



EDWARD B. GRIMBALL, Chairman
HOWELL CLYBORNE, JR.
EMERSON F. GOWER, JR.

SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

FRANK A. RAINWATER
Executive Director

BOARD OF ECONOMIC ADVISORS WORKING GROUP MEETING AGENDA

April 9, 2018, 2:00 P.M.

Bowers Conference Room 417, Rembert C. Dennis Building

1. Welcome
2. Adoption of Meeting Minutes for March 22, 2018
3. Review of Revenues and Economic Conditions (F. Rainwater, R. Martin)
 - A. Review of Third Quarter Results §11-9-890 (F. Rainwater)
 - B. Detailed Review of Monthly and Revenue Activity (R. Martin)
4. Consideration of FY 2017-18 and FY 2018-19 Estimates §11-9-880 (F. Rainwater. R. Martin)
5. Other Business
6. 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
7. Future Meeting Schedule:
 - A. May 17, 2018, 2:00pm – Members join via WebEx
 - B. June 14, 2018, 2:00pm
 - C. July 26, 2018, 1:30pm – **If necessary** - Members join via WebEx
 - D. 2018 Calendar at <http://rfa.sc.gov/meetings>
8. 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

OVERVIEW OF REVENUES THROUGH MARCH



Review of Third Quarter Results

Pursuant to §11-9-890

- Revenues through the third quarter of the fiscal year total \$5,996.0 million and exceeded the estimate of \$5,908.3 million by \$87.7 million.





Board of Economic Advisors General Fund Revenue Monitor

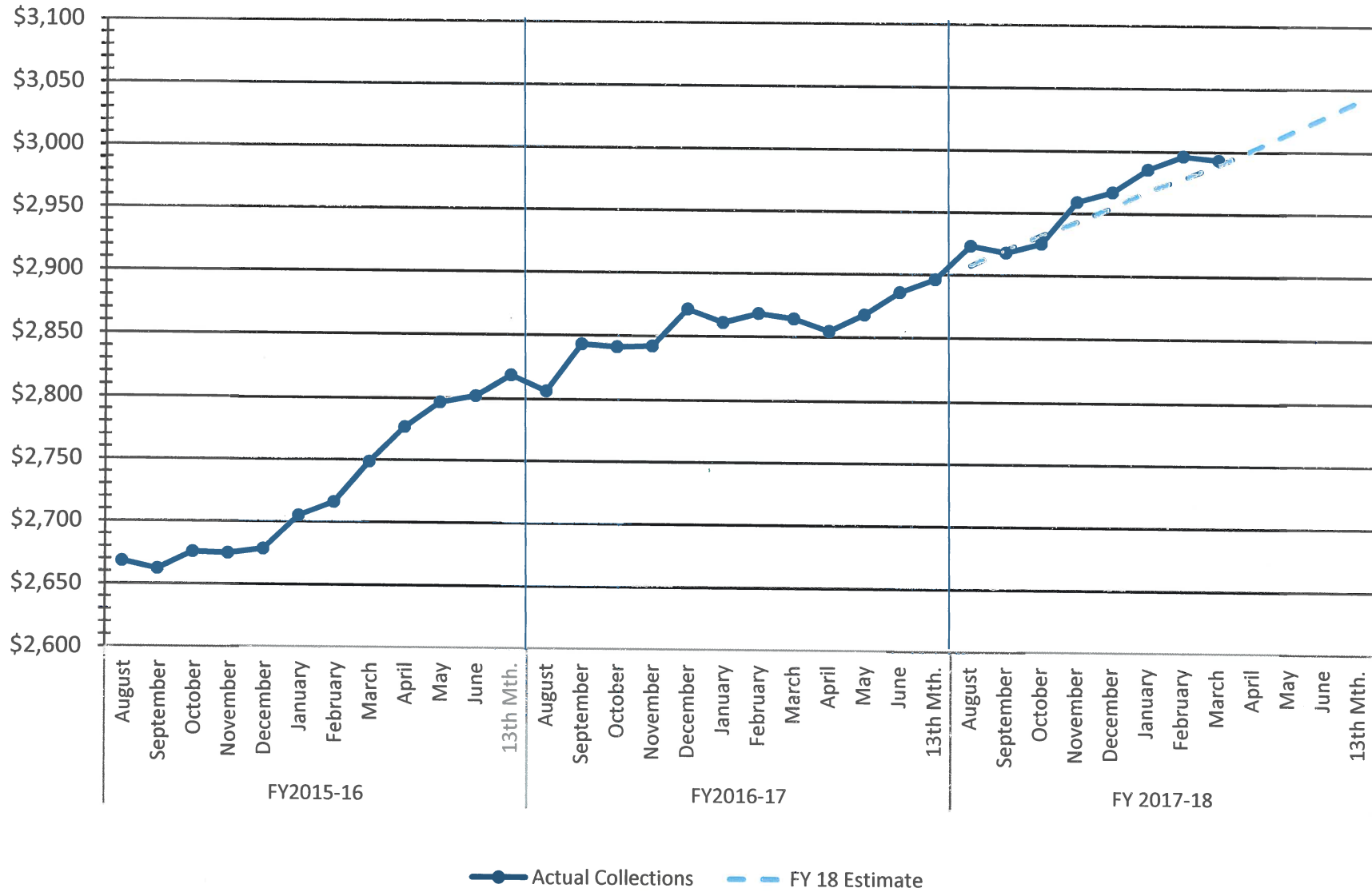
Revenues vs. 2/15/18 BEA Revenue Estimate of \$8,534.4 Million in FY 2017-18 1/

	JULY - MARCH FY 2017-18			Revenue Growth Rates (%)	
	(\$ in Millions)			Estimate	Actual
	Actual Revenues	Expected Revenues	Excess / (Shortfall)	Full Fiscal Yr.	Yr. to Date
Total General Fund Revenue	5,996.0	5,908.3	87.7	4.6	6.7
Sales Tax	1,951.9	1,948.1	3.7	5.0	5.2
Individual Income Tax	3,253.8	3,135.1	118.6	4.6	7.2
Corporate Income Tax	159.5	220.0	(60.5)	7.5	19.1
Other Revenue Sources	630.9	605.1	25.8	2.3	5.7
Select Tax Revenues, Sub-Total	528.0	518.2	9.8	3.8	5.7
Admissions Tax - Total	14.3	13.9	0.4	(4.2)	(2.8)
Alcoholic Liquors Tax	51.5	50.4	1.1	4.7	7.0
Bank Tax	23.0	22.7	0.3	(40.9)	(40.2)
Beer and Wine Tax	69.5	73.8	(4.3)	4.8	(1.3)
Corporation License Tax	103.1	85.9	17.2	36.4	80.8
Documentary Tax	48.6	42.3	6.3	31.4	51.0
Earnings on Investments	24.3	15.2	9.0	(22.1)	(20.9)
Insurance Tax	176.1	190.0	(13.9)	1.8	(7.9)
Tobacco Tax	17.7	17.7	0.0	3.9	3.9

