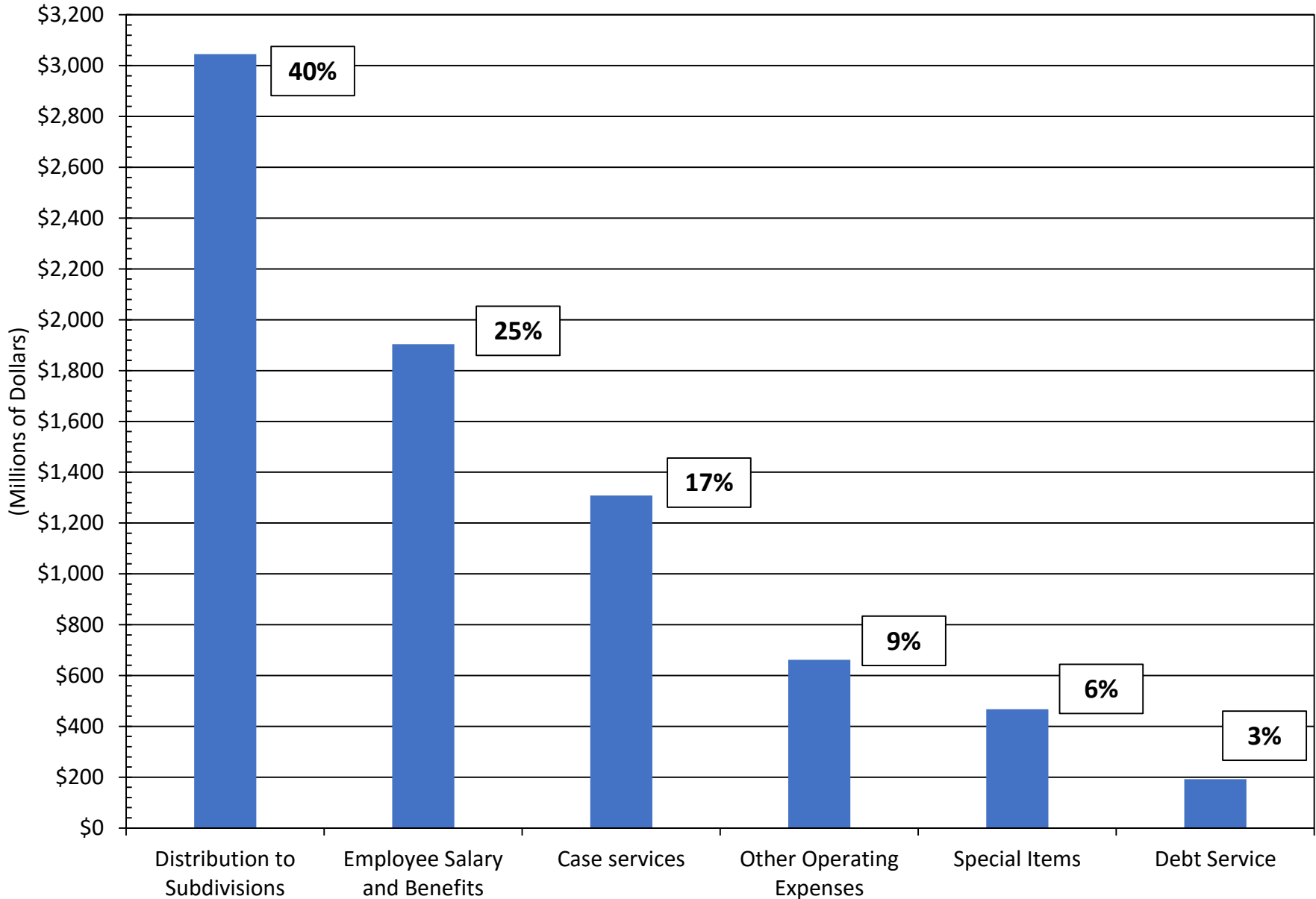
STATE BUDGET

SC PERSONAL INCOME FY GROWTH RATES

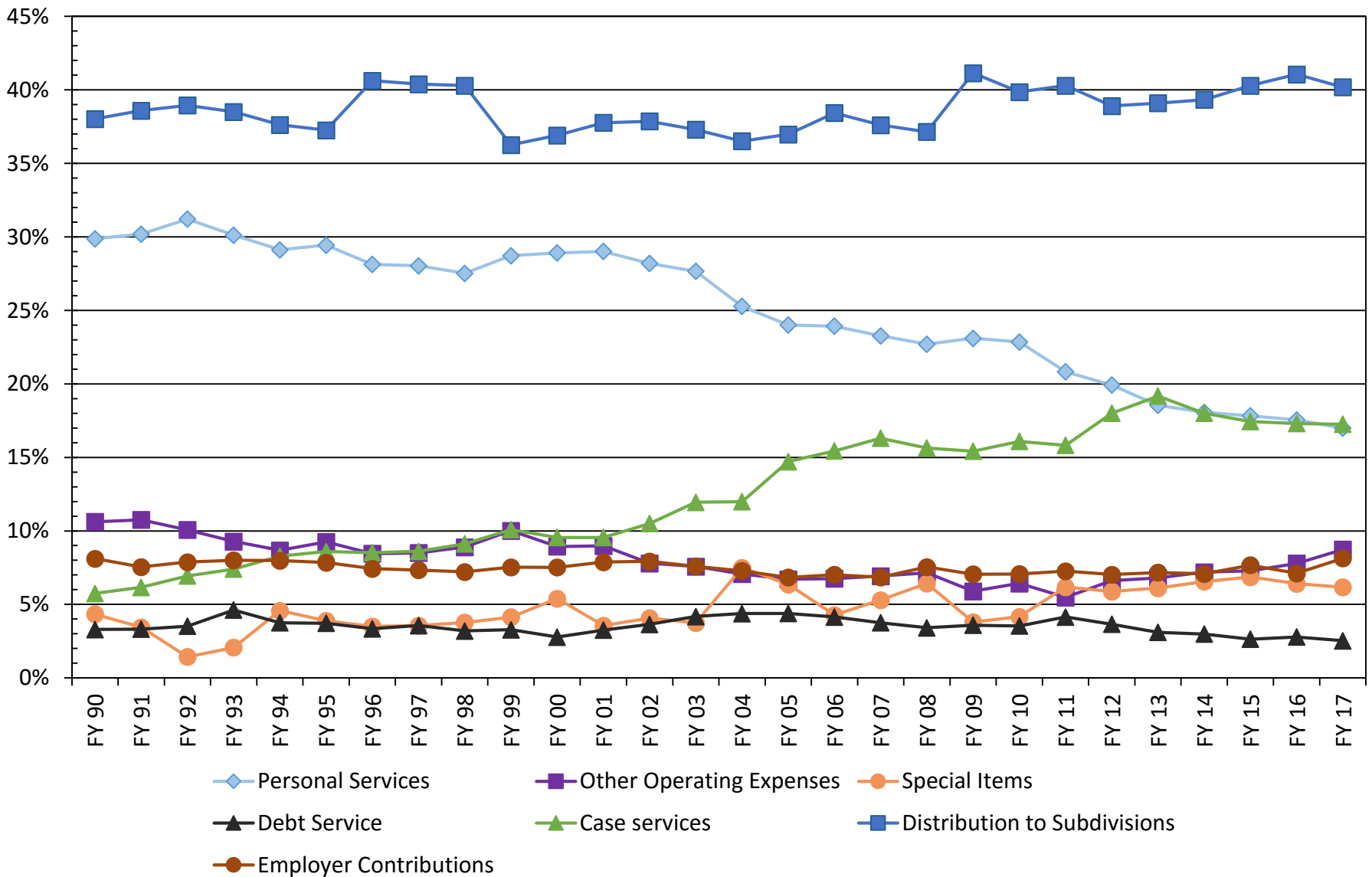
Actuals, Estimates, and Averages



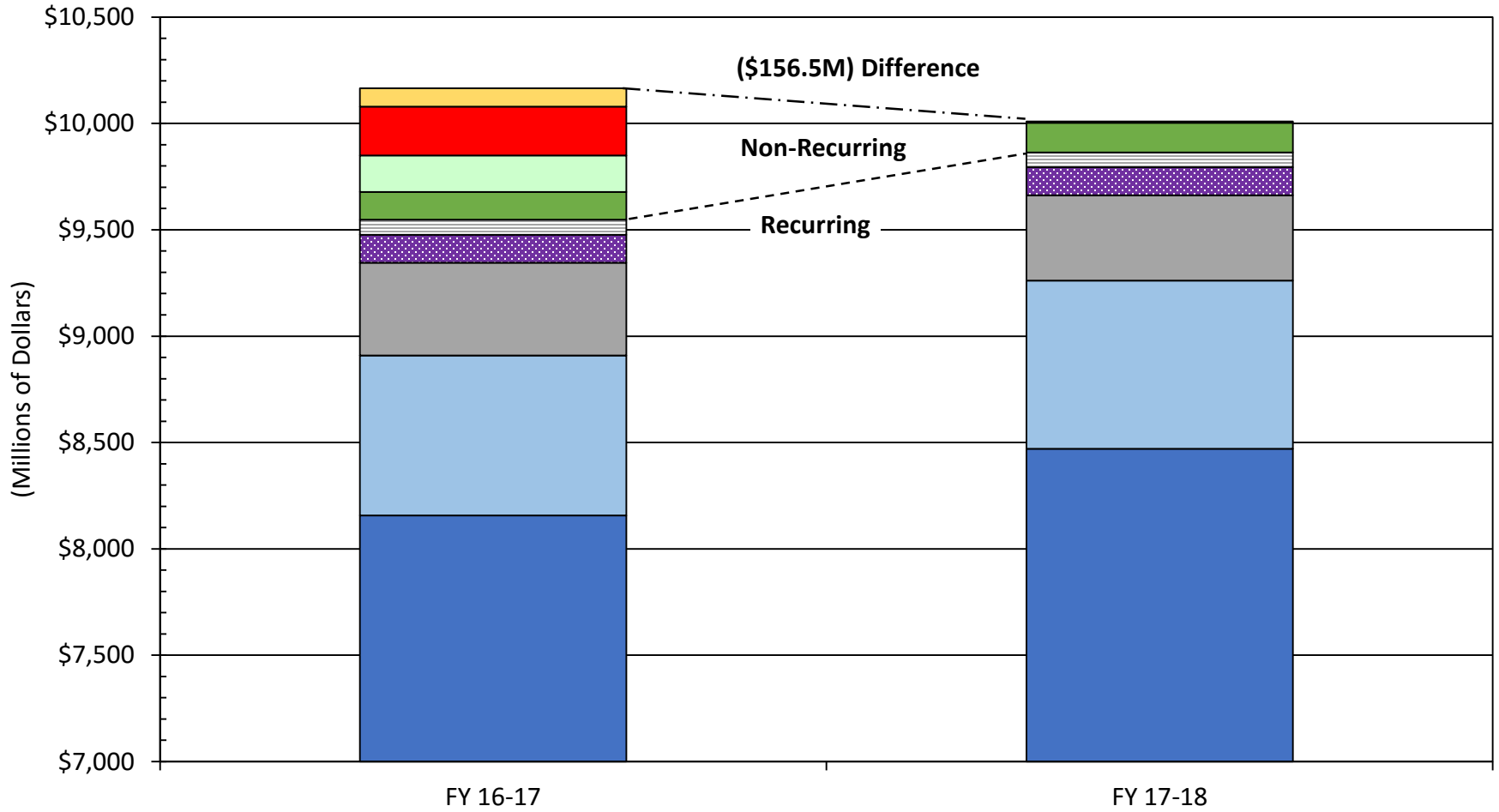
FY 17 GENERAL FUND APPROPRIATIONS BY MAJOR BUDGET CATEGORY



GENERAL FUND APPROPRIATIONS BY MAJOR CATEGORY, Percent of Total FY 90 to FY 17



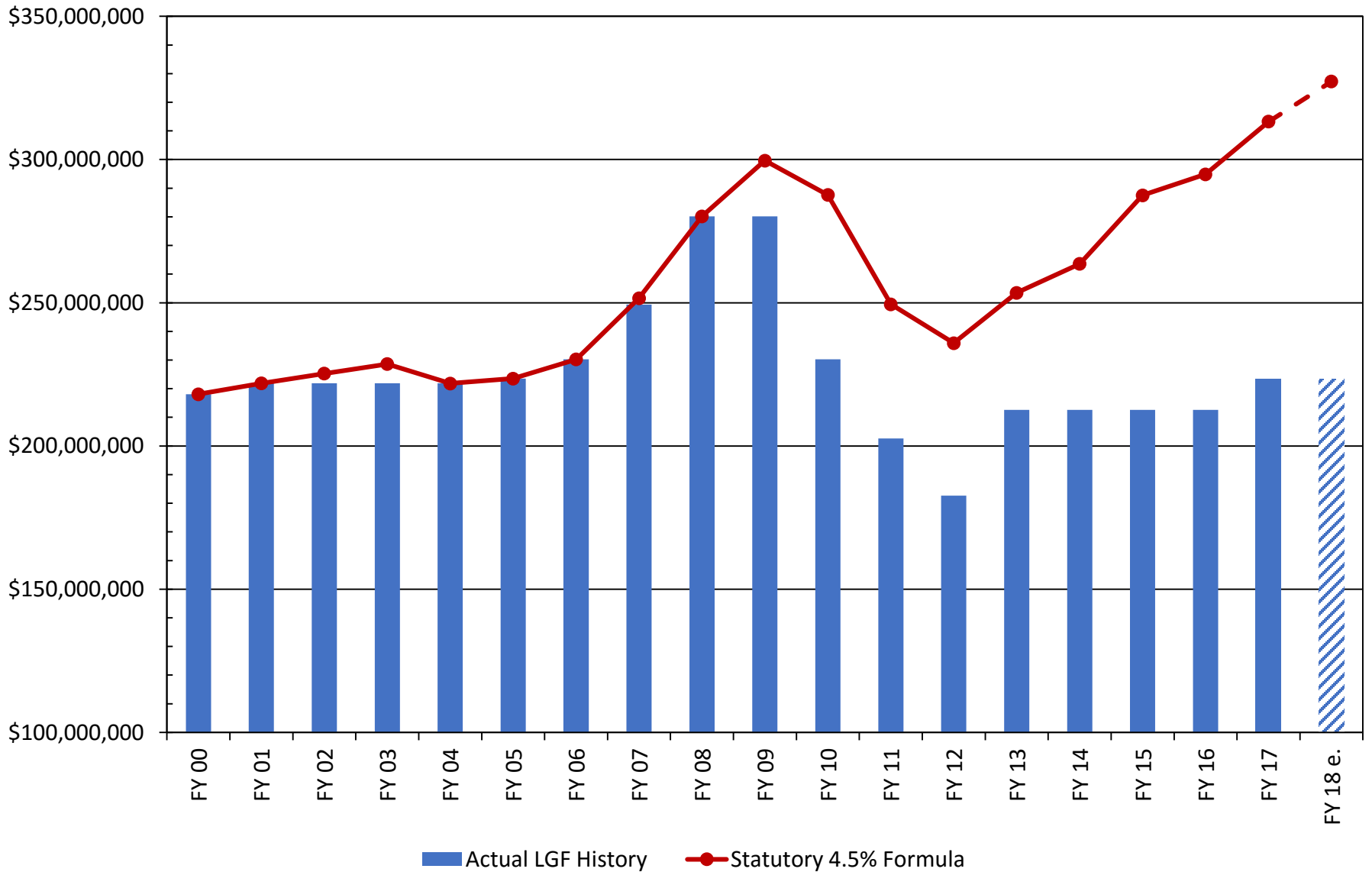
FY 16-17 AND FY 17-18 REVENUE



- Contingency Reserve Fund FY 17 \$87M, FY 18 \$0
- Prior Year End Surplus FY 17 \$230M, FY 18 \$0
