



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 November 10, 2015, 2:00pm Room 417, Rembert C. Dennis Building

1. Welcome
2. Adoption of Meeting Minutes for April 23, 2015, May 29, 2015, August 27, 2015, September 24, 2015, October 22, 2015
3. Review of October 2015 Revenues – (F. Rainwater)
4. Consideration of FY 2015-16 and FY 2016-17 Revenue Estimates - (F. Rainwater, R. Martin)
5. Long Range Forecast – Three-Year Outlook
6. Other Items – (F. Rainwater)
 - A. FY 2016-17 Budget Outlook
 - B. 2016 Meeting Schedule - Tentative
 - C. Other Matters
7. 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
8. Future Meeting Schedule:
 - A. December 15, 2015, 2:00pm, WebEx Meeting – if necessary
 - B. January 21, 2016, 2:00pm – Quarterly Review
 - C. February 12, 2016, 2:00pm– Forecast
 - D. 2016 Calendar at <http://www.rfa.sc.gov/calendar?m=01&y=2015>
9. 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

ADOPTION OF MEETING MINUTES



REVIEW OF OCTOBER 2015 REVENUES



South Carolina Revenue and Fiscal Affairs Office

November, 10, 2015

GENERAL FUND REVENUE CUMULATIVE SUMMARY: FISCAL YEARS 2014-15 & 2015-16

JULY - OCTOBER

REVENUE CATEGORIES	FY 2014-15	FY 2015-16	\$ CHANGE	% CHANGE
Sales, Use, and Excise Taxes 1/	\$672,975,428	\$692,171,746	\$19,196,318	2.9
Individual Income Tax - Net	1,484,025,040	1,559,097,950	75,072,910	5.1
Withholdings	1,402,942,350	1,470,067,814	67,125,464	4.8
Declarations	107,509,428	108,702,846	1,193,418	1.1
Payments	<u>86,493,291</u>	<u>90,036,440</u>	<u>3,543,149</u>	<u>4.1</u>
Refunds	(112,920,029)	(109,709,150)	3,210,879	2.8
Corporation Income Tax - Net	72,177,552	101,828,241	29,650,689	41.1
Insurance Taxes	75,375,530	54,945,022	(20,430,508)	(27.1)
Admissions and Bingo Taxes	4,711,266	2,328,875	(2,382,391)	(50.6)
Alcoholic Liquor Tax	15,427,056	15,807,740	380,684	2.5
Bank Tax	5,072,526	7,489,910	2,417,384	47.7
Beer and Wine Tax	28,284,249	27,996,144	(288,105)	(1.0)
Corporation License Tax	24,894,628	11,036,552	(13,858,076)	(55.7)
Documentary Tax	10,259,448	12,166,996	1,907,548	18.6
Earned on Investments **	5,763,628	5,652,914	(110,714)	(1.9)
Tobacco Tax	6,831,608	6,482,525	(349,083)	(5.1)
Other Source Revenues 2/	18,574,830	23,349,830	4,775,000	25.7
Gross General Fund Revenue 3/	\$2,424,372,789	\$2,520,354,445	\$95,981,656	4.0

Board of Economic Advisors Revenue Plan Summary: FY 2015-16

Revenues vs. 09/15 BEA Adjusted Estimate of \$7,665.9 Million in FY 2015-16 1/
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	JULY - OCTOBER FY 2015-16			Revenue Growth Rates (%)	
	(\$ in Millions)			Estimate Full Fiscal Yr.	Actual Yr. to Date
	Actual Revenues	Expected Revenues	Excess / (Shortfall)		
Total General Fund Revenue	2,520.4	2,485.1	35.2	2.0	4.0
Sales Tax	692.2	700.0	(7.8)	4.0	2.9
Individual Income Tax	1,559.1	1,551.7	7.4	2.8	5.1
Corporate Income Tax	101.8	64.8	37.0	(5.7)	41.1
Other Revenue Sources	167.3	168.7	(1.5)	(4.3)	(14.3)
<i>Select Tax Revenues, Sub-Total</i>	<i>143.9</i>	<i>150.6</i>	<i>(6.7)</i>	<i>(5.0)</i>	<i>(18.5)</i>
Admissions Tax - Total	2.3	3.7	(1.3)	(3.0)	(50.6)
Alcoholic Liquors Tax	15.8	15.9	(0.1)	2.8	2.5
Bank Tax	7.7	4.6	3.1	(9.9)	51.6
Beer and Wine Tax	28.0	28.8	(0.8)	1.7	(1.0)
Corporation License Tax	11.0	20.1	(9.1)	(19.2)	(55.7)
Documentary Tax	12.2	10.8	1.4	4.9	18.6
Earnings on Investments	5.7	6.2	(0.5)	7.3	(1.9)
Insurance Tax	54.9	54.0	0.9	(5.2)	(27.1)
Tobacco Tax	6.5	6.7	(0.2)	(2.4)	(0.2)
<i>Residual Revenue, Sub-Total</i>	<i>23.3</i>	<i>18.1</i>	<i>5.2</i>	<i>(1.0)</i>	<i>25.7</i>

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

CONSIDERATION OF FY 2015-16 and FY 2016-17 REVENUE ESTIMATES



**PRELIMINARY GENERAL FUND REVENUE
FORECAST FOR FISCAL YEAR 2016-17**



Presented by the Staff of the Board of Economic Advisors

November 10, 2015

**State of South Carolina
Revenue and Fiscal Affairs Office
Board of Economic Advisors
Rembert Dennis Building, Suite 402
Columbia, SC 29201
www.rfa.sc.gov
803-734-2265**

ASSUMPTIONS



FY2015-16 & FY2016-17

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

Variable	Actual FY2014-15	Most Recent	Current 1/ Forecast Rates FY2015-16	Regional Advisory Committee Forecast Rates Forecast for FY2015-16					Simple Average	Olympic Scoring	MEMO BEA
				Brown	Hefner	Kaglic	Sobel	von Nessen			
S.C. Personal Income	5.0%	4.4%	4.30%	5.00%	5.00%	4.30%	4.63%	4.70%	4.73%	4.78%	5.25%
S.C. Employment	2.6%	2.8%	---	2.80%	2.80%	2.50%	1.75%	3.10%	2.59%	2.70%	2.00%
Inflation Rate (CPI-U)	0.7%	0.0%	2.0%	1.90%	2.70%	1.30%	2.00%	2.00%	1.98%	1.97%	2.00%
Sales Tax	5.6%	6.6%	4.3%	5.30%	4.50%	4.70%	3.30%	3.60%	4.28%	4.27%	5.40%
Individual Income Tax 1/	7.0%	6.8%	4.6%	5.40%	4.60%	N/A	3.40%	3.70%	4.28%	3.90%	6.20%

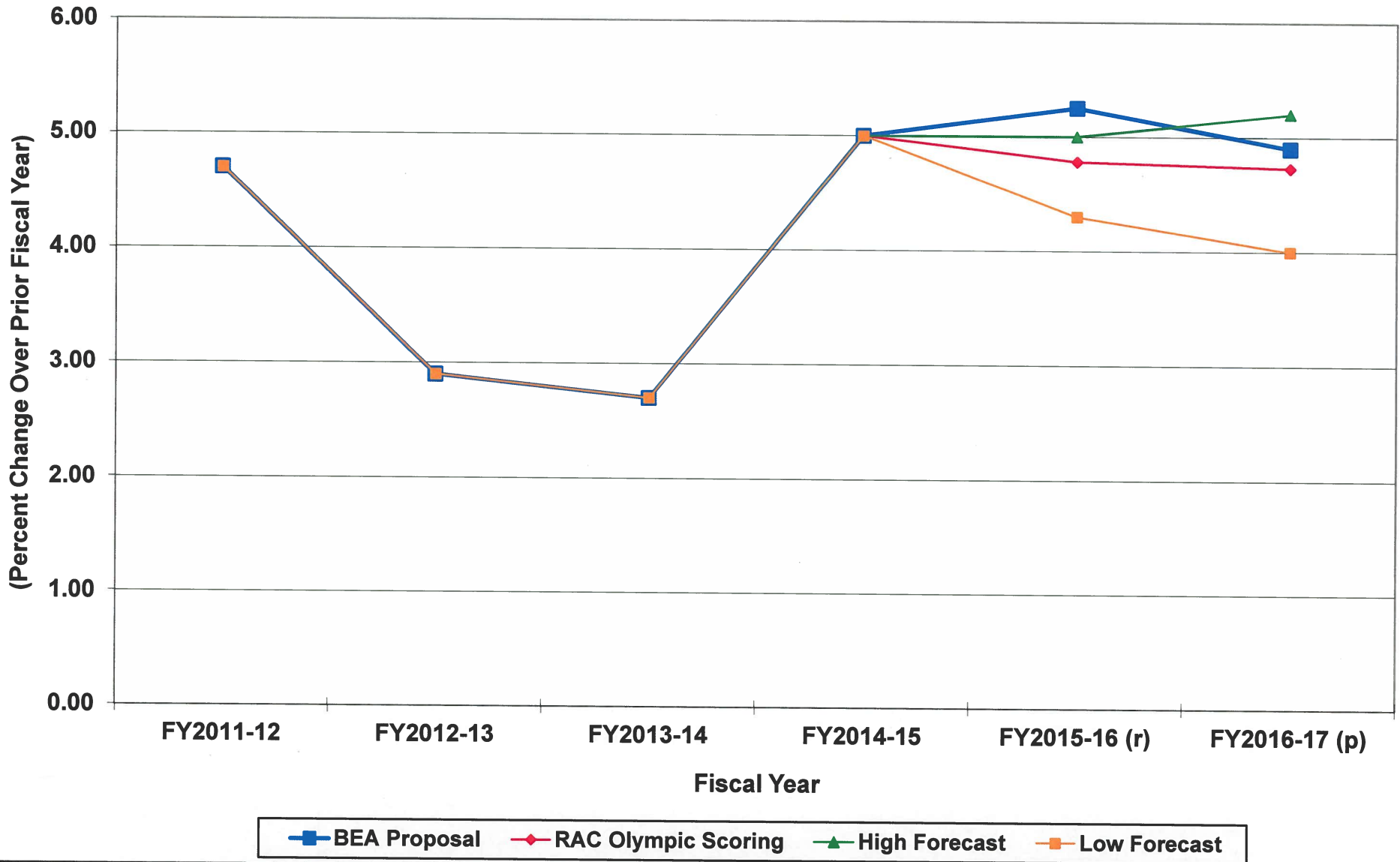
Variable	Actual FY2014-15	Most Recent	Current Forecast Rates FY2016-17	Regional Advisory Committee Forecast Rates Forecast for FY2016-17					Simple Average	Olympic Scoring	MEMO BEA
				Brown	Hefner	Kaglic	Sobel	von Nessen			
S.C. Personal Income 1/	5.0%	4.4%	N/A	5.20%	5.00%	4.00%	4.70%	4.50%	4.68%	4.73%	4.90%
S.C. Employment	2.6%	2.8%	N/A	3.00%	3.00%	2.00%	1.60%	3.00%	2.52%	2.67%	1.90%
Inflation Rate (CPI-U)	0.7%	0.0%	N/A	2.20%	3.40%	1.60%	2.15%	2.00%	2.27%	2.12%	2.00%
Sales Tax	5.6%	6.6%	N/A	5.50%	5.00%	4.10%	3.40%	N/A	4.50%	4.17%	5.00%
Individual Income Tax 1/	7.0%	6.8%	N/A	5.60%	5.00%	N/A	3.70%	N/A	4.77%	2.90%	5.90%

Notes: 1/ Current forecast rates in latest BEA forecast as of May 29, 2015.
N/A - Not Available.

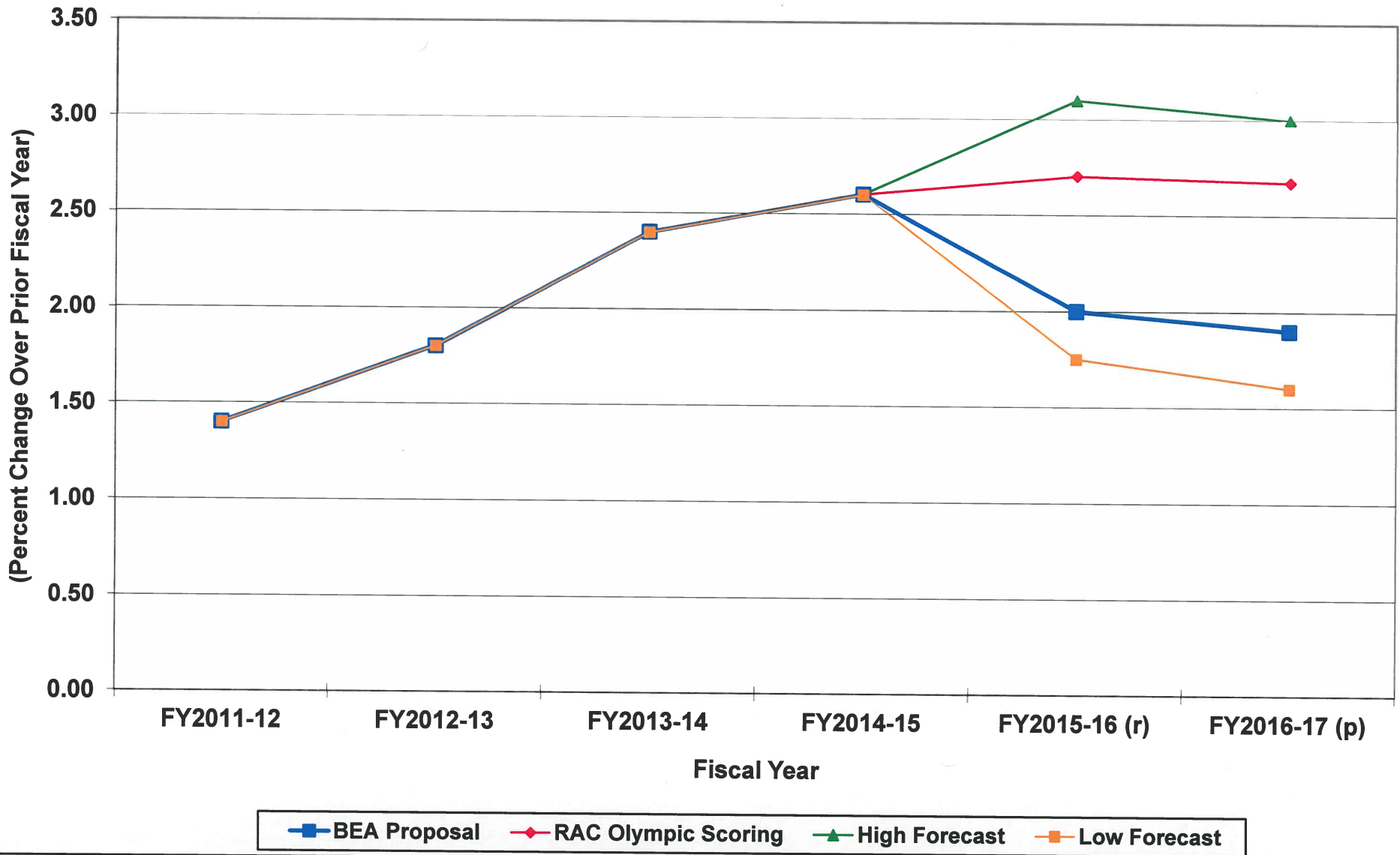
Sources: U.S. Department of Commerce, Bureau of Economic Analysis
U.S. Department of Labor, Bureau of Labor Statistics
S.C. Board of Economic Advisors