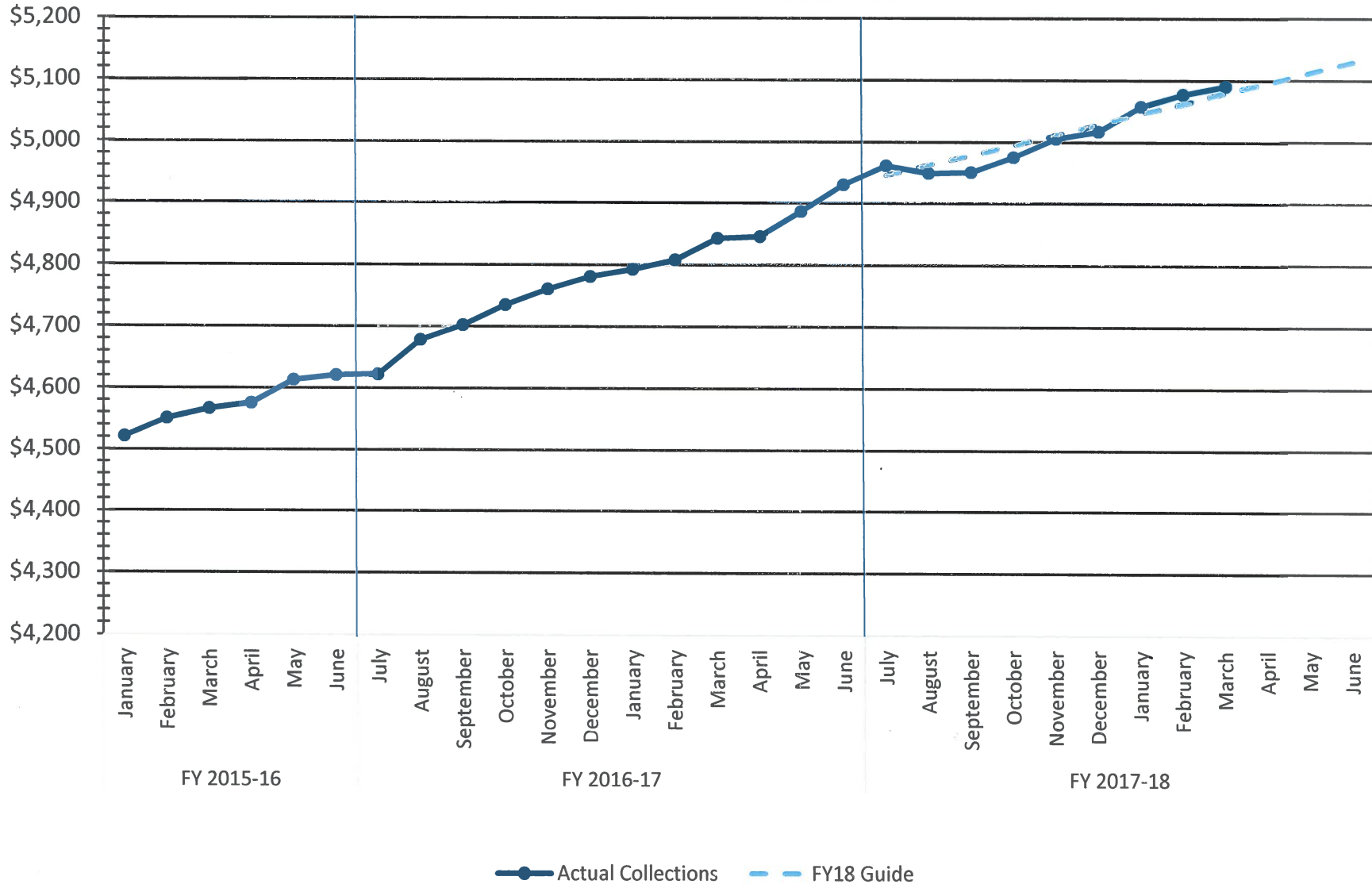
1/: BEA format - includes certified adjustments and excludes non-recurring cash transfers and certain "other source" revenues, where applicable.

Note: Detail may not sum to total due to rounding.

TOTAL SALES & USE TAX Rolling Fiscal Year Totals FY 2015-16 to FY 2017-18



TOTAL INDIVIDUAL WITHHOLDINGS Rolling Fiscal Year Totals FY 2015-16 to FY 2017-18





Total Individual Income Tax
(\$ in Millions)

Month	Actual					1/ Guide FY 17-18	Excess Revenue +/- Est.	Cumulative Revenue +/- Est.	Percent Changes: Actual FY 16-17 to Actual FY 17-18	
	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18				Monthly	Cumulative
July	344.9	345.8	380.9	381.1	407.6	395.7	12.0	12.0	7.0	0.0
August	322.4	348.7	353.2	412.3	396.9	420.2	(23.3)	(11.3)	(3.7)	1.4
September	403.9	422.8	439.2	470.4	489.2	495.3	(6.1)	(17.4)	4.0	2.4
October	365.4	366.6	385.8	423.7	433.0	444.4	(11.4)	(28.8)	2.2	2.3
November	305.3	306.9	342.7	365.7	416.7	369.0	47.6	18.8	13.9	4.4
December	404.2	473.3	459.7	487.0	509.3	511.2	(1.9)	16.9	4.6	4.4
January	479.5	367.4	520.7	538.9	589.1	550.6	38.5	55.4	9.3	5.3
February	(248.4)	(101.7)	118.4	(10.6)	(67.8)	(6.5)	(61.4)	(6.0)	(540.4)	3.4
March	77.8	111.2	(163.6)	(34.1)	79.8	(44.8)	124.6	118.6	334.1	7.2
April	264.7	267.0	217.4	208.7		264.2				
May	304.2	321.8	334.8	382.8		393.8				
June	400.2	439.5	443.6	481.7		501.9				
Mth13 Close	(1.4)	(8.2)	0.0	0.0		0.4				
Fiscal Year	3,422.6	3,661.2	3,832.8	4,107.6	3,253.8	4,295.4				

1/ Growth rate needed to meet the BEA estimate = 4.6%

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

N.A.: Not available.

KEY POINTS FOR MARCH 2018

- Through March, actual revenues exceeded estimates by \$87.7 million.
- **HOWEVER**, the bulk of this excess is attributable to timing differences in Income Tax processing as the major revenue sources are at or below expectations.
- Sales Tax revenue is above estimate by \$3.7 million or 0.2 percent.
- Withholdings revenue is \$10.3 million above estimates or 0.3 percent.
- Corporate Income and License Tax is \$43.3 million or 14.2 percent below estimates.
- Insurance Tax is \$13.9 million or 7.3 percent below estimates.
- Individual Income Tax is \$124.8 million above expectation for the month and \$118.8 million above the fiscal year-to-date estimate.
- In the past few years, Income Tax revenues in March have ranged between (\$163.6 million) and \$111.2 million, so any monthly estimate during tax season is subject to significant volatility.
- Given the historical volatility in Individual Income Tax and the much closer results in the larger categories, we believe total revenues are close to expectations.





March 2018

Focus of Report

- **General Fund Revenue**
- **Economic Sectors to Watch**
- **Changes to General Fund Revenue Estimate**



