



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 AND WORKING GROUP MEETING AGENDA February 13, 2020, 1:30 P.M. Bowers Conference Room Room 417, Rembert C. Dennis Building

- I. Welcome
- II. Adoption of Meeting Minutes for November 8, 2019 and January 16, 2020
- III. FY 2019-20 and FY 2020-21 Forecast
  - A. Overview (F. Rainwater)
  - B. Revenue Collections and Trends (R. Martin)
  - C. Consideration of FY 2019-20 and FY 2020-21 Revenue Estimates (F. Rainwater, R. Martin)
  - D. Budget Status Update (L. Jolliff)
- IV. Other Items for Discussion
  - A. Statement of Economic Interests – due March 30
- V. Reports from Working Group Members
  - A. Governor's Office
  - B. Senate Finance Committee
  - C. Ways & Means Committee
  - D. Treasurer's Office
  - E. Comptroller General's Office
  - F. Executive Budget Office
- V. Future Meeting Schedule
  - A. March 19, 2020, 1:30pm – **If necessary**, *GoToMeeting* for Members
  - B. April 9, 2020, 1:30pm – Quarterly Review; Final Forecast (April 10)
  - C. May 14, 2020, 1:30pm – **If necessary**, *GoToMeeting* for Members
  - D. June 11, 2020, 1:30pm – Economic and Revenue Update
  - E. July 23, 2020, 1:30pm – **If necessary**, *GoToMeeting* for Members
  - F. 2020 Calendar at <http://rfa.sc.gov/meetings>
- VI. 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](http://www.rfa.sc.gov)



*South Carolina Revenue and Fiscal Affairs Office*

# OVERVIEW



Board of Economic Advisors General Fund Revenue Monitor

Revenues vs. 11/08/19 BEA Revenue Estimate of \$9,838.2 Million in FY 2019-20 1/

	JULY - JANUARY FY 2019-20			Revenue Growth Rates (%)	
	(\$ in Millions)			Estimate Full Fiscal Yr.	Actual Yr. to Date
	Actual Revenues	Expected Revenues	Excess / (Shortfall)		
<b>Total General Fund Revenue</b>	<b>5,984.6</b>	<b>5,806.4</b>	<b>178.2</b>	<b>4.6</b>	<b>8.0</b>
Sales Tax	1,705.6	1,686.1	19.4	7.3	8.5
Individual Income Tax	3,524.5	3,447.8	76.7	4.4	7.0
Corporate Income Tax	152.7	122.8	29.9	(4.0)	20.7
Other Revenue Sources	601.8	549.6	52.2	1.8	9.6
<b>Select Tax Revenues, Sub-Total</b>	<b>505.5</b>	<b>466.5</b>	<b>39.0</b>	<b>1.7</b>	<b>8.1</b>
Admissions Tax - Total	12.4	10.8	1.6	2.7	17.9
Alcoholic Liquors Tax	42.1	41.4	0.7	4.7	6.4
Bank Tax	38.9	28.8	10.1	9.3	47.7
Beer and Wine Tax	57.1	57.6	(0.5)	1.5	0.7
Corporation License Tax	114.4	102.6	11.8	3.1	15.0
Documentary Tax	42.7	43.7	(1.0)	6.4	4.0
Earnings on Investments	68.0	46.7	21.3	2.9	49.8
Insurance Tax	116.6	118.4	(1.7)	(3.7)	(13.0)
Tobacco Tax	13.2	14.3	(1.2)	(1.1)	(9.1)
<b>Residual Revenue, Sub-Total 2/</b>	<b>96.4</b>	<b>83.2</b>	<b>13.2</b>	<b>2.4</b>	<b>18.6</b>

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

2/: Refer to "Residual Revenue" on page 15 for a list of components in this subcategory.

Note: Detail may not sum to total due to independent rounding of individual revenue categories.

# REVENUE COLLECTIONS AND TRENDS

February 13, 2020



South Carolina Revenue and Fiscal Affairs Office



January 2020

## Presentation Agenda

- **Review of General Fund Revenue – January 2020**
- **Base Economic Assumptions for FY2019-20 and FY2020-21**
- **Recent Economic Developments**



## January 2020

# Review of General Fund Revenue – January 2020

## Sales Tax Revenue

Revenue Category	Actual Revenue (\$ Mil.)	Forecast Revenue (\$ Mil.)	Excess/ Shortfall (\$ Mil.)	Revenue Growth Rates	
				Forecast (%)	Actual Y-T-D (%)
Sales Tax	\$1,705.6	\$1,686.1	\$19.4	7.3	8.5

- The Sales and Use tax increased 9.8 percent in January 2020 resulting in fiscal year-to-date growth of 8.5 percent
- The inclusion of \$10.0 million in third-party sales taxes in January 2020 has positively impacted Sales and Use tax revenue as these revenues were not received during this time a year ago

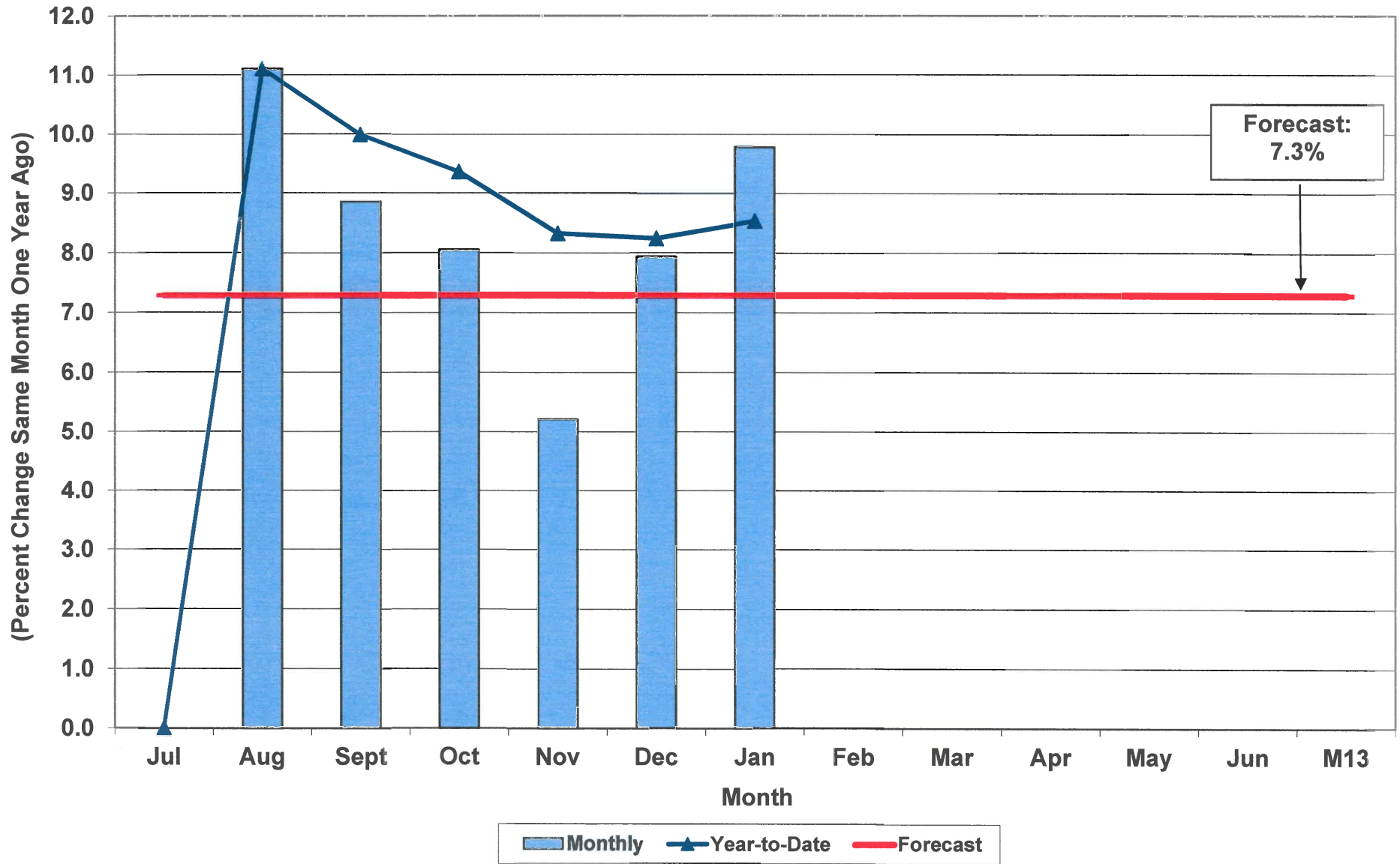


## January 2020

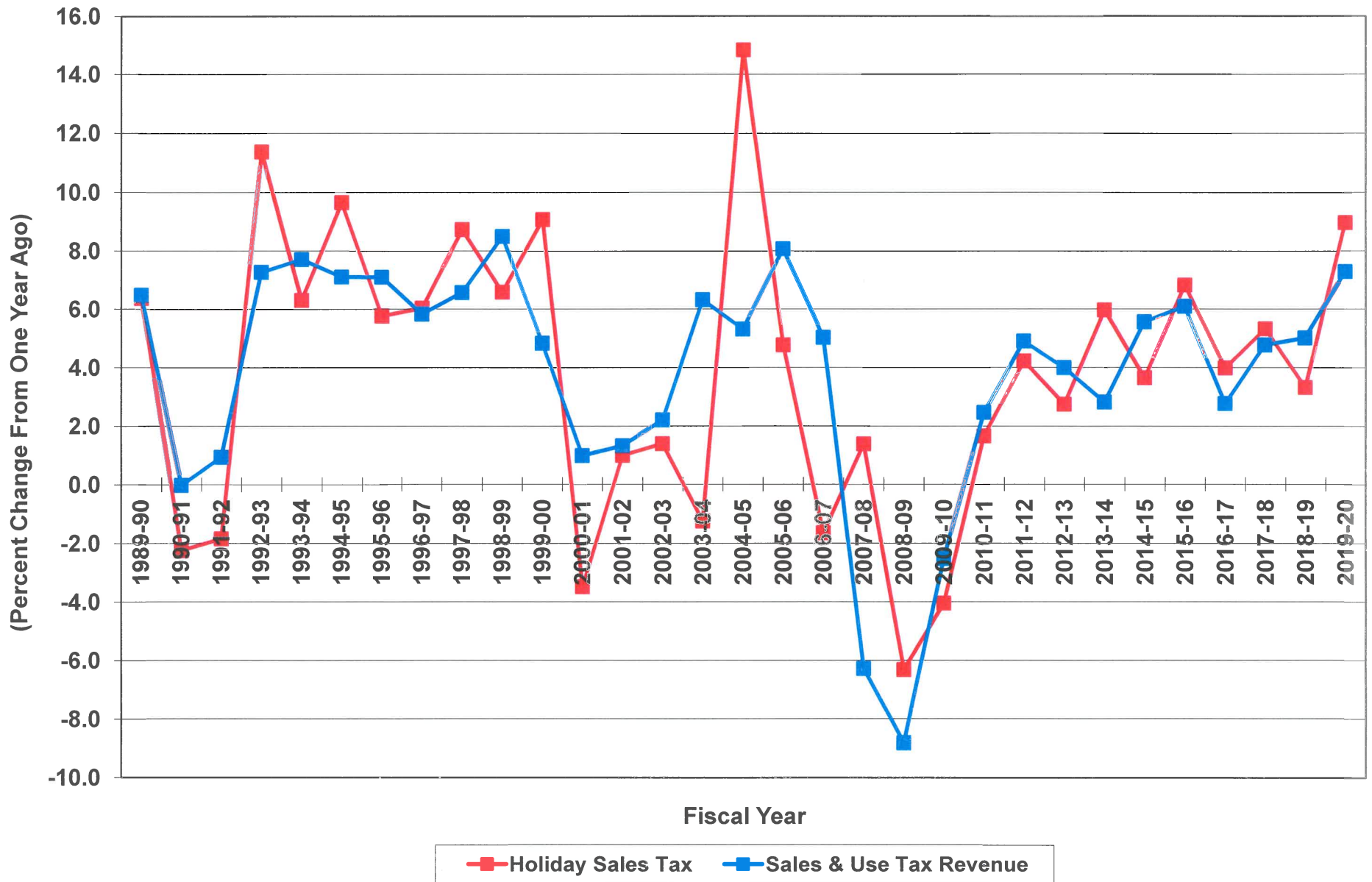
- The revenue figures suggest a strong holiday season with 9.0 percent growth during the holiday season



## Growth in Total Sales & Use Tax Revenue Collections FY2019 Monthly and Year-to-Date



## Comparison of Growth in Holiday Season Sales Tax and Total Sales Taxes





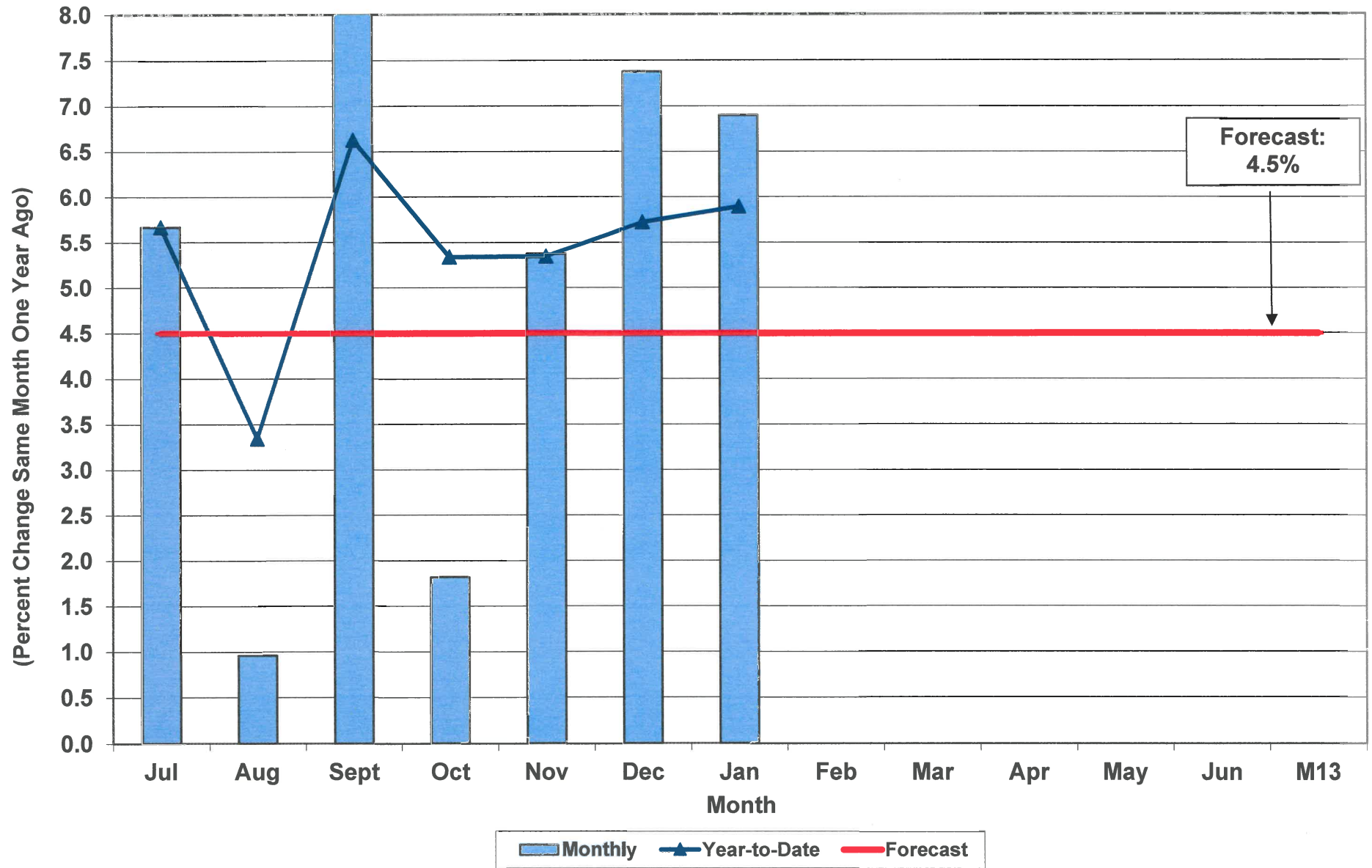
## January 2020

### Individual Income Tax Revenue

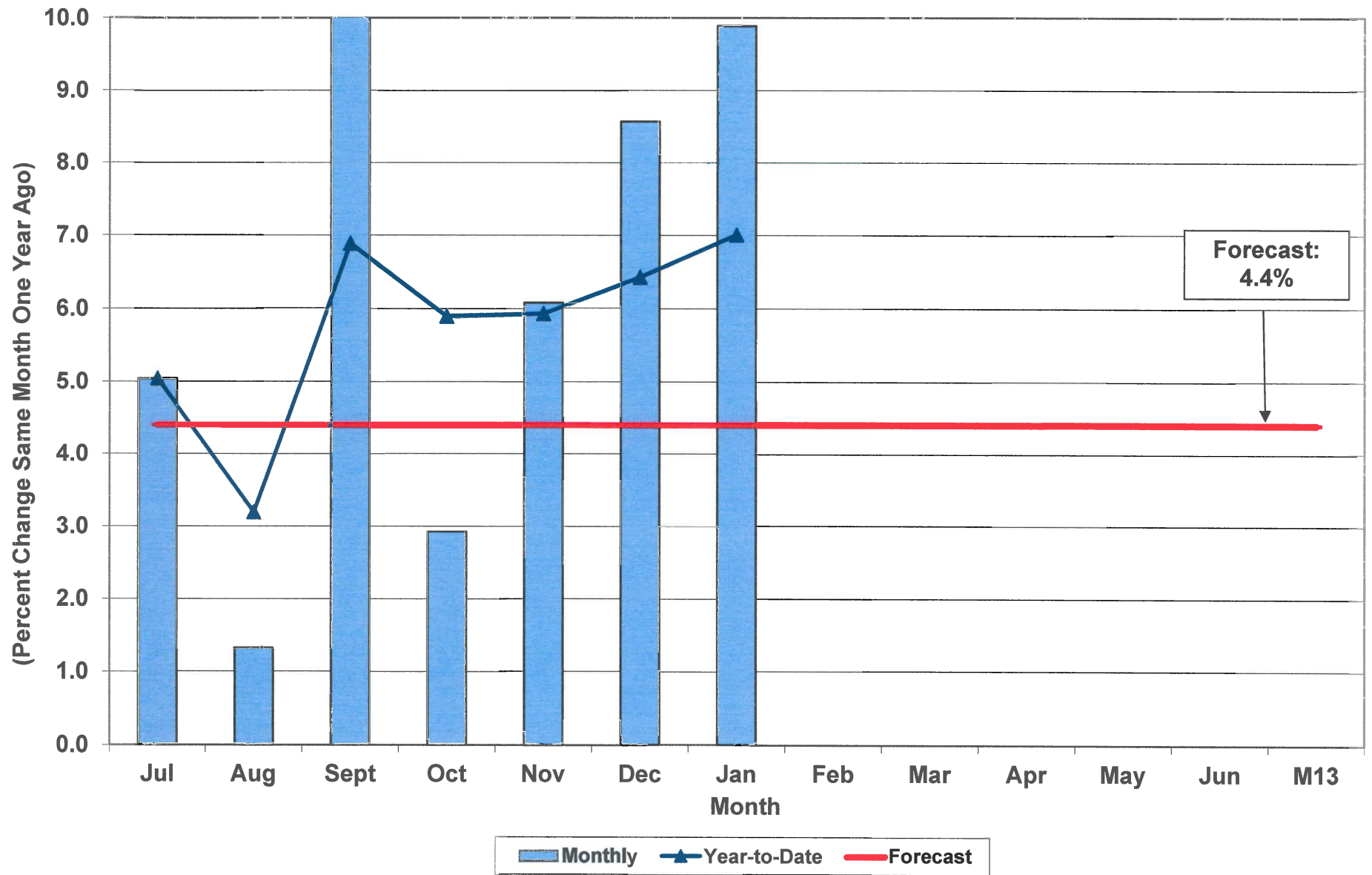
Revenue Category	Actual Revenue (\$ Mil.)	Forecast Revenue (\$ Mil.)	Excess/ Shortfall (\$ Mil.)	Revenue Growth Rates	
				Forecast (%)	Actual Y-T-D (%)
Individual Income Tax	\$3,524.5	\$3,447.8	\$76.7	4.4	7.0