BEA/RWM/10/22/15

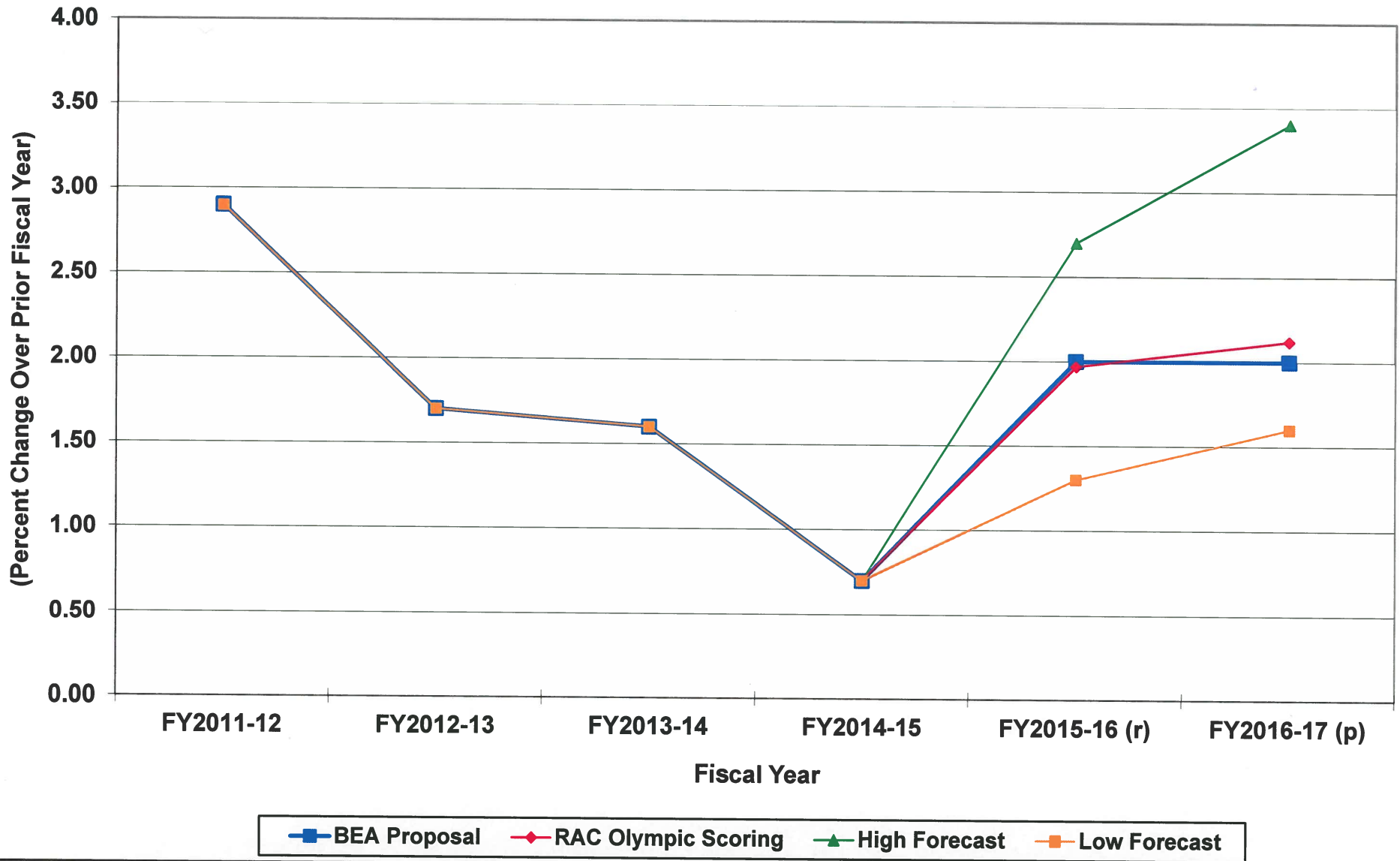
Comparison of BEA Preliminary Forecast and Regional Advisory Committee Forecasts SC Personal Income



Comparison of BEA Preliminary Forecast and Regional Advisory Committee Forecasts South Carolina Employment



Comparison of BEA Preliminary Forecast and Regional Advisory Committee Forecasts Rate of Inflation



Forecast and Expectations

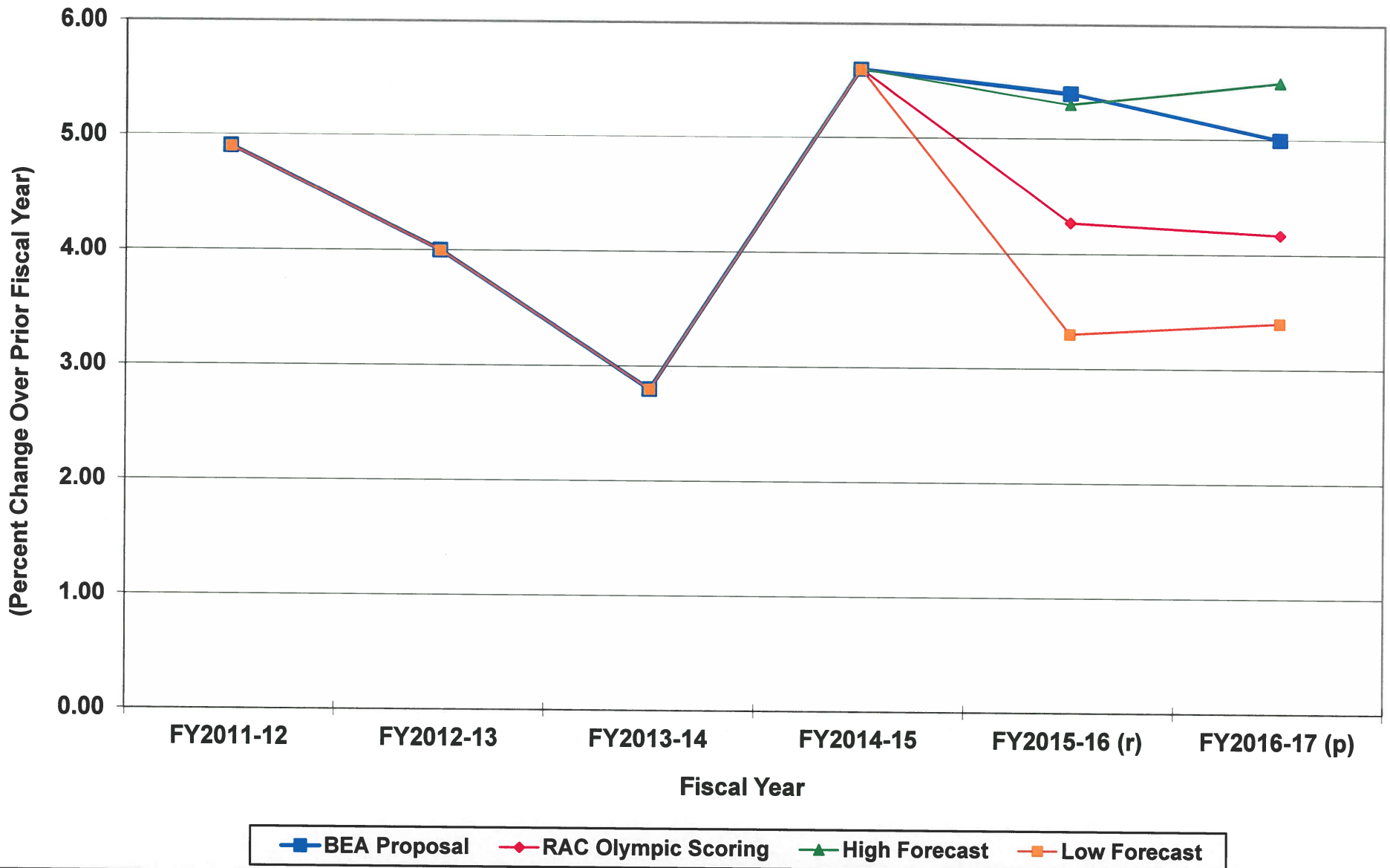
- **Continued moderate growth throughout forecast period**
- **Upward pressure on wages as economy nears full employment will boost income levels**
- **Rate of job creation to slow during forecast period**
- **Federal Reserve tightening on interest rates will have minimal effect on state economic growth**
- **Sales tax, individual income tax, and General Fund revenue forecast to grow above their long-run averages**

- **Individual income tax adjusted downward by \$50,000,000 for scheduled changes in withholding tables**

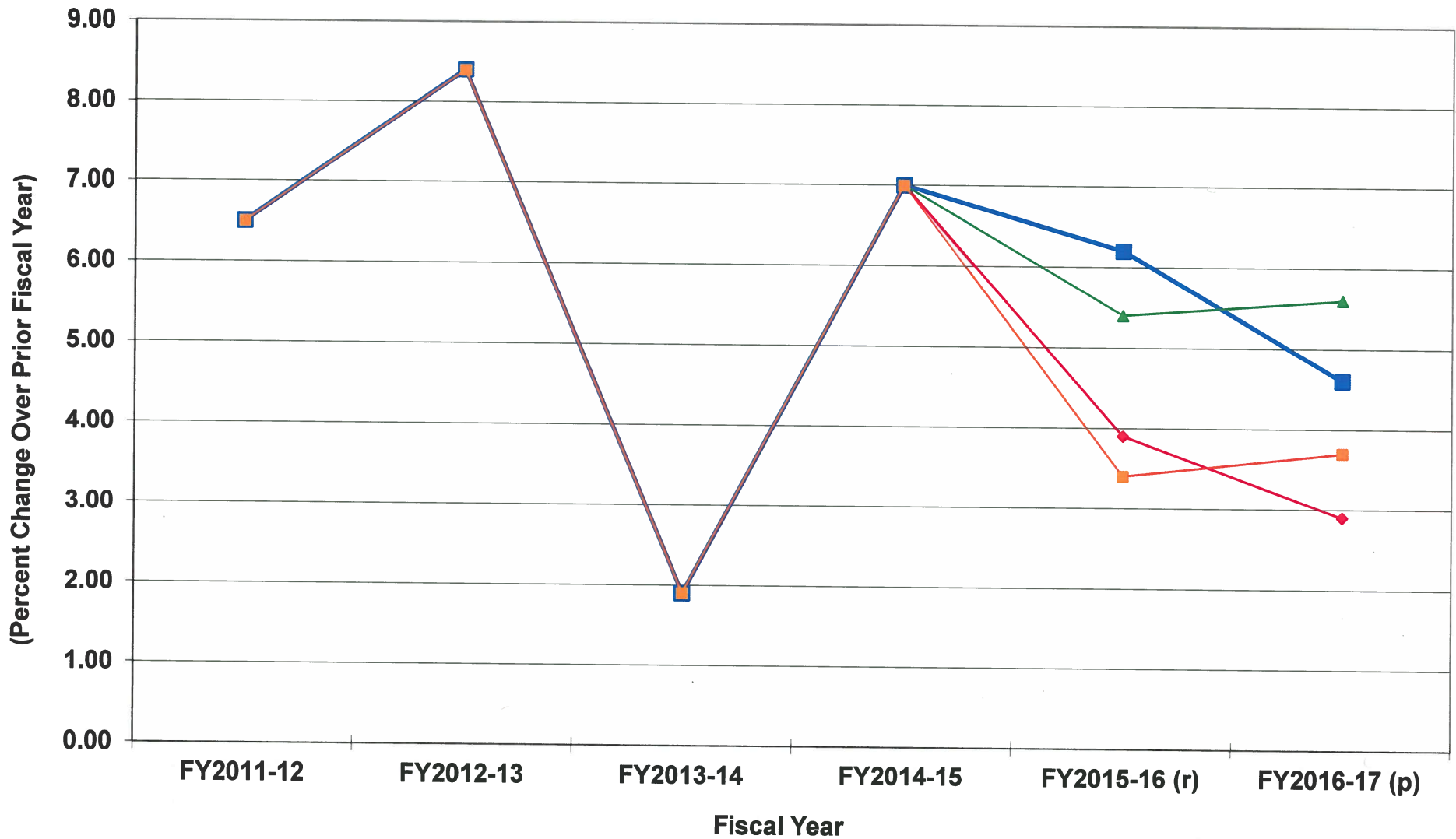


GENERAL FUND REVENUE

Comparison of BEA Preliminary Forecast and Regional Advisory Committee Forecasts Sales and Use Tax

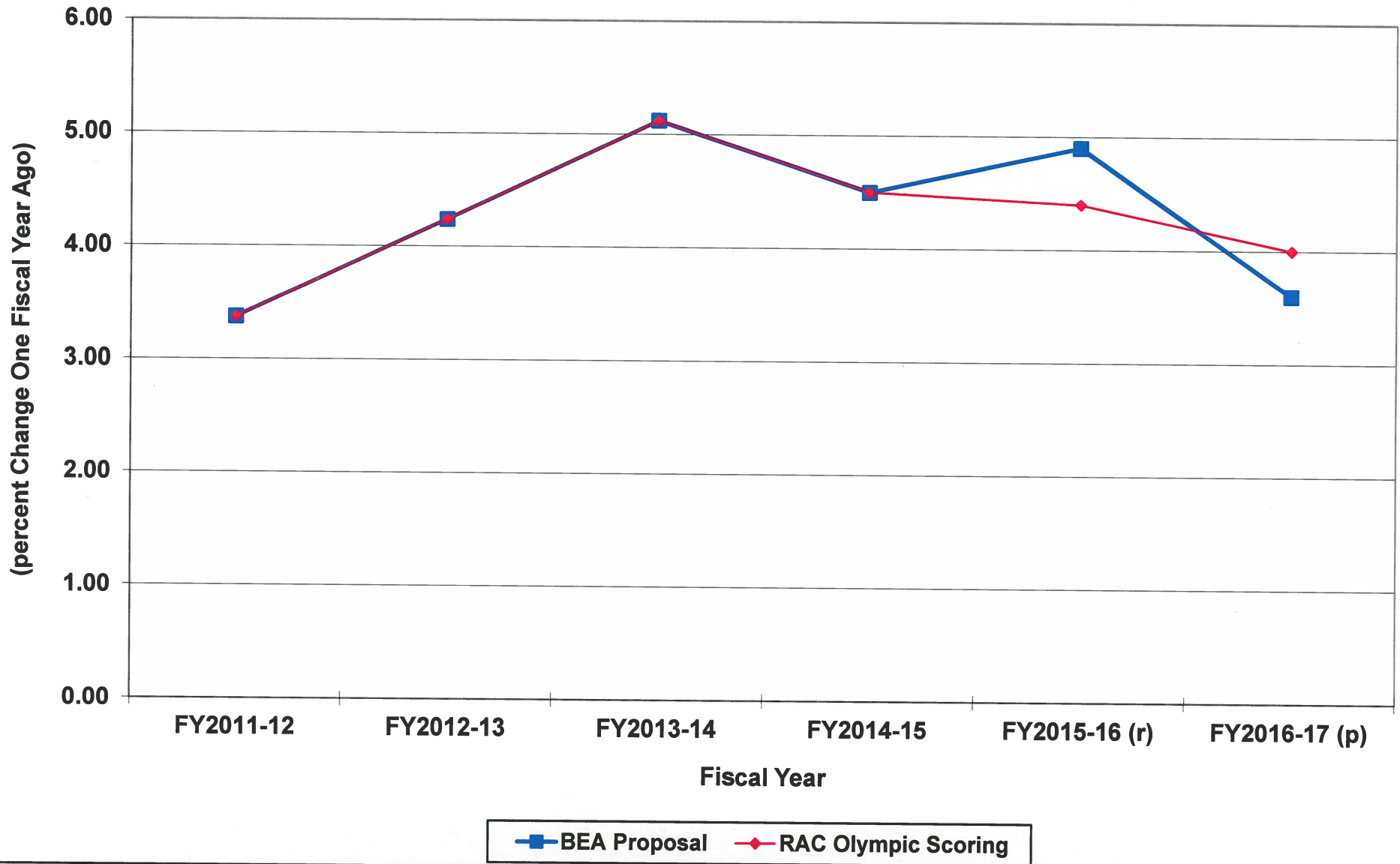


Comparison of BEA Preliminary Forecast and Regional Advisory Committee Forecasts Individual Income Tax

