BOARD OF ECONOMIC ADVISORS
AND WORKING GROUP MEETING
AGENDA
February 13, 2020, 1:30 P.M.
Bowers Conference Room
Room 417, Rembert C. Dennis Building

I. Welcome

II. Adoption of Meeting Minutes for November 8, 2019 and January 16, 2020

III. FY 2019-20 and FY 2020-21 Forecast
A. Overview (F. Rainwater)
B. Revenue Collections and Trends (R. Martin)
C. Consideration of FY 2019-20 and FY 2020-21 Revenue Estimates (F. Rainwater, R. Martin)
D. Budget Status Update (L. Jolliff)

IV. Other Items for Discussion
A. Statement of Economic Interests – due March 30

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

V. Future Meeting Schedule
A. March 19, 2020, 1:30pm – If necessary, GoToMeeting for Members
B. April 9, 2020, 1:30pm – Quarterly Review; Final Forecast (April 10)
C. May 14, 2020, 1:30pm - If necessary, GoToMeeting for Members
D. June 11, 2020, 1:30pm – Economic and Revenue Update
E. July 23, 2020, 1:30pm - If necessary, GoToMeeting for Members
F. 2020 Calendar at http://rfa.sc.gov/meetings

VI. Adjournment

Please note that the Agenda is subject to change.
For further information, please contact Karen Rhinehart at (803) 734-2265, or visit the RFA webpage at www.rfa.sc.gov
OVERVIEW
### Revenues vs. 11/08/19 BEA Revenue Estimate of $9,838.2 Million in FY 2019-20

#### JULY - JANUARY FY 2019-20

|                         | Actual Revenues | Expected Revenues | Excess / (Shortfall) | Revenue Growth Rates (%)
|-------------------------|-----------------|-------------------|----------------------|--------------------------
| **Total General Fund Revenue** | 5,984.6         | 5,806.4           | 178.2                | 4.6  8.0                 |
| **Sales Tax**           | 1,705.6         | 1,686.1           | 19.4                 | 7.3  8.5                 |
| **Individual Income Tax** | 3,524.5         | 3,447.8           | 76.7                 | 4.4  7.0                 |
| **Corporate Income Tax** | 152.7           | 122.8             | 29.9                 | (4.0) 20.7               |
| **Other Revenue Sources** | 601.8           | 549.6             | 52.2                 | 1.8  9.6                 |
| **Select Tax Revenues, Sub-Total** | 505.5           | 466.5             | 39.0                 | 1.7  8.1                 |
| Admissions Tax - Total  | 12.4            | 10.8              | 1.6                  | 2.7  17.9                |
| Alcoholic Liquors Tax   | 42.1            | 41.4              | 0.7                  | 4.7  6.4                 |
| Bank Tax                | 38.9            | 28.8              | 10.1                 | 9.3  47.7                |
| Beer and Wine Tax       | 57.1            | 57.6              | (0.5)                | 1.5  0.7                 |
| Corporation License Tax | 114.4           | 102.6             | 11.8                 | 3.1  15.0                |
| Documentary Tax         | 42.7            | 43.7              | (1.0)                | 6.4  4.0                 |
| Earnings on Investments | 68.0            | 46.7              | 21.3                 | 2.9  49.8                |
| Insurance Tax           | 116.6           | 118.4             | (1.7)                | (3.7) (13.0)             |
| Tobacco Tax             | 13.2            | 14.3              | (1.2)                | (1.1) (9.1)              |
| **Residual Revenue, Sub-Total** | 96.4           | 83.2              | 13.2                 | 2.4  18.6                |

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.
REVENUE COLLECTIONS AND TRENDS
January 2020

Presentation Agenda

• Review of General Fund Revenue – January 2020

• Base Economic Assumptions for FY2019-20 and FY2020-21

• Recent Economic Developments
January 2020

Review of General Fund Revenue – January 2020

Sales Tax Revenue

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>Actual Revenue ($ Mil.)</th>
<th>Forecast Revenue ($ Mil.)</th>
<th>Excess/Shortfall ($ Mil.)</th>
<th>Revenue Growth Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>$1,705.6</td>
<td>$1,686.1</td>
<td>$19.4</td>
<td></td>
</tr>
</tbody>
</table>