- Individual Income tax withholding increased \$31.5 million, or 6.9 percent, in January 2020 from January 2019 reflecting the continued employment growth in the state

## Growth in Individual Income Tax Withholding Revenue FY2020 Monthly and Year-to-Date



## Growth in Total Individual Income Tax Revenue Collections FY2019 Monthly and Year-to-Date





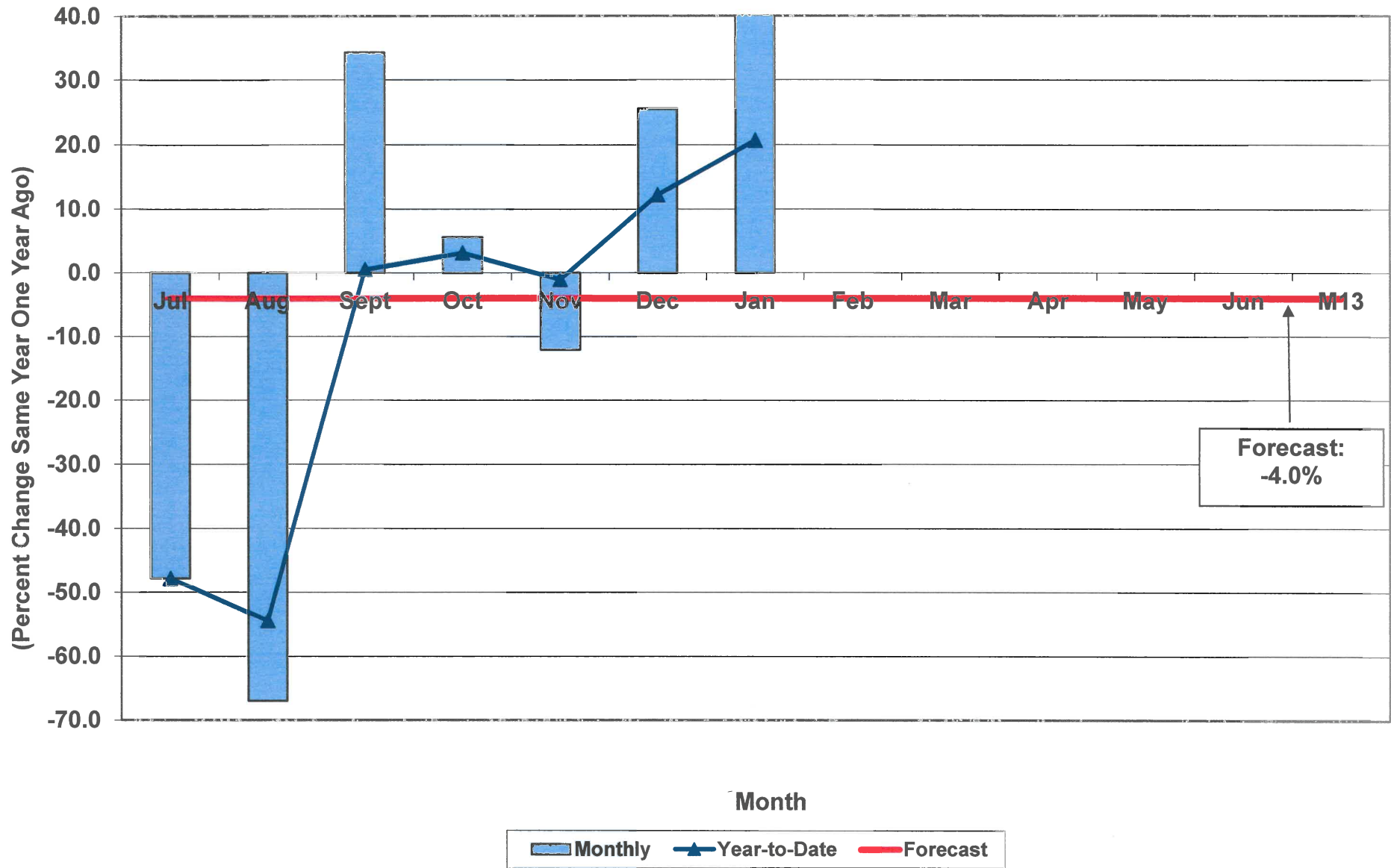
January 2020

## Corporate Income Tax Revenue

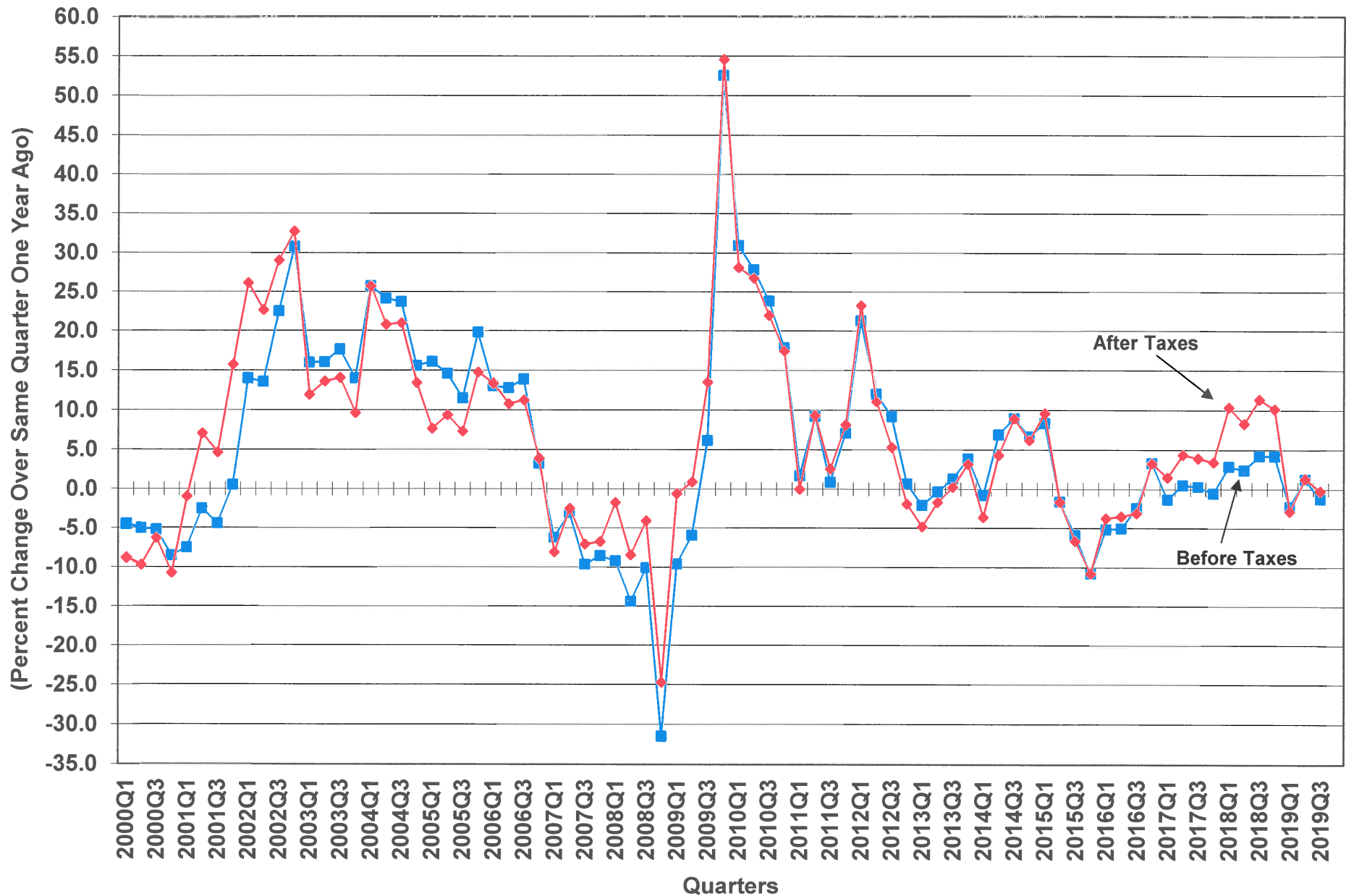
Revenue Category	Actual Revenue (\$ Mil.)	Forecast Revenue (\$ Mil.)	Excess/ Shortfall (\$ Mil.)	Revenue Growth Rates	
				Forecast (%)	Actual Y-T-D (%)
Corporation Income Tax	\$152.7	\$122.8	\$29.9	(4.0)	20.7

- The Corporate Income tax increased 149.2 percent in January 2020 and has increased 20.7 percent through the first seven months in FY2019-20
- The Corporate License tax subtracted \$3.3 million to the overall revenue excess of \$11.8 million in FY2020 in January 2020
- Combined, the Corporate Income tax and Corporate License tax account for \$41.7 million of the revenue excess in FY2020

## Growth in Total Corporation Income Tax Revenue Collections FY2019 Monthly and Year-to-Date



# U.S. Corporate Profits Before and After Taxes



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





January 2020

## Other Tax Revenues

Revenue Category	Actual Revenue (\$ Mil.)	Forecast Revenue (\$ Mil.)	Excess/ Shortfall (\$ Mil.)	Revenue Growth Rates	
				Forecast (%)	Actual Y-T-D (%)
Other Revenues	\$601.8	\$549.6	\$52.2	1.8	9.6

- Other revenues were largely affected by the timing of revenue receipts
- Security Dealer Fees that were booked one month earlier last fiscal year resulted in a nearly \$21.0 million overstatement of the bottom line was reconciled in January 2020



## January 2020

- A bank tax audit totaling \$3.3 million was processed in January 2020
- Other revenues have increased 8.1 percent through January 2020



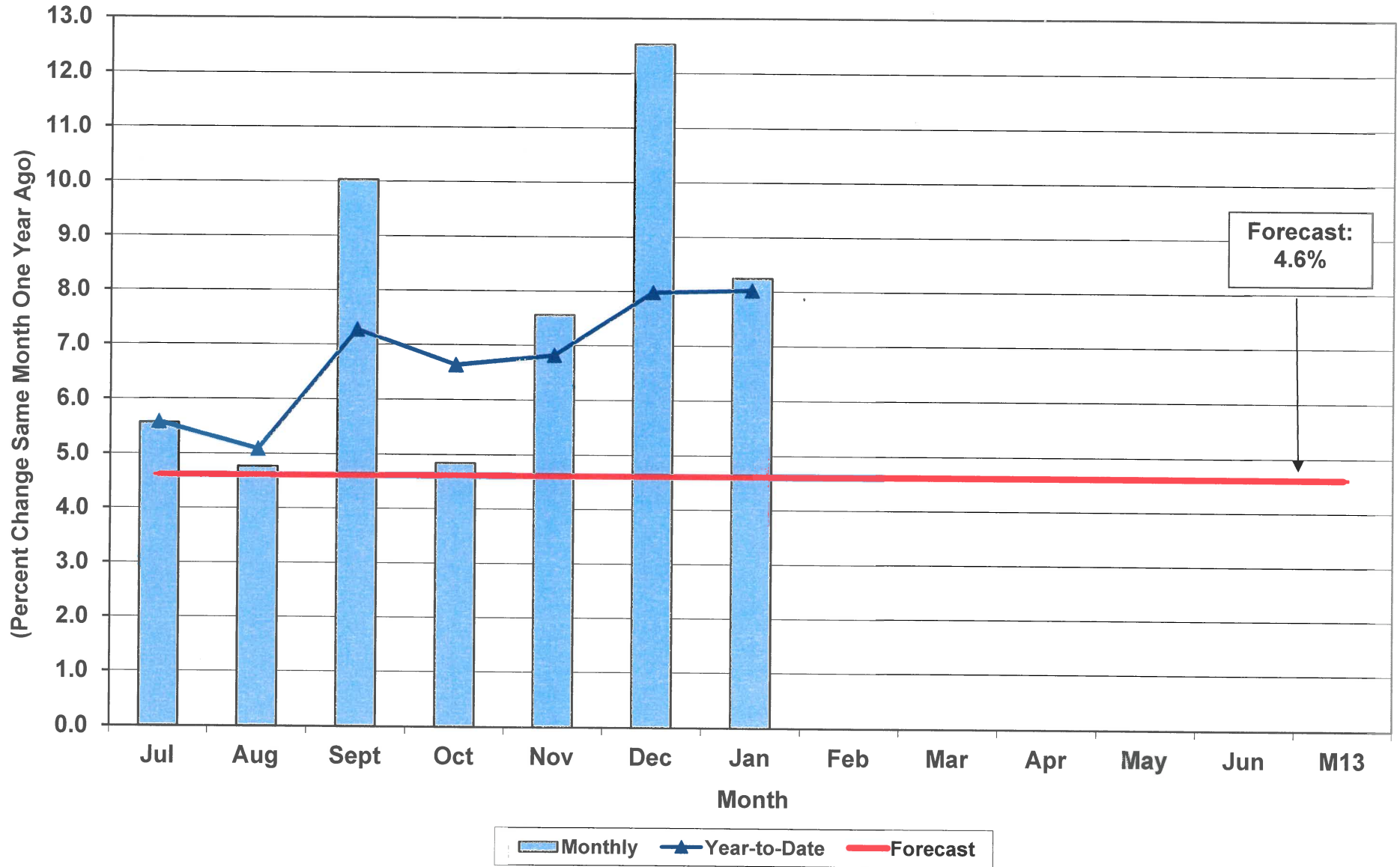
## January 2020

### Total 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	\$5,984.6	\$5,806.4	\$178.2	4.6	8.0

- General Fund revenue increased 8.2 percent, or \$76.4 million, during the month of January 2020 from January 2019
- Revenues through January 2020 have grown 8.0 percent, or \$443.9 million year-to-date

## Growth in Total General Fund Revenue Collections FY2020 Monthly and Year-to-Date





## January 2020

### Summary

- General Fund revenue collections through January 2020 amounted to \$5,984.9 million in FY2019-20, or 8.0 percent higher than in FY2018-19
- This year-to-date revenue growth rate exceeds the 4.6 percent growth rate needed to meet the BEA General Fund revenue growth rate for FY2019-20 by \$178.2 million



January 2020

## Base Economic Assumptions for FY2019-20 and FY2020-21

### Current Base Economic Assumptions Fiscal Years 2019-20 and 2020-21

Variable	FY2019-20	FY2020-21	Latest Figures
Personal Income	5.25%	4.50%	4.85%
Employment	1.60%	1.60%	1.70%

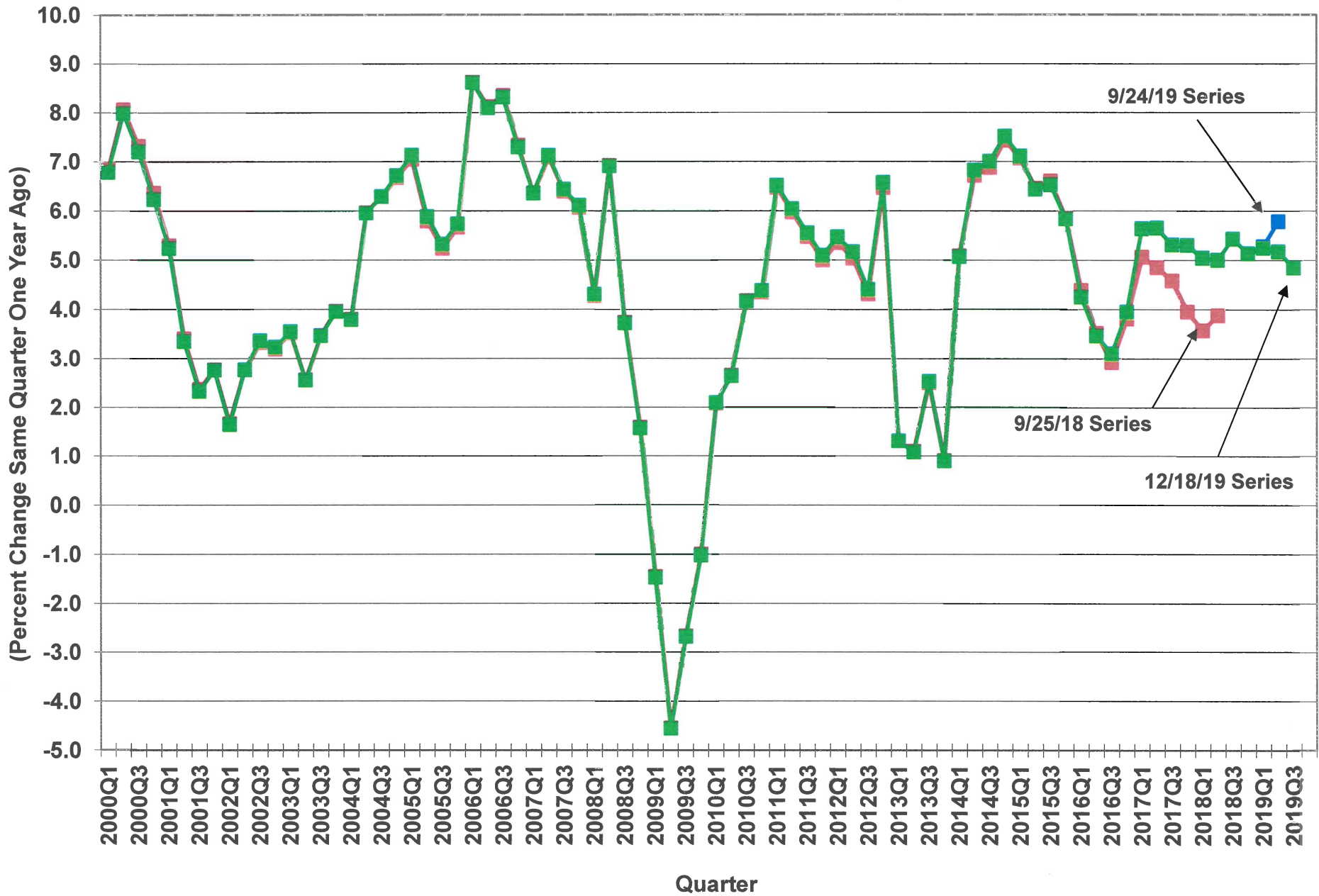
Note: Based on the BEA General Fund revenue estimate made on November 8, 2019.