- Lapsed Appropriations and Litigation Recovery FY 17 \$172M, FY 18 \$6.5M
- Capital Reserve Fund FY 17 \$131 M, FY 18 \$139M
- Tobacco MSA FY 17 \$70M, FY 18 \$70M
- Cigarette Surtax FY 17 \$132.3M, FY 18 \$131M
- Lottery FY 17 \$435.6M, FY 18 \$401M
- EIA FY 17 \$752M, FY 18 \$791M
- Gross General Fund, FY 17 \$8,158M, FY 18 \$8,471M

LOCAL GOVERNMENT FUND

Comparison of Actual Funding to Statutory Formula

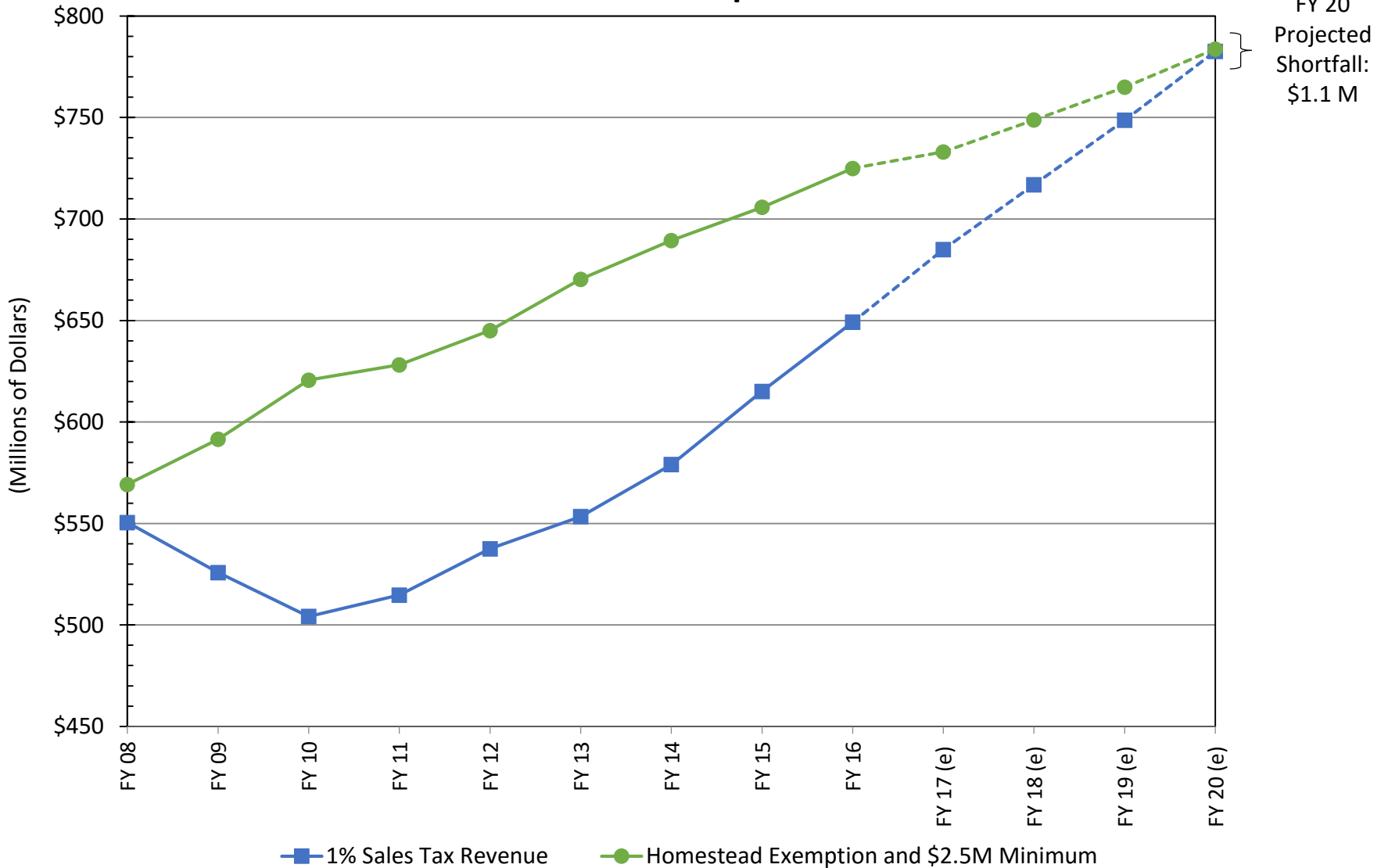


Source: S.C Revenue and Fiscal Affairs Office lpw/12/13/16

HOMESTEAD EXEMPTION

HOMESTEAD EXEMPTION FUND (TIER III)

