



## 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 January 22, 2015, 2:00pm Room 417, Rembert C. Dennis Building

1. Welcome
2. Adoption of Meeting Minutes for BEA Meeting for October 15, 2014 and November 10, 2014; Regional Advisory Meeting of October 15, 2014
3. Administrative Matters
4. Overview - (F. Rainwater)
5. Review of December 2014 Revenue Collections (G. DiBiase)
6. Review of Economic Indicators - (R. Martin)
7. Review of Forecast - (F. Rainwater)
8. Other Items - (F. Rainwater)
  - A. 2015 Meeting Schedule
  - B. February Meeting Items
  - C. Other Matters
9. 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
10. Future Meeting Schedule:
  - A. February 13, 2015, upon adjournment of RFA meeting - Forecast
  - B. March 19, 2015, phone meeting, upon adjournment of RFA meeting
  - C. April 23, 2015, upon adjournment of RFA meeting - quarterly review
  - D. 2015 Calendar at <http://www.rfa.sc.gov/calendar?m=01&y=2015>
11. 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](http://www.rfa.sc.gov)



*South Carolina Revenue and Fiscal Affairs Office*

# DECEMBER 2014 REVENUE COLLECTIONS



# GENERAL FUND REVENUE: DECEMBER 2014

## Overview:

- **December revenues grew 14.7% and were \$80 million above expectations**
- **This level of growth, enhanced by audits and timing of IIT Withholdings, raised cumulative excess to \$88.3 million**
- **Next month, timing issues could negatively impact collections, and the gap between the FYTD 5.0% rate and the 2.8% growth forecast may close**
- **Economy is performing a little better than expected**

## Sales:

- **December receipts grew 5.5% compared to last December and were \$8 million above guide**
- **4.3% growth FYTD exceeds FY15 estimate of 3.7%, and puts FYTD excess at \$32 million**
- **Growth rates are understated due to differences in timing of car sales tax transfer; after timing adjustments, recurring growth FYTD = 7.0%**
- **A concern is that January revenues (Dec. sales) may drop below recent trends due to timing of Christmas purchases**

## Individual Income:

- **December revenues grew 17.1% led by 15.4% gain in Withholdings; revenues exceeded guide by \$50 million**
- **5.5% growth FYTD is above the 3.2% estimate in FY15, and the FYTD excess is now \$43 million; whereas through November, net income was \$7.2 million below guide**
  - **Timing factors contributing to excess:**
    - **Withholdings; one more posting day than last Dec.**
    - **The number of Declarations filed increased by 26%**
    - **Growth declines in bookings/processing of Refunds**
- **Note for January: SCDOR will accept income tax returns earlier than a year ago**

## Corporate Income:

- Receipts were up 7.1%, or \$2.7 million, this December
- For the FYTD, the shortfall improved to -\$20 million
- A \$33 million audit payment that was posted to Corporate License in December, however, will be transferred to Corporate Income in January
- Consequently, the \$20 million shortfall would improve to a \$13 million excess

**Declarations continue to grow yet a lag in final payments, and increased refunds, are weakening overall growth**

## Other Tax/License/Fee Transfers:

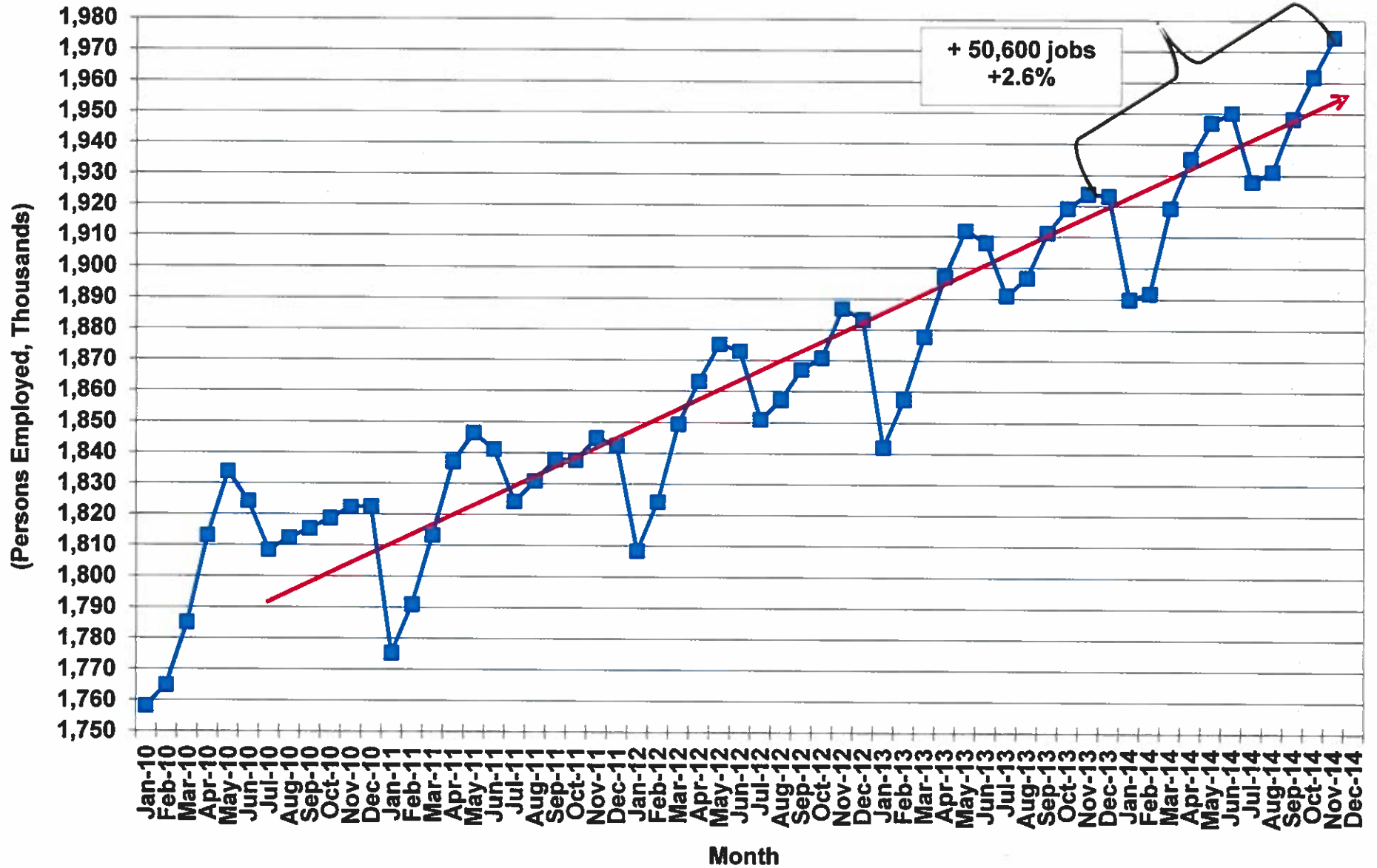
- **Corporate License receipts for December included an extra \$33 million from audits; consequently, the \$31 million FYTD excess is actually a \$2 million shortfall**
- **Bank Tax continues to fall below monthly estimates and is \$9 million below FYTD expectations, as tax audits have been completed**
- **Due to a non-recurring penalty payment, Departmental Revenue is down \$28 million through December, but is \$5 million above FYTD expectations**



