



**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**

**February 13, 2015**

**Upon adjournment of RFA Meeting  
Room 417, Rembert C. Dennis Building**

1. Welcome
2. Adoption of Meeting Minutes for January 22, 2015
3. A. Revenue Collections and Forecasts (R. Martin)  
B. Adoption of FY 2014-15 and FY 2015-16 Revenue Estimate
4. 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
5. Other Items (F. Rainwater)
6. Future Meeting Schedule:
  - A. March 19, 2015, phone meeting, upon adjournment of RFA meeting
  - B. April 23, 2015, upon adjournment of RFA meeting - quarterly review
  - C. May 21, 2015, upon adjournment of RFA meeting
  - D. 2015 Calendar at <http://www.rfa.sc.gov/calendar?m=01&y=2015>
7. 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*

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

Revenues vs. 11/10/14 BEA Revised Estimate of \$7,231.2 Million in FY 2014-15 1/
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**JULY - JANUARY Of FY 2014-15**

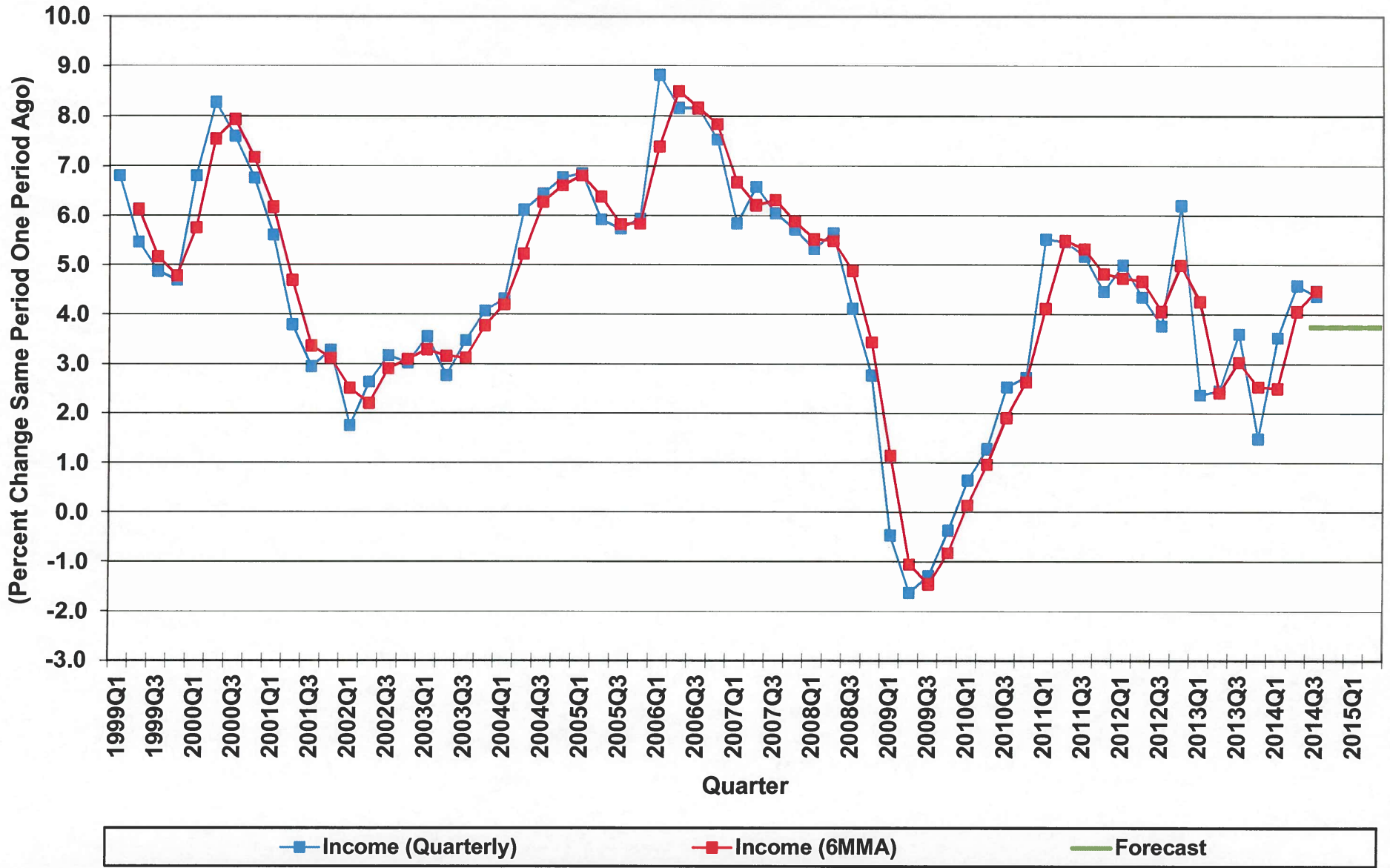
	(\$ in Millions)			Revenue Growth Rates (%)	
	Actual Revenues	Expected Revenues	Excess / (Shortfall)	Estimate Full Fiscal Yr.	Actual Yr. to Date
<b>Total General Fund Revenue</b>	<b>4,482.5</b>	<b>4,557.4</b>	<b>(74.9)</b>	<b>2.8</b>	<b>1.4</b>
Sales Tax	1,336.5	1,304.3	32.2	3.7	3.9
Individual Income Tax	2,631.6	2,730.8	(99.2)	3.2	0.2
Corporate Income Tax	107.9	145.6	(37.7)	4.3	(21.0)
<b>All Other Revenues #</b>	<b>387.2</b>	<b>358.1</b>	<b>29.0</b>	<b>(2.1)</b>	<b>10.2</b>
Admissions Tax - Total	13.2	11.1	2.2	0.6	19.5
Alcoholic Liquors Tax	32.8	32.7	0.1	4.2	4.5
Bank Tax	7.3	16.2	(8.9)	5.7	(52.3)
Beer and Wine Tax	53.4	53.0	0.4	2.0	2.7
Business License Tax	13.1	13.1	(0.1)	(1.5)	(2.1)
Corporation License Tax	64.9	38.4	26.5	(5.5)	114.6
Departmental Revenue 2/	24.6	19.9	4.7	(56.4)	(54.3)
Documentary Tax	20.7	19.4	1.3	6.6	13.6
Earnings on Investments	10.2	10.4	(0.2)	(13.0)	(14.4)
Insurance Tax	120.4	116.8	3.6	14.6	37.9
Workers' Comp. Insurance Tax	1.6	2.2	(0.6)	(6.4)	(30.9)
All Other Balance	19.9	19.6	0.3	10.5	4.1
Residual Revenue not shown #	4.1	5.3	(1.2)	5.7	(2.1)
<b>Miscellaneous Revenue</b>	<b>19.4</b>	<b>18.6</b>	<b>0.8</b>	<b>(8.5)</b>	<b>(10.8)</b>
Unclaimed Property Fund	7.5	7.5	0.0	0.0	0.0
Miscellaneous Revenue Balance	11.9	11.1	0.8	(11.5)	(16.5)

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.

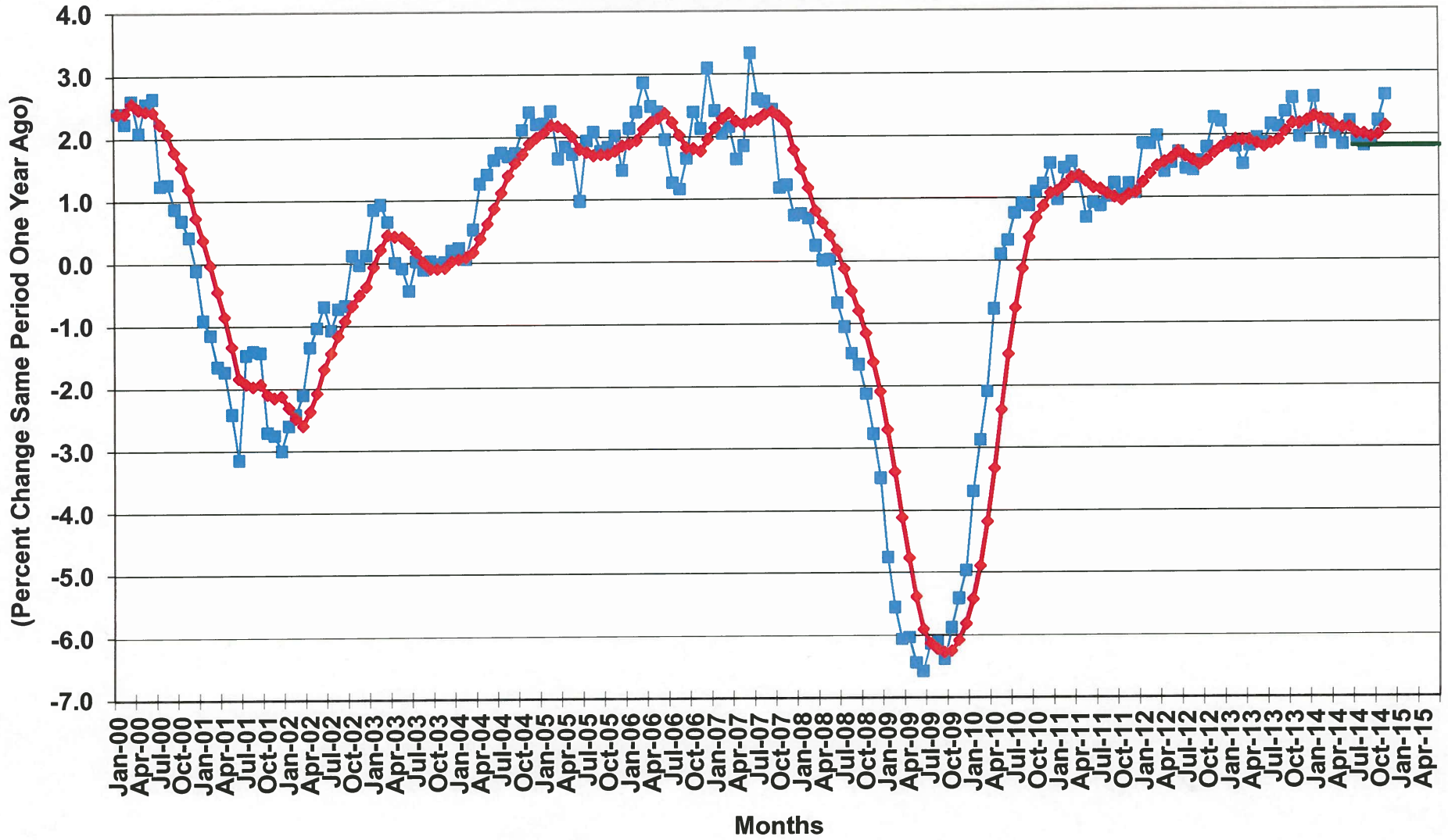
Notes: Detail may not sum to total due to rounding. #: Residual Revenue includes Coin-Op., Estate and Motor Vehicle Licenses.

# South Carolina Personal Income Trends



Source: Board of Economic Advisors  
BEA/RWM/01/06/15

# South Carolina Employment Trends



■ Employment (Monthly)    
 ◆ Employment (6MMA)    
 — Forecast

Source: Board of Economic Advisors  
BEA/RWM/01/06/15

**South Carolina Board of Economic Advisors  
Survey Results of Regional Advisory Committee  
Updated Summary of Economic Forecast Assumptions**

Variable	Actual FY2013-14	Most Recent	Current 1/ Forecast Rates FY2014-15	Regional Advisory Committee Forecast Rates Forecast for FY2014-15					Simple Average
				Brown	Kaglic	Sobel	von Nessen	Witte	
S.C. Personal Income	3.3%	4.4%	3.75%	3.60%		4.70%		3.80%	4.03%
S.C. Employment	2.2%	2.4%	1.82%	1.50%		1.85%		2.10%	1.82%
Inflation Rate (CPI-U)	1.6%	0.8%	2.0%	1.10%		2.00%		1.70%	1.60%
Sales Tax (Y-T-D)	2.8%	4.3%	3.7%	3.70%		3.30%		3.30%	3.43%
Individual Income Tax (Y-T-D)	1.9%	5.5%	3.2%	3.60%		3.65%		3.00%	3.42%

Variable	Actual FY2013-14	Most Recent	Current Forecast Rates FY2015-16	Regional Advisory Committee Forecast Rates Forecast for FY2015-16					Simple Average
				Brown	Kaglic	Sobel	von Nessen	Witte	
S.C. Personal Income	3.2%	4.2%	4.3%	4.50%		4.90%		4.40%	4.60%
S.C. Employment	2.1%	1.7%	1.8%	1.60%		1.70%		2.10%	1.80%
Inflation Rate (CPI-U)	1.6%	1.7%	2.0%	2.20%		2.15%		2.70%	2.35%
Sales Tax (Y-T-D)	2.8%	3.6%	3.7%	4.50%		3.45%		3.80%	3.92%
Individual Income Tax (Y-T-D)	1.9%	4.3%	4.7%	4.60%		4.00%		4.00%	4.20%

Notes: 1/ Current forecast rates as of November 10, 2014.  
N/A - Not Available.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis  
U.S. Department of Labor, Bureau of Labor Statistics  
S.C. Board of Economic Advisors

BEA/RWM/02/12/15

**Total Sales Tax 1/**  
(\$ millions)

(Accrual Basis Comparison) 2/

Month	Actual					1/ Guide FY 14-15	Excess Revenue +/- Est.	Cumulative Revenue +/- Est.	Percent Changes: Actual FY 13-14 to Actual FY 14-15		3/ Changes to Monthly Pattern
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15				Monthly	Cumulative	
July	0.0005	0.002	0.0	0.1	(0.1)	0.1	(0.2)	(0.2)	(242.9)	(242.9)	0.0
August	200.2	201.2	210.4	217.9	226.9	220.7	6.3	6.1	4.2	4.1	(5.0)
September	182.4 4/	196.1 5/	205.6	216.4	222.0	219.0	3.0	9.0	2.6	3.3	(5.2)
October	188.2	195.7	204.2	214.5	224.2	217.1	7.0	16.1	4.5	3.7	(5.1)
November	171.0	179.6	191.2	205.1	215.0	207.5	7.5	23.6	4.9	4.0	(4.9)
December	172.4 4/	177.0 5/	186.6	192.0	202.6	194.5	8.1	31.7	5.5	4.3	(4.4)
January	209.2	220.7	221.9	240.8	245.9	245.4	0.5	32.2	2.1	3.9	(4.1)
February	150.9	164.1	175.9	153.9		189.2					28.6
March	169.6 4/	180.5 5/	181.6	179.4		186.0					0.0
April	199.8	218.7	216.8	225.4		233.7					0.0
May	193.9	199.2	210.0	217.2		225.2					0.0
June Prelim.	189.4 4/	202.4 5/	215.4	220.2		228.3					0.0
<u>Mth13 Close</u>	<u>217.8</u>	<u>219.2</u>	<u>228.7</u>	<u>234.2</u>		<u>242.7</u>					<u>0.0</u>
Fiscal Year	2,244.7 4/	2,354.5 5/	2,448.3	2,517.1	1,336.5	2,609.5					0.0

1/ The growth rate needed to meet the BEA estimate = 3.7% ; whereas growth, adjusted for net pattern change, = 3.3%

Includes Casual Sales Excise Tax and the Retail Sales and Use Tax at yield of 4% to General Fund. Excludes 1% tax for the Education Improvement Fund, 1% Homestead Exemption Fund, 2% Accommodations Tax, and 'local option' taxes.

2/ For General Fund only, accounting basis changed from cash to modified accrual of June revenue beginning in FY 1990-91.

3/ The Working Estimate includes base adjustments for law changes: Act 172 of 2014; no sales tax on additional guest charges, -\$715,170.

4/ Collections are net of \$27,059,405 "transferred-out" pursuant to Part 1B Proviso 90.16 of Act 291 of 2010 (Increased Enforcement).

5/ Collections are net of \$7,215,598 "transferred-out" pursuant to Part 1B Prov. 90.21 of Act 73 of 2011 (Increased Foreign Enforcement).

N.A.: Not available.