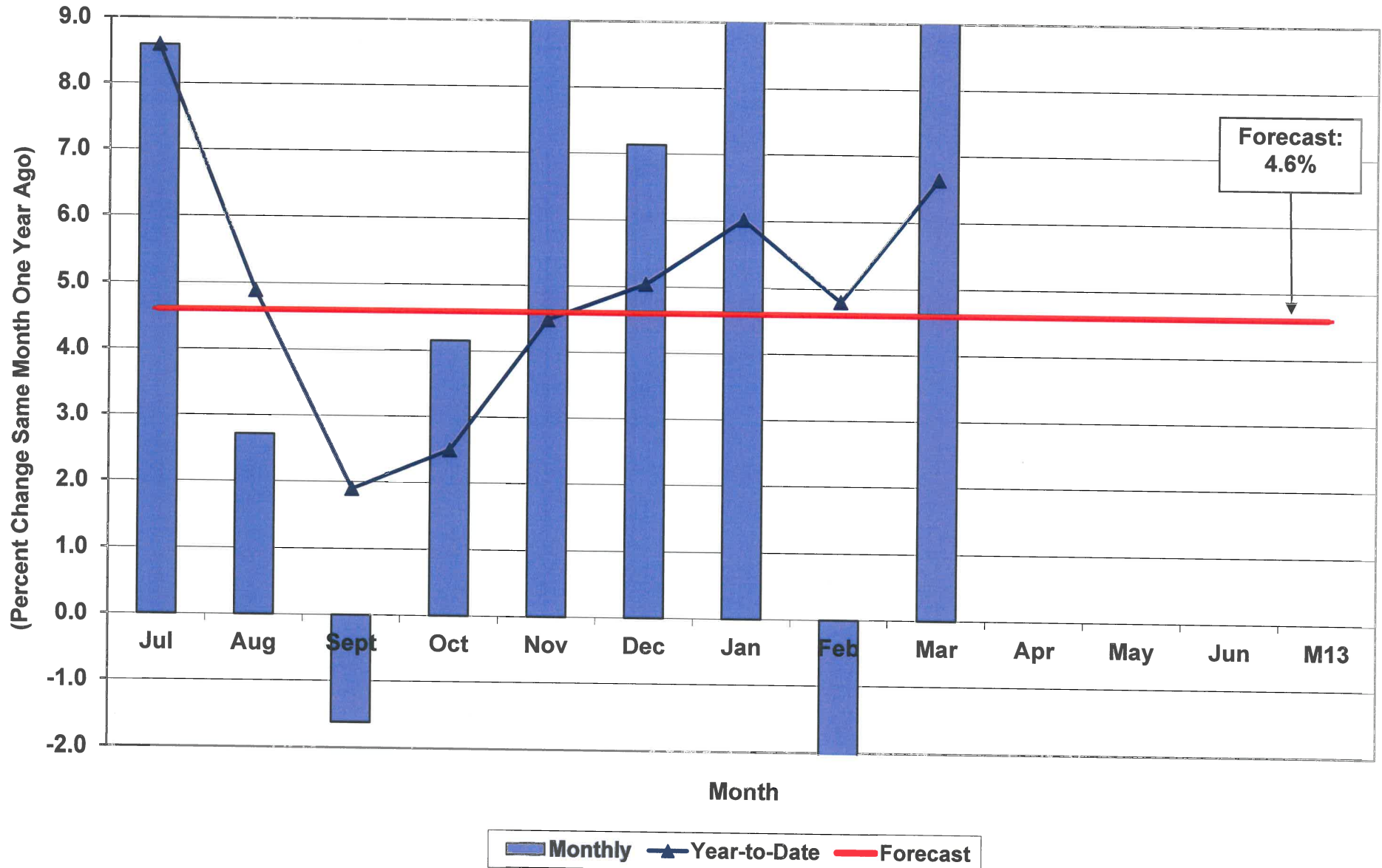
March 2018

General Fund Revenue

Revenue Category	Actual Revenue (\$ Mil.)	Forecast Revenue (\$ Mil.)	Excess/ Shortfall (\$ Mil.)	Revenue Growth Rates	
				Forecast (%)	Actual Y-T-D (%)
Total General Fund	\$5,996.0	\$5,908.3	\$87.7	4.6	6.7

- Through the first nine months of FY2017-18, General Fund revenues have increased 6.7 percent and are trending above current forecast projections by \$87.7 million
- After adjustments for sales tax held in a clearing account, the Y-T-D revenue growth is 6.6 percent

Growth in Total General Fund Revenue Collections FY2018 Monthly and Year-to-Date



Source: Board of Economic Advisors
BEA/RWM/04/09/18



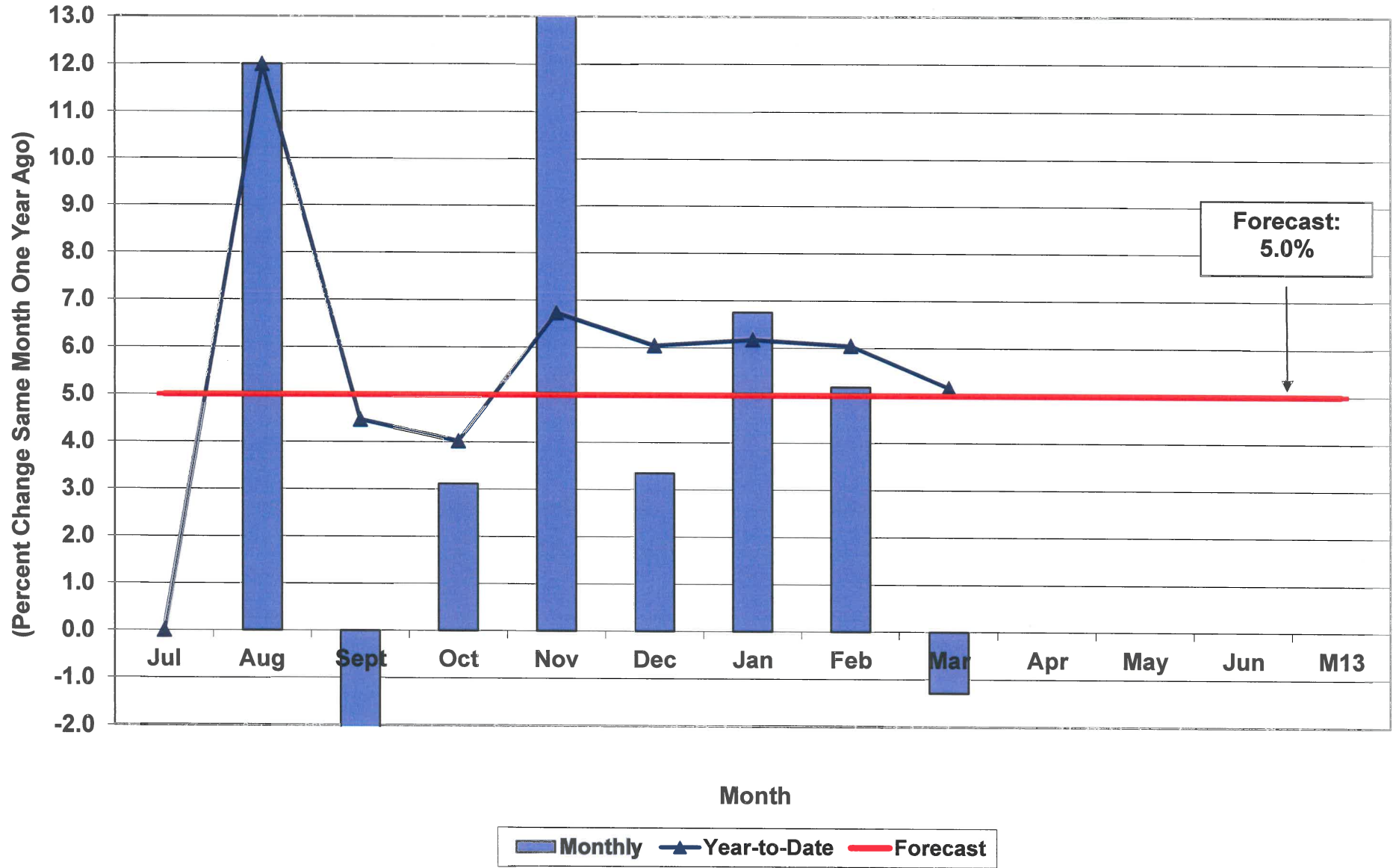
March 2018

Sales Tax

Revenue Category	Actual Revenue (\$ Mil.)	Forecast Revenue (\$ Mil.)	Excess/ Shortfall (\$ Mil.)	Revenue Growth Rates	
				Forecast (%)	Actual Y-T-D (%)
Sales Tax	\$1,951.9	\$1,948.1	\$3.7	5.0	5.2