# ECONOMIC INDICATORS

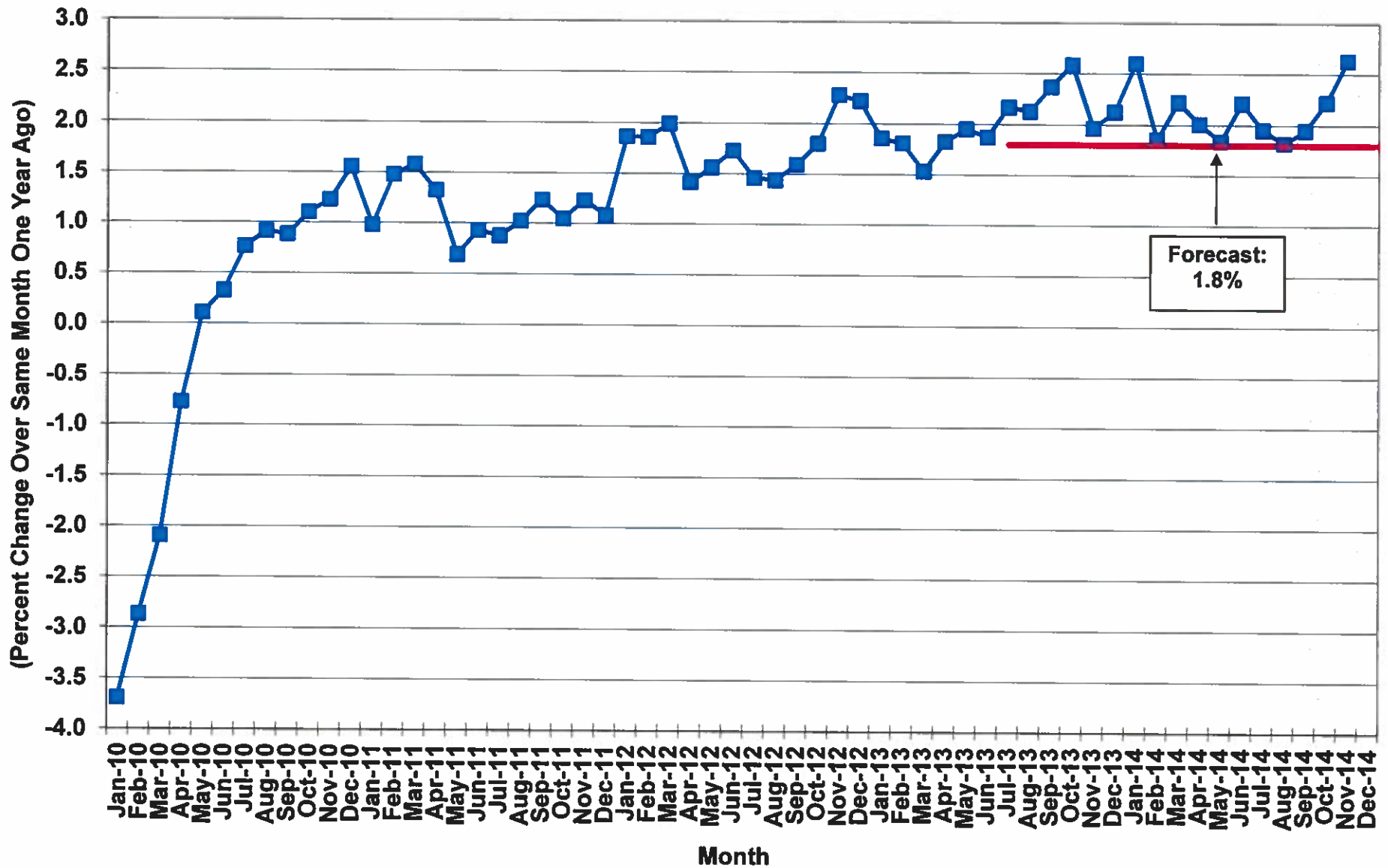


# Total Nonfarm Employment in South Carolina



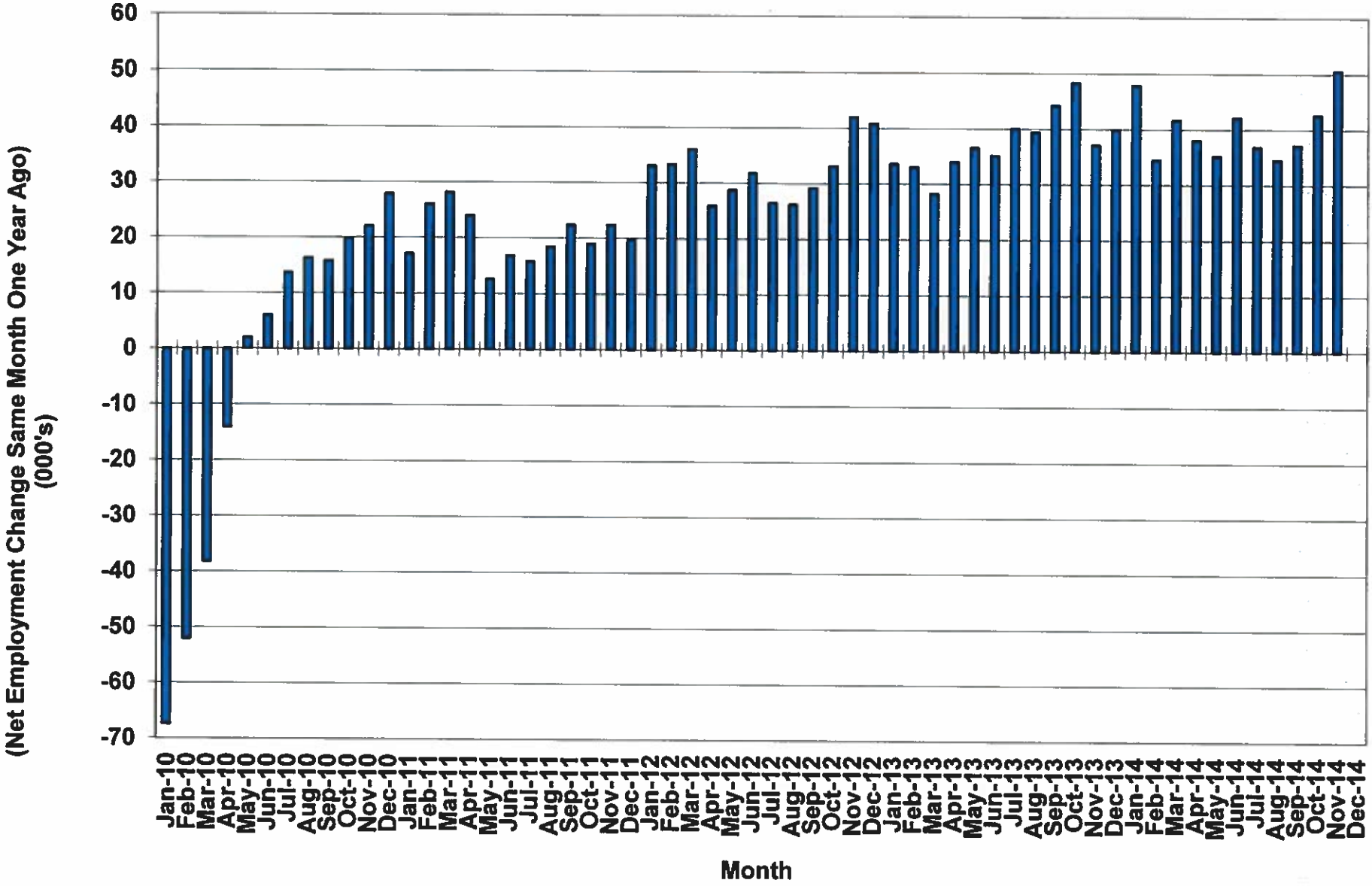
Source: South Carolina Department of Employment and Workforce  
SCBEA/RWM/01/22/15

# Total Nonfarm Employment Growth in South Carolina



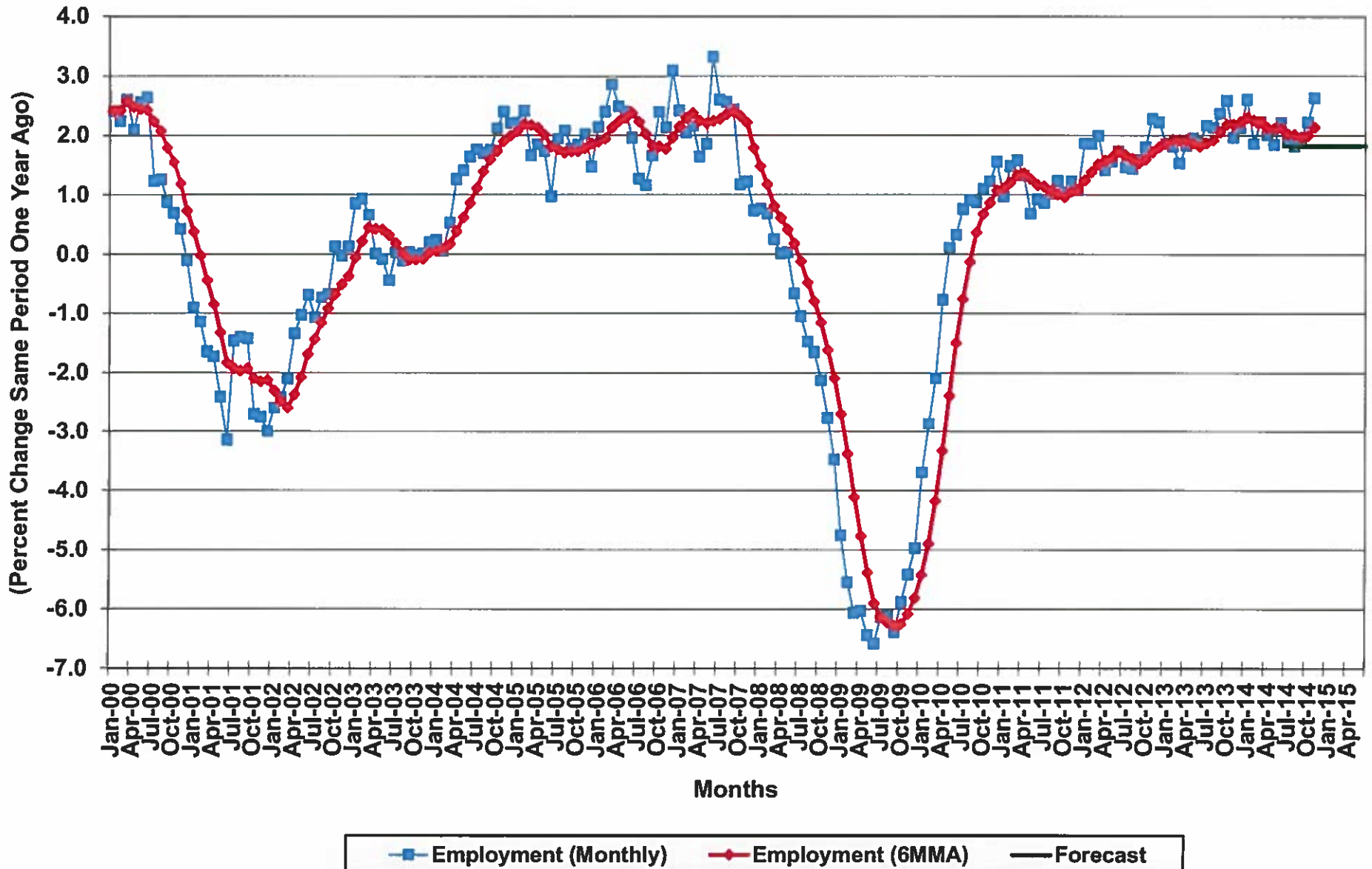
Source: South Carolina Department of Employment and Workforce  
 SCBEA/RWM/01/22/15

# Net Nonfarm Employment Increase/Decrease in South Carolina

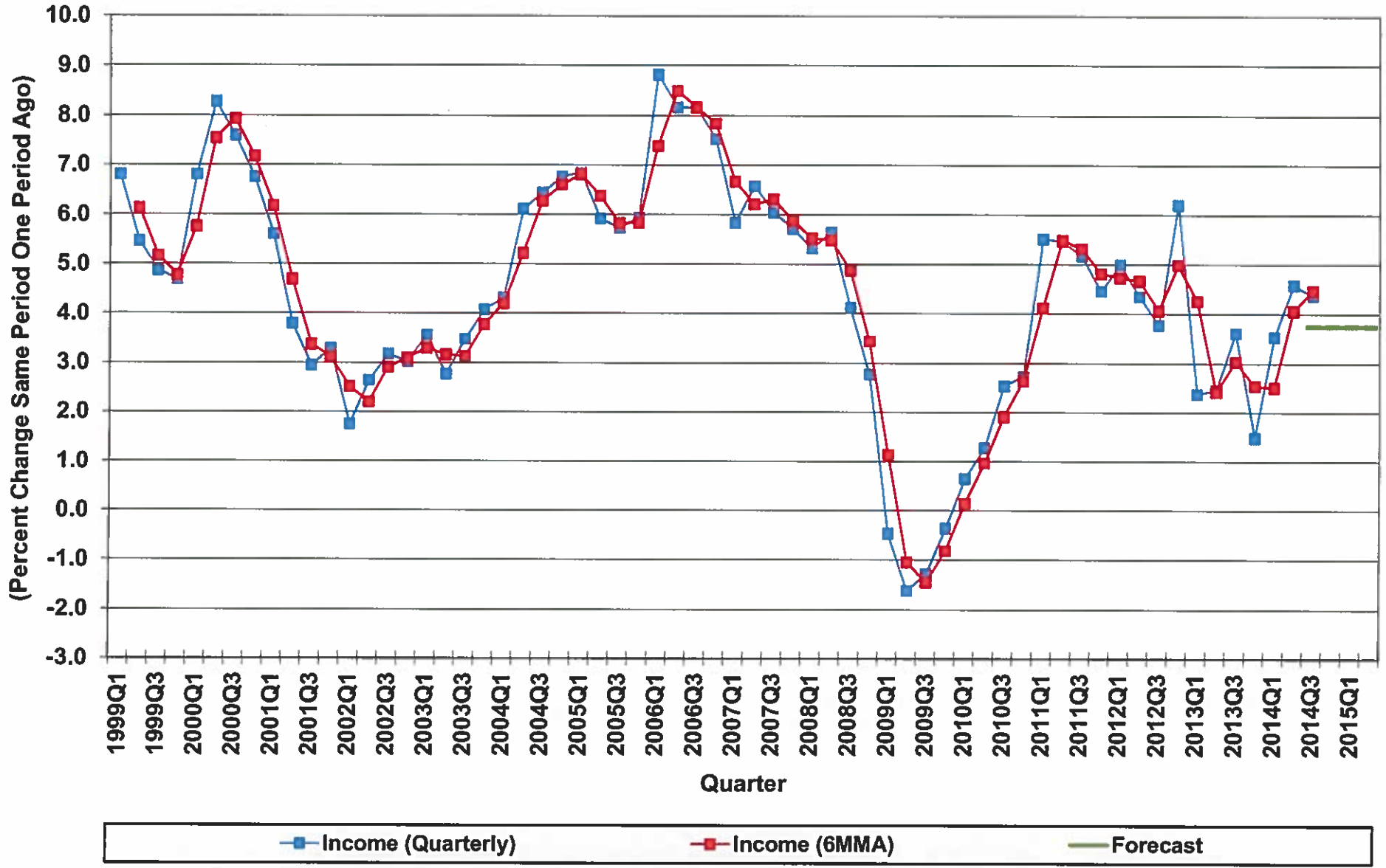


Source: South Carolina Department of Employment and Workforce  
 SCBEA/RWM/01/22/15