Revenues and Expenditures

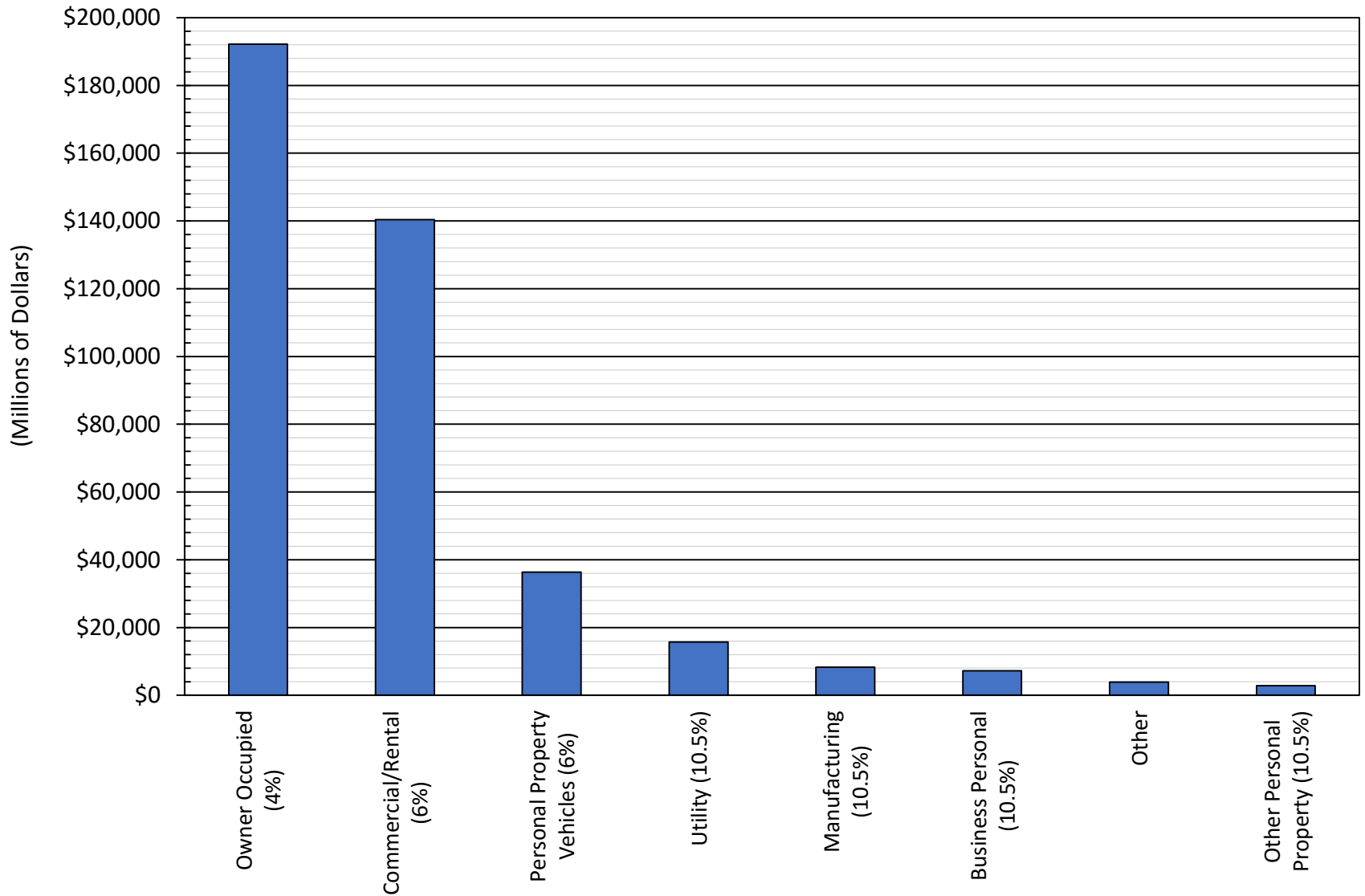


Note: Tier III Expenditure includes \$2.5M minimum disbursements and lease purchase lawsuit revisions. Revenue projection based upon 11/10/16 BEA forecast.

PROPERTY TAX

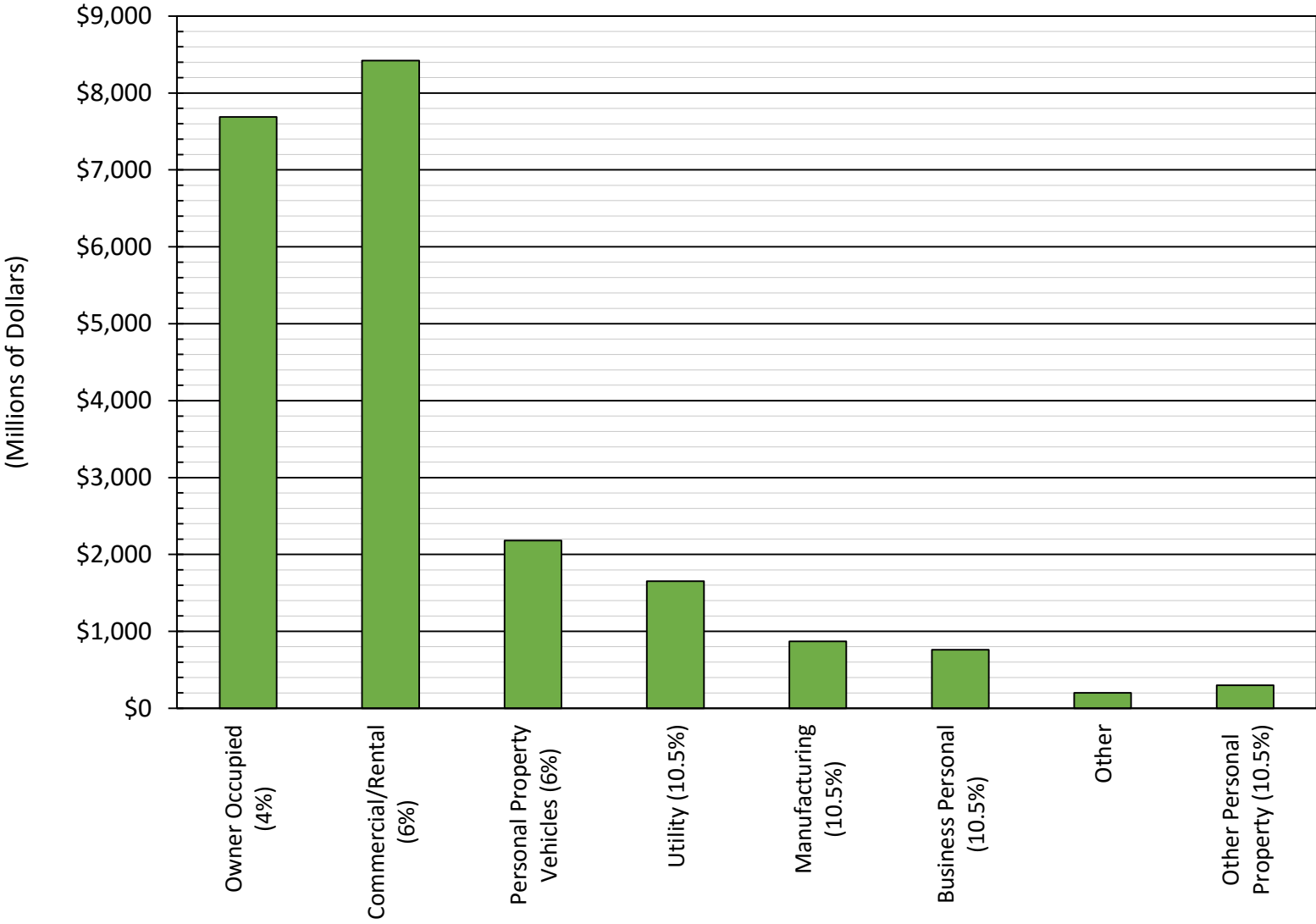
TOPICS

APPRAISED VALUE BY PROPERTY CLASSIFICATION TAX YEAR 2014



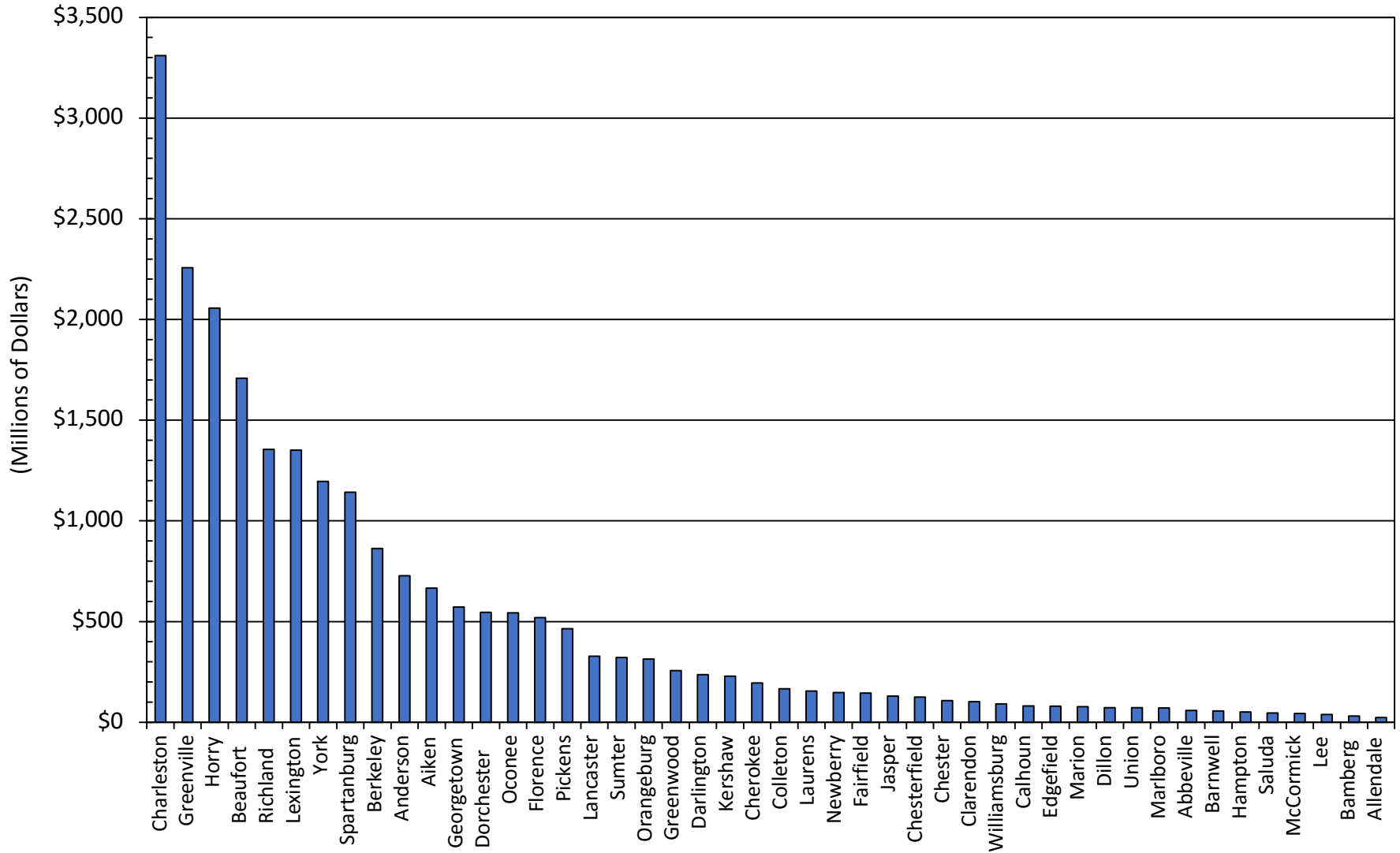
Note: Assessment ratio noted in parentheses. Other includes agricultural real property and motor carrier property.