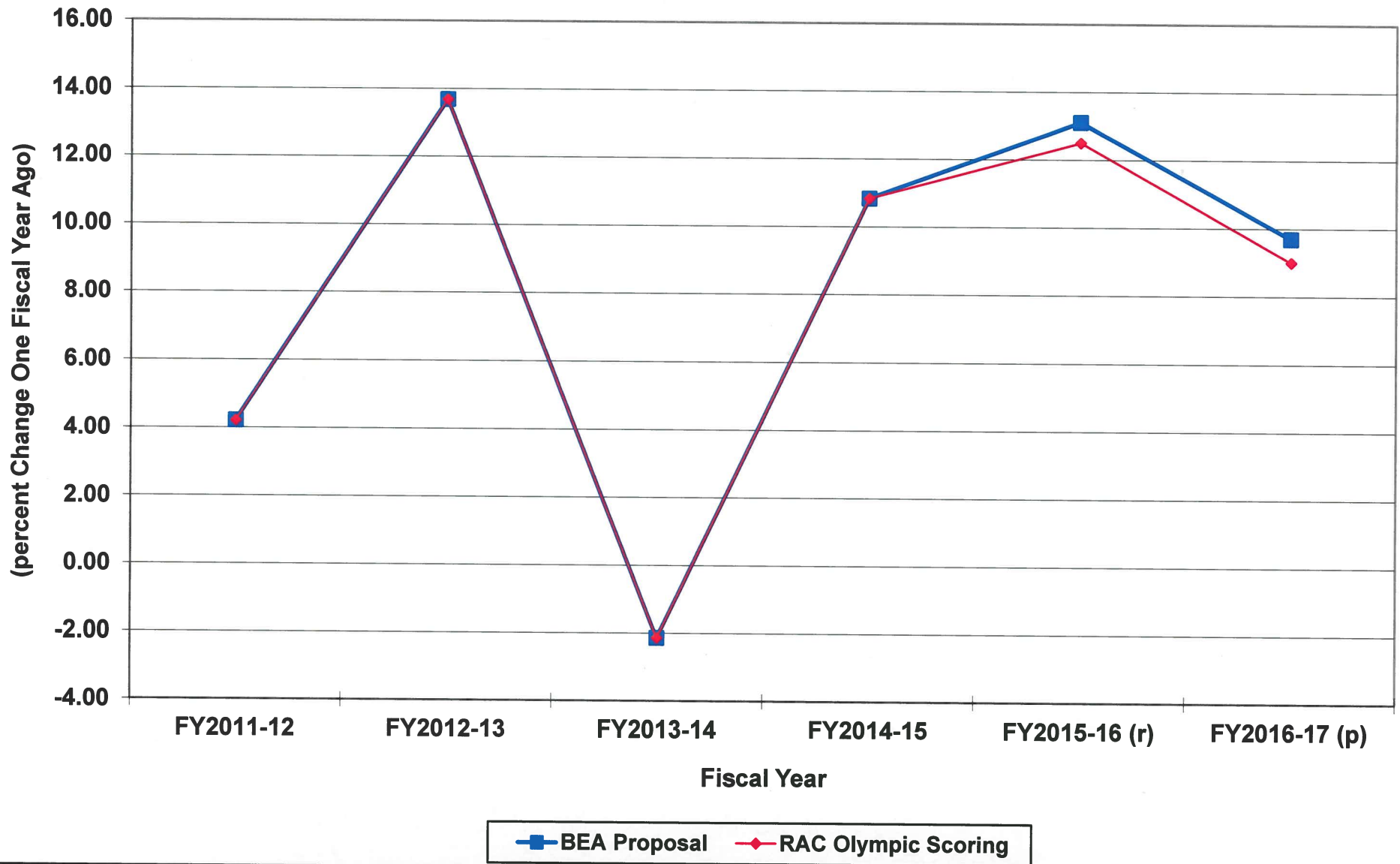


■ BEA Proposal
 ◆ RAC Olympic Scoring
 ▲ High Forecast
 ■ Low Forecast

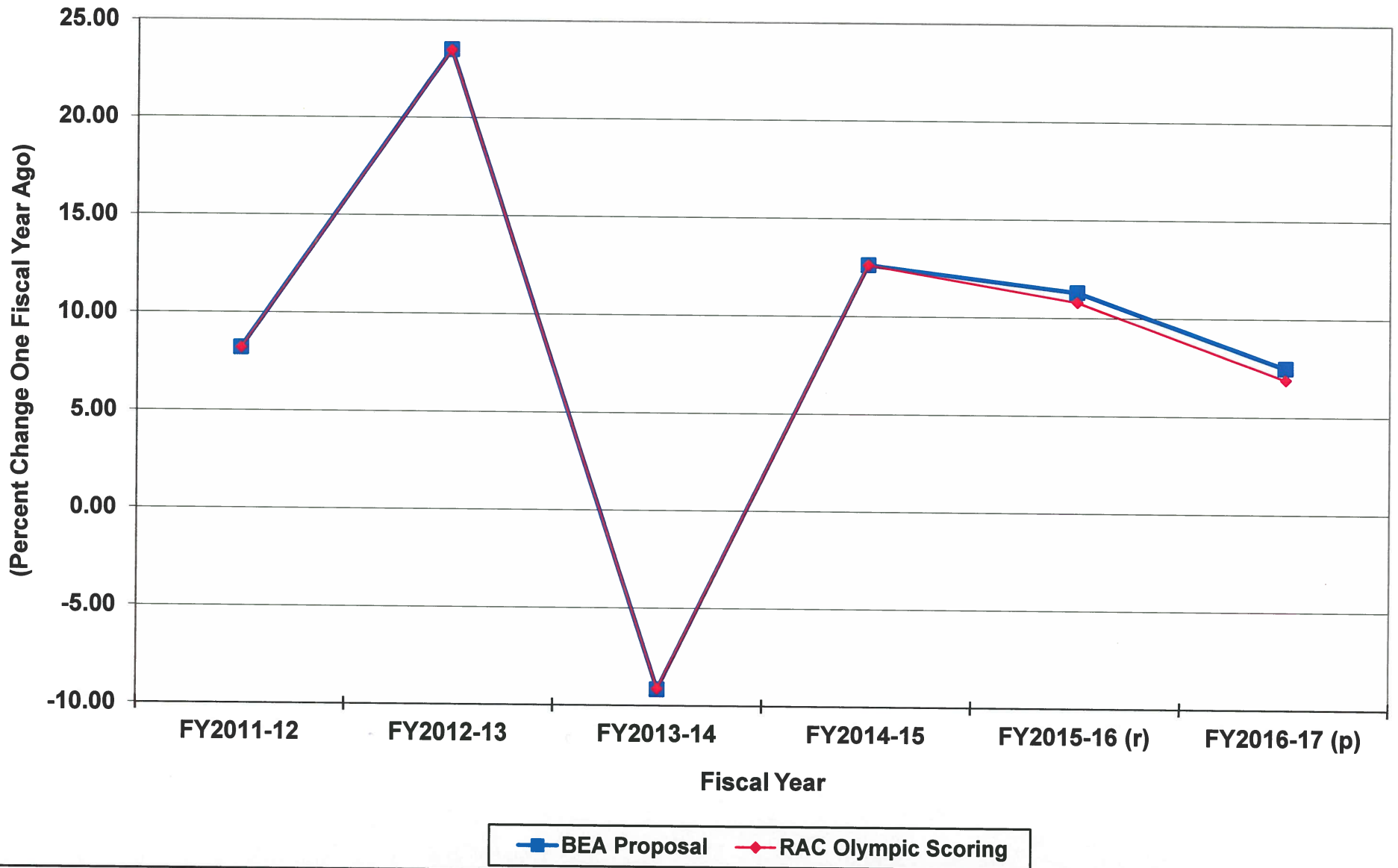
Comparison of BEA Preliminary Forecast and Regional Advisory Committee Forecasts Individual Income Tax Withholdings



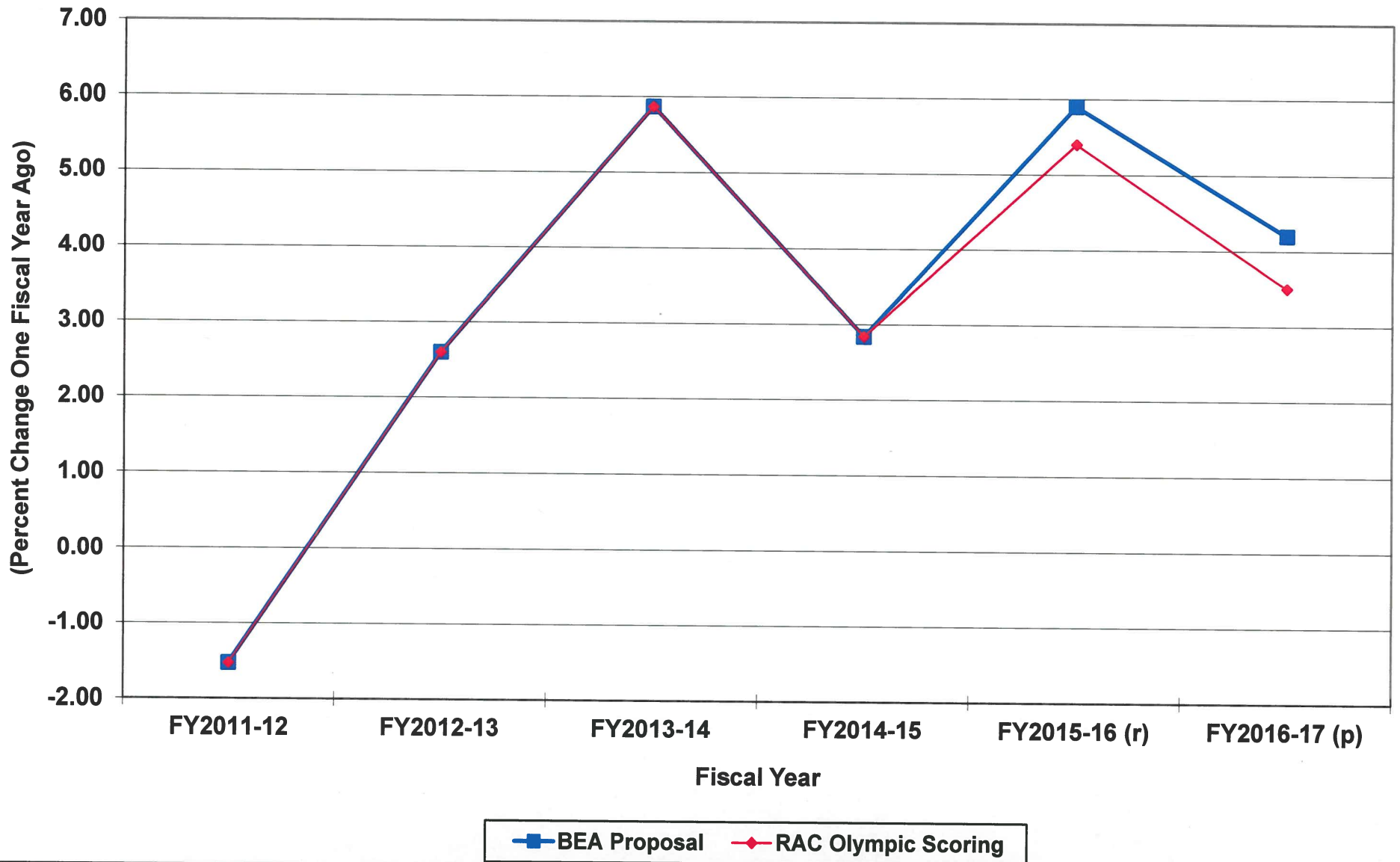
Comparison of BEA Preliminary Forecast and Regional Advisory Committee Forecasts Individual Income Tax Declarations



