



EDWARD B. GRIMBALL, Chairman
ALAN D. CLEMMONS
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 July 23, 2020, 1:30 P.M.

Via Teleconference - GoToMeeting

Please join my meeting from your computer, tablet or smartphone.

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Access Code: 412-000-949

- I. Welcome
- II. Adoption of Meeting Minutes for June 11, 2020
- III. Review of June 2020 Revenues, Forecast, and 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. August 24, 2020, 1:00pm (FY 2019-20 Final Results) - Via videoconference at SCETV
 - B. August 31, 2020, 1:00pm (FY 2020-21 Forecast Update)- Via Teleconference
 - C. September 17, 2020, 1:30pm To be determined/If necessary
 - D. October 15, 2020, 10:30am (Quarterly Review and Annual Regional Advisory Meeting)
 - E. November 10, 2020, 1:30pm (Preliminary Forecast - due November 10th)
 - F. December 10, 2020, 1:30pm (If Necessary)
 - G. 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

OVERVIEW



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.

June 11, 2020



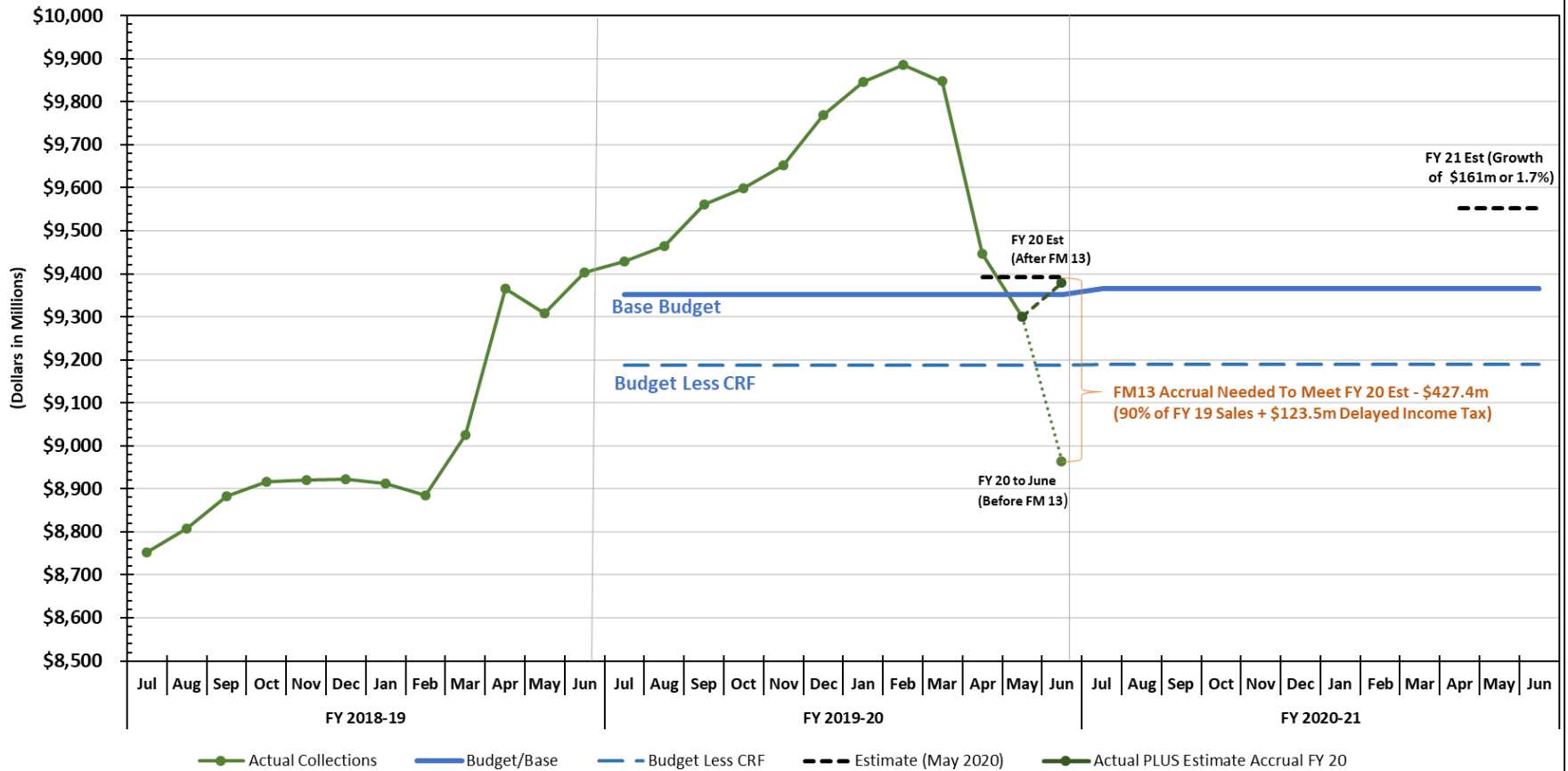
Expectations for FY 2019-20 Year End

For final revenues to meet the revised May forecast, revenues in the ~~final month and~~ accrual period need to total ~~\$1,441.8~~ 427.4 million, which represents growth of ~~\$90.9~~ 89.7 million ~~or 6.7 percent~~ but will include new accruals.

- Revenue from current economic activity, therefore, needs to account for ~~\$1,133.8~~ 303.9 million, which represents a decline of ~~16.1~~ 10 percent from last year.
