



November 9, 2017

# South Carolina Long Range General Fund Revenue Forecast

Fiscal Years 2017-18 to 2020-21



**South Carolina Board of Economic Advisors  
Long Range General Fund Revenue Forecast  
Fiscal Years 2017-18 to 2020-21**

**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 9, 2017 and is based on the BEA estimate of General Fund Revenues for FY 2018-19. 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 4.25 percent;
- a sales tax growth rate of 4.25 percent based on a historical elasticity of 1.0;
- an individual income tax growth rate of 4.675 percent based on a historical elasticity of 1.1;
- corporate income increasing throughout the forecast period;
- historical trends and patterns and other legislative factors affecting the remaining revenues.

The annual growth rates for FY 18, FY 19, FY 20, and FY21 are 4.6%, 3.6%, 3.4%, and 3.9%, respectively.

Other items in the forecast include:

- the Property Tax Relief Fund which is funded by a transfer of revenue from the Individual Income and Corporate 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.

Source: Board of Economic Advisors' Preliminary FY 2018-19 General Fund Revenue Forecast adopted November 9, 2017.

BEA – November 16, 2017



Personal Income Growth  
 FY18 - 4.25%  
 FY19 - 4.25%  
 Forecast Period - 4.25%

**Long Range General Fund Revenue Forecast**  
**Fiscal Years 2015-16 to 2020-21**  
**(Dollars)**

Revenue Category	Final FY 2015-16	Final FY 2016-17	11/9/2017 Estimate FY 2017-18	11/9/2017 Estimate FY 2018-19	Working Estimate FY 2019-20	Working Estimate FY 2020-21
Sales and Use Tax	\$2,818,605,595	\$2,896,271,260	\$3,041,207,000	\$3,147,685,000	\$3,281,462,000	\$3,420,924,000
Individual Income Tax	3,832,846,497	4,107,647,011	4,295,400,000	4,425,417,000	4,570,880,000	4,711,271,000
Corporation Income Tax	411,148,125	320,415,504	344,486,000	358,914,000	373,988,000	389,695,000
Insurance Taxes	212,224,188	237,673,156	242,046,000	267,404,000	258,920,000	301,565,000
Admissions Tax	28,012,902	30,443,571	29,145,000	31,364,000	31,834,000	32,312,000
Aircraft Tax	4,124,496	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Alcoholic Liquor Tax	73,549,750	76,736,505	80,318,000	83,317,000	86,816,000	90,462,000
Bank Tax	29,425,178	53,357,725	31,520,000	41,520,000	43,098,000	44,736,000
Beer and Wine Tax	107,252,141	109,577,012	114,891,000	113,334,000	115,261,000	117,220,000
Bingo Tax	2,838,515	678,360	1,055,000	692,000	699,000	706,000
Business Filing Fees	5,468,450	6,279,551	5,675,000	5,675,000	5,675,000	5,675,000
Circuit/Family Court Fines	8,090,762	7,888,118	7,856,000	7,421,000	7,198,000	6,982,000
Corporation License Tax	88,702,350	68,181,266	93,000,000	89,760,000	91,555,000	93,386,000
Documentary Tax	46,164,138	51,691,987	67,899,000	82,527,000	90,367,000	98,952,000
Earned on Investments	25,193,451	30,804,764	24,000,000	30,000,000	30,000,000	30,000,000
Indirect Cost Recoveries	11,588,575	14,702,994	12,173,000	12,500,000	12,500,000	12,500,000
Motor Vehicle Licenses	10,677,999	11,050,294	11,117,000	11,615,000	11,905,000	12,203,000