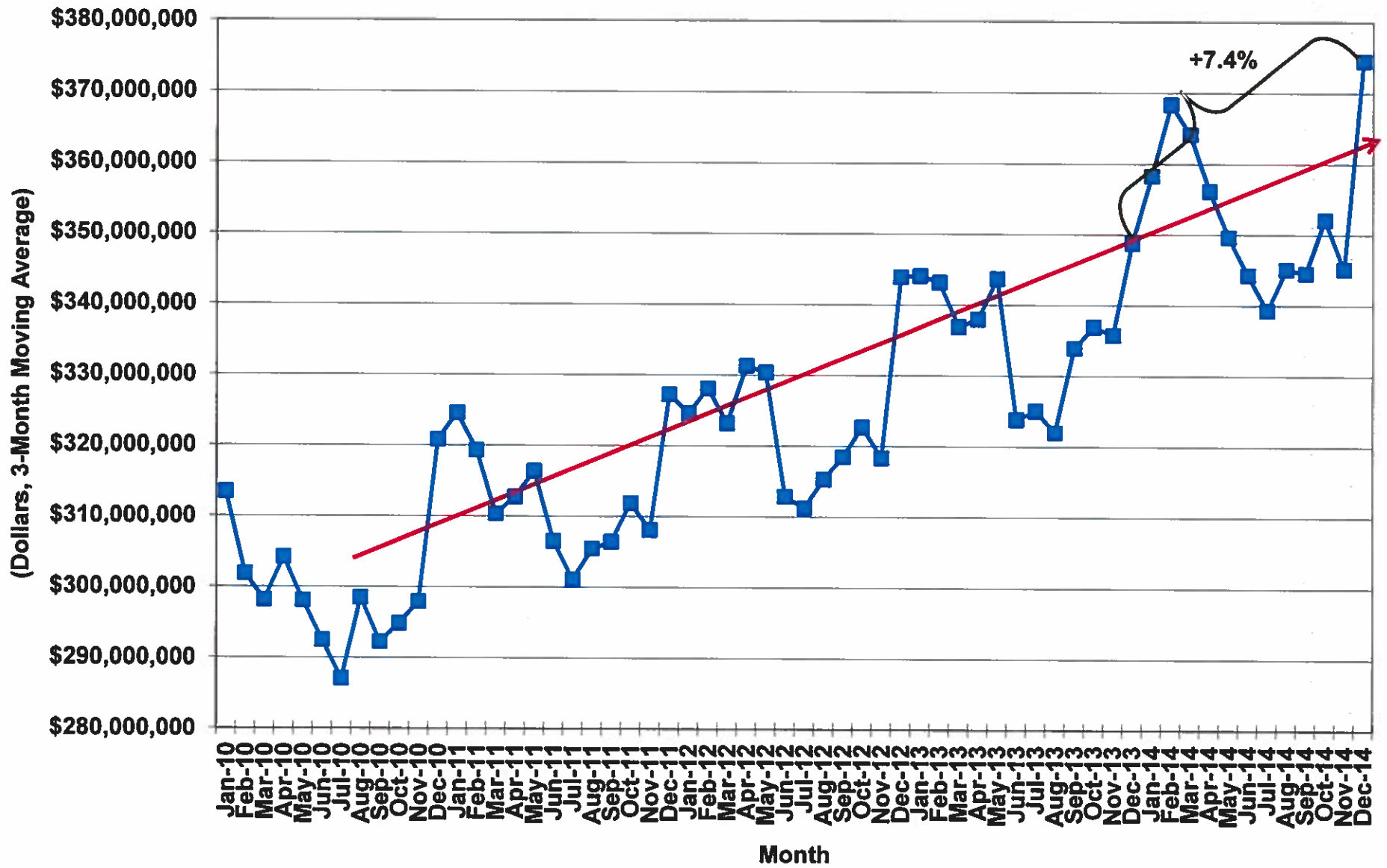
# South Carolina Employment Trends



# South Carolina Personal Income Trends

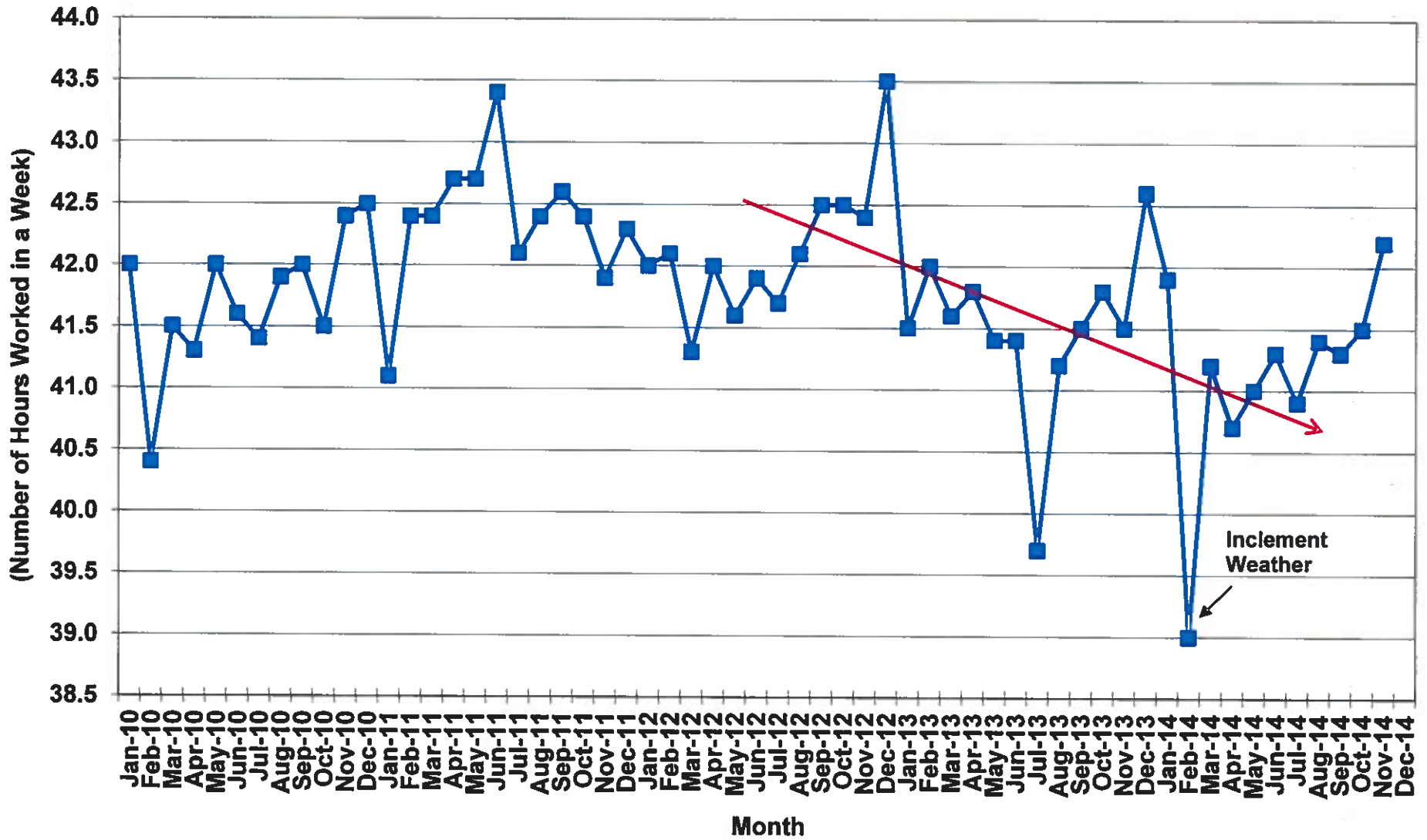


# South Carolina Income Tax Withholdings



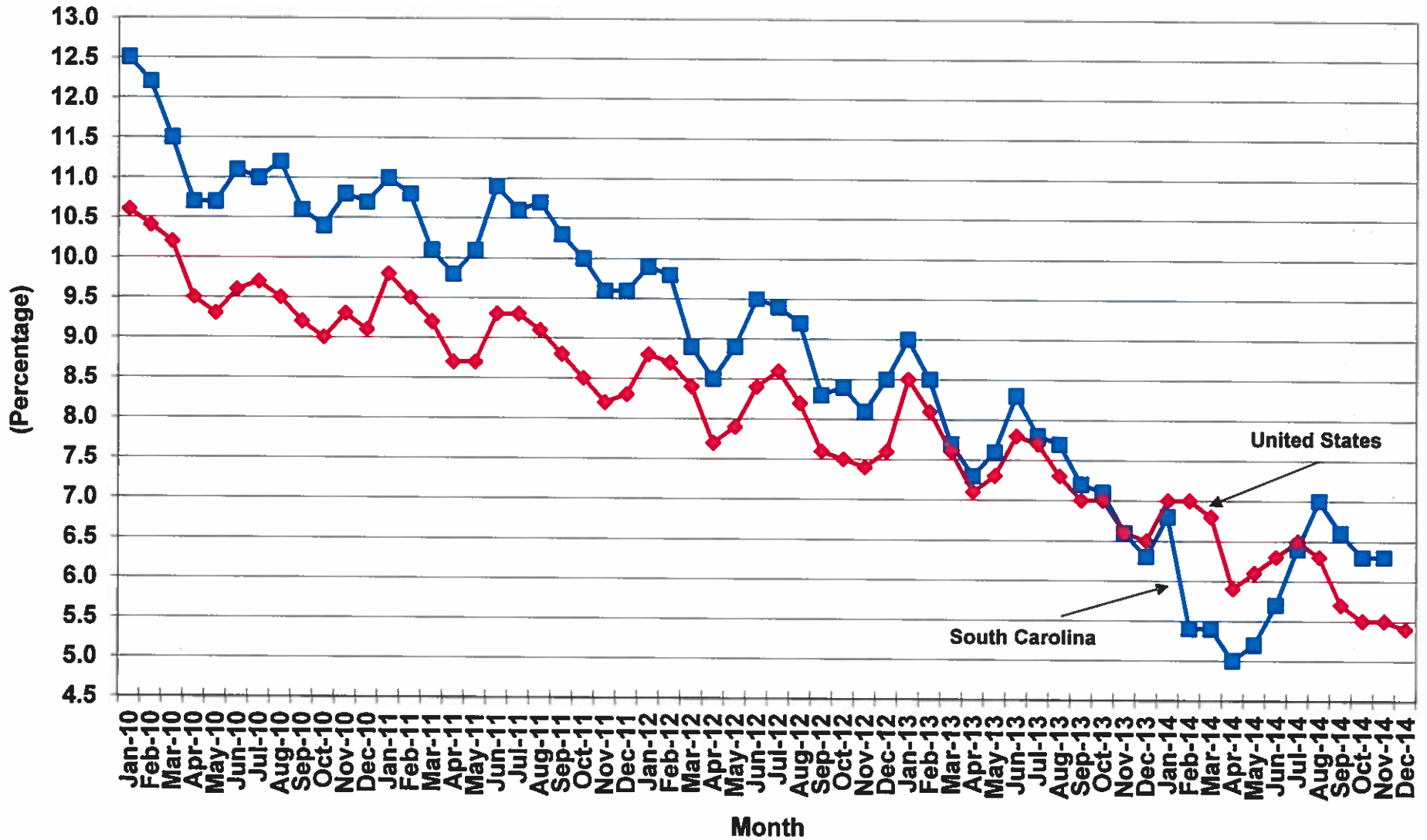
Source: South Carolina Department of Revenue  
SCBEA/RWM/01/22/15