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

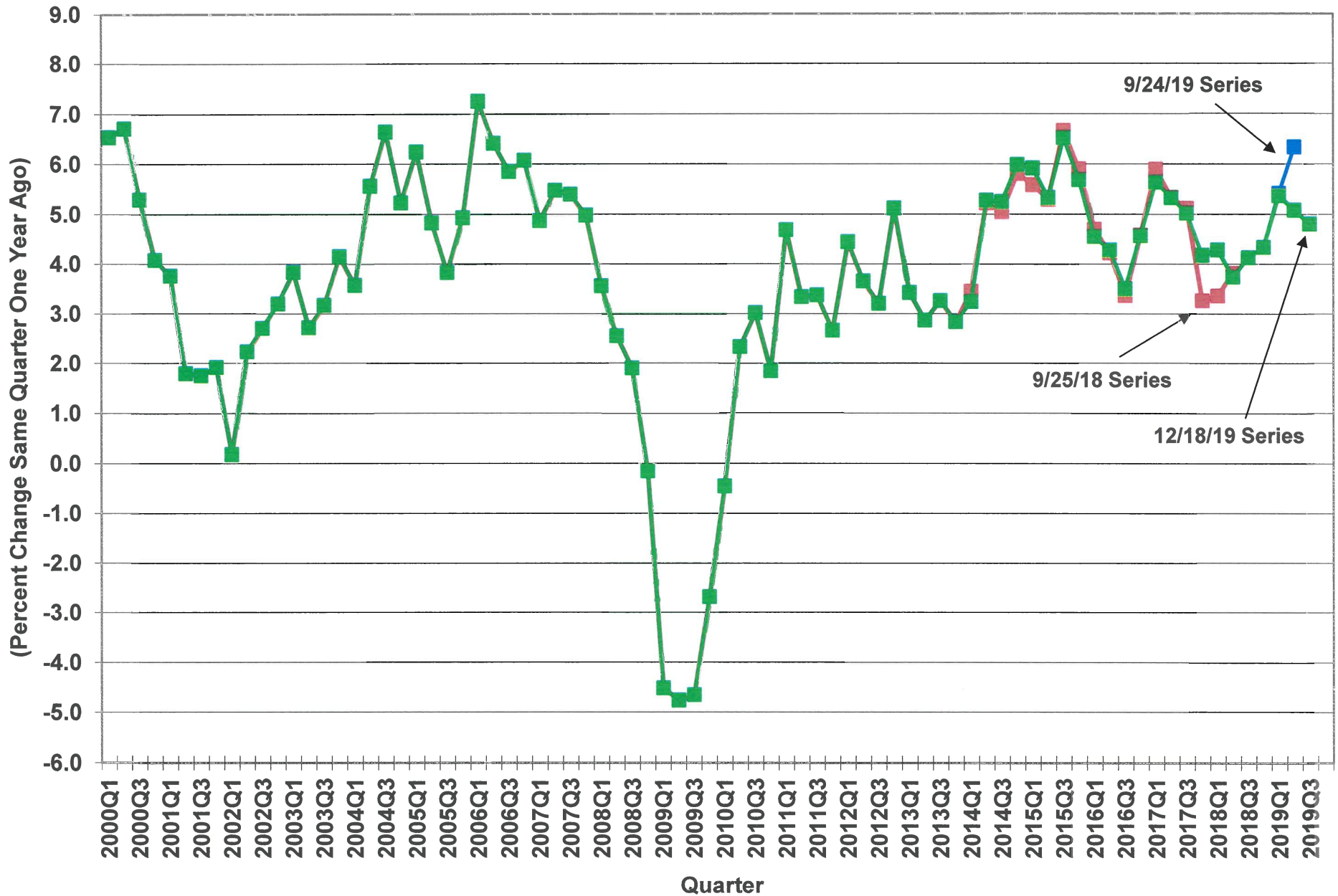
U.S. Department of Labor, Bureau of Labor Statistics, Washington, D.C.

S.C. Board of Economic Advisors, Columbia, S.C.

# Growth in Personal Income in South Carolina



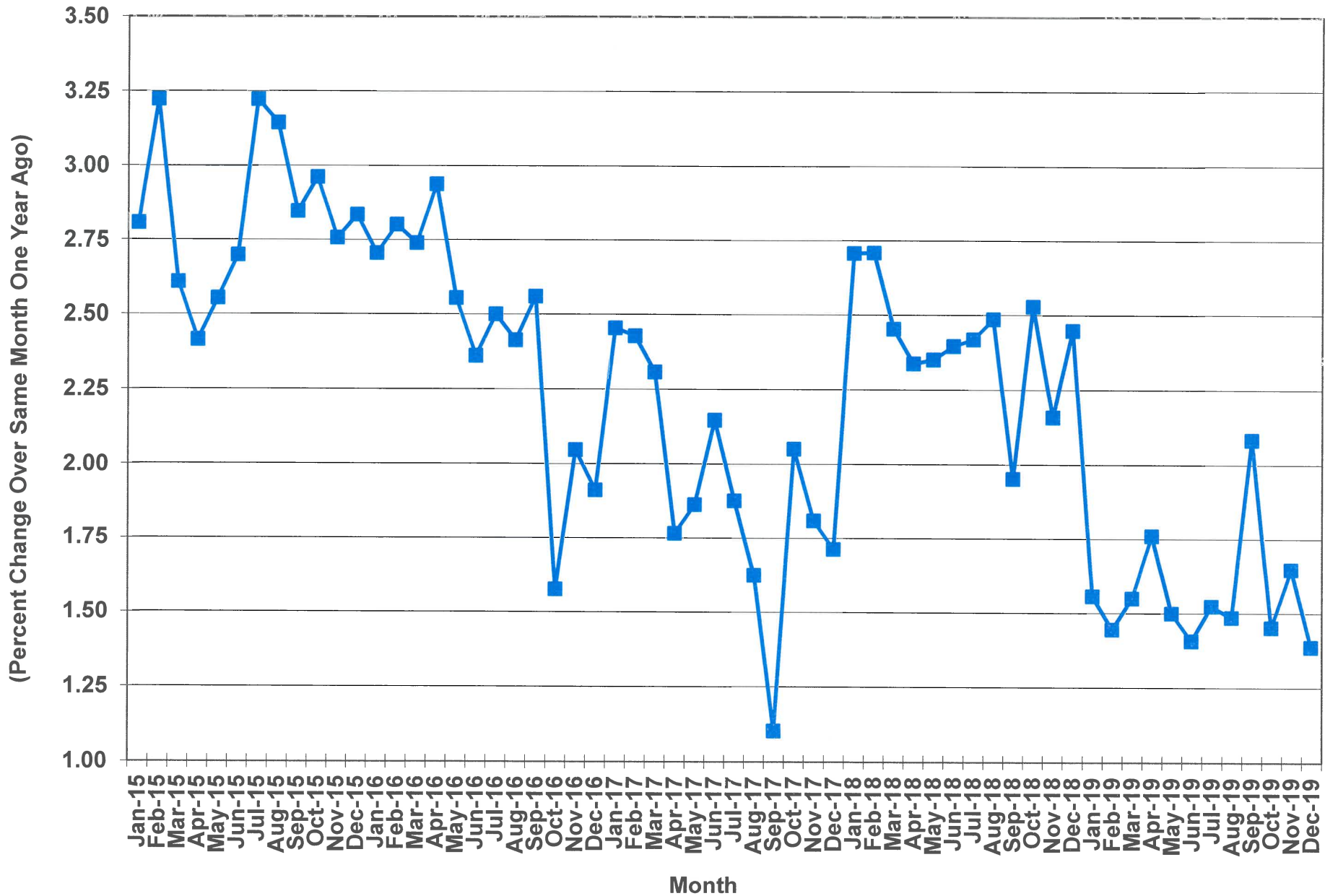
# Growth in Wages and Salaries in South Carolina



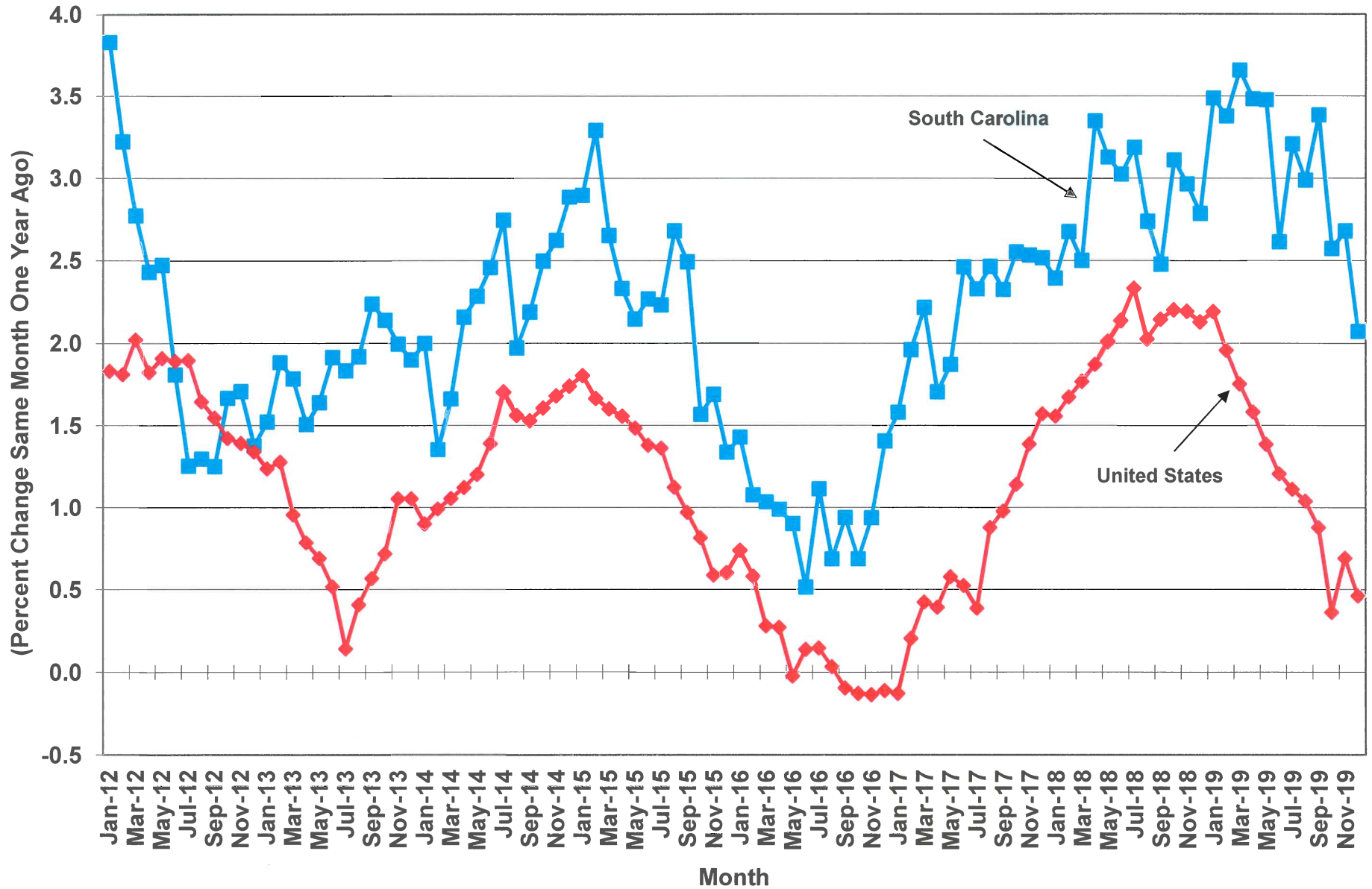
Source: U.S. Department of Commerce, Bureau of Economic Analysis, Washington, D.C.



# Total Nonfarm Employment Growth in South Carolina



# Growth in Manufacturing Employment in SC and US



Source: U.S. Department of Labor, Bureau of Labor Statistics, Washington, D.C.  
BEA/RWM/02/07/20

Source: Board of Economic Advisors



**January 2020**

## **Recent Economic Developments**

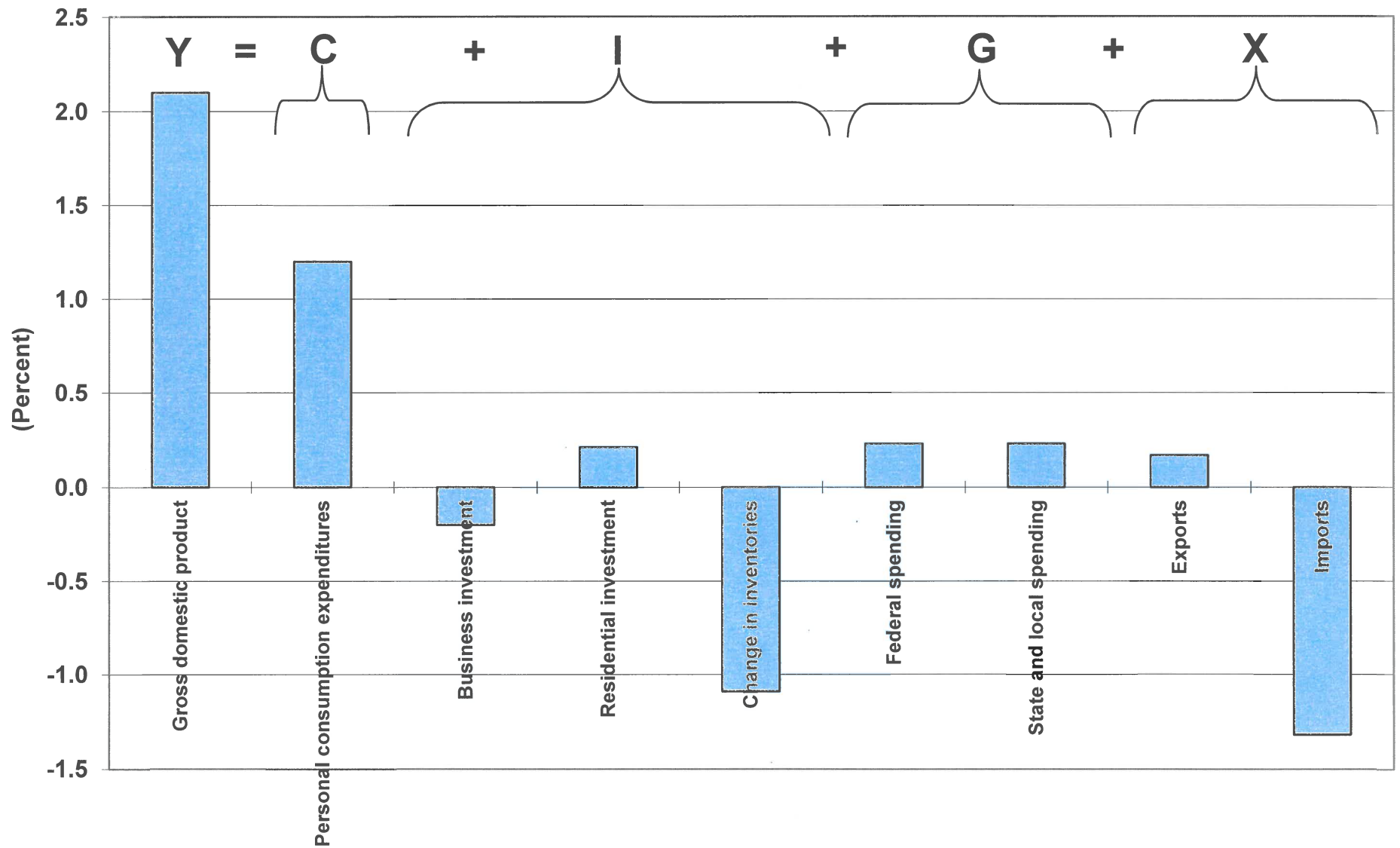
### **Issues**

- **Chinese tariffs**
- **Federal Reserve Policy**
- **Brexit**
- **Trump's Impeachment**

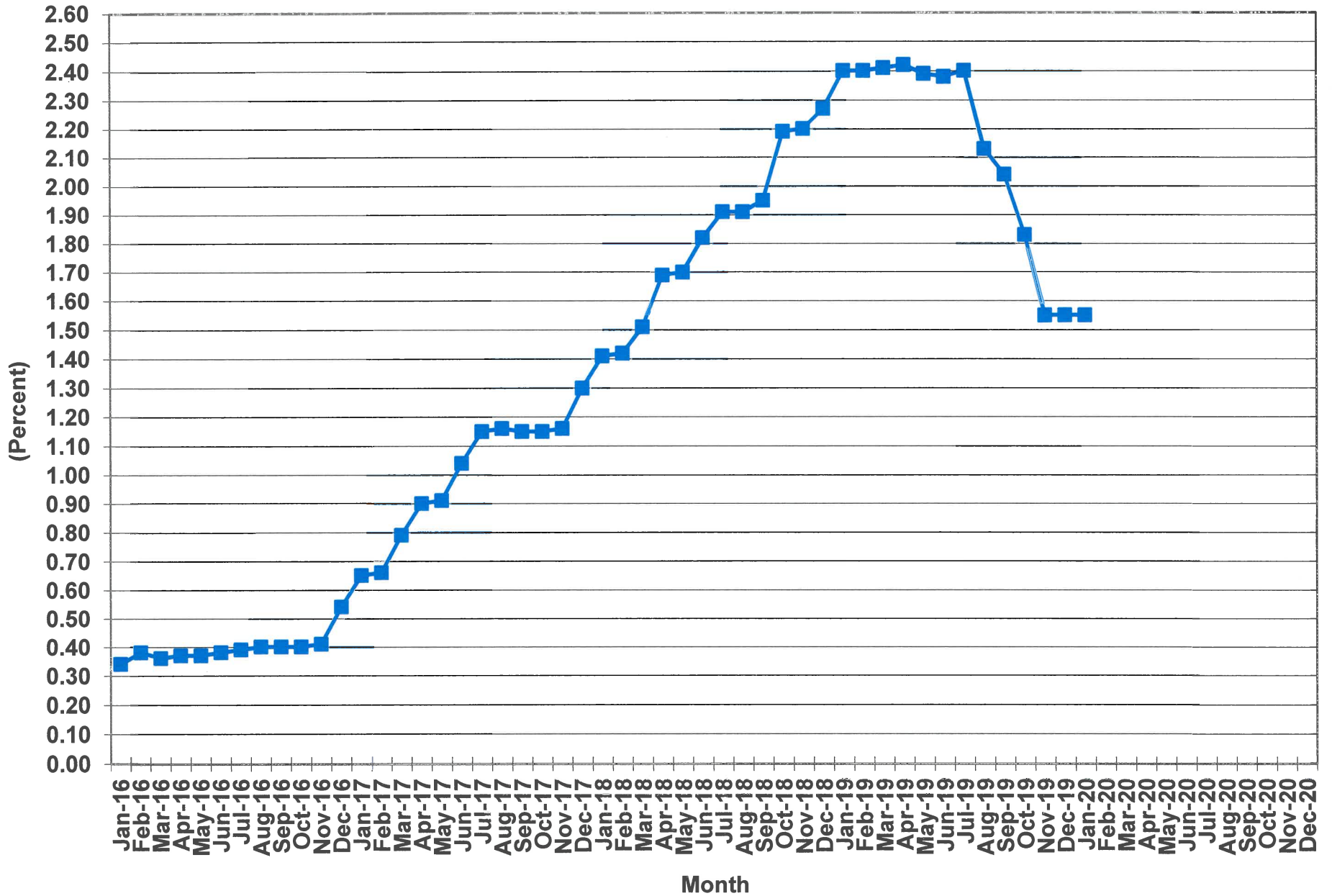
### **Recent Economic Developments**

- **Real GDP**
- **Federal Reserve Policy**
- **Housing**
- **Manufacturing – New Orders and Shipments**
- **Energy**
- **U.S. Leading Economic Index**