# Sales and Use Tax Revenue

<b>Actual Y-T-D</b>	<b>Forecast Y-T-D</b>	<b>Over/Under Estimate</b>
<b>\$1,336.5</b>	<b>\$1,304.3</b>	<b>+ \$32.2</b>

## Factors Affecting Collections

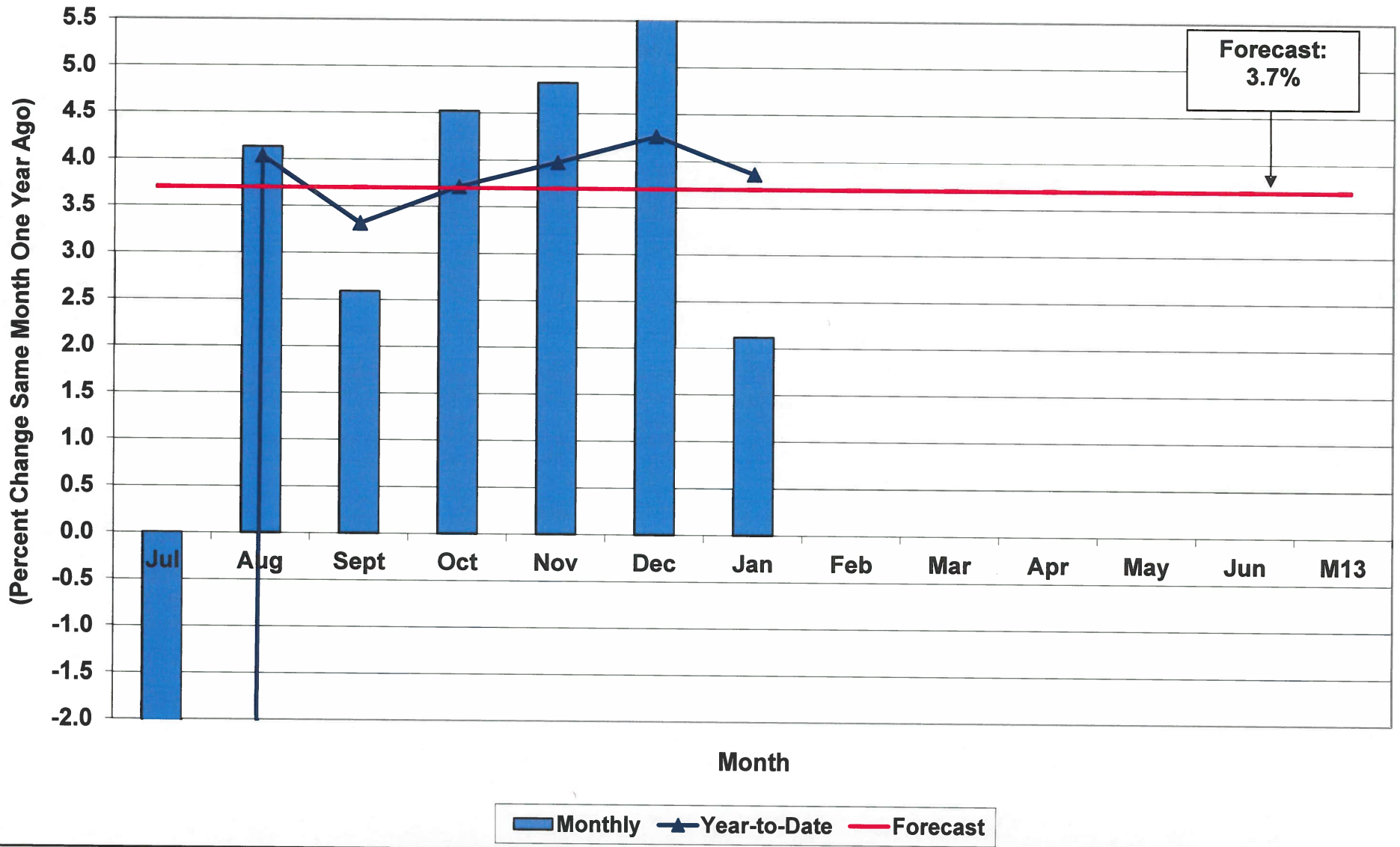
- **Christmas, IIT refunds, Easter**
- **Increased credit card use, small real growth in wages, low inflation**

## Recommendation

	<b>FY2015</b>	<b>FY2016</b>
<b>Sales</b>	<b>+ \$20</b>	<b>+ \$20</b>

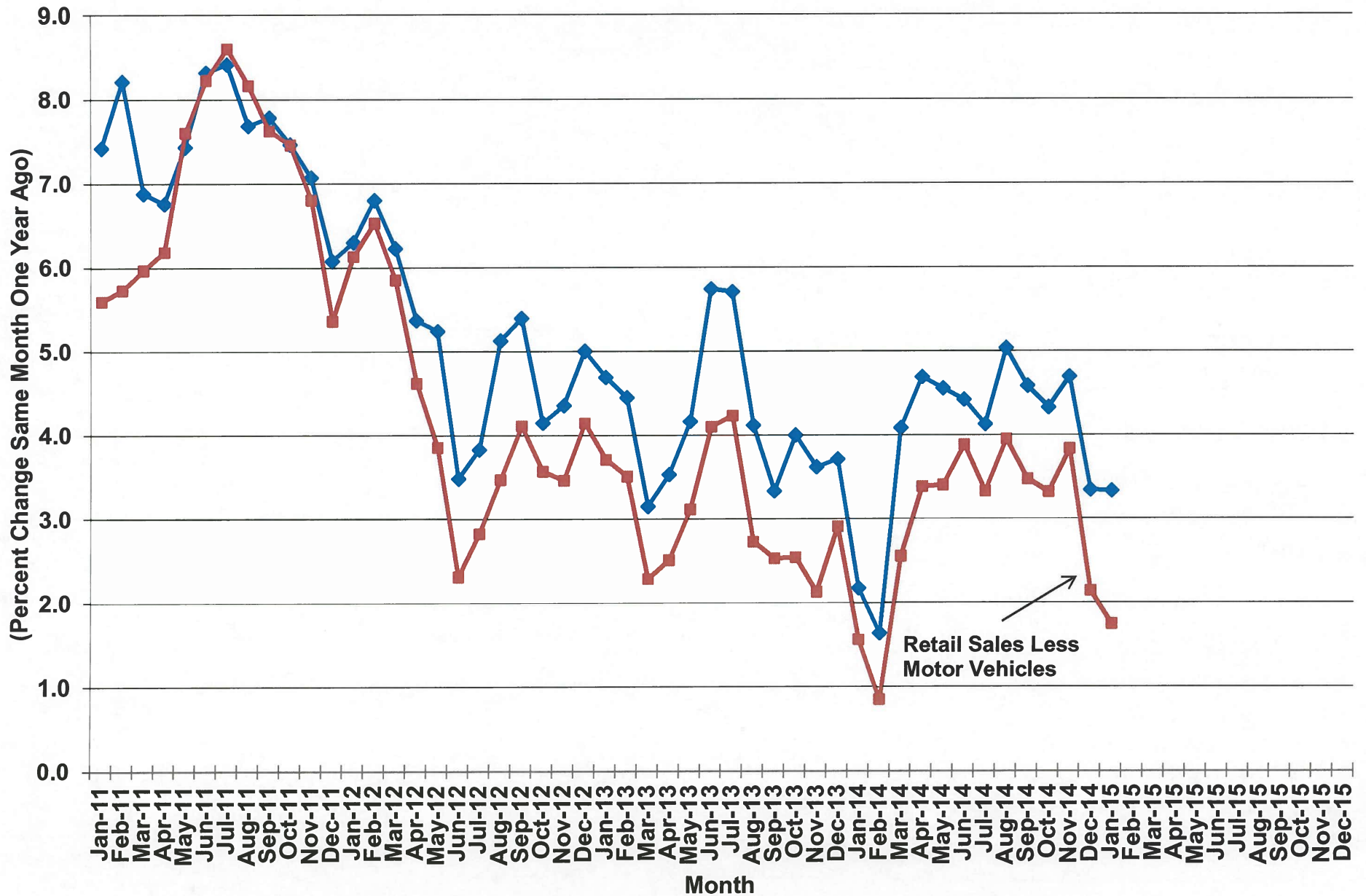


## Growth in Total Sales & Use Tax Revenue Collections FY2015 Monthly and Year-to-Date



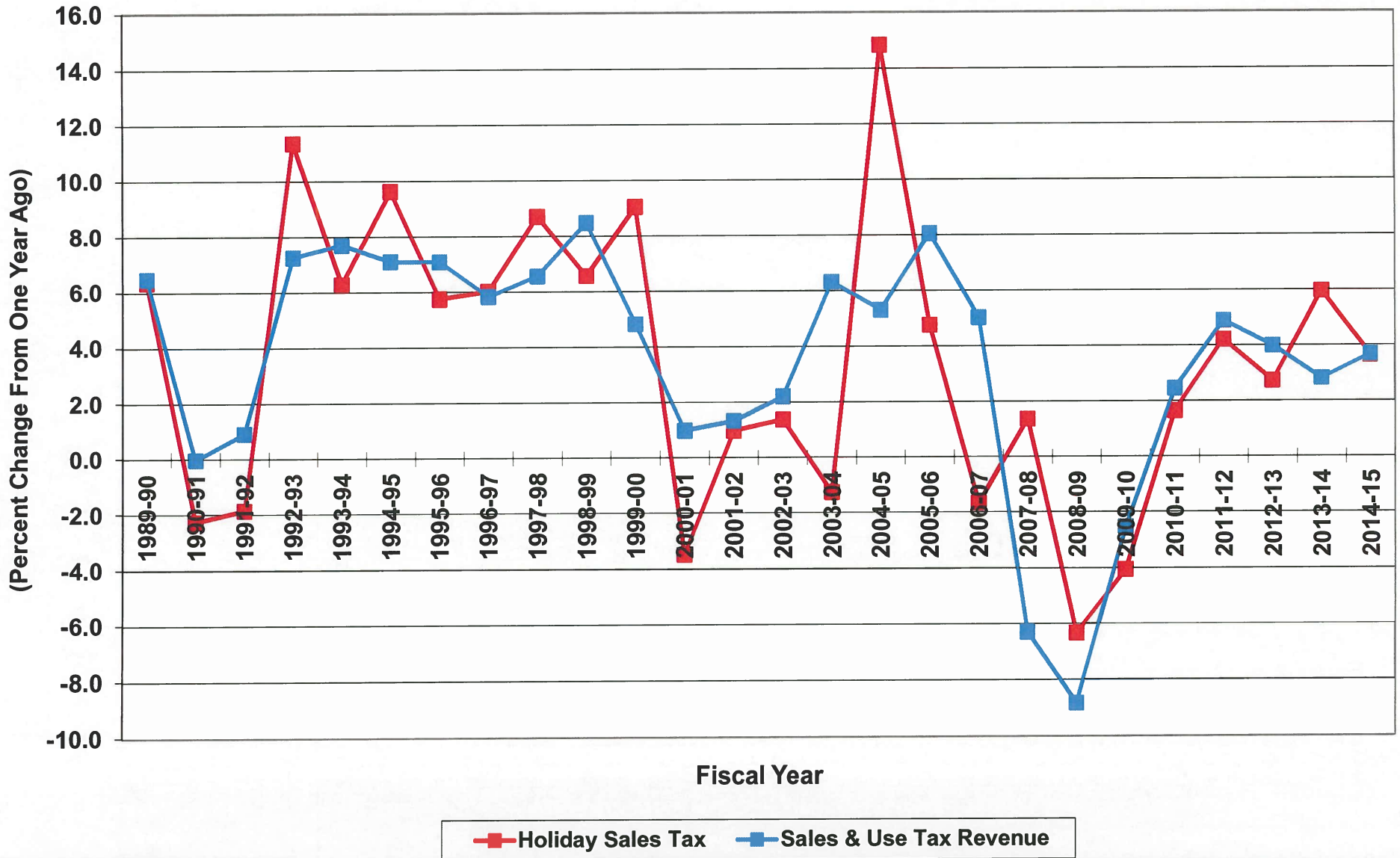
Source: Board of Economic Advisors  
BEA/RWM/02/13/15

# U.S. Retail & Food Service Sales



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

## Comparison of Growth in Holiday Season Sales Tax and Total Sales Taxes



**Individual Income Tax - Gross**

(\$ millions)

Month	Actual					1/ Guide FY 14-15	Excess Revenue +/- Est.	Cumulative Revenue +/- Est.	Percent Changes: Actual FY 13-14 to Actual FY 14-15		2/ Changes to Monthly Pattern
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15				Monthly	Cumulative	
July	288.9	297.4	326.8	344.9	345.8	373.6	(27.7)	(27.7)	0.3	0.3	0.0
August	300.5	318.2	332.0	322.4	348.7	326.3	22.5	(5.2)	8.2	4.1	0.0
September	340.4 <sup>3/</sup>	375.3	374.8	403.9	422.8	439.9	(17.1)	(22.3)	4.7	4.3	0.0
October	299.8	322.3	344.4	365.4	366.6	372.0	(5.4)	(27.7)	0.3	3.3	0.0
November	285.7	297.1	307.5	305.3	306.9	286.3	20.6	(7.2)	0.5	2.8	0.0
December	372.8 <sup>3/</sup>	382.6	408.5	404.2	473.3	423.3	50.1	42.9	17.1	5.5	0.0
January	329.0	355.5	442.7	479.5	367.4	509.5	(142.1)	(99.2)	(23.4)	0.2	0.0
February	(125.9)	(239.3)	(115.6)	(248.4)		(179.2)					0.0
March	(1.2) <sup>3/</sup>	96.6 <sup>4/</sup>	(6.3)	77.8		30.0					0.0
April	156.6	252.2	321.1	264.7		210.4					0.0
May	328.5	291.5	262.1	304.2		314.3					0.0
June Prelim.	337.9 <sup>3/</sup>	347.2 <sup>4/</sup>	360.9	400.2		423.6					0.0
<u>Mth13 Close</u>	<u>(5.4)</u>	<u>0.3</u>	<u>(1.4)</u>	<u>(1.4)</u>		<u>2.1</u>					<u>0.0</u>
Fiscal Year	2,907.7 <sup>3/</sup>	3,096.8 <sup>4/</sup>	3,357.5	3,422.6	2,631.6	3,532.1					0.0

1/ The growth rate needed to meet the BEA estimate = 3.2% ; whereas growth, adjusted for net pattern change, = 3.2%

The monthly revenue estimate is the sum of estimates for Withholdings, Declarations, and Paid with Returns, as net of refunds.

2/ Changes to the monthly pattern include any changes to Withholdings, Declarations, Paid with Returns and Refunds. Refer to separate worksheets for revenue detail, where applicable.

3/ Collections are net of \$53,242,587 "transferred-out" pursuant to Part 1B Prov. 90.16 of Act 291 of 2010 (Increased Enforcement).

4/ Collections are net of \$110,078 "transferred-out" pursuant to Part 1B Prov. 90.21 of Act 73 of 2011 (Increased Foreign Enforcement).

Note: Gross estimate includes \$501,990,528 as 'net' share of total Property Tax Relief Trust Fund allocation from General Fund.

N.A.: Not available.

**Individual Withholdings**  
(\$ millions)

Month	Actual					1/ Guide FY 14-15	Excess Revenue +/- Est.	Cumulative Revenue +/- Est.	Percent Changes		Changes to Monthly Pattern
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15				Actual FY 13-14 to Actual FY 14-15 Monthly	Cumulative	
July	290.4	300.1	328.1	348.1	346.6	364.8	(18.2)	(18.2)	(0.4)	(0.4)	
August	300.8	318.6	327.2	319.7	344.2	335.0	9.2	(8.9)	7.7	3.4	
September	285.6 2/	300.5	300.1	334.2	342.8	350.2	(7.3)	(16.3)	2.6	3.2	
October	298.1	316.6	340.8	357.1	369.3	374.1	(4.8)	(21.1)	3.4	3.2	
November	310.1	307.1	314.1	316.2	323.3	331.3	(8.0)	(29.1)	2.3	3.0	
December	355.0 2/	357.9	376.9	373.2	430.8	391.1	39.7	10.7	15.4	5.3	
January	309.3	308.6	341.2	385.5	368.2	403.9	(35.8)	(25.1)	(4.5)	3.8	
February	294.3	317.7	311.5	346.4		362.9					
March	327.4 2/	343.2 3/	358.0	360.5		377.7					
April	316.5	333.1	344.5	361.5		378.8					
May	305.3	315.0	328.6	326.9		342.5					
June Prelim.	297.6 2/	290.6	298.3	344.5		360.9					
<u>Mth13 Close</u>	<u>(5.7)</u>	<u>(0.002)</u>	<u>1.0</u>	<u>0.0</u>		<u>0.0</u>					
<b>Fiscal Year</b>	<b>3,684.8 2/</b>	<b>3,808.9 3/</b>	<b>3,970.3</b>	<b>4,173.7</b>	<b>2,525.3</b>	<b>4,373.3</b>					<b>0.0</b>

1/ The growth rate needed to meet the BEA estimate = 4.8% ; whereas growth, adjusted for net pattern change, = 4.8%  
 The guideline includes reduction of \$2.0 Million from enhanced Jobs Tax Credits applied against employer withholdings (Act 279 of 2014).  
 2/ Collections are net of \$7,023,946 "transferred-out" pursuant to Part 1B Proviso 90.16 of Act 291 of 2010 (Increased Enforcement).  
 3/ Collections are net of \$98,681 "transferred-out" pursuant to Part 1B Proviso 90.21 of Act 73 of 2011 (Increased Foreign Enforcement).  
 Note: Withholdings are net of Tax Credits for Job Development and Job Retraining Fees, Transfers of Redevelopment Authority, Refunds of Rural Infrastructure Fund, and Motion Picture Incentives.  
 N.A.: Not available.

# Individual Income Tax Withholdings Revenue

<b>Actual Y-T-D</b>	<b>Forecast Y-T-D</b>	<b>Over/Under Estimate</b>
<b>\$2,525.3</b>	<b>\$2,550.4</b>	<b>(\$25.1)</b>