- The Sales and Use tax increased 9.8 percent in January 2020 resulting in fiscal year-to-date growth of 8.5 percent

- The inclusion of $10.0 million in third-party sales taxes in January 2020 has positively impacted Sales and Use tax revenue as these revenues were not received during this time a year ago
January 2020

- The revenue figures suggest a strong holiday season with 9.0 percent growth during the holiday season.
Growth in Total Sales & Use Tax Revenue Collections
FY2019 Monthly and Year-to-Date

Forecast: 7.3%

Source: Board of Economic Advisors
BEA/RWM/02/13/20
Comparison of Growth in Holiday Season Sales Tax and Total Sales Taxes

Source: S.C. Department of Revenue
January 2020

Individual Income Tax Revenue

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>Actual Revenue ($ Mil.)</th>
<th>Forecast Revenue ($ Mil.)</th>
<th>Excess/Shortfall ($ Mil.)</th>
<th>Revenue Growth Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Income Tax</td>
<td>$3,524.5</td>
<td>$3,447.8</td>
<td>$76.7</td>
<td>4.4</td>
</tr>
</tbody>
</table>

- Individual Income tax withholding increased $31.5 million, or 6.9 percent, in January 2020 from January 2019 reflecting the continued employment growth in the state.
Growth in Individual Income Tax Withholding Revenue
FY2020 Monthly and Year-to-Date

(Percent Change Same Month One Year Ago)

Month
Jul Aug Sept Oct Nov Dec Jan Feb Mar Apr May Jun M13

Forecast: 4.5%

Source: Board of Economic Advisors
BEA/RWM/02/13/20

S.C. Board of Economic Advisors
Growth in Total Individual Income Tax Revenue Collections
FY2019 Monthly and Year-to-Date

Source: Board of Economic Advisors
BEA/RWM/02/13/20

Forecast: 4.4%
Corporate Income Tax Revenue

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>Actual Revenue ($ Mil.)</th>
<th>Forecast Revenue ($ Mil.)</th>
<th>Excess/Shortfall ($ Mil.)</th>
<th>Revenue Growth Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporation Income Tax</td>
<td>$152.7</td>
<td>$122.8</td>
<td>$29.9</td>
<td>(4.0)</td>
</tr>
</tbody>
</table>

- The Corporate Income tax increased 149.2 percent in January 2020 and has increased 20.7 percent through the first seven months in FY2019-20

- The Corporate License tax subtracted $3.3 million to the overall revenue excess of $11.8 million in FY2020 in January 2020

- Combined, the Corporate Income tax and Corporate License tax account for $41.7 million of the revenue excess in FY2020
U.S. Corporate Profits Before and After Taxes

(Percent Change Over Same Quarter One Year Ago)

Quarters

Other Tax Revenues

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>Actual Revenue ($ Mil.)</th>
<th>Forecast Revenue ($ Mil.)</th>
<th>Excess/Shortfall ($ Mil.)</th>
<th>Revenue Growth Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Revenues</td>
<td>601.8</td>
<td>549.6</td>
<td>52.2</td>
<td></td>
</tr>
</tbody>
</table>

- Other revenues were largely affected by the timing of revenue receipts

- Security Dealer Fees that were booked one month earlier last fiscal year resulted in a nearly $21.0 million overstatement of the bottom line was reconciled in January 2020
January 2020

- A bank tax audit totaling $3.3 million was processed in January 2020

- Other revenues have increased 8.1 percent through January 2020
## Total General Fund Revenue

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>Actual Revenue ($ Mil.)</th>
<th>Forecast Revenue ($ Mil.)</th>
<th>Excess/Shortfall ($ Mil.)</th>
<th>Revenue Growth Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total General Fund</td>
<td>$5,984.6</td>
<td>$5,806.4</td>
<td>$178.2</td>
<td>Forecast 4.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Actual Y-T-D 8.0</td>
</tr>
</tbody>
</table>

- General Fund revenue increased 8.2 percent, or $76.4 million, during the month of January 2020 from January 2019

- Revenues through January 2020 have grown 8.0 percent, or $443.9 million year-to-date
Growth in Total General Fund Revenue Collections
FY2020 Monthly and Year-to-Date

