



**SOUTH CAROLINA  
REVENUE AND FISCAL AFFAIRS OFFICE**

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

FRANK A. RAINWATER  
Executive Director

November 16, 2015

Les Boles  
Budget Development  
Revenue and Fiscal Affairs Office  
Office of State Budget  
Rembert Dennis Building, Suite 402  
Columbia, SC 29201

Dear Les,

Pursuant to §11-11-350 of the S.C. Code of Laws, 1976, I have enclosed an updated copy of the Board of Economic Advisors' Long Range General Fund Revenue Plan as adopted by the Board members. If you have any questions, I will be happy to answer them.

Sincerely,

A handwritten signature in blue ink, which appears to read "Frank A. Rainwater". The signature is fluid and cursive.

Frank A. Rainwater  
Chief Economist

FAR/rwm  
Encl.

**South Carolina Board of Economic Advisors  
Long Range General Fund Revenue Forecast  
Fiscal Years 2015-16 to 2018-19**

**Methodology and Historical Economic Growth Rates**

The Board of Economic Advisors (BEA) provides a long range forecast for General Fund Revenues each year based on its November estimate of revenues for the upcoming fiscal year. The current long range forecast was adopted on November 10, 2015 and is based on the BEA estimate of General Fund Revenues for FY 2016-17. The plan is built upon an assumed growth rate in personal income, historical elasticities for the major revenue components (sales and individual income taxes), and historical growth rates or patterns in the remaining revenue sources.

The assumptions and methodologies for this long range forecast include:

- an annual personal income growth rate of 4.9 percent;
- a sales tax growth rate of 4.7 percent based on a historical elasticity of 0.95;
- an individual income tax growth rate of 5.4 percent based on a historical elasticity of 1.1;
- corporate income tax holding steady throughout the forecast period;
- historical trends and patterns and other legislative factors affecting the remaining revenues.

The annual growth rates for FY 16, FY 17, FY 18, and FY19 are 4.6%, 4.8%, 4.4%, and 5.0%, respectfully.

Other items in the forecast include:

- the Property Tax Relief Fund which is funded by a transfer of revenue from Sales and Individual Income Taxes. The Fund is designed to reimburse local governments for various property tax exemptions.
- the Homestead Exemption Fund which is funded by an additional 1 percent sales tax, but expenditure growth is based on a formula of inflation and population growth. Any shortfall of revenue under expenses is transferred out of the General Fund.

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

LONG RANGE GENERAL FUND REVENUE FORECAST  
 FISCAL YEARS FY2013-14 TO FY2018-19  
 (DOLLARS)

