



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 June 11, 2020, 1:30 P.M.

Via Teleconference - GoToMeeting

- I. Welcome
- II. Adoption of Meeting Minutes for May 8, 2020
- III. Review of May 2020 Revenues, Forecast, Economic Activity (F. Rainwater, R. Martin)
- IV. Other Matters for Consideration
- 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
- VI. Future Meeting Schedule
 - A. July 23, 2020, 1:30pm
 - B. August 24, 2020, 1:00pm (FY 2019-20 Final Results) - Location TBD
 - C. August 31, 2020, 1:00pm (FY 2020-21 Forecast Update)- Via Teleconference
 - D. September 17, 2020, 1:30pm
 - E. October 15, 2020, 10:30am (Quarterly Review and Annual Regional Advisory Meeting)
 - F. November 10, 2020, 1:30pm (Preliminary Forecast - due November 10th)
 - G. December 10, 2020, 1:30pm (If Necessary)
 - H. 2020 Calendar at <http://rfa.sc.gov/meetings>
- VII. 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

REVIEW OF MAY 2020

June 11, 2020

Update on Revenues and Assumptions

General Fund Revenues in May 2020 declined \$145.9 million or 18.2 percent compared to May 2019.

The monthly decline was due to both reduced economic activity resulting from COVID-19 health safety measures and delayed revenue with the extension of tax filings.

In April, the BEA reduced the February revenue forecast for FY 2019-20 by \$507.0 million. Through May, revenues are \$521.0 million below the February forecast and \$14.0 million below the revised forecast.

Update on Revenues and Assumptions

Part of the revenue shortfall through May will be offset by revenue from the extended filing deadlines.

- DOR reports that tax collections for the extended returns, as of June 5th, total approximately \$58 million.
- Estimates of the delayed income tax revenue for the July 15th extension are approximately \$250 million.

For the final month of June and the July accrual period:

- The re-opening of the economy is expected to improve upon the recent declines in tax revenues.

Expectations for FY 2019-20 Year End

For final revenues to meet the revised May forecast, revenues in the final month and accrual period need to total \$1,441.8 million, which represents growth of \$90.9 million or 6.7 percent.

- Delayed payments are anticipated to be approximately \$308 million.
- Revenue from current economic activity, therefore, needs to account for \$1,133.8 million, which represents a decline of 16.1 percent from last year.
- Corporate Income Tax is a major wildcard.
- As a reminder, the revised forecast is \$40.1 million above the budget.



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 - MAY 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	7,949.4	8,470.1	(520.8)	5.3	(1.3)
Sales Tax	2,637.0	2,788.5	(151.4)	7.3	1.5
Individual Income Tax	4,139.4	4,404.5	(265.0)	4.8	(1.6)
Corporate Income Tax	284.6	411.4	(126.8)	(0.0)	(30.9)
Other Revenue Sources	888.3	865.7	22.6	3.8	6.4
Select Tax Revenues, Sub-Total	756.3	750.4	5.9	4.0	4.7
Admissions Tax - Total	19.3	24.4	(5.1)	2.7	(18.9)
Alcoholic Liquors Tax	55.1	70.7	(15.6)	4.7	(18.4)
Bank Tax	65.1	72.7	(7.6)	23.8	10.9
Beer and Wine Tax	87.9	91.7	(3.9)	1.5	(2.8)
Corporation License Tax	128.0	113.5	14.5	3.1	16.2
Documentary Tax	68.7	68.6	0.2	6.4	6.7
Earnings on Investments	121.9	91.3	30.5	14.3	52.5
Insurance Tax	187.9	193.2	(5.3)	(3.7)	(7.8)
Tobacco Tax	22.2	23.3	(1.1)	(1.1)	(5.8)
Residual Revenue, Sub-Total 2/	132.0	115.4	16.7	2.4	17.1

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.

Expectations for Other Items

EIA revenues through May are \$35.3 million below the February estimate.

