



**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**

October 22, 2015

**Upon adjournment of RFA meeting (approximately 11:15am)
Room 335 - DNR Conference Room
3rd Floor Rembert C. Dennis Building**

1. Welcome
2. Meeting Minutes – September 24, 2015
3. Overview of First Quarter Results – (F. Rainwater)
4. Recess for Lunch
5. Presentations on Personal Income and Employment Growth in South Carolina for FY 2015-16 and FY 2016-17
 - A. Regional Advisory Committee Members
 - [Mr. Rick Kaglic](#) - Senior Regional Economist – Federal Reserve Bank of Richmond, Charlotte, N.C. Branch
 - [Mr. Michael Brown](#) – Economist – Wells Fargo Securities, Charlotte, N.C.
 - [Dr. Frank Hefner](#) – Professor of Economics - College of Charleston
 - [Dr. Russell Sobel](#) - Professor of Entrepreneurship - The Citadel
 - [Dr. Joey Von Nessen](#) – Research Economist – University of South Carolina
 - B. BEA Staff - [Robert Martin](#)
6. Discussion of Forecast Assumptions
 - A. Major factors affecting the economy
 - B. Developing range of Personal Income and Employment Growth Rates for FY 2015-16 and FY 2016-17
7. Reports from Working Group Members
 - a. Governor’s Office
 - b. Senate Finance Office
 - c. House Ways & Means Office
 - d. Treasurer’s Office
 - e. Comptroller General’s Office

8. Other Business

9. Future Meeting Schedule

- a. November 10, 2015, 2:00pm - Preliminary 2016-17 Estimate
- b. December 15, 2015, upon adjournment of RFA meeting
- c. January 21, 2016, upon adjournment of RFA meeting - Quarterly Review
- d. 2015 Calendar at <http://www.rfa.sc.gov/calendar?m=08&y=2015>

10. 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

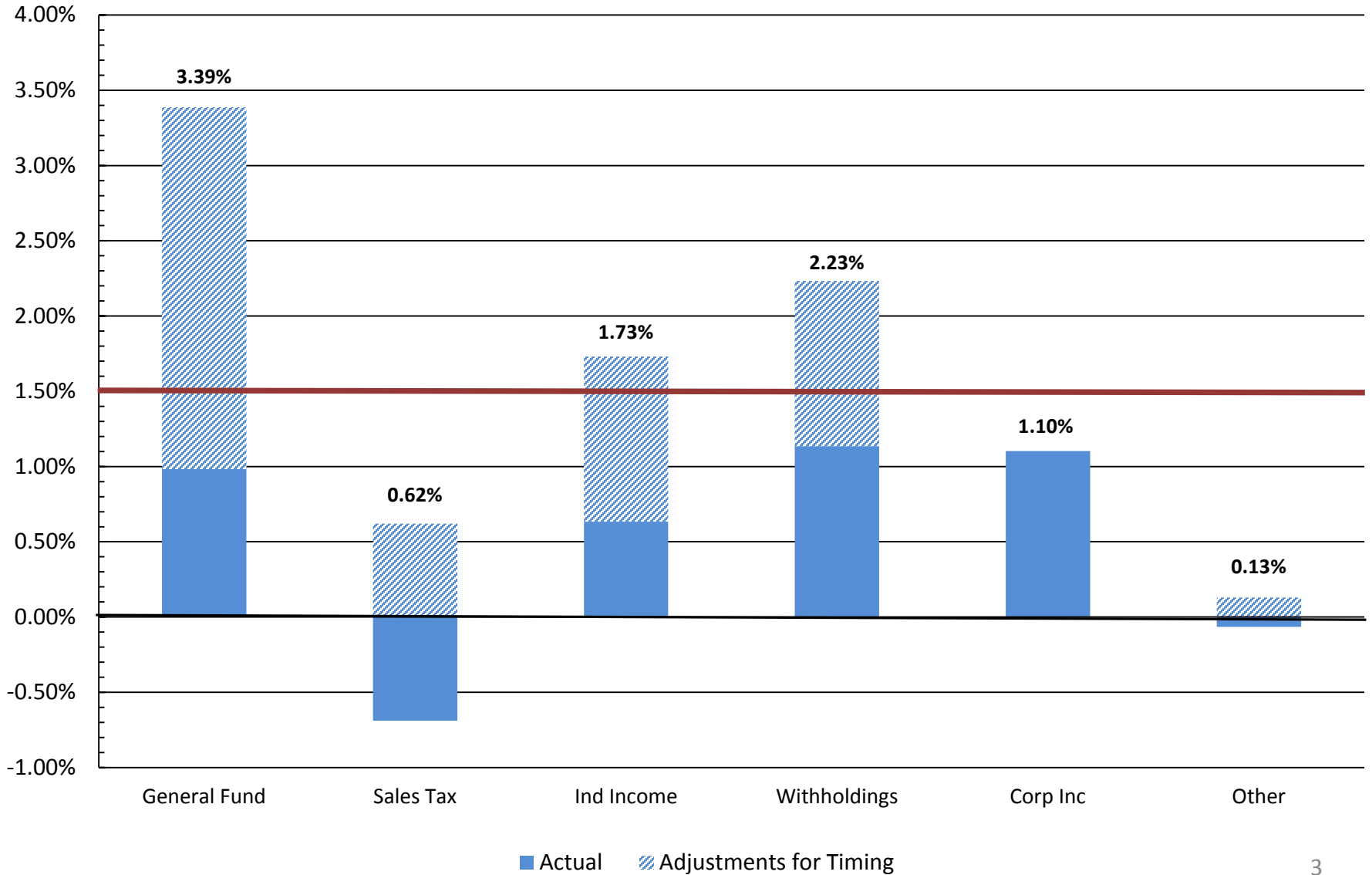
Summary of General Fund Revenues July – September (1Q) FY 2015-16