REVENUE CATEGORIES	FINAL FY 2013-14	FINAL FY 2014-15	11/10/15 ESTIMATE FY 2015-16	11/10/15 ESTIMATE FY 2016-17	WORKING ESTIMATE FY 2017-18	WORKING ESTIMATE FY 2018-19
RETAIL SALES TAX 1/	2,504,914,814	2,643,740,083	2,785,496,000	2,925,766,000	3,061,960,000	3,204,494,000
EXCISE, CASUAL SALES TAX	12,162,908	13,206,594	13,900,000	14,581,000	15,260,000	15,970,000
INDIVIDUAL INCOME TAX	3,422,604,314	3,661,194,579	3,888,050,000	4,066,667,000	4,285,860,000	4,516,868,000
CORPORATION INCOME TAX	331,148,048	377,669,258	393,154,000	393,154,000	393,154,000	393,154,000
<b>SALES AND INCOME TAXES</b>	<b>6,270,830,084</b>	<b>6,895,810,514</b>	<b>7,080,600,000</b>	<b>7,400,168,000</b>	<b>7,756,234,000</b>	<b>8,130,486,000</b>
ADMISSIONS/BINGO TAX	34,528,926	39,232,391	41,087,000	41,878,000	42,685,000	43,507,000
ADMISS. TAX TRANSFER TO PRT	(6,673,499)	(6,489,637)	(7,720,000)	(7,875,000)	(8,032,000)	(8,193,000)
AIRCRAFT TAX	4,233,944	4,492,414	4,672,000	4,859,000	5,053,000	5,255,000
ALCOHOLIC LIQUOR TAX	66,694,937	70,363,644	72,193,000	74,070,000	75,996,000	77,972,000
BANK TAX	33,106,652	31,268,111	32,519,000	33,820,000	35,173,000	36,580,000
BEER AND WINE TAX	102,547,763	104,865,231	106,438,000	108,035,000	109,656,000	111,301,000
BUSINESS LICENSE TAX	25,631,758	25,482,166	25,100,000	24,724,000	24,353,000	23,988,000
COIN-OPERATED DEVICES	1,124,810	1,197,813	1,069,000	1,342,000	1,016,000	1,503,000
CORPORATION LICENSE TAX	95,139,381	129,851,012	103,226,000	109,110,000	115,329,000	121,903,000
DEPARTMENTAL REVENUE 3/	78,782,546	55,468,773	52,036,000	52,036,000	52,036,000	52,036,000
DOCUMENTARY TAX	46,724,819	53,876,792	59,642,000	62,982,000	66,509,000	70,234,000
LESS: CONSERVATION BANK TRUST FUND	(11,341,147)	(13,236,618)	(14,911,000)	(15,746,000)	(16,627,250)	(17,558,500)
EARNED ON INVESTMENTS	19,537,585	17,711,197	16,000,000	17,000,000	17,000,000	17,000,000
INSURANCE PREMIUM TAX	171,659,351	185,323,161	195,331,000	205,879,000	216,996,000	228,714,000
INSURANCE LICENSE TAX	16,963,766	38,405,118	19,203,000	43,207,000	21,604,000	48,609,000
INSURANCE RETALIATORY & OTHER TAX	6,606,945	6,098,067	6,100,000	6,100,000	6,100,000	6,100,000
LESS: INSURANCE CREDITS	(9,582,532)	(13,236,442)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)
MOTOR VEHICLE LICENSES	10,287,660	10,602,698	10,815,000	11,031,000	11,252,000	11,477,000
PRIVATE CAR LINES TAX	3,592,401	4,020,484	4,234,000	4,458,000	4,694,000	4,943,000