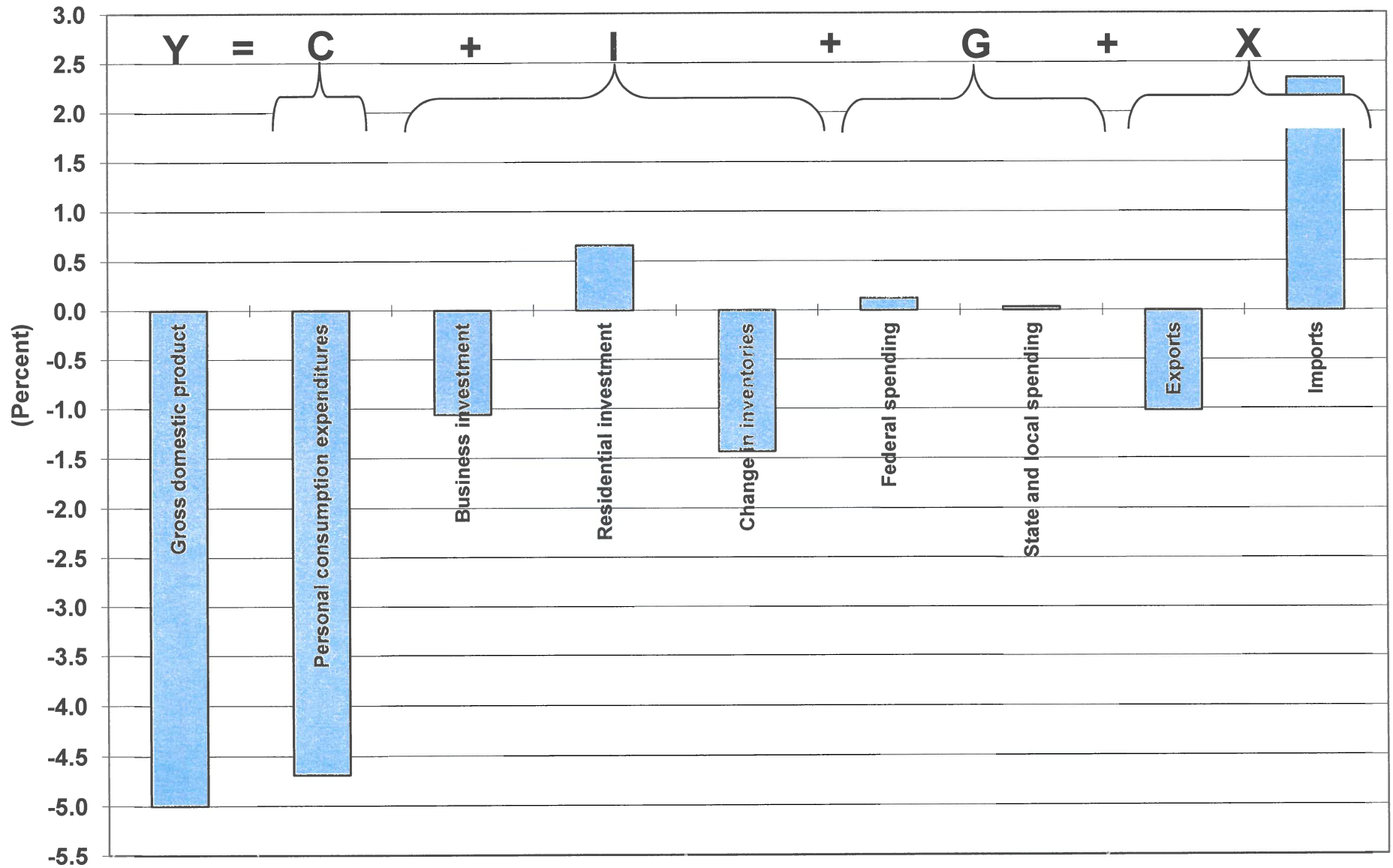
- The February estimate was \$31.3 million above the current year budget for EIA.
- EIA should also benefit from the receipt of delayed tax filings.

Lottery Revenues through April are \$10.1 million above expectations and likely to meet or exceed annual estimates.