- Delayed payments ~~from Individual and Corporate Income tax only need are anticipated~~ to be approximately ~~\$308~~ 123.5 million.
- Corporate Income Tax is a major wildcard.
- As a reminder, the revised forecast is \$40.1 million above the budget.

July 23, 2020

ROLLING FISCAL YEAR - GENERAL FUND REVENUE Actual, Estimates, and Base Budget Amount *Before and After* Anticipated FM13 Accrual





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 - JUNE FY 2019-20			Revenue Growth Rates (%)	
	(\$ in Millions)			Estimate	Actual
	Actual Revenues	Expected Revenues	Excess / (Shortfall)	Full Fiscal Yr.	Yr. to Date
Total General Fund Revenue	8,963.8	9,537.5	(573.7)	5.3	(1.1)
Sales Tax	2,968.6	3,098.6	(130.1)	7.3	2.8
Individual Income Tax	4,656.5	4,941.3	(284.8)	4.8	(1.2)
Corporate Income Tax	320.3	494.2	(173.9)	(0.0)	(35.2)
Other Revenue Sources	1,018.5	1,003.3	15.2	3.8	5.3
Select Tax Revenues, Sub-Total	866.5	860.6	5.9	4.0	4.7
Admissions Tax - Total	21.5	28.5	(7.0)	2.7	(22.5)
Alcoholic Liquors Tax	72.7	79.5	(6.8)	4.7	(4.2)
Bank Tax	69.0	85.2	(16.2)	23.8	0.3
Beer and Wine Tax	102.3	102.8	(0.5)	1.5	1.0
Corporation License Tax	130.9	115.5	15.4	3.1	16.8
Documentary Tax	74.3	76.7	(2.4)	6.4	3.0
Earnings on Investments	129.8	100.0	29.8	14.3	48.4
Insurance Tax	241.5	246.8	(5.3)	(3.7)	(5.7)
Tobacco Tax	24.4	25.5	(1.1)	(1.1)	(5.3)
Residual Revenue, Sub-Total 2/	152.0	142.7	9.3	2.4	9.0

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.

Update on Other Items

EIA revenues through June are \$33.6 million below the February estimate. The revenue estimate was reduced in May by \$25.4 million.