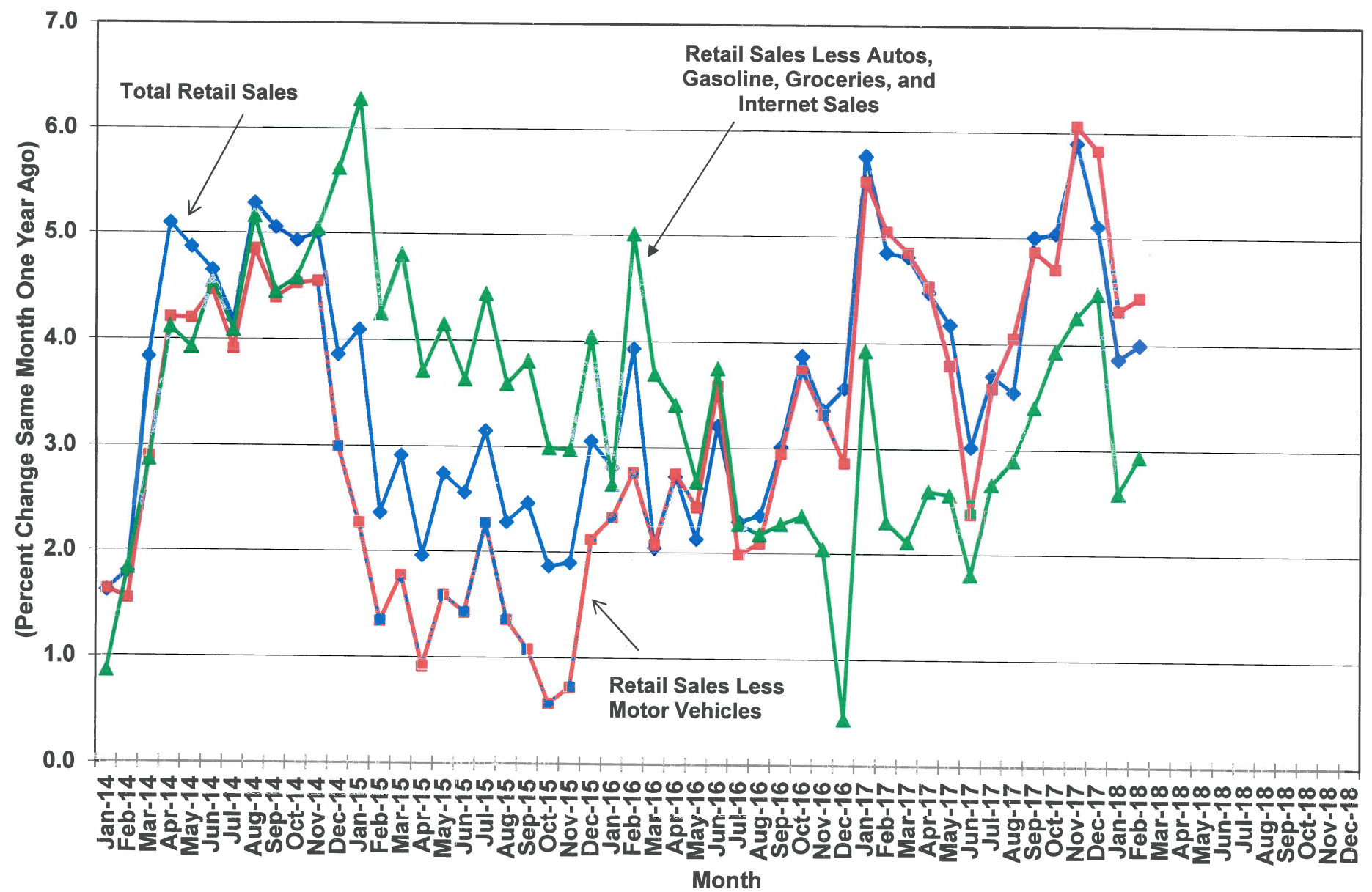
- There remains \$4.1 million in clearing account in March 2018
- After adjustments, the Y-T-D growth rate is 4.9 percent
- Softening sales tax trend is mirroring the weaker national retail sales figures

Growth in Total Sales & Use Tax Revenue Collections FY2018 Monthly and Year-to-Date



Source: Board of Economic Advisors
BEA/RWM/04/09/18

U.S. Retail & Food Service Sales



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



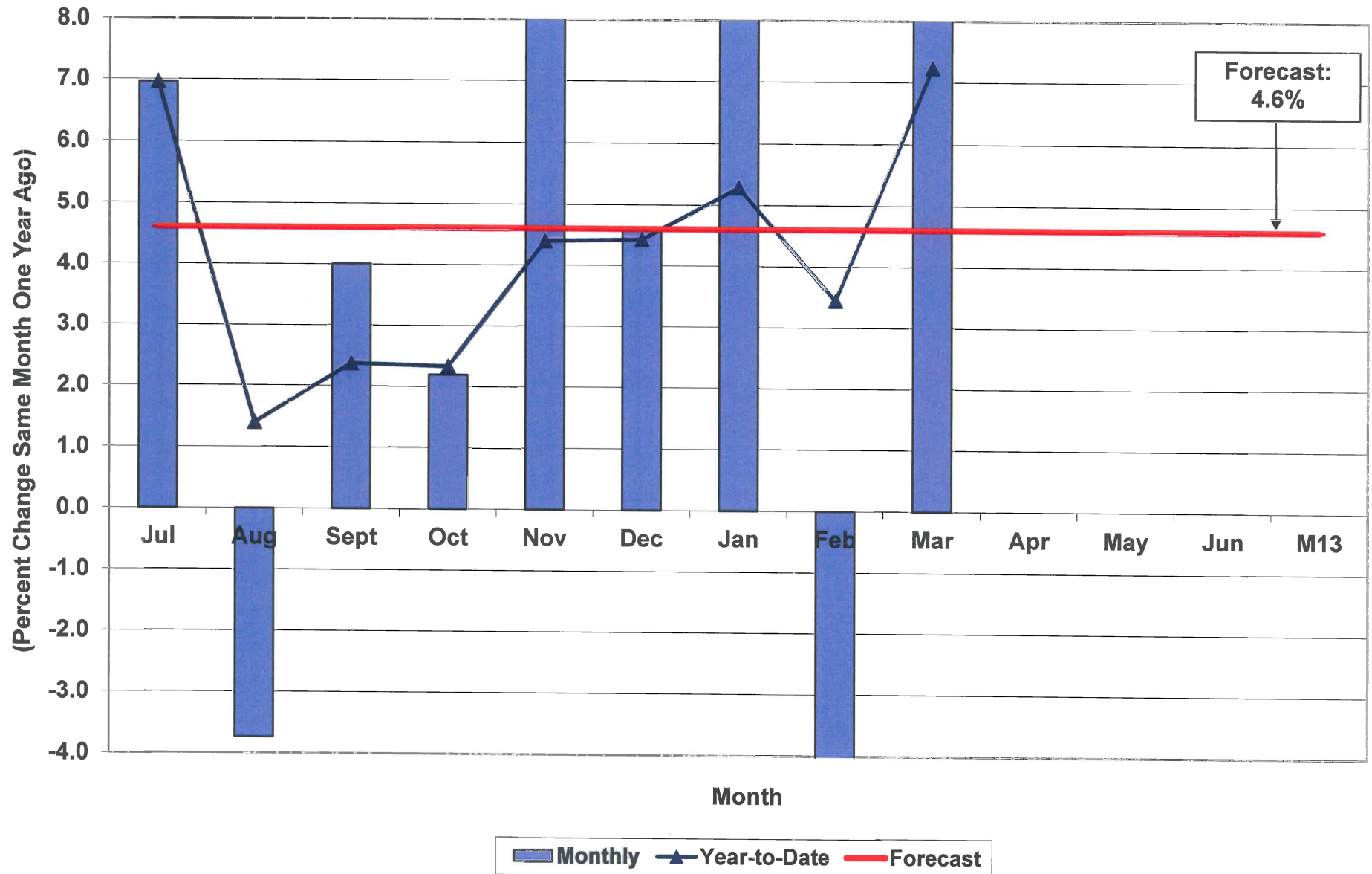
March 2018

Individual Income Tax

Revenue Category	Actual Revenue (\$ Mil.)	Forecast Revenue (\$ Mil.)	Excess/ Shortfall (\$ Mil.)	Revenue Growth Rates	
				Forecast (%)	Actual Y-T-D (%)
Individual Income Tax	\$3,253.8	\$3,135.1	\$118.6	4.6	7.2