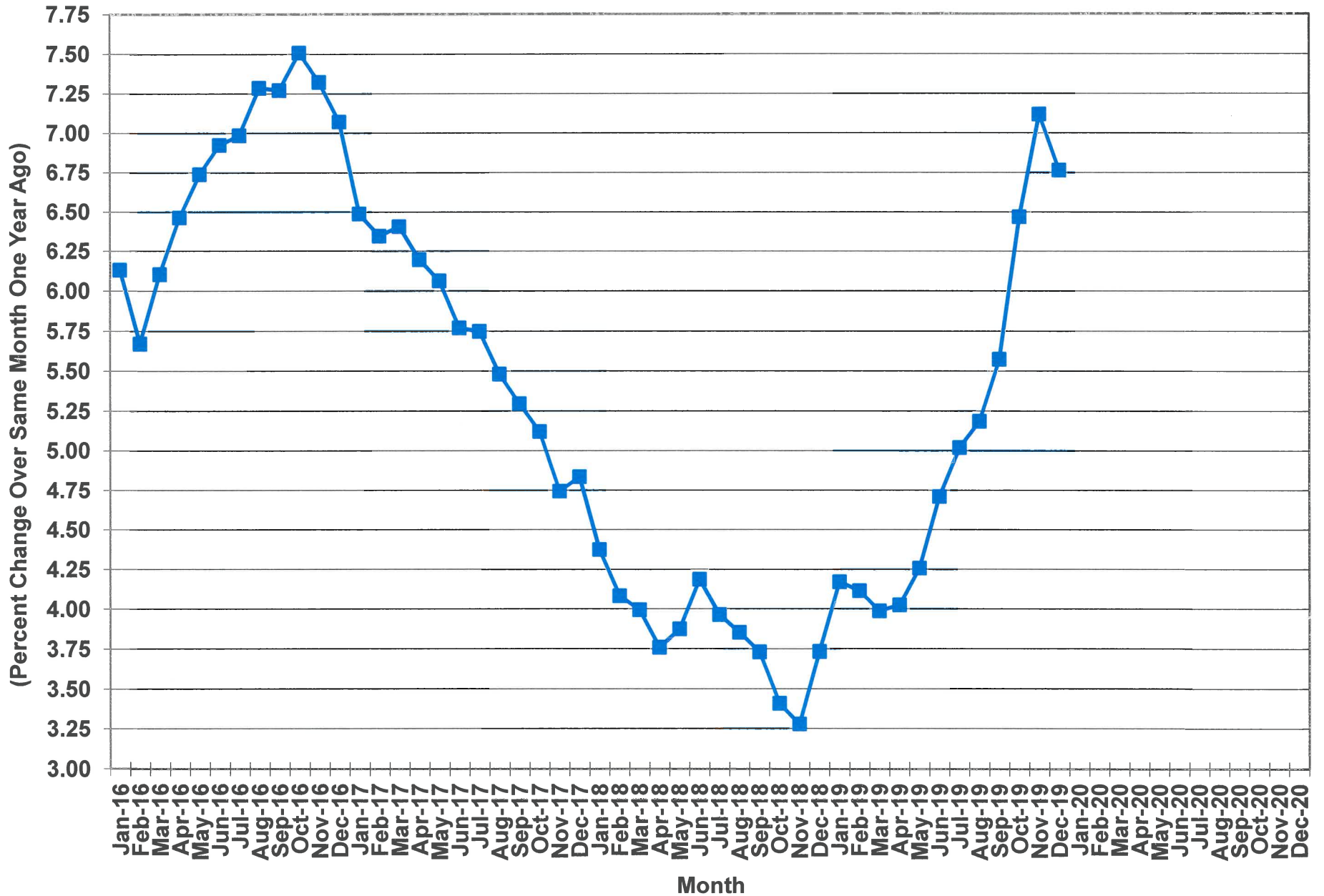
## Contributions to Real Gross Domestic Product in the U.S. 2019, Fourth Quarter, (Advance Estimate)



