



**SOUTH CAROLINA
REVENUE AND FISCAL AFFAIRS OFFICE**

CHAD WALLDORF, Chairman
HOWELL CLYBORNE, JR.
EMERSON F. GOWER, JR.

FRANK A. RAINWATER
Executive Director

**BOARD OF ECONOMIC ADVISORS
WORKING GROUP MEETING
AGENDA**

October 15, 2014

**Upon adjournment of RFA meeting
Room 335 - DNR Conference Room
3rd Floor, Rembert C. Dennis Building**

1. Welcome
2. Meeting Minutes - September 24, 2014
3. Administrative Matters
4. Overview of First Quarter Results - (F. Rainwater)
5. Other Items
 - A. November Meeting Items
 1. Lottery Commission Presentation
 2. FY 2015-16 Revenue Forecast
 - B. Other Matters
6. Reports from Working Group Members
 - A. Governor's Office
 - B. Senate Finance Office
 - C. Ways & Means Office
 - D. Treasurer's Office
 - E. Comptroller General's Office
7. Future Meeting Schedule:
 - A. November 10, 2014, upon adjournment of RFA meeting - Preliminary 2015-16 Estimate
 - B. December 16, 2014, upon adjournment of RFA meeting
 - C. January 22, 2015, upon adjournment of RFA meeting - Quarterly Review
 - D. 2014 Calendar at <http://www.rfa.sc.gov/calendar?m=08&y=2014>
8. 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



South Carolina Revenue and Fiscal Affairs Office

FIRST QUARTER RESULTS JULY – SEPTEMBER FY 2014-15

- **For the first quarter, General Fund Revenues totaled \$1,803.4 million and exceeded the quarterly estimate by \$23.9 million.**
- **FYTD growth was 5.0% compared to the quarterly growth estimate of 3.6%; annual growth is estimated at 2.4%.**
- **Most of the \$23.9 million excess, however, was affected by one-time factors (audit, timing).**



FIRST QUARTER RESULTS

JULY – SEPTEMBER FY 2014-15

Sales Tax

- FYTD growth rate was 3.2% compared to the estimated quarterly rate of 2.1%; Revenues exceeded estimated collections by \$12.3 million.

Individual Income

- For the first quarter, Individual Income Tax revenue grew 4.3% compared to the estimated quarterly growth rate of 4.5%; Revenues were \$2.1 million below estimated collections.
- Withholdings grew 3.2% which was below the estimated quarterly growth of 5.1% and was \$19.0 million below estimates. Part of the shortfall was due to timing of tax credits.
- Declarations, Payments with Returns, and Refunds performed better than expected and reduced the shortfall in Withholdings.



FIRST QUARTER RESULTS

JULY – SEPTEMBER FY 2014-15

Corporate Income

- **Corporate Income Tax grew 11.2% in the first quarter which was above the estimated quarterly rate of 9.0%; Revenues exceeded collections by \$1.6 million.**
- **In September, Payments with Returns exceeded estimates by \$16.2 million; \$12 million of which was a single audit.**

Corporate License

- **For the first quarter, Corporate License revenue exceeded the estimate by \$8.0 million partly due to faster processing by DOR.**

Other Items

- **Insurance Taxes exceeded quarterly estimates by \$3.9; Bank Tax revenue was \$2.9 million below quarterly estimates.**



Appendix



October 15, 2014

**State of South Carolina
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Board of Economic Advisors
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SOUTH CAROLINA GENERAL FUND REVENUE