PUBLIC SERVICE AUTHORITY	20,659,000	20,116,000	20,458,000	20,806,000	21,160,000	21,520,000
RETAILERS LICENSE TAX	740,380	803,686	843,000	884,000	927,000	972,000
SAVINGS & LOAN TAX	2,008,669	1,994,090	1,974,000	1,954,000	1,934,000	1,915,000
WORKERS COMP. INSURANCE	8,227,554	8,171,254	8,090,000	8,009,000	7,929,000	7,850,000
CIRCUIT/FAMILY COURT FINES	8,606,344	8,446,184	8,531,000	8,616,000	8,702,000	8,789,000
DEBT SERVICE TRANSFERS	524,177	538,627	539,000	539,000	539,000	539,000
INDIRECT COST RECOVERIES	13,693,548	13,511,580	13,984,000	14,473,000	14,980,000	15,504,000
PAROLE / PROBATION FEES	3,392,808	3,392,808	3,393,000	3,393,000	3,393,000	3,393,000
UNCLAIMED PROPERTY FUND	15,000,000	15,000,000	5,750,000	15,000,000	15,000,000	15,000,000
<b>OTHER BASE SOURCES</b>	<b>762,418,546</b>	<b>817,270,604</b>	<b>775,596,000</b>	<b>835,584,000</b>	<b>840,356,750</b>	<b>895,852,500</b>
<b>TOTAL GENERAL FUND REVENUE</b>	<b>7,033,248,630</b>	<b>7,513,081,118</b>	<b>7,856,196,000</b>	<b>8,235,752,000</b>	<b>8,596,590,750</b>	<b>9,026,338,500</b>
APPROPRIATION ACT REVENUE	6,846,108,606	7,212,839,711	7,666,473,000	8,235,752,000	8,596,590,750	9,026,338,500
LESS: TAX RELIEF TRUST FUND	(552,409,253)	(561,562,557)	(568,961,000)	(577,989,000)	(598,796,804)	(620,353,282)
PLUS: TAX RELIEF FUND CARRYFORWARD	0	0	0	0	0	0
EXCLUDING TRUST FUNDS	6,293,699,353	6,651,277,154	7,287,235,000	7,657,763,000	7,997,794,146	8,405,985,218
CAPITAL RESERVE FUND (2%) - BEG. BAL.	117,155,905	127,789,918	131,047,797	139,207,789	145,744,700	153,155,260
GENERAL RESERVE FUND (5%) - BEG. BAL.	292,889,764	319,478,812	327,619,492	348,019,473	364,361,750	382,888,150
TOTAL RESERVES	410,045,669	447,268,730	458,667,289	487,227,262	510,106,450	536,043,410
REVENUE EXCESS / SHORTAGE FROM ACT	187,140,024	300,241,407	189,723,000	0	0	0
EDUCATION IMPROVEMENT ACT 2/	643,252,466	678,380,702	716,345,000	751,585,000	769,383,000	805,194,000
EIA FUND	643,210,977	678,315,088	699,849,000	735,087,000	769,305,000	805,116,000
EIA HOLD HARMLESS			16,420,000	16,420,000	16,420,000	16,420,000
EIA INTEREST	41,489	65,614	76,000	78,000	78,000	78,000
S.C. EDUCATION LOTTERY FUND (NET)	323,365,255	350,110,184	341,300,000	341,300,000	341,300,000	341,300,000
HOMESTEAD EXEMPTION FUND						
TOTAL REVENUE AVAILABLE	579,001,045	615,064,029	650,191,000	682,203,000	713,176,000	745,591,000
LESS: HOMESTEAD EXEMPT. FUND SHORTFALL	(110,397,500)	(90,710,964)	(74,711,000)	(49,176,000)	(32,976,000)	(15,765,000)