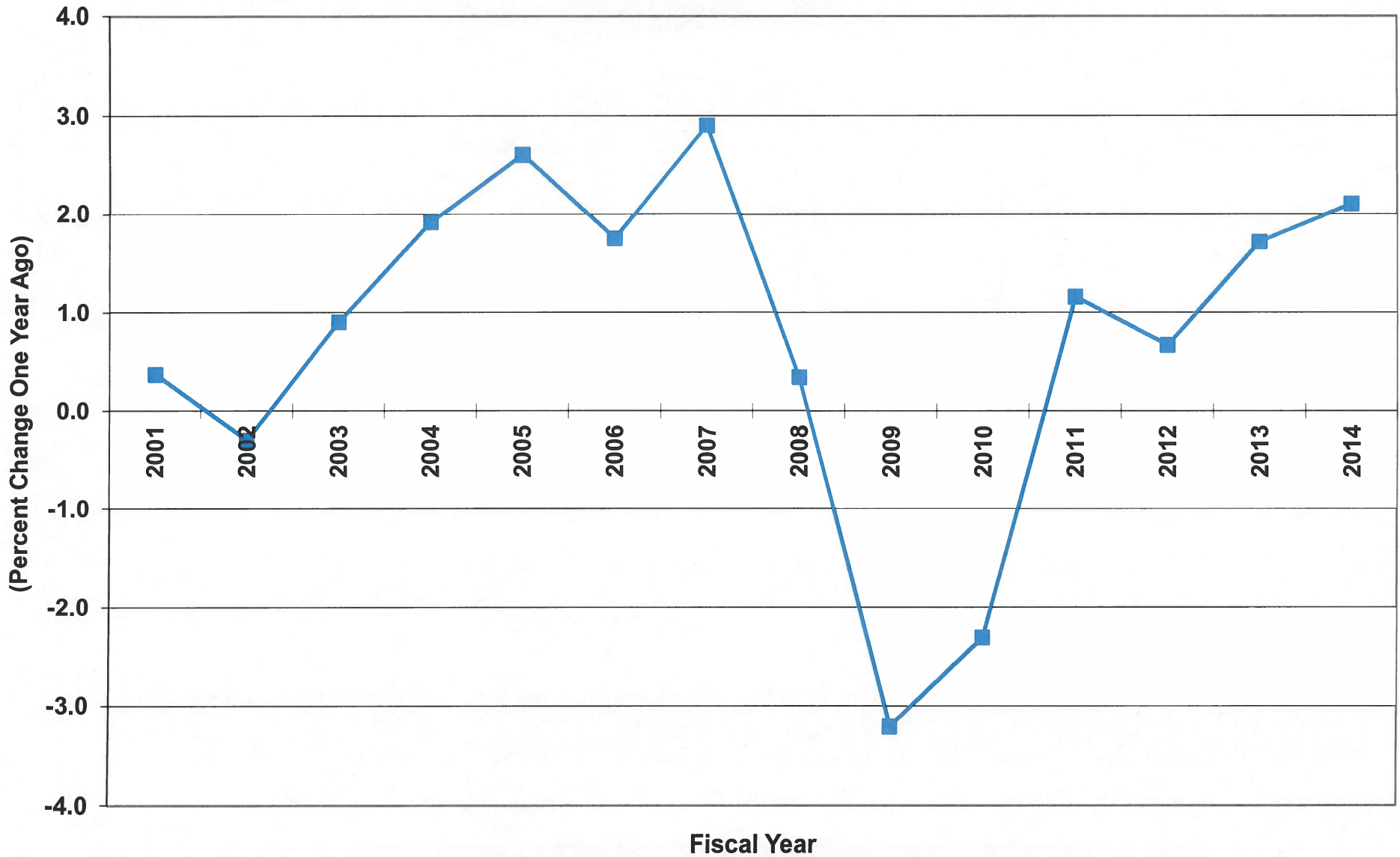
## Factors Affecting Collections

- **Employment growth**

## Recommendation

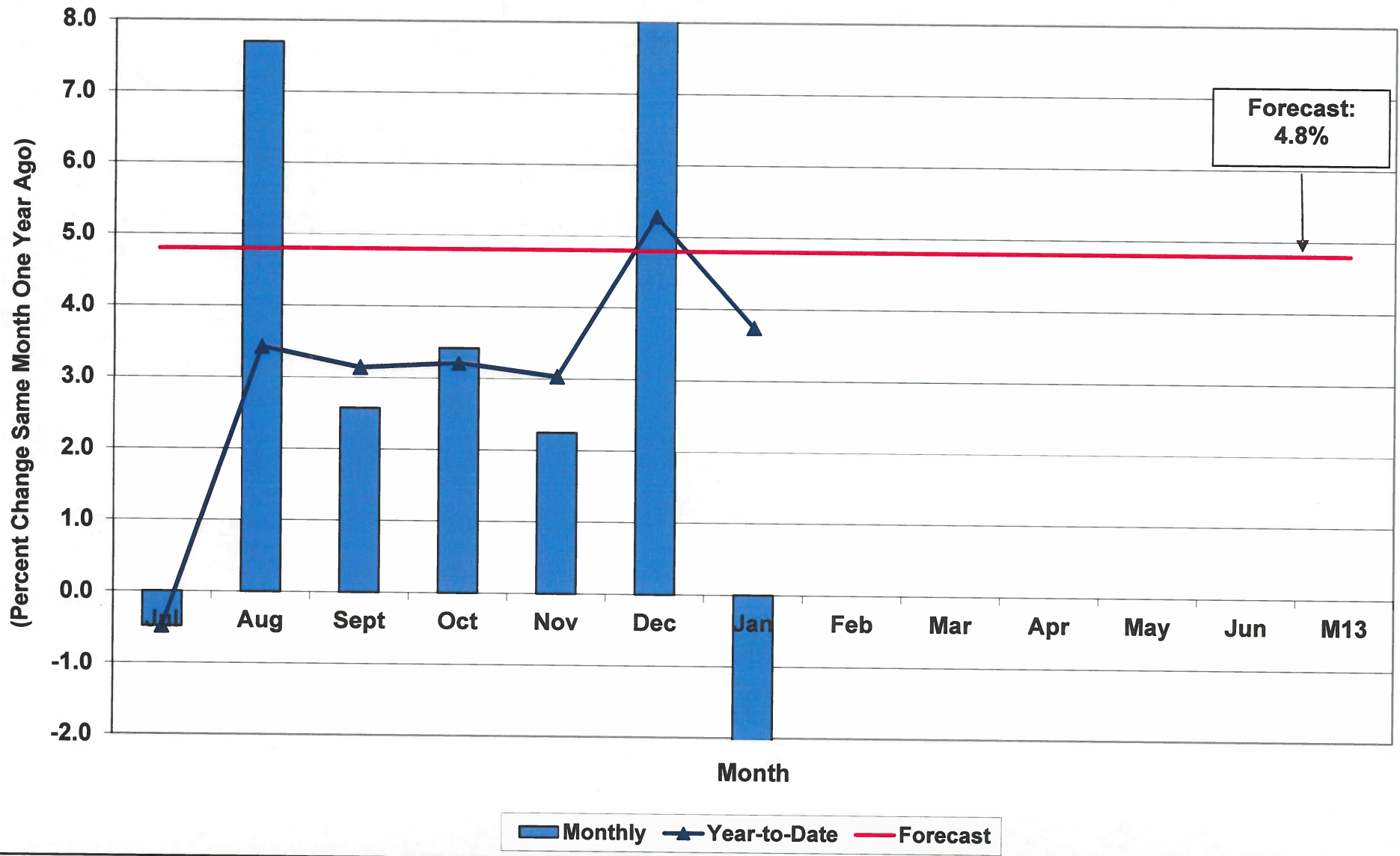
	<b>FY2015</b>	<b>FY2016</b>
<b>Withholdings</b>	<b>(\$30)</b>	<b>(\$30)</b>

# Growth in Real Wages in South Carolina



Note: Wage Base is 2000=100  
BEA/RWM/02/04/15

## Growth in Individual Income Tax Withholding Revenue FY2015 Monthly and Year-to-Date



Source: Board of Economic Advisors  
BEA/RWM/02/13/15



**Individual Refunds**

(\$ millions)

Month	Actual					1/ Guide FY 14-15	Excess Revenue +/- Est.	Cumulative Revenue +/- Est.	Percent Changes Actual FY 13-14 to Actual FY 14-15		Changes to Monthly Pattern
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15				Monthly	Cumulative	
July	26.8	24.1	23.2	27.5	24.6	29.0	(4.4)	(4.4)	(10.7)	(10.7)	
August	17.0	17.4	21.3	24.2	22.5	25.5	(3.0)	(7.4)	(6.9)	(8.9)	
September	17.6	17.1	13.1	19.6	23.2	20.7	2.6	(4.8)	18.6	(1.4)	
October	34.9	33.3	50.6	46.5	42.7	49.0	(6.3)	(11.1)	(8.1)	(4.0)	
November	40.4	28.1	25.4	54.8	40.2	57.8	(17.6)	(28.8)	(26.7)	(11.2)	
December	13.7	23.2	10.5	12.7	18.0	13.3	4.7	(24.1)	42.2	(7.6)	
January	78.5	39.6	17.0	16.7	53.7	17.6	36.0	11.9	220.9	11.3	
February	429.3	565.2	426.9	524.0		552.4					
March	351.0	264.1	389.9	341.6		360.2					
April	342.7	312.9	340.9	375.9		396.2					
May	69.1	73.6	114.2	77.9		82.1					
June Prelim.	29.7	29.8	32.6	30.2		31.8					
<u>Mth13 Close</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>		<u>0.0</u>					
Fiscal Year	1,450.6	1,428.4	1,465.6	1,551.6	224.9	1,635.7					0.0

1/ Growth rate needed to meet the BEA estimate = 5.4%

N.A.: Not available.

**Corporation Income Tax - Gross**  
(\$ millions)

Month	Actual					1/ Guide FY 14-15	Excess Revenue +/- Est.	Cumulative Revenue +/- Est.	Percent Changes		2/ Changes to Monthly Pattern
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15				Actual FY 13-14 Monthly	Actual FY 13-14 Cumulative	
July	3.9	5.1	7.8	7.6	3.7	6.9	(3.2)	(3.2)	(51.1)	(51.1)	0.0
August	3.1	10.4	2.8	3.7	(0.7)	9.4	(10.1)	(13.3)	(118.9)	(73.2)	0.0
September	43.1 3/	44.4 4/	71.2	61.9	78.4	60.8	17.6	4.3	26.6	11.2	0.0
October	(8.5)	4.5	2.5	4.0	(9.2)	3.8	(13.0)	(8.7)	(330.8)	(6.5)	0.0
November	(9.0)	1.7	(6.1)	9.8	(3.3)	(1.7)	(1.6)	(10.3)	(133.9)	(20.8)	1.1
December	29.3 3/	47.5 4/	61.9	37.9	40.6	50.3	(9.6)	(20.0)	7.1	(12.3)	0.0
January	18.2	(1.7)	18.7	11.6	(1.6)	16.1	(17.7)	(37.7)	(114.0)	(21.0)	0.3
February	2.3	0.4	7.7	(0.5)		5.5					0.0
March	66.4 3/	58.7 4/	78.9	90.5		68.7					0.0
April	27.5	35.0	49.8	43.9		59.2					(0.8)
May	12.7	(4.4)	13.1	5.9		6.1					0.0
June Prelim.	27.1 3/	51.3 4/	78.3	54.9		59.6					0.1
<u>Mth13 Close</u>	<u>0.002</u>	<u>0.0</u>	<u>0.003</u>	<u>0.0</u>		<u>0.7</u>					<u>0.0</u>
Fiscal Year	216.1 3/	252.9 4/	386.7	331.1	107.9	345.4					0.7

1/ The growth rate needed to meet the BEA estimate = 4.3% ; whereas growth, adjusted for net pattern change, = 4.1%

The monthly revenue estimate is the sum of estimates for Withholdings, Declarations, and Paid with Returns, as net of refunds.

2/ Changes to the monthly pattern include changes to Withholdings, Declarations, Paid with Returns and Refunds. Refer to separate worksheets for detail, where applicable.

3/ Receipts are net of \$18,999,477 "transferred-out" pursuant to Part 1B Proviso 90.16 of Act 291 of 2010 (Increased Enforcement).

4/ Receipts are net of \$40,644,357 "transferred-out" pursuant to Part 1B Prov. 90.21 of Act 73 of 2011 (Increased Foreign Enforcement).

Note: Gross estimate includes \$50,701,131 as 'net' share of total Property Tax Relief Trust Fund allocation from General Fund.

N.A.: Not available.

# Corporate Income Tax Revenue

<b>Actual Y-T-D</b>	<b>Forecast Y-T-D</b>	<b>Over/Under Estimate</b>
<b>\$107.9</b>	<b>\$145.6</b>	<b>(\$37.7)</b>

## Factors Affecting Collections

- **Corporate audits**

## Recommendation

	<b>FY2015</b>	<b>FY2016</b>
<b>Corporate Income</b>	<b>(\$30)</b>	<b>- \$0 -</b>

**Corporation License Tax**  
(\$ millions)

Month	Actual					1/ Guide FY 14-15	Excess Revenue +/- Est.	Cumulative Revenue +/- Est.	Percent Changes:		Changes to Monthly Pattern
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15				Actual FY 13-14 to Actual Monthly	FY 14-15 Cumulative	
July	3.0	3.5	1.5	3.1	1.9	3.0	(1.1)	(1.1)	(39.0)	(39.0)	
August	4.1	2.6	1.3	3.4	5.5	4.1	1.3	0.2	61.0	13.0	
September	4.3 2/	1.0 3/	10.1	13.7	6.4	4.4	2.1	2.3	(52.9)	(31.6)	
October	10.3	2.5	1.5	4.1	11.1	10.4	0.6	2.9	172.4	2.6	
November	4.3	2.1	3.2	(3.4)	3.4	4.4	(1.0)	2.0	200.0	35.5	
December	6.5 2/	7.2 3/	6.3	7.7	35.4	6.6	28.8	30.8	358.1	122.7	
January	5.4	5.4	1.4	1.6	1.1	5.5	(4.3)	26.5	(28.8)	114.6	
February	0.4	6.1	1.6	6.6		0.4					
March	21.7 2/	48.6 3/	34.7	34.3		21.9					
April	4.5	2.4	5.5	8.6		4.6					
May	4.9	17.3	1.9	3.6		5.0					
June Prelim.	19.2 2/	3.0 3/	5.4	11.8		19.5					
<u>Mth13 Close</u>	<u>0.01</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>		<u>0.0</u>					
Fiscal Year	88.7 2/	101.7 3/	74.2	95.1	64.9	89.9					0.0

1/ The growth rate needed to meet the BEA estimate = -5.5%

2/ Collections are net of \$1,827,295 "transferred-out" pursuant to Part 1B Proviso 90.16 of Act 291 of 2010 (Increased Enforcement).

3/ Collections are net of \$895,479 "transferred-out" pursuant to Part 1B Prov. 90.21 of Act 73 of 2011 (Increased Foreign Enforcement).

N.A.: Not available.

# Corporate License Tax Revenue

<b>Actual Y-T-D</b>	<b>Forecast Y-T-D</b>	<b>Over/Under Estimate</b>
<b>\$64.9</b>	<b>\$38.4</b>	<b>+ \$26.5</b>

## Factors Affecting Collections

- **A large deposit was to be transferred to Corporate Income Tax but will not occur**

## Recommendation

	<b>FY2015</b>	<b>FY2016</b>
<b>Corporate License</b>	<b>+ \$30</b>	<b>- \$0 -</b>

**Bank Tax**  
(\$ millions)

Month	Actual					1/ Guide FY 14-15	Excess Revenue +/- Est.	Cumulative Revenue +/- Est.	Percent Changes: Actual FY 13-14 to Actual FY 14-15		Changes to Monthly Pattern
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15				Monthly	Cumulative	
July	4.3	0.5	0.0	0.5	0.1	0.5	(0.4)	(0.4)	(71.8)	(71.8)	
August	0.1	(0.1)	0.3	0.1	1.0	0.2	0.9	0.5	590.9	76.5	
September	2.6 <sup>2/</sup>	2.5	5.9	7.6	5.9	8.0	(2.1)	(1.7)	(22.3)	(14.5)	
October	0.2	(3.1)	6.5	0.0	(2.0)	0.0	(2.0)	(3.6)	- - -	(38.5)	
November	0.2	0.1	0.6	0.2	(0.7)	0.3	(0.9)	(4.6)	(388.5)	(48.2)	
December	4.9	4.1	6.3	6.8	2.9	7.2	(4.3)	(8.9)	(57.8)	(52.5)	
January	0.5	0.1	(0.03)	0.1	0.06	0.1	(0.0)	(8.9)	(9.8)	(52.3)	
February	0.4	0.3	0.1	0.1		0.1					
March	3.2	2.8	3.8	5.8		6.1					
April	2.6	1.9	2.5	3.0		3.2					
May	0.5	(0.5)	0.2	0.005		0.0					
June Prelim.	4.9 <sup>2/</sup>	6.6	7.8	8.9		9.4					
<u>Mth13 Close</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>		<u>0.0</u>					
Fiscal Year	24.5 <sup>2/</sup>	15.1	34.1	33.1	7.3	35.0					0.0

1/ The growth rate needed to meet the Bea estimate = 5.7% ; whereas growth, adjusted for net pattern change, = 5.7%  
 2/ Collections are net of \$891,188 "transferred-out" pursuant to Part 1B Proviso 90.16 of Act 291 of 2010 (Increased Enforcement).  
 N.A.: Not available.

## Bank Tax Revenue

<b>Actual Y-T-D</b>	<b>Forecast Y-T-D</b>	<b>Over/Under Estimate</b>
<b>\$7.3</b>	<b>\$16.2</b>	<b>(\$8.9)</b>

### Factors Affecting Collections

- Bank audits are complete

### Recommendation

	<b>FY2015</b>	<b>FY2016</b>
<b>Bank</b>	<b>(\$9)</b>	<b>(\$9)</b>

**Summary of Recommended Changes**  
**BEA Preliminary General Fund Revenue Estimate**  
**Fiscal Years 2014-15 and 2015-16**  
**(Dollars in Millions)**

Sector	FY2014-15	FY2015-16
<b>Sales Tax</b>	\$20.000	\$20.000
<b>Individual Income Tax</b>		
<b>Withholdings</b>	(\$30.000)	(\$30.000)
<b>Declarations</b>		
<b>Paid With Returns</b>		
<b>Less: Refunds</b>	\$19.000	\$19.000
<b>Corporate Income Tax</b>	(\$30.000)	\$0.000
<b>Corporate License Tax</b>	\$30.000	\$0.000
<b>Bank Tax</b>	(\$9.000)	(\$9.000)
<b>Total General Fund Revenue</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Legislative Adjustments</b>		
<b>Sales Tax - Amazon 1/ Admissions Tax 2/</b>	\$0.225	\$3.771 \$0.225
<b>Total Legislative Adjustments</b>	<b>\$0.225</b>	<b>\$3.996</b>
<b>Non-General Fund Revenue</b>		
<b>Educational Improvement Fund</b>	\$5.000	\$5.943
<b>Homestead Exemption Fund</b>	\$4.750	\$5.646
<b>Lottery</b>	\$12.000	\$12.000

Notes: 1/ Pursuant to Section 12-36-2691.  
2/ Pursuant to Proviso 49.12 of the FY2014-15 Appropriation Act.  
Quarterly estimates for FY2014-15 will be updated in the monitor and will assume FY2015-16 quarterly estimates will follow the same pattern.