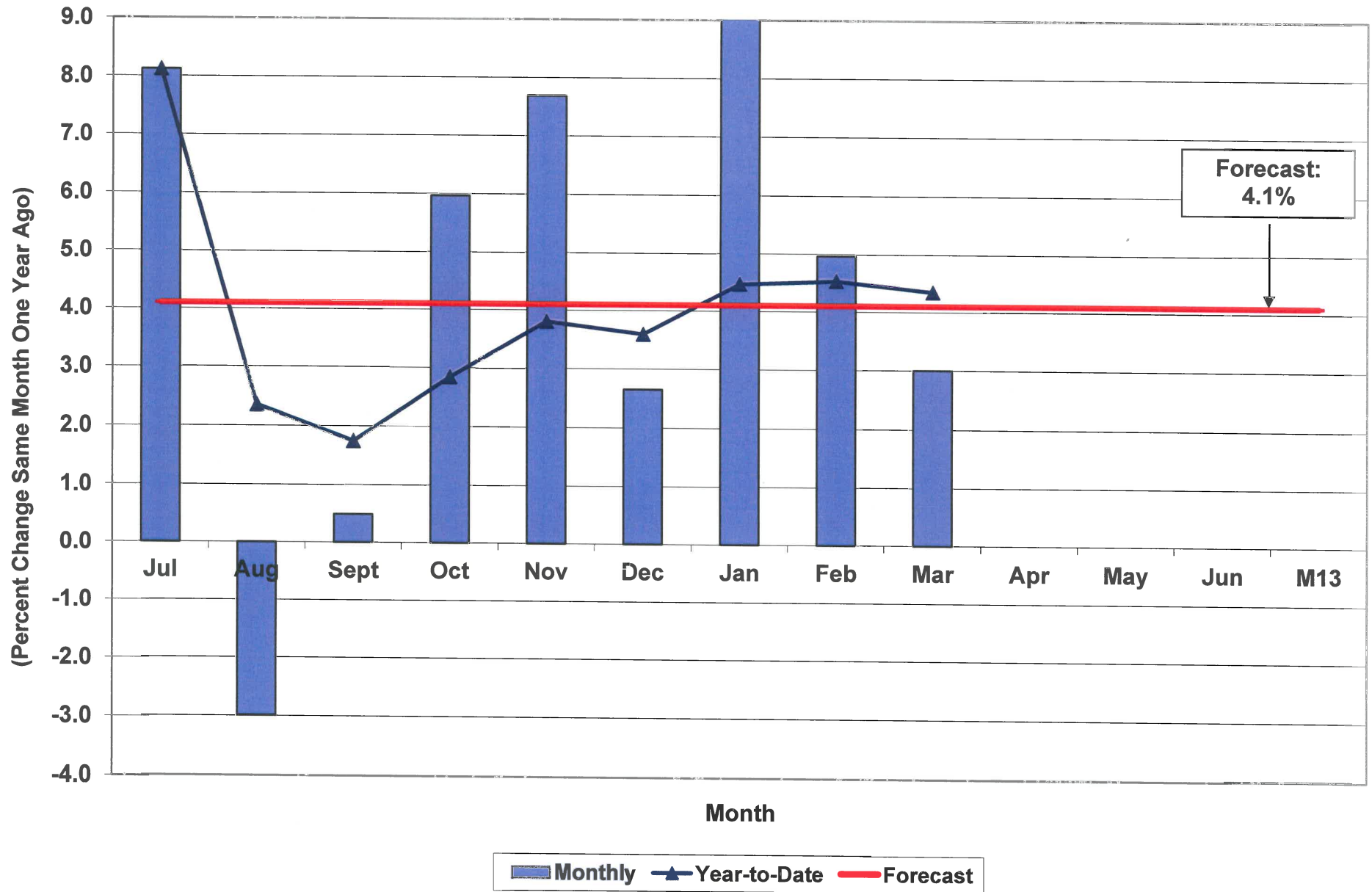
- A slowdown in refund processing in March led to a large monthly revenue excess – nearly \$113 million less than forecast
- Withholdings, the largest single source of revenue, are on trend with revenue estimate and are \$10 million ahead of estimate

Growth in Total Individual Income Tax Revenue Collections FY2018 Monthly and Year-to-Date



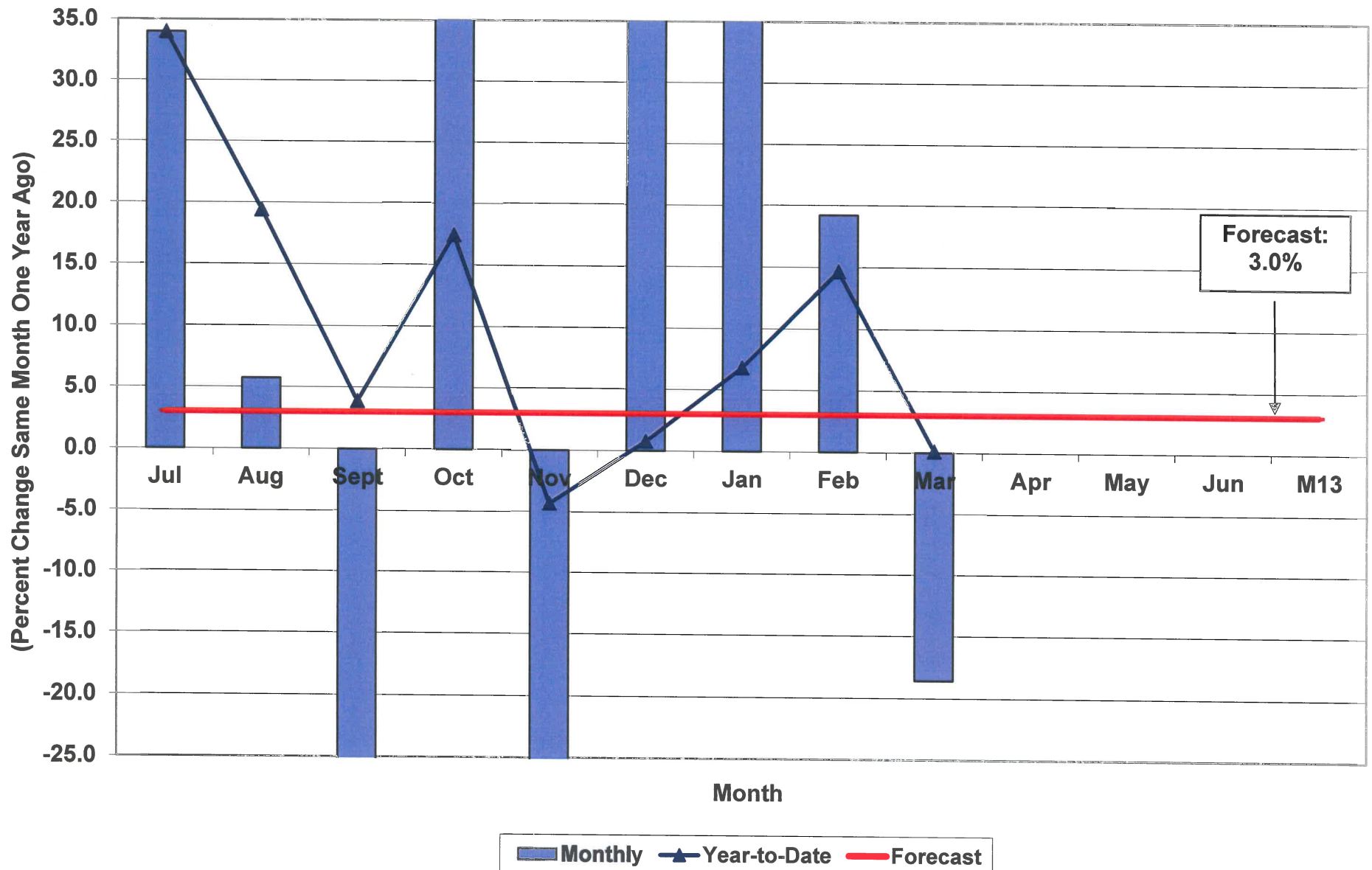
Source: Board of Economic Advisors
BEA/RWM/04/09/18

Growth in Individual Income Tax Withholding Revenue FY2018 Monthly and Year-to-Date



Source: Board of Economic Advisors
BEA/RWM/04/09/18

Growth in Individual Income Tax Refunds in South Carolina FY2018 Monthly and Year-to-Date