- **Through the first quarter of FY 2016, General Fund Revenues grew 2.5% compared to estimated growth of 2.0%**
- **Actual revenues exceeded the first quarter estimate by \$18.0 million or 1.0%**
- **Revenues, however, were negatively affected by \$47.8 million in timing issues**
- **After adjusting for timing differences, revenues were up 5.2% over last year or 3.4% above first quarter estimates**

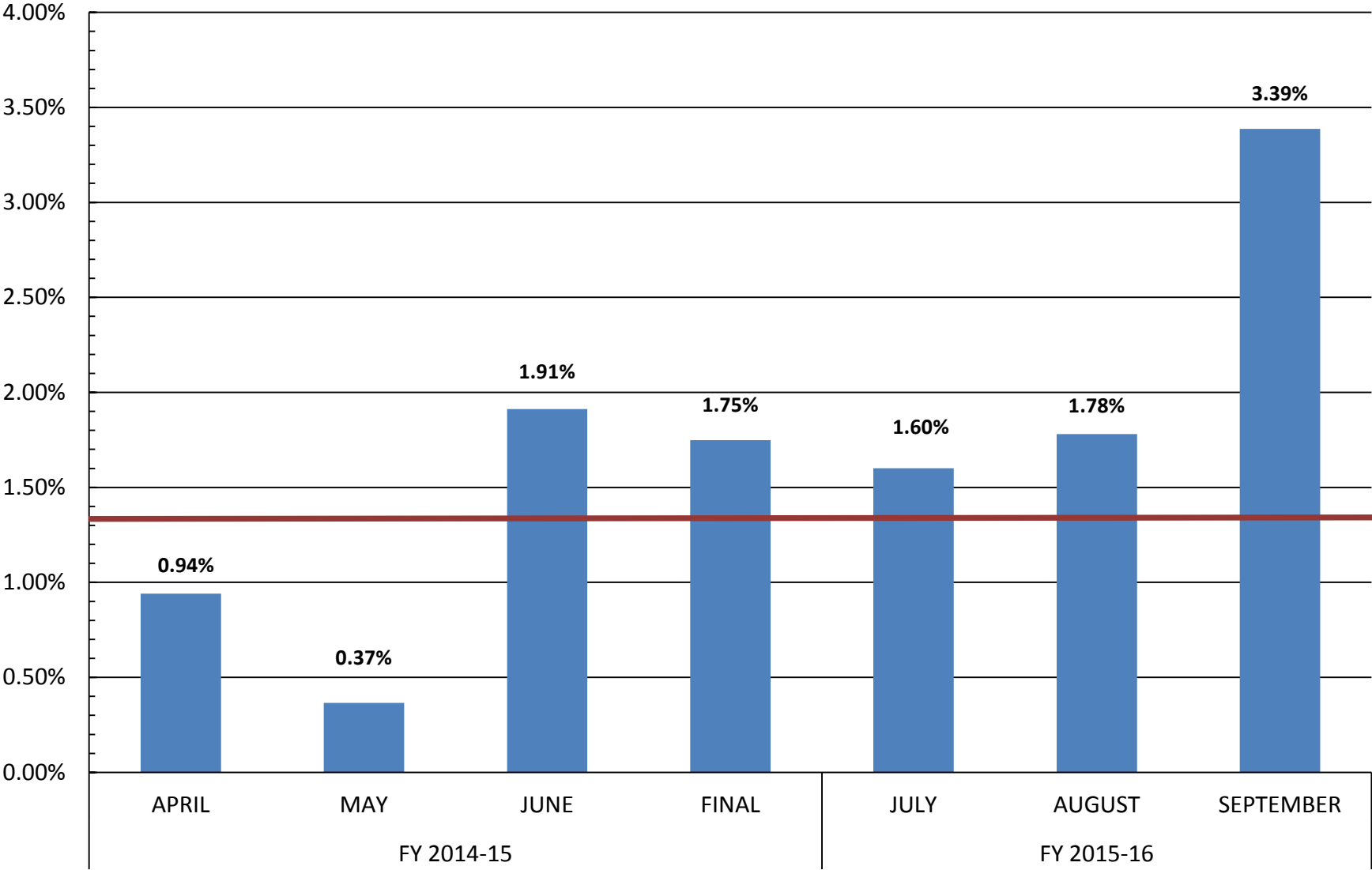


Forecast Accuracy for Q1 FY2016

Actual as a Percentage Above/(Below) Forecast

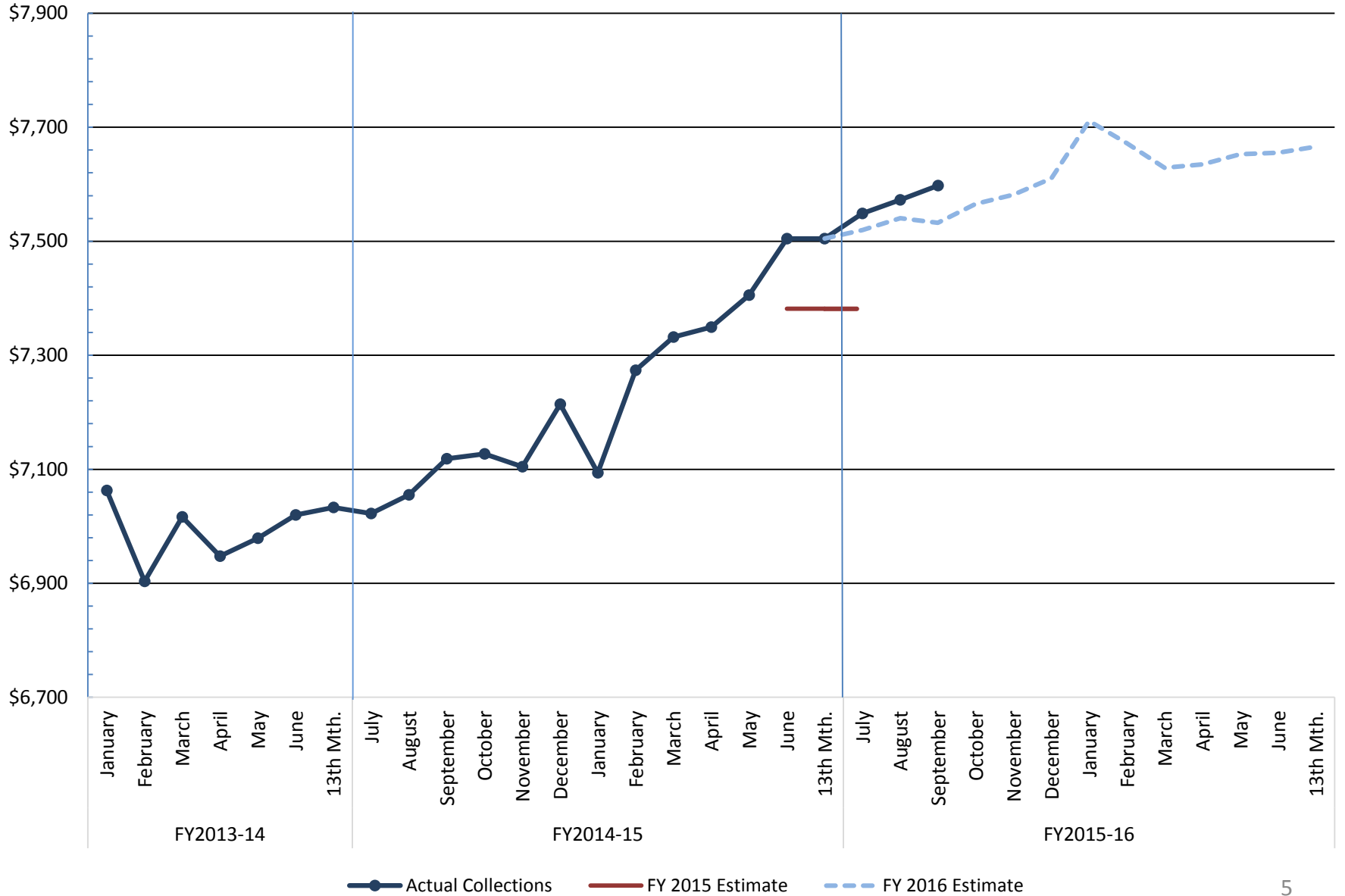


Total General Fund Forecast Accuracy Actual