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 - 5.25%; FY17 - 4.9%  
 FORECAST PERIOD - 4.9%

LONG RANGE GENERAL FUND REVENUE FORECAST  
 FISCAL YEARS FY2013-14 TO FY2018-19  
 (DOLLARS)

REVENUE CATEGORIES	PERCENT CHANGE FY13/FY14	PERCENT CHANGE FY14/FY15	PERCENT CHANGE FY15/FY16	PERCENT CHANGE FY16/FY17	PERCENT CHANGE FY17/FY18	PERCENT CHANGE FY18/FY19
RETAIL SALES TAX 1/	3.1	5.5	5.4	5.0	4.7	4.7
EXCISE, CASUAL SALES TAX	-37.2	8.6	5.3	4.9	4.7	4.7
INDIVIDUAL INCOME TAX	1.9	7.0	6.2	4.6	5.4	5.4
CORPORATION INCOME TAX	-14.4	14.0	4.1	0.0	0.0	0.0
SALES AND INCOME TAXES	1.3	6.8	5.7	4.5	4.8	4.8
ADMISSIONS/BINGO TAX	-1.8	13.6	4.7	1.9	1.9	1.9
ADMISS. TAX TRANSFER TO PRT						
AIRCRAFT TAX	-3.9	6.1	4.0	4.0	4.0	4.0
ALCOHOLIC LIQUOR TAX	4.1	5.5	2.6	2.6	2.6	2.6
BANK TAX	-2.9	-5.6	4.0	4.0	4.0	4.0
BEER AND WINE TAX	2.0	2.3	1.5	1.5	1.5	1.5
BUSINESS LICENSE TAX	-7.4	-0.6	-1.5	-1.5	-1.5	-1.5
COIN-OPERATED DEVICES	-19.8	6.5	-10.8	25.5	-24.3	47.9
CORPORATION LICENSE TAX	28.2	36.5	-20.5	5.7	5.7	5.7
DEPARTMENTAL REVENUE 3/	46.8	-29.6	-6.2	0.0	0.0	0.0
DOCUMENTARY TAX	21.4	15.3	10.7	5.6	5.6	5.6
LESS: CONSERVATION BANK TRUST FUND						
EARNED ON INVESTMENTS	-25.9	-9.3	-9.7	6.3	0.0	0.0
INSURANCE PREMIUM TAX	1.6	8.0	5.4	5.4	5.4	5.4
INSURANCE LICENSE TAX	-50.8	126.4	-50.0	125.0	-50.0	125.0
INSURANCE RETALIATORY & OTHER TAX	-0.2	-7.7	0.0	0.0	0.0	0.0
LESS: INSURANCE CREDITS	5.4	38.1	13.3	0.0	0.0	0.0
MOTOR VEHICLE LICENSES	6.7	3.1	2.0	2.0	2.0	2.0
PRIVATE CAR LINES TAX	-1.3	11.9	5.3	5.3	5.3	5.3
PUBLIC SERVICE AUTHORITY	1.3	-2.6	1.7	1.7	1.7	1.7
RETAILERS LICENSE TAX	-8.6	8.6	4.9	4.9	4.9	4.9
SAVINGS & LOAN TAX	-34.7	-0.7	-1.0	-1.0	-1.0	-1.0
WORKERS COMP. INSURANCE	-28.7	-0.7	-1.0	-1.0	-1.0	-1.0
CIRCUIT/FAMILY COURT FINES	0.8	-1.9	1.0	1.0	1.0	1.0
DEBT SERVICE TRANSFERS	6.7	2.8	0.1	0.0	0.0	0.0
INDIRECT COST RECOVERIES	26.3	-1.3	3.5	3.5	3.5	3.5
PAROLE / PROBATION FEES	0.0	0.0	0.0	0.0	0.0	0.0
UNCLAIMED PROPERTY FUND	0.0	0.0	-61.7	160.9	0.0	0.0
OTHER BASE SOURCES	4.1	7.2	-5.1	7.7	0.6	6.6
TOTAL GENERAL FUND REVENUE	1.6	6.8	4.6	4.8	4.4	5.0
APPROPRIATION ACT REVENUE	2.9	5.4	6.3	7.4		
LESS: TAX RELIEF TRUST FUND	1.8	1.7	1.3	1.6	3.6	3.6
PLUS: TAX RELIEF FUND CARRYFORWARD						
EXCLUDING TRUST FUNDS	3.0	5.7	9.6	5.1	4.4	5.1
CAPITAL RESERVE FUND (2%) - BEG. BAL.	4.0	9.1	2.5	6.2	4.7	5.1
GENERAL RESERVE FUND (5%) - BEG. BAL.	4.0	9.1	2.5	6.2	4.7	5.1
TOTAL RESERVES	4.0	9.1	2.5	6.2	4.7	5.1
REVENUE EXCESS / SHORTAGE FROM ACT						
EDUCATION IMPROVEMENT ACT 2/	5.1	5.5	5.6	4.9	2.4	4.7
EIA FUND	5.1	5.5	3.2	5.0	4.7	4.7
EIA HOLD HARMLESS				0.0		
EIA INTEREST	-63.5	58.1	15.8	2.6	0.0	0.0
S.C. EDUCATION LOTTERY FUND (NET)	7.6	8.3	-2.5	0.0	0.0	0.0
HOMESTEAD EXEMPTION FUND						
TOTAL REVENUE AVAILABLE	4.6	6.2	5.7	4.9	4.5	4.5
LESS: HOMESTEAD EXEMPT. FUND SHORTFALL						

1/: Excludes (1%) Education Improvement Act and

2/: Includes interest earnings.

3/: Includes former Dept. of Agriculture agency

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