## Average Work Week of Manufacturing Employees in South Carolina

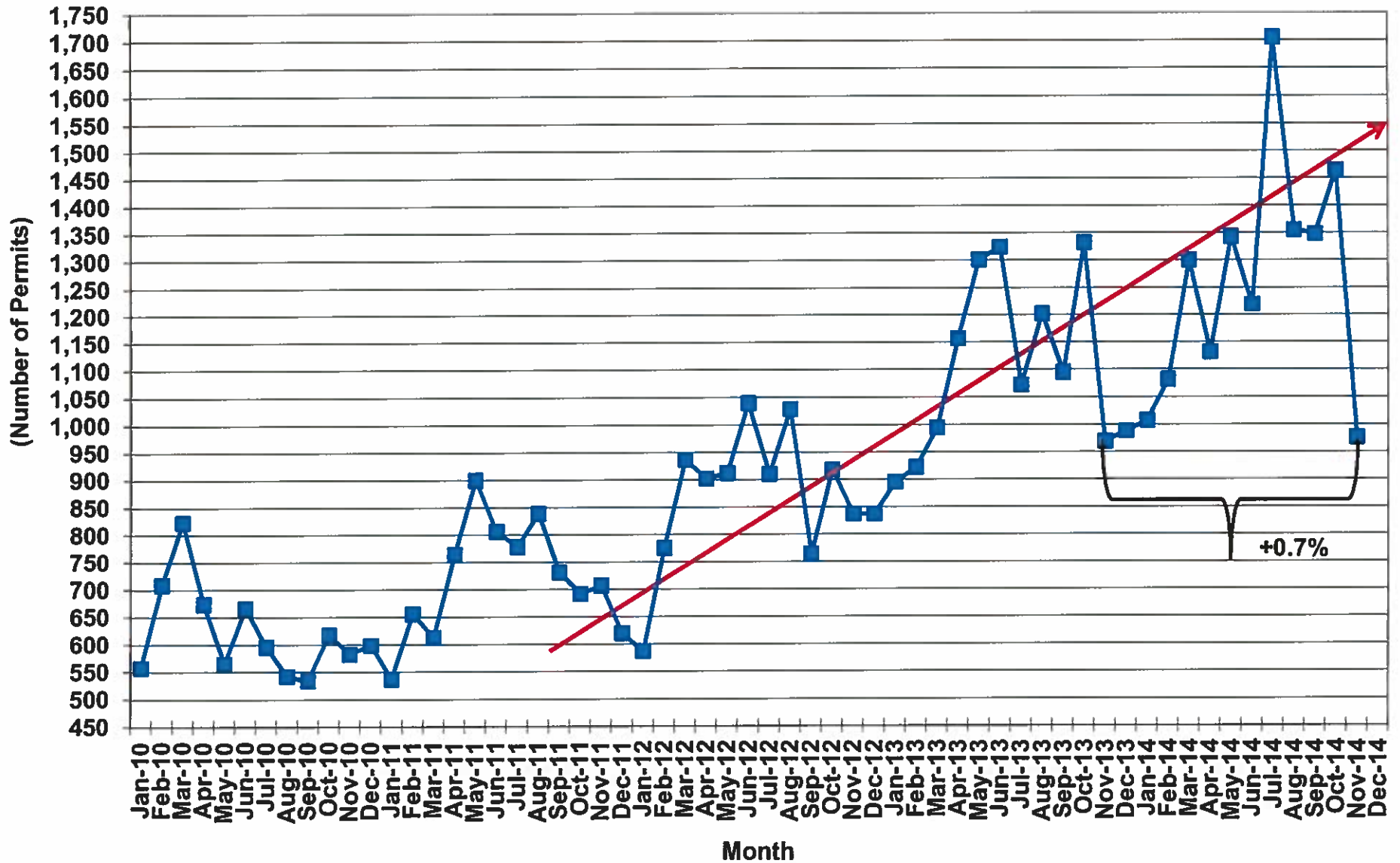




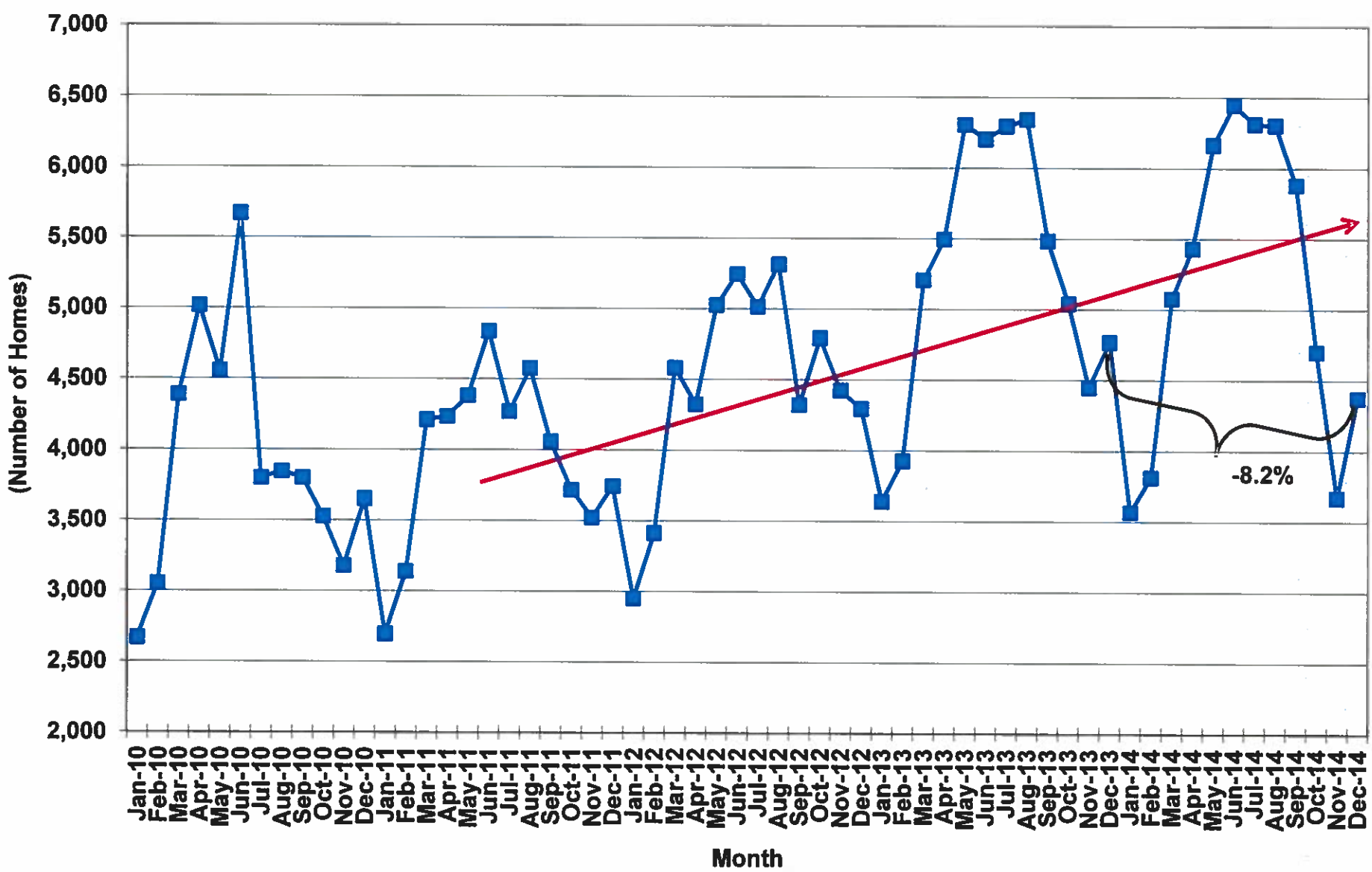
## Unemployment Rate in South Carolina (Unadjusted)