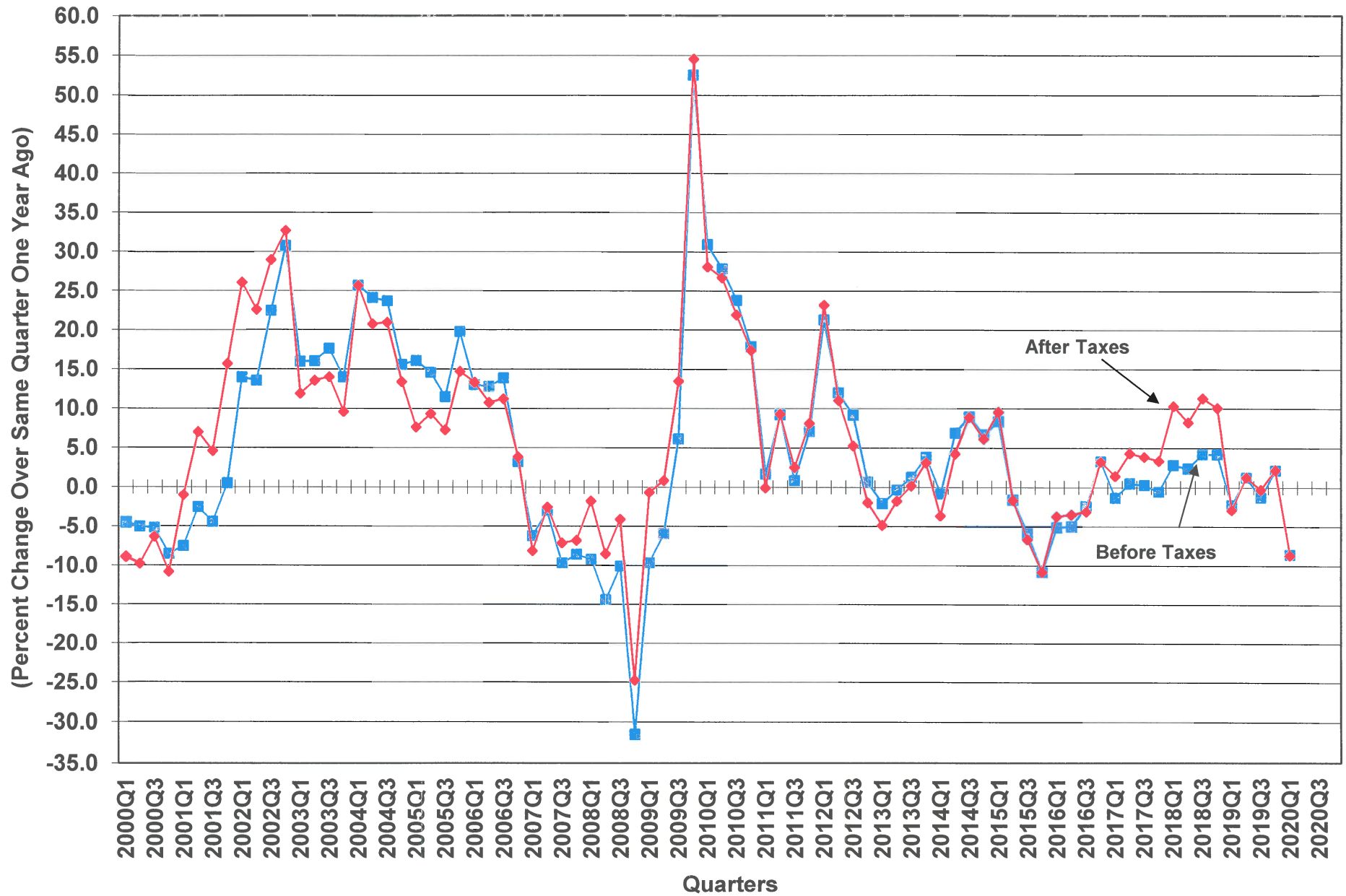
KEY ECONOMIC ACTIVITY

June 11, 2020

Contributions to Real Gross Domestic Product in the U.S. 2020, First Quarter, (Preliminary Estimate)

