



EDWARD B. GRIMBALL, Chairman
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SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

FRANK A. RAINWATER
Executive Director

BOARD OF ECONOMIC ADVISORS AND WORKING GROUP MEETING AGENDA May 8, 2020, 9:30 A.M.

Via Teleconference - GoToMeeting

Dial in using your phone.

United States: [+1 \(224\) 501-3412](tel:+12245013412)

Access Code: 187-237-421

- I. Welcome
- II. Adoption of Meeting Minutes for February 13, 2020 and April 9, 2020
- III. Review of April 2020 Revenues (F. Rainwater)
- IV. Consideration of Revenue Estimates (F. Rainwater, R. Martin)
- V. Future Meeting Schedule
 - A. June 11, 2020, 1:30pm - Economic and Revenue Update
 - B. July 23, 2020, 1:30pm - **If necessary**, *GoToMeeting* for Members
 - C. August 27, 2020, 1:30pm
 - D. September 17, 2020, 1:30pm
 - E. 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) 734-3793,
or visit the RFA webpage at www.rfa.sc.gov



South Carolina Revenue and Fiscal Affairs Office

GENERAL FUND REVENUES - APRIL 2020

General Fund revenues for April 2020 declined \$400.1 million or 42.9 percent from April 2019.

The decline is more than anticipated and appears attributable to a significant number of tax filers taking advantage of the extended filing date.



Board of Economic Advisors General Fund Revenue Monitor

Revenues vs. 2/13/20 BEA Revenue Estimate of \$9,898.2 Million in FY 2019-20 1/

	JULY - APRIL FY 2019-20			Revenue Growth Rates (%)	
	(\$ in Millions)			Estimate Full Fiscal Yr.	Actual Yr. to Date
	Actual Revenues	Expected Revenues	Excess / (Shortfall)		
Total General Fund Revenue	7,294.5	7,623.2	(328.7)	5.3	0.6
Sales Tax	2,399.0	2,484.9	(85.9)	7.3	3.6
Individual Income Tax	3,765.8	3,924.5	(158.8)	4.8	0.5
Corporate Income Tax	275.9	397.0	(121.1)	(0.0)	(30.6)
Other Revenue Sources	853.9	816.8	37.1	3.8	8.2
Select Tax Revenues, Sub-Total	730.5	702.9	27.6	4.0	7.7
Admissions Tax - Total	18.3	19.4	(1.1)	2.7	(3.3)
Alcoholic Liquors Tax	54.2	62.8	(8.7)	4.7	(9.7)
Bank Tax	67.0	71.8	(4.8)	23.8	15.5
Beer and Wine Tax	80.1	81.6	(1.5)	1.5	(0.4)
Corporation License Tax	126.1	112.1	14.1	3.1	16.0
Documentary Tax	63.2	61.2	2.0	6.4	9.8
Earnings on Investments	114.6	81.0	33.6	14.3	61.8
Insurance Tax	186.9	191.6	(4.7)	(3.7)	(7.8)
Tobacco Tax	20.2	20.8	(0.6)	(1.1)	(4.2)
Residual Revenue, Sub-Total 2/	123.3	113.9	9.5	2.4	10.9

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.



General Fund Revenue (Accrual Basis Comparison) 2/
(\$ in Millions)

Month	Actual					1/ Guide	Excess Revenue +/- Est.	Cumulative Revenue +/- Est.	Percent Changes Actual FY 18-19 to Actual FY 19-20	
	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 19-20			Monthly	Cumulative
July	398.6	395.0	428.9	475.9	502.4	497.9	4.6	4.6	5.6	5.6
August	631.2	670.9	689.1	744.8	780.3	791.5	(11.2)	(6.6)	4.8	5.1
September	819.2	907.9	893.5	967.7	1,064.5	998.0	66.5	59.8	10.0	7.3
October	671.3	711.1	740.7	775.4	812.6	814.6	(2.0)	57.9	4.8	6.6
November	590.2	630.2	712.1	714.5	768.5	756.5	12.0	69.9	7.6	6.8
December	824.3	871.0	933.2	936.2	1,053.5	990.9	62.7	132.5	12.5	8.0
January	861.7	843.3	937.1	926.4	1,002.7	981.1	21.7	154.2	8.2	8.0
February	356.5	233.8	183.5	157.1	196.7	159.5	37.2	191.3	25.2	8.5
March	297.7	357.4	480.1	619.6	580.3	644.3	(64.0)	127.3	(6.3)	7.0
April	575.4	617.8	592.7	933.1	533.0	989.0	(456.0)	(328.7)	(42.9)	0.6
May	641.2	694.5	858.1	800.5		846.9				
June	878.6	922.9	939.1	1,013.2		1,067.3				
<u>Mth13 Close</u>	<u>293.4</u>	<u>301.7</u>	<u>317.8</u>	<u>337.7</u>		<u>360.7</u>				
Fiscal Year	7,839.3	8,157.6	8,706.0	9,402.1	7,294.5	9,898.2				

1/ Growth rate needed to meet the BEA estimate = 5.3%

2/ Accounting basis for Sales taxes changed from cash to modified accrual in FY 1990-91.