Source: Board of Economic Advisors

BEA/RWM/02/13/15



**Chronology of FY2014-15 General Fund Revenue Estimate  
(Millions of Dollars)**

Category	Date of Forecast					Difference
	11/18/2013	2/13/2014	5/21/2014	11/10/2014	2/13/2015	
<b>Sales Tax</b>	\$2,580.8	\$2,580.8	\$2,590.8	\$2,609.5	\$2,629.5	\$48.7
<b>Individual Income Tax</b>	\$3,512.8	\$3,514.8	\$3,514.8	\$3,532.1	\$3,521.1	\$8.2
<b>Corporate Income Tax</b>	\$345.0	\$345.0	\$355.0	\$345.4	\$315.4	(\$29.6)
<b>Total General Fund Revenue</b>	\$7,193.9	\$7,193.9	\$7,213.9	\$7,231.2	\$7,231.5	\$37.6

Source: Board of Economic Advisors

BEA/RWM/02/13/15

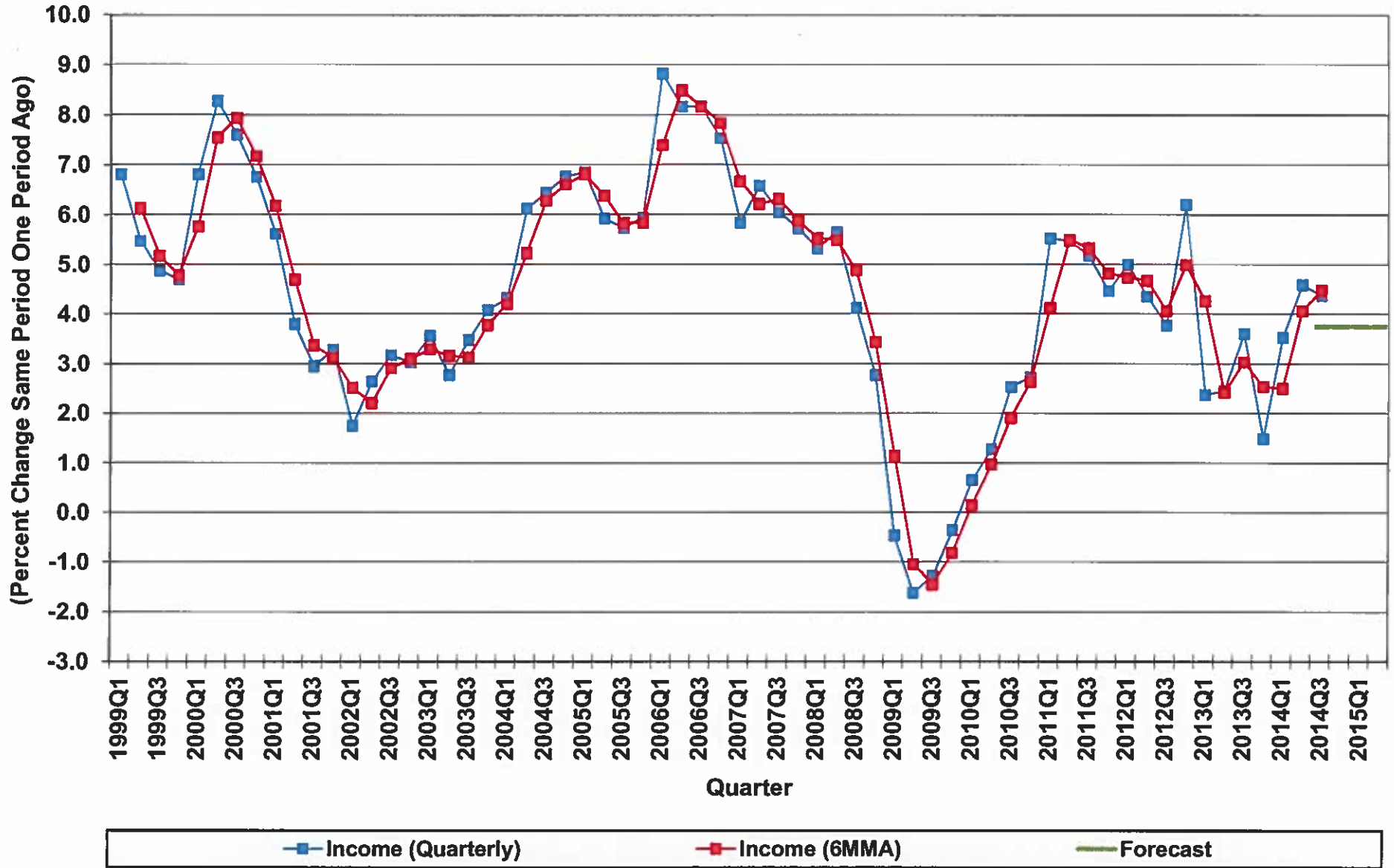
# **Summary of the Potential Changes to the BEA Preliminary General Fund Revenue Forecast for FY2015-16**



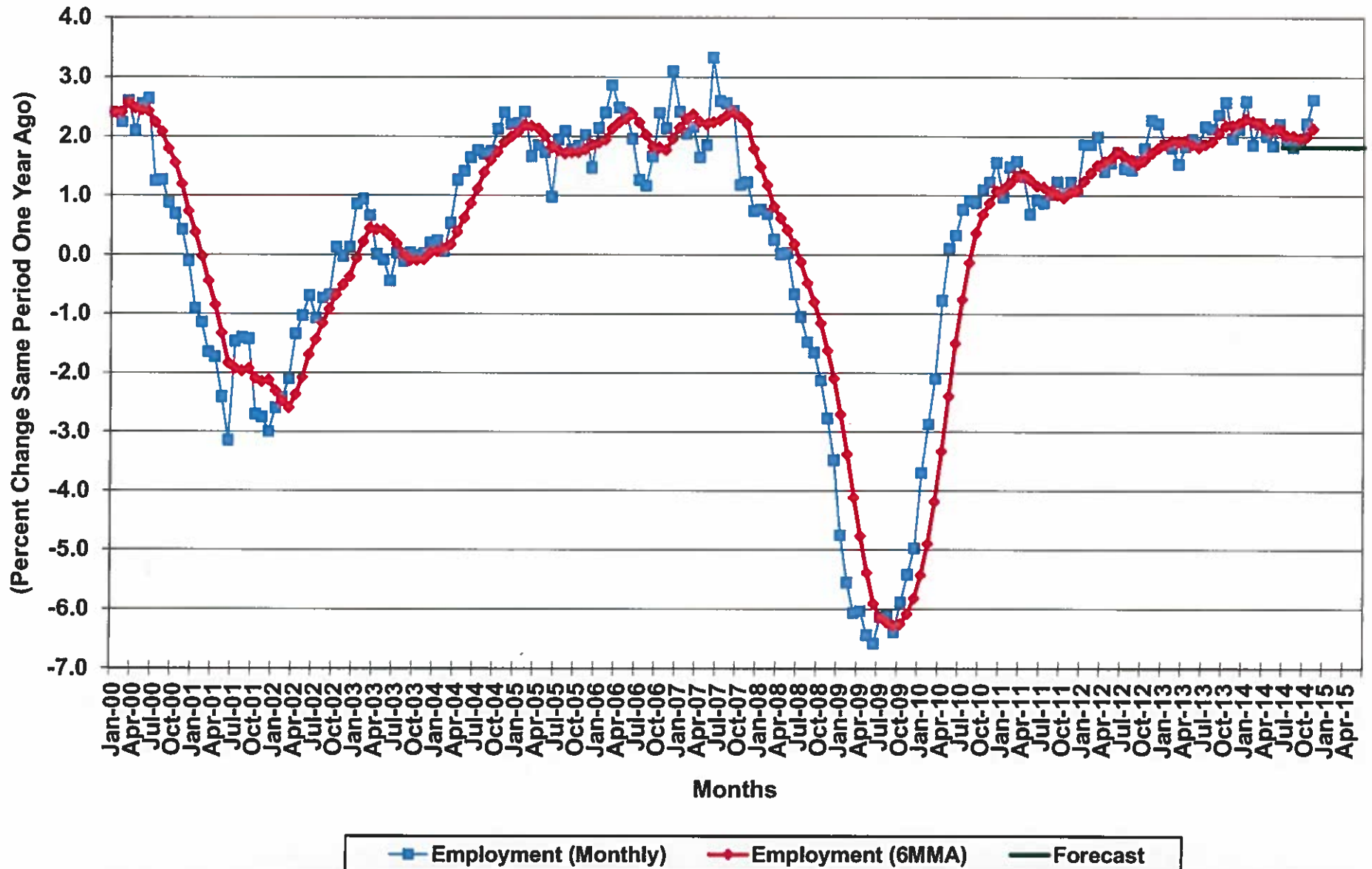
**Revenue and Fiscal Affairs Office  
Board of Economic Advisors**

**February 13, 2015**

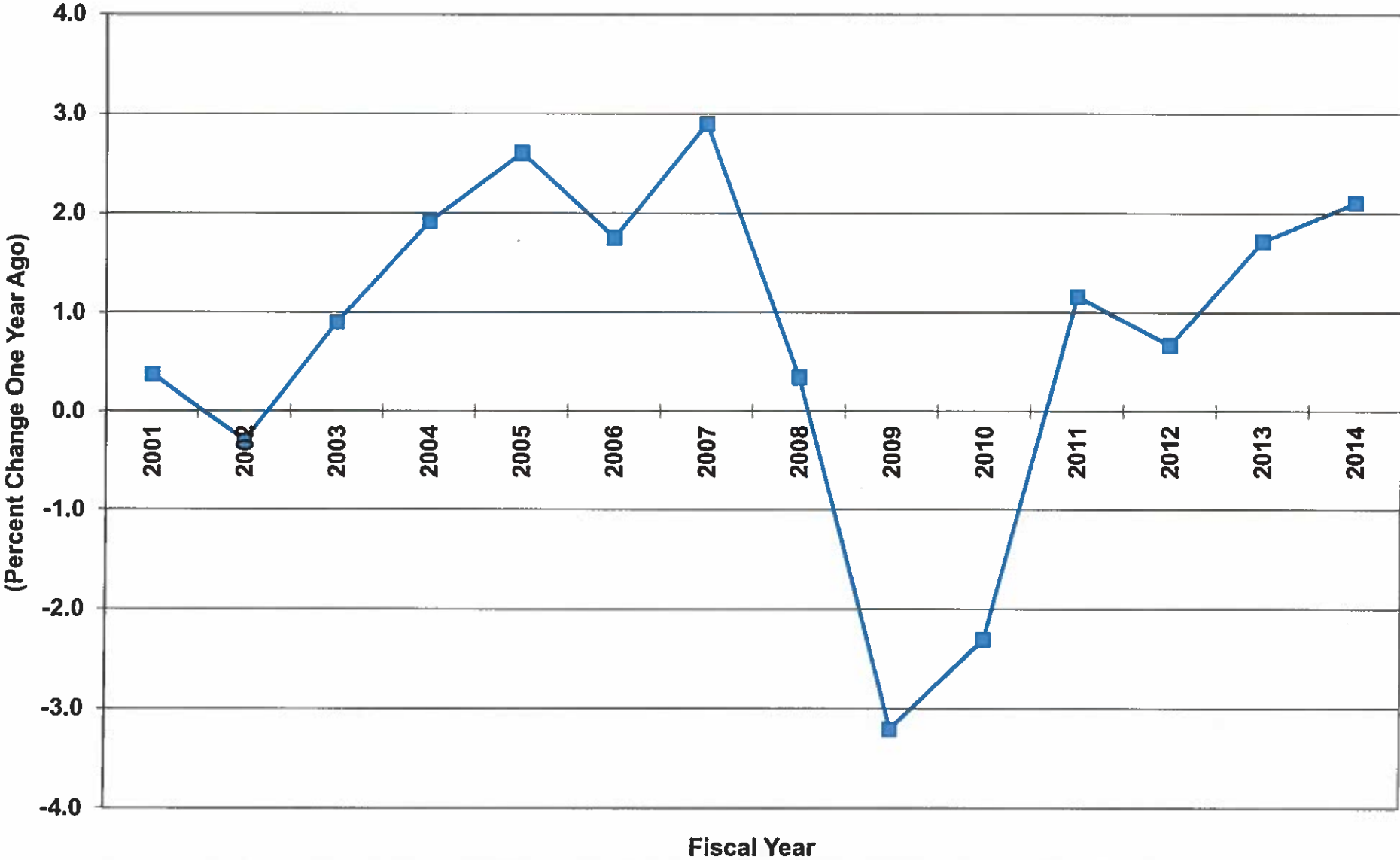
# South Carolina Personal Income Trends



# South Carolina Employment Trends

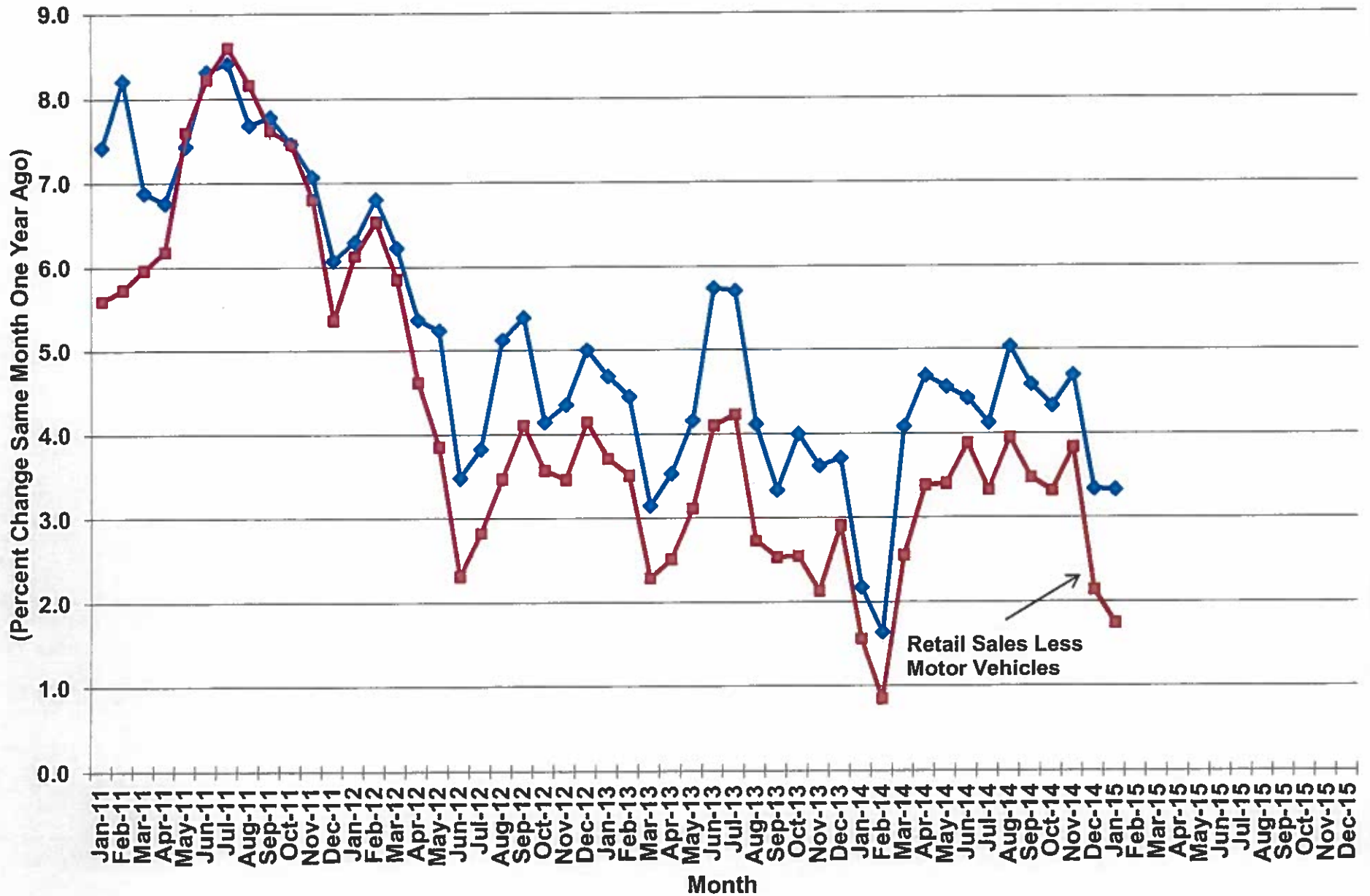


# Growth in Real Wages in South Carolina



Note: Wage Base is 2000=100  
BEA/RWM/02/04/15

# U.S. Retail & Food Service Sales



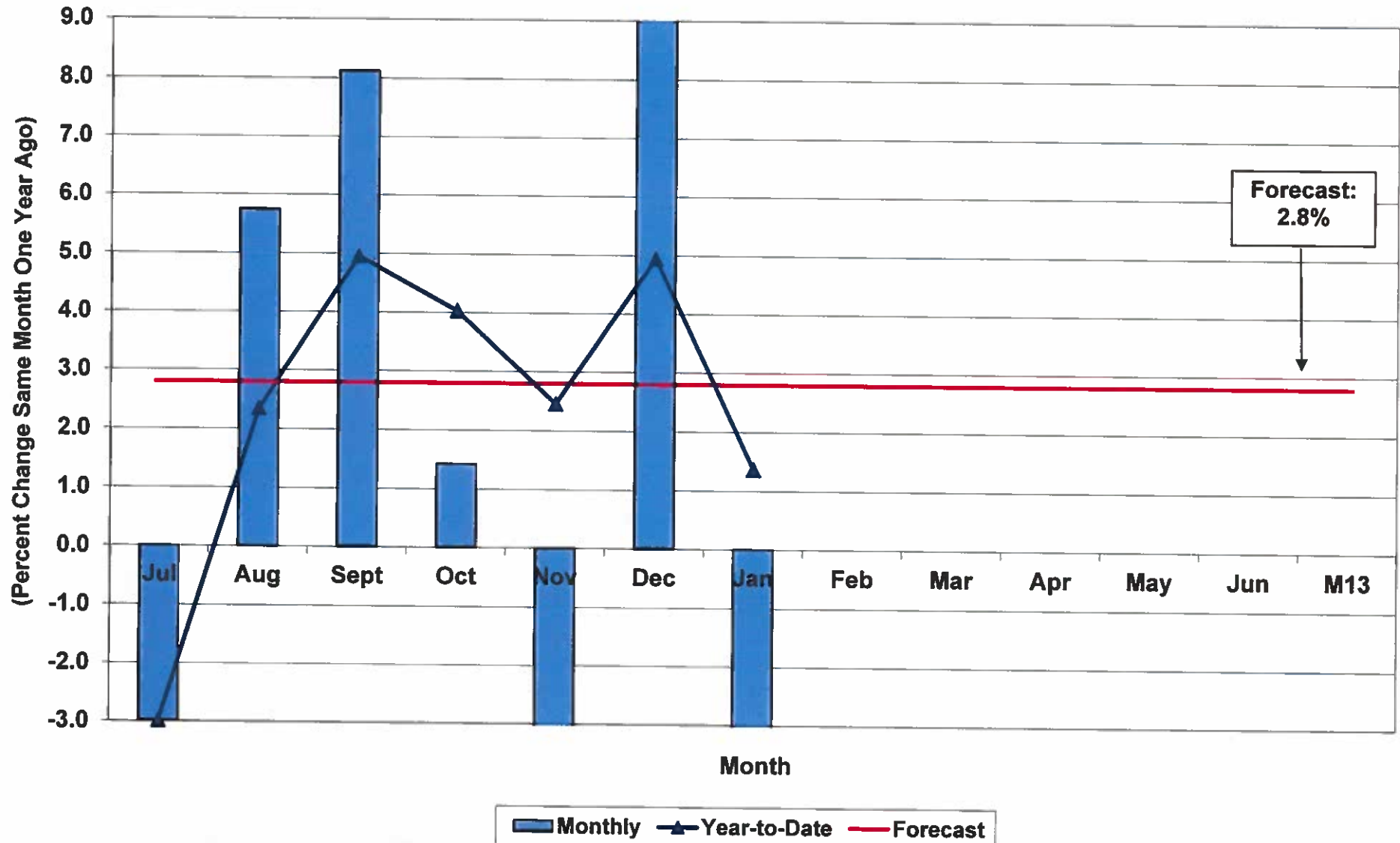
# General Fund Revenue

<b>Actual Y-T-D</b>	<b>Forecast Y-T-D</b>	<b>Over/Under Estimate</b>
<b>\$4,482.5</b>	<b>\$4,557.4</b>	<b>(\$74.9)</b>