# Residential Building Permits in South Carolina

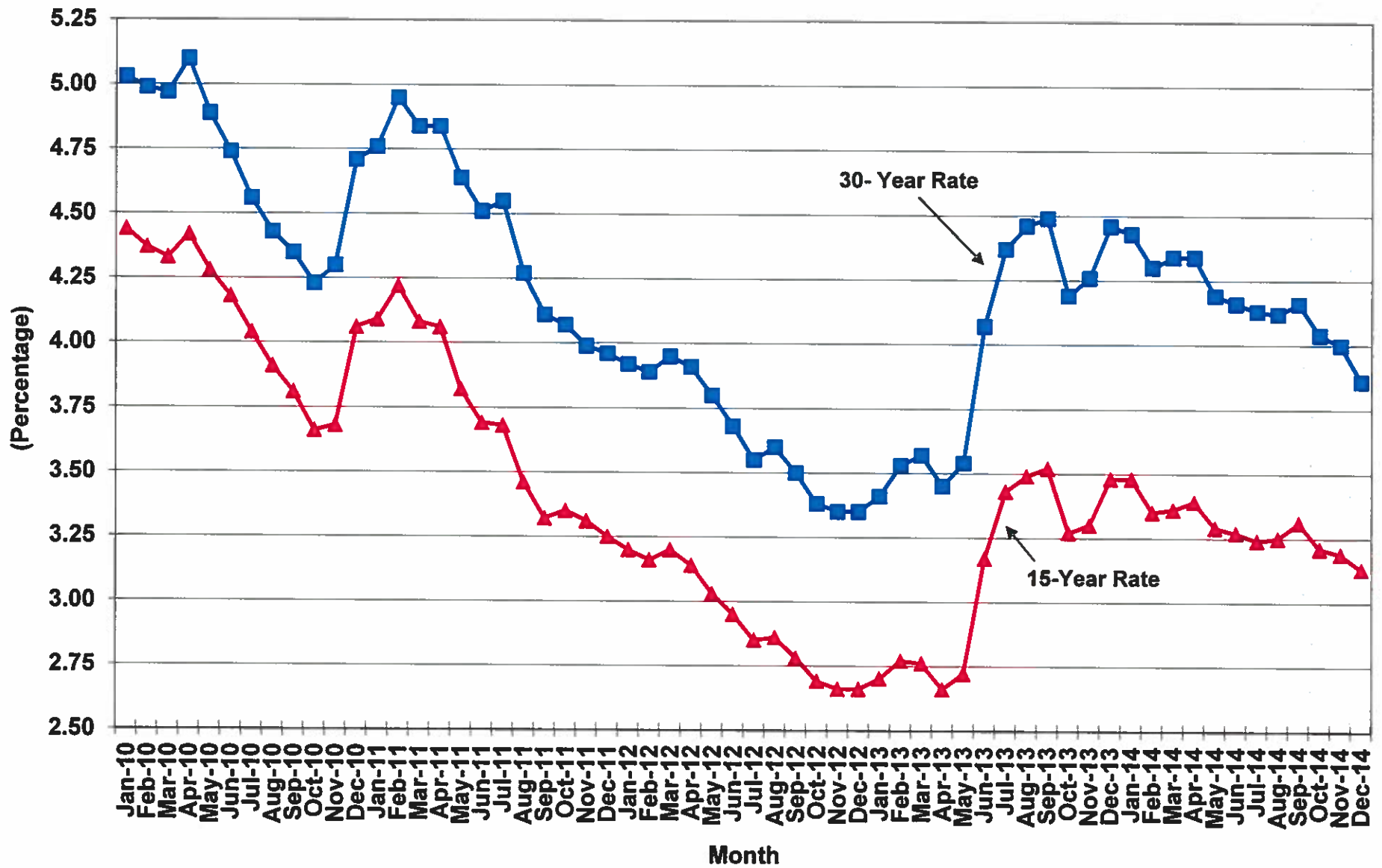


# Number of Homes Sold in South Carolina

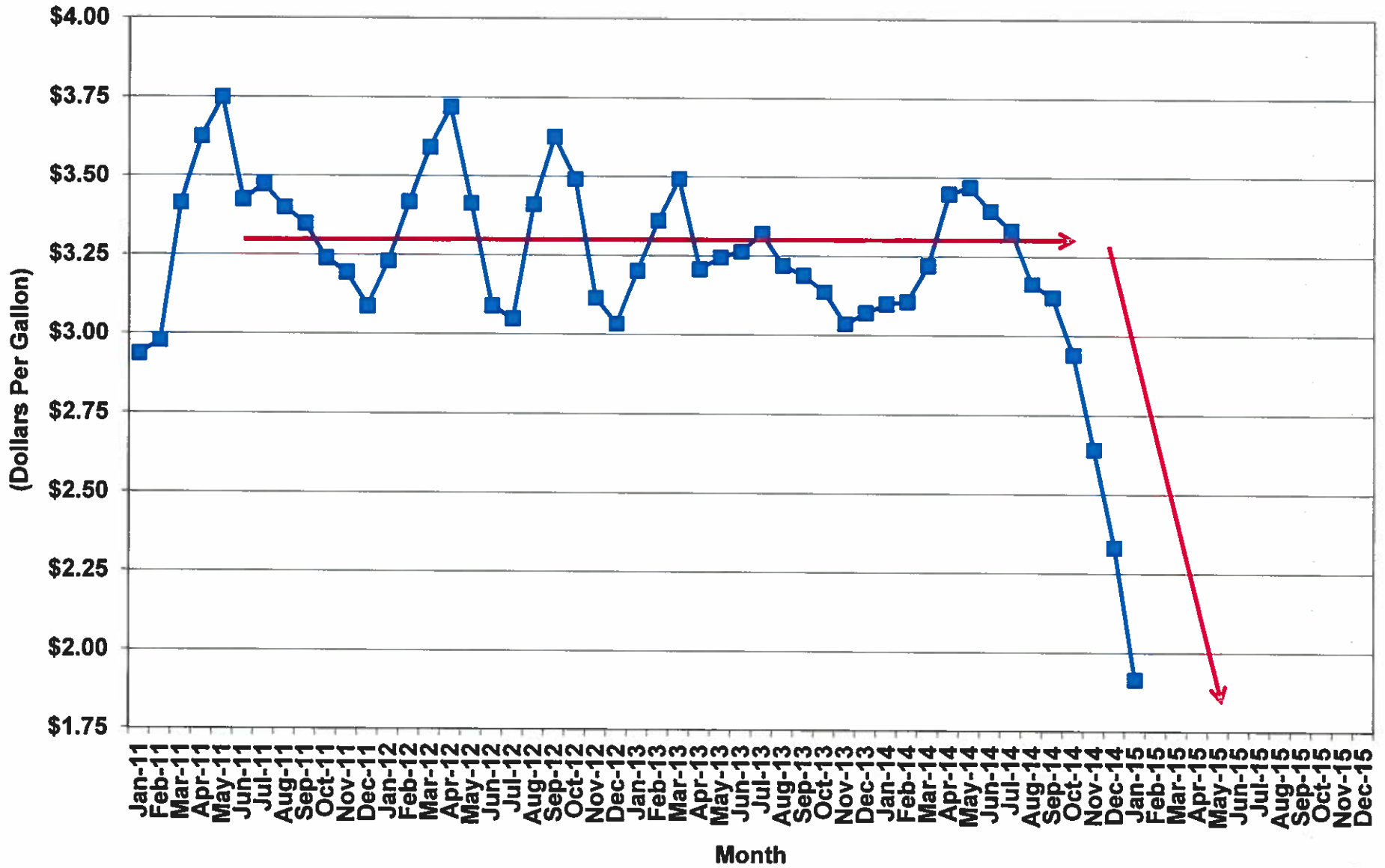


Source: South Carolina Association of Realtors  
 SCBEA/RWM/01/22/15

# Mortgage Rates

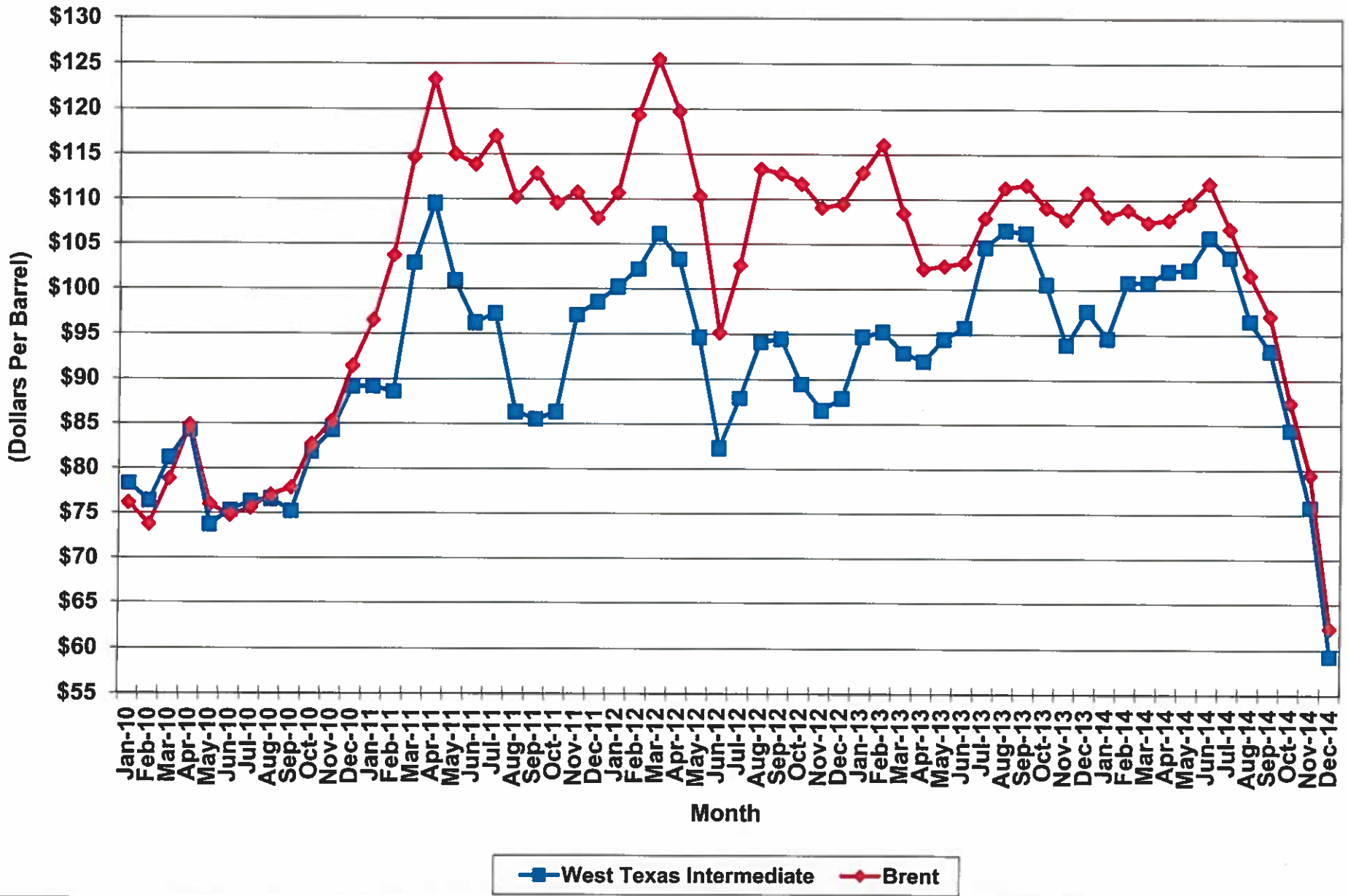


# Gasoline Prices in South Carolina

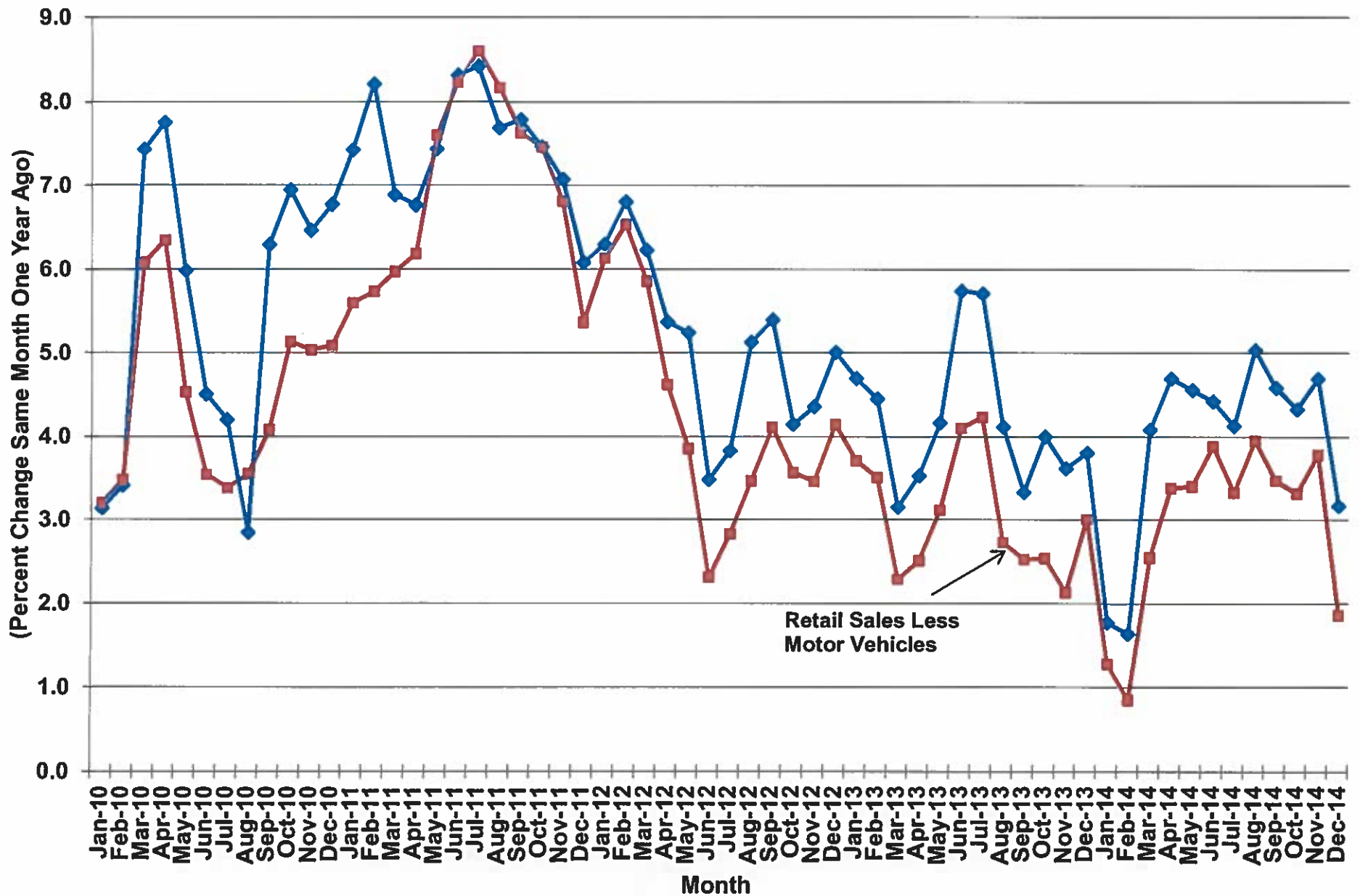


Source: AAA of the Carolina's  
SCBEA/RWM/01/22/15

