SOUTH CAROLINA
REVENUE AND FISCAL AFFAIRS OFFICE

For Immediate Release
Nov. 8, 2018
For further information, please contact Frank Rainwater at (803) 734-2265.

The BEA Adjusts FY 2018-19 Revenue Estimate, Provides Preliminary FY 2019-20 Forecast

Continued Economic and Revenue Growth Expected in South Carolina

COLUMBIA – The S.C. Board of Economic Advisors (BEA) anticipates tax collections will outpace present budget requirements, resulting in a projected surplus for the current fiscal year of $217.7 million – money that will add to the total new revenue available to lawmakers for FY 2019-20.

This projected surplus when combined with last fiscal year's surplus, reserve funds, taxes collected on October's record-breaking lottery jackpot, and steady economic growth means lawmakers will have available for appropriation next fiscal year more than $1 billion in new revenue: $457.7 million in new recurring funds and $546.4 million in non-recurring funding.

The BEA increased its revenue estimate for FY 2018-19 and adopted a preliminary forecast for FY 2019-20 today when it met to review its economic and revenue forecasts. Having reached a consensus on South Carolina's outlook, the BEA advised it anticipates continued economic growth for the current fiscal year, but projects the rate of expansion will level off and slow slightly for FY 2019-20.

Last month, the BEA met with regional economists to discuss the key factors expected to influence South Carolina's economy.

The amount of new revenue for FY 2019-20, the BEA cautioned, should not give an exaggerated impression of South Carolina's anticipated economic performance. In fact, the BEA forecasts call for normal growth rates. The FY 2018-19 forecast calls for 4 percent growth over revenue collections from the previous year and 3 percent growth is projected for FY 2019-20.

The BEA projects personal income – a key economic factor that affects sales and income tax revenues, which account for 85 percent of General Fund revenue – to grow 4.25 percent for the current fiscal year as well as for FY 2019-20.

The BEA expressed concern about the impact the nation's tariffs will have on South Carolina, which is home to many international companies. In addition, a low unemployment rate is making it difficult for businesses to find new qualified workers.

For the FY 2019-20 budget process, the General Fund forecast translates to more than $1 billion in available new funds after adjusting for growth in the tax relief trust fund. More than half of the new revenue is non-recurring funds, or money, such as a surplus, the state gets in one budget cycle, but cannot expect to collect each year with any degree of predictability.

A surge in stock market profits in late 2017 helped to drive revenue collections to increase 6.7 percent and produce a $177.1 million surplus. Those non-recurring funds will be available to budget writers for FY 2019-20.

In today's meeting, the BEA adjusted its estimate for the current fiscal year to reflect the extraordinary growth in actual revenues in the recently completed budget cycle. The adjusted revenue estimate, which includes a normal growth rate, is projected to result in tax collections that exceed the current budget requirements and a $217.7 million surplus.

FY 2019-20 Budget Outlook

Net New Recurring General Fund Revenue *(less reserve fund contributions)*		$457.7 million
Non-recurring Revenue		
FY 2018-19 Capital Reserve Fund	$151.6 million	
FY 2017-18 Contingency Reserve Fund	$177.1 million	
Projected FY 2018-19 General Fund Surplus	$217.7 million	
Total Non-recurring Revenue		$546.4 million
Total Estimated New General Fund Revenue		$1,004.1 million *($1.0041 billion)*

###