as a Percent Above/(Below) Forecast

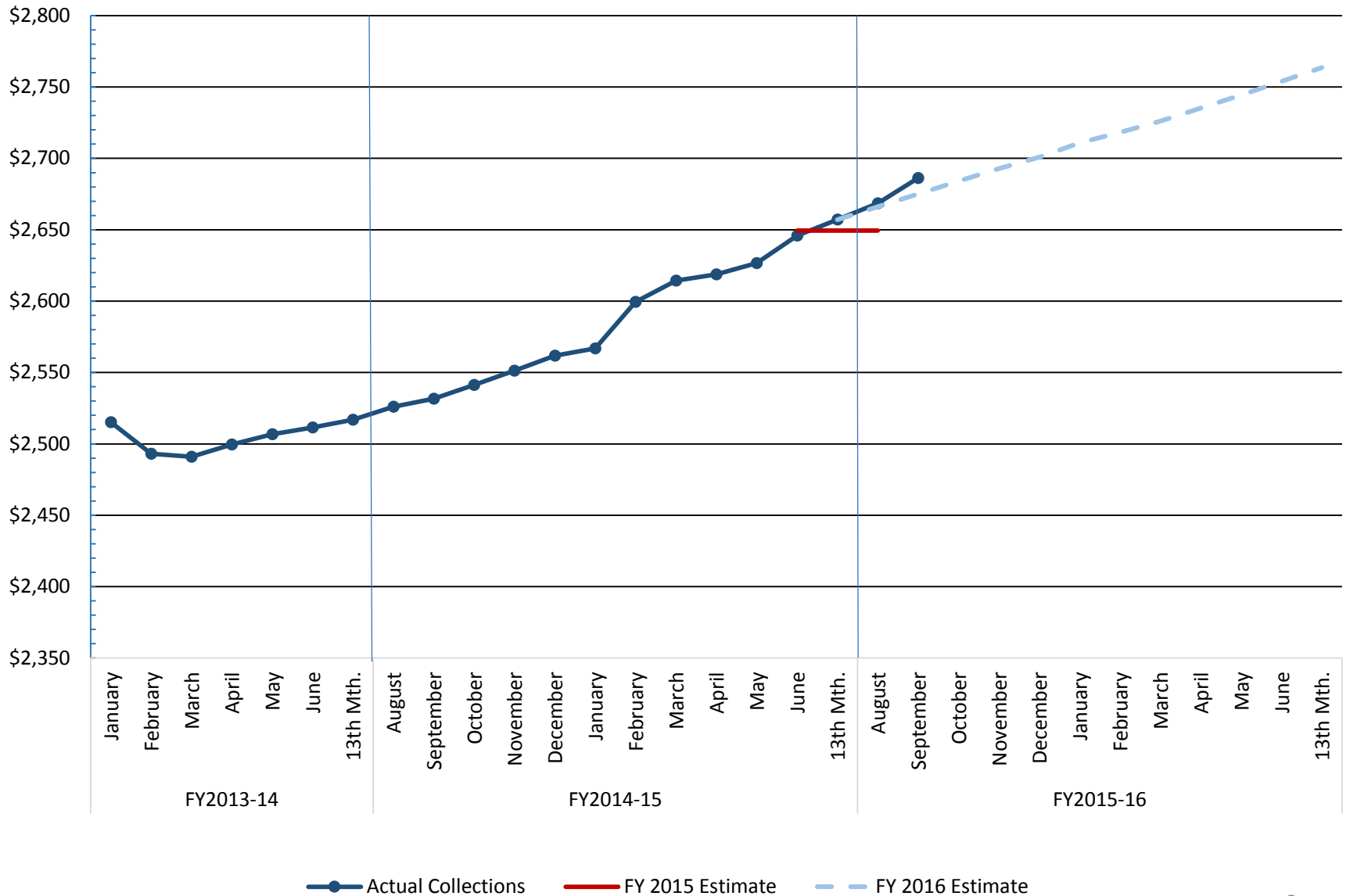


■ Total General Fund Revenue

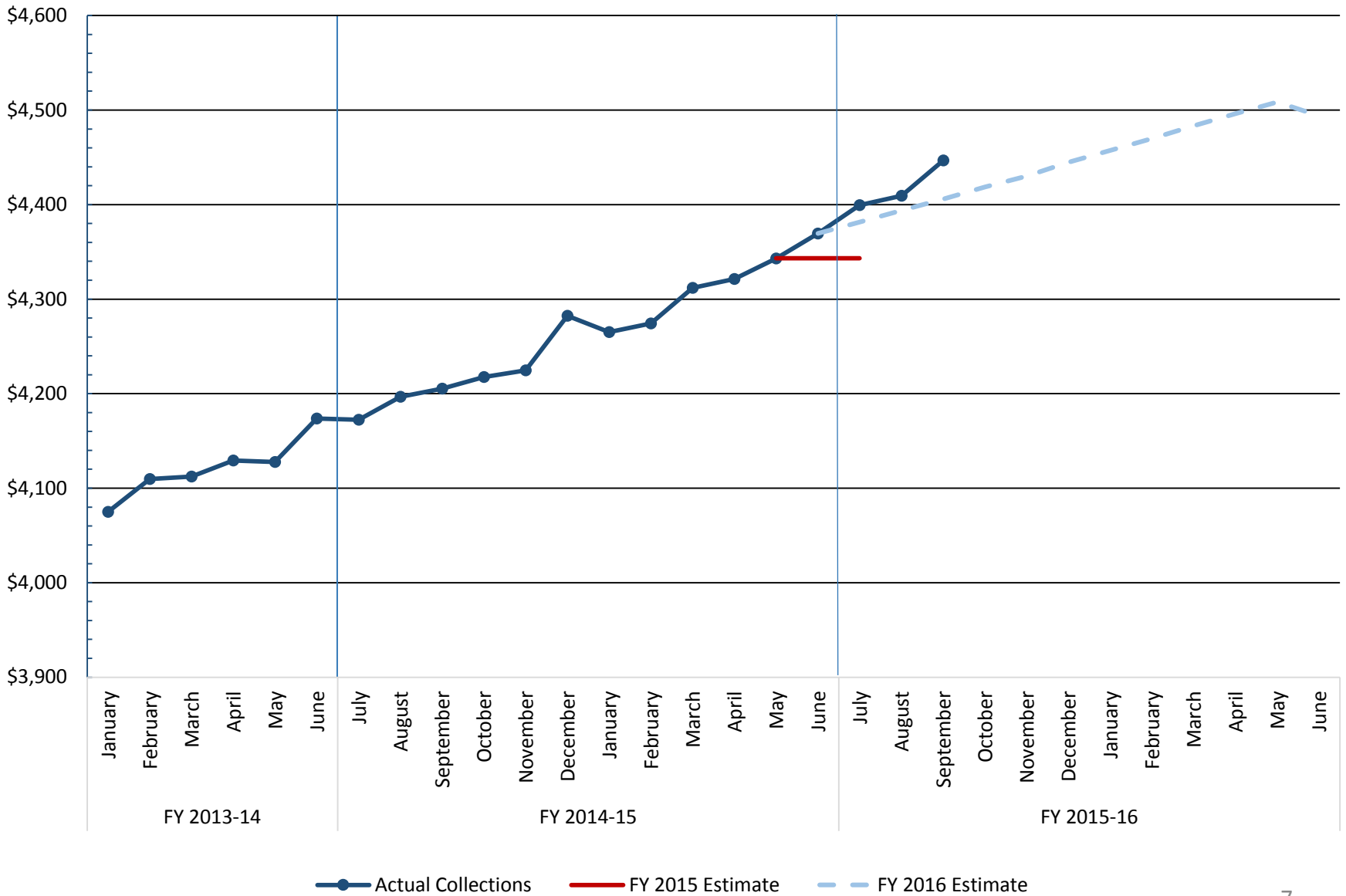
General Fund Revenue (Rolling Fiscal Year Totals)