Nursing Home Fees	3,598,679	3,565,104	3,500,000	3,500,000	3,500,000	3,500,000
Parole and Probation Fees	3,392,808	3,392,808	3,393,000	3,393,000	3,393,000	3,393,000
Private Car Lines Tax	4,335,202	5,499,151	4,555,000	4,898,000	5,079,000	5,267,000
Public Service Authority	19,192,000	17,751,000	19,285,000	17,751,000	17,751,000	17,751,000
Purchasing Card Rebates	2,739,555	2,907,963	2,800,000	3,000,000	3,000,000	3,000,000
Record Search Fees	4,461,000	4,461,000	4,461,000	4,461,000	4,461,000	4,461,000
Savings and Loan Assoc. Tax	(84,258)	1,881,527	1,817,000	1,844,000	1,826,000	1,808,000
Security Dealer Fees	25,191,340	25,648,556	26,000,000	26,000,000	26,000,000	26,000,000
Surcharge on Vehicle Rentals	3,148,906	2,579,640	706,000	777,000	777,000	777,000
Tobacco Tax	28,137,517	26,382,940	27,411,000	24,441,000	22,003,000	21,717,000
Uncashed Checks	3,432,881	3,530,329	2,000,000	2,000,000	2,000,000	2,000,000
Unclaimed Property Fund	5,750,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Workers' Comp. Insurance Tax	9,674,588	9,004,832	9,869,000	9,572,000	9,869,000	10,175,000
Other Source Revenues	10,540,699	11,005,610	9,278,000	10,176,000	9,727,000	10,388,000
<b>Gross General Fund Revenue</b>	<b>\$7,839,424,028</b>	<b>\$8,158,509,537</b>	<b>\$8,534,363,000</b>	<b>\$8,838,458,000</b>	<b>\$9,139,044,000</b>	<b>9,496,326,000</b>
Appropriation Act Revenue	\$7,666,473,000	\$8,157,517,892	\$8,534,363,000	\$8,838,458,000	\$9,139,044,000	\$9,496,326,000
Less: Tax Relief Trust Fund	(568,314,514)	(575,273,126)	(584,026,000)	(599,438,000)	(614,223,000)	(629,162,000)
Appropriation Act Excluding Trust Fund	7,271,109,514	7,582,244,766	7,950,337,000	8,239,020,000	8,524,821,000	8,867,164,000
Capital Reserve Fund (2%) - Beg. Bal.	131,047,797	139,207,789	145,420,836	151,664,728	158,091,460	164,780,400
General Reserve Fund (5%) - Beg. Bal.	327,619,492	348,019,473	363,552,089	379,161,821	395,228,650	411,951,000
Total Reserve Funds	458,667,289	487,227,262	508,972,925	530,826,549	553,320,110	576,731,400
Revenue Excess/Shortage From Act	172,951,028	991,645	0	0	0	0
Education Improvement Act (EIA)	719,821,206	764,078,707	805,061,000	837,341,000	870,786,000	905,651,000
EIA Fund	719,403,122	762,586,079	804,261,000	836,341,000	869,786,000	904,651,000
EIA Interest	418,084	1,492,628	800,000	1,000,000	1,000,000	1,000,000
S.C. Education Lottery Fund (Net)	396,300,000	401,958,373	406,300,000	407,000,000	407,000,000	407,000,000
Homestead Exemption Fund						
Total Revenue Available	649,166,693	685,115,809	727,694,000	755,802,000	785,055,000	815,495,000
Less: Homestead Exemption Fund Shortfall	(75,783,000)	(47,986,000)	(22,214,000)	(20,076,000)	(17,836,000)	(15,536,000)

Note: Gross General Fund Revenue includes Individual Income and Corporate Income tax revenue that is transferred for Property Tax Relief Trust Fund pursuant to §11-11-150.

Source: South Carolina Board of Economic Advisors/BEA/RWM/11/09/17



Personal Income Growth  
 FY18 - 4.25%; FY19 - 4.25%  
 Forecast Period - 4.25%

Long Range General Fund Revenue Forecast  
 Fiscal Years 2015-16 to 2020-21  
 (Percent Change)