ASSESSED VALUE BY PROPERTY CLASSIFICATION TAX YEAR 2014



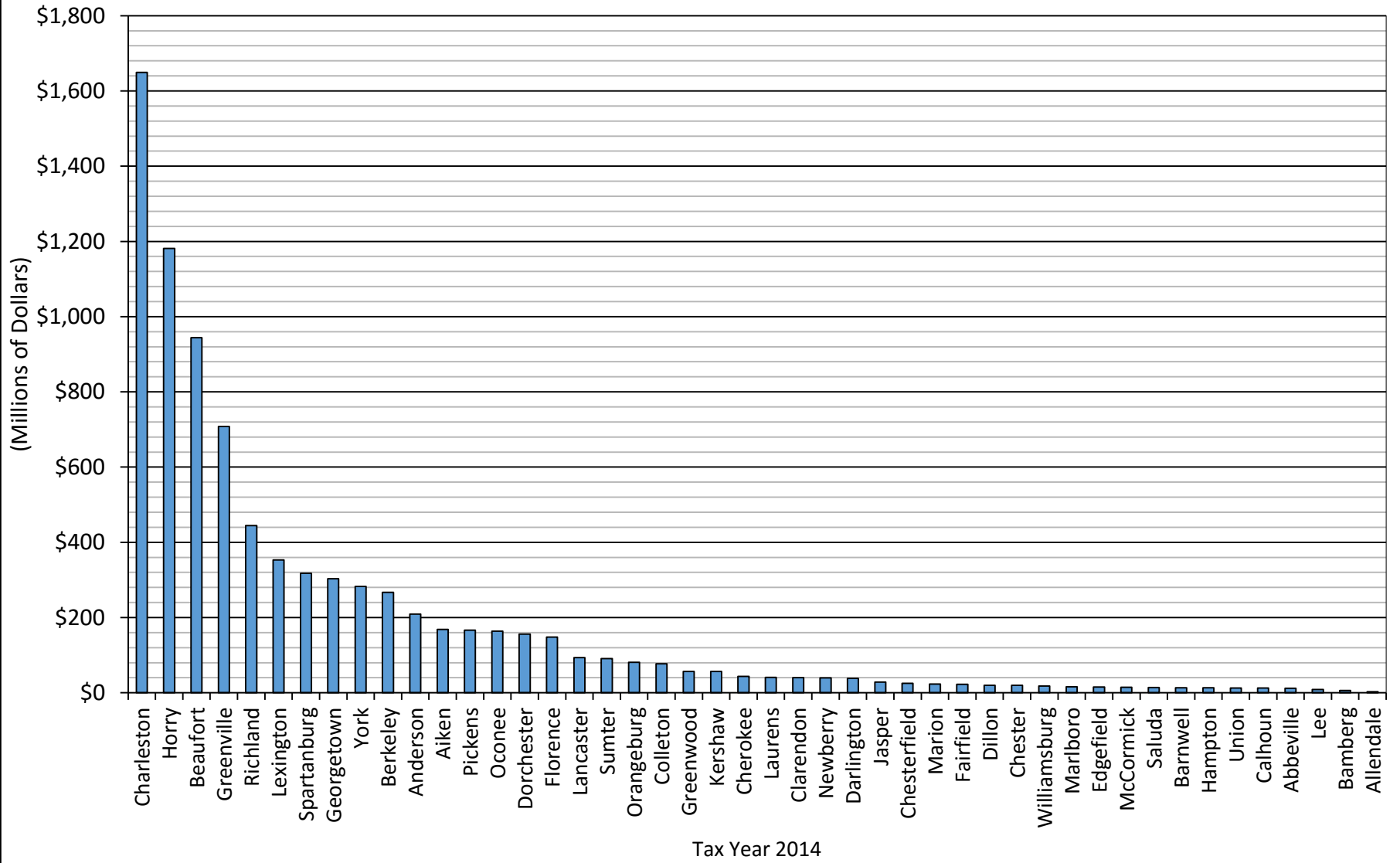
Note: Assessment ratio noted in parentheses. Other includes agricultural real property and motor carrier property.

TOTAL ASSESSED PROPERTY VALUE - TAX YEAR 2014 By County



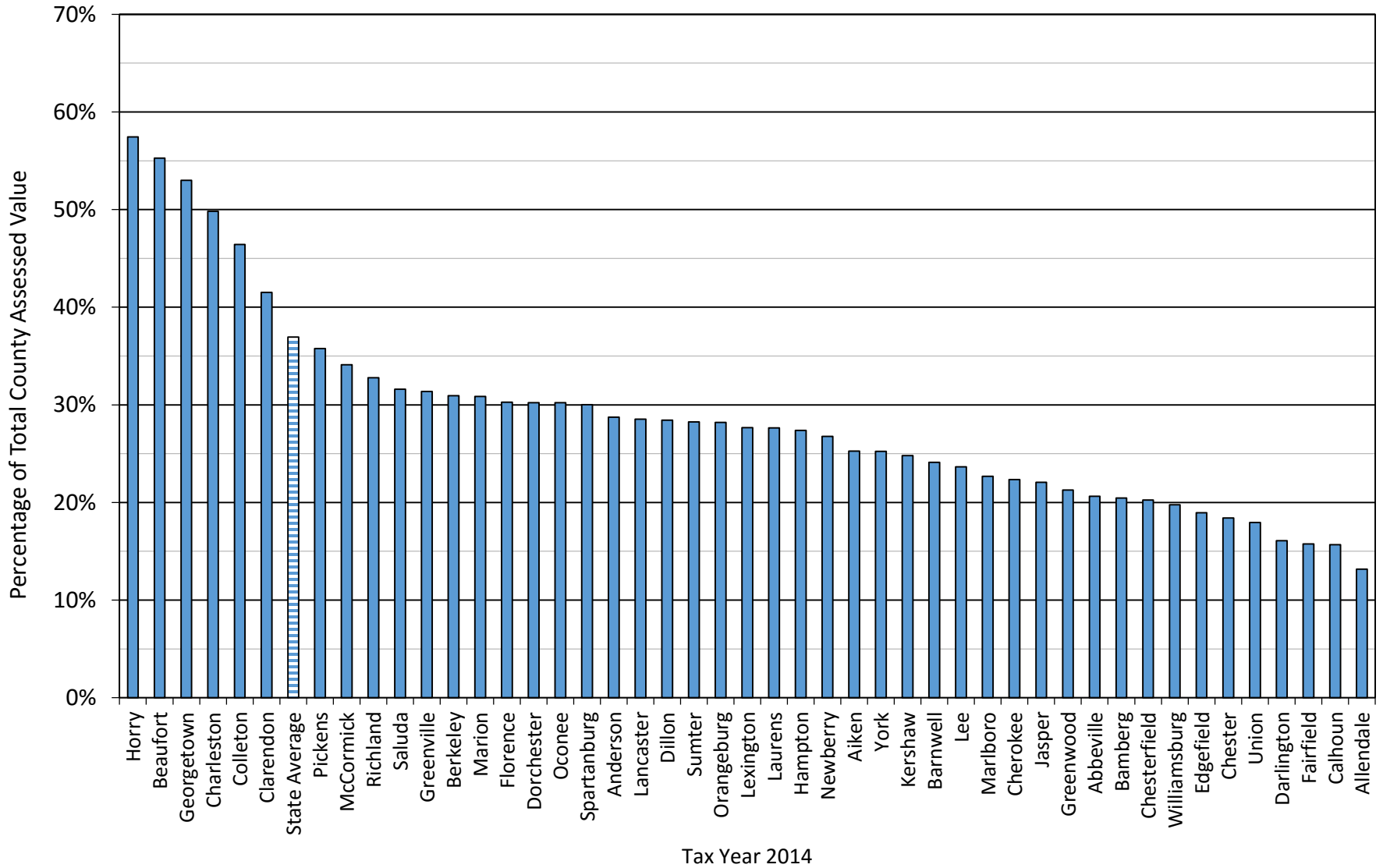
Note: Assessed value is reported by school district and attributed to the county encompassing the majority of the district.