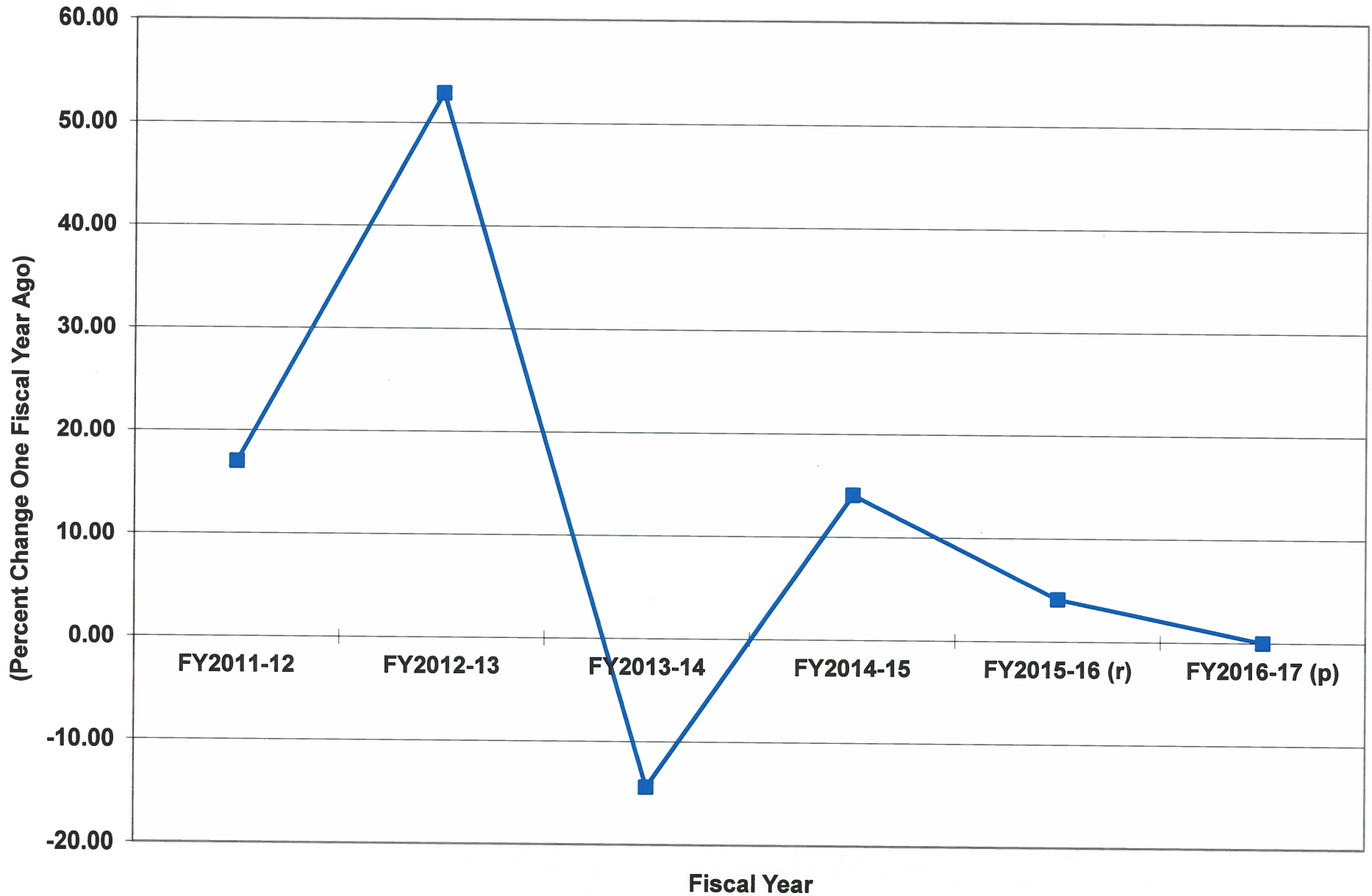
Comparison of BEA Preliminary Forecast and Regional Advisory Committee Forecasts Individual Income Tax Paid With Returns



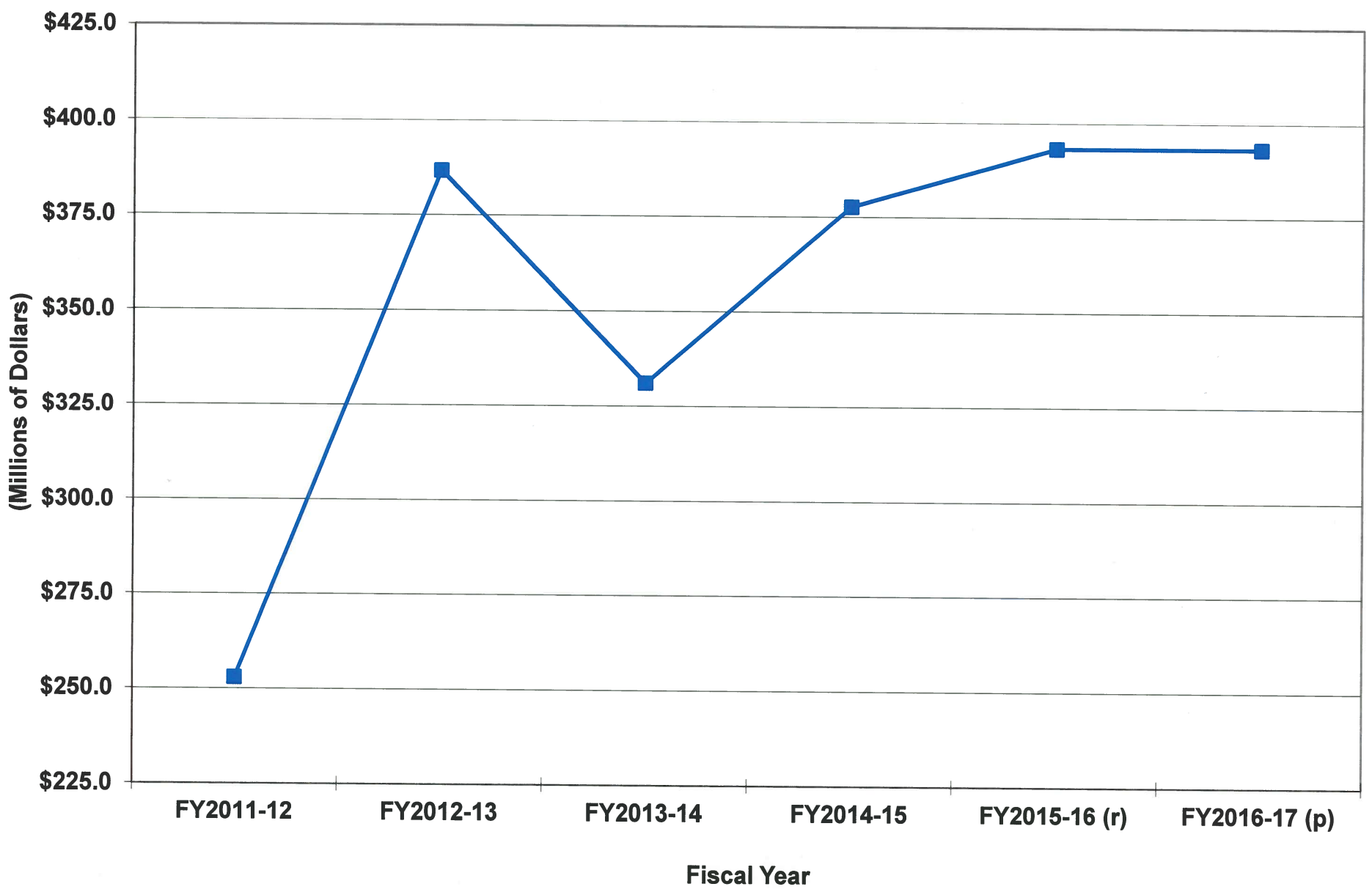
Comparison of BEA Preliminary Forecast and Regional Advisory Committee Forecasts Individual Income Tax Refunds



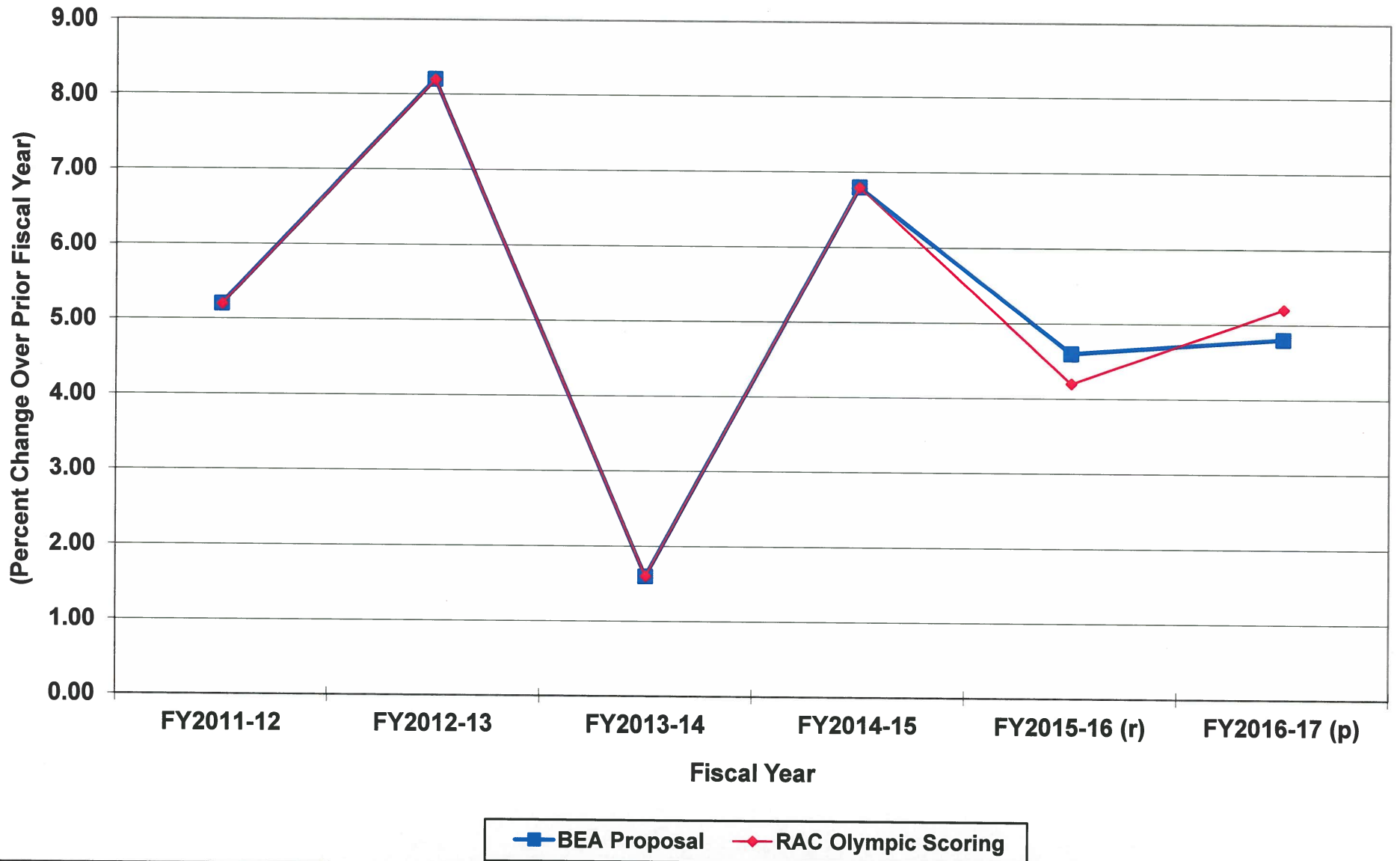
BEA Preliminary Forecast of Corporation Income Tax



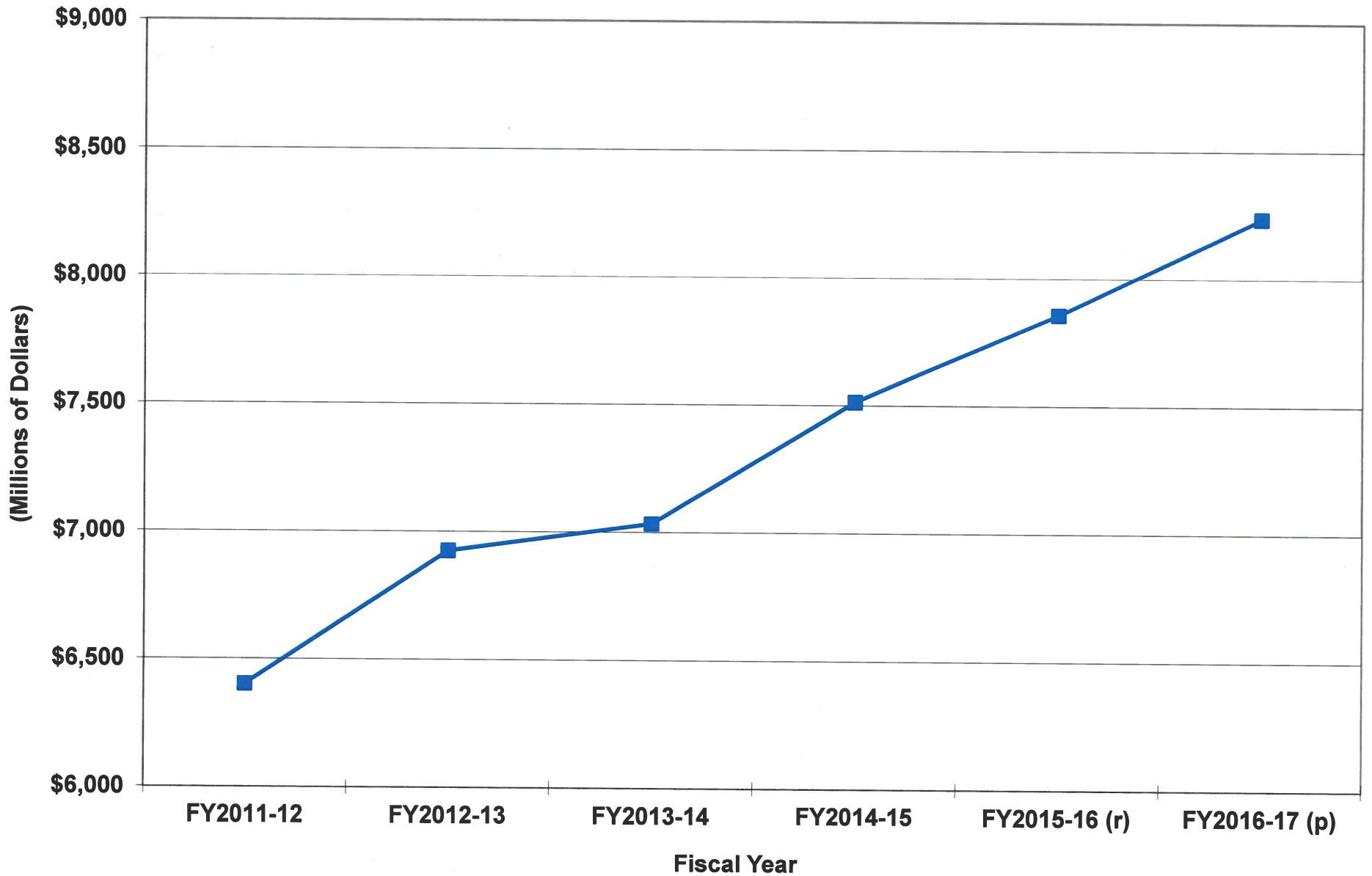
BEA Preliminary Forecast of Corporation Income Tax



Comparison of BEA Preliminary Forecast and Regional Advisory Committee Forecasts Total General Fund Revenue



BEA Preliminary Forecast of General Fund Revenue



**Summary of General Fund Revenue Estimate
BEA Proposal and Regional Advisory Committee Forecasts
Growth Rates and Dollar Amounts**