## Recommendation

<b>General Fund</b>	<b>FY2015 - \$0 -</b>	<b>FY2016 - \$0 -</b>
---------------------	---------------------------	---------------------------

## Growth in Total General Fund Revenue Collections FY2015 Monthly and Year-to-Date





# Sales and Use Tax Revenue

<b>Actual Y-T-D</b>	<b>Forecast Y-T-D</b>	<b>Over/Under Estimate</b>
<b>\$1,336.5</b>	<b>\$1,304.3</b>	<b>+ \$32.2</b>

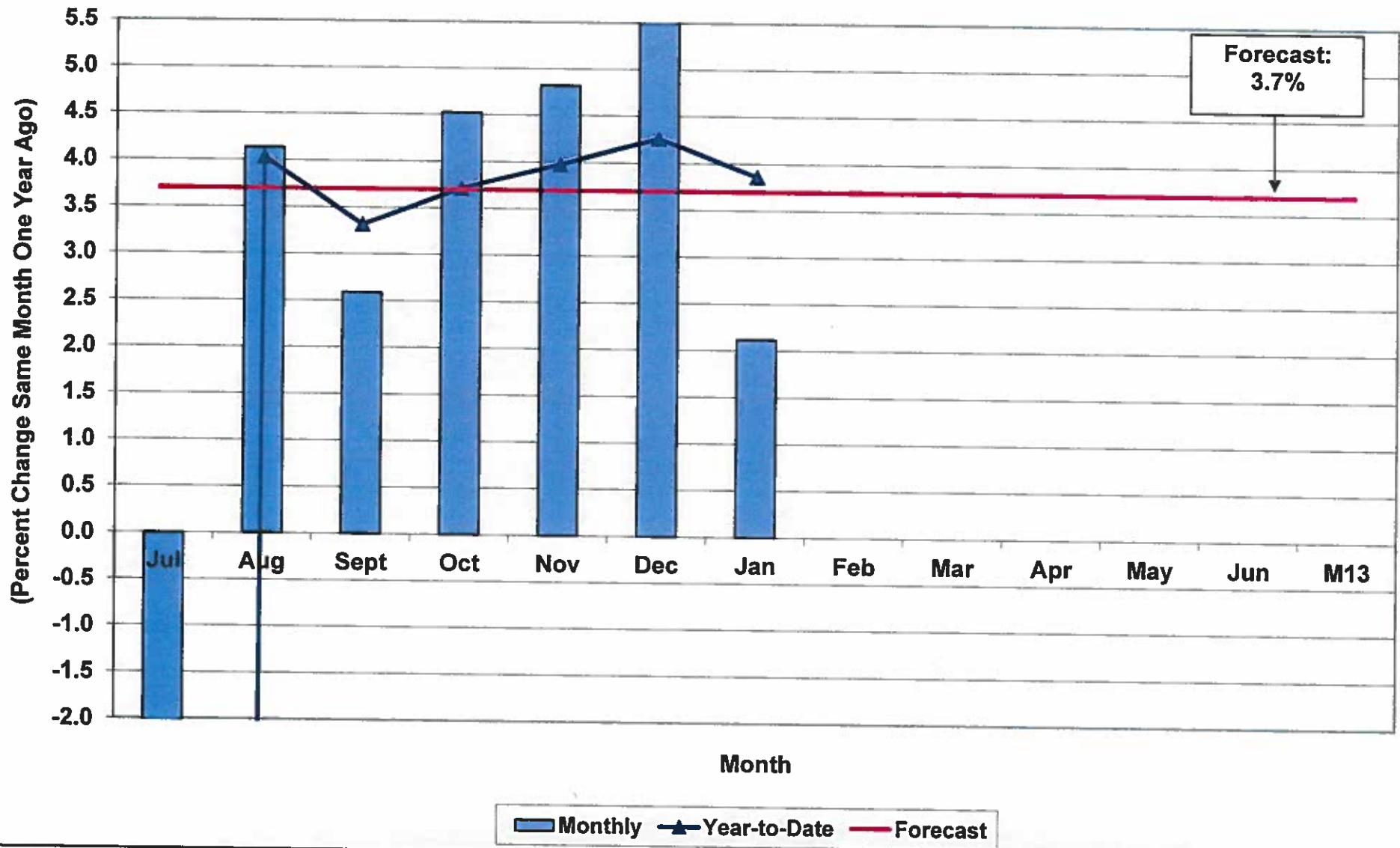
## Factors Affecting Collections

- **Christmas, IIT refunds, Easter**
- **Increased credit card use, small real growth in wages, low inflation**

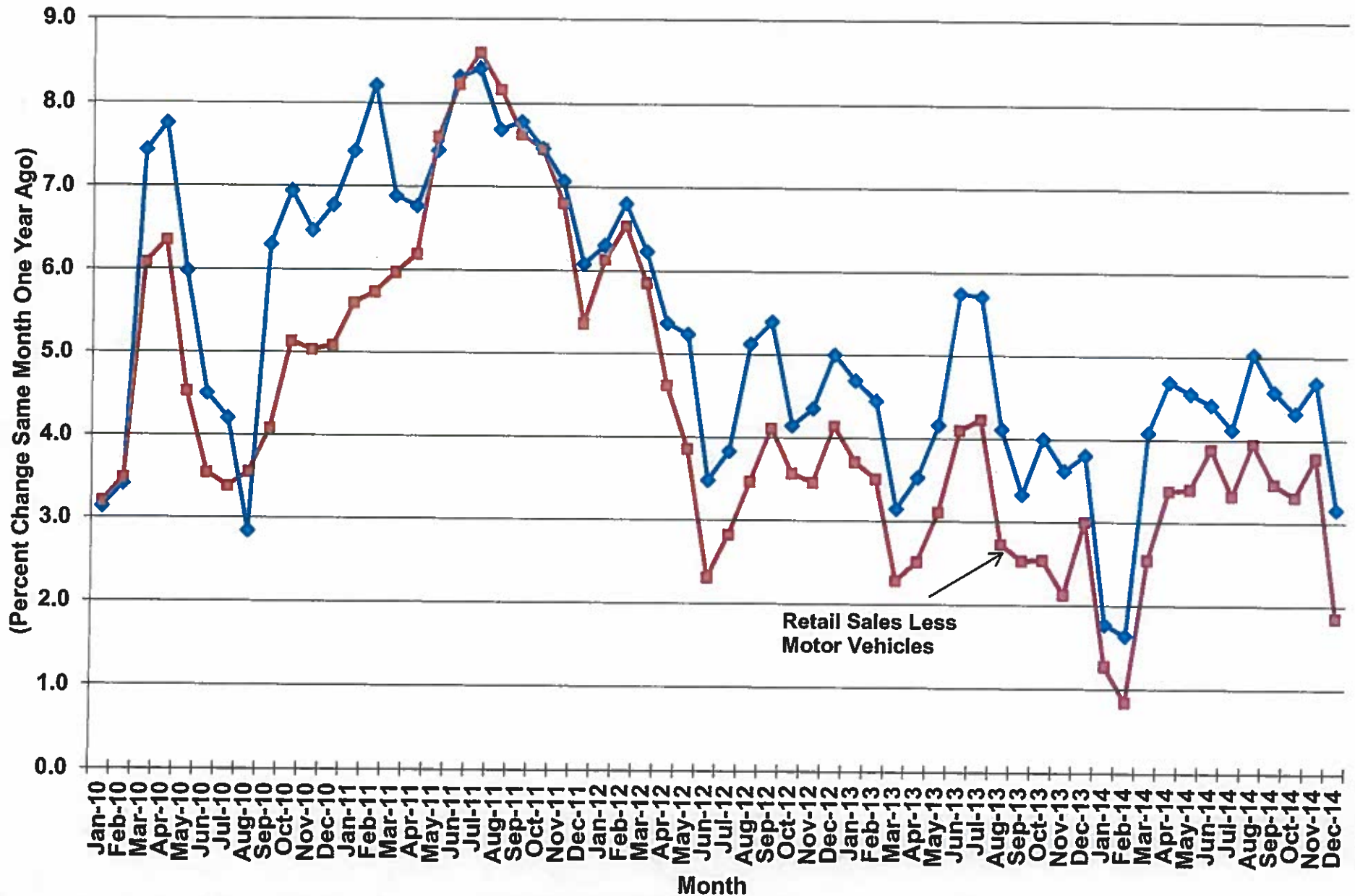
## Recommendation

	<b>FY2015</b>	<b>FY2016</b>
<b>Sales</b>	<b>+ \$20</b>	<b>+ \$20</b>

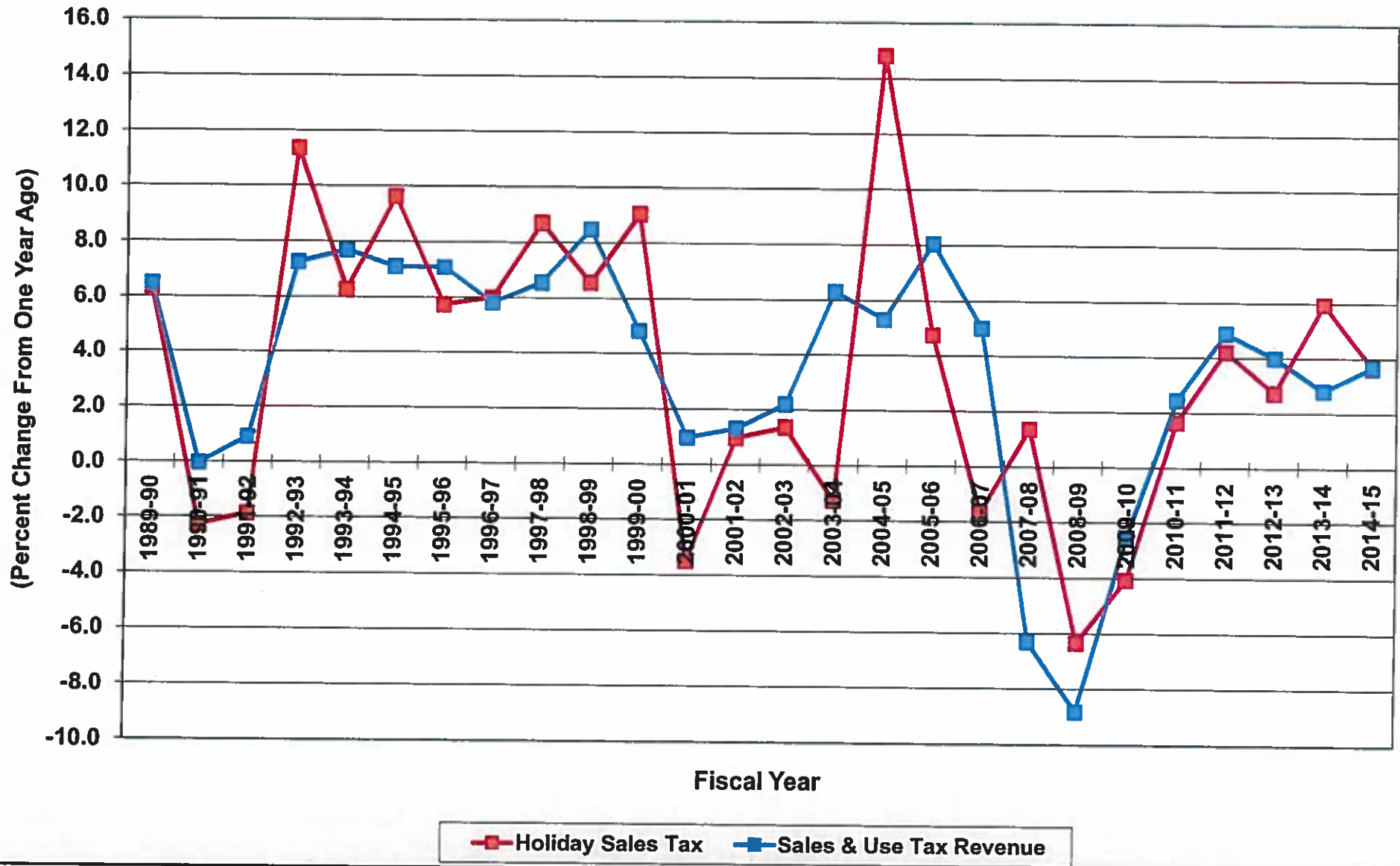
## Growth in Total Sales & Use Tax Revenue Collections FY2015 Monthly and Year-to-Date



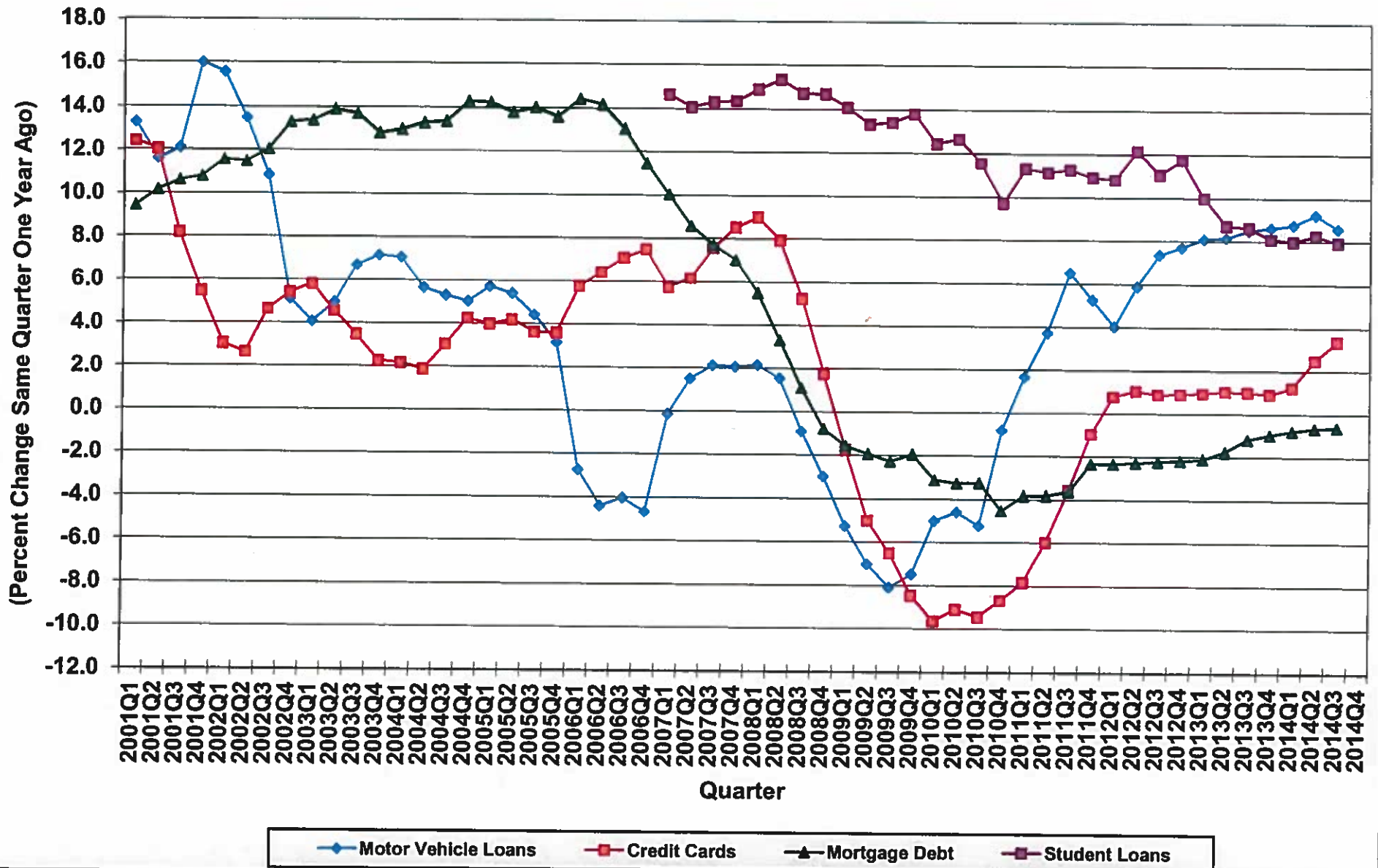
# U.S. Retail & Food Service Sales



## Comparison of Growth in Holiday Season Sales Tax and Total Sales Taxes



# Growth in Major Types of Household Debt



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

**Car Tax Transfer to Department of Transportation**

<b>Month</b>	<b>FY2013-14</b>	<b>FY2014-15</b>	<b>Net Change</b>	<b>Pct. Change</b>
<b>July</b>	\$5,037,151.59	\$5,108,099.26	\$70,947.67	1.41
<b>August</b>	\$5,167,188.03	\$5,087,248.24	-\$79,939.79	-1.55
<b>September</b>	\$5,053,060.76	\$5,157,944.29	\$104,883.53	2.08
<b>October</b>	\$4,913,733.54	\$4,764,153.40	-\$149,580.14	-3.04
<b>November</b>	\$4,395,945.38	\$4,512,880.96	\$116,935.58	2.66
<b>December</b>	\$4,052,394.85	\$4,272,500.71	\$220,105.86	5.43
<b>January</b>	\$4,876,309.05			
<b>February</b>	\$4,293,648.05			
<b>March</b>	\$5,434,248.00			
<b>April</b>	\$5,836,505.33			
<b>May</b>	\$5,067,544.60			
<b>June</b>	\$5,416,220.30			
<b>Total</b>	\$59,543,949.48	\$28,902,826.86		
<b>Y-T-D</b>	\$28,619,474.15	\$28,902,826.86	\$283,352.71	0.99

Source: S.C. Department of Revenue

BEA/RWM/02/04/15

## Individual Income Tax Revenue

<b>Actual Y-T-D</b>	<b>Forecast Y-T-D</b>	<b>Over/Under Estimate</b>
<b>\$2,631.6</b>	<b>\$2,730.8</b>	<b>(\$99.2)</b>