**SEPTEMBER
FISCAL YEAR
2014-15**

OCTOBER 15, 2014



South Carolina Revenue and Fiscal Affairs Office

GENERAL FUND REVENUE MONTHLY SUMMARY: FISCAL YEARS 2013-14 & 2014-15

MONTH OF SEPTEMBER

TABLE 1

REVENUE CATEGORIES	FY 2013-14	FY 2014-15	\$ CHANGE	% CHANGE
Retail Sales and Use Tax 1/	\$214,535,545 +	\$220,707,288	\$6,171,743	2.9
Excise Tax, Casual Sales 1/	1,870,149	1,257,589	(612,560)	(32.8)
Individual Income Tax	403,852,394	422,810,881	18,958,487	4.7
Corporation Income Tax	61,891,529	78,379,524	16,487,995	26.6
Admissions Tax 2/	3,309,480	4,340,347	1,030,867	31.1
Admissions Tax - Bingo 2/	278,269	425,983	147,714	53.1
Aircraft Tax	0	0	0	---
Alcoholic Liquor Tax 2/	4,788,846	5,773,542	984,696	20.6
Bank Tax	7,591,355	5,897,947	(1,693,408)	(22.3)
Beer and Wine Tax 2/	9,310,482	9,034,233	(276,249)	(3.0)
Business License Tax (Tobacco) 2/	2,161,052	2,126,527	(34,525)	(1.6)
Coin-Operated Device Tax	6,319	13,890	7,571	119.8
Corporation License Tax	13,673,858	6,438,491	(7,235,367)	(52.9)
Departmental Revenue 3/	(71,546) +	774,757	846,303	1,182.9
Documentary Tax 2/	3,223,410	3,611,752	388,342	12.0
Earned on Investments **	1,608,392	1,431,606	(176,786)	(11.0)
Insurance Tax	41,672,217 +	69,905,222	28,233,005	67.8
Motor Vehicle Licenses	914,660	648,010	(266,650)	(29.2)
Private Car Lines Tax	(4,327)	1,571	5,898	136.3
Public Service Authority	0	0	0	---
Retailers License Tax	52,568	41,129	(11,439)	(21.8)
Savings and Loan Assoc. Tax	283,410	235,241	(48,169)	(17.0)
Workers Comp. Insurance Tax	3,195,417	2,887,520	(307,897)	(9.6)
Circuit/Family Court Fines	830,765	703,579	(127,186)	(15.3)
Debt Service Transfers	0	0	0	---
Indirect Cost Recoveries	90,616	563,085	472,469	521.4
Parole and Probation Fees	0	282,734	282,734	---
Unclaimed Property Fund	3,750,000	3,750,000	0	0.0
Gross General Fund Revenue 4/	\$778,814,860 +	\$842,042,448	\$63,227,588	8.1

1/: Excludes Education Improvement Act (1%), Accommodations (2%), Homestead Exemption Fund (1%) and Local Option taxes. Modified accrual since FY'91.

2/: End-of-year modified accrual since FY 1992-93 except for Documentary Tax, which began in FY 2001-02.

3/: Includes current and former "non-recurring revenue" shown separately in prior fiscal years.

4/: Format corresponds to BEA Official Revenue Estimate.

**/: Results for earnings are subject to maturity differentials. +/: As restated. N/A: Not available. */: Greater than +/- 9,999.

Source: S. C. Board of Economic Advisors (BEA).

File: WGM1014_Sep_MTH_FY15.xlsx

GENERAL FUND REVENUE MONTHLY SUMMARY: FISCAL YEARS 2013-14 & 2014-15

JULY - SEPTEMBER

TABLE 2

REVENUE CATEGORIES	FY 2013-14	FY 2014-15	\$ CHANGE	% CHANGE
Retail Sales and Use Tax 1/	\$430,678,098 +	\$446,277,750	\$15,599,652	3.6
Excise Tax, Casual Sales 1/	3,709,540	2,511,841	(1,197,699)	(32.3)
Individual Income Tax	1,071,184,262	1,117,397,810	46,213,548	4.3
Corporation Income Tax	73,179,547	81,400,886	8,221,339	11.2
Admissions Tax 2/	(455,545)	1,397,704	1,853,249	406.8
Admissions Tax - Bingo 2/	691,951	717,720	25,769	3.7
Aircraft Tax	119,112	587,042	467,930	392.8
Alcoholic Liquor Tax 2/	9,906,872	11,119,753	1,212,881	12.2
Bank Tax	8,245,112	7,051,827	(1,193,285)	(14.5)
Beer and Wine Tax 2/	18,969,359	19,502,595	533,236	2.8
Business License Tax (Tobacco) 2/	4,447,484	4,670,832	223,348	5.0
Coin-Operated Device Tax	121,774	115,971	(5,803)	(4.8)
Corporation License Tax	20,207,113	13,821,252	(6,385,861)	(31.6)
Departmental Revenue 3/	3,409,924 +	1,777,338	(1,632,586)	(47.9)
Documentary Tax 2/	6,367,764	7,184,470	816,706	12.8
Earned on Investments **	5,292,385	4,491,823	(800,562)	(15.1)
Insurance Tax	46,370,700 +	71,991,760	25,621,060	55.3
Motor Vehicle Licenses	1,632,615 +	1,168,011	(464,604)	(28.5)
Private Car Lines Tax	8,726	44,837	36,111	413.8
Public Service Authority	0	0	0	---
Retailers License Tax	179,753	162,798	(16,955)	(9.4)
Savings and Loan Assoc. Tax	360,035	662,374	302,339	84.0
Workers Comp. Insurance Tax	2,406,135	1,088,745	(1,317,390)	(54.8)
Circuit/Family Court Fines	2,100,063	2,033,490	(66,573)	(3.2)
Debt Service Transfers	0	0	0	---
Indirect Cost Recoveries	1,758,532	1,590,818	(167,714)	(9.5)
Parole and Probation Fees	3,392,808	848,202	(2,544,606)	(75.0)
Unclaimed Property Fund	3,750,000	3,750,000	0	0.0
Gross General Fund Revenue 4/	\$1,718,034,119 +	\$1,803,367,649	\$85,333,530	5.0