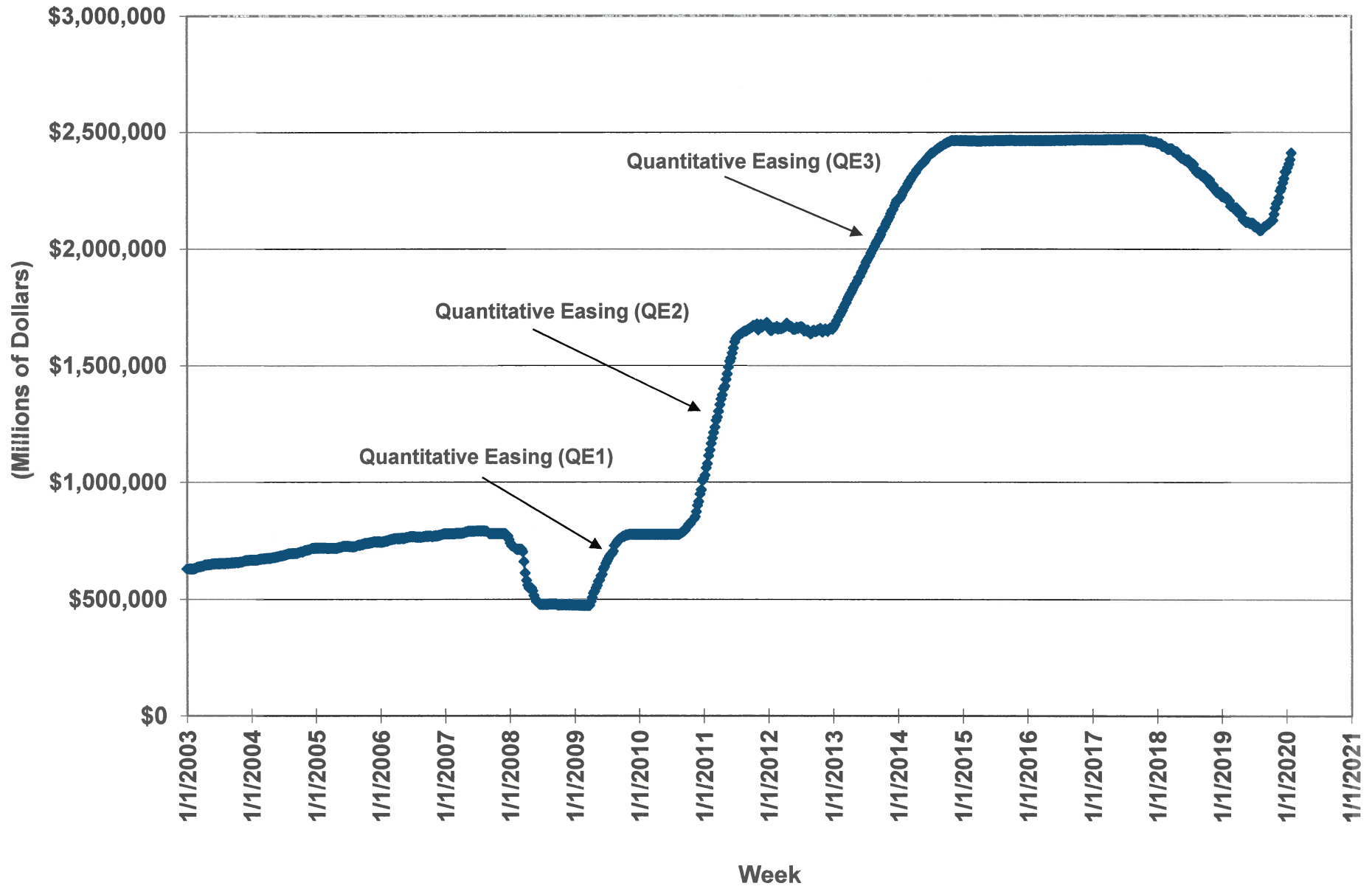
# Federal Funds Rate



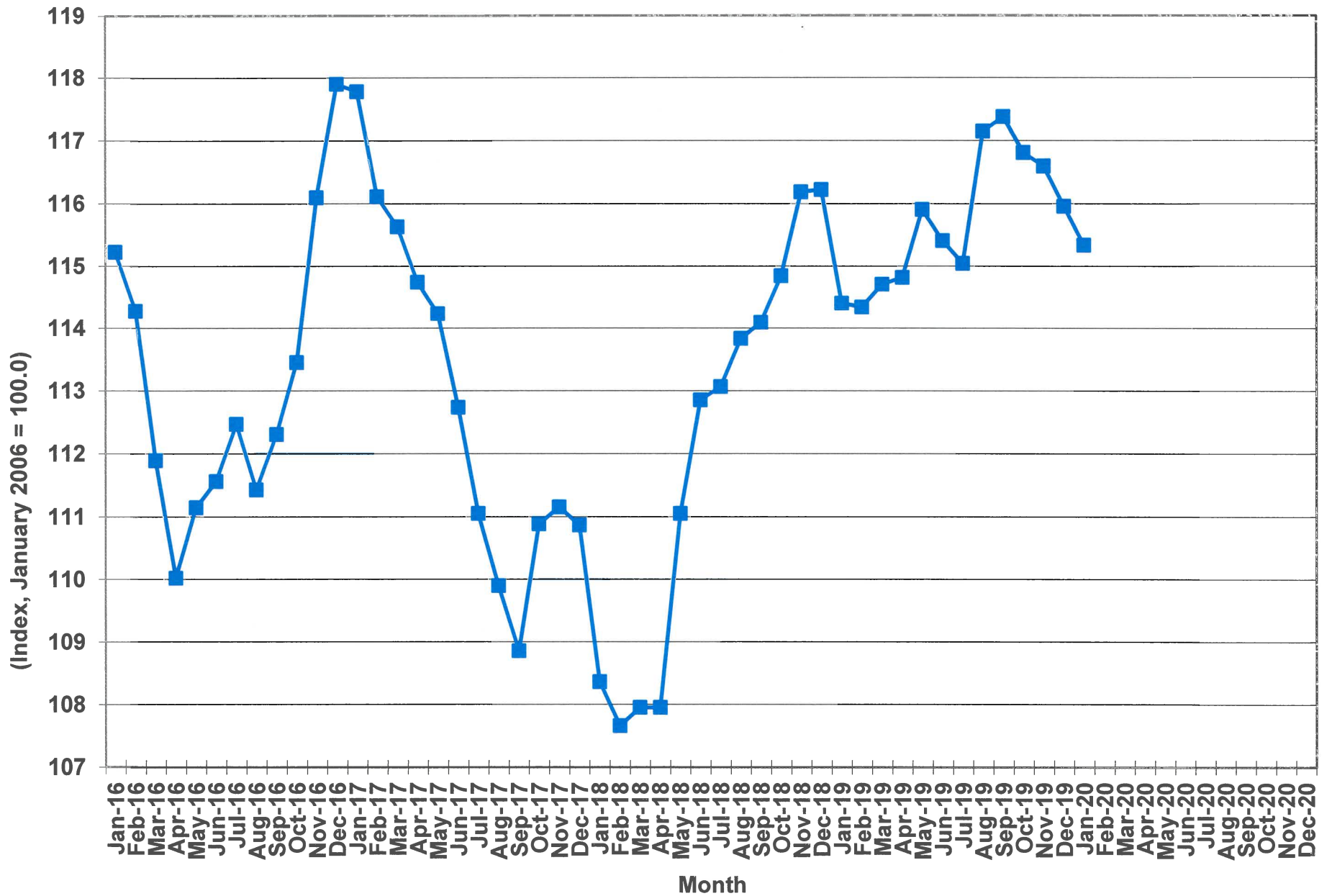
# Money Supply - M2



# U.S. Treasury Securities Held by the Federal Reserve (All Maturities)

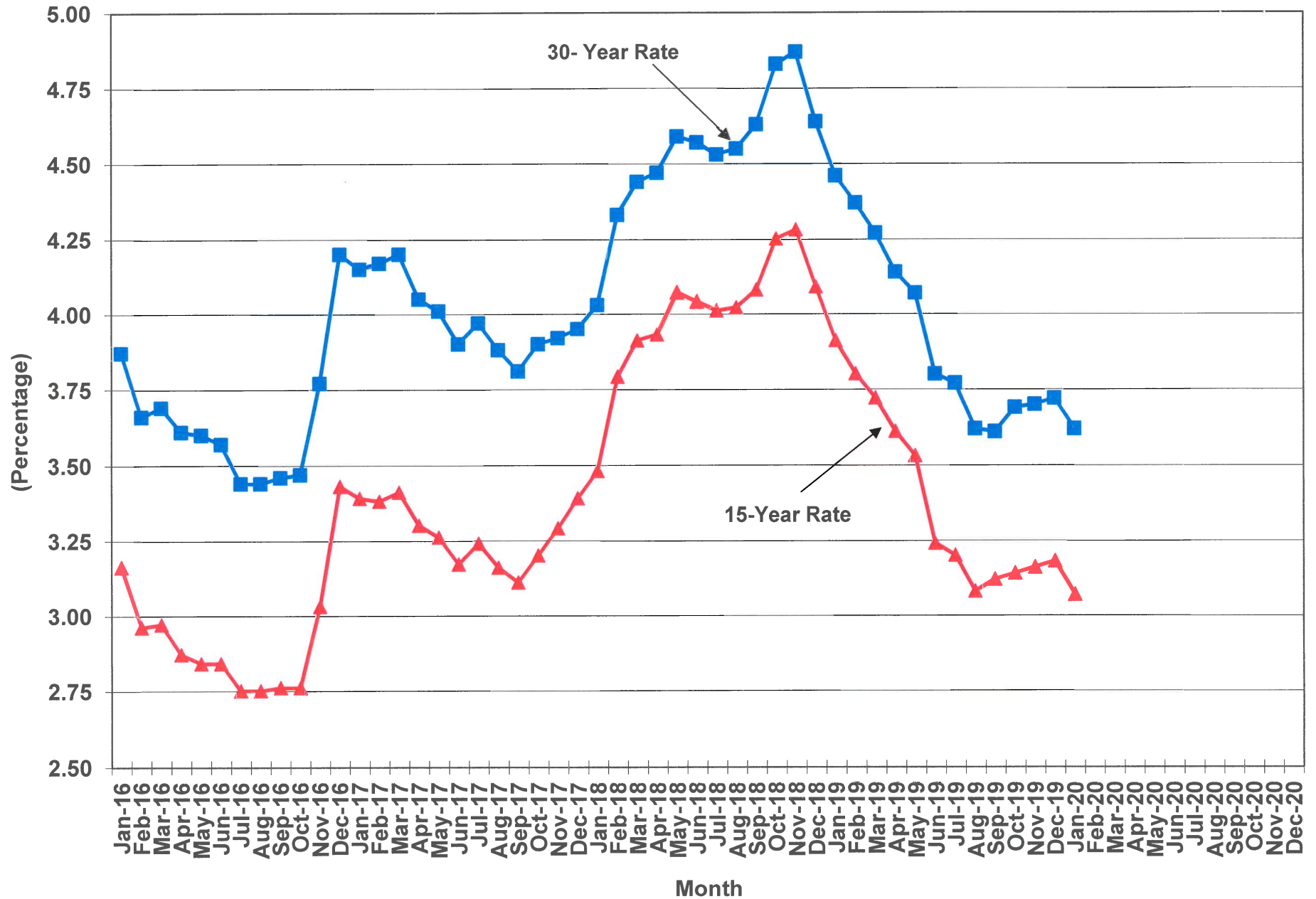


# U.S. Trade-Weighted Exchange Rate Index of U.S. Dollar

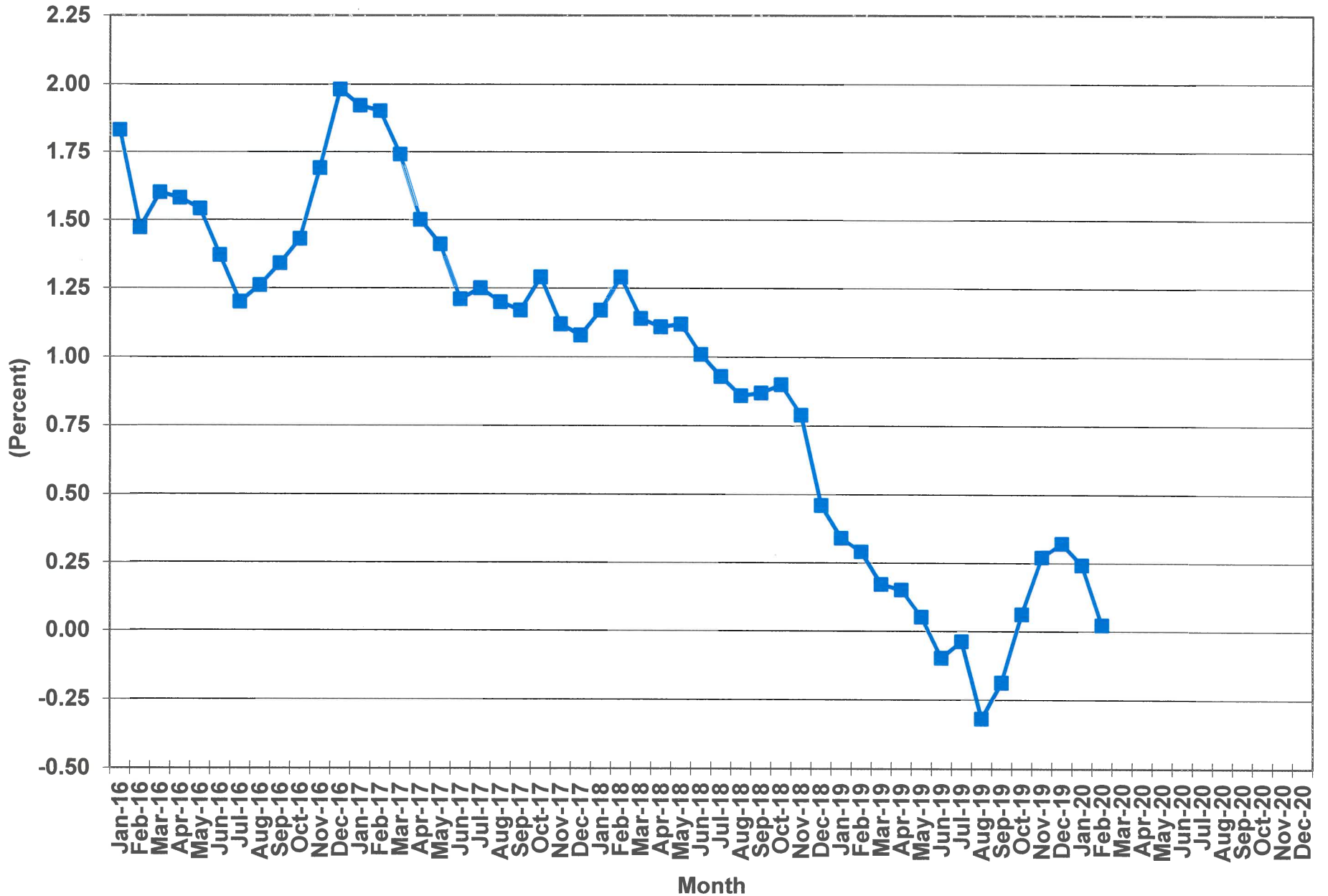




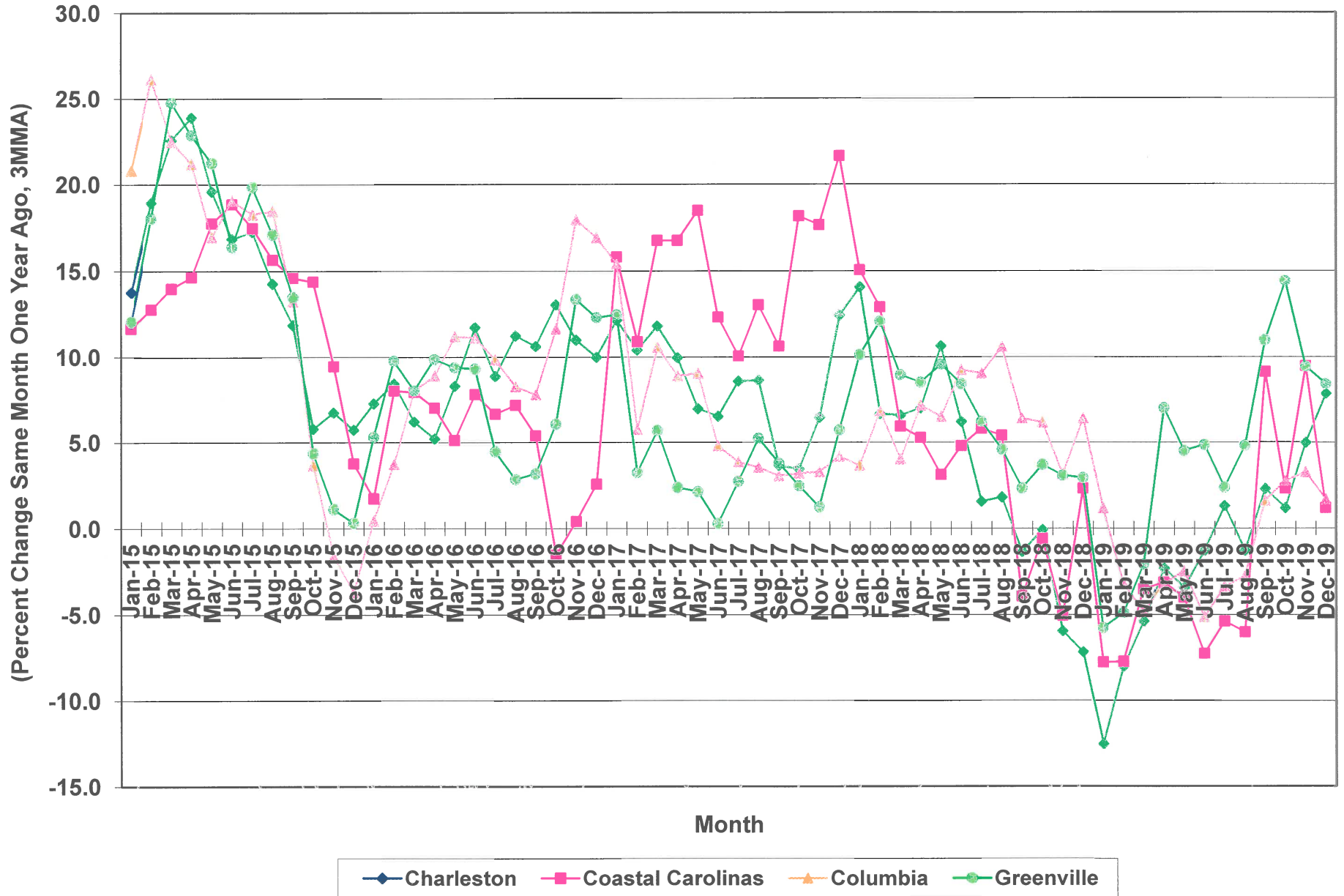
# Mortgage Rates



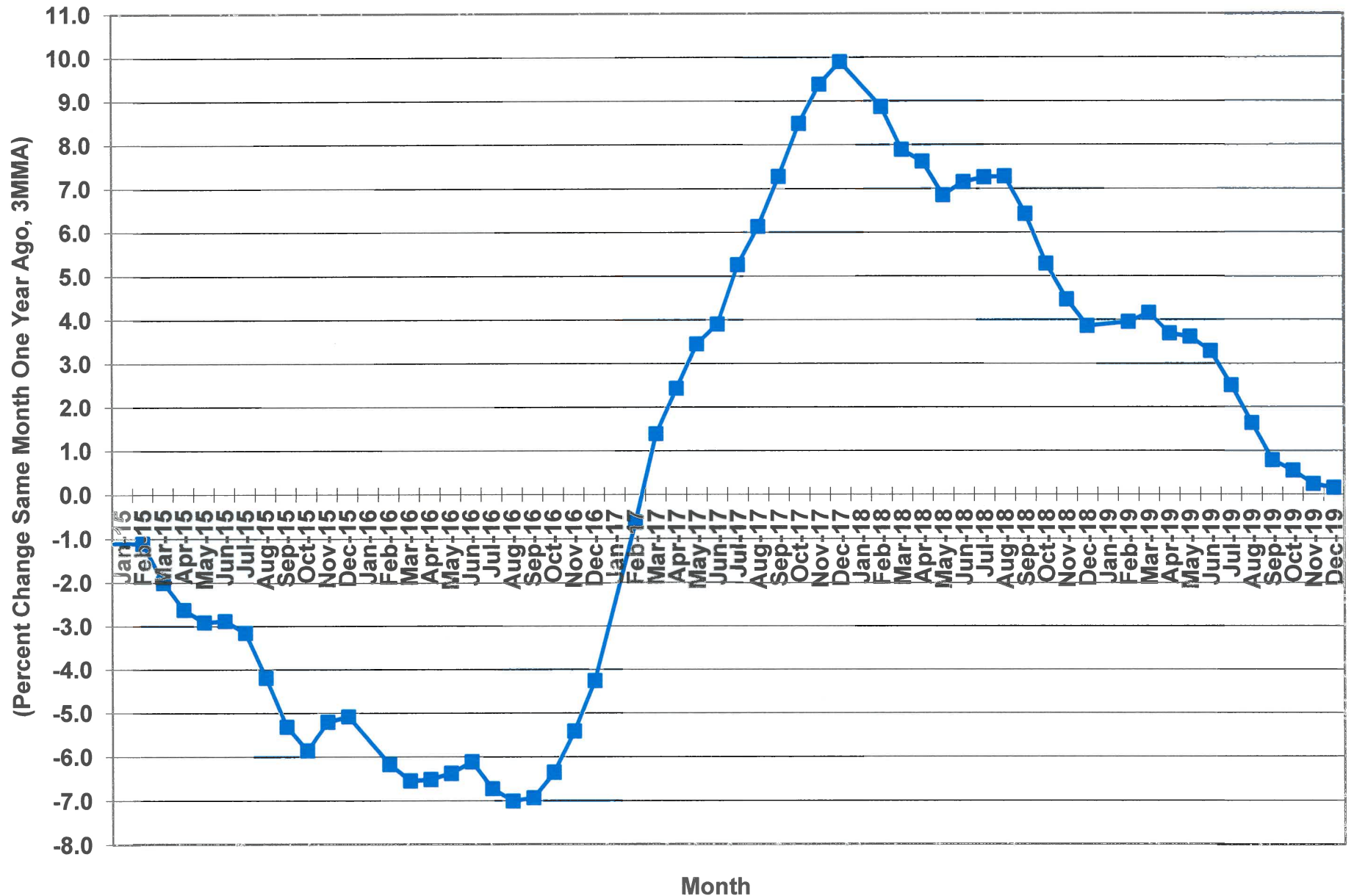
## Interest Rate Spread Between 10-Year Bond & 3-Month Bill



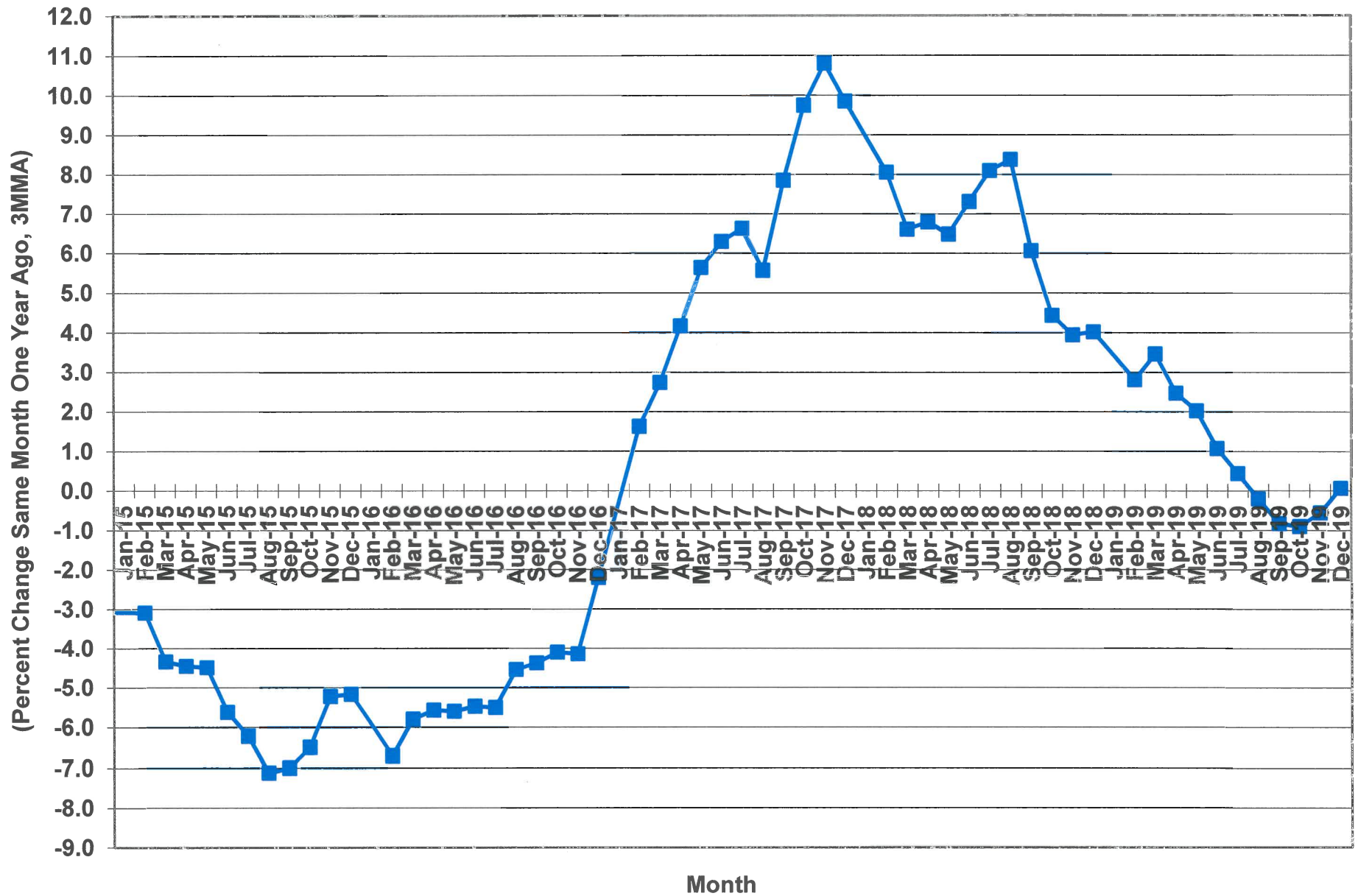
# Growth in Homes Sold in Selected Housing Markets in South Carolina



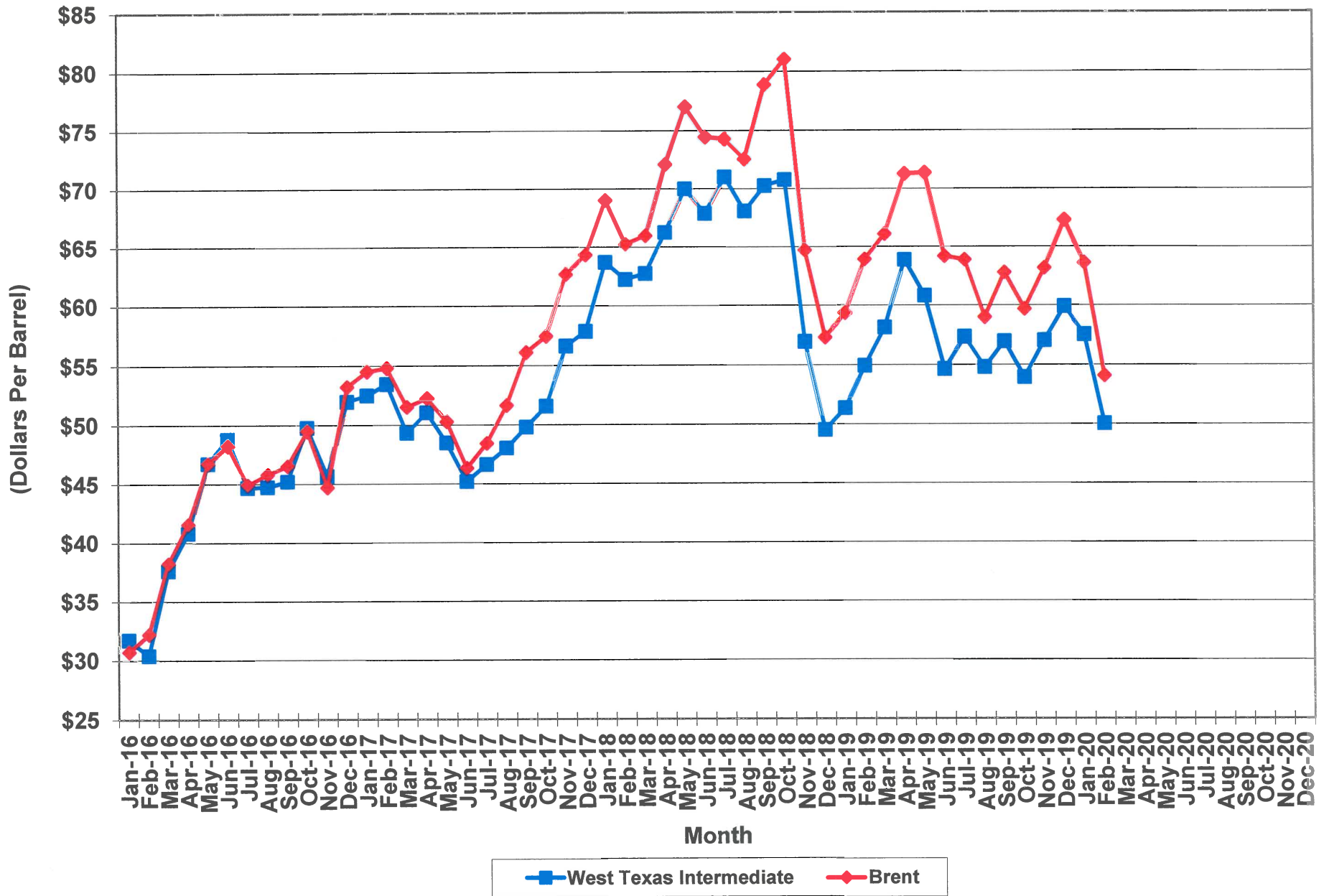
## Growth in Total Manufacturer's Shipments of Nondefense Capital Goods Excluding Aircraft in the U.S.



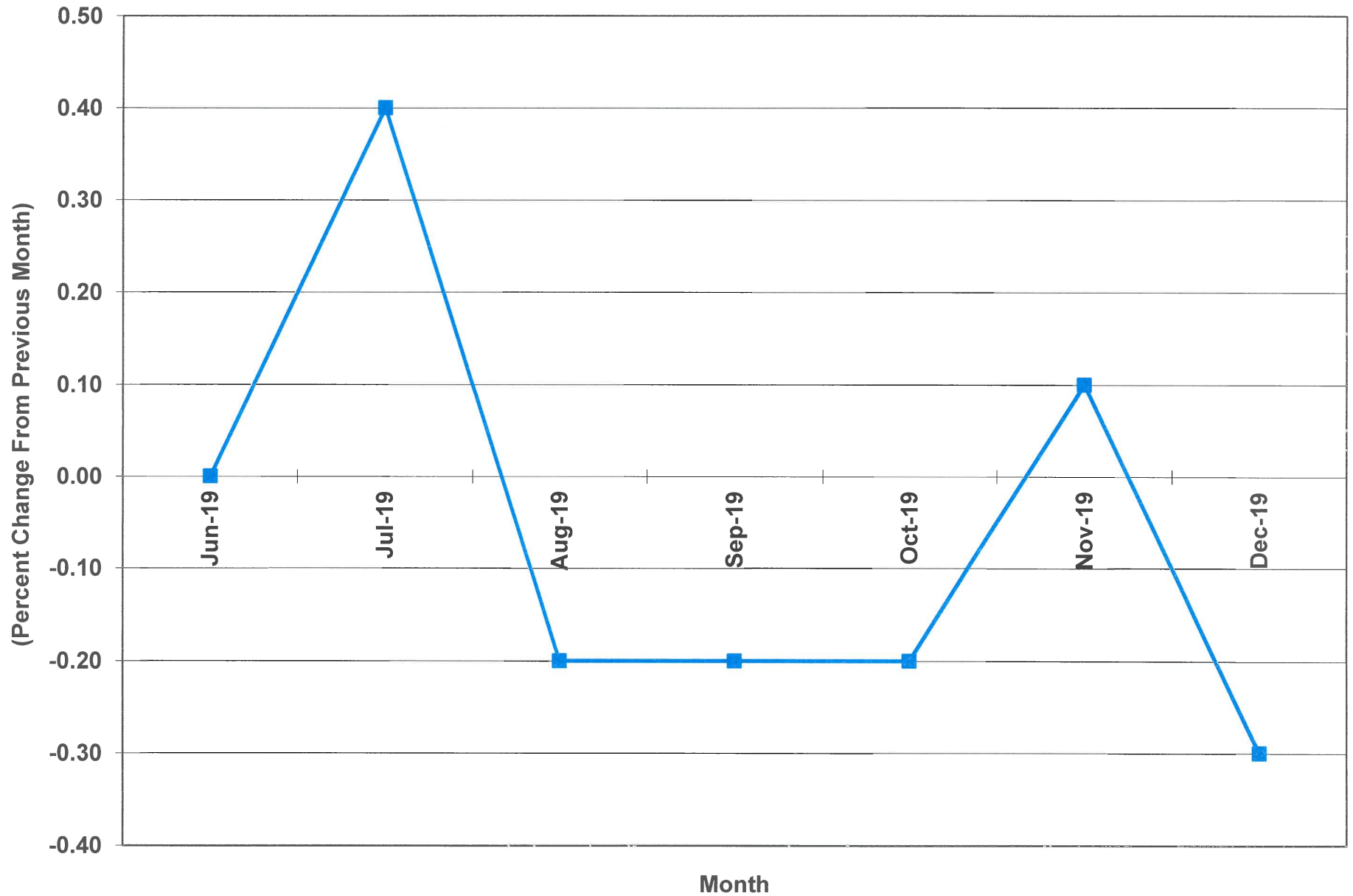
## Growth in Total Manufacturer's New Orders of Nondefense Capital Goods Excluding Aircraft in the U.S.