Category	FY2013-14	FY2014-15	FY2015-16	FY2016-17
<i>(Growth rates)</i>				
Sales Tax				
BEA	2.8 %	5.6 %	5.4 %	5.0 %
Regional Adv. Comm.	2.8 %	5.6 %	4.9 %	4.9 %
Individual Income Tax				
BEA	1.9 %	7.0 %	6.2 %	4.6 %
Regional Adv. Comm.	1.9 %	7.0 %	5.6 %	5.7 %
General Fund Revenue				
BEA	1.6 %	6.8 %	4.6 %	4.8 %
Regional Adv. Comm.	1.6 %	6.8 %	4.2 %	5.2 %
<i>(Dollar amounts)</i>				
Sales Tax				
BEA	\$68.8	\$139.8	\$142.5	\$141.0
Regional Adv. Comm.	\$68.8	\$139.8	\$130.0	\$135.6
Individual Income Tax				
BEA	\$65.1	\$238.6	\$226.9	\$178.6
Regional Adv. Comm.	\$65.1	\$238.6	\$206.2	\$219.5
General Fund Revenue				
BEA	\$108.4	\$479.9	\$343.1	\$379.6
Regional Adv. Comm.	\$108.4	\$479.9	\$319.2	\$405.9

Source: Board of Economic Advisors

BEA/RWM/11/04/15

**Summary of General Fund Revenue Estimate
Growth Rates and Dollar Amounts**

Category	FY2013-14	FY2014-15	FY2015-16	FY2016-17
<i>(Growth rates)</i>				
Sales Tax	2.8 %	5.6 %	5.4 %	5.0 %
Individual Income Tax	1.9 %	7.0 %	6.2 %	4.6 %
Withholdings	5.1 %	4.5 %	4.9 %	3.6 %
Declarations	(2.1) %	10.8 %	13.1 %	9.7 %
Paid With Returns	(9.2) %	12.6 %	11.3 %	7.5 %
Less: Refunds	5.9 %	2.8 %	5.9 %	4.2 %
Corporate Income Tax	(14.4) %	14.1 %	4.1 %	0.0 %
General Fund Revenue	1.6 %	6.8 %	4.7 %	4.8 %
<i>(Dollar amounts)</i>				
Sales Tax	\$68.8	\$139.8	\$142.5	\$141.0
Individual Income Tax	\$65.1	\$238.6	\$226.9	\$178.6
Withholdings	\$203.4	\$188.0	\$212.9	\$164.5
Declarations	(\$7.9)	\$39.1	\$52.3	\$43.9
Paid With Returns	(\$44.3)	\$55.5	\$56.1	\$41.4
Less: Refunds	\$86.0	\$44.1	\$94.5	\$70.8
Corporate Income Tax	(\$55.6)	\$46.6	\$15.5	\$0.0
General Fund Revenue	\$108.4	\$479.9	\$343.1	\$379.6

Source: Board of Economic Advisors

BEA/RWM/11/04/15

PERSONAL INCOME GROWTH
FY16 - 5.25%; FY17 - 4.9%

GENERAL FUND REVENUE FORECAST
FISCAL YEARS FY2013-14 TO FY2016-17
(DOLLARS)

SCENARIO A: BEA STAFF REVENUE CATEGORIES	FINAL FY 2013-14	FINAL FY 2014-15	11/10/15	11/10/15	PERCENT	PERCENT	PERCENT	PERCENT
			WORKING ESTIMATE FY 2015-16	WORKING ESTIMATE FY 2016-17	CHANGE FY13/FY14	CHANGE FY14/FY15	CHANGE FY15/FY16	CHANGE FY16/FY17
RETAIL SALES TAX 1/	2,504,914,814	2,643,740,083	2,785,496,000	2,925,766,000	3.1	5.5	5.4	5.0
EXCISE, CASUAL SALES TAX	12,162,908	13,206,594	13,900,000	14,581,000	-37.2	8.6	5.3	4.9
INDIVIDUAL INCOME TAX	3,422,604,314	3,661,194,579	3,888,050,000	4,066,667,000	1.9	7.0	6.2	4.6
CORPORATION INCOME TAX	331,148,048	377,669,258	393,154,000	393,154,000	-14.4	14.0	4.1	0.0
SALES AND INCOME TAXES	6,270,830,084	6,695,810,514	7,080,600,000	7,400,168,000	1.3	6.8	5.7	4.5
ADMISSIONS/BINGO TAX	34,528,926	39,232,391	41,087,000	41,878,000	-1.8	13.6	4.7	1.9
ADMISS. TAX TRANSFER TO PRT	(6,673,499)	(6,489,637)	(7,720,000)	(7,875,000)				
AIRCRAFT TAX	4,233,944	4,492,414	4,672,000	4,859,000	-3.9	6.1	4.0	4.0
ALCOHOLIC LIQUOR TAX	66,694,937	70,363,644	72,193,000	74,070,000	4.1	5.5	2.6	2.6
BANK TAX	33,106,652	31,268,111	32,519,000	33,820,000	-2.9	-5.6	4.0	4.0
BEER AND WINE TAX	102,547,763	104,865,231	106,438,000	108,035,000	2.0	2.3	1.5	1.5
BUSINESS LICENSE TAX	25,631,758	25,482,166	25,100,000	24,724,000	-7.4	-0.6	-1.5	-1.5
COIN-OPERATED DEVICES	1,124,810	1,197,813	1,069,000	1,342,000	-19.8	6.5	-10.8	25.5
CORPORATION LICENSE TAX	95,139,381	129,851,012	103,226,000	109,110,000	28.2	36.5	-20.5	5.7
DEPARTMENTAL REVENUE 3/	78,782,546	55,468,773	52,036,000	52,036,000	46.8	-29.6	-6.2	0.0
DOCUMENTARY TAX	46,724,819	53,876,792	59,642,000	62,982,000	21.4	15.3	10.7	5.6
LESS: CONSERVATION BANK TRUST FUND	(11,341,147)	(13,236,618)	(14,911,000)	(15,746,000)				
EARNED ON INVESTMENTS	19,537,585	17,711,197	16,000,000	17,000,000	-25.9	-9.3	-9.7	6.3
INSURANCE PREMIUM TAX	171,659,351	185,323,161	195,331,000	205,879,000	1.6	8.0	5.4	5.4
INSURANCE LICENSE TAX	16,963,766	38,405,118	19,203,000	43,207,000	-50.8	126.4	-50.0	125.0
INSURANCE RETALIATORY & OTHER TAX	6,606,945	6,098,067	6,100,000	6,100,000	-0.2	-7.7	0.0	0.0
LESS: INSURANCE CREDITS	(9,582,532)	(13,236,442)	(15,000,000)	(15,000,000)	5.4	38.1	13.3	0.0
MOTOR VEHICLE LICENSES	10,287,660	10,602,698	10,815,000	11,031,000	6.7	3.1	2.0	2.0
PRIVATE CAR LINES TAX	3,592,401	4,020,484	4,234,000	4,458,000	-1.3	11.9	5.3	5.3
PUBLIC SERVICE AUTHORITY	20,659,000	20,116,000	20,458,000	20,806,000	1.3	-2.6	1.7	1.7
RETAILERS LICENSE TAX	740,380	803,686	843,000	884,000	-8.6	8.6	4.9	4.9
SAVINGS & LOAN TAX	2,008,669	1,994,090	1,974,000	1,954,000	-34.7	-0.7	-1.0	-1.0
WORKERS COMP. INSURANCE	8,227,554	8,171,254	8,090,000	8,009,000	-28.7	-0.7	-1.0	-1.0
CIRCUIT/FAMILY COURT FINES	8,606,344	8,446,184	8,531,000	8,616,000	0.8	-1.9	1.0	1.0
DEBT SERVICE TRANSFERS	524,177	538,627	539,000	539,000	6.7	2.8	0.1	0.0
INDIRECT COST RECOVERIES	13,693,548	13,511,580	13,984,000	14,473,000	26.3	-1.3	3.5	3.5
PAROLE / PROBATION FEES	3,392,808	3,392,808	3,393,000	3,393,000	0.0	0.0	0.0	0.0
UNCLAIMED PROPERTY FUND	15,000,000	15,000,000	5,750,000	15,000,000	0.0	0.0	-61.7	160.9
OTHER BASE SOURCES	762,418,546	817,270,604	775,596,000	835,584,000	4.1	7.2	-5.1	7.7
TOTAL GENERAL FUND REVENUE	7,033,248,630	7,513,081,118	7,856,196,000	8,235,752,000	1.6	6.8	4.6	4.8
APPROPRIATION ACT REVENUE	6,846,108,606	7,212,839,711	7,666,473,000	8,235,752,000	2.9	5.4	6.3	7.4
LESS: TAX RELIEF TRUST FUND	(552,409,253)	(561,562,557)	(568,961,000)	(577,989,000)	1.8	1.7	1.3	1.6
PLUS: TAX RELIEF FUND CARRYFORWARD	0	0	0	0				
EXCLUDING TRUST FUNDS	6,293,699,353	6,651,277,154	7,287,235,000	7,657,763,000	3.0	5.7	9.6	5.1
CAPITAL RESERVE FUND (2%) - BEG. BAL.	117,155,905	127,789,918	131,047,797	139,207,789	4.0	9.1	2.5	6.2
GENERAL RESERVE FUND (5%) - BEG. BAL.	292,889,764	319,478,812	327,619,492	348,019,473	4.0	9.1	2.5	6.2
TOTAL RESERVES	410,045,669	447,268,730	458,667,289	487,227,262	4.0	9.1	2.5	6.2
REVENUE EXCESS / SHORTAGE FROM ACT	187,140,024	300,241,407	189,723,000	0				
EDUCATION IMPROVEMENT ACT 2/	643,252,466	678,380,702	716,345,000	751,585,000	5.1	5.5	5.6	4.9
EIA FUND	643,210,977	678,315,088	699,849,000	735,087,000	5.1	5.5	3.2	5.0
EIA HOLD HARMLESS			16,420,000	16,420,000				0.0
EIA INTEREST	41,489	65,614	76,000	78,000	-63.5	58.1	15.8	2.6
S.C. EDUCATION LOTTERY FUND (NET)	323,365,255	350,110,184	341,300,000	341,300,000	7.6	8.3	-2.5	0.0
HOMESTEAD EXEMPTION FUND								
TOTAL REVENUE AVAILABLE	579,001,045	615,064,029	650,191,000	682,203,000	4.6	6.2	5.7	4.9
LESS: HOMESTEAD EXEMPT. FUND SHORTFALL	(110,397,500)	(90,710,964)	(74,711,000)	(49,176,000)				

1/ Excludes (1%) Education Improvement Act and (2%) Accommodations Taxes.

2/ Includes interest earnings.

3/ Includes former Dept. of Agriculture agency revenue other than the Petroleum Inspection Tax now shown separately.

Source: S. C. Board of Economic Advisors/11/10/15

PERSONAL INCOME GROWTH
 FY16 - 4.78%; FY17 - 4.73%

GENERAL FUND REVENUE FORECAST
 FISCAL YEARS FY2013-14 TO FY2016-17
 (DOLLARS)

SCENARIO B: REGIONAL ADVISORY COMMITTEE

REVENUE CATEGORIES	FINAL FY 2013-14	FINAL FY 2014-15	11/10/15 WORKING ESTIMATE FY 2015-16	11/10/15 WORKING ESTIMATE FY 2016-17	PERCENT CHANGE FY13/FY14	PERCENT CHANGE FY14/FY15	PERCENT CHANGE FY15/FY16	PERCENT CHANGE FY16/FY17
RETAIL SALES TAX 1/	2,504,914,814	2,643,740,083	2,773,070,000	2,908,017,000	3.1	5.5	4.9	4.9
EXCISE, CASUAL SALES TAX	12,162,908	13,206,594	13,838,000	14,493,000	-37.2	8.6	4.8	4.7
INDIVIDUAL INCOME TAX	3,422,604,314	3,661,194,579	3,867,401,000	4,036,915,000	1.9	7.0	5.6	4.4
CORPORATION INCOME TAX	331,148,048	377,669,258	393,154,000	393,154,000	-14.4	14.0	4.1	0.0
SALES AND INCOME TAXES	6,270,830,084	6,695,810,514	7,047,463,000	7,352,579,000	1.3	6.8	5.3	4.3
ADMISSIONS/BINGO TAX	34,528,926	39,232,391	41,087,000	41,878,000	-1.8	13.6	4.7	1.9
ADMISS. TAX TRANSFER TO PRT	(6,673,499)	(6,489,637)	(7,720,000)	(7,875,000)				
AIRCRAFT TAX	4,233,944	4,492,414	4,672,000	4,859,000	-3.9	6.1	4.0	4.0
ALCOHOLIC LIQUOR TAX	66,694,937	70,363,644	72,193,000	74,070,000	4.1	5.5	2.6	2.6
BANK TAX	33,106,652	31,268,111	32,519,000	33,820,000	-2.9	-5.6	4.0	4.0
BEER AND WINE TAX	102,547,763	104,865,231	106,438,000	108,035,000	2.0	2.3	1.5	1.5
BUSINESS LICENSE TAX	25,631,758	25,482,166	25,100,000	24,724,000	-7.4	-0.6	-1.5	-1.5
COIN-OPERATED DEVICES	1,124,810	1,197,813	1,069,000	1,342,000	-19.8	6.5	-10.8	25.5
CORPORATION LICENSE TAX	95,139,381	129,851,012	103,226,000	109,110,000	28.2	36.5	-20.5	5.7
DEPARTMENTAL REVENUE 3/	78,782,546	55,468,773	52,036,000	52,036,000	46.8	-29.6	-6.2	0.0
DOCUMENTARY TAX	46,724,819	53,876,792	59,642,000	62,982,000	21.4	15.3	10.7	5.6
LESS: CONSERVATION BANK TRUST FUND	(11,341,147)	(13,236,618)	(14,911,000)	(15,746,000)				
EARNED ON INVESTMENTS	19,537,585	17,711,197	16,000,000	17,000,000	-25.9	-9.3	-9.7	6.3
INSURANCE PREMIUM TAX	171,659,351	185,323,161	195,331,000	205,879,000	1.6	8.0	5.4	5.4
INSURANCE LICENSE TAX	16,963,766	38,405,118	19,203,000	43,207,000	-50.8	126.4	-50.0	125.0
INSURANCE RETALIATORY & OTHER TAX	6,606,945	6,098,067	6,100,000	6,100,000	-0.2	-7.7	0.0	0.0
LESS: INSURANCE CREDITS	(9,582,532)	(13,236,442)	(15,000,000)	(15,000,000)	5.4	38.1	13.3	0.0
MOTOR VEHICLE LICENSES	10,287,660	10,602,698	10,815,000	11,031,000	6.7	3.1	2.0	2.0
PRIVATE CAR LINES TAX	3,592,401	4,020,484	4,234,000	4,458,000	-1.3	11.9	5.3	5.3
PUBLIC SERVICE AUTHORITY	20,659,000	20,116,000	20,458,000	20,806,000	1.3	-2.6	1.7	1.7
RETAILERS LICENSE TAX	740,380	803,686	843,000	884,000	-8.6	8.6	4.9	4.9
SAVINGS & LOAN TAX	2,008,669	1,994,090	1,974,000	1,954,000	-34.7	-0.7	-1.0	-1.0
WORKERS COMP. INSURANCE	8,227,554	8,171,254	8,090,000	8,009,000	-28.7	-0.7	-1.0	-1.0
CIRCUIT/FAMILY COURT FINES	8,606,344	8,446,184	8,531,000	8,616,000	0.8	-1.9	1.0	1.0
DEBT SERVICE TRANSFERS	524,177	538,627	539,000	539,000	6.7	2.8	0.1	0.0
INDIRECT COST RECOVERIES	13,693,548	13,511,580	13,984,000	14,473,000	26.3	-1.3	3.5	3.5
PAROLE / PROBATION FEES	3,392,808	3,392,808	3,393,000	3,393,000	0.0	0.0	0.0	0.0
UNCLAIMED PROPERTY FUND	15,000,000	15,000,000	5,750,000	15,000,000	0.0	0.0	-61.7	160.9
OTHER BASE SOURCES	762,418,546	817,270,604	775,596,000	835,584,000	4.1	7.2	-5.1	7.7
TOTAL GENERAL FUND REVENUE	7,033,248,630	7,513,081,118	7,823,059,000	8,188,163,000	1.6	6.8	4.1	4.7
APPROPRIATION ACT REVENUE	6,846,108,606	7,212,839,711	7,666,473,000	8,188,163,000	2.9	5.4	6.3	6.8
LESS: TAX RELIEF TRUST FUND	(552,409,253)	(561,562,557)	(568,961,000)	(577,989,000)	1.8	1.7	1.3	1.6
PLUS: TAX RELIEF FUND CARRYFORWARD	0	0	0	0				
EXCLUDING TRUST FUNDS	6,293,699,353	6,651,277,154	7,254,098,000	7,610,174,000	3.0	5.7	9.1	4.9
CAPITAL RESERVE FUND (2%) - BEG. BAL.	117,155,905	127,789,918	131,047,797	139,207,789	4.0	9.1	2.5	6.2
GENERAL RESERVE FUND (5%) - BEG. BAL.	292,889,764	319,478,812	327,619,492	348,019,473	4.0	9.1	2.5	6.2
TOTAL RESERVES	410,045,669	447,268,730	458,667,289	487,227,262	4.0	9.1	2.5	6.2
REVENUE EXCESS / SHORTAGE FROM ACT	187,140,024	300,241,407	156,586,000	0				
EDUCATION IMPROVEMENT ACT 2/	643,252,466	678,380,702	713,223,000	747,126,000	5.1	5.5	5.1	4.8
EIA FUND	643,210,977	678,315,088	696,727,000	730,628,000	5.1	5.5	2.7	4.9
EIA HOLD HARMLESS			16,420,000	16,420,000				0.0
EIA INTEREST	41,489	65,614	76,000	78,000	-63.5	58.1	15.8	2.6
S.C. EDUCATION LOTTERY FUND (NET)	323,365,255	350,110,184	341,300,000	341,300,000	7.6	8.3	-2.5	0.0
HOMESTEAD EXEMPTION FUND								
TOTAL REVENUE AVAILABLE	579,001,045	615,064,029	647,225,000	677,967,000	4.6	6.2	5.2	4.7
LESS: HOMESTEAD EXEMPT. FUND SHORTFALL	(110,397,500)	(90,710,964)	(77,677,000)	(53,412,000)				