COMMERCIAL /RENTAL PROPERTY ASSESSED VALUE by County



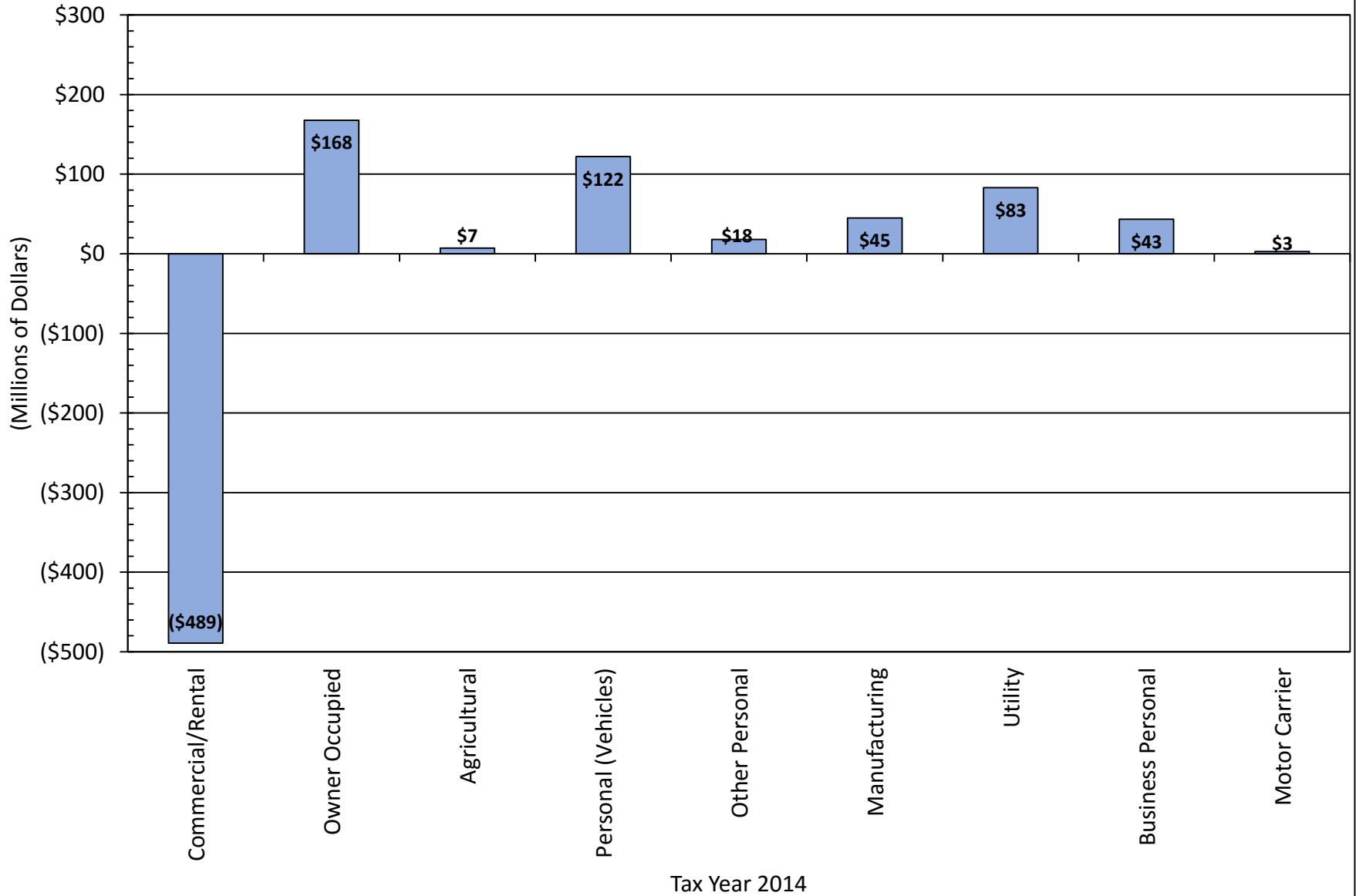
Source: Department of Revenue, Local Government Report, 2016 RFA -LJ/12/15/16

COMMERCIAL/RENTAL PROPERTY VALUE As a Percentage of Total County Assessed Value



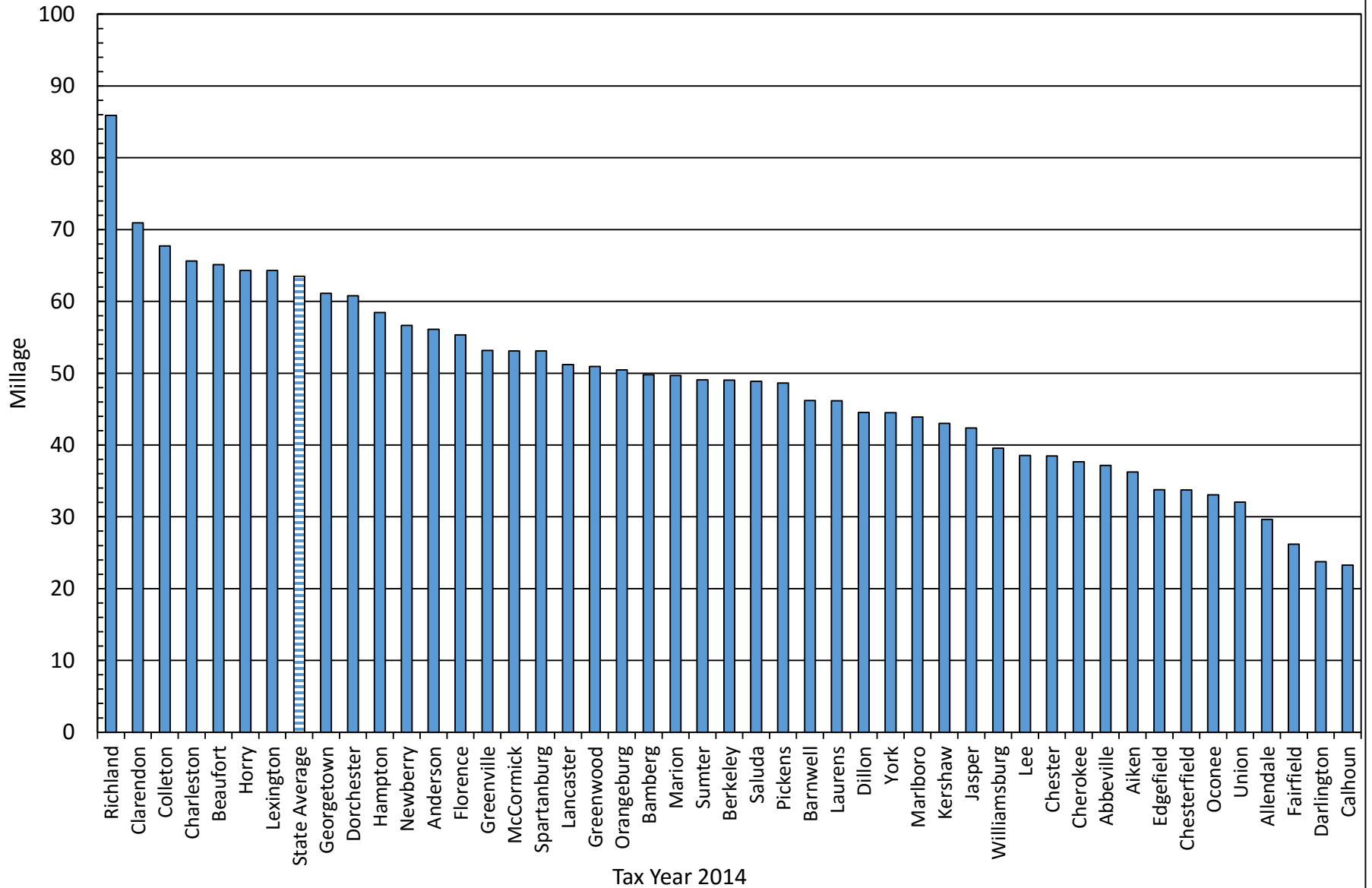
ESTIMATED PROPERTY TAX CHANGE

Commercial & Rental Real Property Assessment Reduced from 6% to 4%



COMMERCIAL/RENTAL PROPERTY ASSESSMENT REDUCED FROM 6% TO 4%

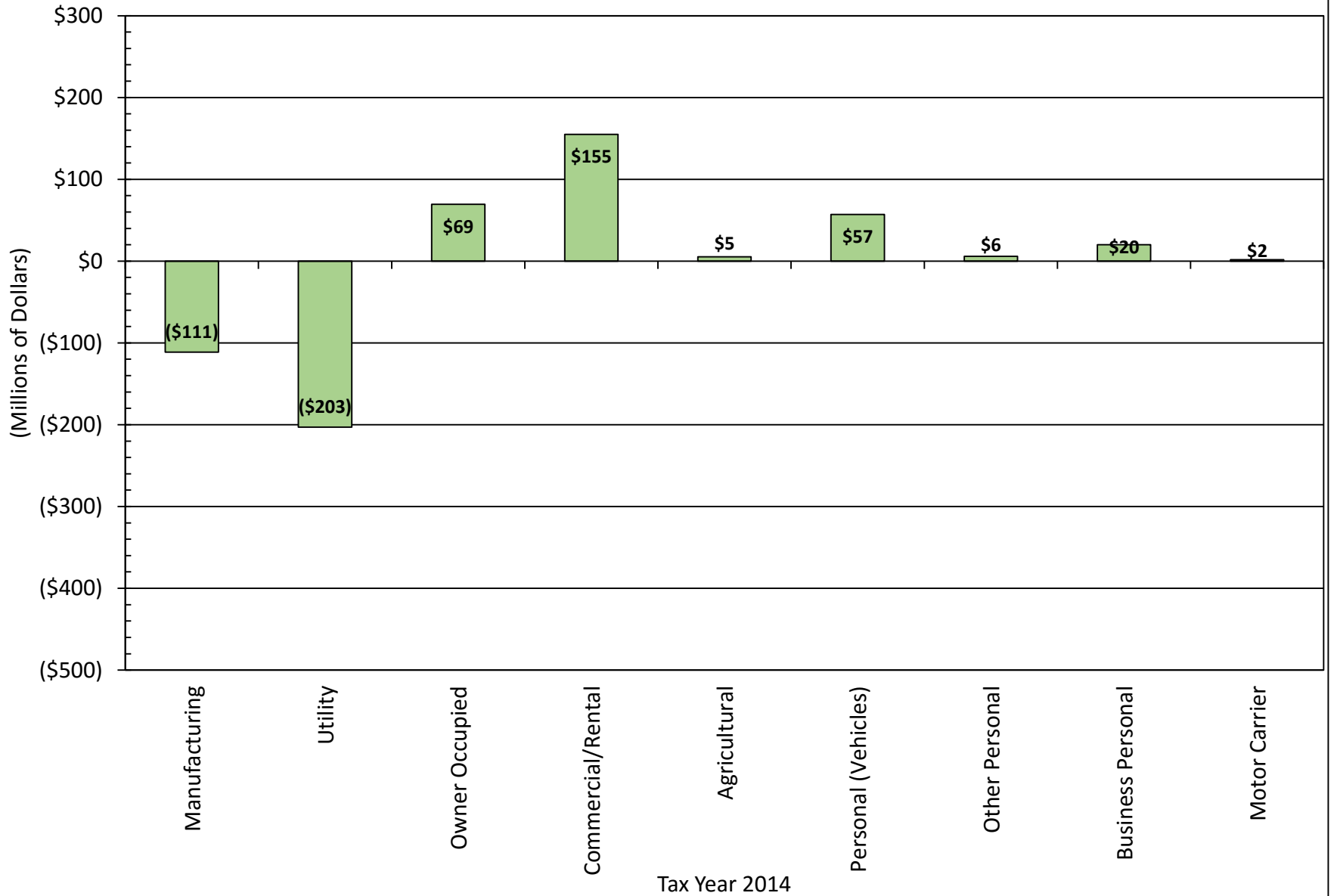
Estimated Millage Increase Required to Offset Revenue Reduction