Forecast: 4.6%

Source: Board of Economic Advisors
BEA/RWM/02/13/20
January 2020

Summary

• General Fund revenue collections through January 2020 amounted to $5,984.9 million in FY2019-20, or 8.0 percent higher than in FY2018-19

• This year-to-date revenue growth rate exceeds the 4.6 percent growth rate needed to meet the BEA General Fund revenue growth rate for FY2019-20 by $178.2 million


January 2020

Base Economic Assumptions for FY2019-20 and FY2020-21

Current Base Economic Assumptions
Fiscal Years 2019-20 and 2020-21

<table>
<thead>
<tr>
<th>Variable</th>
<th>FY2019-20</th>
<th>FY2020-21</th>
<th>Latest Figures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Income</td>
<td>5.25%</td>
<td>4.50%</td>
<td>4.85%</td>
</tr>
<tr>
<td>Employment</td>
<td>1.60%</td>
<td>1.60%</td>
<td>1.70%</td>
</tr>
</tbody>
</table>

Note: Based on the BEA General Fund revenue estimate made on November 8, 2019.
Sources: U.S. Department of Commerce, Bureau of Economic Analysis, Washington, D.C.
S.C. Board of Economic Advisors, Columbia, S.C.
Growth in Personal Income in South Carolina

Growth in Wages and Salaries in South Carolina


S.C. Board of Economic Advisors
January 2020

Recent Economic Developments

Issues
- Chinese tariffs
- Federal Reserve Policy
- Brexit
- Trump’s Impeachment

Recent Economic Developments
- Real GDP
- Federal Reserve Policy
- Housing
- Manufacturing – New Orders and Shipments
- Energy
- U.S. Leading Economic Index
Contributions to Real Gross Domestic Product in the U.S.
2019, Fourth Quarter, (Advance Estimate)

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

Federal Funds Rate

Source: The Board of Governors of the Federal Reserve System
Money Supply - M2

Source: The Board of Governors of the Federal Reserve System
U.S. Treasury Securities Held by the Federal Reserve (All Maturities)

Source: Board of Governors of the Federal Reserve System, Washington, D.C.
Growth in Total Manufacturer's Shipments of Nondefense Capital Goods Excluding Aircraft in the U.S.

Source: U.S. Department of Commerce, Bureau of the Census

S.C. Board of Economic Advisors
Growth in Total Manufacturer's New Orders of Nondefense Capital Goods Excluding Aircraft in the U.S.

Source: U.S. Department of Commerce, Bureau of the Census
The Conference Board Leading Economic Index

Source: The Conference Board
Chicago Fed National Activity Index (LEI)

Source: Federal Reserve Bank of Chicago, Chicago, Illinois
Note: Also known as the Stock Watson Leading Economic Indicators Index

S.C. Board of Economic Advisors
January 2020

Upcoming Events

- Employment Rebenchmarking - March 16, 2020
- Personal Income (2019Q4) - March 24, 2020
APPENDIX
Growth in U.S. Customs Duties / Tariffs Revenue


S.C. Board of Economic Advisors
CONSIDERATION OF
FY 2019-20 AND FY 2020-21
REVENUE ESTIMATE
Recommendations on Forecast FY 2019-20 and FY 2020-21

Economic Assumptions

General Outlook – Continued growth through FY 2019-20 but slower growth expected in FY 2020-21

SC Personal Income - Maintain assumption of 5.25% growth in FY 20, slowing to 4.5% in FY 21

SC Employment - Maintain assumption of 1.6 % growth in FY 20 and FY 21

Risk Factors – Concerns over tariffs, Brexit, oil, and Fed policy have weakened. Leading Economic Indicators show concern for FY 21.
Recommendations on Forecast

Current Status and Forecast

- Revenues are $178.2 million above expectations, 3.1% above forecast (2.1% above upper limit). Single events and timing of receipts appear to overstate this excess.
ROLLING FISCAL YEAR - TOTAL GENERAL FUND REVENUE
Actuals, Estimates, and Limits - FY 2018-19 to FY 2019-20