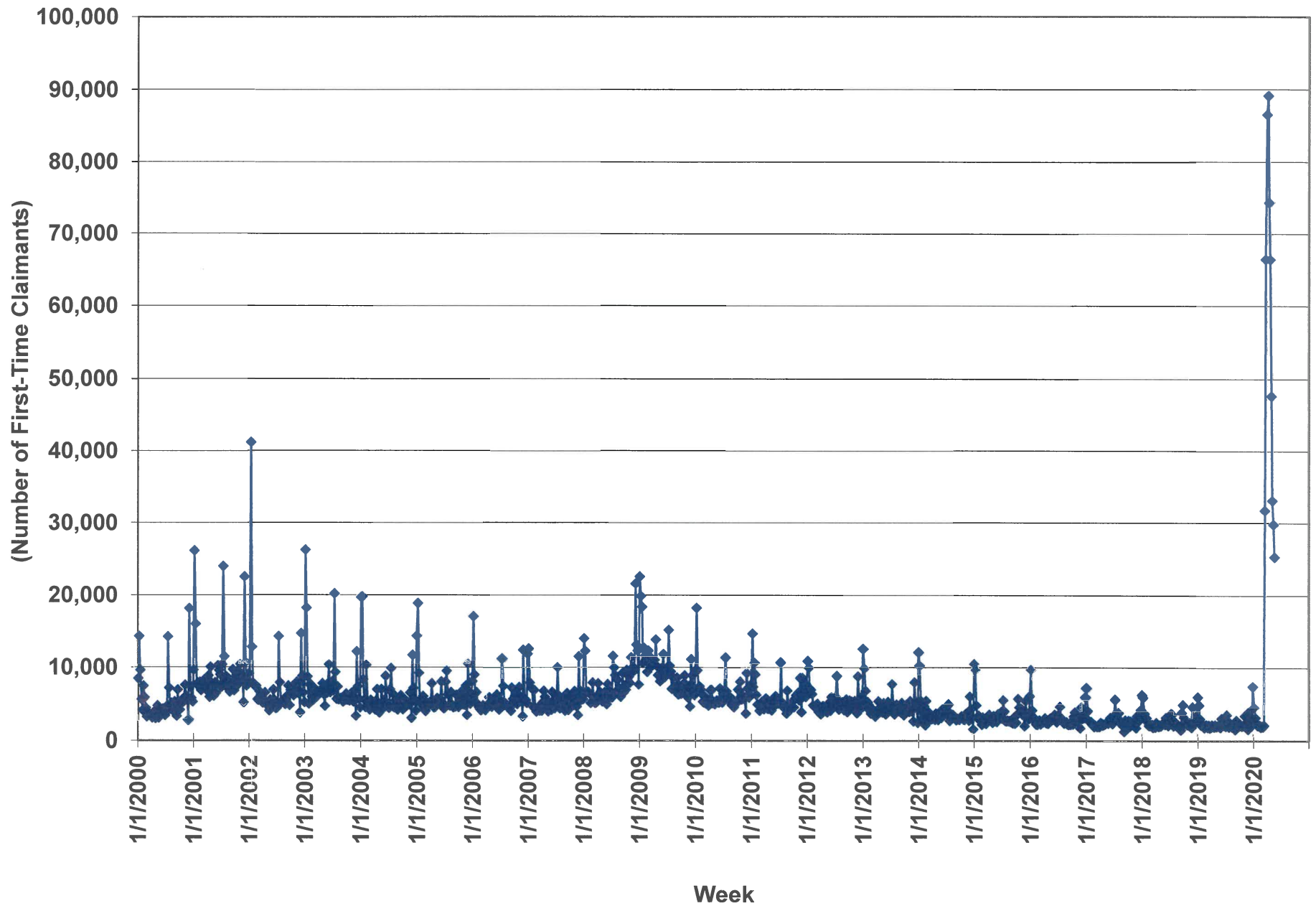


U.S. Corporate Profits Before and After Taxes

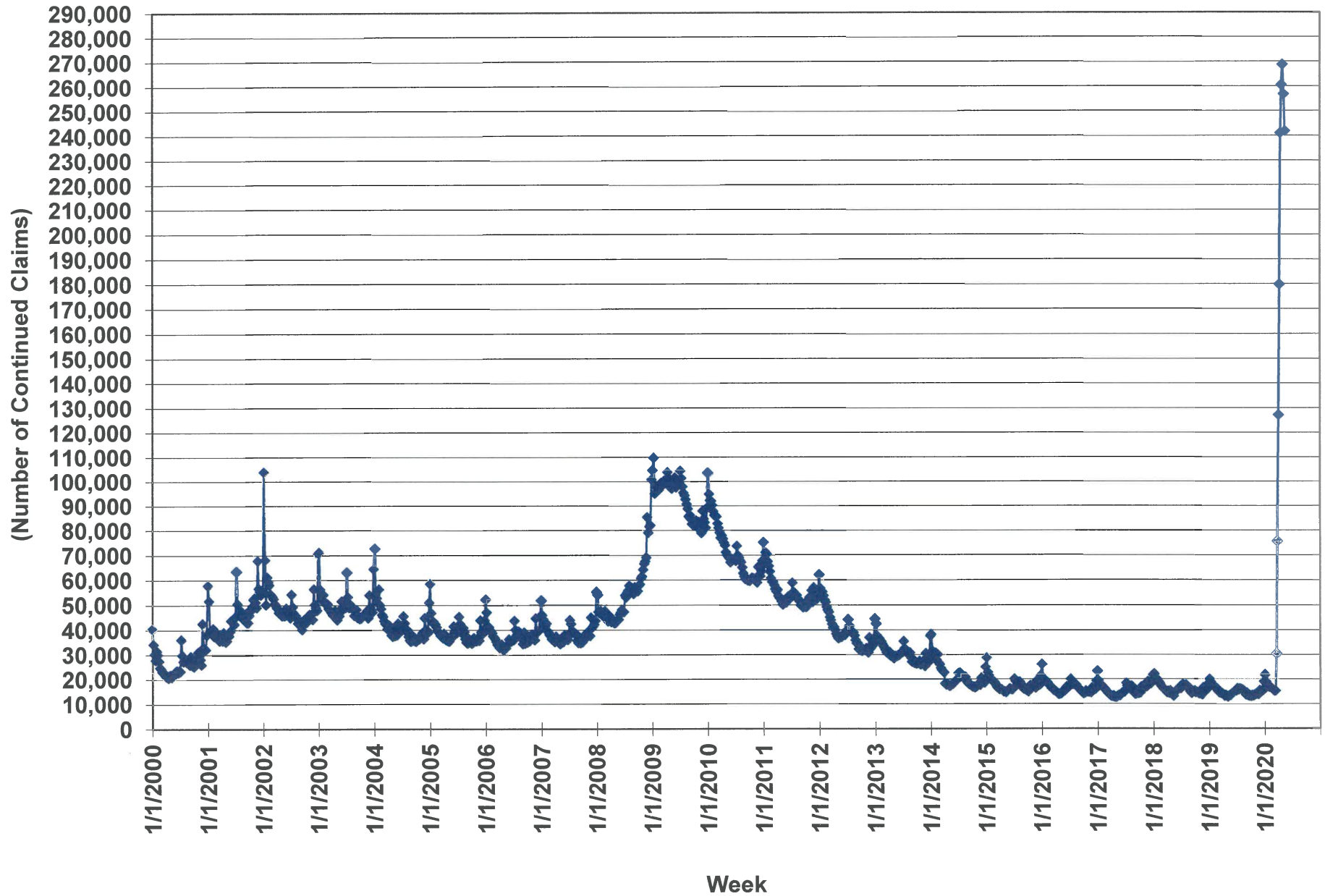


Source: U.S. Department of Commerce, Bureau of Economic Analysis, Washington, D.C.

Initial Claims for Unemployment Insurance in SC



Continued Unemployment Insurance Claims in S.C.



OTHER MATTERS FOR CONSIDERATION

June 11, 2020



South Carolina Revenue and Fiscal Affairs Office

REPORTS FROM WORKING GROUP

June 11, 2020

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