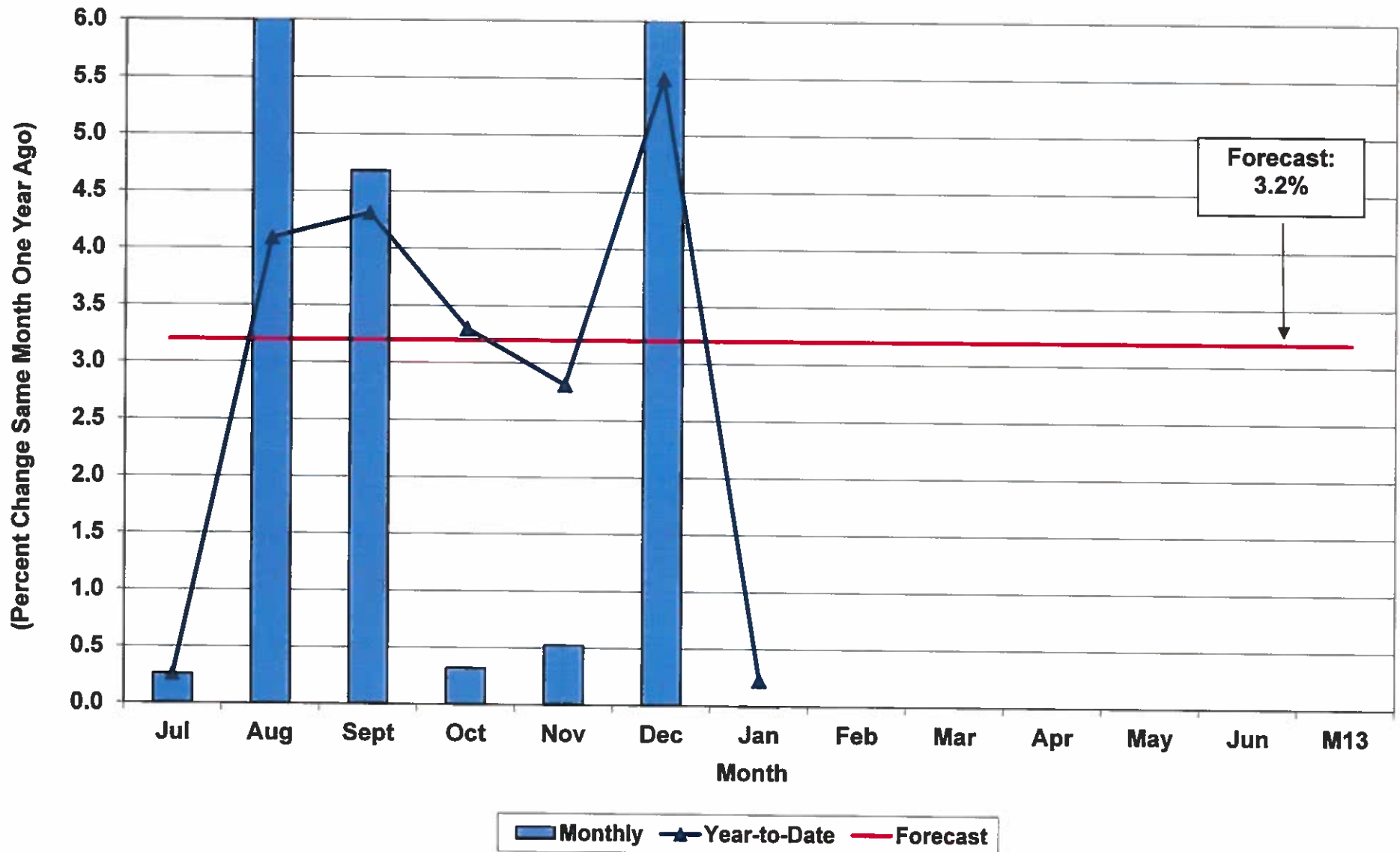
### Factors Affecting Collections

- Employment growth, wage growth picking up

### Recommendation

	<b>FY2015</b>	<b>FY2016</b>
<b>Individual Income</b>	<b>(\$11)</b>	<b>(\$11)</b>

## Growth in Total Individual Income Tax Revenue Collections FY2015 Monthly and Year-to-Date





# Individual Income Tax Withholdings Revenue

<b>Actual Y-T-D</b>	<b>Forecast Y-T-D</b>	<b>Over/Under Estimate</b>
<b>\$2,525.3</b>	<b>\$2,550.4</b>	<b>(\$25.1)</b>

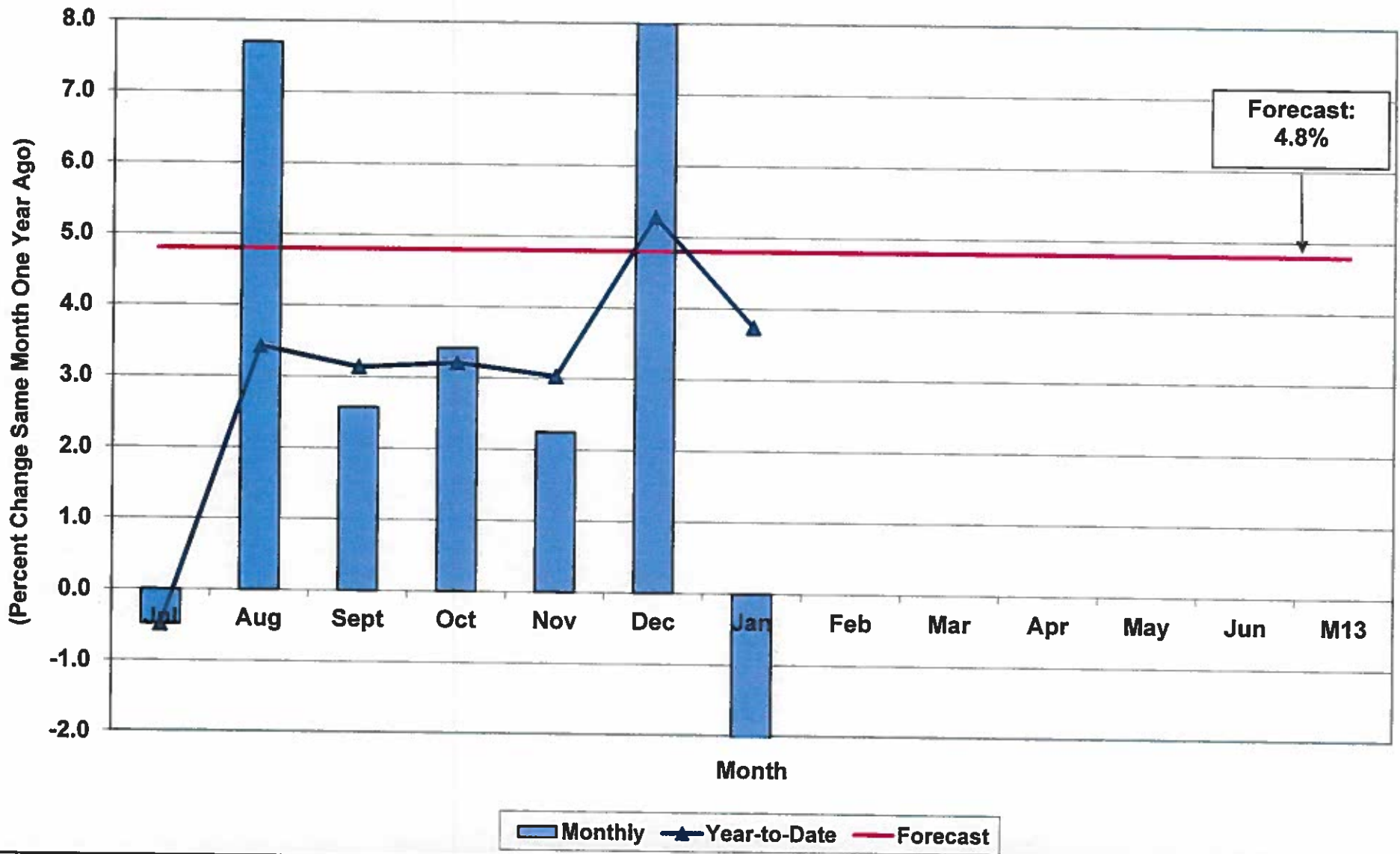
## Factors Affecting Collections

- **Employment growth**

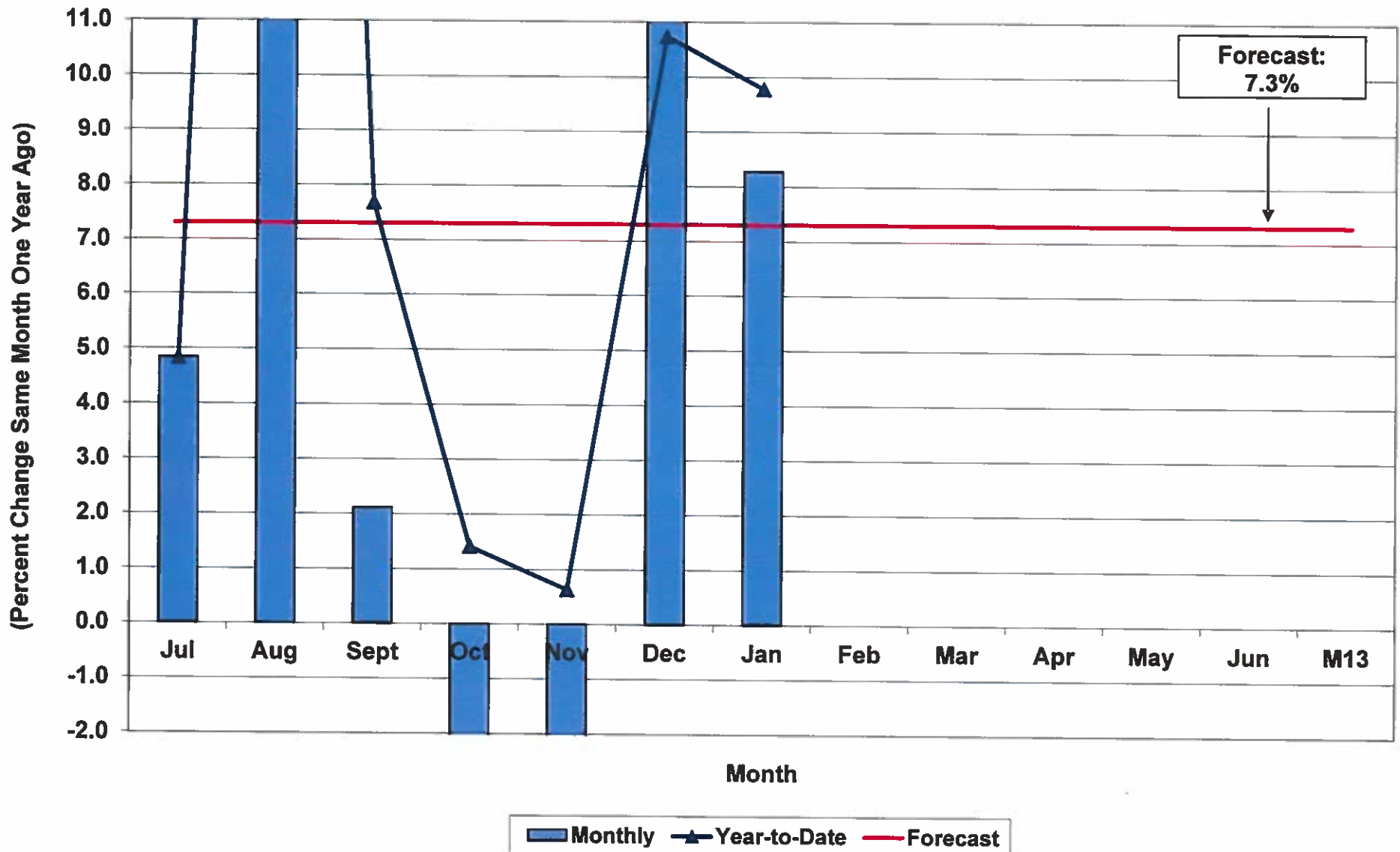
## Recommendation

	<b>FY2015</b>	<b>FY2016</b>
<b>Withholdings</b>	<b>(\$30)</b>	<b>(\$30)</b>

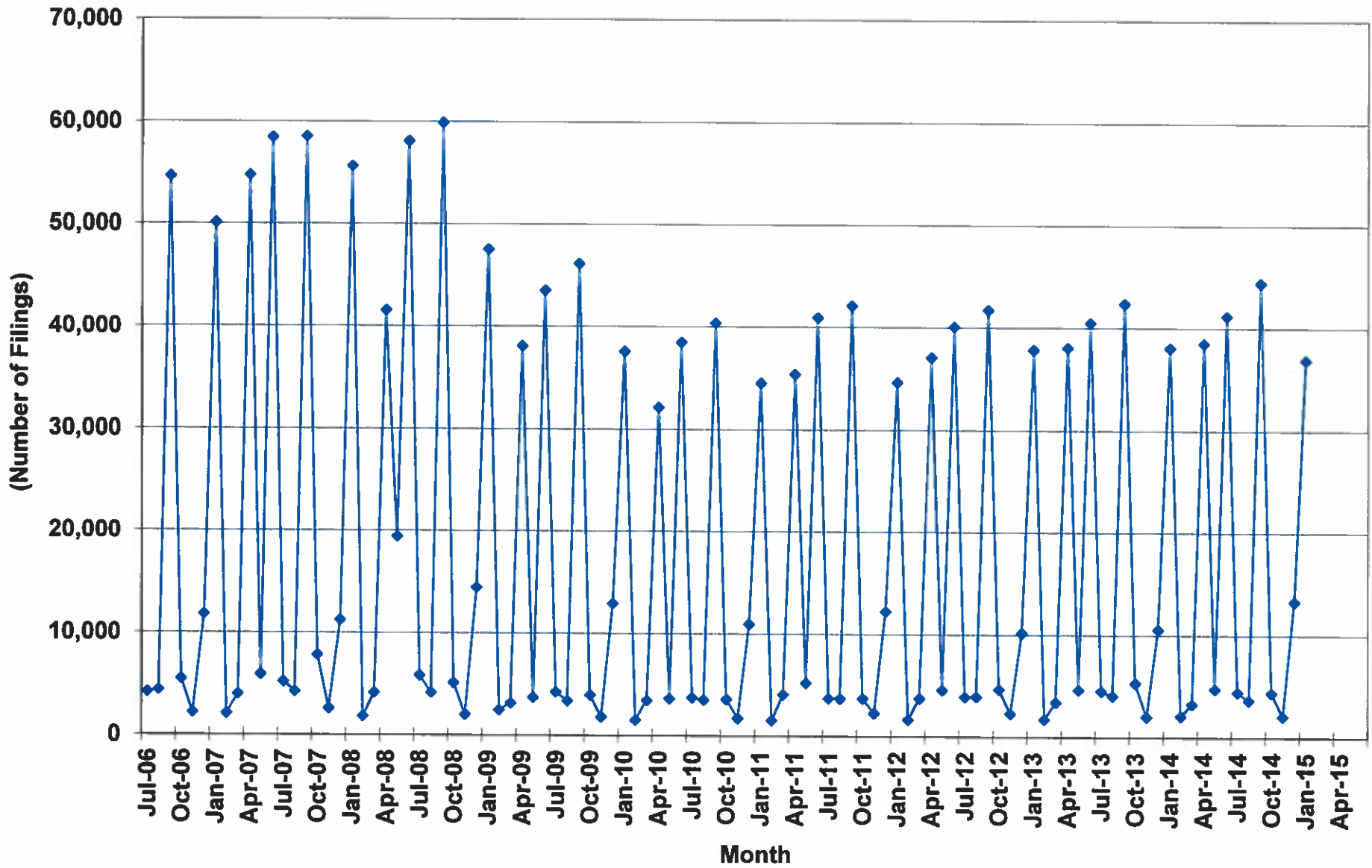
## Growth in Individual Income Tax Withholding Revenue FY2015 Monthly and Year-to-Date



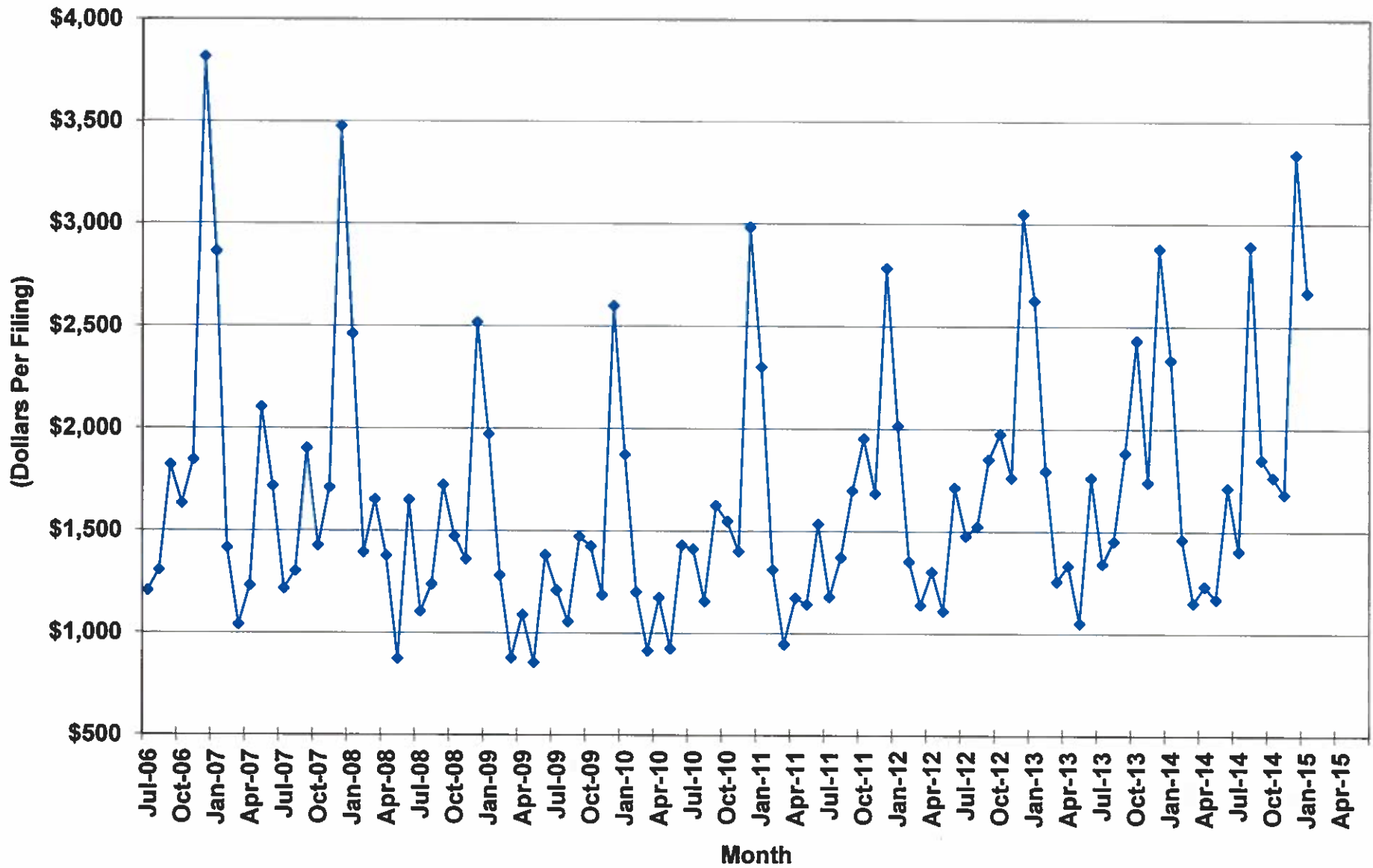
## Growth in Individual Income Tax Declarations in South Carolina FY2015 Monthly and Year-to-Date