Source: Revenue and Fiscal Affairs Office/FAR/2-6-20

February 13, 2020
## Recommendations February 2020

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>Monitor FYTD Status</th>
<th>Analysis</th>
<th>FY 20 Adjust</th>
<th>FY 21 Adjust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$19.4m excess</td>
<td>Revenues are within 1.0%; small timing issues</td>
<td>No Change</td>
<td>No Change</td>
</tr>
<tr>
<td>Ind Withholding</td>
<td>$42.4m</td>
<td>Expect dip in March when revenues are compared against Lottery Jackpot; affects excess by $42.4m</td>
<td>No Change</td>
<td>No Change</td>
</tr>
</tbody>
</table>
ROLLING FISCAL YEAR - SALES & USE TAX
Actuals, Estimates, and Thresholds - FY 2018-19 to FY 2020-21

Source: Revenue and Fiscal Affairs/FAR/2-6-20

February 13, 2020

South Carolina Revenue and Fiscal Affairs Office
ROLLING FISCAL YEAR - INDIVIDUAL INCOME WITHHOLDINGS TAX
Actuals, Estimates, and Limits - FY 2018-19 to FY 2020-21 (Adjusting for Lottery Jackpot)

Source: Revenue and Fiscal Affairs Office/FAR/2-6-20

February 13, 2020
## Recommendations February 2020

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>Monitor FYTD Status</th>
<th>Analysis</th>
<th>FY 20 Adjust</th>
<th>FY 21 Adjust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ind Non-Withholding</td>
<td>$83.5m excess</td>
<td>~$61.4m of excess due to deposit of Lottery Jackpot funds to pay for tax rebate; ~Increase FY 20 est by $20m to match total growth in FY 19 and FY 18 with corresponding adjustment to FY 21</td>
<td>Increase $20m</td>
<td>Increase $20m</td>
</tr>
<tr>
<td>Ind Refunds</td>
<td>$49.2m excess</td>
<td>$61.4m of excess due to processing tax rebates; slower start to 2019 tax filing</td>
<td>No Change</td>
<td>No Change</td>
</tr>
</tbody>
</table>
### Recommendations February 2020

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>Monitor FYTD Status</th>
<th>Analysis</th>
<th>FY 20 Adjust</th>
<th>FY 21 Adjust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corp Inc &amp; License</td>
<td>$41.7m excess</td>
<td>~Estimate anticipates a decline; actual results show growth</td>
<td>$20m</td>
<td>No Change</td>
</tr>
<tr>
<td></td>
<td></td>
<td>~Adjust Corp Inc to show no growth in FY 20; no adjustment to FY 21 means the expected decrease changes from $30m to $50m</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
ROLLING FISCAL YEAR - CORPORATE INCOME & LICENSE TAXES
Actuals, Estimates, and Limits - FY 2018-19 to FY 2020-21

Source: Revenue and Fiscal Affairs/FAR/2-6-20

February 13, 2020

South Carolina Revenue and Fiscal Affairs Office
CORPORATE INCOME & LICENSE TAX GROWTH COMPARISONS

FY 15  FY 16  FY 17  FY 18  FY 19

-$20.00 $40.00 $60.00 $80.00 $100.00 $120.00 $140.00

FY 20 - NOV Est FY 20 - FYTD Act FY 20 - FEB REV

FY 21 - NOV Est FY 21 - FEB REV

FEB 2020
Increase est $20 million; est same as FY 19 Actual, no growth in FY 20

FEB 2020
No Change Estimated decrease moves from -$26.4m to -46.4m

Source: Revenue and Fiscal Affairs/FAR/2-6-20

February 13, 2020

South Carolina Revenue and Fiscal Affairs Office
## Recommendations February 2020

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>Monitor FYTD Status</th>
<th>Analysis</th>
<th>FY 20 Adjust</th>
<th>FY 21 Adjust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td>$10.1m excess</td>
<td>Audits, better than estimated growth</td>
<td>$10m</td>
<td>$5m</td>
</tr>
<tr>
<td>Earnings</td>
<td>$21.3m excess</td>
<td>Updated estimate from State Treasurer’s Office</td>
<td>$10m</td>
<td>No Change</td>
</tr>
</tbody>
</table>

| Total Adjustments |               | $60m     | $25m         |

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*February 13, 2020*

*South Carolina Revenue and Fiscal Affairs Office*
SUMMARY

• Recommend increasing FY 20 estimate by $60 million and FY 21 estimate by $25 million.
• Adopt spreadsheet with detailed revenue estimate.
• As a result of these changes, the FY 20 growth rate is 5.3 percent and the FY 21 growth rate is 3.6 percent.
• No change to Lottery estimate.
### Personal Income Growth
FY20 - 5.25%; FY21 - 4.50%