Source: Revenue and Fiscal Affairs; School district assessed values and estimated millage rates aggregated to county encompassing majority of the district
RFA/lhj/12/15/16

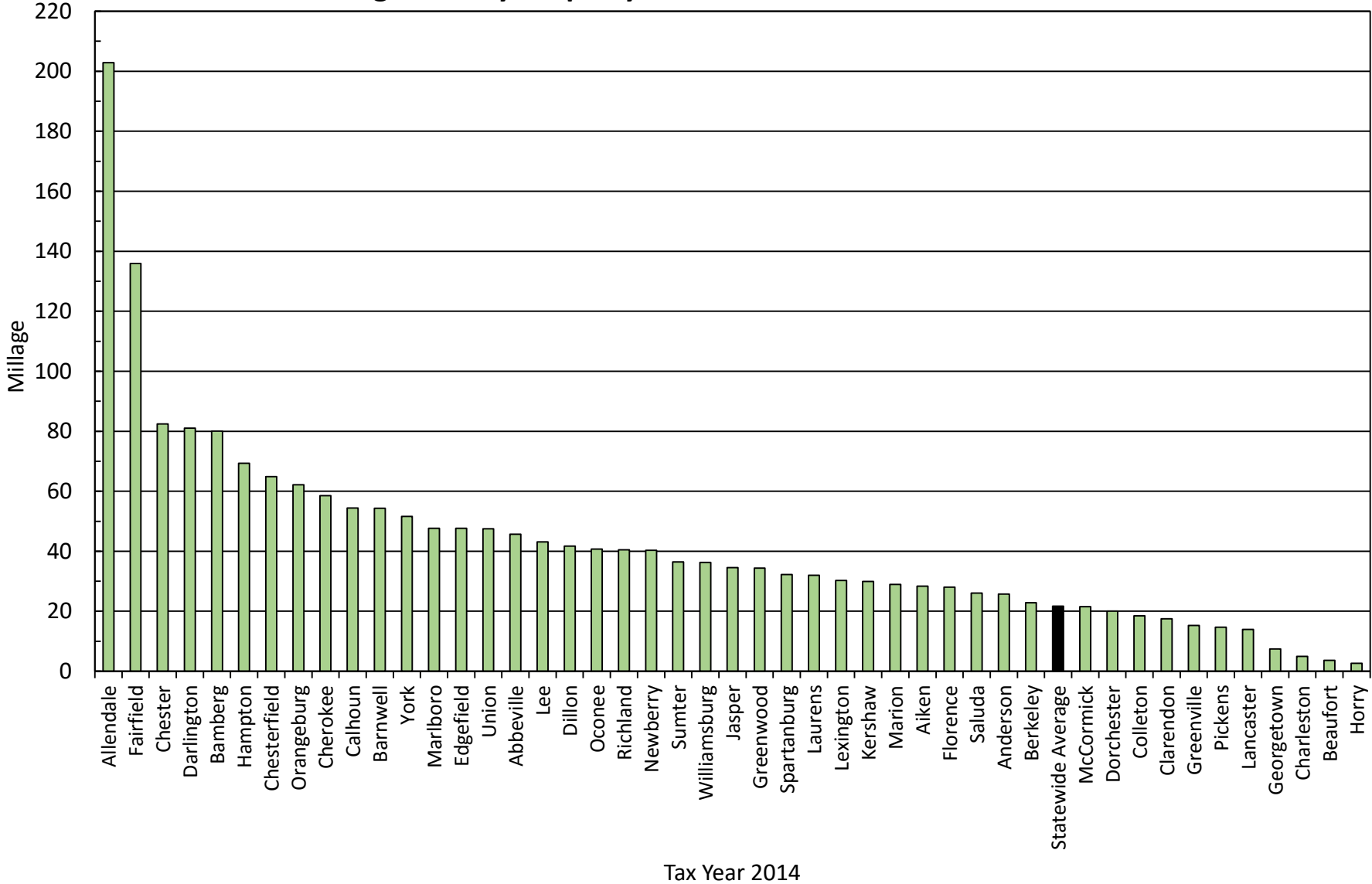
ESTIMATED PROPERTY TAX CHANGE

Manufacturing & Utility Property Assessment Reduced from 10.5% to 6%



ESTIMATED NET MILLAGE INCREASE

Manufacturing & Utility Property Assessment Reduced from 10.5% to 6%



Source: Revenue and Fiscal Affairs; School district assessed values and estimated millage rates aggregated to county encompassing majority of the district - LHJ/01/27/17

ROAD BILLS

H.3516

- * Increases motor fuel user fee by \$0.02 per year for five years from \$0.16 to \$0.26
- * Increases registration fees
- * Raises sales tax cap from \$300 to \$500
- * Creates new infrastructure fee up to \$500 to replace sales tax on vehicles and adds \$250 fee for out-of-state transfer registrations
- * Road use fee on motor carriers replaces property tax

S.54

- * Increases motor fuel user fee \$0.04 per year for three years from \$0.16 to \$0.28
- * Increases driver's license and registration fees
- * Raises sales tax cap from \$300 to \$600
- * Road use fee on motor carriers replaces property tax
- * Provides income tax reductions and manufacturing and business personal property tax reductions reimbursed by the State
- * Generates \$475.6M to State Highway Fund and cuts \$316M from General Fund

INTERNET SALES

FY 2017-18 E-COMMERCE ESTIMATES

(Millions of Dollars)

US Sales	\$ 3,076,002.0
SC Sales	\$ 15,158.9
Taxable SC Sales	\$ 3,835.2
Liability Sales Tax	\$ 440.3
Amount Collected	\$ 346.2
Uncollected*	\$ 94.2

*GF \$52.5; EIA \$13.1; HEX \$13.1; Local \$15.8

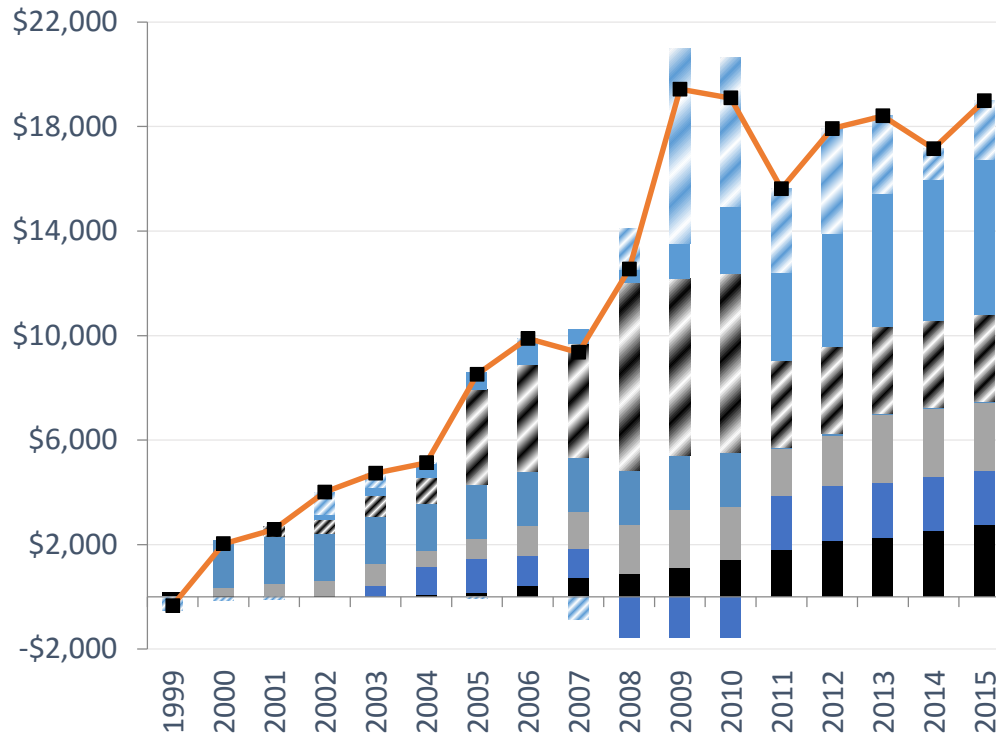
~Legislative/Enforcement Issues

RETIREMENT SYSTEMS

Value of SCRS unfunded liability as of June 30, 2015

	Market value	Actuarial value
COLAs	\$3.31 billion	\$3.31 billion
Investment losses	\$5.96 billion	\$5.96 billion
Deferred investment losses	\$2.23 billion	-
Liability experience	\$2.59 billion	\$2.59 billion
Assumption changes	\$2.09 billion	\$2.09 billion
Interest on the UAAL	\$2.74 billion	\$2.74 billion
Non-COLA benefit changes	\$63 million	\$63 million
Total	\$18.99 billion	\$16.75 billion