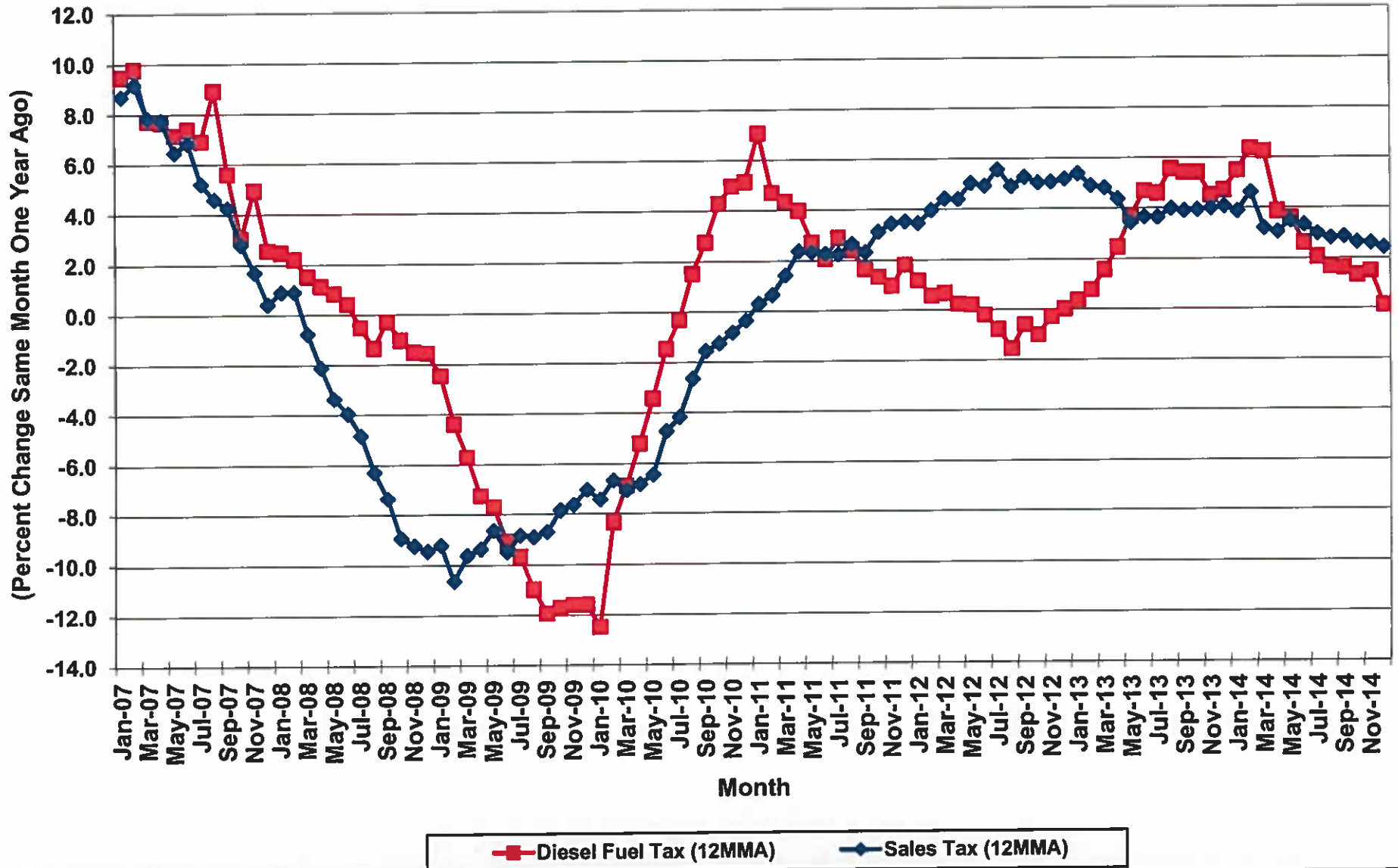
# Spot Crude Oil Prices



# U.S. Retail & Food Service Sales

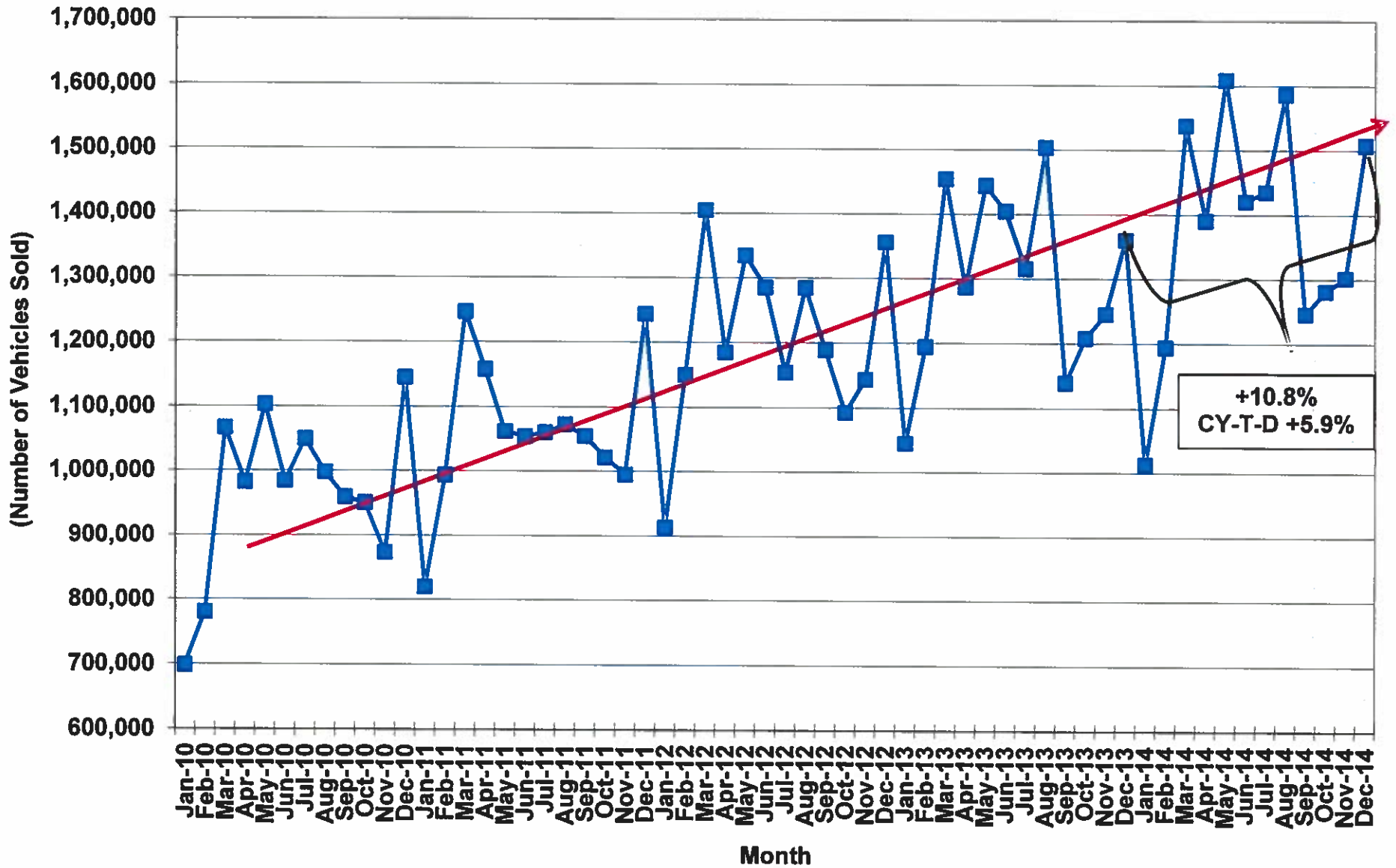


## Growth in Sales Tax and Diesel Fuel Tax Revenue in South Carolina

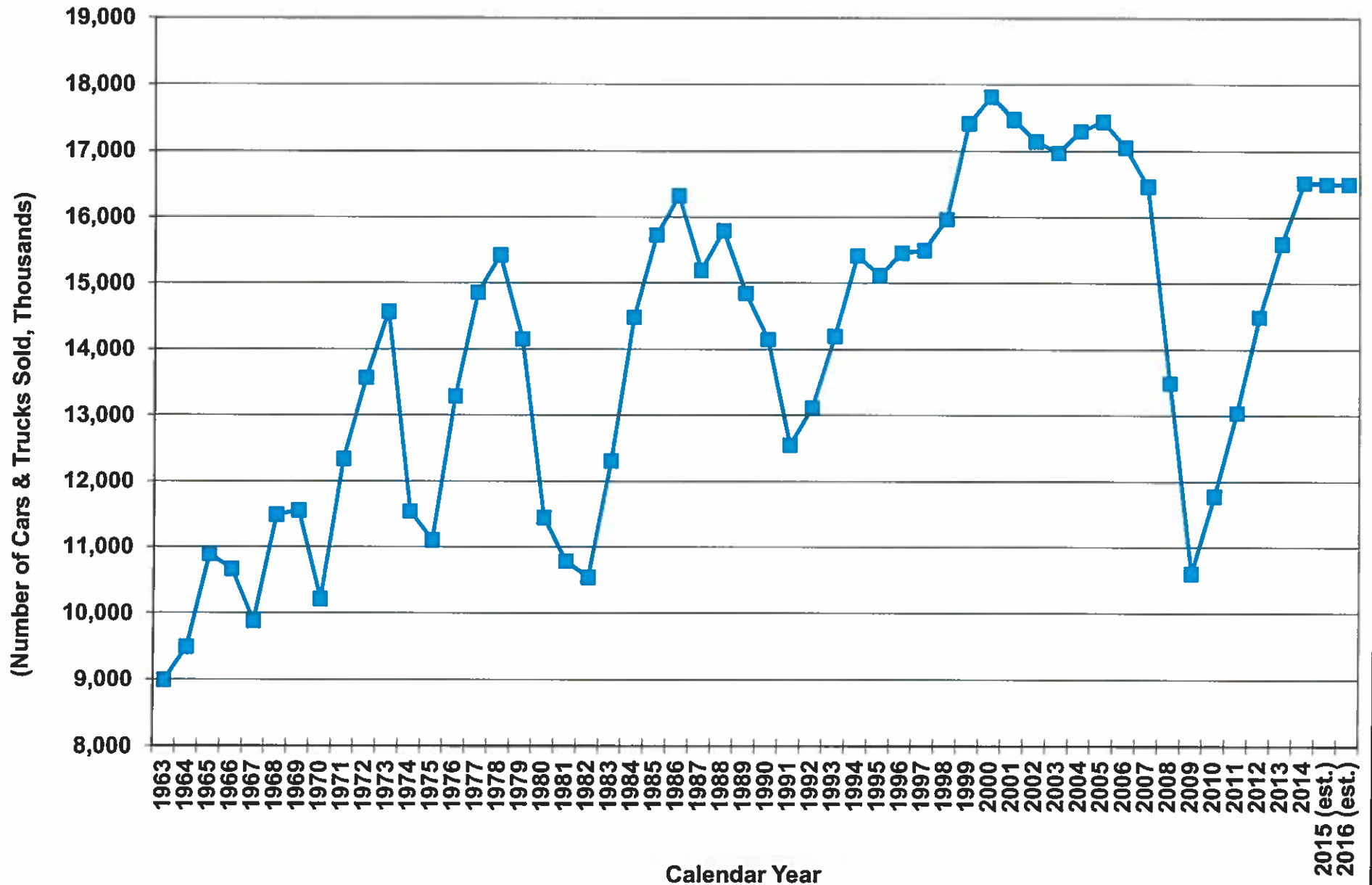




# Total Light Vehicle Sales in the United States

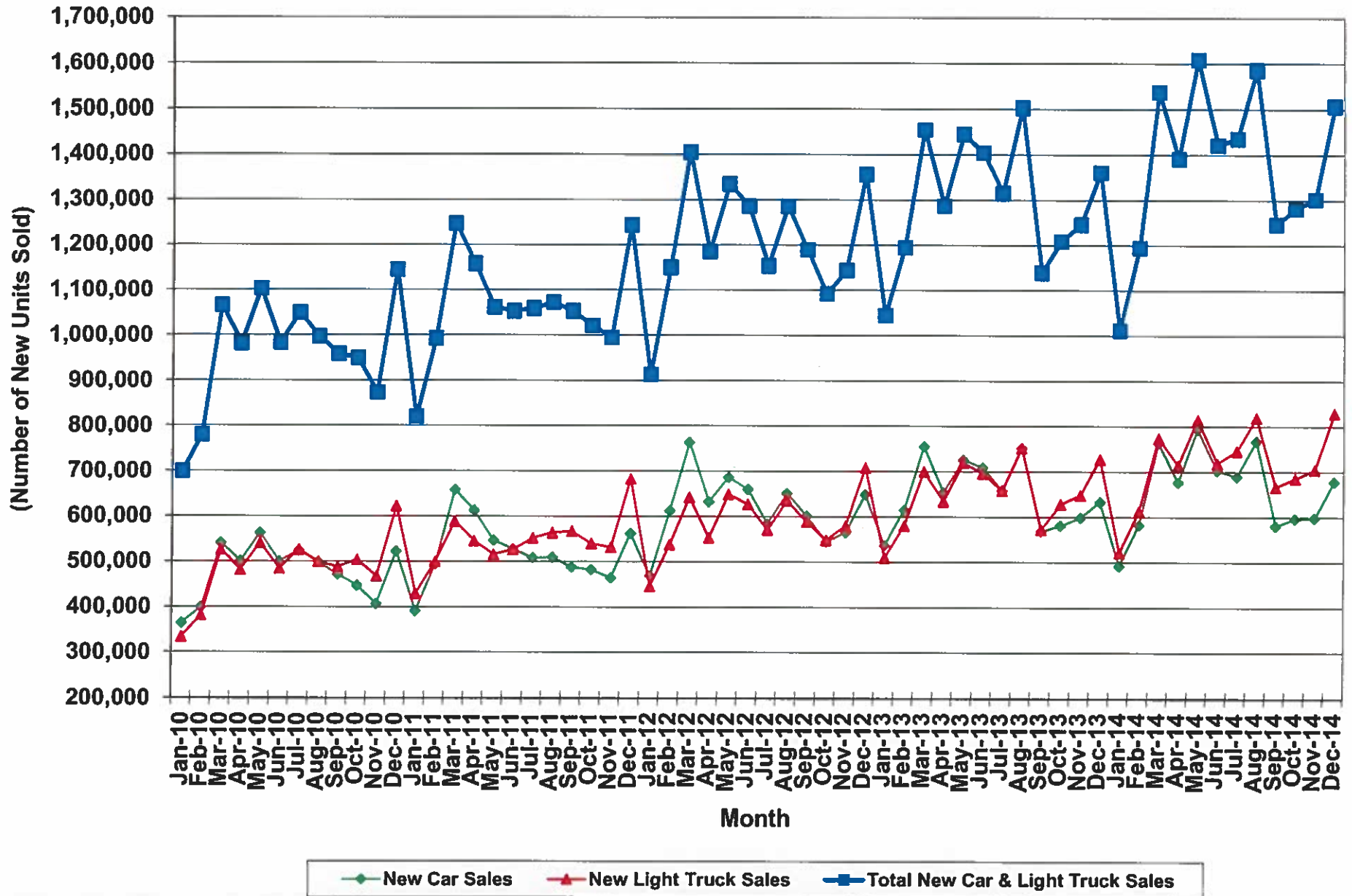


# U.S. Car & Truck Sales - 1963 to 2016

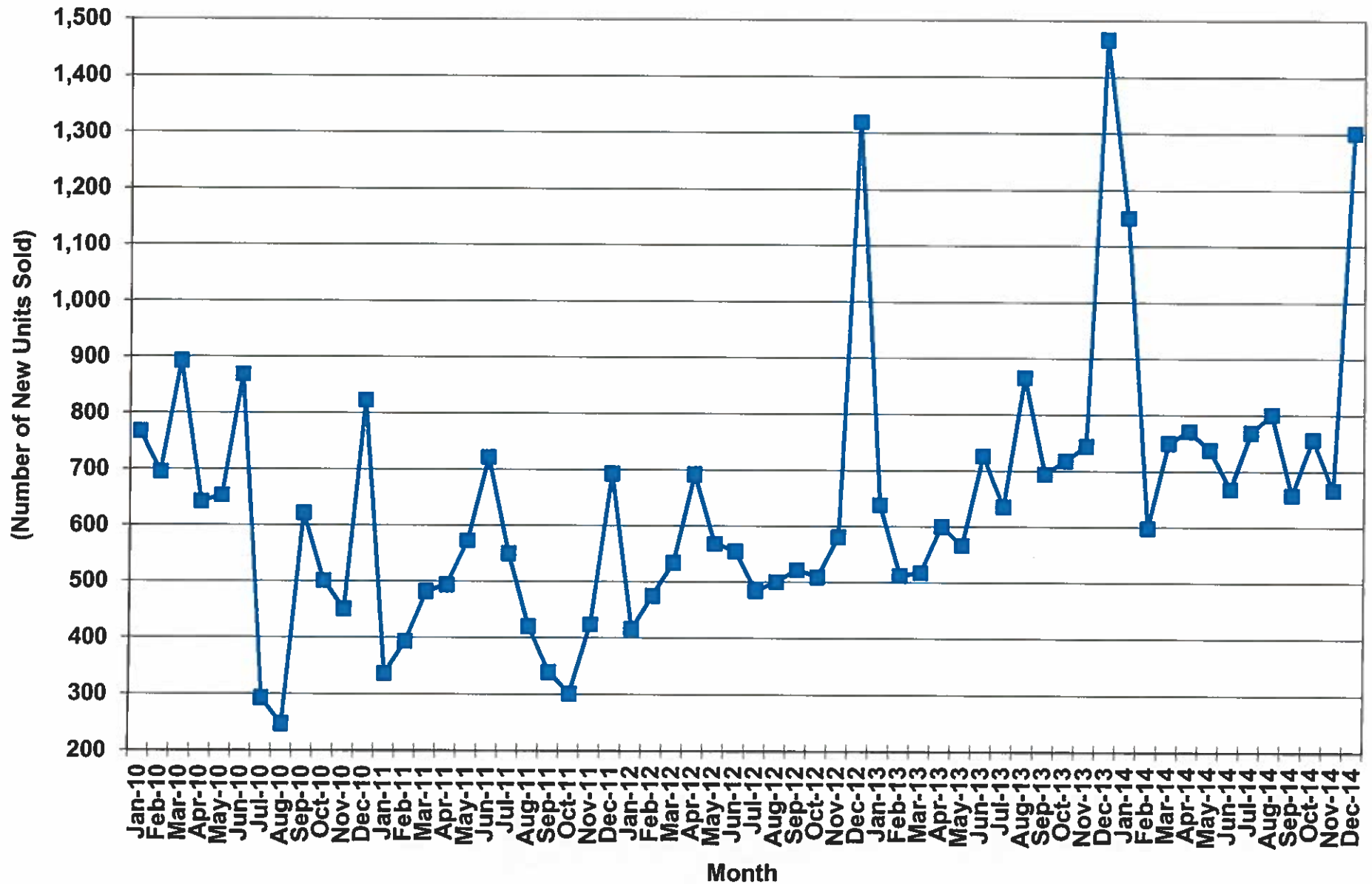