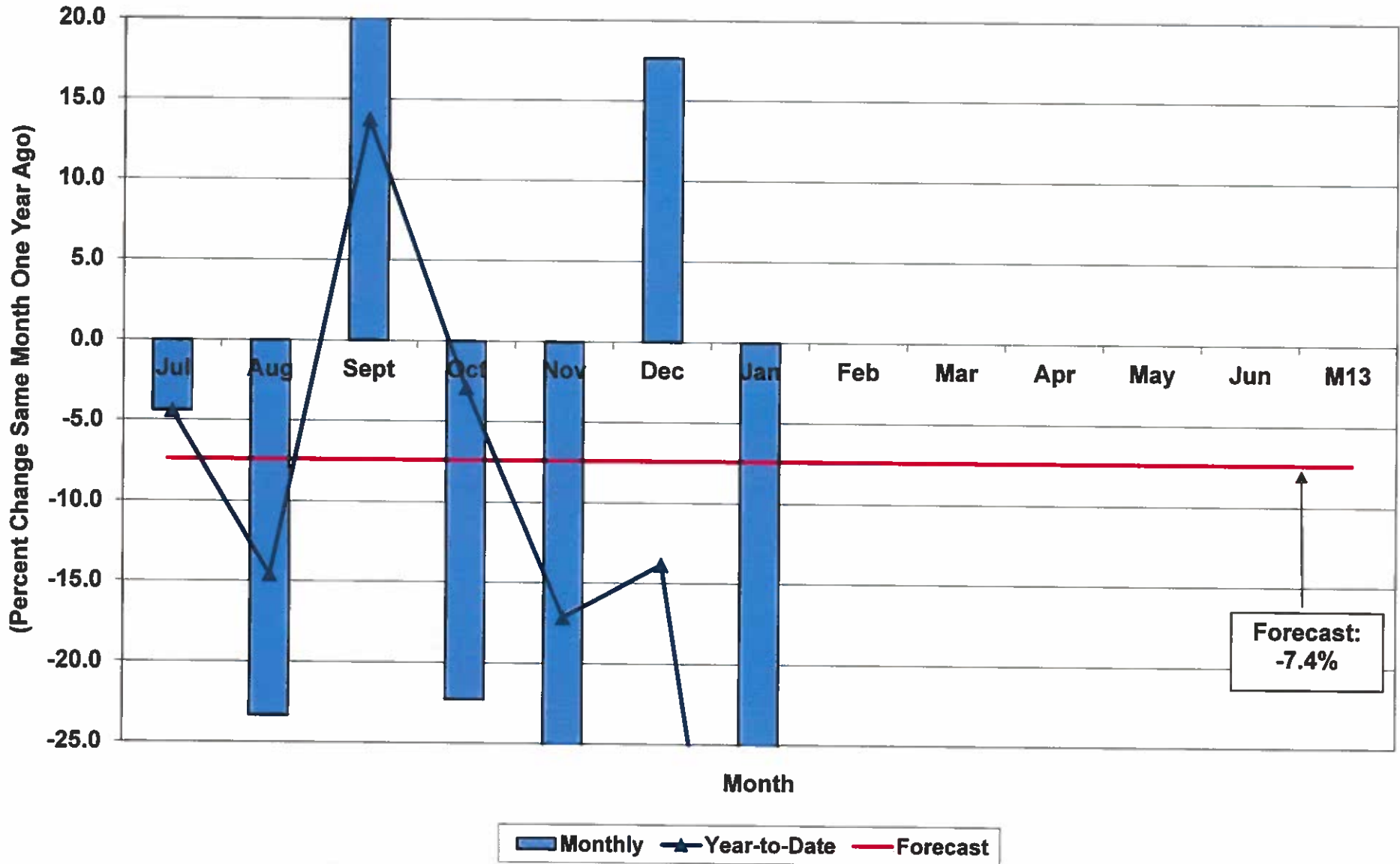
# Number of Individual Income Tax Declarations Filings



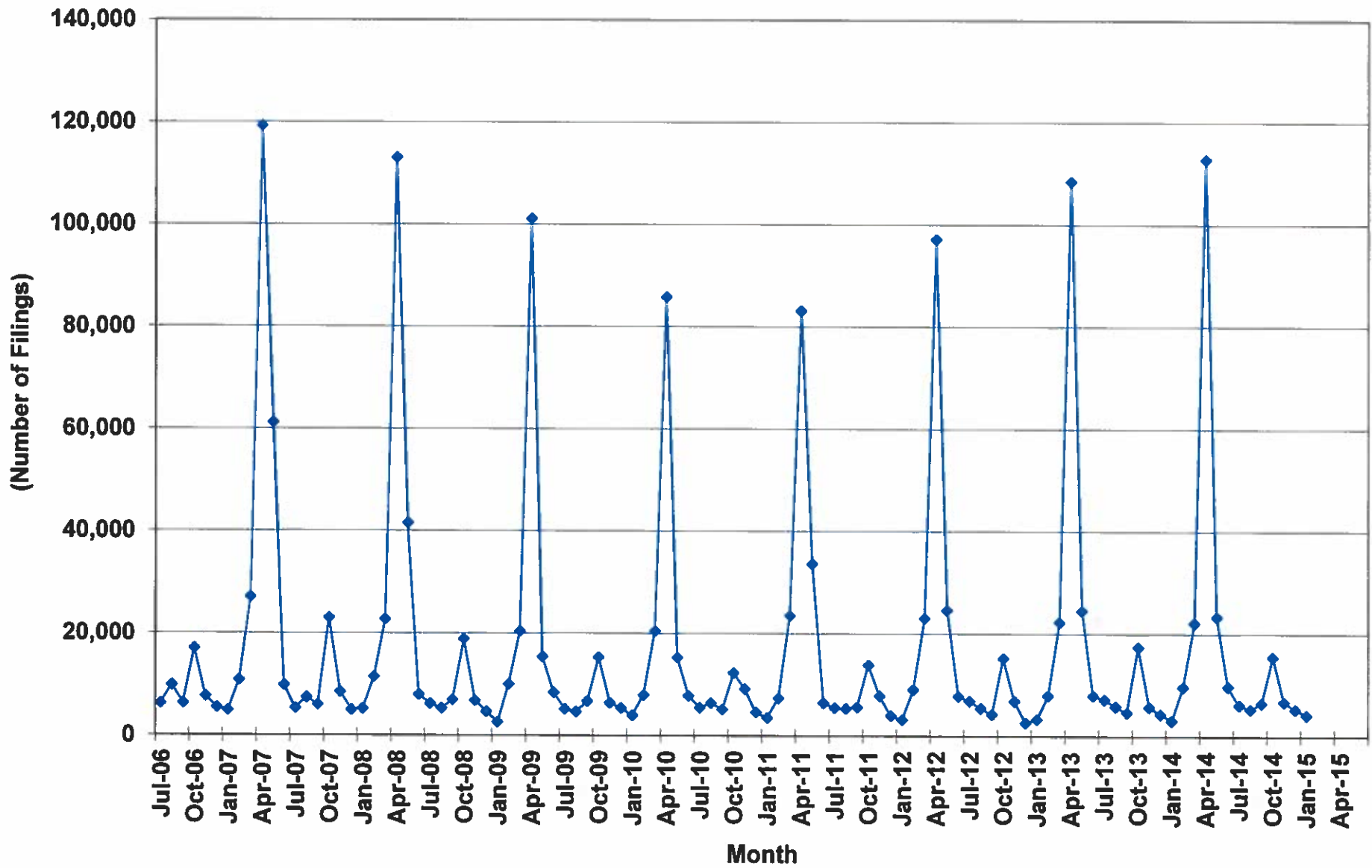
# Average Individual Income Tax Declaration Filing in SC



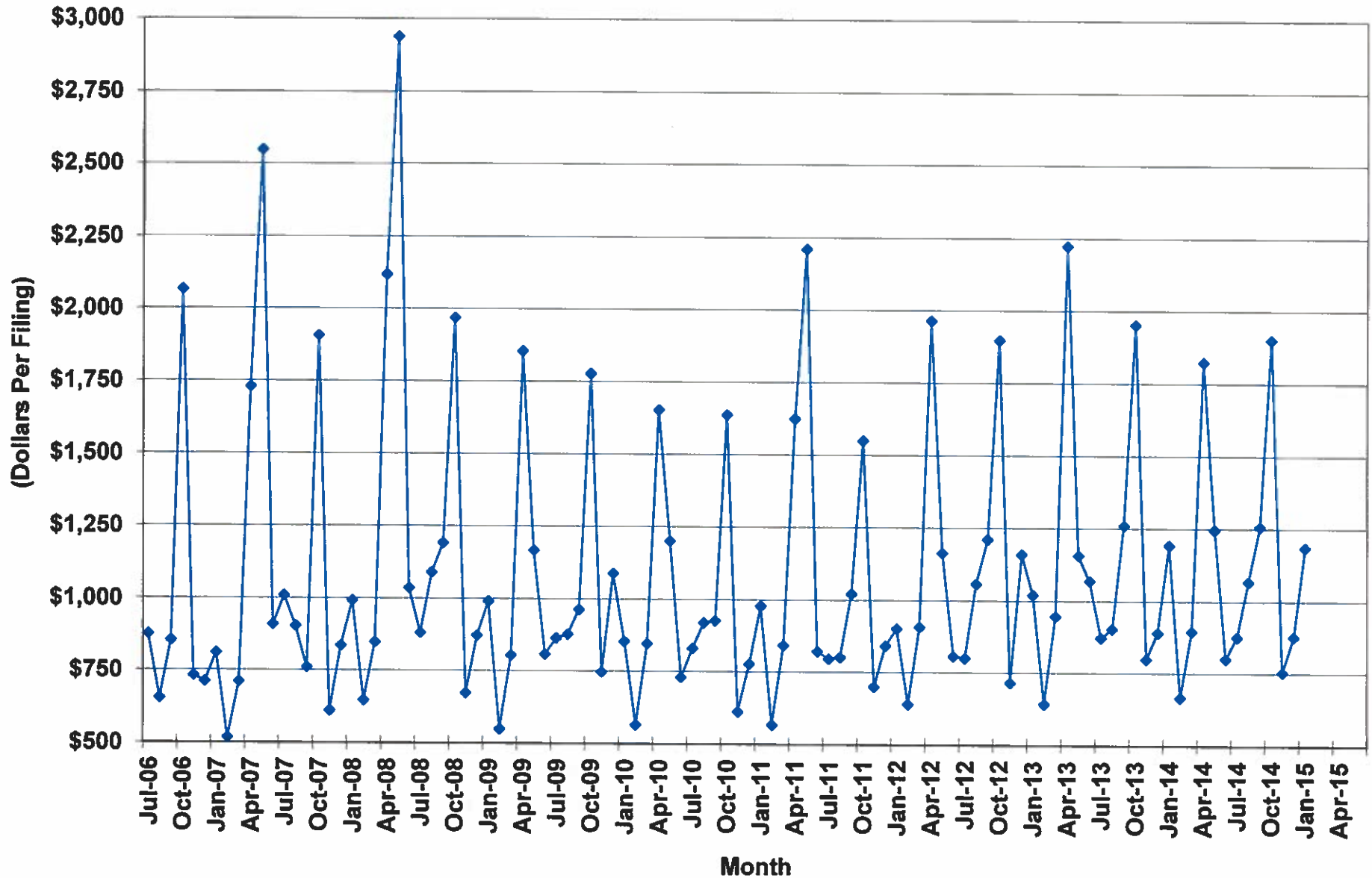
## Growth in Individual Income Tax Paid With Returns in South Carolina FY2015 Monthly and Year-to-Date



# Individual Income Tax Paid With Returns Filings in SC

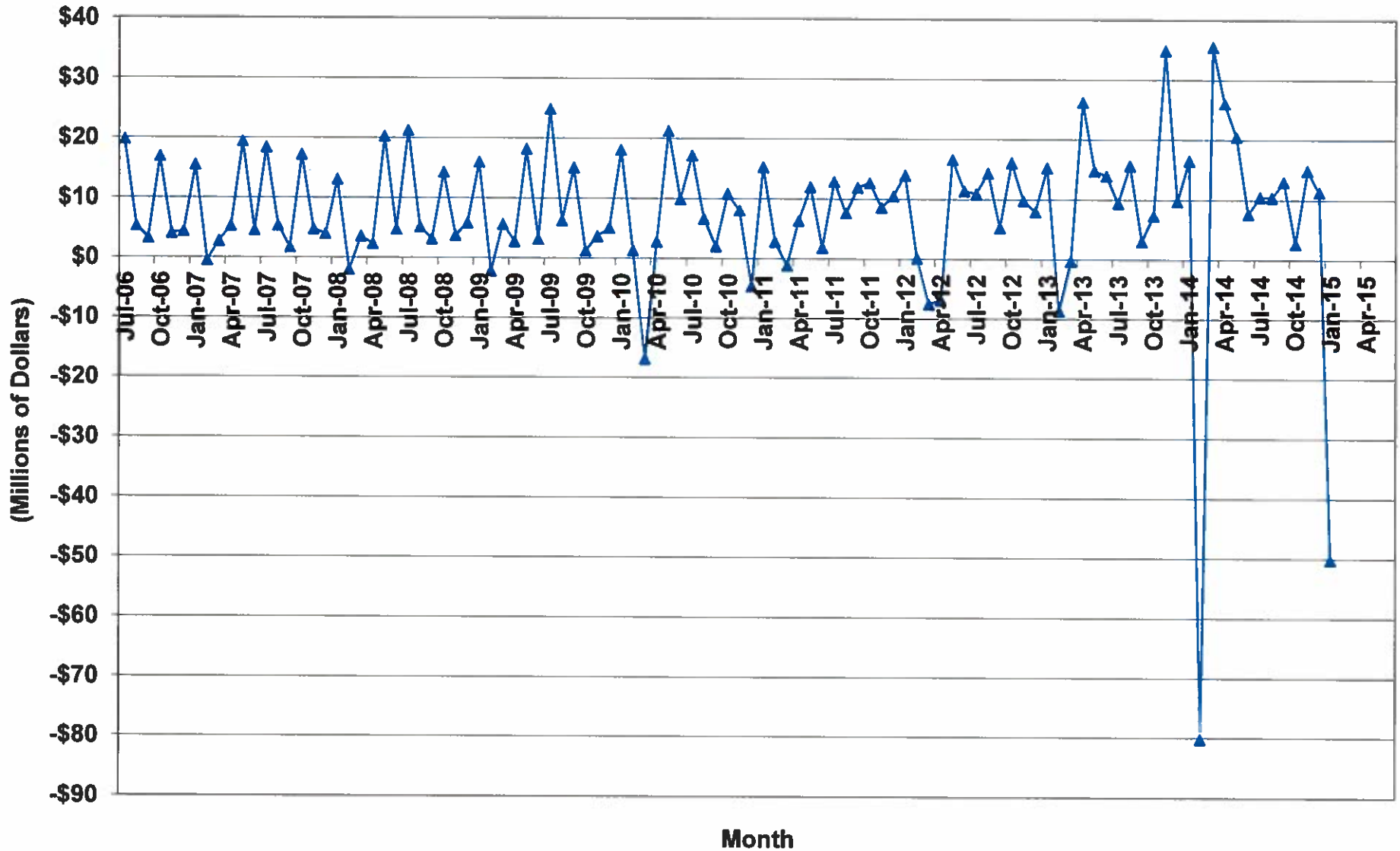


## Average Filing of Individual Income Tax Paid With Returns in SC

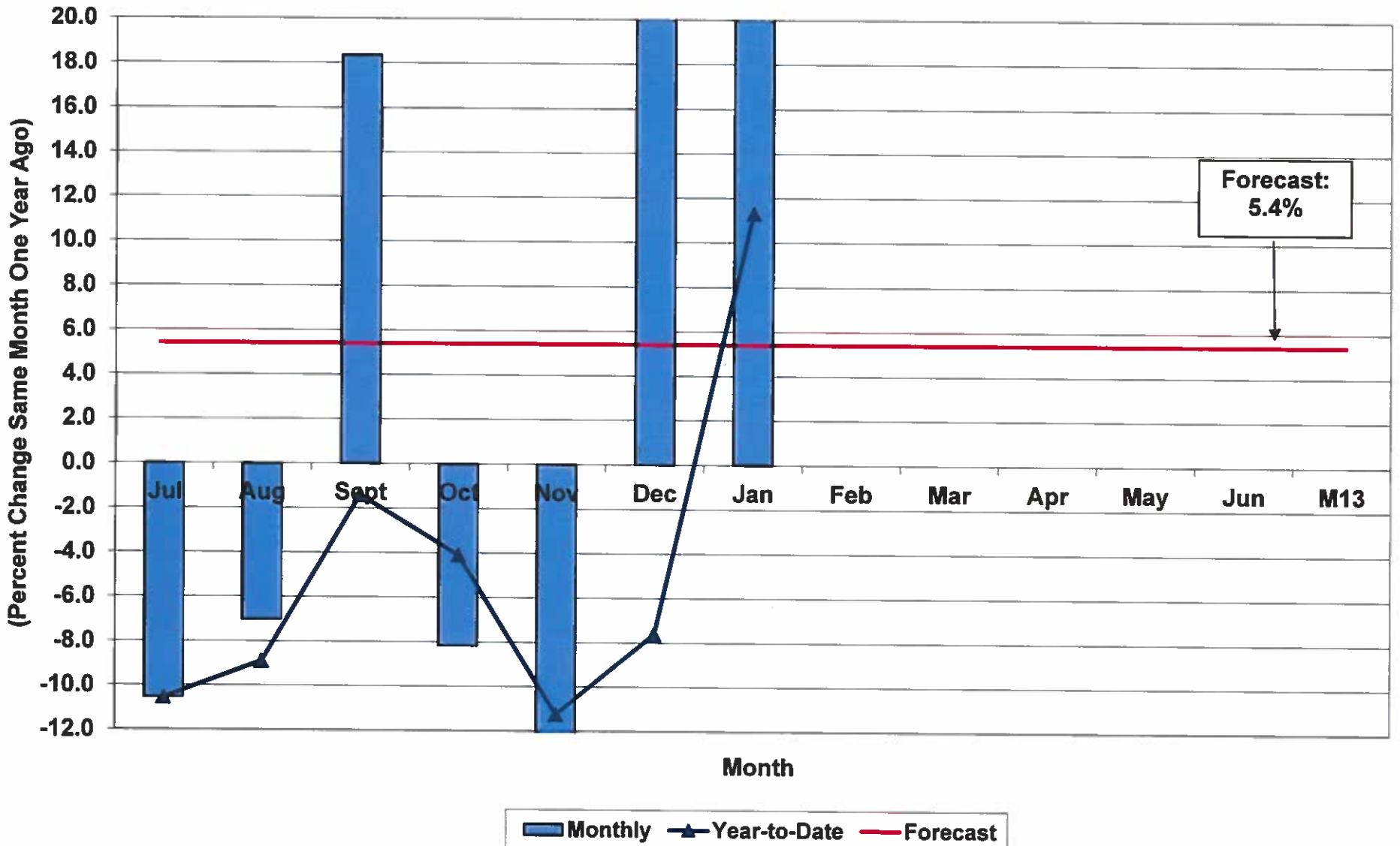




## Individual Income Tax Paid With Returns in SC Comptroller General v. Department of Revenue



## Growth in Individual Income Tax Refunds in South Carolina FY2015 Monthly and Year-to-Date



# Corporate Income Tax Revenue

<b>Actual Y-T-D</b>	<b>Forecast Y-T-D</b>	<b>Over/Under Estimate</b>
<b>\$107.9</b>	<b>\$145.6</b>	<b>(\$37.7)</b>