SCRS net unfunded liability on a market value basis



Dollar amounts expressed in millions

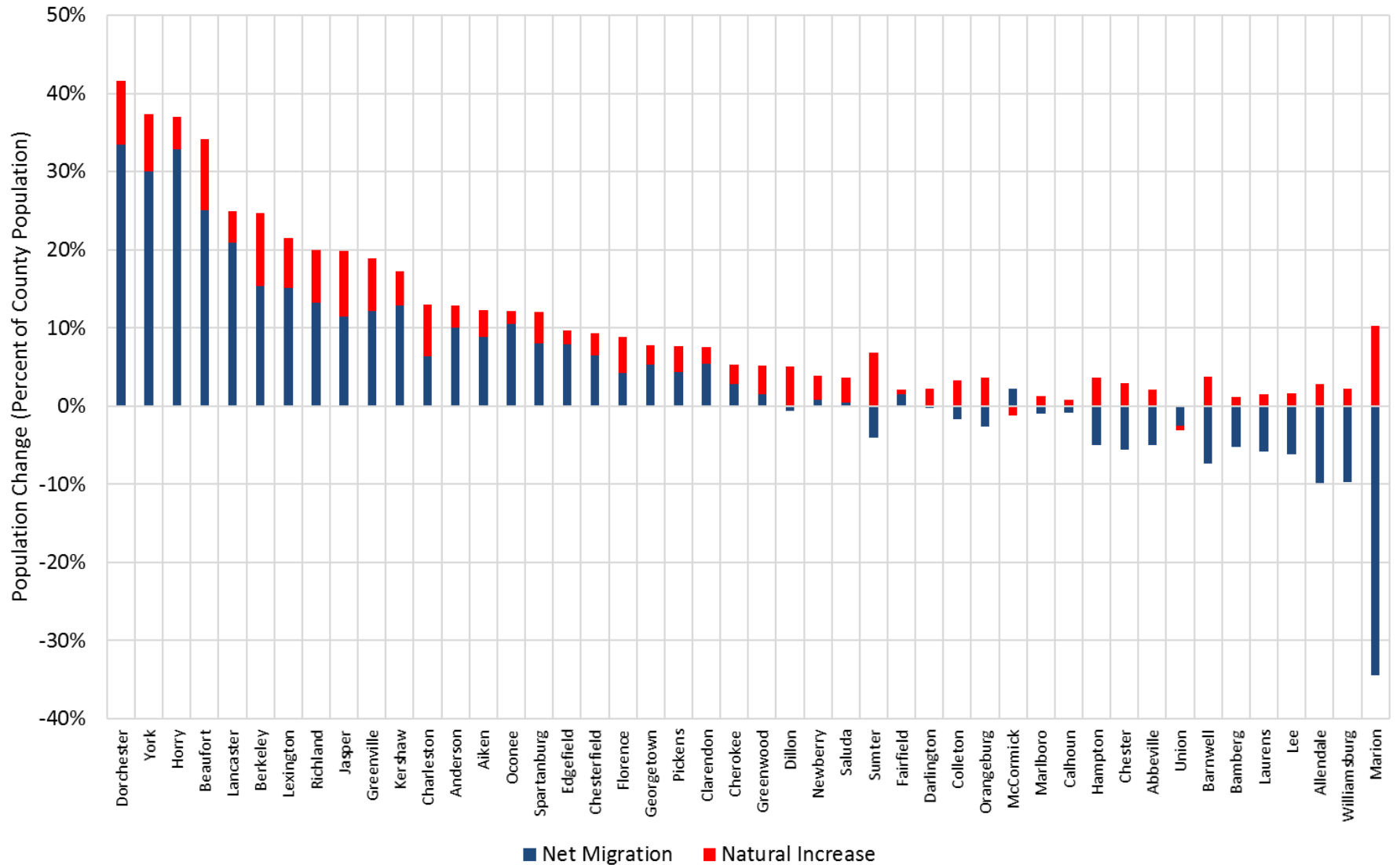
- Investment Gains/Losses - Deferred
- Investment Gains/Losses - Recognized
- COLA Benefits
- Non-COLA Benefits
- Liability Experience
- Assumption Changes
- Interest on UAAL in Excess of Contributions