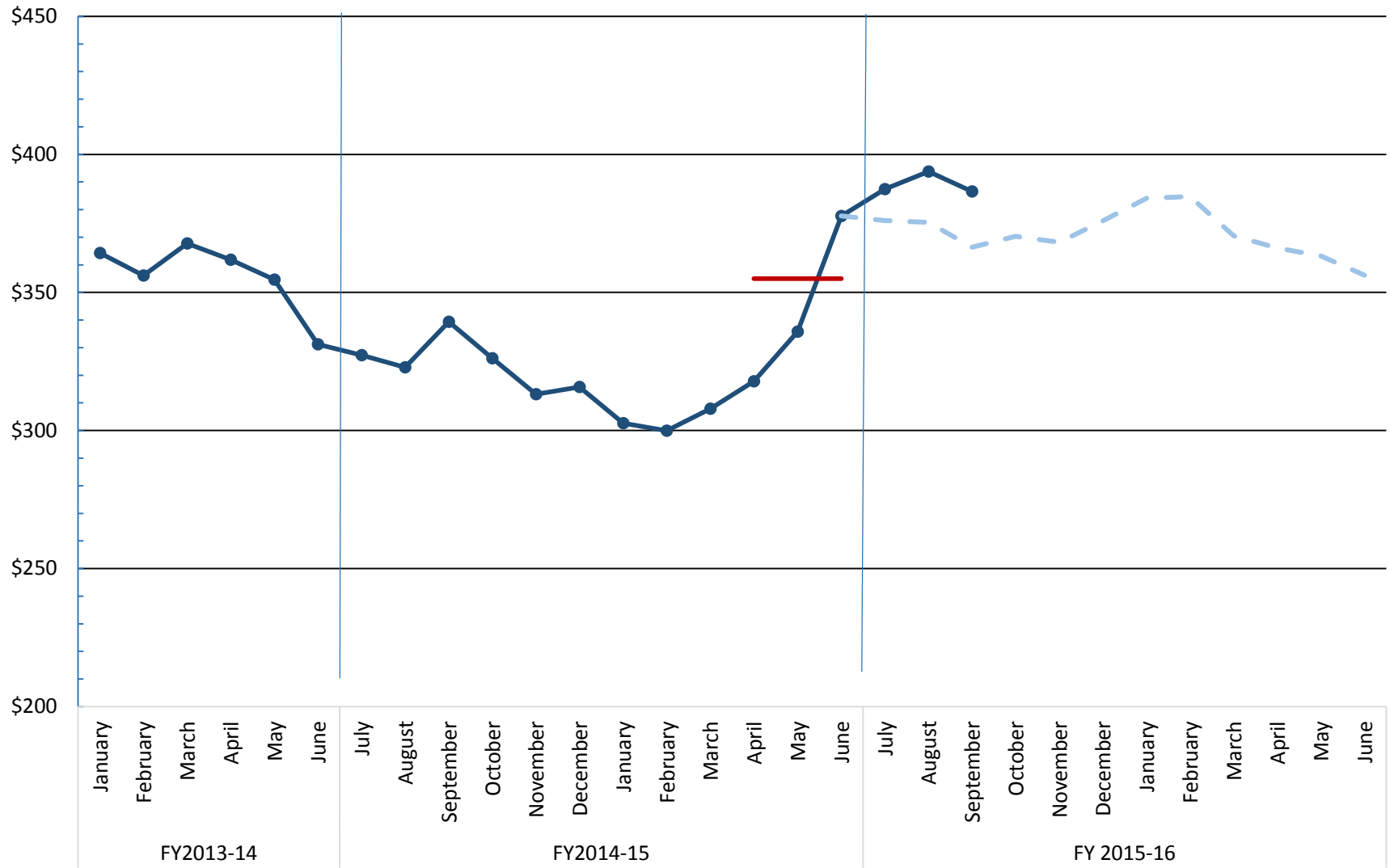
Sales and Use Tax (Rolling Fiscal Year Totals)