Source: Board of Economic Advisors
BEA/RWM/04/09/18



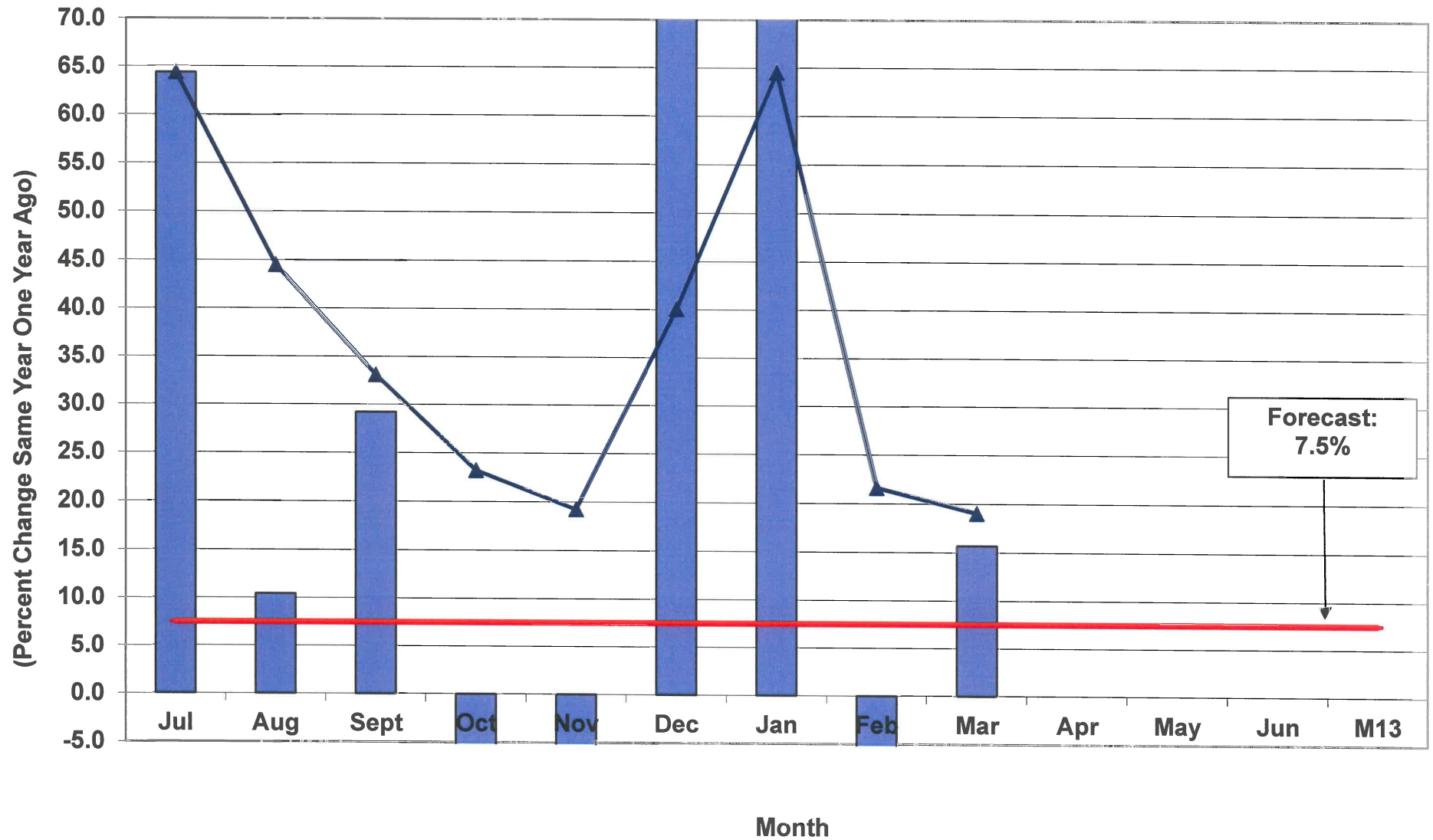
March 2018

Corporate Income Tax

Revenue Category	Actual Revenue (\$ Mil.)	Forecast Revenue (\$ Mil.)	Excess/ Shortfall (\$ Mil.)	Revenue Growth Rates	
				Forecast (%)	Actual Y-T-D (%)
Corporation Income Tax	\$159.5	\$220.0	(\$60.5)	7.5	19.1

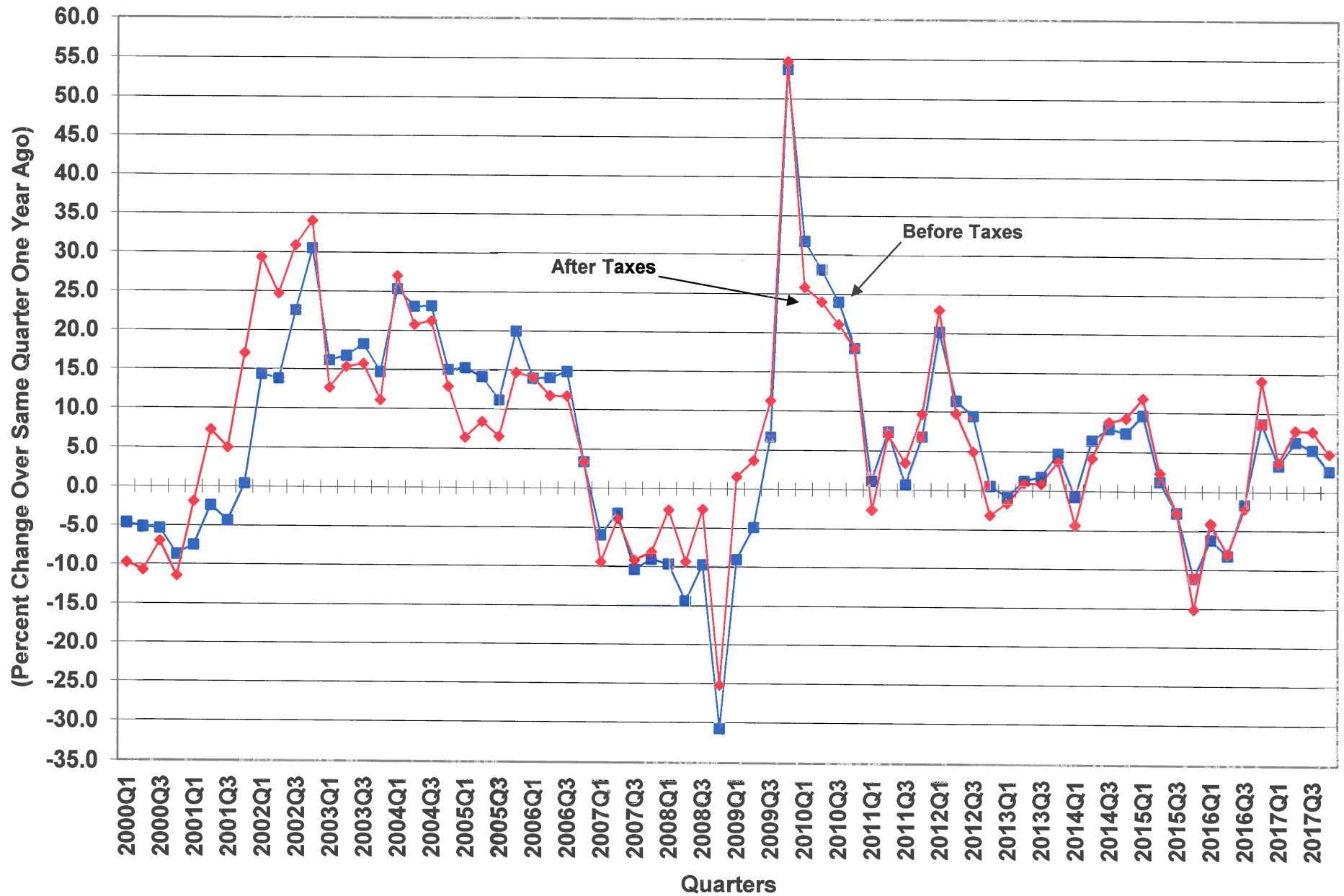
- The tax due date was changed from March to April last year
- April is the largest single collection month

Growth in Total Corporation Income Tax Revenue Collections FY2018 Monthly and Year-to-Date



Source: Board of Economic Advisors
BEA/RWM/04/09/18

U.S. Corporate Profits Before and After Taxes



Source: U.S. Department of Commerce, Bureau of Economic Analysis, Washington, D.C.



