BOARD OF ECONOMIC ADVISORS
AND WORKING GROUP MEETING AGENDA
June 11, 2020, 1:30 P.M.
Via Teleconference – GoToMeeting

I. Welcome
II. Adoption of Meeting Minutes for May 8, 2020
III. Review of May 2020 Revenues, Forecast, Economic Activity (F. Rainwater, R. Martin)
IV. Other Matters for Consideration
V. Reports from Working Group Members
   A. Governor’s Office
   B. Senate Finance Committee
   C. Ways & Means Committee
   D. Treasurer’s Office
   E. Comptroller General’s Office
   F. Executive Budget Office
VI. Future Meeting Schedule
   A. July 23, 2020, 1:30pm
   B. August 24, 2020, 1:00pm (FY 2019-20 Final Results) – Location TBD
   C. August 31, 2020, 1:00pm (FY 2020-21 Forecast Update)- Via Teleconference
   D. September 17, 2020, 1:30pm
   E. October 15, 2020, 10:30am (Quarterly Review and Annual Regional Advisory Meeting)
   F. November 10, 2020, 1:30pm (Preliminary Forecast – due November 10th)
   G. December 10, 2020, 1:30pm (If Necessary)
   H. 2020 Calendar at http://rfa.sc.gov/meetings

VII. Adjournment

Please note that the Agenda is subject to change.
For further information, please contact Karen Rhinehart at (803) 734-3793, or visit the RFA webpage at www.rfa.sc.gov
REVIEW OF MAY 2020
Update on Revenues and Assumptions

General Fund Revenues in May 2020 declined $145.9 million or 18.2 percent compared to May 2019.

The monthly decline was due to both reduced economic activity resulting from COVID-19 health safety measures and delayed revenue with the extension of tax filings.

In April, the BEA reduced the February revenue forecast for FY 2019-20 by $507.0 million. Through May, revenues are $521.0 million below the February forecast and $14.0 million below the revised forecast.
Update on Revenues and Assumptions

Part of the revenue shortfall through May will be offset by revenue from the extended filing deadlines.

- DOR reports that tax collections for the extended returns, as of June 5\textsuperscript{th}, total approximately $58 million.
- Estimates of the delayed income tax revenue for the July 15\textsuperscript{th} extension are approximately $250 million.

For the final month of June and the July accrual period:

- The re-opening of the economy is expected to improve upon the recent declines in tax revenues.
Expectations for FY 2019-20 Year End

For final revenues to meet the revised May forecast, revenues in the final month and accrual period need to total $1,441.8 million, which represents growth of $90.9 million or 6.7 percent.

- Delayed payments are anticipated to be approximately $308 million.
- Revenue from current economic activity, therefore, needs to account for $1,133.8 million, which represents a decline of 16.1 percent from last year.
- Corporate Income Tax is a major wildcard.
- As a reminder, the revised forecast is $40.1 million above the budget.
### Revenues vs. 2/13/20 BEA Revenue Estimate of $9,898.2 Million in FY 2019-20

**JULY - MAY FY 2019-20**

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>Actual Revenues</th>
<th>Expected Revenues</th>
<th>Excess / (Shortfall)</th>
<th>Revenue Growth Rates (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total General Fund Revenue</strong></td>
<td>7,949.4</td>
<td>8,470.1</td>
<td>(520.8)</td>
<td>5.3</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>2,637.0</td>
<td>2,788.1</td>
<td>(151.4)</td>
<td>7.3 (1.5)</td>
</tr>
<tr>
<td>Individual Income Tax</td>
<td>4,139.4</td>
<td>4,404.5</td>
<td>(265.0)</td>
<td>4.8 (1.6)</td>
</tr>
<tr>
<td>Corporate Income Tax</td>
<td>284.6</td>
<td>411.4</td>
<td>(126.8)</td>
<td>0.0 (30.9)</td>
</tr>
<tr>
<td>Other Revenue Sources</td>
<td>888.3</td>
<td>865.7</td>
<td>22.6</td>
<td>3.8 (6.4)</td>
</tr>
<tr>
<td><strong>Select Tax Revenues, Sub-Total</strong></td>
<td>756.3</td>
<td>750.4</td>
<td>5.9</td>
<td>4.0 (4.7)</td>
</tr>
<tr>
<td>Admissions Tax - Total</td>
<td>19.3</td>
<td>24.4</td>
<td>(5.1)</td>
<td>2.7 (18.9)</td>
</tr>
<tr>
<td>Alcoholic Liquors Tax</td>
<td>55.1</td>
<td>70.7</td>
<td>(15.6)</td>
<td>4.7 (18.4)</td>
</tr>
<tr>
<td>Bank Tax</td>
<td>65.1</td>
<td>72.7</td>
<td>(7.6)</td>
<td>23.8 (10.9)</td>
</tr>
<tr>
<td>Beer and Wine Tax</td>
<td>87.9</td>
<td>91.7</td>
<td>(3.9)</td>
<td>1.5 (2.8)</td>
</tr>
<tr>
<td>Corporation License Tax</td>
<td>128.0</td>
<td>113.5</td>
<td>14.5</td>
<td>3.1 (16.2)</td>
</tr>
<tr>
<td>Documentary Tax</td>
<td>68.7</td>
<td>68.6</td>
<td>0.2</td>
<td>6.4 (6.7)</td>
</tr>
<tr>
<td>Earnings on Investments</td>
<td>121.9</td>
<td>91.3</td>
<td>30.5</td>
<td>14.3 (52.5)</td>
</tr>
<tr>
<td>Insurance Tax</td>
<td>187.9</td>
<td>193.2</td>
<td>(5.3)</td>
<td>(3.7) (7.8)</td>
</tr>
<tr>
<td>Tobacco Tax</td>
<td>22.2</td>
<td>23.3</td>
<td>(1.1)</td>
<td>(1.1) (5.8)</td>
</tr>
<tr>
<td><strong>Residual Revenue, Sub-Total</strong></td>
<td>132.0</td>
<td>115.4</td>
<td>16.7</td>
<td>2.4 (17.1)</td>
</tr>
</tbody>
</table>

1/: BEA format - includes certified adjustments and excludes non-recurring cash transfers and certain "other source" revenues, where applicable.

2/: Refer to "Residual Revenue" on page 15 for a list of components in this subcategory.

Note: Detail may not sum to total due to independent rounding of individual revenue categories.
Expectations for Other Items

EIA revenues through May are $35.3 million below the February estimate.

- The February estimate was $31.3 million above the current year budget for EIA.
- EIA should also benefit from the receipt of delayed tax filings.

Lottery Revenues through April are $10.1 million above expectations and likely to meet or exceed annual estimates.
KEY ECONOMIC ACTIVITY
Contributions to Real Gross Domestic Product in the U.S. 2020, First Quarter, (Preliminary Estimate)

\[ Y = C + I + G + X \]

U.S. Corporate Profits Before and After Taxes

Initial Claims for Unemployment Insurance in SC

Source: U.S. Department of Labor, Washington, D.C.

S.C. Board of Economic Advisors
Continued Unemployment Insurance Claims in S.C.

Source: U.S. Department of Labor, Washington, D.C.
OTHER MATTERS FOR CONSIDERATION
REPORTS FROM WORKING GROUP
FUTURE MEETING SCHEDULE

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