Individual Withholdings (Rolling Fiscal Year Totals)



Corporate Income Tax (Rolling Fiscal Year Totals)



●— Actual Collections
 — FY 2015 Estimate
 - - - FY 2016 Estimate

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/

	JULY - SEPTEMBER 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	1,849.0	1,831.1	18.0	2.0	2.5
Sales Tax	454.2	466.8	(12.5)	4.0	1.2
Individual Income Tax	1,173.3	1,161.6	11.7	2.8	5.0
Corporate Income Tax	90.3	70.1	20.2	(5.7)	10.9
Other Revenue Sources	131.3	132.6	(1.3)	(4.3)	(15.7)
<i>Select Tax Revenues, Sub-Total</i>	<i>114.5</i>	<i>119.1</i>	<i>(4.6)</i>	<i>(5.0)</i>	<i>(19.3)</i>
Admissions Tax - Total	(1.3)	1.0	(2.3)	(3.0)	(160.8)
Alcoholic Liquors Tax	10.6	11.4	(0.8)	2.8	(4.3)
Bank Tax	7.2	6.4	0.9	(9.9)	2.3
Beer and Wine Tax	18.4	19.8	(1.4)	1.7	(5.6)
Corporation License Tax	8.9	11.2	(2.3)	(19.2)	(35.9)
Documentary Tax	8.3	7.5	0.7	4.9	15.0
Earnings on Investments	4.5	4.8	(0.4)	7.3	(0.7)
Insurance Tax	53.5	52.3	1.2	(5.2)	(25.7)
Tobacco Tax	4.5	4.6	(0.1)	(2.4)	(0.1)
<i>Residual Revenue, Sub-Total</i>	<i>16.7</i>	<i>13.5</i>	<i>3.2</i>	<i>(1.0)</i>	<i>21.0</i>

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

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

JULY - SEPTEMBER

TABLE 2

REVENUE CATEGORIES	FY 2014-15	FY 2015-16	\$ CHANGE	% CHANGE
Sales, Use, and Excise Taxes 1/	\$448,789,591	\$454,243,274	\$5,453,683	1.2
Individual Income Tax - Net	1,117,397,810	1,173,265,821	55,868,011	5.0
Withholdings	1,033,641,921	1,090,802,323	57,160,402	5.5
Declarations	99,518,496	100,400,112	881,616	0.9
Payments	<u>53,676,894</u>	<u>47,748,301</u>	<u>(5,928,593)</u>	<u>(11.0)</u>
Refunds	(69,439,501)	(65,684,915)	3,754,586	5.4
Corporation Income Tax - Net	81,400,886	90,254,308	8,853,422	10.9
Insurance Taxes	71,991,760	53,478,940	(18,512,820)	(25.7)
Admissions and Bingo Taxes	2,115,424	(1,286,990)	(3,402,414)	(160.8)
Alcoholic Liquor Tax	11,119,753	10,645,290	(474,463)	(4.3)
Bank Tax	7,051,827	7,211,224	159,397	2.3
Beer and Wine Tax	19,502,595	18,408,578	(1,094,017)	(5.6)
Corporation License Tax	13,821,252	8,857,982	(4,963,270)	(35.9)
Documentary Tax	7,184,470	8,264,917	1,080,447	15.0
Earned on Investments **	4,491,823	4,460,956	(30,867)	(0.7)
Tobacco Tax	4,670,832	4,480,621	(190,211)	(4.1)
Other Source Revenues 2/	13,829,626	16,730,343	2,900,717	21.0
Gross General Fund Revenue 3/	\$1,803,367,649	\$1,849,015,264	\$45,647,615	2.5