March 2018

Other Taxes

Revenue Category	Actual Revenue (\$ Mil.)	Forecast Revenue (\$ Mil.)	Excess/ Shortfall (\$ Mil.)	Revenue Growth Rates	
				Forecast (%)	Actual Y-T-D (%)
Other Revenues	\$630.9	\$605.1	\$25.8	2.3	5.7

- Growth is from a variety of sources and timing of receipts
- Majority of growth is from stronger growth in the Documentary Stamp Tax by retention of funds usually transferred to the Conservation Bank, Interest earnings on state General fund investments, and the Corporate License tax



March 2018

Economic Sectors to Watch (Items of Concern)

- **Future Federal Reserve Actions**
- **Price of Oil**
- **Retail Sales**
- **Value of Dollar**
- **Stock Market**
- **Income Tax Season (April 17th)**
- **Effect of Tariffs and Retaliation**

**CONSIDERATION OF
FY2017-18 AND FY2018-19
REVENUE ESTIMATES**

**Comparison of State Treasurer's Revenue Estimates
November 2017 and February 2018
(Dollars)**

Revenue Category	FY2017-18 Estimates		Net Change to FY2017-18	FY2018-19 Estimates		Net Change to FY2018-19
	(Nov. 2017)	(Feb. 2018)		(Nov. 2017)	(Feb. 2018)	
Earnings on Investments						
General Fund	\$24,000,000	\$24,000,000	\$0	\$30,000,000	\$38,000,000	\$8,000,000
EIA Interest Earnings	\$800,000	\$900,000	\$100,000	\$1,000,000	\$1,000,000	\$0
Lottery Fund Interest Earnings	\$1,300,000	\$1,300,000	\$0	\$2,000,000	\$1,500,000	(\$500,000)
Homestead	\$900,000	\$900,000	\$0	\$1,200,000	\$1,200,000	\$0
Unclaimed Property Fund Transfers						
Recurring	\$15,000,000	\$15,000,000	\$0	\$15,000,000	\$15,000,000	\$0
Non-Recurring	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service Reimbursements	\$2,000	\$1,580	(\$420)	\$0	\$0	\$0
Unclaimed Checks	\$2,000,000	\$2,000,000	\$0	\$2,000,000	\$2,000,000	\$0

Source: South Carolina State Treasurer
BEA/RWM/04/04/18

CONSIDERATION of FY 2017-18 and FY 2018-19 ESTIMATES

(Pursuant to §11-9-880)

CONCLUSIONS

- Economic conditions continue to remain in-line with assumptions.
- Revenues are in-line with estimates, except for timing differences for Individual Income Tax processing.

RECOMMENDATIONS

- No change to total General Fund forecast for FY18 or FY19; adopt adjustments to individual categories without affecting the total.
- Adopt new estimates for Lottery.
- Adopt handout.



***OTHER BUSINESS**

***WORKING GROUP**



NEXT MEETING:

Thursday, May 17th

2:00pm





EDWARD B. GRIMBALL, Chairman
HOWELL CLYBORNE, JR.
EMERSON F. GOWER, JR.

SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

FRANK A. RAINWATER
Executive Director

For Immediate Release

April 9, 2018

For further information, please contact Frank Rainwater at (803) 734-2265.

The S.C. Board of Economic Advisors reaffirms its FY 2018-19 forecast, expects continued economic growth

COLUMBIA – The S.C. Board of Economic Advisors (BEA) reviewed economic conditions today and reaffirmed its forecast for the 2018-19 fiscal year amid indicators of sustained growth in South Carolina.

The BEA also adopted new lottery estimates for the current and upcoming fiscal years. The new estimate of \$425.3 million for both the current fiscal year and FY 2018-19 is \$7.3 million, or 1.7 percent, higher than projections previously proposed by the S.C. Education Lottery Commission and adopted by the BEA in February.

In addition, the BEA continued to assess economic conditions and monitor its revenue forecast for the current fiscal year. For FY 2017-18, the BEA noted revenue collections, thus far, are close to expectations and, as a result, did not adjust its forecast.

Through the first three quarters of the current fiscal year, actual revenue collections exceeded the estimate by \$87.7 million. However, the bulk of the excess revenue is attributable to timing differences in processing income tax returns and does not reflect a change in economic activity. Moreover, the other major revenue categories show collections that are close to expectations.

To date, the state economy is tracking closely to the FY 2017-18 forecast growth rates for key economic indicators. The FY 2017-18 forecast projects personal income and employment to grow 4.25 percent and 1.8 percent, respectively.

Employment is expanding at an average rate of 1.5 percent through the first eight months of the fiscal year. The latest available figures show personal income is growing at an annual rate of 3.7 percent and it is expected to increase the remainder of the fiscal year in line with the overall forecast.

For the upcoming 2018-19 fiscal year, the BEA expects continued growth with the key indicators of personal income and employment projected to increase at 4.25 percent and 1.8 percent, respectively, a similar pace as the current budget year. Growing national and world economies, a favorable business climate, and continued consumer spending are some factors contributing to the BEA projections. The revenue forecast for FY 2018-19 estimates general fund revenue at \$8,838.4 million, which represents growth of 4.1 percent.

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About the S.C. Board of Economic Advisors

The S.C. Board of Economic Advisors (BEA) serves as the chief economic advisor and general economic consultant to the State. The BEA prepares and reviews economic forecasts and general fund revenue projections and advises the General Assembly and the Governor. Under South Carolina law, the BEA is comprised of: one member appointed by the Governor to serve as chairman, one member appointed by the chairman of the Senate Finance Committee, one member appointed by the chairman of the House Ways and Means Committee, and the Director of the Department of Revenue, a member who serves ex officio with no voting rights.

Members of the BEA

Appointed by the Governor - Edward B. Grimball, Chairman

Appointed by the Chairman of Senate Finance Committee - Emerson F. Gower, Jr.

Appointed by the Chairman of House Ways and Means Committee - H. Howell Clyborne, Jr.

Director, Department of Revenue (ex officio) - Hartley Powell



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

General Fund Revenue Forecast
Fiscal Years 2015-16 to 2018-19
(Dollars)

Revenue Category	Final FY 2015-16	Final FY 2016-17	4/9/2018 Estimate FY 2017-18	4/9/2018 Estimate FY 2018-19	Percent Change FY 2015-16	Percent Change FY 2016-17	Percent Change FY 2017-18	Percent Change FY 2018-19
Sales and Use Tax	\$2,818,605,595	\$2,896,271,260	\$3,041,207,000	\$3,147,685,000	6.1	2.8	5.0	3.5
Individual Income Tax	3,832,846,497	4,107,647,011	4,295,400,000	4,417,417,000	4.7	7.2	4.6	2.8
Corporation Income Tax	411,148,125	320,415,504	344,486,000	358,914,000	8.9	(22.1)	7.5	4.2
Insurance Taxes	212,224,188	237,673,156	242,046,000	267,404,000	(2.0)	12.0	1.8	10.5
Admissions Tax	28,012,902	30,443,571	29,145,000	31,364,000	(5.7)	8.7	(4.3)	7.6
Aircraft Tax	4,124,496	2,500,000	2,500,000	2,500,000	(8.2)	(39.4)	0.0	0.0
Alcoholic Liquor Tax	73,549,750	76,736,505	80,318,000	83,317,000	4.5	4.3	4.7	3.7
Bank Tax	29,425,178	53,357,725	31,520,000	41,520,000	(5.9)	81.3	(40.9)	31.7
Beer and Wine Tax	107,252,141	109,577,012	114,891,000	113,334,000	2.3	2.2	4.8	(1.4)
Bingo Tax	2,838,515	678,360	1,055,000	692,000	(6.9)	(76.1)	55.5	(34.4)
Business Filing Fees	5,468,450	6,279,551	5,675,000	5,675,000	7.9	14.8	(9.6)	0.0
Circuit/Family Court Fines	8,090,762	7,888,118	7,856,000	7,421,000	(4.2)	(2.5)	(0.4)	(5.5)
Corporation License Tax	88,702,350	68,181,266	93,000,000	89,760,000	(31.7)	(23.1)	36.4	(3.5)
Documentary Tax	46,164,138	51,691,987	67,899,000	82,527,000	13.6	12.0	31.4	21.5
Earned on Investments	25,193,451	30,804,764	24,000,000	38,000,000	42.2	22.3	(22.1)	58.3
Indirect Cost Recoveries	11,588,575	14,702,994	12,173,000	12,500,000	(18.4)	26.9	(17.2)	2.7
Motor Vehicle Licenses	10,677,999	11,050,294	11,117,000	11,615,000	0.7	3.5	0.6	4.5
Nursing Home Fees	3,598,679	3,565,104	3,500,000	3,500,000	(1.5)	(0.9)	(1.8)	0.0
Parole and Probation Fees	3,392,808	3,392,808	3,393,000	3,393,000	0.0	0.0	0.0	0.0
Private Car Lines Tax	4,335,202	5,499,151	4,555,000	4,898,000	7.8	26.8	(17.2)	7.5
Public Service Authority	19,192,000	17,751,000	19,285,000	17,751,000	(4.6)	(7.5)	8.6	(8.0)
Purchasing Card Rebates	2,739,555	2,907,963	2,800,000	3,000,000	13.2	6.1	(3.7)	7.1
Record Search Fees	4,461,000	4,461,000	4,461,000	4,461,000	0.0	0.0	0.0	0.0
Savings and Loan Assoc. Tax	(84,258)	1,881,527	1,817,000	1,844,000	(104.2)	2333.1	(3.4)	1.5
Security Dealer Fees	25,191,340	25,648,556	26,000,000	26,000,000	5.1	1.8	1.4	0.0
Surcharge on Vehicle Rentals	3,148,906	2,579,640	706,000	777,000	12.4	(18.1)	(72.6)	10.1
Tobacco Tax	28,137,517	26,382,940	27,411,000	24,441,000	10.4	(6.2)	3.9	(10.8)
Uncashed Checks	3,432,881	3,530,329	2,000,000	2,000,000	(17.9)	2.8	(43.3)	0.0
Unclaimed Property Fund	5,750,000	15,000,000	15,000,000	15,000,000	(61.7)	160.9	0.0	0.0
Workers' Comp. Insurance Tax	9,674,588	9,004,832	9,869,000	9,572,000	18.3	(6.9)	9.6	(3.0)
Other Source Revenues	10,540,699	11,005,610	9,278,000	10,176,000	(5.3)	4.4	(15.7)	9.7
Gross General Fund Revenue	\$7,839,424,028	\$8,158,509,537	\$8,534,363,000	\$8,838,458,000	4.3	4.1	4.6	3.6