Sources: Ward's Automotive Group; Autodata Corporation.

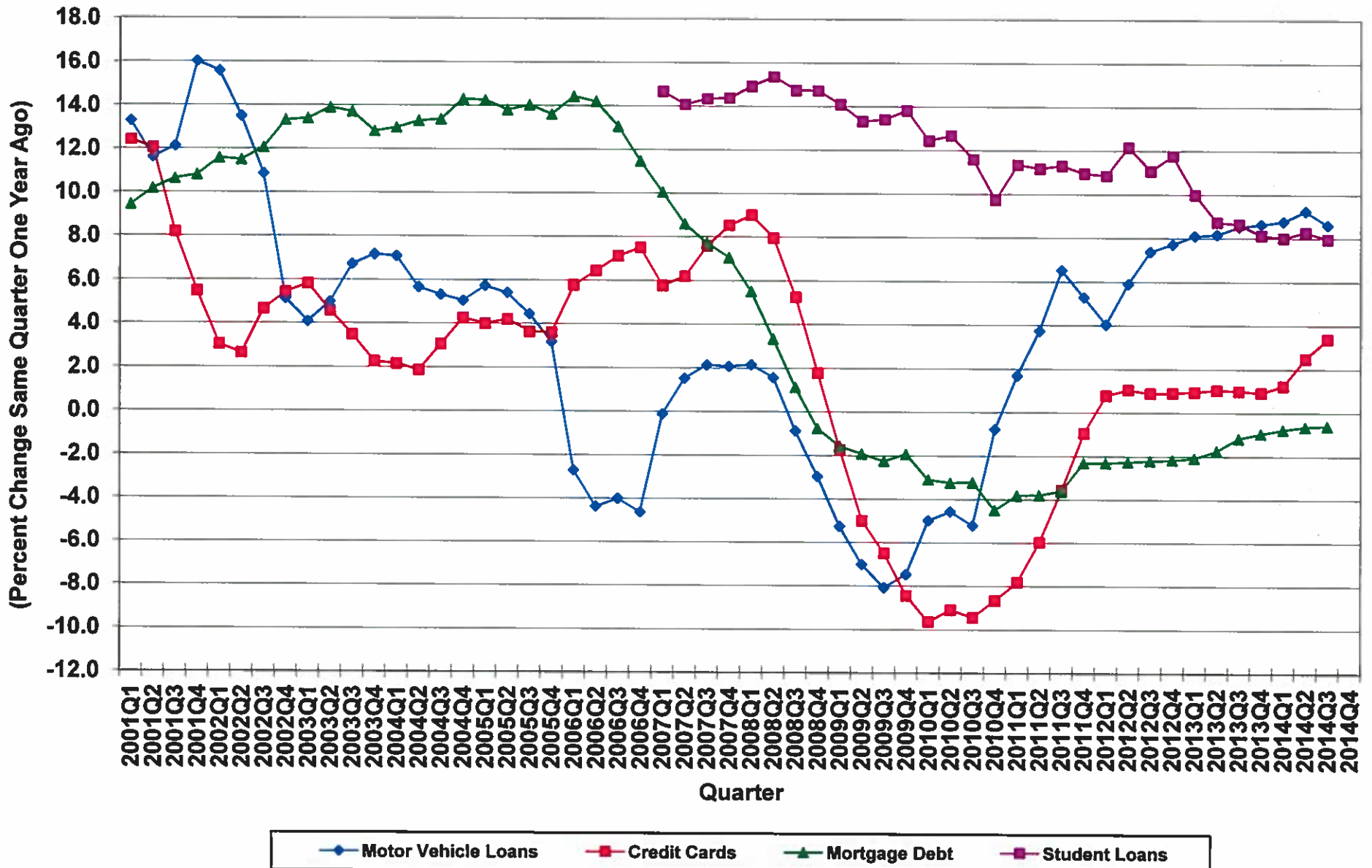
# Total New Car & Light Truck Sales in the U.S.



# GM & Ford Heavy Duty Truck Sales in the United States

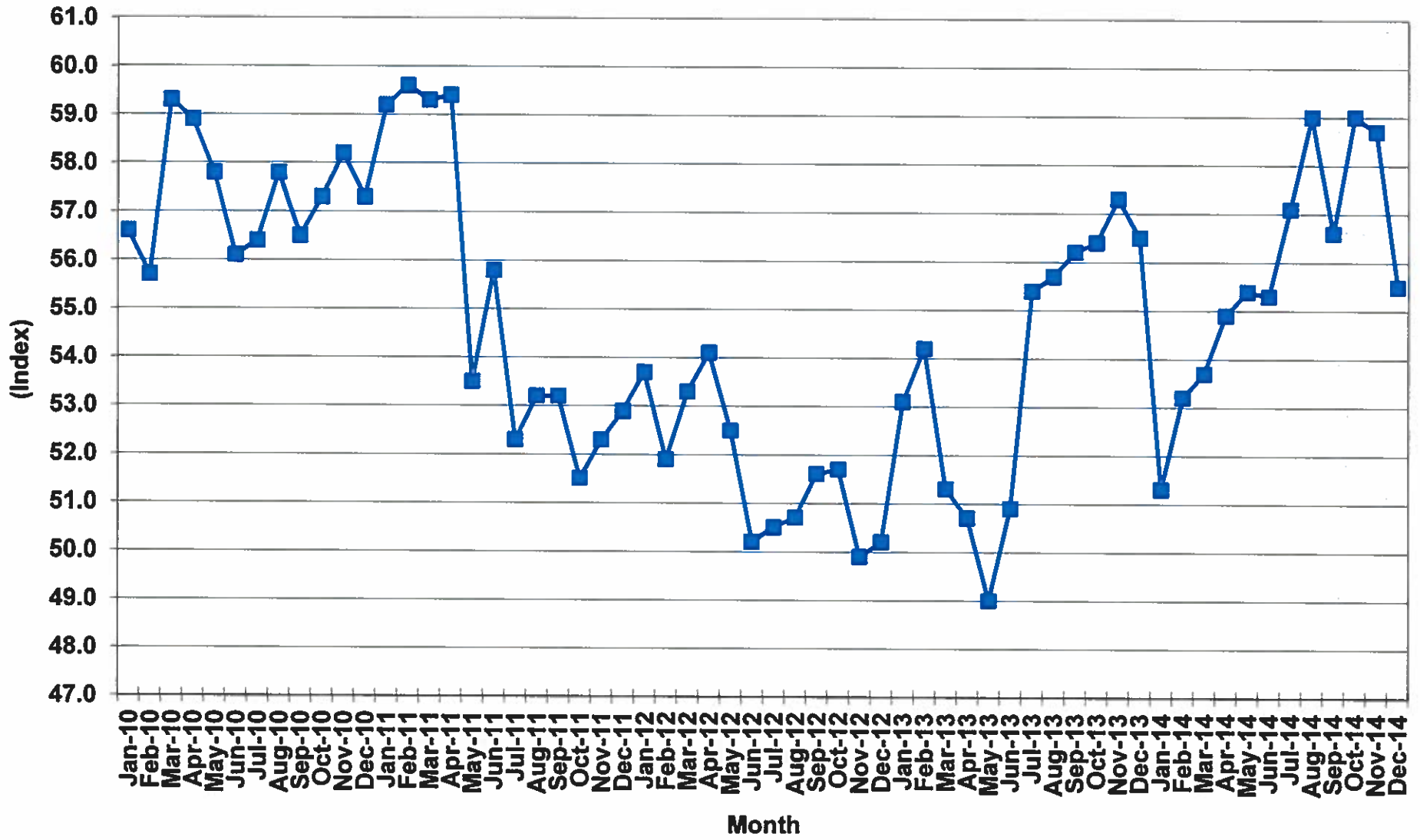


# Growth in Major Types of Household Debt



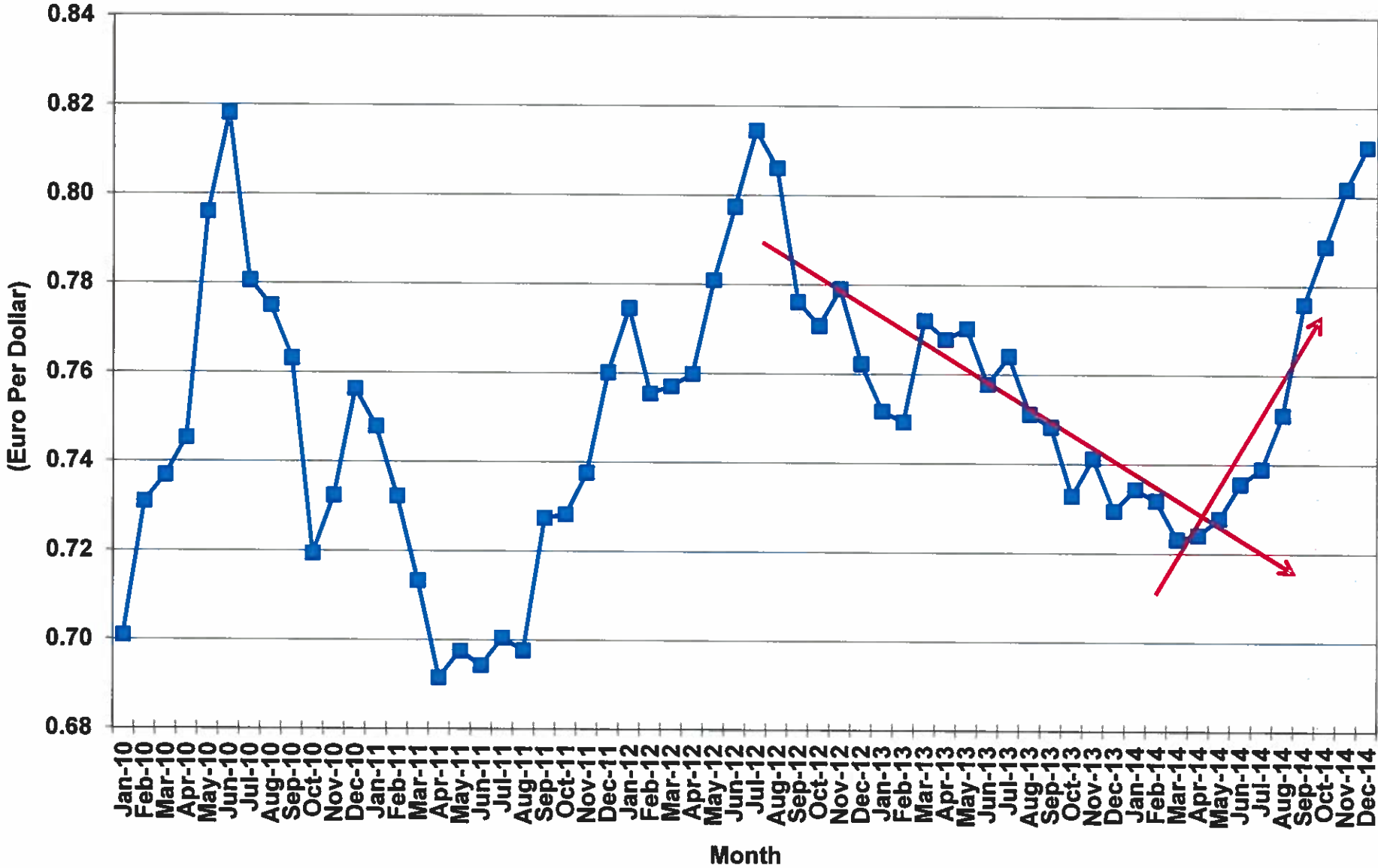
Source: The Board of Governors of the Federal Reserve System  
BEA/RWM/01/22/15