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

MONTH OF SEPTEMBER

TABLE 1

REVENUE CATEGORIES	FY 2014-15	FY 2015-16	\$ CHANGE	% CHANGE
Sales and Use Tax 2/	\$221,964,877	\$215,905,189	(\$6,059,688)	(2.7)
Individual Income Tax	422,810,881	439,162,360	16,351,479	3.9
Corporation Income Tax	78,379,524	71,177,964	(7,201,560)	(9.2)
Insurance Taxes	69,905,222	46,952,774	(22,952,448)	(32.8)
Admissions Tax	4,340,347	2,388,552	(1,951,795)	(45.0)
Aircraft Tax	0	0	0	---
Alcoholic Liquor Tax	5,773,542	5,656,710	(116,832)	(2.0)
Bank Tax	5,897,947	9,055,529	3,157,582	53.5
Beer and Wine Tax	9,034,233	8,463,292	(570,941)	(6.3)
Bingo Tax	425,983	134,943	(291,040)	(68.3)
Business Filing Fees	368,375	413,710	45,335	12.3
Circuit/Family Court Fines	703,579	708,643	5,064	0.7
Corporation License Tax	6,438,491	5,145,690	(1,292,801)	(20.1)
Documentary Tax	3,611,752	4,135,339	523,587	14.5
Earned on Investments	1,431,606	1,611,703	180,097	12.6
Indirect Cost Recoveries	563,085	546,739	(16,346)	(2.9)
Motor Vehicle Licenses	648,010	716,059	68,049	10.5
Nursing Home Fees	0	0	0	---
Parole and Probation Fees	282,734	282,734	0	0.0
Private Car Lines Tax	1,571	0	(1,571)	(100.0)
Public Service Authority	0	0	0	---
Purchasing Card Rebates	0	0	0	---
Record Search Fees	1,021,518	0	(1,021,518)	(100.0)
Savings and Loan Assoc. Tax	235,241	306,486	71,245	30.3
Security Dealer Fees	0	231,910	231,910	---
Surcharge on Vehicle Rentals	6,650	0	(6,650)	(100.0)
Tobacco Tax	2,126,527	2,159,220	32,693	1.5
Uncashed Checks	0	12,778	12,778	---
Unclaimed Property Fund	3,750,000	0	(3,750,000)	(100.0)
Workers' Comp. Insurance Tax	2,887,520	3,251,771	364,251	12.6
Other Source Revenues	(566,767)	823,265	1,390,032	245.3
Gross General Fund Revenue 3/	\$842,042,448	\$819,243,360	(\$22,799,088)	(2.7)

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.

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

JULY - SEPTEMBER

TABLE 2

REVENUE CATEGORIES	FY 2014-15	FY 2015-16	\$ CHANGE	% CHANGE
Sales and Use Tax 2/	\$448,789,591	\$454,243,274	\$5,453,683	1.2
Individual Income Tax	1,117,397,810	1,173,265,821	55,868,011	5.0
Corporation Income Tax	81,400,886	90,254,308	8,853,422	10.9
Insurance Taxes	71,991,760	53,478,940	(18,512,820)	(25.7)
Admissions Tax	1,397,704	(1,754,161)	(3,151,865)	(225.5)
Aircraft Tax	587,042	281	(586,761)	(100.0)
Alcoholic Liquor Tax	11,119,753	10,645,290	(474,463)	(4.3)
Bank Tax	7,051,827	7,211,224	159,397	2.3
Beer and Wine Tax	19,502,595	18,408,578	(1,094,017)	(5.6)
Bingo Tax	717,720	467,171	(250,549)	(34.9)
Business Filing Fees	981,264	1,106,500	125,236	12.8
Circuit/Family Court Fines	2,033,490	2,024,257	(9,233)	(0.5)
Corporation License Tax	13,821,252	8,857,982	(4,963,270)	(35.9)
Documentary Tax	7,184,470	8,264,917	1,080,447	15.0
Earned on Investments	4,491,823	4,460,956	(30,867)	(0.7)
Indirect Cost Recoveries	1,590,818	1,646,297	55,479	3.5
Motor Vehicle Licenses	1,168,011	1,242,244	74,233	6.4
Nursing Home Fees	0	0	0	---
Parole and Probation Fees	848,202	848,202	0	0.0
Private Car Lines Tax	44,837	48,296	3,459	7.7
Public Service Authority	0	0	0	---
Purchasing Card Rebates	0	0	0	---
Record Search Fees	1,021,518	0	(1,021,518)	(100.0)
Savings and Loan Assoc. Tax	662,374	314,511	(347,863)	(52.5)
Security Dealer Fees	0	231,910	231,910	---
Surcharge on Vehicle Rentals	27,454	1,793	(25,661)	(93.5)
Tobacco Tax	4,670,832	4,480,621	(190,211)	(4.1)
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	1,088,745	1,452,596	363,851	33.42
Other Source Revenues	25,871	3,042,717	3,016,846	11,661.1
Gross General Fund Revenue 3/	\$1,803,367,649	\$1,849,015,264	\$45,647,615	2.5

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