1/: Excludes (1%) Education Improvement Act and (2%) Accommodations Taxes.

2/: Includes interest earnings.

3/: Includes former Dept. of Agriculture agency revenue other than the Petroleum Inspection Tax now shown separately.

Source: S. C. Board of Economic Advisors/11/10/15

SC EDUCATION LOTTERY



South Carolina Revenue and Fiscal Affairs Office

November 10, 2015

South Carolina Education Lottery FY 2015-16 and FY 2016-17 Projections

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016*</u>	<u>FY 2017*</u>
Instant Games Net Income	\$144.3	\$151.1	\$164.1	\$183.3	\$190.3	\$190.3
Terminal Games Net Income	\$155.7	\$154.4	\$166.7	\$160.2	\$157.3	\$157.3
Net Cash Transfers	(\$2.3)	(\$4.9)	(\$7.4)	\$5.4	(\$7.6)	(\$7.6)
Total Transfers	\$297.7	\$300.6	\$323.4	\$348.9	\$340.0	\$340.0
Regular Transfers	\$284.1	\$288.2	\$309.1	\$334.0	\$322.0	\$322.0
Unclaimed Prizes	\$13.6	\$12.4	\$14.3	\$14.9	\$18.0	\$18.0
Total Transfers	\$297.7	\$300.6	\$323.4	\$348.9	\$340.0	\$340.0

South Carolina Education Lottery Estimate Assumptions

- Revenue
 - Instant game revenue is expected to grow by \$33.9 million.
 - Terminal game revenue is expected to decline by \$6.2 million.
 - Net cash transfers are projected to be \$7.6 million under net income to account for timing issues.
- Percentages of net revenue for instant and terminal games are being held constant.
- Net income from instant games are projected to increase by \$7 million while terminal game net income is projected to decline by \$2.9 million for a total growth in net income of \$4.1 million.

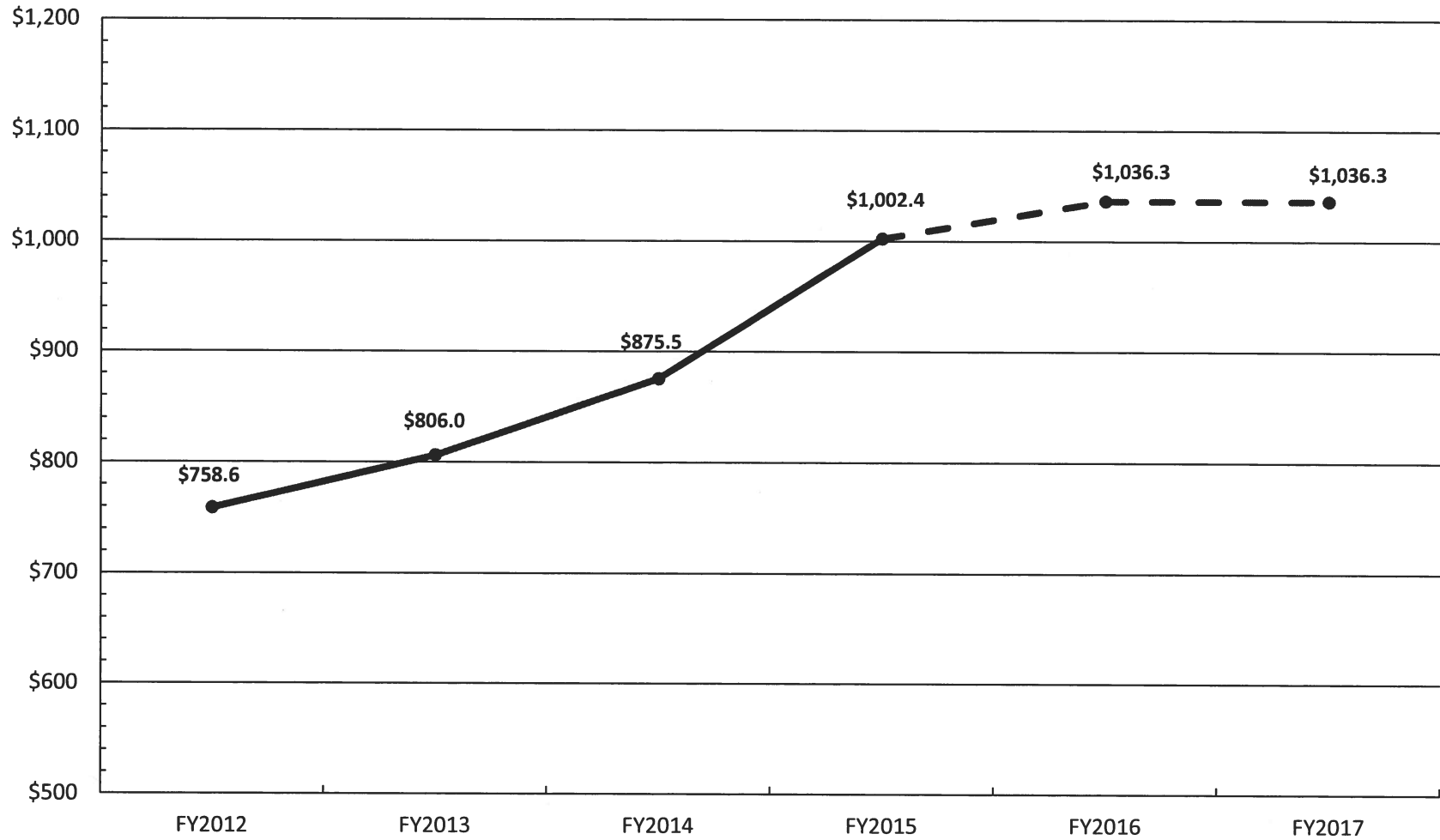
South Carolina Education Lottery

FY16 and FY 17 Estimates

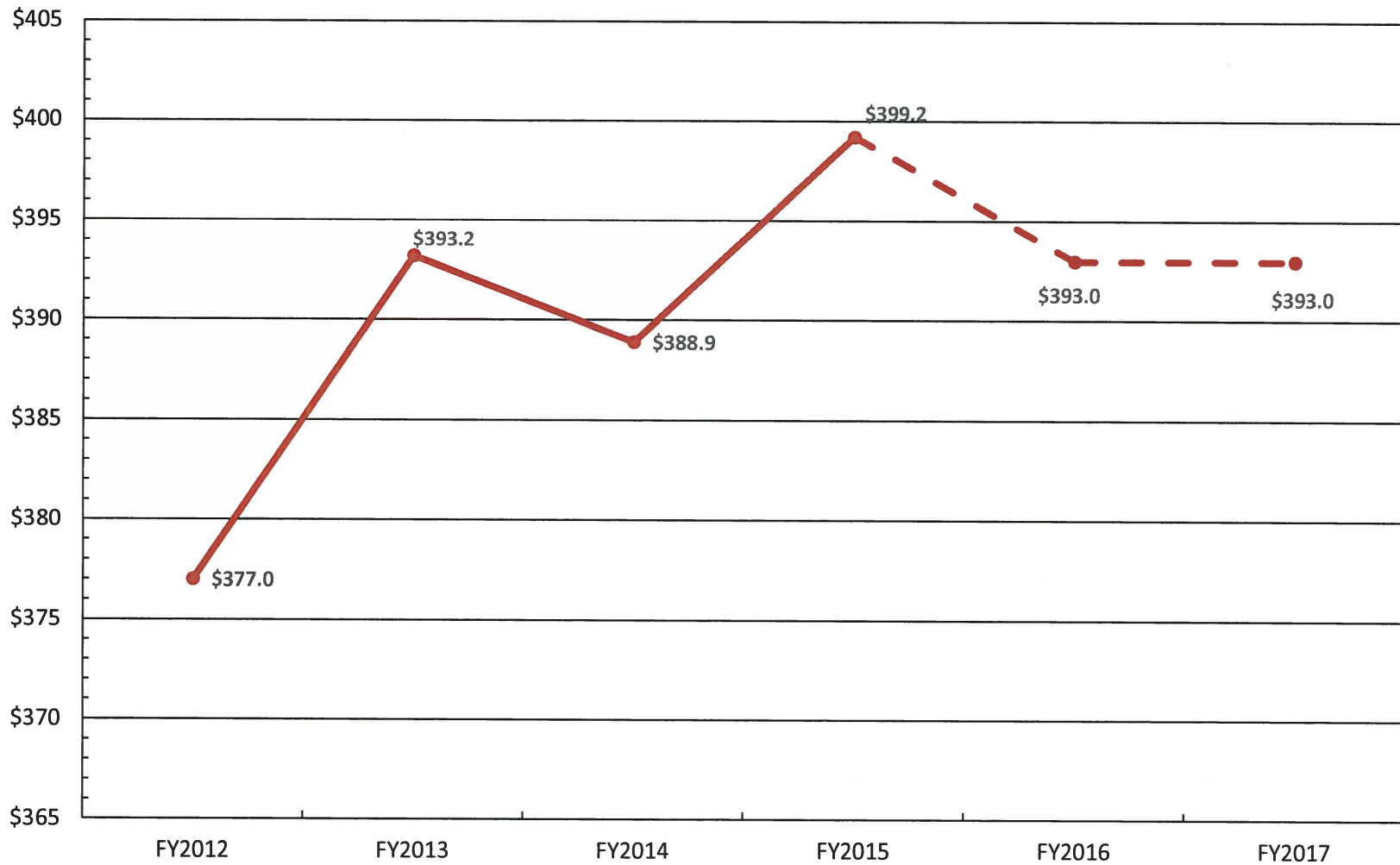
- Total lottery proceeds for FY 2015-16 are estimated to be \$340 million
- The FY 2015-16 estimate is based upon:
 1. Growth in total net income of \$4.1 million.
 2. A swing in cash transfers from \$5.4 million to (\$7.6) million.

Usually, cash transfers are less than net income due to timing of cash flows. This has been the case in each of the past four years, except for FY 2014-15 when the opposite occurred. The projected transfers in FY 2015-16 is less than projected FY 2015-16 net income by \$7.6 million to account for this expectation. The amount of the difference approximates the actual difference in FY 2013-14.
 3. Growth in Unclaimed Prizes from \$14.9 million in FY 2014-15 to \$18 million in FY 2015-16.
- For FY 2016-17, the estimate follows the same assumptions as the FY 2015-16 estimate at this time and will be updated as FY 2015-16 progresses.

