BOARD OF ECONOMIC ADVISORS
AND WORKING GROUP MEETING AGENDA
July 23, 2020, 1:30 P.M.
Via Teleconference – GoToMeeting
Please join my meeting from your computer, tablet or smartphone. https://global.gotomeeting.com/join/412000949
You can also dial in using your phone.
United States: +1 (571) 317-3122
Access Code: 412-000-949

I. Welcome

II. Adoption of Meeting Minutes for June 11, 2020

III. Review of June 2020 Revenues, Forecast, and 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. August 24, 2020, 1:00pm (FY 2019-20 Final Results) – Via videoconference at SCETV
   B. August 31, 2020, 1:00pm (FY 2020-21 Forecast Update) - Via Teleconference
   C. September 17, 2020, 1:30pm To be determined/If necessary
   D. October 15, 2020, 10:30am (Quarterly Review and Annual Regional Advisory Meeting)
   E. November 10, 2020, 1:30pm (Preliminary Forecast – due November 10th)
   F. December 10, 2020, 1:30pm (If Necessary)
   G. 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
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.

June 11, 2020
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 $1,441.8 427.4 million, which represents growth of $90.9 89.7 million or 6.7 percent but will include new accruals.

- Revenue from current economic activity, therefore, needs to account for $1,133.8 303.9 million, which represents a decline of 16.1 10 percent from last year.
- Delayed payments from Individual and Corporate Income tax only need are anticipated to be approximately $308 123.5 million.
- Corporate Income Tax is a major wildcard.
- As a reminder, the revised forecast is $40.1 million above the budget.

July 23, 2020
### Revenues vs. 2/13/20 BEA Revenue Estimate of $9,898.2 Million in FY 2019-20

**JULY - JUNE FY 2019-20**

<table>
<thead>
<tr>
<th>Total General Fund Revenue</th>
<th>Actual ($)</th>
<th>Expected ($)</th>
<th>Excess / (Shortfall)</th>
<th>Revenue Growth Rates (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Estimate</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Full Fiscal Yr.</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>2,968.6</td>
<td>3,098.6</td>
<td>(130.1)</td>
<td>7.3</td>
</tr>
<tr>
<td>Individual Income Tax</td>
<td>4,656.5</td>
<td>4,941.3</td>
<td>(284.8)</td>
<td>4.8</td>
</tr>
<tr>
<td>Corporate Income Tax</td>
<td>320.3</td>
<td>494.2</td>
<td>(173.9)</td>
<td>(0.0)</td>
</tr>
<tr>
<td>Other Revenue Sources</td>
<td>1,018.5</td>
<td>1,003.3</td>
<td>15.2</td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Select Tax Revenues, Sub-Total</strong></td>
<td>866.5</td>
<td>860.6</td>
<td>5.9</td>
<td>4.0</td>
</tr>
<tr>
<td>Admissions Tax - Total</td>
<td>21.5</td>
<td>28.5</td>
<td>(7.0)</td>
<td>2.7</td>
</tr>
<tr>
<td>Alcoholic Liquors Tax</td>
<td>72.7</td>
<td>79.5</td>
<td>(6.8)</td>
<td>4.7</td>
</tr>
<tr>
<td>Bank Tax</td>
<td>69.0</td>
<td>85.2</td>
<td>(16.2)</td>
<td>23.8</td>
</tr>
<tr>
<td>Beer and Wine Tax</td>
<td>102.3</td>
<td>102.8</td>
<td>(0.5)</td>
<td>1.5</td>
</tr>
<tr>
<td>Corporation License Tax</td>
<td>130.9</td>
<td>115.5</td>
<td>15.4</td>
<td>3.1</td>
</tr>
<tr>
<td>Documentary Tax</td>
<td>74.3</td>
<td>76.7</td>
<td>(2.4)</td>
<td>6.4</td>
</tr>
<tr>
<td>Earnings on Investments</td>
<td>129.8</td>
<td>100.0</td>
<td>29.8</td>
<td>14.3</td>
</tr>
<tr>
<td>Insurance Tax</td>
<td>241.5</td>
<td>246.8</td>
<td>(5.3)</td>
<td>(3.7)</td>
</tr>
<tr>
<td>Tobacco Tax</td>
<td>24.4</td>
<td>25.5</td>
<td>(1.1)</td>
<td>(1.1)</td>
</tr>
<tr>
<td><strong>Residual Revenue, Sub-Total</strong></td>
<td>152.0</td>
<td>142.7</td>
<td>9.3</td>
<td>2.4</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.
Update on Other Items

EIA revenues through June are $33.6 million below the February estimate. The revenue estimate was reduced in May by $25.4 million.

- With only FM 13 remaining, EIA revenues would need total $108.5 million in the last month to meet the February estimate and $83.1 million to meet the FY 20 budget (the February estimate has anticipated a revenue surplus of $31.3 million).

- Last year, EIA revenues in FM 13 total $70.4 million, and if no growth is seen in FM 13 this year, EIA revenues could be below budget expectations by $12.7 million.
Update on Other Items (Cont’d)

• Lottery Revenues through June totaled $492.8 million, which exceeded the estimate by $25.5 million.

• Motor Fuel revenue totaled $565.3 million which was $22.3 million below the February estimate.
KEY ECONOMIC ACTIVITY
Growth in Personal Income in South Carolina

Growth in Wages and Salaries in South Carolina

STAY TUNED
OTHER MATTERS FOR CONSIDERATION
FUTURE MEETING SCHEDULE

A. August 24, 2020, 1:00pm, (FY 2019-20 Final Results) – ETV Studios/GoToMeeting

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Appendix
Revenues Through June 2020

Revenues through June totaled $1,014.4 million, which represented an increase of 0.1 percent.

Approximately $58 million of the revenue represented delayed Sales and License taxes for previous months that were delayed to June 1.

Adjusting for those payments, revenues were down 5.7 percent for the month, much less of a drop than in April and May.
Revenues Through June 2020

June revenue, however, was strong enough to reduce the amount needed in the final accounting period (Fiscal Month 13) to meet the revenue estimate.

Collections of $427.4 million are needed, and assuming a 10 percent activity in Sales tax and License tax for June, only $123.5 million in revenue from the extended Corporate and Individual Income tax filings is needed.