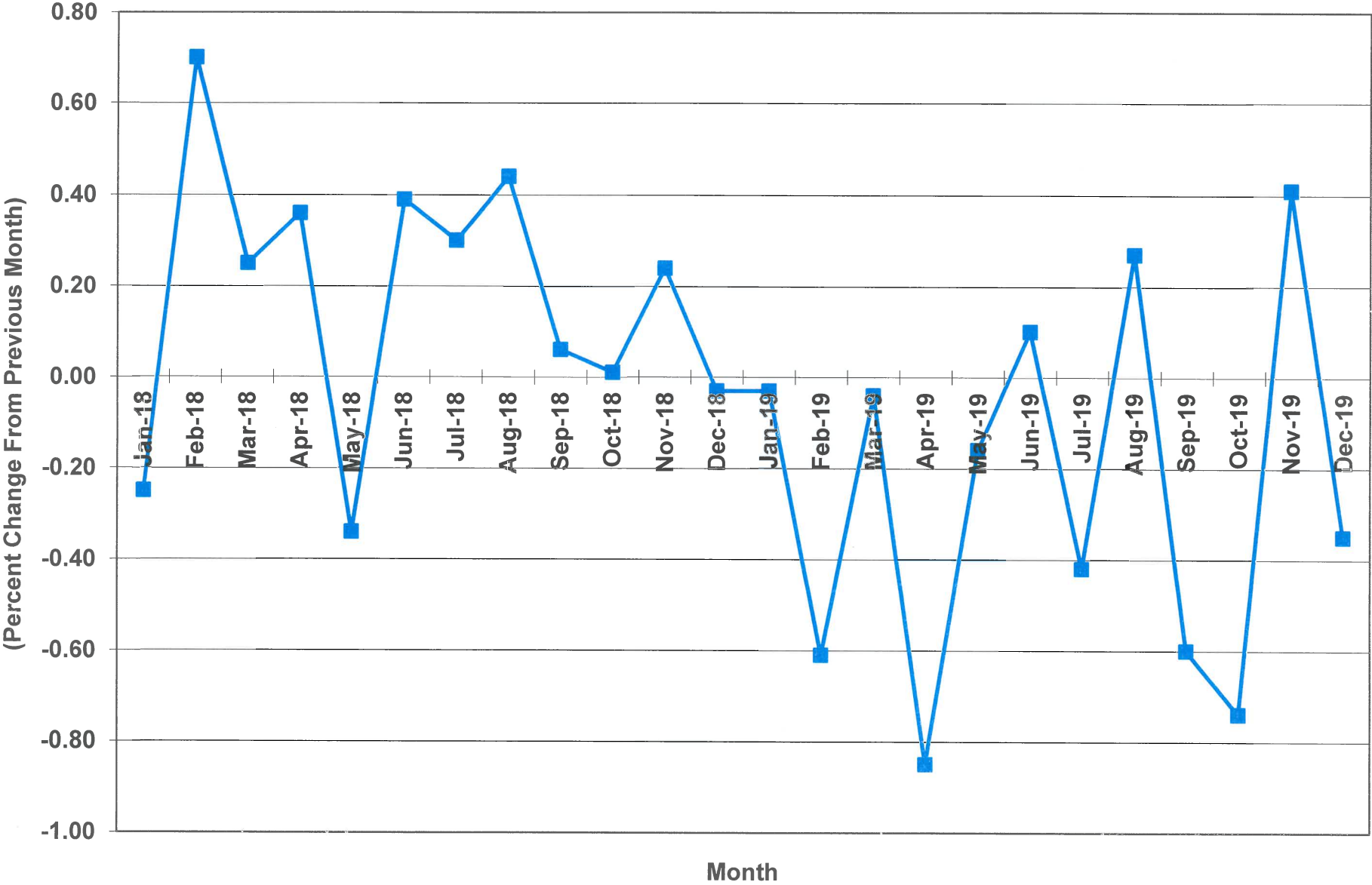
# Spot Crude Oil Prices



# The Conference Board Leading Economic Index



# Chicago Fed National Activity Index (LEI)



Source: Federal Reserve Bank of Chicago, Chicago, Illinois  
 Note: Also known as the Stock Watson Leading Economic Indicators Index





## January 2020

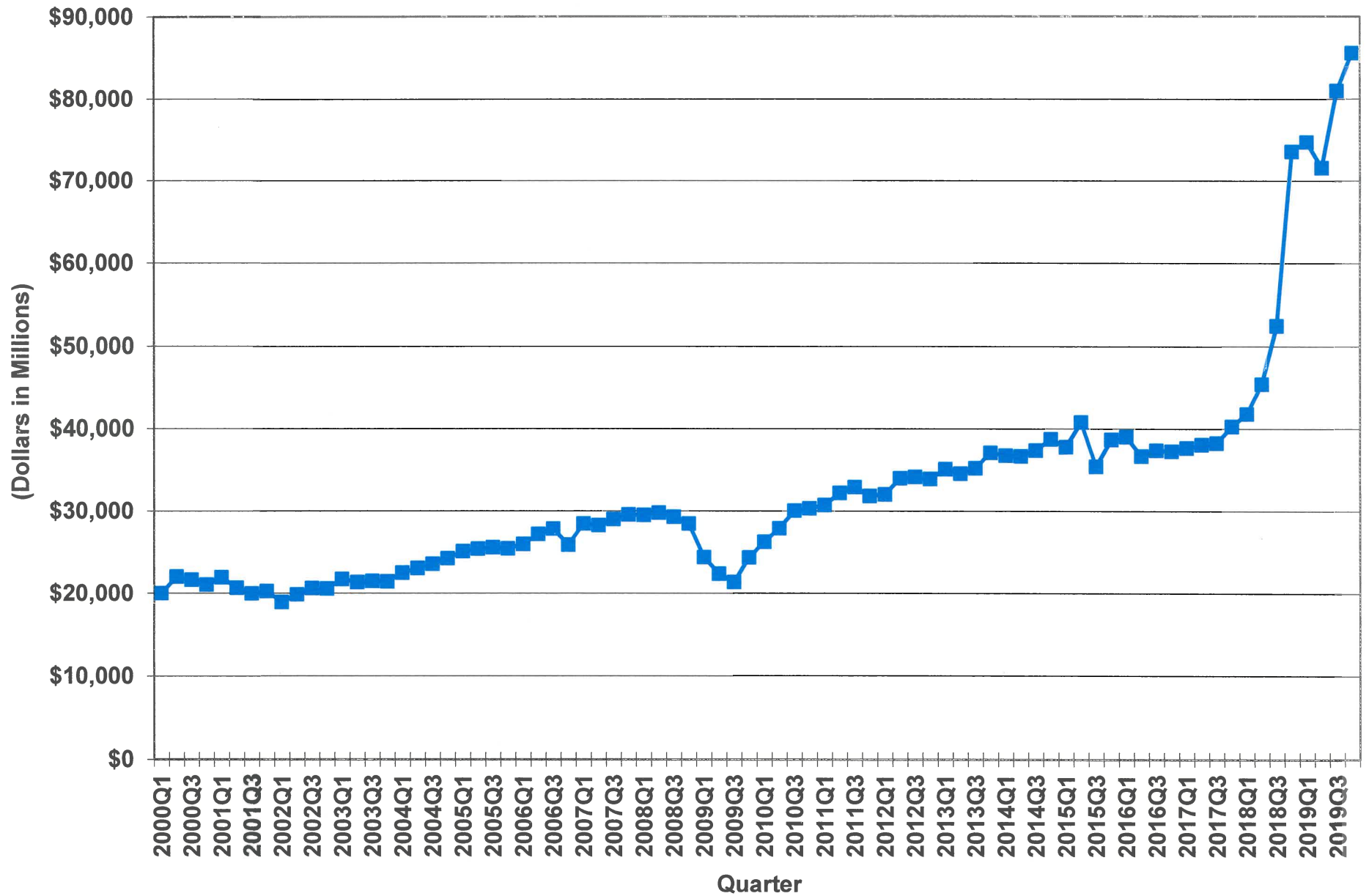
### Upcoming Events

- **Employment Rebenchmarking - March 16, 2020**
- **Personal Income (2019Q4) - March 24, 2020**

# APPENDIX

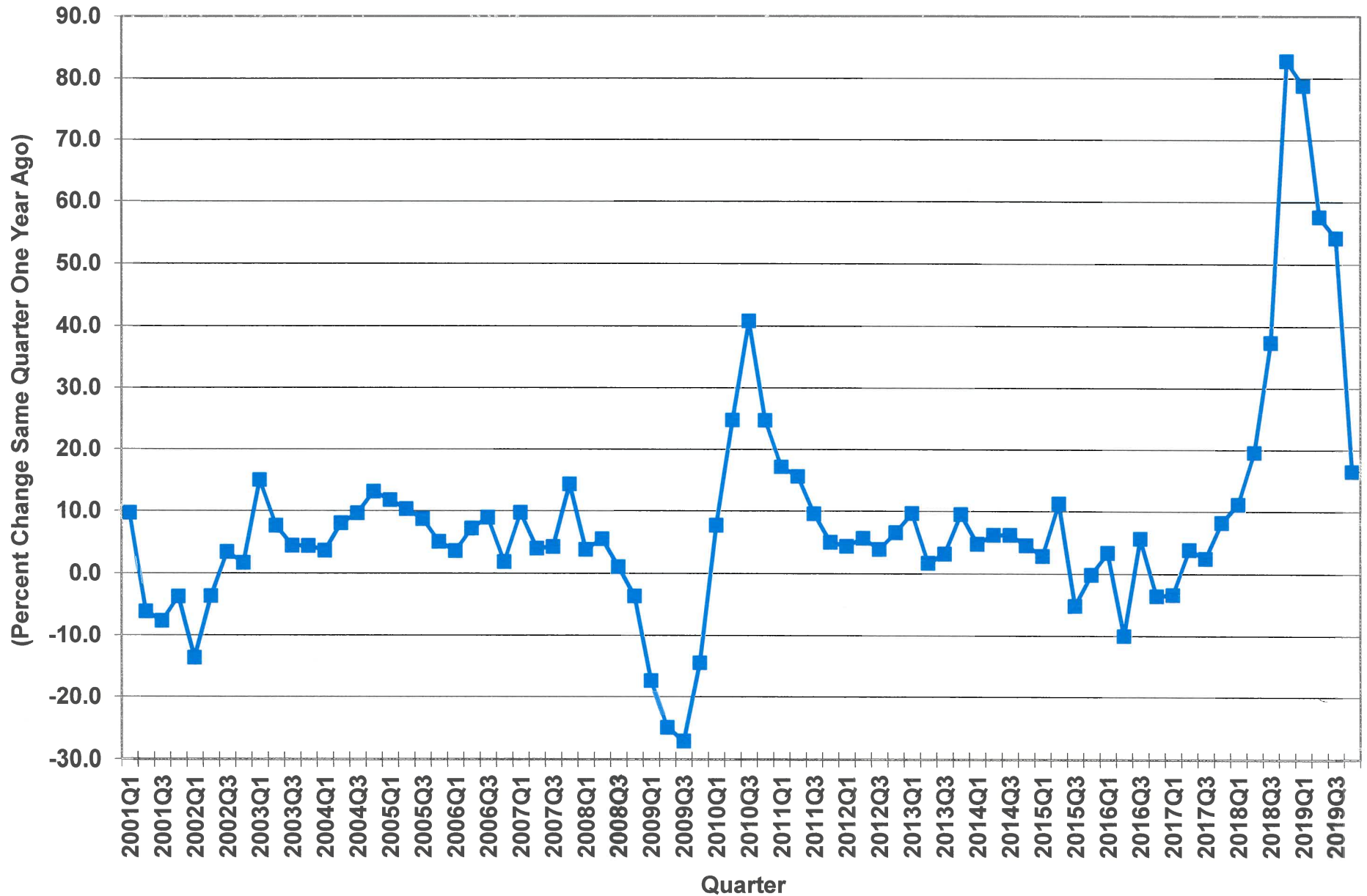


# Customs Duties / Tariffs Revenue in the United States



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

## Growth in U.S. Customs Duties / Tariffs Revenue



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

# CONSIDERATION OF FY 2019-20 AND FY 2020-21 REVENUE ESTIMATE

*February 13, 2020*



*South Carolina Revenue and Fiscal Affairs Office*

# Recommendations on Forecast FY 2019-20 and FY 2020-21

## Economic Assumptions

**General Outlook** - Continued growth through FY 2019-20 but slower growth expected in FY 2020-21

**SC Personal Income** - Maintain assumption of 5.25% growth in FY 20, slowing to 4.5% in FY 21

**SC Employment** - Maintain assumption of 1.6 % growth in FY 20 and FY 21

**Risk Factors** - Concerns over tariffs, Brexit, oil, and Fed policy have weakened. Leading Economic Indicators show concern for FY 21.

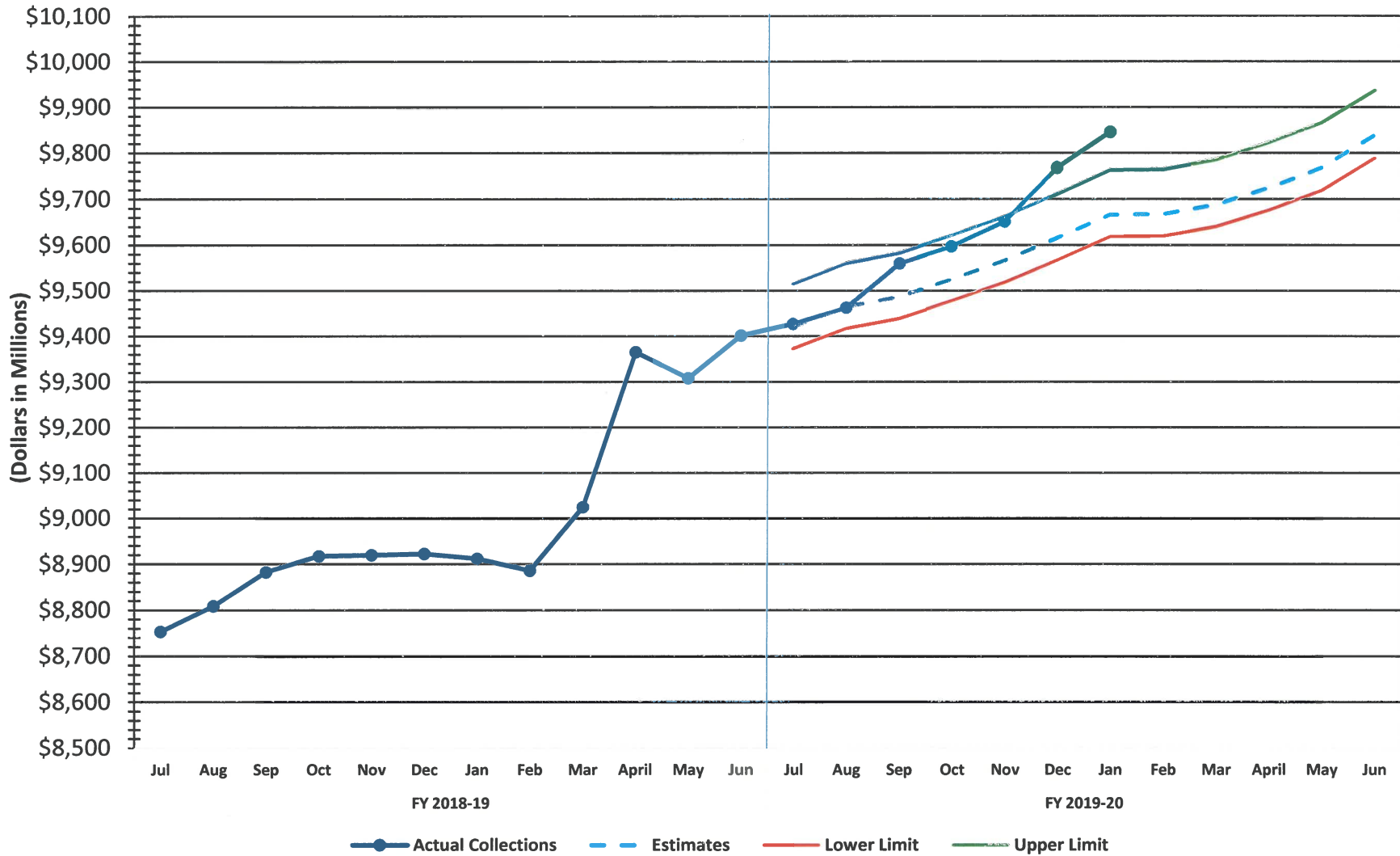
# Recommendations on Forecast

## Current Status and Forecast

- Revenues are \$178.2 million above expectations, 3.1% above forecast (2.1% above upper limit). Single events and timing of receipts appear to overstate this excess.