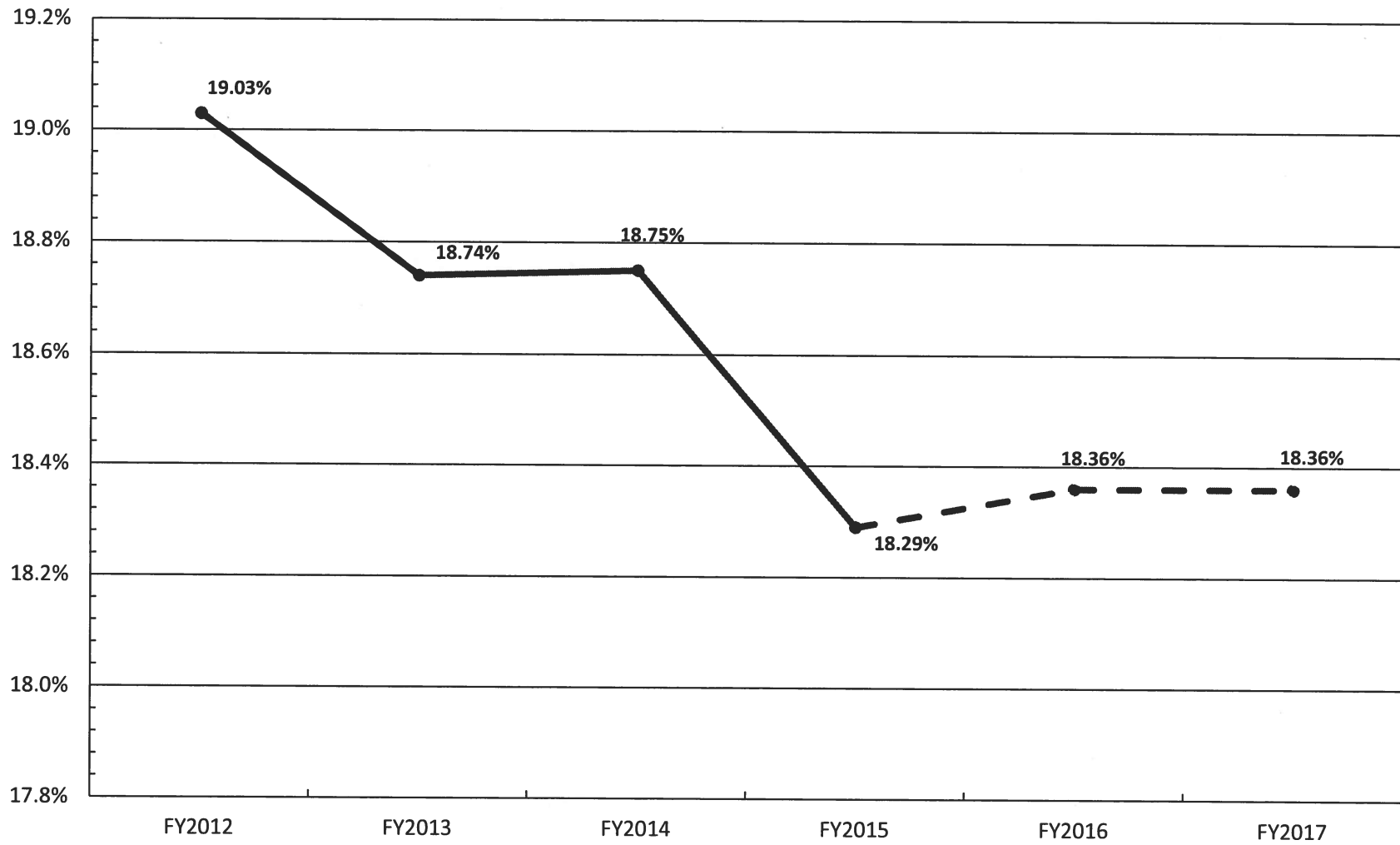
South Carolina Education Lottery Instant Game Revenue



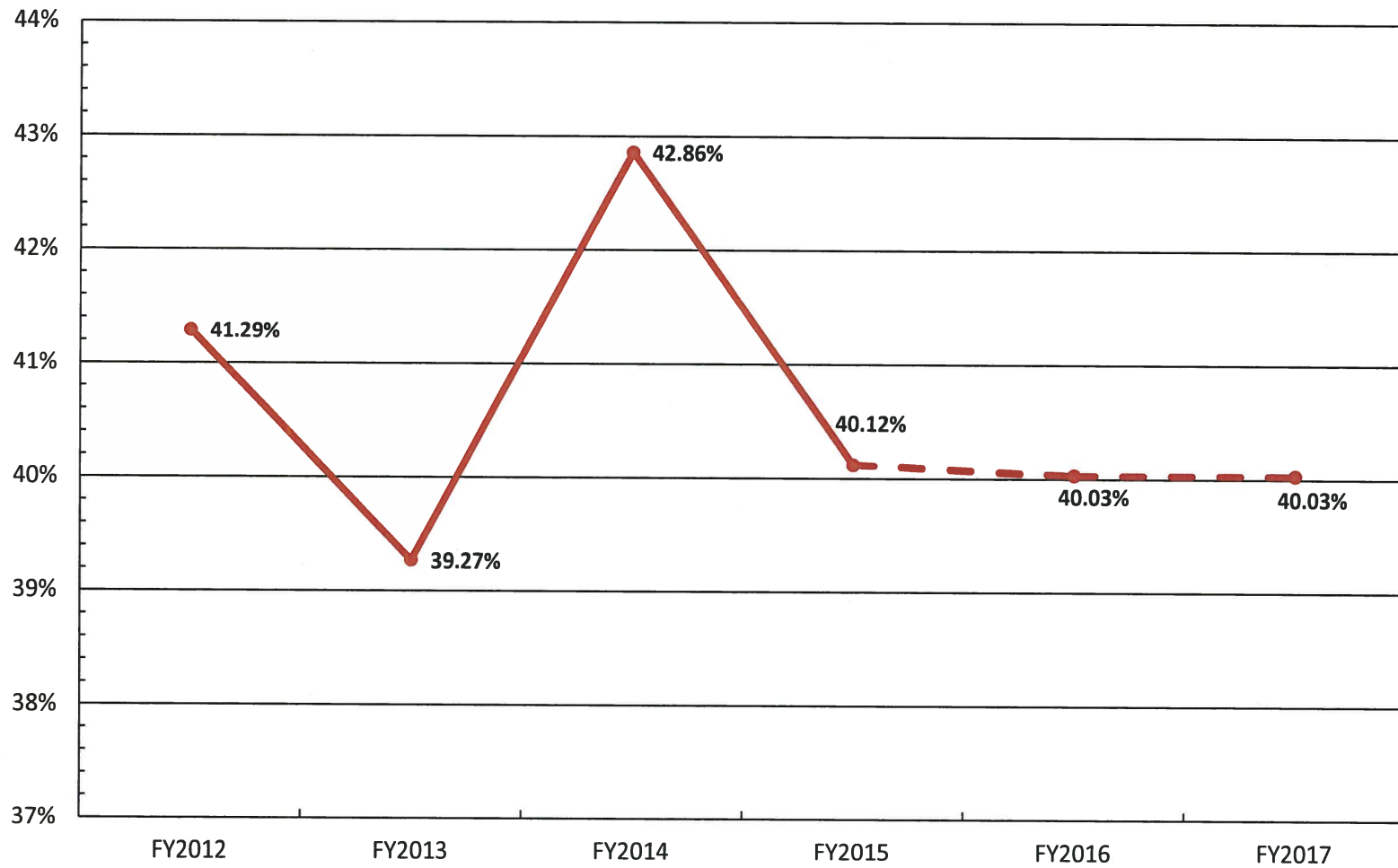
South Carolina Education Lottery Terminal Game Revenue



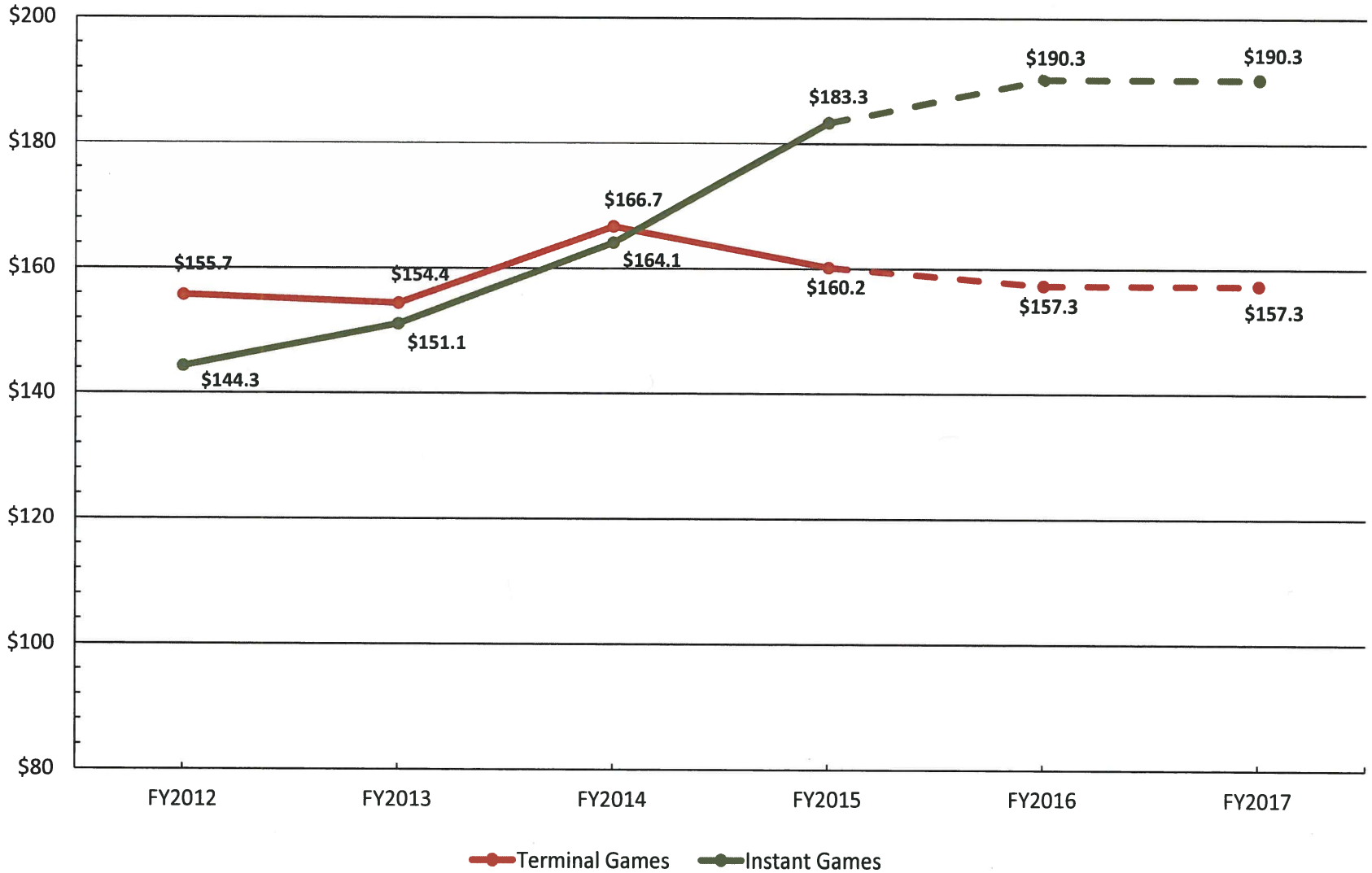
Net Income From Instant Games (As a Percentage of Instant Game Revenue)



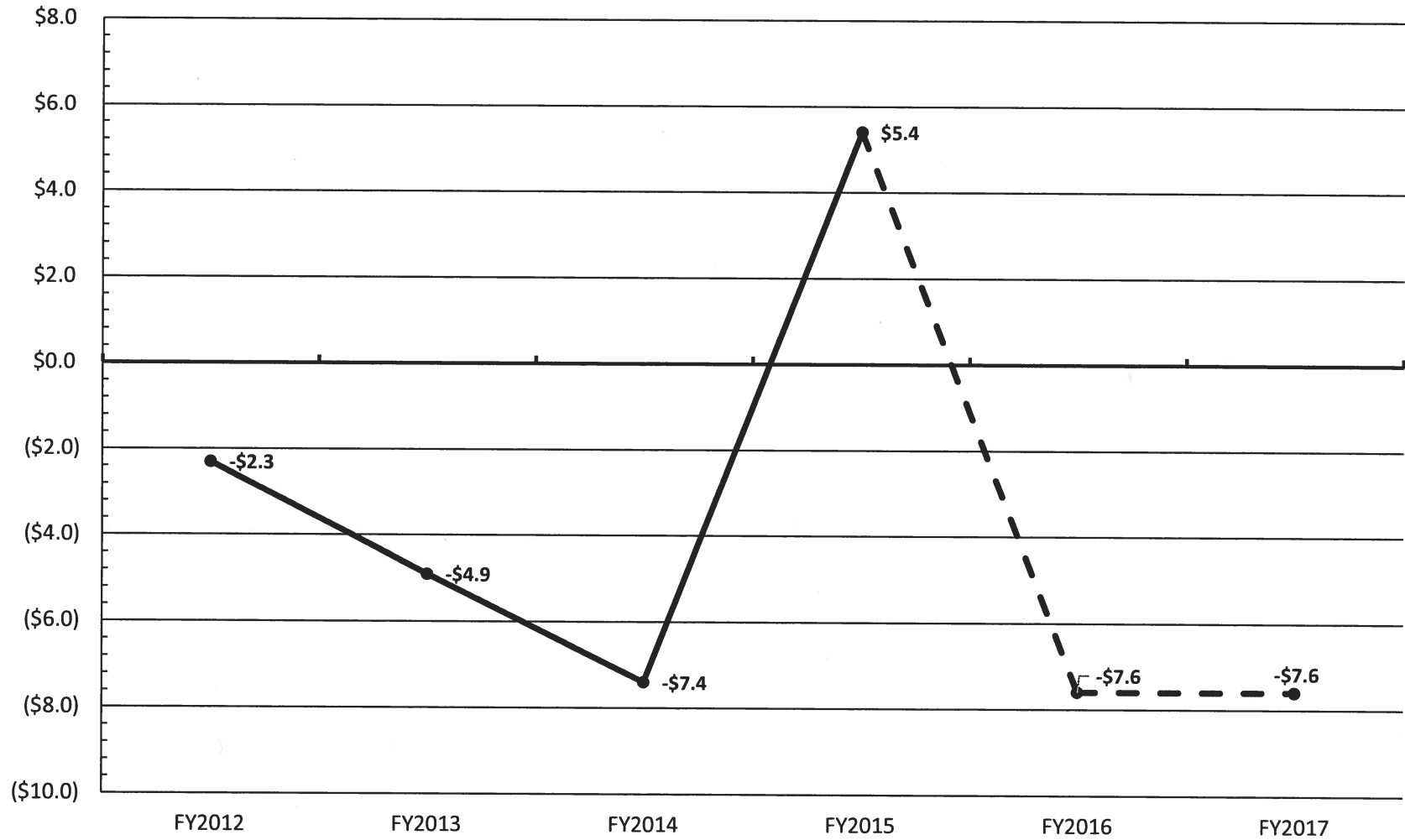
Net Income from Terminal Games (As a Percentage of Terminal Game Revenue)