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and Use Tax</td>
<td>$3,034,415,169</td>
<td>$3,186,425,454</td>
<td>$3,418,401,000</td>
<td>$3,572,229,000</td>
<td>4.8</td>
<td>5.0</td>
<td>7.3</td>
<td>4.5</td>
</tr>
<tr>
<td>Individual Income Tax</td>
<td>4,398,423,661</td>
<td>4,714,998,174</td>
<td>4,941,301,000</td>
<td>5,136,732,000</td>
<td>7.1</td>
<td>7.2</td>
<td>8.8</td>
<td>4.4</td>
</tr>
<tr>
<td>Corporation Income Tax</td>
<td>375,189,587</td>
<td>494,214,442</td>
<td>494,214,000</td>
<td>444,214,000</td>
<td>17.1</td>
<td>31.7</td>
<td>(0.0)</td>
<td>(10.3)</td>
</tr>
<tr>
<td>Insurance Taxes</td>
<td>227,931,949</td>
<td>256,207,957</td>
<td>246,832,000</td>
<td>288,995,000</td>
<td>(4.1)</td>
<td>12.4</td>
<td>(3.7)</td>
<td>17.1</td>
</tr>
<tr>
<td>Admissions Tax</td>
<td>30,746,293</td>
<td>32,571,884</td>
<td>33,451,000</td>
<td>34,354,000</td>
<td>1.0</td>
<td>5.9</td>
<td>2.7</td>
<td>2.7</td>
</tr>
<tr>
<td>Aircraft Tax</td>
<td>2,500,000</td>
<td>2,500,000</td>
<td>2,500,000</td>
<td>2,500,000</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Alcoholic Liquor Tax</td>
<td>79,285,307</td>
<td>83,877,459</td>
<td>87,830,000</td>
<td>91,948,000</td>
<td>3.3</td>
<td>5.8</td>
<td>4.7</td>
<td>4.7</td>
</tr>
<tr>
<td>Bank Tax</td>
<td>47,909,447</td>
<td>68,798,957</td>
<td>85,197,000</td>
<td>87,190,000</td>
<td>(10.2)</td>
<td>43.6</td>
<td>23.8</td>
<td>2.3</td>
</tr>
<tr>
<td>Beer and Wine Tax</td>
<td>107,727,311</td>
<td>110,391,069</td>
<td>112,047,000</td>
<td>113,728,000</td>
<td>(1.7)</td>
<td>2.5</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Bingo Tax</td>
<td>358,256</td>
<td>111,602</td>
<td>112,000</td>
<td>113,000</td>
<td>(47.2)</td>
<td>(68.8)</td>
<td>0.4</td>
<td>0.9</td>
</tr>
<tr>
<td>Business Filing Fees</td>
<td>7,038,361</td>
<td>7,424,879</td>
<td>7,830,000</td>
<td>8,200,000</td>
<td>12.1</td>
<td>5.5</td>
<td>5.5</td>
<td>4.7</td>
</tr>
<tr>
<td>Circuit/Family Court Fines</td>
<td>7,351,527</td>
<td>6,745,763</td>
<td>6,476,000</td>
<td>6,217,000</td>
<td>(6.8)</td>
<td>(8.2)</td>
<td>(4.0)</td>
<td>(4.0)</td>
</tr>
<tr>
<td>Corporation License Tax</td>
<td>110,199,187</td>
<td>112,007,772</td>
<td>115,480,000</td>
<td>119,060,000</td>
<td>61.6</td>
<td>1.6</td>
<td>3.1</td>
<td>3.1</td>
</tr>
<tr>
<td>Documentary Tax</td>
<td>75,624,914</td>
<td>80,425,985</td>
<td>85,573,000</td>
<td>91,050,000</td>
<td>46.3</td>
<td>6.3</td>
<td>6.4</td>
<td>6.4</td>
</tr>
<tr>
<td>Earned on Investments</td>
<td>40,110,261</td>
<td>87,487,280</td>
<td>105,000,000</td>
<td>75,000,000</td>
<td>30.2</td>
<td>118.1</td>
<td>14.3</td>
<td>25.0</td>
</tr>
<tr>
<td>Indirect Cost Recoveries</td>
<td>16,755,476</td>
<td>15,938,594</td>