The Business License (tobacco), Alcoholic Liquor, Beer and Wine, Electric Power, Soft Drinks (eliminated after FY'01), and gasoline/ motor fuel user fees changed to modified accrual in FY 1992-93 (Section 11-9-85 of S. C. Code of Laws).

The Documentary Stamp Tax changed to modified accrual in FY 2001-02 (Part 1B, Proviso 24.12, Act 66 of 2001).

N.A.: Not available.

GENERAL FUND REVENUES - APRIL 2020

Sales tax declined \$72.0 million or 25.8 percent.

- Represents taxable sales in March 2020
- Approximately 19,200 fewer returns were filed; payments processed were down 23 percent
- Collections from new “internet sales” increased
- Sales tax estimate for FY 20 was reduced by \$101.4 million in April; anticipate some recovery of March and April decline when the extension of the filing deadline approaches and as stimulus programs take effect

GENERAL FUND REVENUES - APRIL 2020

Individual Income tax declined \$158.2 million or 39.9 percent.

- Withholding was down \$26.0 million or 5.5 percent
- Non-withholding and Refunds were down as 311,000 fewer income tax returns were processed through April and 113,000 or 58 percent fewer payments were processed
- Income tax and Declarations payments are extended to July 15th
- FY 20 Estimate was reduced in April by \$359.4 million; expect better net results after filing extension deadline and re-opening of economy

GENERAL FUND REVENUES - APRIL 2020

Corporate Income tax declined \$150.1 million or 84.1 percent.

- Approximately 7,500 or 30 percent fewer returns were processed in April
- Filing dates are extended until July 15th
- Estimate was reduced in April by \$25.4 million; expect improvement when filing extensions are received

GENERAL FUND REVENUES - APRIL 2020

Admission tax declined \$2.4 million or 60.1 percent.

- Approximately 380 or 39 percent fewer payments were processed

Alcoholic Liquors tax declined \$7.2 million or 92.7 percent.

- Approximately 2,000 or 52 percent fewer returns were processed

Bank tax declined \$21.1 million due to a timing difference as March revenues received earlier deposits and April 2019 revenues included an audit payment.

FORECAST FOR FY 2019-20

April 2020 Estimates

- Eliminated revenue excess through March of \$127.1 million
- Reduced forecast by \$507 million

May 2020 Estimates

- No FY 2019-20 adjustments at this time
- No clear distinction between the economic and filing extension impacts
- Impact of Federal Stimulus is unclear

FORECAST FOR FY 2020-21

April 2020 Estimates

- Reduced forecast by \$643.5 million

Update on Assumptions

- Economic restrictions for health safety are being eased sooner than expected
- Some major manufacturers are restarting sooner than expected
- Restaurants and hotels may be restarting sooner than expected
- However, recent GDP data suggest the loss of corporate profits may be greater than previously estimated

FORECAST FOR FY 2020-21

May 2020 Forecast - Adjustments

- No change to the general underlying economic assumptions
- Recent GDP data show larger losses in corporate profits than previously estimated
- Adjust the forecast for selected categories
 - Reduce Corporate Income by \$46.4 million
 - Reduce Corporate License by \$11.9 million
- Adopt revised forecast sheet

Note: Revised forecast affects S.C. Code of Laws §2-1-180(b) – allows extension of Sine Die Adjournment

OTHER MATTERS FOR CONSIDERATION

FUTURE MEETING SCHEDULE

- A. June 11, 2020, 1:30 – Economic and Revenue Update
- B. July 23, 2020, 1:30 - **If necessary**, *GoToMeeting* for Members
- C. August 27, 2020, 1:30 - **If necessary**, *GoToMeeting* for Members
- D. September 17, 2020, 1:30 – Fiscal Year-End Report, Update on New Fiscal Year
- E. 2020 Calendar at <http://rfa.sc.gov/meetings?y=2020>

* Adjustments to the schedule may be needed to accommodate the Sine Die and Continuing Resolution provisions regarding the budget process.