## ROLLING FISCAL YEAR - TOTAL GENERAL FUND REVENUE

Actuals, Estimates, and Limits - FY 2018-19 to FY 2019-20



Source: Revenue and Fiscal Affairs Office/FAR/2-6-20

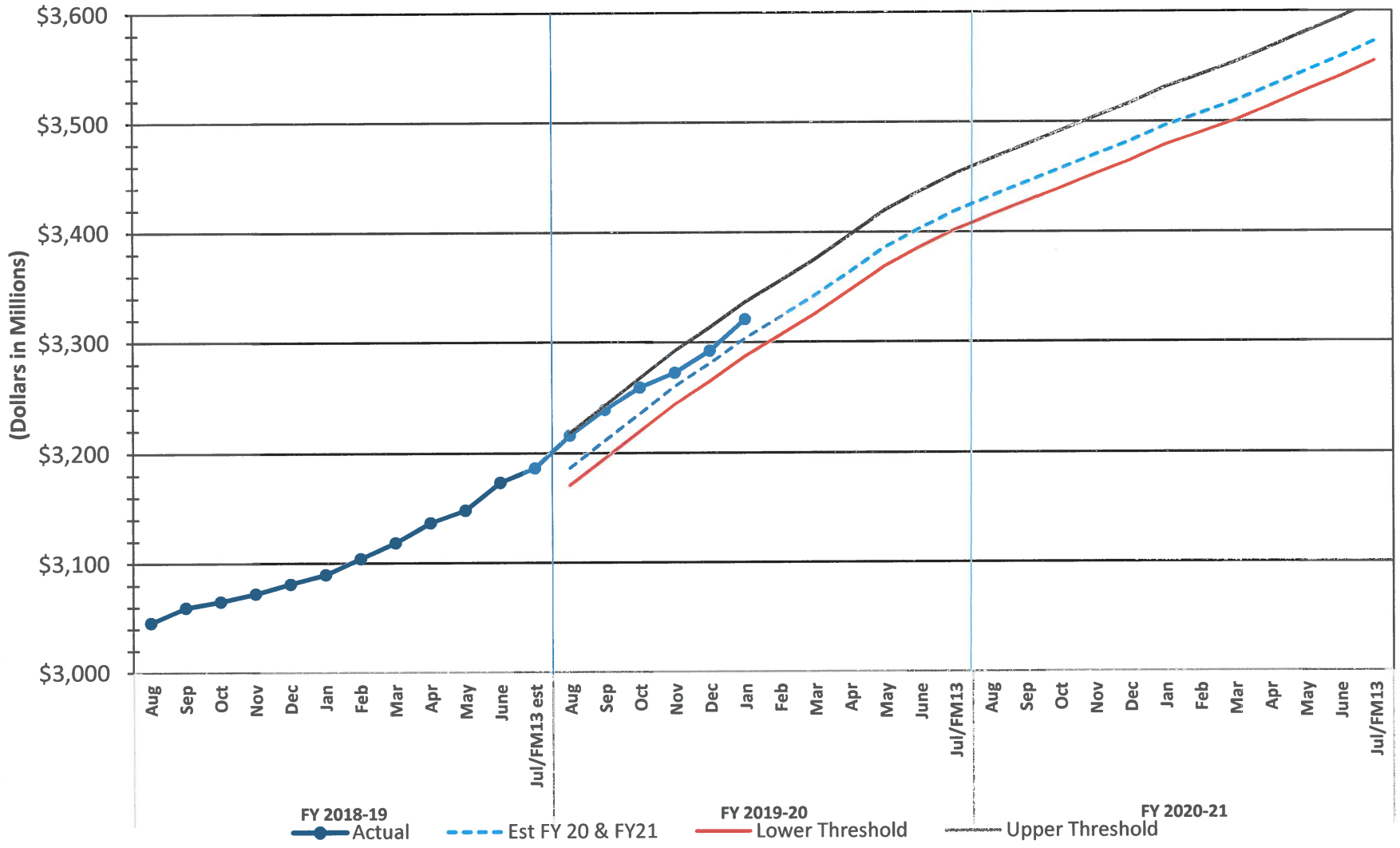


# Recommendations February 2020

Revenue Category	Monitor FYTD Status	Analysis	FY 20 Adjust	FY 21 Adjust
Sales	\$19.4m excess	Revenues are within 1.0%; small timing issues	<i>No Change</i>	<i>No Change</i>
Ind Withholding	\$42.4m	Expect dip in March when revenues are compared against Lottery Jackpot; (affects excess by \$42.4m)	<i>No Change</i>	<i>No Change</i>

## ROLLING FISCAL YEAR - SALES & USE TAX

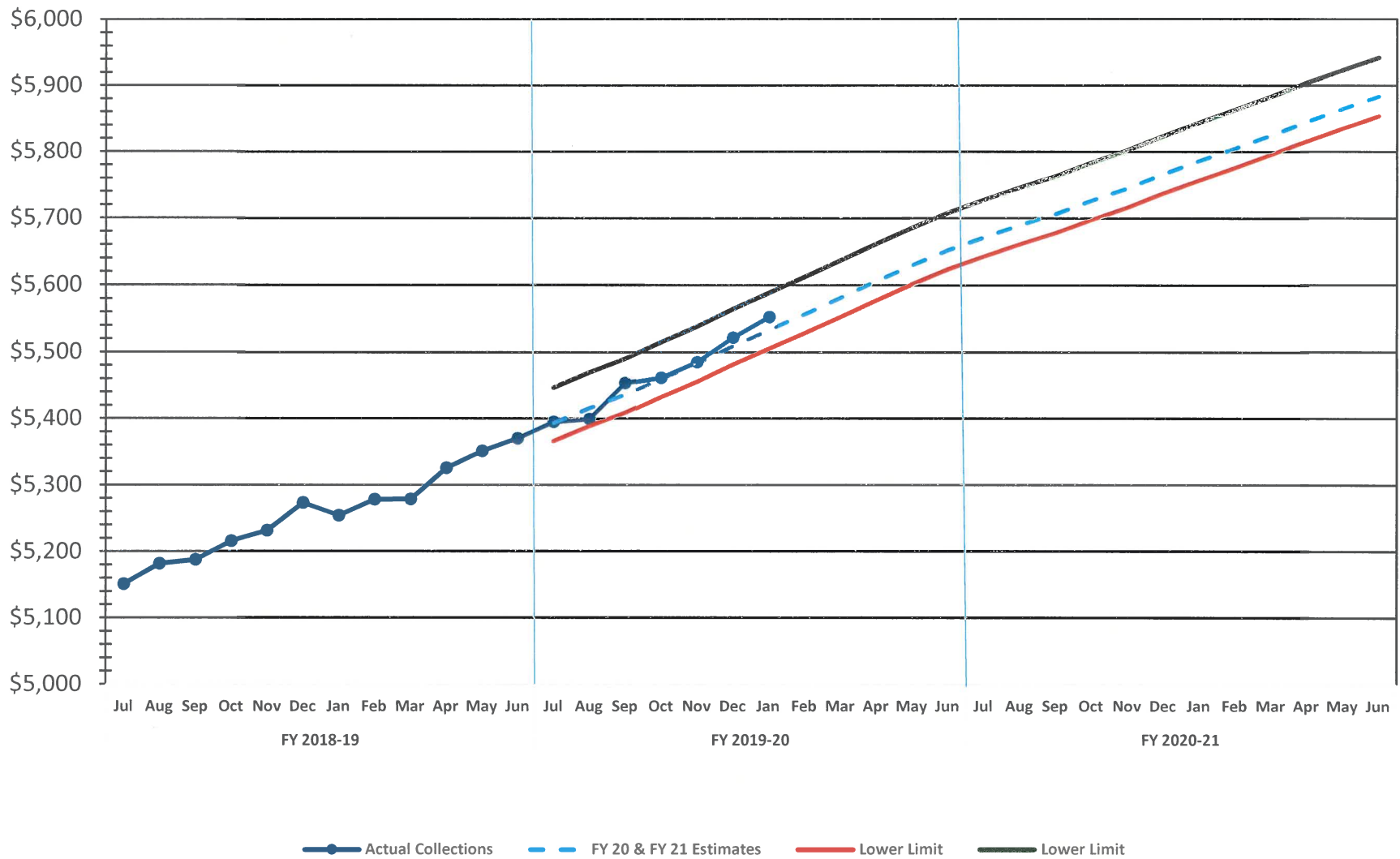
### Actuals, Estimates, and Thresholds - FY 2018-19 to FY 2020-21



Source: Revenue and Fiscal Affairs/FAR/2-6-20

## ROLLING FISCAL YEAR - INDIVIDUAL INCOME WITHHOLDINGS TAX

### Actuals, Estimates, and Limits - FY 2018-19 to FY 2020-21 (Adjusting for Lottery Jackpot)



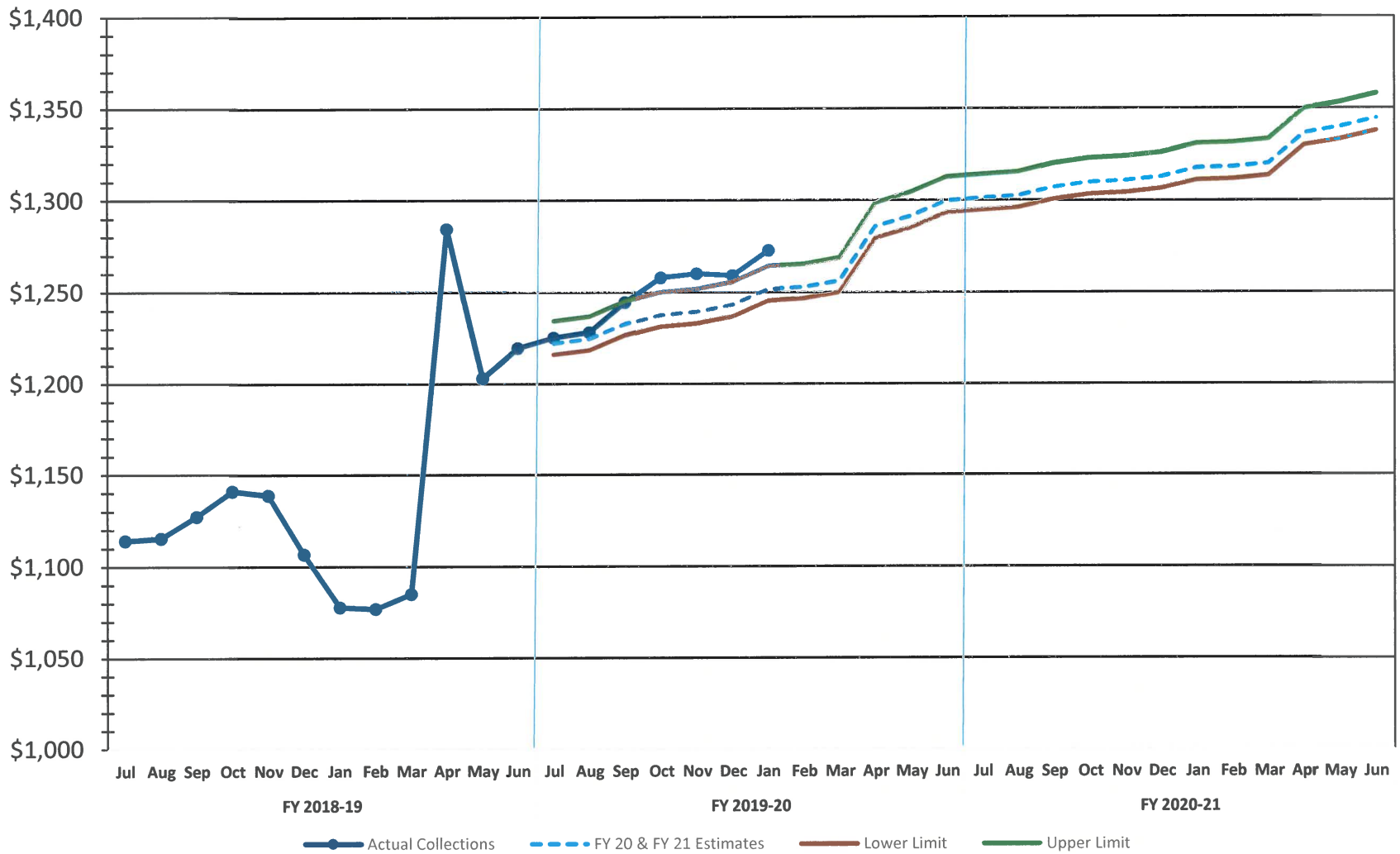
Source: Revenue and Fiscal Affairs Office/FAR/2-6-20

# Recommendations February 2020

Revenue Category	Monitor FYTD Status	Analysis	FY 20 Adjust	FY 21 Adjust
Ind Non-Withholding	\$83.5m excess	<p>~\$61.4m of excess due to deposit of Lottery Jackpot funds to pay for tax rebate</p> <p>~Increase FY 20 est by \$20m to match total growth in FY 19 and FY 18 with corresponding adjustment to FY 21</p>	Increase \$20m	Increase \$20m
Ind Refunds	\$49.2m excess	\$61.4m of excess due to processing tax rebates; slower start to 2019 tax filing	<i>No Change</i>	<i>No Change</i>

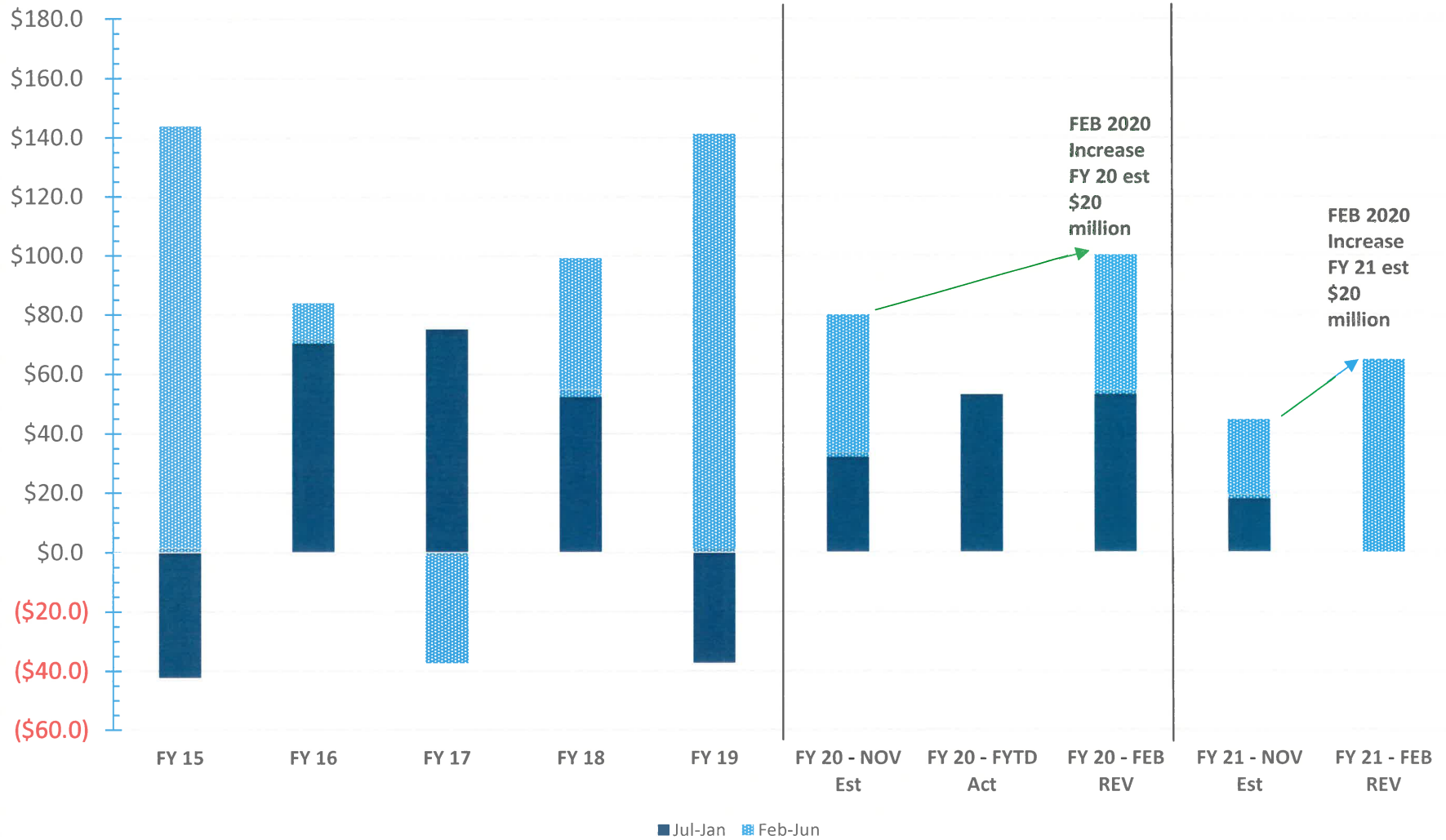
## ROLLING FISCAL YEAR - INDIVIDUAL INCOME NONWITHHOLDING TAXES

Actuals, Estimates, and Limits - FY 2018-19 to FY 2020-21 (Excluding Rebate Deposit)