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.



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

General Fund Revenue Forecast
Fiscal Years 2015-16 to 2018-19
 (Dollars)

Revenue Category	Final FY 2015-16	Final FY 2016-17	4/9/2018 Estimate FY 2017-18	4/9/2018 Estimate FY 2018-19	Percent Change FY 2015-16	Percent Change FY 2016-17	Percent Change FY 2017-18	Percent Change FY 2018-19
Gross General Fund Revenue	7,839,424,028	\$8,158,509,537	\$8,534,363,000	\$8,838,458,000	4.3	4.1	4.6	3.6
Appropriation Act Revenue	7,666,473,000	8,157,517,892	\$8,534,363,000	8,838,458,000	6.3	6.4	4.6	3.6
Less: Tax Relief Trust Fund	(568,314,514)	(575,273,126)	(584,026,000)	(599,438,000)	(1.4)	(1.2)	(1.5)	(2.6)
Plus: Tax Relief Trust Fund Carryforward	0	0	0	0				
Appropriation Act Excluding Trust Fund	7,271,109,514	7,583,236,411	7,950,337,000	8,239,020,000	9.3	4.3	4.8	3.6
Capital Reserve Fund (2%) - Beg. Bal.	131,047,797	139,207,789	145,420,836	151,664,728	2.5	6.2	4.5	4.3
General Reserve Fund (5%) - Beg. Bal.	327,619,492	348,019,473	363,552,089	379,161,821	2.5	6.2	4.5	4.3
Total Reserve Funds	458,667,289	487,227,262	508,972,925	530,826,549	2.5	6.2	4.5	4.3
Revenue Excess/Shortage From Act	172,951,028	991,537	0	0				
Education Improvement Act (EIA)	719,821,206	764,078,707	805,161,000	837,341,000	6.1	6.1	5.4	4.0
EIA Fund	719,403,122	762,586,079	804,261,000	836,341,000	6.1	6.0	5.5	4.0
EIA Interest	418,084	1,492,628	900,000	1,000,000	537.2	257.0	(39.7)	11.1
S.C. Education Lottery Fund (Net)	396,300,000	401,958,373	426,600,000	426,800,000	13.2	1.4	6.1	0.0
Homestead Exemption Fund								
Total Revenue Available	649,166,693	685,115,809	727,694,000	755,802,000	5.5	5.5	6.2	3.9
Less: Homestead Exemption Fund Shortfall	(75,783,000)	(47,986,000)	(22,214,000)	(20,076,000)	16.5	36.7	53.7	9.6

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/04/09/18



April 5, 2018

Frank Rainwater
 Executive Director
 SC Revenue and Fiscal Affairs Office
 1000 Assembly Street, Suite 402
 Columbia, SC 29201

Subject: Revision of the Lottery Commission's FY 17-18 and Preliminary FY 18-19 estimates

Dear Mr. Rainwater:

In accordance with your recent request, please accept this letter as a revision of the Lottery Commission's estimates of proceeds for FY 17-18 and its preliminary estimates of proceeds for FY 18-19. The amounts shown under the caption "Previous Estimate" reflect the revision we communicated to you by letter on February 14, 2018. Please note that our estimates, as set forth below, include \$1,040,407 associated with Election Day Sales. Our revised estimates are as follows:

	FY 2017 -18	FY 2018 -19
Previous Estimate		
"General" Transfers	\$ 399,000,000	\$ 399,000,000
Unclaimed Prizes	19,000,000	19,000,000
	\$ 418,000,000	\$ 418,000,000
 Revised or Current Estimate		
"General" Transfers	\$ 406,300,000	\$ 406,300,000
Unclaimed Prizes	19,000,000	19,000,000
	\$ 425,300,000	\$ 425,300,000

As I am sure you are aware, we have not started our FY 18-19 planning process at this point. Our Financial Plan will be developed over the next several months and our "formal" FY 18-19 Transfer Estimate will require the approval of our Board of Commissioners. Accordingly, our

FY 18-19 preliminary estimate will likely change based on the formulation of our formal Financial Plan.

Moreover, as we have discussed with you previously, there is a contingent liability of approximately \$33.8 million related to the incident which occurred on Christmas Day 2017 involving our Add-A-Play game. As we further discussed, the estimates, as set forth above, do not reflect any adjustment associated with this matter. Moreover, our FY 18-19 estimates do not reflect any adjustments, positive or negative, related to the possibility that the contingent Add-A-Play liability is ultimately paid or not paid.

Please be advised that certain other factors beyond our control may affect our future sales and transfers. Whereas, we believe we have developed reasonable estimates, it is possible adverse or unfavorable trends could develop which could preclude us from achieving our estimates.

Please do not hesitate to let me know if I can be of further assistance.

Very truly yours,

A handwritten signature in cursive script that reads "J A Boyle". The signature is written in dark ink and is positioned above the typed name.

Joseph A. Boyle, CPA
Chief Financial Officer



THE HONORABLE CURTIS M. LOFTIS, JR.

State Treasurer

February 28, 2018

Mr. Frank A. Rainwater
Executive Director
Revenue & Fiscal Affairs Authority
442 Dennis Building
Columbia, SC 29201

Dear Mr. Rainwater:

Pursuant to your request, we have reviewed our revenue estimates for current and upcoming fiscal years. As you know, H3722 and S394 will result in a \$19 million reduction to the General Fund for FY 17-18. The amount reflected in our estimate is the net result of earnings after subtracting the liability. Please find our updated revenue estimates disclosed below for Earnings on Investments, Unclaimed Property, Debt Service Reimbursements, and Unclaimed Checks (§11-5-260).

	<u>FY2017-2018</u>	<u>FY2018-2019</u>
Earnings on Investments		
General Fund	\$24,000,000	\$38,000,000
EIA Interest Earnings	\$900,000	\$1,000,000
Lottery Fund Interest Earnings	\$1,300,000	\$1,500,000
Homestead	\$900,000	\$1,200,000
Unclaimed Property Fund Transfers		
Recurring	\$15,000,000	\$15,000,000
Non-Recurring	\$0	\$0
Debt Services Reimbursements	\$1,580	\$0
Unclaimed Checks (§11-5-260)	\$2,000,000	\$2,000,000

If we may be of any further assistance, please do not hesitate to contact us.

Yours very truly,

Curtis M. Loftis, Jr.
State Treasurer

Cc: Chad Walldorf, Chairman, RFA
Greg DiBiase, RFA
Les Boles, RFA
Mike Shealy, Senate Finance Committee
Beverly Smith, House Ways & Means Committee