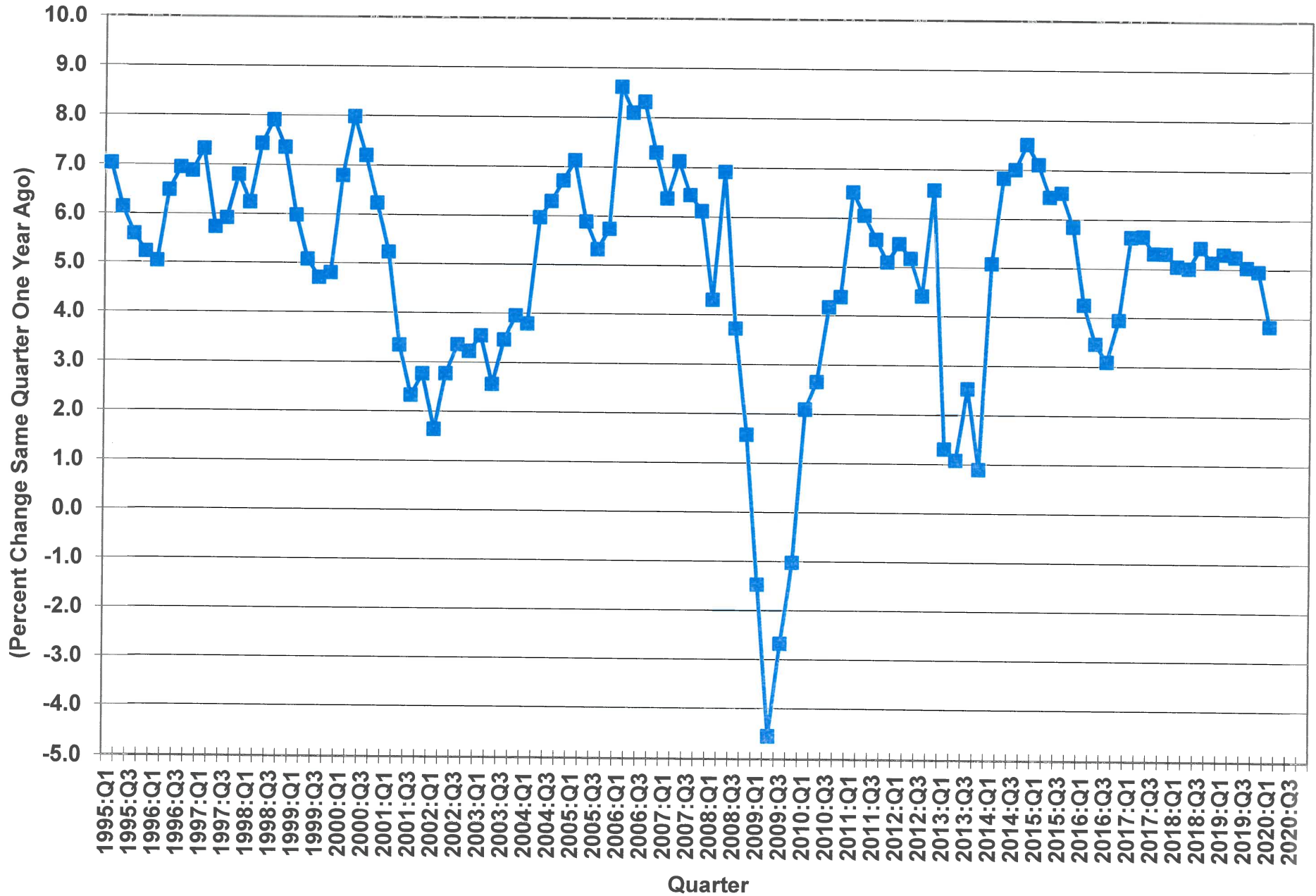
- With only FM 13 remaining, EIA revenues would need total \$108.5 million in the last month to meet the February estimate and \$83.1 million to meet the FY 20 budget (the February estimate has anticipated a revenue surplus of \$31.3 million).
- Last year, EIA revenues in FM 13 total \$70.4 million, and if no growth is seen in FM 13 this year, EIA revenues could be below budget expectations by \$12.7 million.

Update on Other Items (Cont'd)

- Lottery Revenues through June totaled \$492.8 million, which exceeded the estimate by \$25.5 million.
- Motor Fuel revenue totaled \$565.3 million which was \$22.3 million below the February estimate.

