



**SOUTH CAROLINA
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**The BEA Revises FY 2018-19 Projected Surplus,
Maintains FY 2019-20 Revenue Forecast**
Continued Economic and Revenue Growth Expected in South Carolina

COLUMBIA – Amid the increasing prospect that a record-breaking lottery jackpot may go unclaimed, the S.C. Board of Economic Advisors (BEA) agreed Thursday to reduce the projected surplus for the current fiscal year by \$61.5 million.

The decision by the BEA, which met to review economic conditions and its revenue forecasts as required by law, reduces the amount of non-recurring funds available to lawmakers for FY 2019-20. With the revised projected FY 2018-19 surplus, lawmakers will have available for appropriation next fiscal year \$977.6 million in new revenue: \$497.8 million in recurring funds and \$479.8 million in non-recurring funding.

The BEA also adopted new lottery estimates for the current and upcoming fiscal years. The new estimate of \$461.7 million for both the current fiscal year and FY 2019-20 is \$26.9 million, or approximately 6.2 percent, higher than projections previously proposed by the S.C. Education Lottery Commission and adopted by the BEA in November 2018.

In reviewing its economic and revenue forecasts, the BEA advised the state's economy continues to grow. The board also acknowledged recent trends raise concerns about the pace of continued growth and the effect on revenues for the current fiscal year and FY 2019-20.

Through the first seven months of FY 2018-19, General Fund revenues have increased 3.9 percent and were trending slightly below the forecast projections by an estimated \$35.4 million. Without the impact of the lottery, revenue collections are closer to the estimates. To date, the state economy is tracking closely to the forecast growth rates for employment and personal income.

The BEA reaffirmed its revenue estimate for FY 2019-20. The BEA will continue to monitor revenue growth and revisit the forecast when it meets April 8.

The October 2018 \$1.5 billion Mega Millions jackpot was expected to generate \$61.5 million in state income tax revenue and contribute to a previously anticipated \$220 million projected surplus for the current fiscal year.

The deadline for the owner of the winning ticket – purchased near Simpsonville – to claim the record Mega Millions jackpot is April 22, typically near the end of budget-writing cycle.

For the FY 2019-20 budget process, the revised projected surplus of \$158.6 million for the current fiscal year means lawmakers will have \$479.8 million in new non-recurring revenue available for appropriation. The non-recurring funds, or money, such as a surplus, the state gets in one budget cycle, but cannot expect to collect each year with any degree of predictability, represents nearly half of the total new revenue.

Lawmakers also will have \$497.8 million in recurring funds for appropriation in FY 2019-20.

FY 2019-20 Budget Outlook

Net New Recurring General Fund Revenue <i>(less tax relief trust fund)</i>	\$497.8 million
Non-recurring Revenue	
FY 2017-18 Contingency Reserve Fund <i>(less open-ended appropriations)</i>	\$169.5 million
FY 2018-19 Capital Reserve Fund	\$151.7 million
Projected FY 2018-19 General Fund Surplus	<u>\$158.6 million</u>
Total Non-recurring Revenue	\$479.8 million
Total Estimated New General Fund Revenue	\$977.6 million

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