APPENDIX

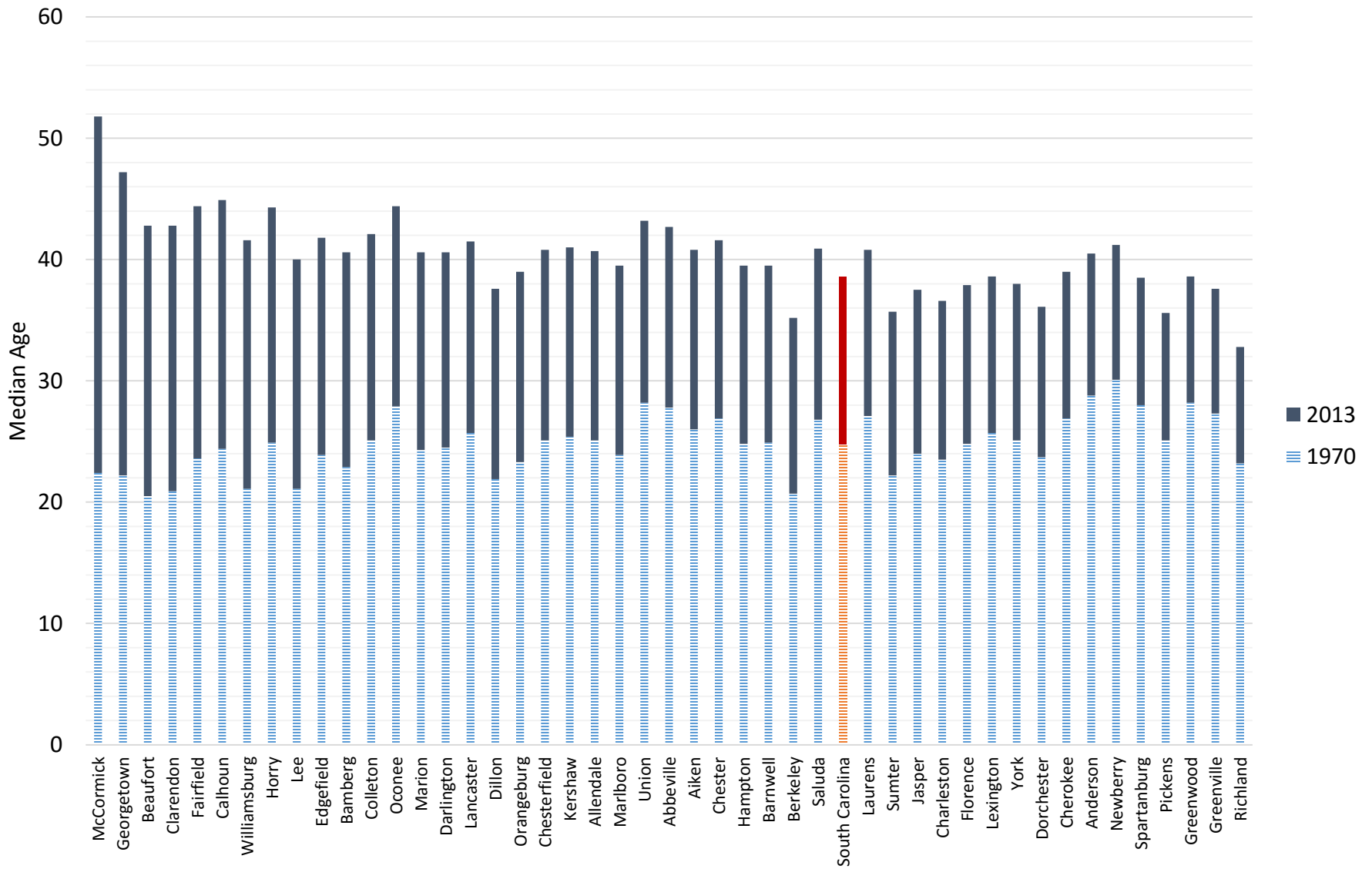
COUNTY STATISTICS

COMPONENTS OF SOUTH CAROLINA POPULATION GROWTH 2000-2010 by County



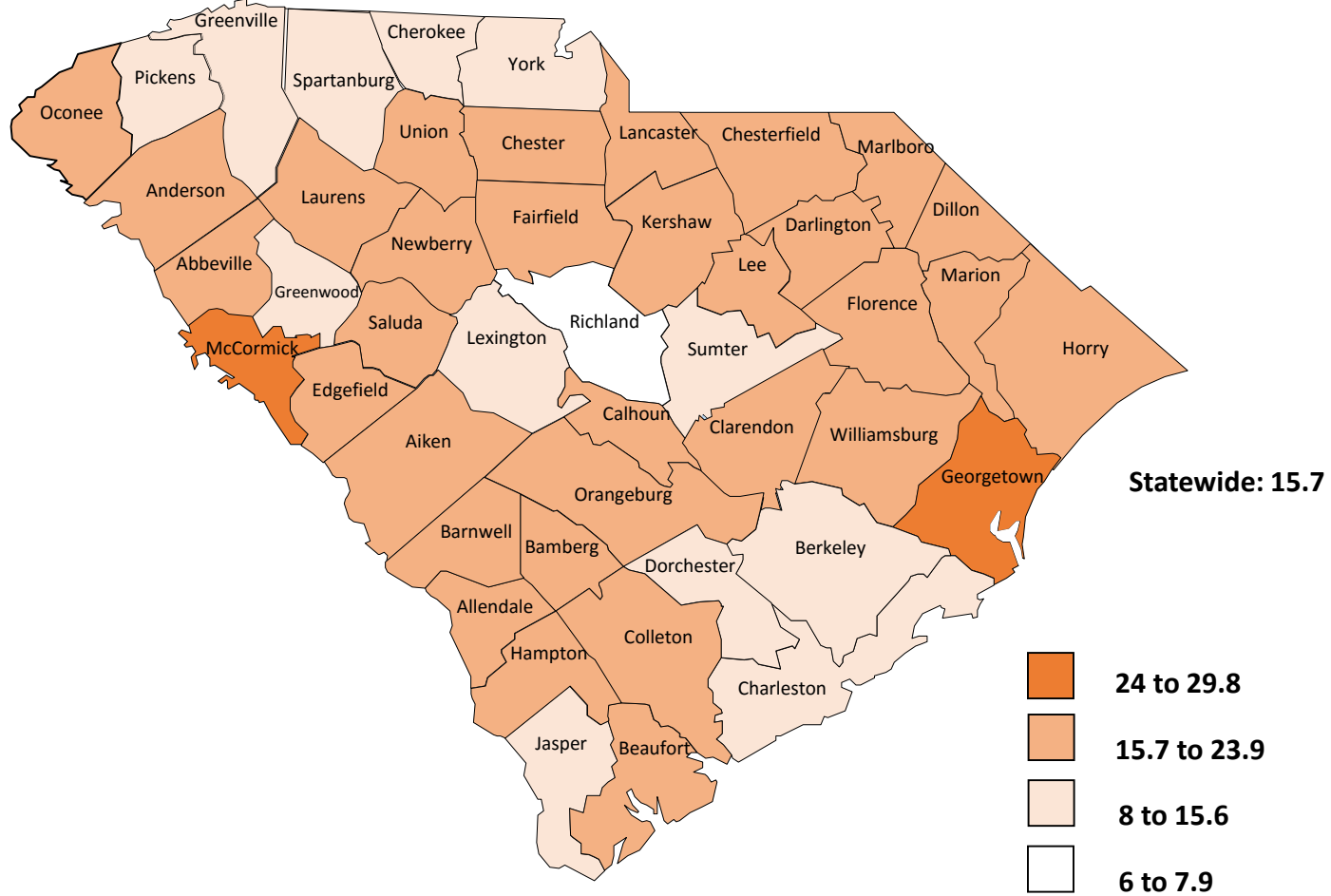
SOUTH CAROLINA MEDIAN AGE

Change from 1970-2013

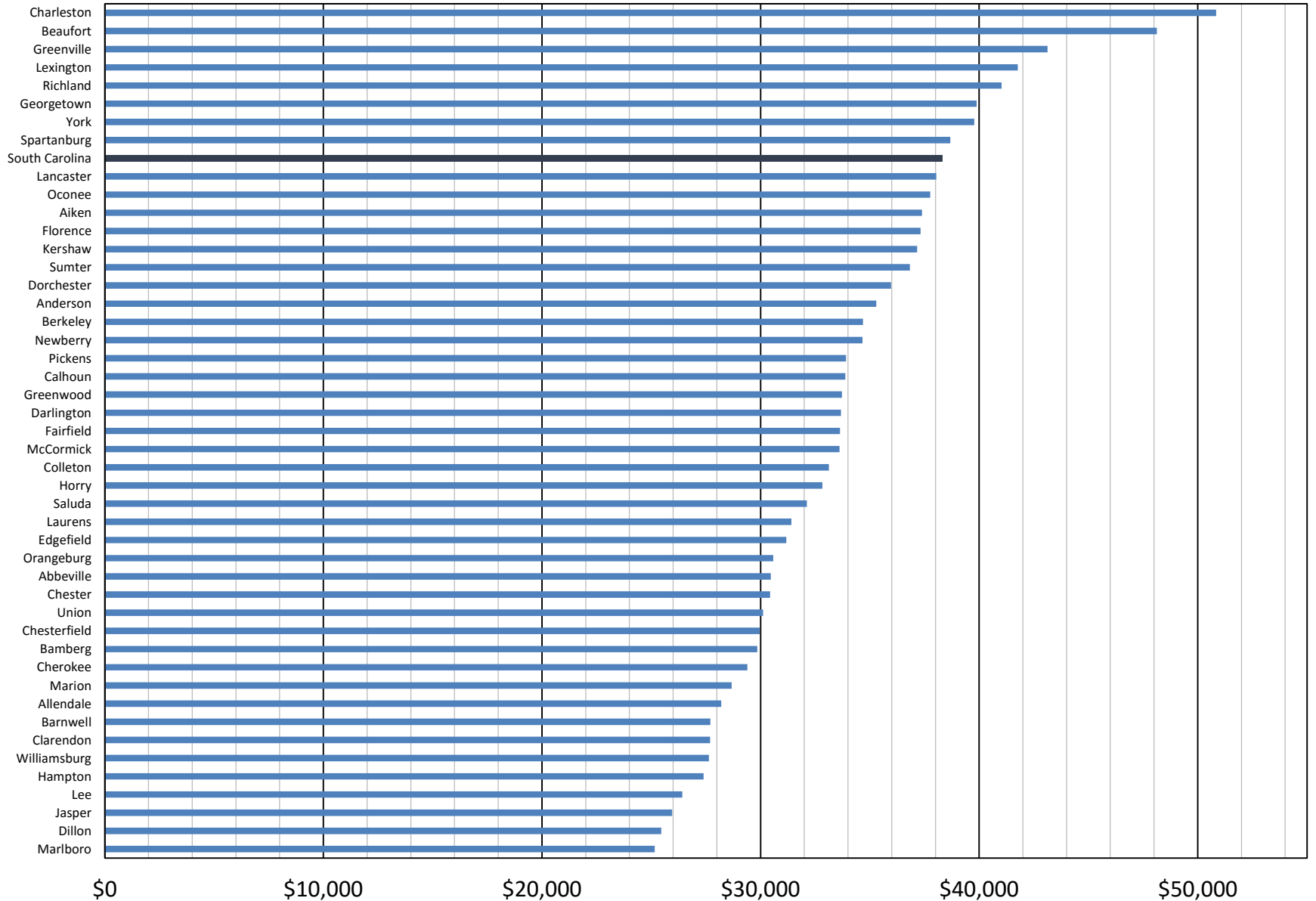


SC MEDIAN AGE INCREASE BY COUNTY

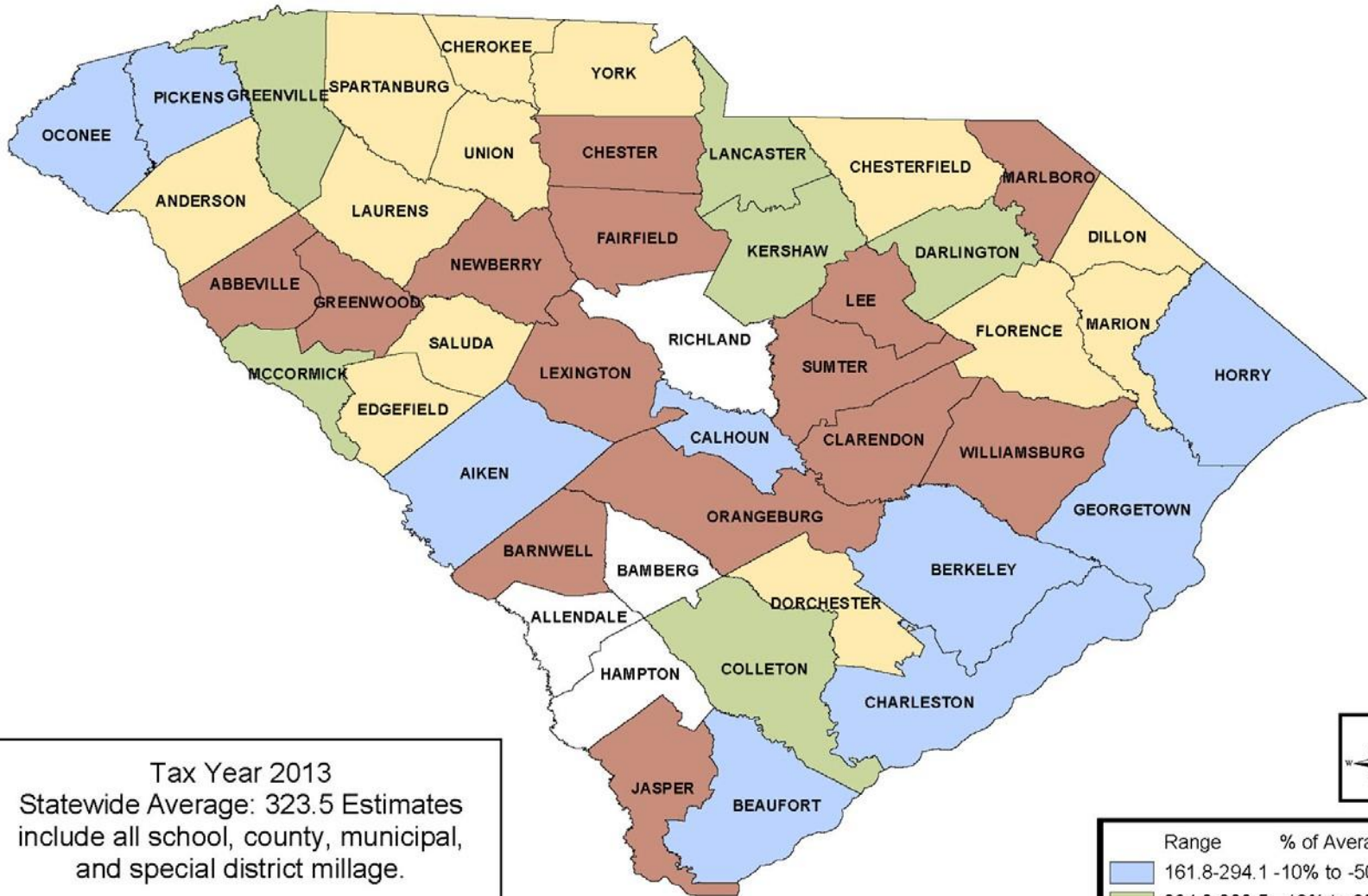
1940-2010



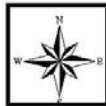
PER CAPITA PERSONAL INCOME BY COUNTY, 2015



ESTIMATED AVERAGE TOTAL MILLAGE RATE



Tax Year 2013
 Statewide Average: 323.5 Estimates
 include all school, county, municipal,
 and special district millage.



Range	% of Average
161.8-294.1	-10% to -50%
294.2-323.5	-10% to 0%
323.6-355.9	0% to 10%
356.0-484.5	10% to 50%
484.6-591.0	50%+