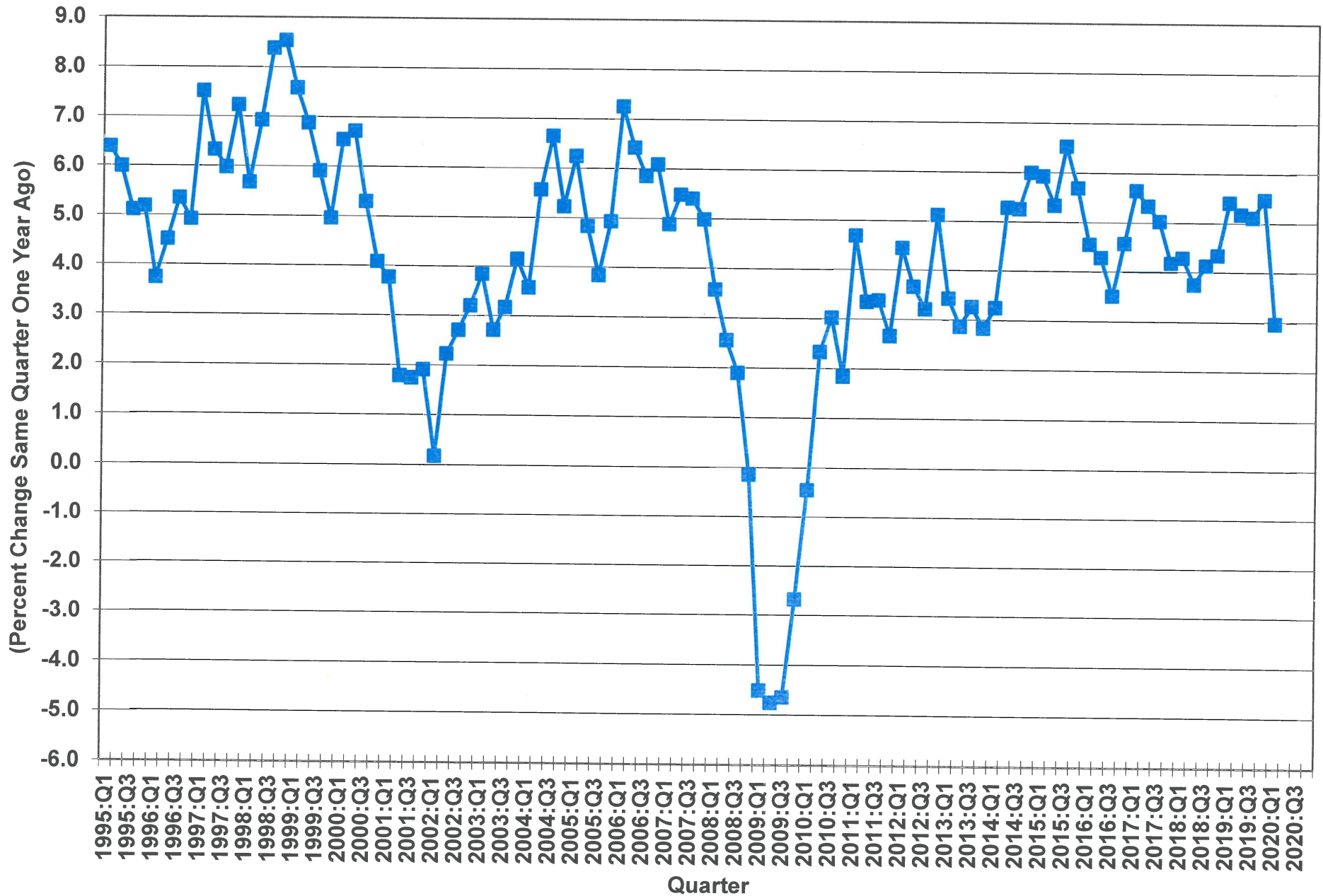
KEY ECONOMIC ACTIVITY

Growth in Personal Income in South Carolina



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

Growth in Wages and Salaries in South Carolina



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



OTHER MATTERS FOR CONSIDERATION

FUTURE MEETING SCHEDULE

- A. August 24, 2020, 1:00pm, (FY 2019-20 Final Results) – ETV Studios/GoToMeeting
- B. August 31, 2020, 1:00pm (FY 2020-21 Forecast Update)- Via Teleconference (GoToMeeting)
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Appendix

Revenues Through June 2020

Revenues through June totaled \$1,014.4 million, which represented an increase of 0.1 percent.

Approximately \$58 million of the revenue represented delayed Sales and License taxes for previous months that were delayed to June 1.

Adjusting for those payments, revenues were down 5.7 percent for the month, much less of a drop than in April and May.

Revenues Through June 2020

June revenue, however, was strong enough to reduce the amount needed in the final accounting period (Fiscal Month 13) to meet the revenue estimate.

Collections of \$427.4 million are needed, and assuming a 10 percent activity in Sales tax and License tax for June, only \$123.5 million in revenue from the extended Corporate and Individual Income tax filings is needed.

FM13 REVENUE COLLECTIONS Actuals and Estimates from FY 2010-11 to FY 2019-20