1/: Excludes Education Improvement Act (1%), Accommodations (2%), Homestead Exemption Fund (1%) and Local Option taxes. Modified accrual since FY'91.

2/: End-of-year modified accrual since FY 1992-93 except for Documentary Tax, which began in FY 2001-02.

3/: Includes current and former "non-recurring revenue" shown separately in prior fiscal years.

4/: Format corresponds to BEA Official Revenue Estimate.

**/: Results for earnings are subject to maturity differentials. +: As restated. N/A: Not available. *: Greater than +/- 9,999.

Source: S. C. Board of Economic Advisors (BEA).

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Board of Economic Advisors Revenue Plan Summary: FY 2014-15

Revenues vs. 08/28/14 BEA Adjusted Estimate of \$7,205 Million in FY 2014-15 1/

	JULY - SEPTEMBER Of FY 2014-15			Revenue Growth Rates (%)	
	(\$ in Millions)			Estimate	Actual
	Actual Revenues	Expected Revenues	Excess / (Shortfall)	Full Fiscal Yr.	Yr. to Date
Total General Fund Revenue	1,803.4	1,779.5	23.9	2.4	5.0
Sales Tax	448.8	436.5	12.3	2.9	3.3
Individual Income Tax	1,117.4	1,119.5	(2.1)	2.6	4.3
Corporate Income Tax	81.4	79.8	1.6	7.2	11.2
All Other Revenues #	147.6	136.6	10.9	(1.6)	15.0
Admissions Tax - Total	2.1	0.1	2.1	4.9	794.8
Alcoholic Liquors Tax	11.1	10.0	1.1	1.0	12.2
Bank Tax	7.1	10.0	(2.9)	20.8	(14.5)
Beer and Wine Tax	19.5	19.0	0.5	0.02	2.8
Business License Tax	4.7	4.7	(0.0)	5.8	5.0
Corporation License Tax	13.8	5.8	8.0	(12.4)	(31.6)
Departmental Revenue 2/	1.8	2.7	(0.9)	(56.4)	(47.9)
Documentary Tax	7.2	5.9	1.3	(7.1)	12.8
Earnings on Investments	4.5	4.9	(0.4)	(7.9)	(15.1)
Insurance Tax	72.0	68.1	3.9	17.5	55.3
Workers' Comp. Insurance Tax	1.1	3.0	(1.9)	24.1	(54.8)
All Other Balance	1.5	0.7	0.7	10.5	118.2
Residual Revenue not shown #	1.3	1.8	(0.5)	1.7	(26.8)
Miscellaneous Revenue	8.2	7.1	1.1	(8.5)	(25.3)
Unclaimed Property Fund	3.8	3.8	0.0	0.0	0.0
Miscellaneous Revenue Balance	4.5	3.3	1.1	(13.3)	(38.3)

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

2/: Includes nominal amounts from former recurring revenues.

Notes: Detail may not sum to total due to rounding. #: Residual Revenue includes Coin-Op., Estate and Motor Vehicle Licenses.