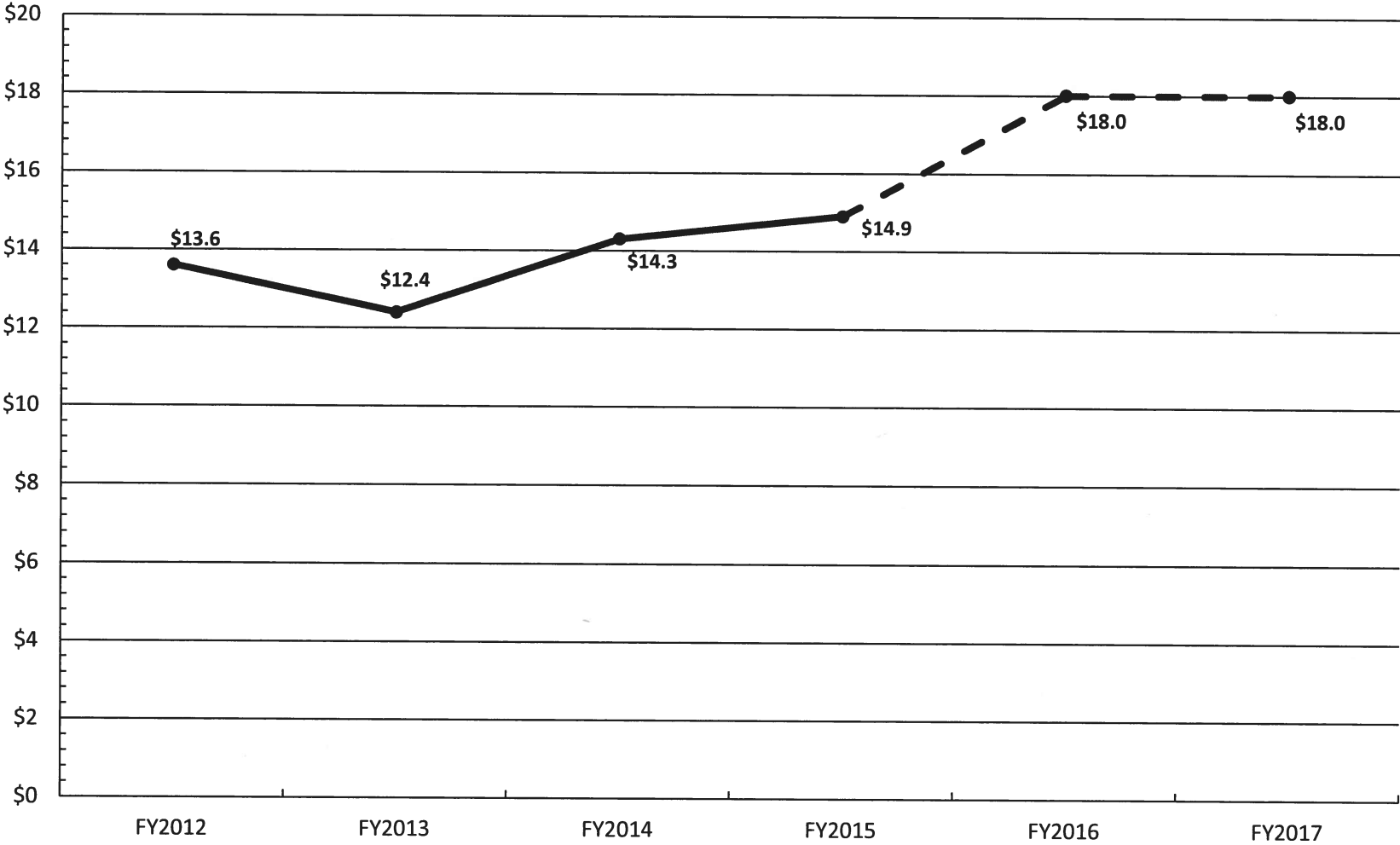
South Carolina Education Lottery Net Income By Game Type



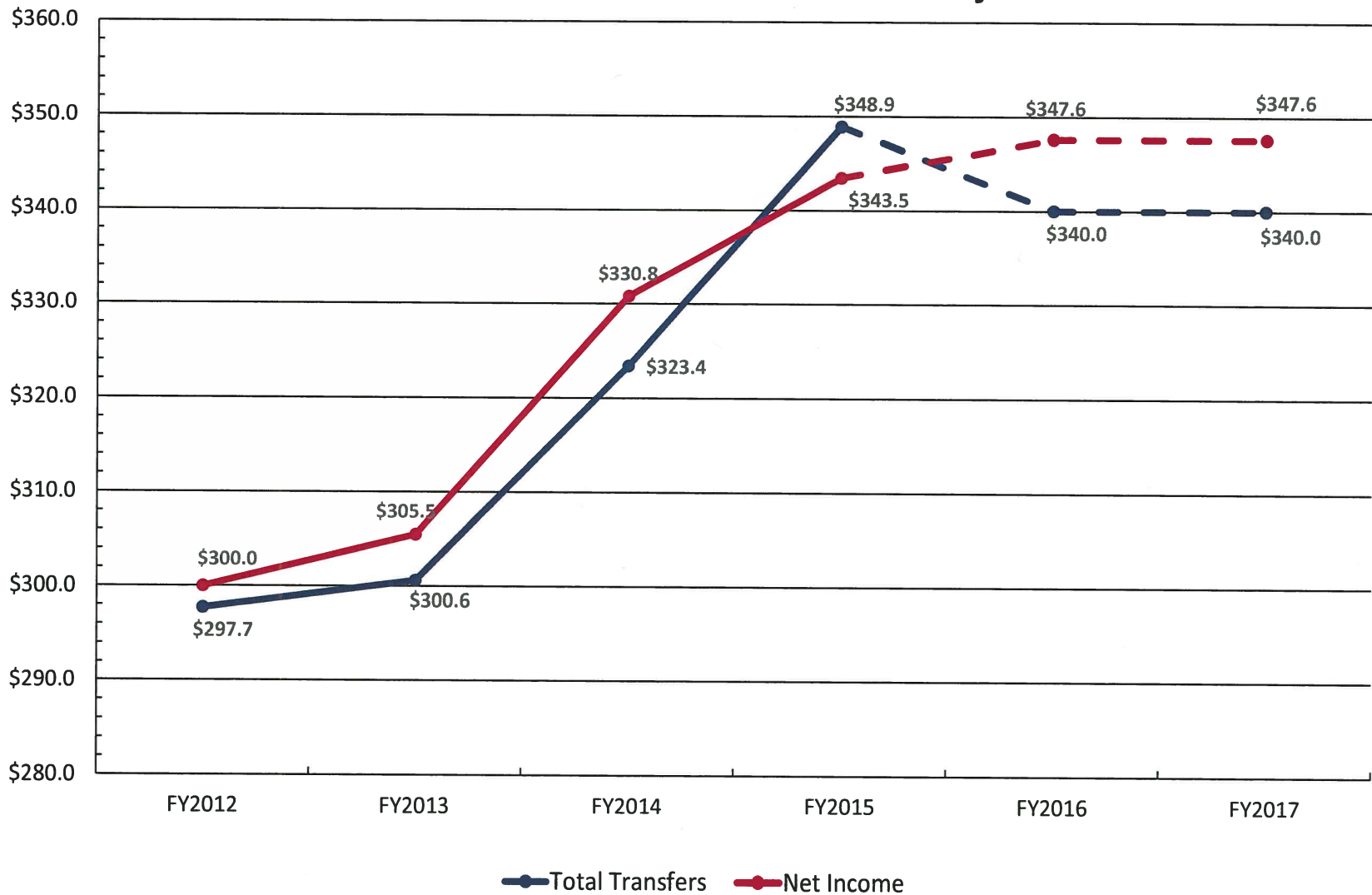
South Carolina Education Lottery Cash Transfers Over/(Under) Net Income



South Carolina Education Lottery Unclaimed Prizes



South Carolina Education Lottery Net Income and Total Transfers Projections



LONG-RANGE FORECAST – THREE-YEAR OUTLOOK



South Carolina Revenue and Fiscal Affairs Office

November 10, 2015

FY 2016-17 BUDGET OUTLOOK



South Carolina Revenue and Fiscal Affairs Office

November 10, 2015



**SOUTH CAROLINA
REVENUE AND FISCAL AFFAIRS OFFICE**

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

FRANK A. RAINWATER
Executive Director

**Budget Outlook - Fact Sheet
FY 2016-17
November 10, 2015**

	Recurring Funds	Non-Recurring Funds
FY 2015-16		
Capital Reserve Fund		131,047,797
Contingency Reserve Fund		86,750,797
BEA Revenue Estimate Adjustment		239,798,000
Total		326,548,797
Total Projected Non-Recurring Funds		457,596,594
FY 2016-17		
General Fund Revenue Available for Appropriation*	766,547,158	
(Incremental Increase Over Appropriation Base)		
Projected New EIA Revenue	54,986,750	
Projected New Lottery Funds	20,375,000	
(Total Available FY2016-17 Lottery Funds - \$341,300,000)		
Total Projected Recurring Funds	841,908,908	

Total Unobligated Funds Available in FY 2016-17	\$1,299,505,502
(Includes recurring and non-recurring funding sources)	

*Components of General Fund Revenue Available for Appropriation:		
FY 2014-15 Revenue Growth	\$131.4 Million	
FY 2015-16 Recurring Funds Not Included in FY 2016-17 Recurring Base	\$204.0 Million	
FY 2015-16 Additional Revenue Growth	\$51.5 Million	
FY 2016-17 Revenue Growth	\$379.6 Million	

*Recurring General Fund budget growth for FY 2016-17 is 8.7%

**FY 2015-16 Recurring Lottery Funds (\$320,925,000) not included in Total Unobligated Funds Available in FY 2016-17

OTHER MATTERS



Appendix



November 10, 2015

**State of South Carolina
Revenue and Fiscal Affairs Office
Board of Economic Advisors
Suite 402, Rembert C. Dennis Building
1000 Assembly Street
Columbia, SC 29201
(803) 734-2265
www.rfa.sc.gov**

GENERAL FUND REVENUE SUMMARY: FISCAL YEARS 2014-15 & 2015-16

MONTH OF OCTOBER

TABLE 1

REVENUE CATEGORIES	FY 2014-15	FY 2015-16	\$ CHANGE	% CHANGE
Sales and Use Tax 2/	\$224,185,837	\$237,928,472	\$13,742,635	6.1
Individual Income Tax	366,627,230	385,832,129	19,204,899	5.2
Corporation Income Tax	(9,223,334)	11,573,933	20,797,267	225.5
Insurance Taxes	3,383,770	1,466,082	(1,917,688)	(56.7)
Admissions Tax	2,418,758	3,320,103	901,345	37.3
Aircraft Tax	296,973	517,482	220,509	74.3
Alcoholic Liquor Tax	4,307,479	5,162,450	854,971	19.8
Bank Tax	(1,979,301)	278,686	2,257,987	114.1
Beer and Wine Tax	8,781,857	9,587,566	805,709	9.2
Bingo Tax	177,084	295,762	118,678	67.0
Business Filing Fees	337,787	357,789	20,002	5.9
Circuit/Family Court Fines	648,071	644,190	(3,881)	(0.6)
Corporation License Tax	11,073,376	2,178,570	(8,894,806)	(80.3)
Documentary Tax	3,074,978	3,902,079	827,101	26.9
Earned on Investments	1,271,805	1,191,958	(79,847)	(6.3)
Indirect Cost Recoveries	615,967	774,746	158,779	25.8
Motor Vehicle Licenses	948,493	1,233,714	285,221	30.1
Nursing Home Fees	0	0	0	---
Parole and Probation Fees	282,734	282,734	0	0.0
Private Car Lines Tax	255,950	23,600	(232,350)	(90.8)
Public Service Authority	0	0	0	---
Purchasing Card Rebates	2,325,640	2,739,555	413,915	17.8
Record Search Fees	0	0	0	---
Savings and Loan Assoc. Tax	104,527	59,541	(44,986)	(43.0)
Security Dealer Fees	1,208,822	446,035	(762,787)	(63.1)
Surcharge on Vehicle Rentals	0	21,512	21,512	---
Tobacco Tax	2,160,776	2,001,904	(158,872)	(7.4)
Uncashed Checks	0	0	0	---
Unclaimed Property Fund	0	0	0	---
Workers' Comp. Insurance Tax	(799,475)	(799,850)	(375)	(0.05)
Other Source Revenues	(1,480,664)	318,439	1,799,103	121.5
Gross General Fund Revenue 3/	\$621,005,140	\$671,339,181	\$50,334,041	8.1

1/: Data displayed in BEA format, which includes "net" Property Tax Relief funds of \$552,691,659 in FY15 per Budget and \$571,182,163 in FY16 per BEA.

2/: Excludes (1%) Education Improvement Act, (2%) Accommodations, (1%) Homestead Exemption, and any Local Option sales taxes.

3/: Data format corresponds to BEA Official Revenue Estimate.

Source: S. C. Board of Economic Advisors (BEA) 11/10/15/mgd

File: WGM1115_Oct_Act Format_MTH-YTD_FY16.xlsx

GENERAL FUND REVENUE SUMMARY: FISCAL YEARS 2014-15 & 2015-16

JULY - OCTOBER

TABLE 2

REVENUE CATEGORIES	FY 2014-15	FY 2015-16	\$ CHANGE	% CHANGE
Sales and Use Tax 2/	\$672,975,428	\$692,171,746	\$19,196,318	2.9
Individual Income Tax	1,484,025,040	1,559,097,950	75,072,910	5.1
Corporation Income Tax	72,177,552	101,828,241	29,650,689	41.1
Insurance Taxes	75,375,530	54,945,022	(20,430,508)	(27.1)
Admissions Tax	3,816,463	1,565,940	(2,250,523)	(59.0)
Aircraft Tax	884,015	517,763	(366,252)	(41.4)
Alcoholic Liquor Tax	15,427,056	15,807,740	380,684	2.5
Bank Tax	5,072,526	7,489,910	2,417,384	47.7
Beer and Wine Tax	28,284,249	27,996,144	(288,105)	(1.0)
Bingo Tax	894,803	762,933	(131,870)	(14.7)
Business Filing Fees	1,319,051	1,464,290	145,239	11.0
Circuit/Family Court Fines	2,681,561	2,668,447	(13,114)	(0.5)
Corporation License Tax	24,894,628	11,036,552	(13,858,076)	(55.7)
Documentary Tax	10,259,448	12,166,996	1,907,548	18.6
Earned on Investments	5,763,628	5,652,914	(110,714)	(1.9)
Indirect Cost Recoveries	2,206,785	2,421,043	214,258	9.7
Motor Vehicle Licenses	2,116,504	2,475,958	359,454	17.0
Nursing Home Fees	0	0	0	---
Parole and Probation Fees	1,130,936	1,130,936	0	0.0
Private Car Lines Tax	300,787	71,896	(228,891)	(76.1)
Public Service Authority	0	0	0	---
Purchasing Card Rebates	2,420,903	2,379,555	(41,348)	(1.7)
Record Search Fees	0	0	0	---
Savings and Loan Assoc. Tax	766,901	374,052	(392,849)	(51.2)
Security Dealer Fees	1,384,341	677,945	(706,396)	(51.0)
Surcharge on Vehicle Rentals	6,859	23,365	16,506	240.6
Tobacco Tax	6,831,608	6,482,525	(349,083)	(5.1)
Uncashed Checks	0	4,770,739	4,770,739	---
Unclaimed Property Fund	3,750,000	0	(3,750,000)	(100.0)
Workers' Comp. Insurance Tax	289,270	652,746	363,476	125.65
Other Source Revenues	(683,083)	3,721,097	4,404,180	644.8
Gross General Fund Revenue 3/	\$2,424,372,789	\$2,520,354,445	\$95,981,656	4.0

1/: Data displayed in BEA format, which includes "net" Property Tax Relief funds of \$552,691,659 in FY15 per Budget and \$571,182,163 in FY16 per BEA.

2/: Excludes (1%) Education Improvement Act, (2%) Accommodations, (1%) Homestead Exemption, and any Local Option sales taxes.

3/: Data format corresponds to BEA Official Revenue Estimate.

Source: S. C. Board of Economic Advisors (BEA) 11/10/15/mgd

File: WGM1115_Oct_Act Format_MTH-YTD_FY16.xlsx