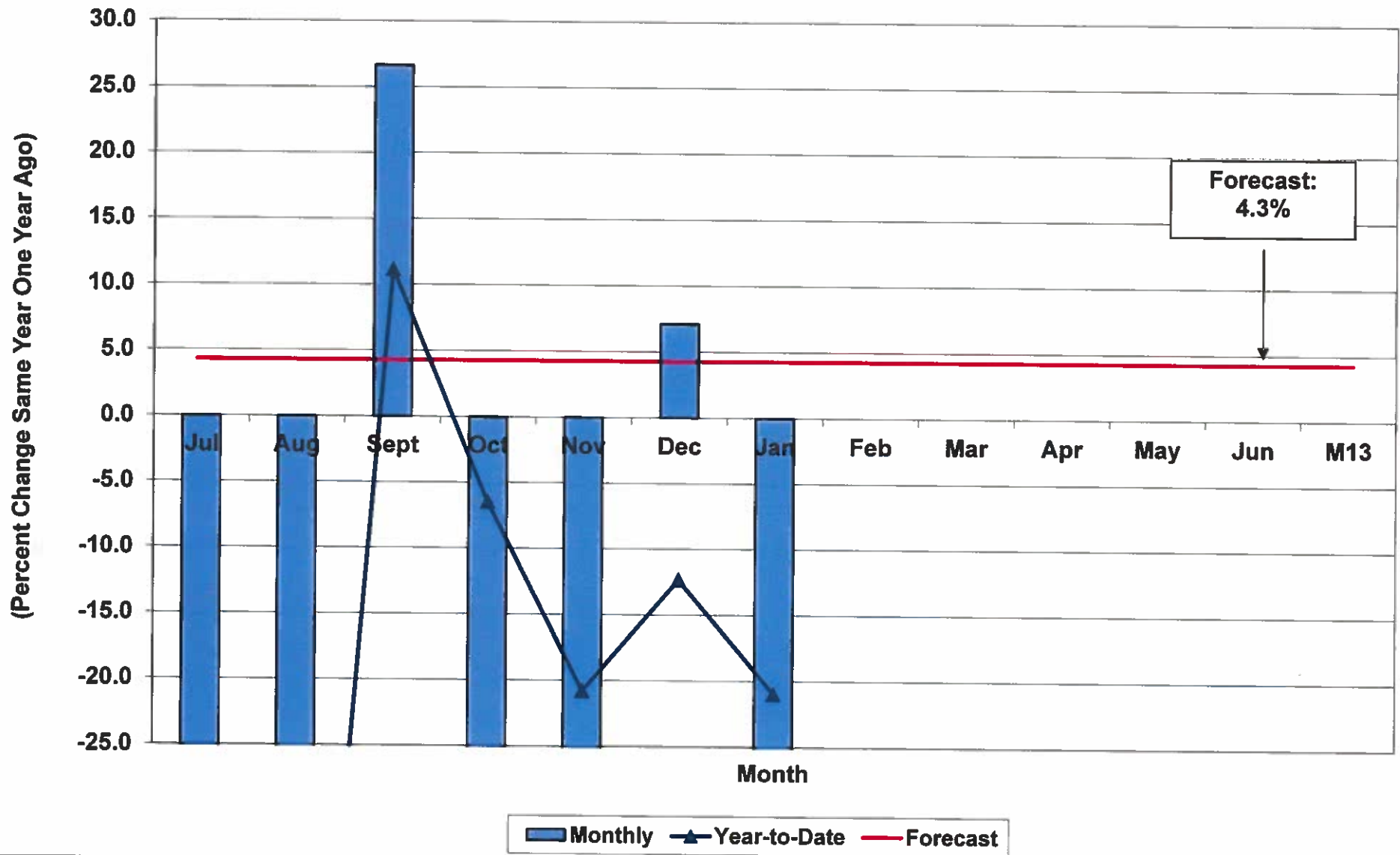
## Factors Affecting Collections

- Corporate audits

## Recommendation

	<b>FY2015</b>	<b>FY2016</b>
<b>Corporate Income</b>	<b>(\$30)</b>	<b>- \$0 -</b>

## Growth in Total Corporation Income Tax Revenue Collections FY2015 Monthly and Year-to-Date



## Corporate License Tax Revenue

<b>Actual Y-T-D</b>	<b>Forecast Y-T-D</b>	<b>Over/Under Estimate</b>
<b>\$64.9</b>	<b>\$38.4</b>	<b>+ \$26.5</b>

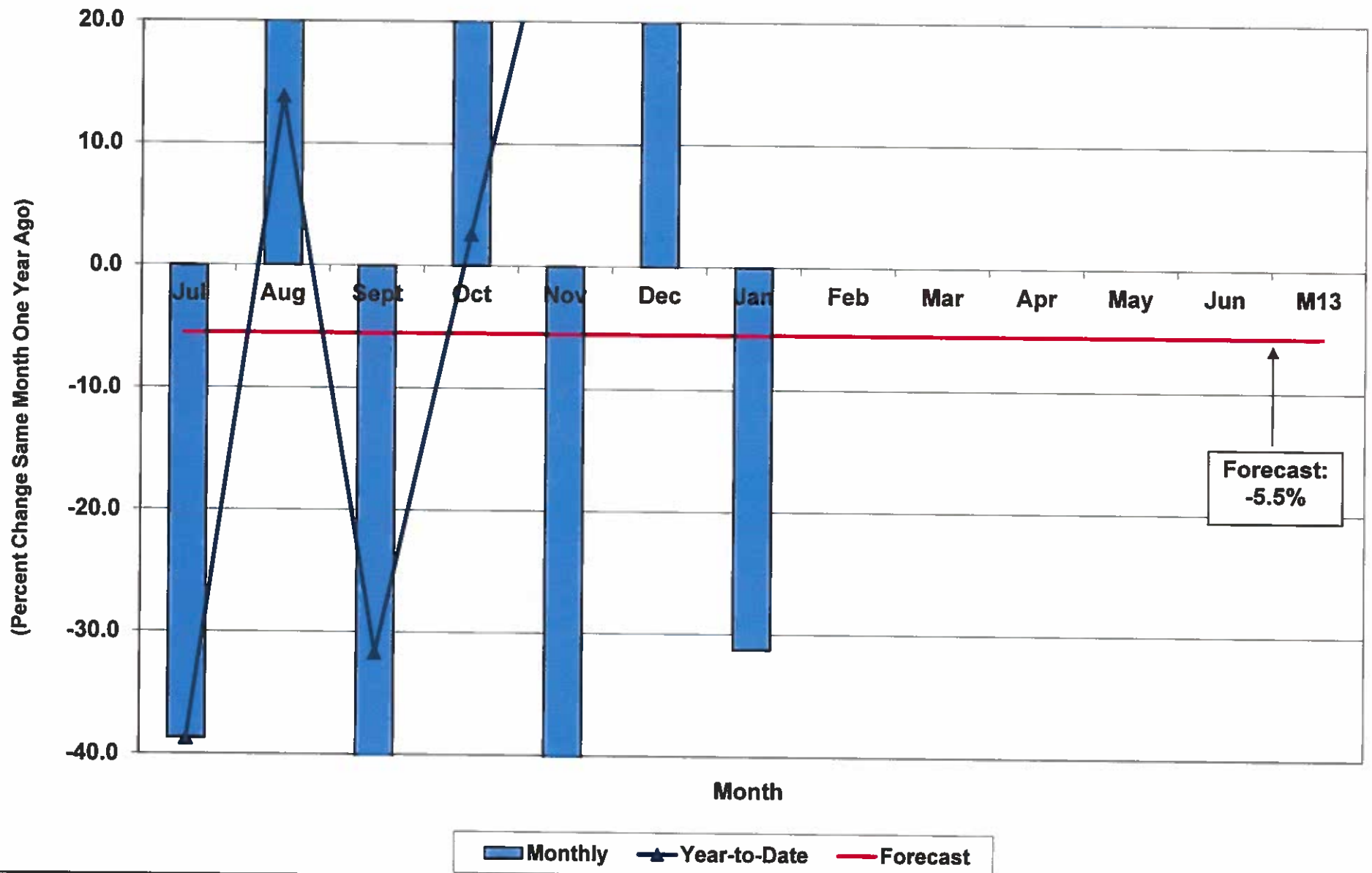
### Factors Affecting Collections

- A large deposit was to be transferred to Corporate Income Tax but will not occur

### Recommendation

	<b>FY2015</b>	<b>FY2016</b>
<b>Corporate License</b>	<b>+ \$30</b>	<b>- \$0 -</b>

## Growth in Total Corporate License Tax Revenue in South Carolina FY2015 Monthly and Year-to-Date



## Bank Tax Revenue

<b>Actual Y-T-D</b>	<b>Forecast Y-T-D</b>	<b>Over/Under Estimate</b>
<b>\$7.3</b>	<b>\$16.2</b>	<b>(\$8.9)</b>

**Factors Affecting Collections**

- **Bank audits are complete**

### Recommendation

<b>Bank</b>	<b>FY2015 (\$9)</b>	<b>FY2016 (\$9)</b>
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**South Carolina Board of Economic Advisors  
Survey Results of Regional Advisory Committee  
Updated Summary of Economic Forecast Assumptions**

Variable	Actual FY2013-14	Most Recent	Current 1/ Forecast Rates FY2014-15	Regional Advisory Committee Forecast Rates Forecast for FY2014-15					Simple Average
				Brown	Kaglic	Sobel	von Nessen	Witte	
S.C. Personal Income	3.3%	4.4%	3.75%	3.60%		4.70%		3.80%	4.03%
S.C. Employment	2.2%	2.4%	1.82%	1.50%		1.85%		2.10%	1.82%
Inflation Rate (CPI-U)	1.6%	0.8%	2.0%	1.10%		2.00%		1.70%	1.60%
Sales Tax (Y-T-D)	2.8%	4.3%	3.7%	3.70%		3.30%		3.30%	3.43%
Individual Income Tax (Y-T-D)	1.9%	5.5%	3.2%	3.60%		3.65%		3.00%	3.42%

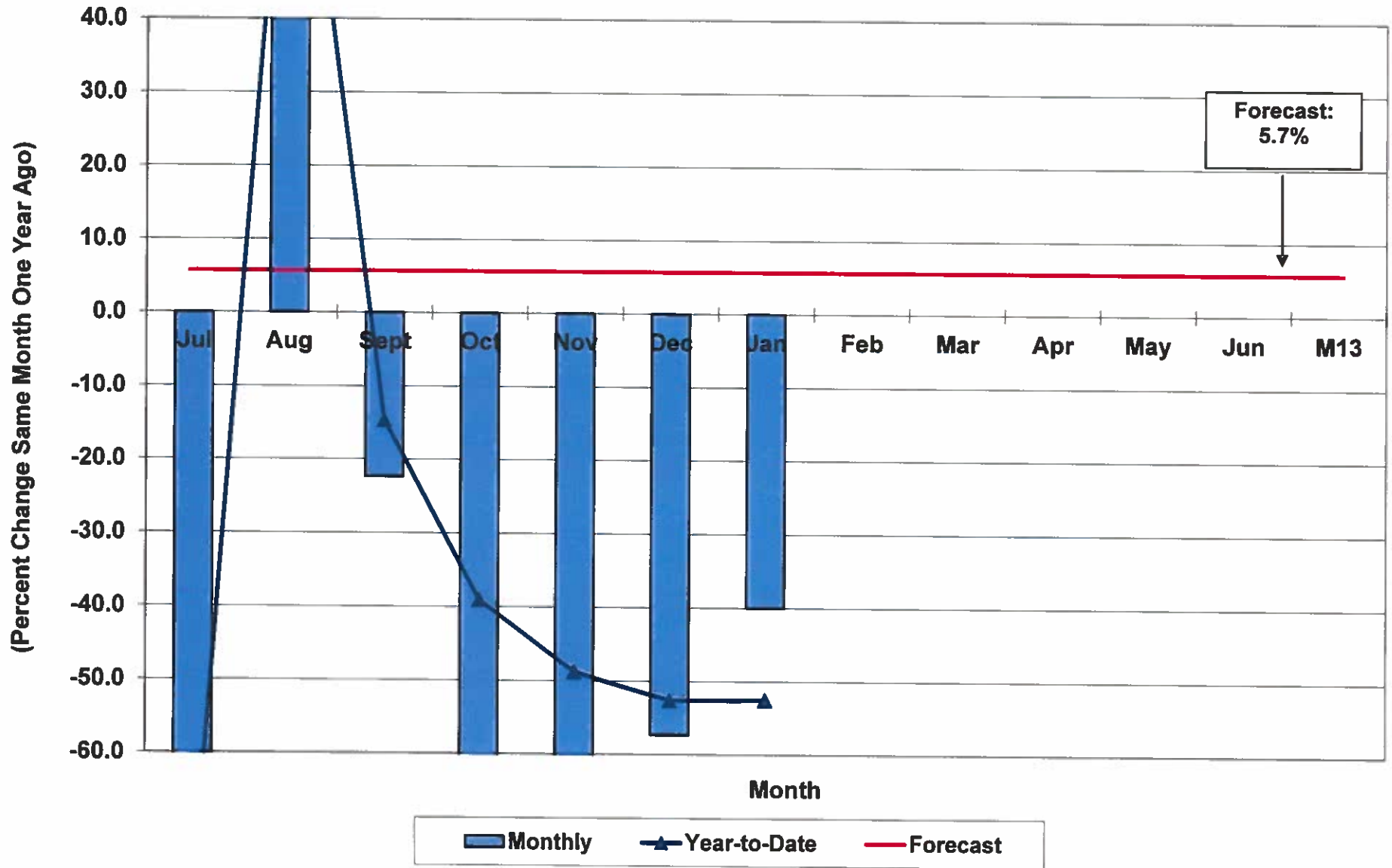
Variable	Actual FY2013-14	Most Recent	Current Forecast Rates FY2015-16	Regional Advisory Committee Forecast Rates Forecast for FY2015-16					Simple Average
				Brown	Kaglic	Sobel	von Nessen	Witte	
S.C. Personal Income	3.2%	4.2%	4.3%	4.50%		4.90%		4.40%	4.60%
S.C. Employment	2.1%	1.7%	1.8%	1.60%		1.70%		2.10%	1.80%
Inflation Rate (CPI-U)	1.6%	1.7%	2.0%	2.20%		2.15%		2.70%	2.35%
Sales Tax (Y-T-D)	2.8%	3.6%	3.7%	4.50%		3.45%		3.80%	3.92%
Individual Income Tax (Y-T-D)	1.9%	4.3%	4.7%	4.60%		4.00%		4.00%	4.20%

Notes: 1/ Current forecast rates as of November 10, 2014.  
N/A - Not Available.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis  
U.S. Department of Labor, Bureau of Labor Statistics  
S.C. Board of Economic Advisors



## Growth in Bank Tax Revenue in South Carolina FY2015 Monthly and Year-to-Date



# Summary of Recommended Changes (Millions of Dollars)

	FY2015	FY2016
<b>Sales</b>	<b>+ \$20</b>	<b>+ \$20</b>
<b>Individual Income</b>	<b>(\$11)</b>	<b>(\$11)</b>
<b>Corporate Income</b>	<b>(\$30)</b>	<b>(\$30)</b>
<b>Corporate License</b>	<b>+ \$30</b>	<b>+ \$30</b>
<b>Bank</b>	<b>(\$9)</b>	<b>(\$9)</b>
<b>General Fund</b>	<b>- \$0 -</b>	<b>- \$0 -</b>

# Adjustments

	FY2015	FY2016
Amazon 1/ Admissions tax 2/ Debt service	+ \$225,000	+ \$5,657,000 + \$225,000
Lottery	+ \$12,000,000	+\$12,000,000

1/ Pursuant to Section 12-36-2691

2/ Proviso 49.12 of FY15 Appropriation Act