Source: Revenue and Fiscal Affairs/FAR/2-6-20

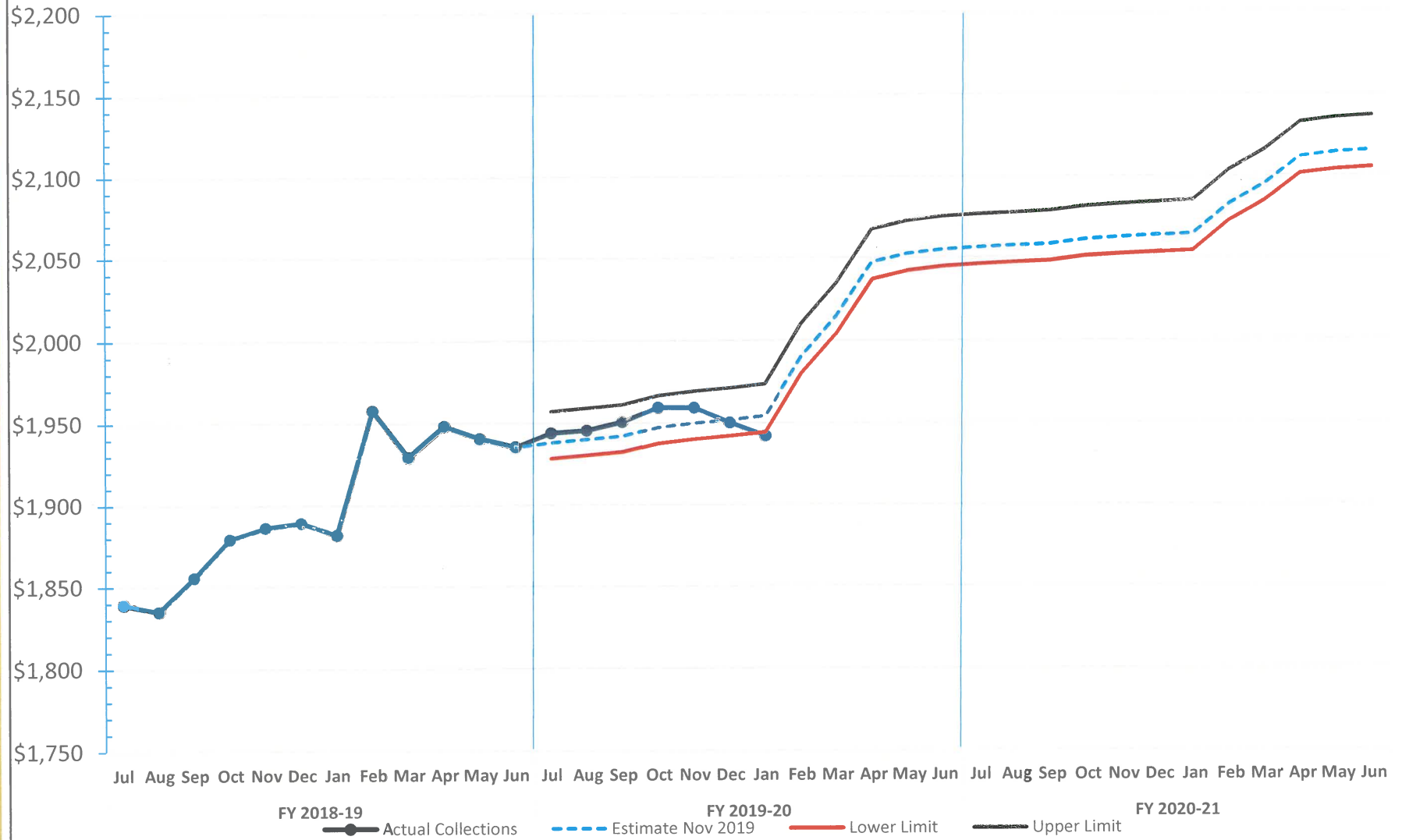
## INDIVIDUAL INCOME - NONWITHOLDINGS TAX GROWTH COMPARISONS



Source: Revenue and Fiscal Affairs/FAR/2-6-20

## ROLLING FISCAL YEAR - INDIVIDUAL INCOME TAX REFUNDS

### Actuals, Estimates, and Thresholds - FY 2018-19 to FY 2020-21 (Excluding Rebate Checks)



Source: Revenue and Fiscal Affairs/FAR/2-6-20

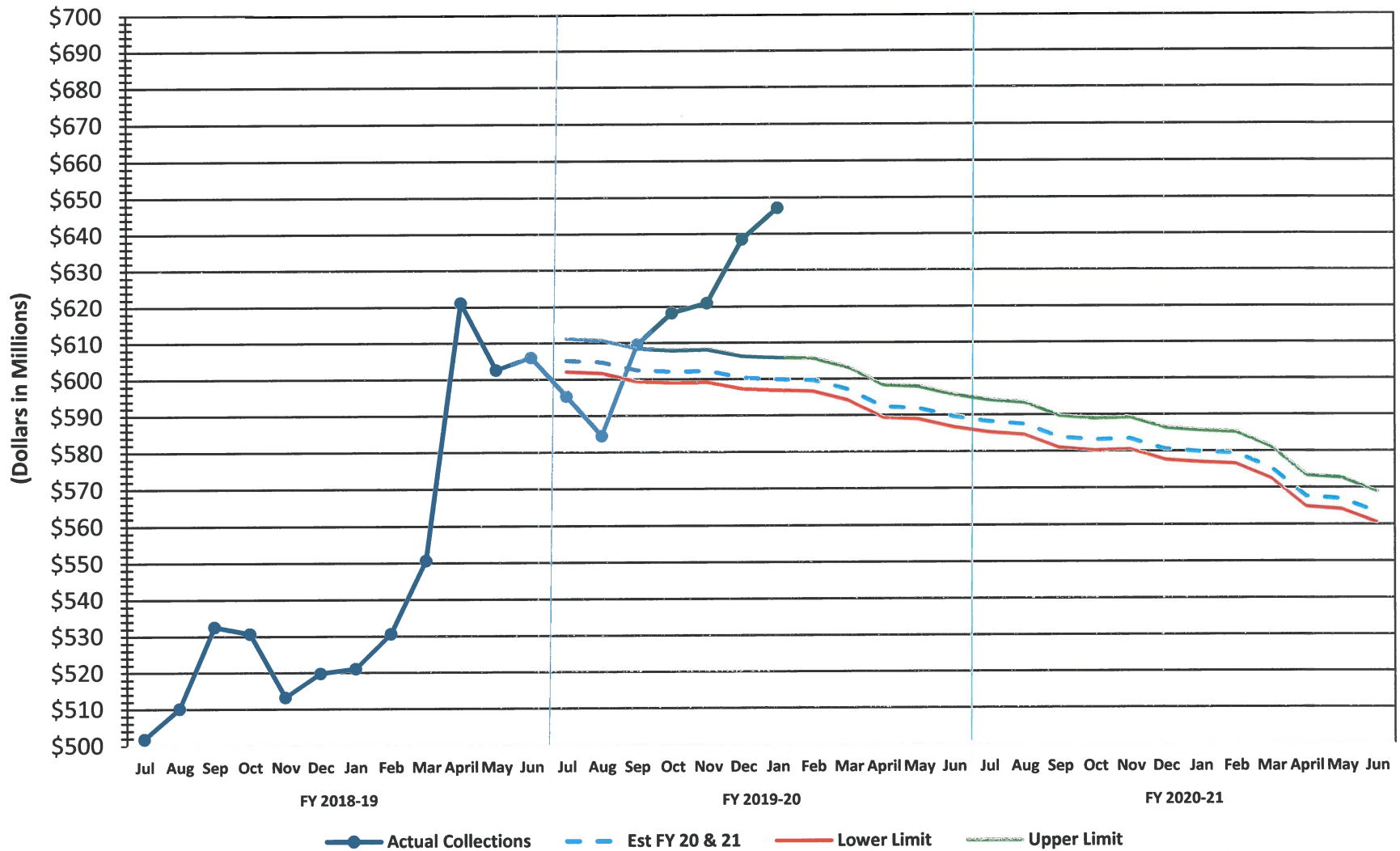
# Recommendations February 2020

Revenue Category	Monitor FYTD Status	Analysis	FY 20 Adjust	FY 21 Adjust
Corp Inc & License	\$41.7m excess	<p>~Estimate anticipates a decline; actual results show growth</p> <p>~Adjust Corp Inc to show no growth in FY 20; no adjustment to FY 21 means the expected decrease changes from \$30m to \$50m</p>	\$20m	<i>No Change</i>



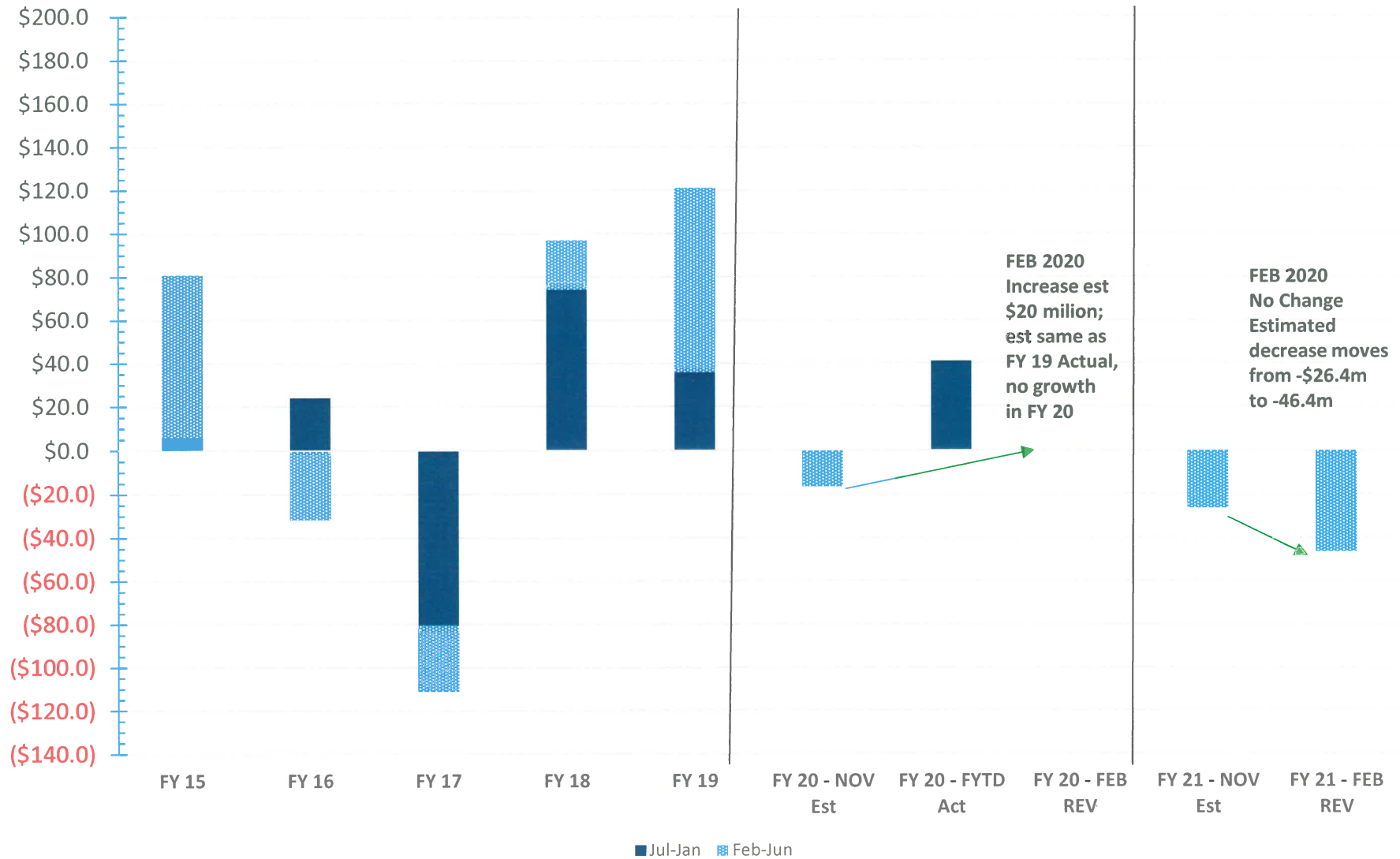
# ROLLING FISCAL YEAR - CORPORATE INCOME & LICENSE TAXES

Actuals, Estimates, and Limits - FY 2018-19 to FY 2020-21



Source: Revenue and Fiscal Affairs/FAR/2-6-20

## CORPORATE INCOME & LICENSE TAX GROWTH COMPARISONS



Source: Revenue and Fiscal Affairs/FAR/2-6-20

# Recommendations February 2020

Revenue Category	Monitor FYTD Status	Analysis	FY 20 Adjust	FY 21 Adjust
Bank	\$10.1m excess	Audits, better than estimated growth	\$10m	\$5m
Earnings	\$21.3m excess	Updated estimate from State Treasurer's Office	\$10m	<i>No Change</i>
<b>Total Adjustments</b>			<b>\$60m</b>	<b>\$25m</b>

# SUMMARY

- Recommend increasing FY 20 estimate by \$60 million and FY 21 estimate by \$25 million.
- Adopt spreadsheet with detailed revenue estimate.
- As a result of these changes, the FY 20 growth rate is 5.3 percent and the FY 21 growth rate is 3.6 percent.
- No change to Lottery estimate.



**Personal Income Growth**  
 FY20 - 5.25%; FY21 - 4.50%

**General Fund Revenue Forecast**  
 Fiscal Years 2017-18 to 2020-21  
 (Dollars)

Revenue Category	Final FY 2017-18	Final FY 2018-19	2/13/2020 Estimate FY 2019-20	2/13/2020 Estimate FY 2020-21	Percent Change FY 2017-18	Percent Change FY 2018-19	Percent Change FY 2019-20	Percent Change FY 2020-21
Sales and Use Tax	\$3,034,415,169	\$3,186,425,454	\$3,418,401,000	\$3,572,229,000	4.8	5.0	7.3	4.5
Individual Income Tax	4,398,423,661	4,714,998,174	4,941,301,000	5,156,732,000	7.1	7.2	4.8	4.4
Corporation Income Tax	375,189,587	494,214,442	494,214,000	444,214,000	17.1	31.7	(0.0)	(10.1)
Insurance Taxes	227,931,949	256,207,957	246,832,000	288,995,000	(4.1)	12.4	(3.7)	17.1
Admissions Tax	30,746,293	32,571,884	33,451,000	34,354,000	1.0	5.9	2.7	2.7
Aircraft Tax	2,500,000	2,500,000	2,500,000	2,500,000	0.0	0.0	0.0	0.0
Alcoholic Liquor Tax	79,285,307	83,877,459	87,820,000	91,948,000	3.3	5.8	4.7	4.7
Bank Tax	47,909,447	68,798,957	85,197,000	87,190,000	(10.2)	43.6	23.8	2.3
Beer and Wine Tax	107,727,311	110,391,069	112,047,000	113,728,000	(1.7)	2.5	1.5	1.5
Bingo Tax	358,256	111,602	112,000	113,000	(47.2)	(68.8)	0.4	0.9
Business Filing Fees	7,038,361	7,424,879	7,830,000	8,200,000	12.1	5.5	5.5	4.7
Circuit/Family Court Fines	7,351,527	6,745,763	6,476,000	6,217,000	(6.8)	(8.2)	(4.0)	(4.0)
Corporation License Tax	110,199,187	112,007,772	115,480,000	119,060,000	61.6	1.6	3.1	3.1
Documentary Tax	75,624,914	80,425,985	85,573,000	91,050,000	46.3	6.3	6.4	6.4
Earned on Investments	40,110,261	87,487,280	100,000,000	75,000,000	30.2	118.1	14.3	(25.0)
Indirect Cost Recoveries	16,755,476	15,938,594	15,500,000	15,500,000	14.0	(4.9)	(2.8)	0.0
Motor Vehicle Licenses	11,030,604	12,079,044	12,478,000	12,890,000	(0.2)	9.5	3.3	3.3
Nursing Home Fees	3,572,661	3,547,314	3,600,000	3,600,000	0.2	(0.7)	1.5	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	5,960,493	6,215,080	6,495,000	6,787,000	8.4	4.3	4.5	4.5
Public Service Authority	17,397,000	17,496,000	17,600,000	17,700,000	(2.0)	0.6	0.6	0.6
Purchasing Card Rebates	3,034,527	3,171,665	3,330,000	3,497,000	4.4	4.5	5.0	5.0
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	949,371	1,254,252	1,141,000	1,038,000	(49.5)	32.1	(9.0)	(9.0)
Security Dealer Fees	26,385,770	27,178,783	27,700,000	28,100,000	2.9	3.0	1.9	1.4
Surcharge on Vehicle Rentals	946,113	(295,401)	175,000	175,000	(63.3)	(131.2)	159.2	0.0
Tobacco Tax	27,209,363	28,372,637	28,068,000	28,657,000	3.1	4.3	(1.1)	2.1
Uncashed Checks	2,927,135	1,027,801	1,000,000	1,000,000	(17.1)	(64.9)	(2.7)	0.0
Unclaimed Property Fund	15,000,000	12,600,000	15,000,000	15,000,000	0.0	(16.0)	19.0	0.0
Workers' Comp. Insurance Tax	9,836,976	9,382,100	9,101,000	8,828,000	9.2	(4.6)	(3.0)	(3.0)
Other Source Revenues	12,346,921	12,116,456	11,899,000	11,931,000	12.2	(1.9)	(1.8)	0.3
<b>Gross General Fund Revenue</b>	<b>\$8,706,017,446</b>	<b>\$9,402,126,809</b>	<b>\$9,898,175,000</b>	<b>\$10,254,087,000</b>	<b>6.7</b>	<b>8.0</b>	<b>5.3</b>	<b>3.6</b>

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/02/13/20



**Personal Income Growth**  
**FY20 - 5.25%; FY21 - 4.50%**

**General Fund Revenue Forecast**  
**Fiscal Years 2017-18 to 2020-21**  
 (Dollars)

Revenue Category	Final FY 2017-18	Final FY 2018-19	2/13/2020 Estimate FY 2019-20	2/13/2020 Estimate FY 2020-21	Percent Change FY 2017-18	Percent Change FY 2018-19	Percent Change FY 2019-20	Percent Change FY 2020-21
<b>Gross General Fund Revenue</b>	<b>\$8,706,017,448</b>	<b>\$9,402,126,809</b>	<b>\$9,898,175,000</b>	<b>\$10,254,087,000</b>	6.7	8.0	5.3	3.6
Appropriation Act Revenue	8,534,363,000	8,836,042,000	9,330,662,000	10,229,087,000	4.6	3.5	5.6	9.6
Less: Tax Relief Trust Fund	(582,033,401)	(599,876,083)	(614,209,000)	(629,405,000)	(1.2)	(3.1)	(2.4)	(2.5)
Plus: Tax Relief Trust Fund Carryforward	0	0	0	0				
Appropriation Act Excluding Trust Fund	7,952,329,599	8,236,165,917	8,716,453,000	9,599,682,000	4.9	3.6	5.8	10.1
Capital Reserve Fund (2%) - Beg. Bal.	145,420,836	151,649,393	162,485,305	176,095,044	4.5	4.3	7.1	8.4
General Reserve Fund (5%) - Beg. Bal.	363,552,089	379,123,483	406,213,261	440,237,611	4.5	4.3	7.1	8.4
Total Reserve Funds	508,972,925	530,772,876	568,698,566	616,332,655	4.5	4.3	7.1	8.4
Revenue Excess/Shortage From Act	171,654,446	566,084,809	567,513,000	0				
Education Improvement Act (EIA)	792,172,686	840,103,875	892,482,200	930,273,000	3.7	6.1	6.2	4.2
EIA Fund	790,719,514	837,529,968	890,482,200	928,773,000	3.7	5.9	6.3	4.3
EIA Interest	1,453,172	2,573,907	2,000,000	1,500,000	(2.6)	77.1	(22.3)	(25.0)
S.C. Education Lottery Fund (Net)	436,528,584	490,656,044	470,300,000	469,800,000	8.6	12.4	(4.1)	(0.1)
Homestead Exemption Fund								
Total Revenue Available	717,410,352	756,112,890	806,281,000	840,237,000	4.7	5.4	6.6	4.2
Less: Homestead Exemption Fund Shortfall	(32,557,000)	(17,322,000)	7,525,000	11,350,000	32.2	46.8	143.4	50.8

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/02/13/20

# BUDGET STATUS UPDATE

February 13, 2020



South Carolina Revenue and Fiscal Affairs Office

# FY 2020-21 General Fund Outlook

(Dollars in Millions)

<b>BEA Revenue Estimate (2/13/2020)</b>	<b>\$10,254</b>
- Tax Relief Trust Fund	(\$629)
- FY 19-20 Appropriation Act	<u>(\$8,737)</u>
<b>Estimated "New" General Fund Revenue</b>	<b>\$888</b>
<b>Reserve Fund Contributions</b>	
- Incremental General Reserve Fund (5%)	(\$34)
- Incremental Capital Reserve Fund (2%)	(\$14)
<b>Estimated "New" General Fund Revenue Available for Appropriation (less Reserve Fund Contributions)</b>	<b>\$840</b>





# FY 2020-21 Budget Outlook

(Numbers in Millions)

FY 2019-20 Capital Reserve Fund	\$162
FY 2018-19 Contingency Reserve Fund	\$350
Projected FY 2019-20 General Fund Surplus (2/13/2020)	<u>\$567</u>
<b>Total Non-Recurring Revenue</b>	<b>\$1,079</b>
FY 2019-20 HEX Fund Surplus/(Shortfall)	\$8
FY 2020-21 HEX Fund Surplus/(Shortfall)	\$11
FY 2019-20 EIA Surplus/(Shortfall)	\$31
FY 2020-21 "New" EIA Revenue	\$69
FY 2019-20 Lottery Revenue	\$470
FY 2020-21 Lottery Revenue	\$470

# OTHER BUSINESS



# REPORTS FROM WORKING GROUP

*February 13, 2020*



*South Carolina Revenue and Fiscal Affairs Office*

# FUTURE MEETING SCHEDULE

- A. March 19, 2020, 1:30 – **If necessary, GoToMeeting** for Members
- B. April 9, 2020, 1:30 - Quarterly Review; Final Forecast (April 10)
- C. May 14, 2020, 1:30 – **If necessary, GoToMeeting** for Members
- D. June 11, 2020, 1:30 – Economic and Revenue Update
- E. July 23, 2020, 1:30 - **If necessary, GoToMeeting** for Members
- F. 2020 Calendar at <http://rfa.sc.gov/meetings?y=2020>





**THE HONORABLE CURTIS M. LOFTIS, JR.**

State Treasurer

January 29, 2020

Mr. Frank A. Rainwater  
Executive Director  
Revenue & Fiscal Affairs Authority  
1000 Assembly Street  
Suite 421 Dennis Building  
Columbia, SC 29201

Dear Mr. Rainwater:

Pursuant to your request, we have reviewed our revenue estimates for the current and upcoming fiscal year. Please find our estimates disclosed below for Earnings on Investments and Unclaimed Property. We have removed the estimate for Unclaimed Checks (§11-5-260) as we anticipate receiving less than \$1 million.

	<u>Estimate</u> <u>FY 2019-2020</u>	<u>Estimate</u> <u>FY 2020-2021</u>
<b>Earnings on Investments</b>		
General Fund	\$100,000,000	\$75,000,000
EIA Interest Earnings	\$2,000,000	\$1,500,000
Lottery Fund Interest Earnings	\$3,000,000	\$2,500,000
Homestead Exemption Fund	\$2,000,000	\$1,800,000
 <b>Unclaimed Property Fund Transfers</b>		
Recurring	\$15,000,000	\$15,000,000

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: Edward Grimball, Chairman, RFA  
Howell Clyborne, Jr., RFA  
Emerson F. Gower, Jr., RFA  
Mike Shealy, Senate Finance Committee  
Daniel Boan, House Ways & Means Committee