<td>15,500,000</td>
<td>15,500,000</td>
<td>14.0</td>
<td>(4.9)</td>
<td>(2.8)</td>
<td>0.0</td>
</tr>
<tr>
<td>Motor Vehicle Licenses</td>
<td>11,000,604</td>
<td>12,079,044</td>
<td>12,478,000</td>
<td>12,890,000</td>
<td>(0.2)</td>
<td>9.5</td>
<td>3.3</td>
<td>3.3</td>
</tr>
<tr>
<td>Nursing Home Fees</td>
<td>3,572,661</td>
<td>3,547,314</td>
<td>3,600,000</td>
<td>3,600,000</td>
<td>0.2</td>
<td>(0.7)</td>
<td>1.5</td>
<td>0.0</td>
</tr>
<tr>
<td>Parole and Probation Fees</td>
<td>3,392,808</td>
<td>3,392,808</td>
<td>3,393,000</td>
<td>3,393,000</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Private Car Lines Tax</td>
<td>5,960,493</td>
<td>6,215,080</td>
<td>6,495,000</td>
<td>6,787,000</td>
<td>8.4</td>
<td>4.3</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Public Service Authority</td>
<td>17,397,000</td>
<td>17,496,000</td>
<td>17,600,000</td>
<td>17,700,000</td>
<td>(2.0)</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Purchasing Card Rebates</td>
<td>3,034,527</td>
<td>3,171,665</td>
<td>3,330,000</td>
<td>3,497,000</td>
<td>4.4</td>
<td>4.5</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Record Search Fees</td>
<td>4,461,000</td>
<td>4,461,000</td>
<td>4,461,000</td>
<td>4,461,000</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Savings and Loan Assoc. Tax</td>
<td>949,371</td>
<td>1,254,252</td>
<td>1,141,000</td>
<td>1,038,000</td>
<td>(49.5)</td>
<td>32.1</td>
<td>(9.0)</td>
<td>(9.0)</td>
</tr>
<tr>
<td>Security Dealer Fees</td>
<td>26,385,770</td>
<td>27,178,780</td>
<td>27,700,000</td>
<td>28,100,000</td>
<td>2.9</td>
<td>3.0</td>
<td>1.9</td>
<td>1.4</td>
</tr>
<tr>
<td>Surcharge on Vehicle Rentals</td>
<td>946,115</td>
<td>(295,401)</td>
<td>175,000</td>
<td>175,000</td>
<td>(63.9)</td>
<td>(131.2)</td>
<td>159.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Tobacco Tax</td>
<td>27,209,563</td>
<td>28,372,637</td>
<td>28,068,000</td>
<td>28,657,000</td>
<td>3.1</td>
<td>4.3</td>
<td>4.3</td>
<td>2.1</td>
</tr>
<tr>
<td>Uncashed Checks</td>
<td>2,927,135</td>
<td>1,027,801</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>(17.1)</td>
<td>(64.9)</td>
<td>(2.7)</td>
<td>0.0</td>
</tr>
<tr>
<td>Unclaimed Property Fund</td>
<td>15,000,000</td>
<td>12,600,000</td>
<td>15,000,000</td>
<td>15,000,000</td>
<td>0.0</td>
<td>(16.0)</td>
<td>19.6</td>
<td>0.0</td>
</tr>
<tr>
<td>Workers' Comp. Insurance Tax</td>
<td>9,836,976</td>
<td>9,382,100</td>
<td>9,101,000</td>
<td>8,828,000</td>
<td>9.2</td>
<td>(4.6)</td>
<td>(3.0)</td>
<td>(3.0)</td>
</tr>
<tr>
<td>Other Source Revenues</td>
<td>12,346,921</td>
<td>12,116,456</td>
<td>11,899,000</td>
<td>11,931,000</td>
<td>12.2</td>
<td>(1.9)</td>
<td>(1.8)</td>
<td>0.3</td>
</tr>
</tbody>
</table>