# Index of Manufacturing Purchasing Managers Index (NAPM)



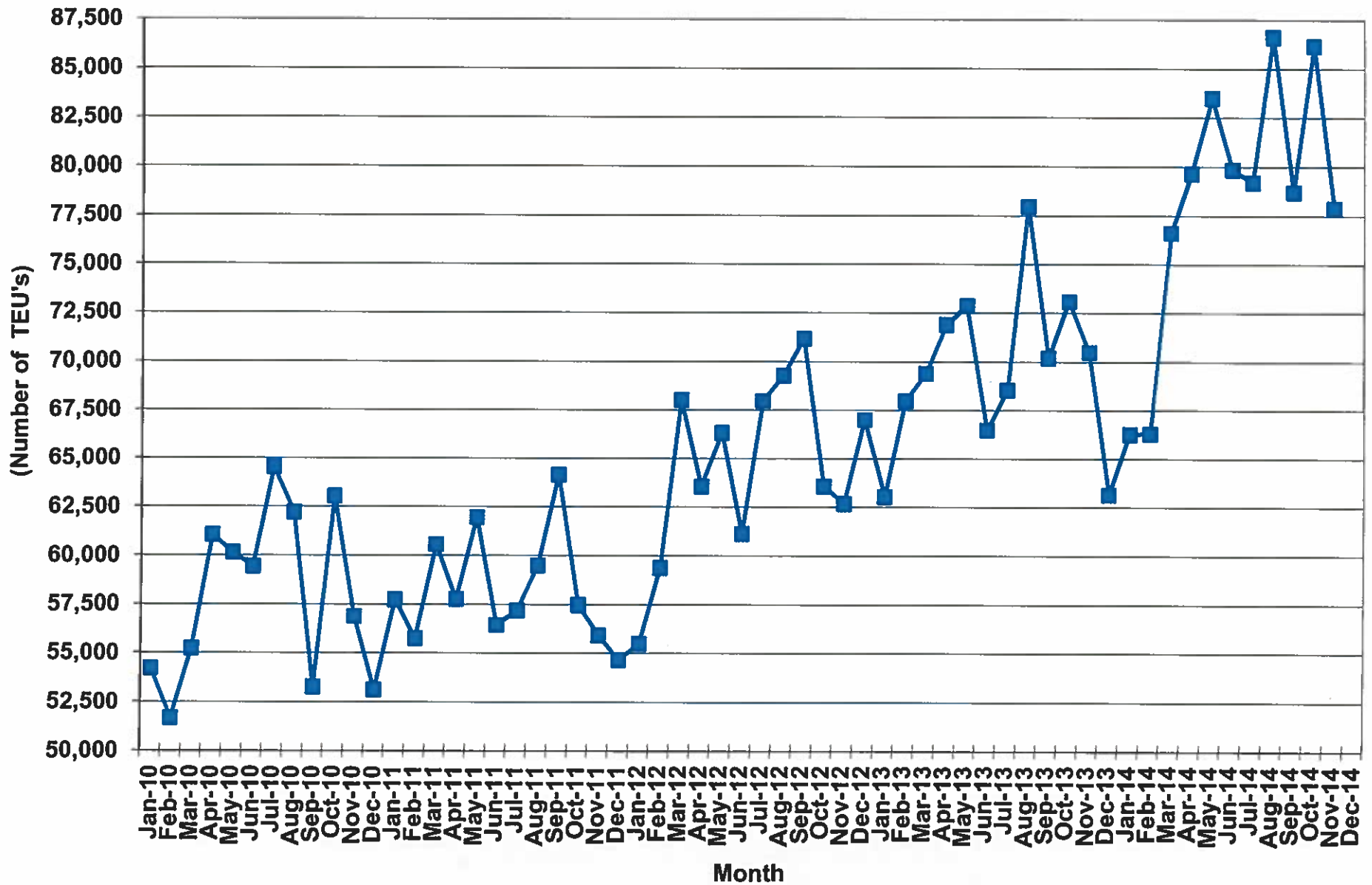
Source: The Institute for Supply Management  
 SCBEA/RWM/01/22/15

# Value of the Euro vs. the U.S. Dollar



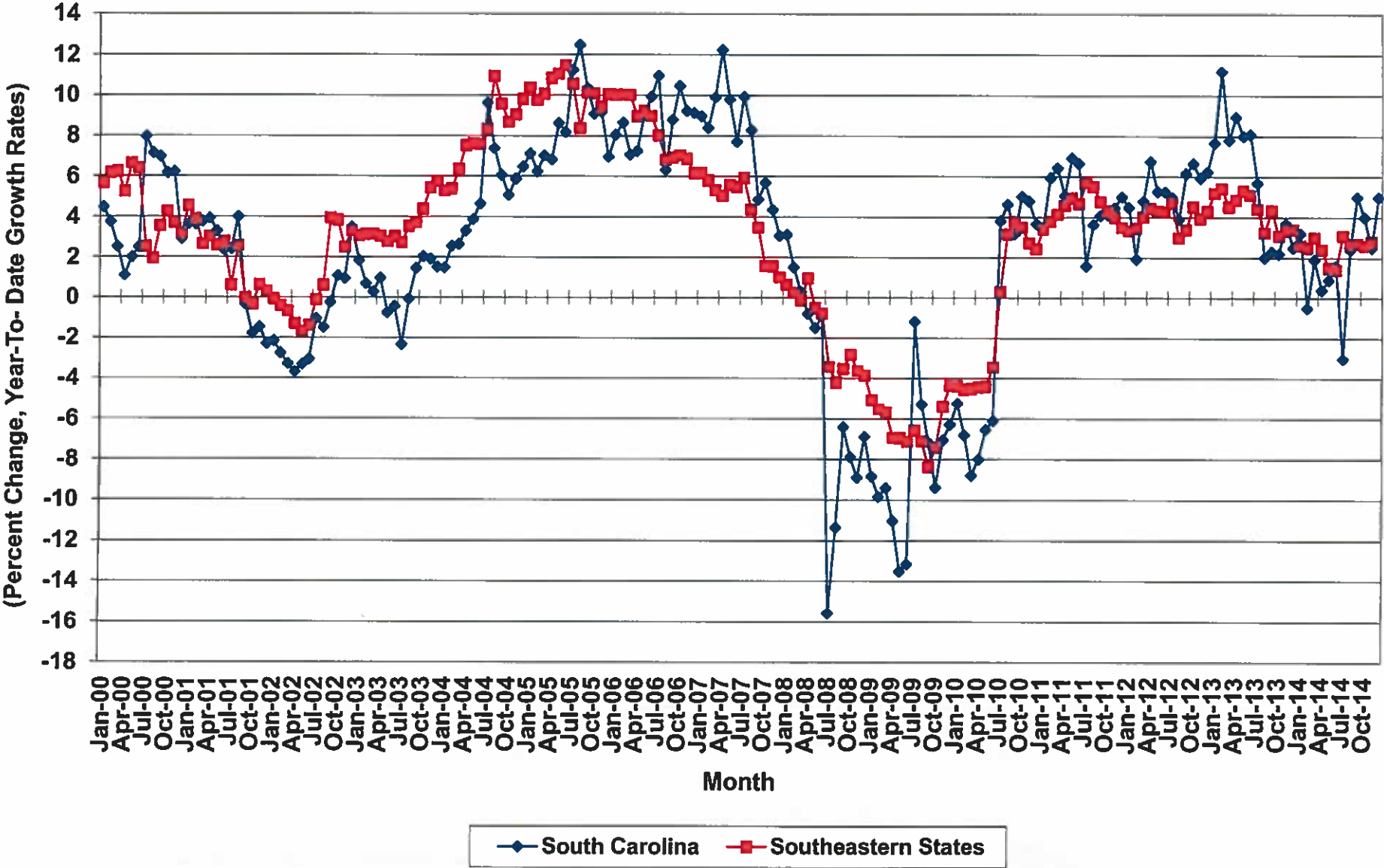
Source: The Board of Governors of the Federal Reserve System  
 SCBEA/RWM/01/22/15

# Exports from South Carolina





# Growth in General Fund Revenue South Carolina & the Southeastern States



Source: Board of Economic Advisors

# South Carolina Economic Indicators

## January 2015

- Payrolls expanded by 50,600 jobs, or 2.6%, in November, above forecast growth of 1.8%, boosted by part-time work
- Largest one-month job gain since March 2006 (9 years)
- Personal income through the 3Q2014 is increasing more than forecast. Wages, adjusted for inflation, are showing modest growth
- Building activity moderated in November and December



- **Congress to reconsider Dodd-Frank legislation**
- **Gasoline prices have dropped sharply from oversupply of oil – OPEC maintaining production levels**
- **Crude oil has fallen below \$60 for first time since May 2005**
- **Retail sales decreased 0.9% in December after a November increase of 0.4% – NRF says holiday sales increased 4.0%**
- **Auto sales topped 16.5 million units, or 5.9%, in CY2014 to mark 5<sup>th</sup> consecutive annual sales gain**

- **Truck sales have outpaced car sales for more than one year**
- **Household debt continues a rapid rise led by auto loans while credit card usage is at the highest pace in six (6) years**
- **Euro is weakening (the US\$ is getting stronger) – exports to Europe will cost more for Europeans and reduce demand for goods**

# FORECAST

- **The economy is performing better than expected**
- **Revenues, however, may not be benefiting as much**



# OTHER ITEMS



**REVENUE AND FISCAL AFFAIRS and BEA  
2015 MEETING DATES**

Meeting dates are subject to change. Meeting dates posted at [www.rfa.sc.gov](http://www.rfa.sc.gov)

DATE	TIME	DAY	ROOM	AGENDA
January 22, 2015	<del>2:00pm</del> 2:00PM	Thursday	Dennis Building, 417	RFA - <b>Cancelled</b> BEA - Quarterly Review
<b>February 13, 2015</b>	<b>2:00pm</b> Upon adjournment	<b>Friday</b>	<b>Dennis Building, 417</b>	RFA <b>BEA - Forecast by February 15th</b>
March 19, 2015	2:00pm Upon adjournment	Thursday	(Phone Meeting-Members) Dennis Building, 417	RFA BEA
April 23, 2015	2:00pm Upon adjournment	Thursday	Dennis Building, 417	RFA <b>BEA - Quarterly Review</b>
May 21, 2015	2:00pm Upon adjournment	Thursday	Dennis Building, 417	RFA BEA
June 18, 2015	2:00pm Upon adjournment	Thursday	(Phone Meeting-Members) Dennis Building, 417	RFA BEA
July 2015				<b>NO MEETING</b>
August 26, 2015	2:00pm Upon adjournment	Wednesday	Dennis Building, 417	RFA <b>BEA - Year-End Report</b>
September 24, 2015	2:00pm Upon adjournment	Thursday	Dennis Building, 417	RFA BEA
<b>October 15, 2015</b>	<b>All Day</b> Upon adjournment	<b>Thursday</b>	<b>Dennis Building DNR Conference Room 335</b>	RFA <b>BEA - Quarterly Review Lunch Annual Regional Advisory Meeting</b>
<b>November 10, 2015</b>	<b>2:00pm</b> Upon adjournment	<b>Tuesday</b>	<b>Dennis Building, 417</b>	RFA <b>BEA - Preliminary Estimate FY 2016-17 by November 10th</b>
December 15, 2015	2:00pm Upon adjournment	Tuesday	(Phone Meeting-Members) Dennis Building, 417	RFA BEA