Revenue Category	Percent Change FY 2015-16	Percent Change FY 2016-17	Percent Change FY 2017-18	Percent Change FY 2018-19	Percent Change FY 2019-20	Percent Change FY 2020-21
Sales and Use Tax	6.1	2.8	5.0	3.5	4.3	4.2
Individual Income Tax	4.7	7.2	4.6	3.0	3.3	3.1
Corporation Income Tax	8.9	(22.1)	7.5	4.2	4.2	4.2
Insurance Taxes	(2.0)	12.0	1.8	10.5	(3.2)	16.5
Admissions Tax	(5.7)	8.7	(4.3)	7.6	1.5	1.5
Aircraft Tax	(8.2)	(39.4)	0.0	0.0	0.0	0.0
Alcoholic Liquor Tax	4.5	4.3	4.7	3.7	4.2	4.2
Bank Tax	(5.9)	81.3	(40.9)	31.7	3.8	3.8
Beer and Wine Tax	2.3	2.2	4.8	(1.4)	1.7	1.7
Bingo Tax	(6.9)	(76.1)	55.5	(34.4)	1.0	1.0
Business Filing Fees	7.9	14.8	(9.6)	0.0	0.0	0.0
Circuit/Family Court Fines	(4.2)	(2.5)	(0.4)	(5.5)	(3.0)	(3.0)
Corporation License Tax	(31.7)	(23.1)	36.4	(3.5)	2.0	2.0
Documentary Tax	13.6	12.0	31.4	21.5	9.5	9.5
Earned on Investments	42.2	22.3	(22.1)	25.0	0.0	0.0
Indirect Cost Recoveries	(18.4)	26.9	(17.2)	2.7	0.0	0.0
Motor Vehicle Licenses	0.7	3.5	0.6	4.5	2.5	2.5
Nursing Home Fees	(1.5)	(0.9)	(1.8)	0.0	0.0	0.0
Parole and Probation Fees	0.0	0.0	0.0	0.0	0.0	0.0
Private Car Lines Tax	7.8	26.8	(17.2)	7.5	3.7	3.7
Public Service Authority	(4.6)	(7.5)	8.6	(8.0)	0.0	0.0
Purchasing Card Rebates	13.2	6.1	(3.7)	7.1	0.0	0.0
Record Search Fees	0.0	0.0	0.0	0.0	0.0	0.0
Savings and Loan Assoc. Tax	(104.2)	2333.1	(3.4)	1.5	(1.0)	(1.0)
Security Dealer Fees	5.1	1.8	1.4	0.0	0.0	0.0
Surcharge on Vehicle Rentals	12.4	(18.1)	(72.6)	10.1	0.0	0.0
Tobacco Tax	10.4	(6.2)	3.9	(10.8)	(10.0)	(1.3)
Uncashed Checks	(17.9)	2.8	(43.3)	0.0	0.0	0.0
Unclaimed Property Fund	(61.7)	160.9	0.0	0.0	0.0	0.0
Workers' Comp. Insurance Tax	18.3	(6.9)	9.6	(3.0)	3.1	3.1
Other Source Revenues	(5.3)	4.4	(15.7)	9.7	(4.4)	6.8
<b>Gross General Fund Revenue</b>	<b>4.3</b>	<b>4.1</b>	<b>4.6</b>	<b>3.6</b>	<b>3.4</b>	<b>3.9</b>
Appropriation Act Revenue	6.3	6.4	4.6	3.6	3.4	3.9
Less: Tax Relief Trust Fund	(1.4)	(1.2)	(1.5)	(2.6)	(2.5)	(2.4)
Appropriation Act Excluding Trust Fund	9.3	4.3	4.9	3.6	3.5	4.0
Capital Reserve Fund (2%) - Beg. Bal.	2.5	6.2	4.5	4.3	4.2	4.2
General Reserve Fund (5%) - Beg. Bal.	2.5	6.2	4.5	4.3	4.2	4.2
Total Reserve Funds	2.5	6.2	4.5	4.3	4.2	4.2
Revenue Excess/Shortage From Act						
Education Improvement Act (EIA)	6.1	6.1	5.4	4.0	4.0	4.0
EIA Fund	6.1	6.0	5.5	4.0	4.0	4.0
EIA Interest	537.2	257.0	(46.4)	25.0	0.0	0.0
S.C. Education Lottery Fund (Net)	13.2	1.4	1.1	0.2	0.0	0.0
Homestead Exemption Fund						
Total Revenue Available	5.5	5.5	6.2	3.9	3.9	3.9
Less: Homestead Exemption Fund Shortfall	16.5	36.7	53.7	9.6	11.2	12.9

Note: Gross General Fund Revenue includes Individual Income a  
 Source: South Carolina Board of Economic Advisors/BEA/RWN