**Gross General Fund Revenue:** $8,706,017,446

Note: Gross General Fund Revenue includes Individual Income and Corporate Income tax revenue that is transferred for Property Tax Relief Trust Fund pursuant to §11-1150.

Source: South Carolina Board of Economic Advisors/BEA/RWM/02/13/20
## Personal Income Growth
**FY20 - 5.25% FY21 - 4.50%**

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Gross General Fund Revenue</td>
<td>$8,766,017,448</td>
<td>$9,402,126,809</td>
<td>$9,876,179,000</td>
<td>$10,254,687,000</td>
<td>6.7</td>
<td>8.4</td>
<td>5.3</td>
<td>3.6</td>
</tr>
<tr>
<td>Appropriation Act Revenue</td>
<td>8,554,363,000</td>
<td>8,836,942,000</td>
<td>9,330,662,000</td>
<td>10,229,087,000</td>
<td>4.6</td>
<td>3.5</td>
<td>5.6</td>
<td>9.6</td>
</tr>
<tr>
<td>Less: Tax Relief Trust Fund</td>
<td>(582,033,401)</td>
<td>(599,876,083)</td>
<td>(614,409,000)</td>
<td>(629,405,000)</td>
<td>(1.2)</td>
<td>(3.1)</td>
<td>(2.4)</td>
<td>(2.5)</td>
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<tr>
<td>Plus: Tax Relief Trust Fund Carryforward</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Appropriation Act Excluding Trust Fund</td>
<td>7,972,329,599</td>
<td>8,236,165,917</td>
<td>8,716,453,000</td>
<td>9,599,682,000</td>
<td>4.9</td>
<td>3.6</td>
<td>5.8</td>
<td>10.1</td>
</tr>
<tr>
<td>Capital Reserve Fund (2%) - Beg. Bal.</td>
<td>145,420,836</td>
<td>151,649,393</td>
<td>162,485,305</td>
<td>176,095,044</td>
<td>4.5</td>
<td>4.3</td>
<td>7.1</td>
<td>8.4</td>
</tr>
<tr>
<td>General Reserve Fund (5%) - Beg. Bal.</td>
<td>363,552,089</td>
<td>379,123,483</td>
<td>406,213,261</td>
<td>440,237,611</td>
<td>4.5</td>
<td>4.3</td>
<td>7.1</td>
<td>8.4</td>
</tr>
<tr>
<td>Total Reserve Funds</td>
<td>508,972,925</td>
<td>530,772,876</td>
<td>568,698,566</td>
<td>616,332,655</td>
<td>4.5</td>
<td>4.3</td>
<td>7.1</td>
<td>8.4</td>
</tr>
<tr>
<td>Revenue Excess/Shortage From Act</td>
<td>171,654,446</td>
<td>566,084,809</td>
<td>567,513,000</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education Improvement Act (EIA)</td>
<td>792,172,686</td>
<td>840,103,875</td>
<td>892,482,200</td>
<td>930,273,000</td>
<td>3.7</td>
<td>6.1</td>
<td>6.2</td>
<td>4.2</td>
</tr>
<tr>
<td>EIA Fund</td>
<td>790,719,514</td>
<td>837,529,968</td>
<td>890,482,200</td>
<td>928,773,000</td>
<td>3.7</td>
<td>5.9</td>
<td>6.3</td>
<td>4.3</td>
</tr>
<tr>
<td>EIA Interest</td>
<td>1,453,172</td>
<td>2,573,907</td>
<td>2,000,000</td>
<td>1,500,000</td>
<td>(2.6)</td>
<td>(7.7)</td>
<td>(22.3)</td>
<td>(25.0)</td>
</tr>
<tr>
<td>S.C. Education Lottery Fund (Net)</td>
<td>416,528,584</td>
<td>490,656,044</td>
<td>470,300,000</td>
<td>469,800,000</td>
<td>8.6</td>
<td>12.4</td>
<td>(4.1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Homestead Exemption Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenue Available</td>
<td>717,410,352</td>
<td>756,112,890</td>
<td>806,281,000</td>
<td>840,237,000</td>
<td>4.7</td>
<td>5.4</td>
<td>6.6</td>
<td>4.2</td>
</tr>
<tr>
<td>Less: Homestead Exemption Fund Shortfall</td>
<td>(2,557,000)</td>
<td>(17,322,000)</td>
<td>7,525,000</td>
<td>11,350,000</td>
<td>32.1</td>
<td>46.8</td>
<td>74.3</td>
<td>50.8</td>
</tr>
</tbody>
</table>

Note: Gross General Fund Revenue includes Individual Income and Corporate Income tax revenue that is transferred for Property Tax Relief Trust Fund pursuant to §41-11-150.

Source: South Carolina Board of Economic Advisors/BEA/RWA/02/13/20
BUDGET STATUS UPDATE
FY 2020-21 General Fund Outlook  
(Dollars in Millions)

BEA Revenue Estimate (2/13/2020) $10,254
- Tax Relief Trust Fund ($629)
- FY 19-20 Appropriation Act ($8,737)

Estimated “New” General Fund Revenue $888

Reserve Fund Contributions
- Incremental General Reserve Fund (5%) ($34)
- Incremental Capital Reserve Fund (2%) ($14)

Estimated “New” General Fund Revenue Available for Appropriation $840
(less Reserve Fund Contributions)
FY 2020-21 Budget Outlook
(Numbers in Millions)

FY 2019-20 Capital Reserve Fund $162
FY 2018-19 Contingency Reserve Fund $350
Projected FY 2019-20 General Fund Surplus (2/13/2020) $567
Total Non-Recurring Revenue $1,079

FY 2019-20 HEX Fund Surplus/(Shortfall) $8
FY 2020-21 HEX Fund Surplus/(Shortfall) $11
FY 2019-20 EIA Surplus/(Shortfall) $31
FY 2020-21 “New” EIA Revenue $69
FY 2019-20 Lottery Revenue $470
FY 2020-21 Lottery Revenue $470
OTHER BUSINESS
REPORTS FROM WORKING GROUP
FUTURE MEETING SCHEDULE

A. March 19, 2020, 1:30 – If necessary, GoToMeeting for Members
B. April 9, 2020, 1:30 - Quarterly Review; Final Forecast (April 10)
C. May 14, 2020, 1:30 – If necessary, GoToMeeting for Members
D. June 11, 2020, 1:30 – Economic and Revenue Update
E. July 23, 2020, 1:30 - If necessary, GoToMeeting for Members

February 13, 2020

South Carolina Revenue and Fiscal Affairs Office
THE HONORABLE CURTIS M. LOFTIS, JR.
State Treasurer

January 29, 2020

Mr. Frank A. Rainwater
Executive Director
Revenue & Fiscal Affairs Authority
1000 Assembly Street
Suite 421 Dennis Building
Columbia, SC 29201

Dear Mr. Rainwater:

Pursuant to your request, we have reviewed our revenue estimates for the current and upcoming fiscal year. Please find our estimates disclosed below for Earnings on Investments and Unclaimed Property. We have removed the estimate for Unclaimed Checks (§11-5-260) as we anticipate receiving less than $1 million.

<table>
<thead>
<tr>
<th></th>
<th>Estimate FY 2019-2020</th>
<th>Estimate FY 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings on Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Fund</td>
<td>$100,000,000</td>
<td>$75,000,000</td>
</tr>
<tr>
<td>EIA Interest Earnings</td>
<td>$2,000,000</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Lottery Fund Interest Earnings</td>
<td>$3,000,000</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>Homestead Exemption Fund</td>
<td>$2,000,000</td>
<td>$1,800,000</td>
</tr>
<tr>
<td>Unclaimed Property Fund Transfers Recurring</td>
<td>$15,000,000</td>
<td>$15,000,000</td>
</tr>
</tbody>
</table>

If we may be of any further assistance, please do not hesitate to contact us.

Yours very truly,

Curtis M. Loftis, Jr
State Treasurer

Cc: Edward Grimball, Chairman, RFA
    Howell Clyborne, Jr., RFA
    Emerson F. Gower, Jr., RFA
    Mike Shealy, Senate Finance Committee
    Daniel Boan, House Ways & Means Committee