

# **SOUTH CAROLINA GENERAL FUND REVENUE**

## **Quarterly Review January to March, FY 2020-21 & Forecast Review FY 2020-21 and FY 2021-22**



April 8, 2021

Please be advised that an error was discovered following the presentation of the information herein. The error is noted on slides 43 and 47; details can be found in the supporting documentation.

# **Report for March 2021 and Third Quarter Review §11-9-1130**



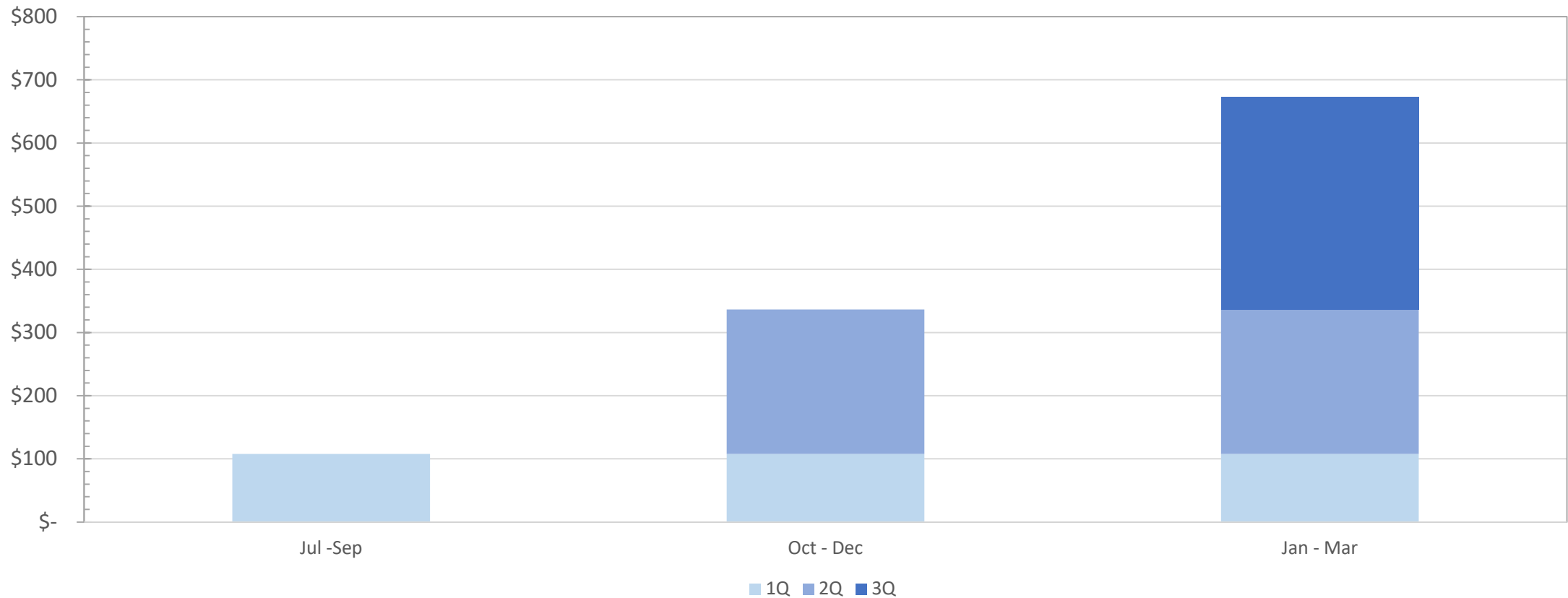
## FY 2020-21 Third Quarter Results

- Through March, total General Fund revenue grew 8.5 percent and is \$844.9 million above estimated revenue, though delayed tax filings and refunds have inflated this excess
- In Q3 (Jan-Mar), excess revenue increased by approximately \$336 million since the end of the second quarter after adjusting for \$172.4 million in delayed refunds
- Revenue growth, including excess, was driven by better than expected personal income growth due to the federal stimulus and is expected to continue through the rest of this fiscal year
- The excess revenue will result in a higher than previously estimated surplus for FY 2020-21

# Revenue Excess / (Shortfall) by Quarter

Revenues further outperformed expectations; excess increased in the 3Q

FY 2020-21 REVENUE EXCESS BY QUARTER  
Adjusted for Delayed Refunds

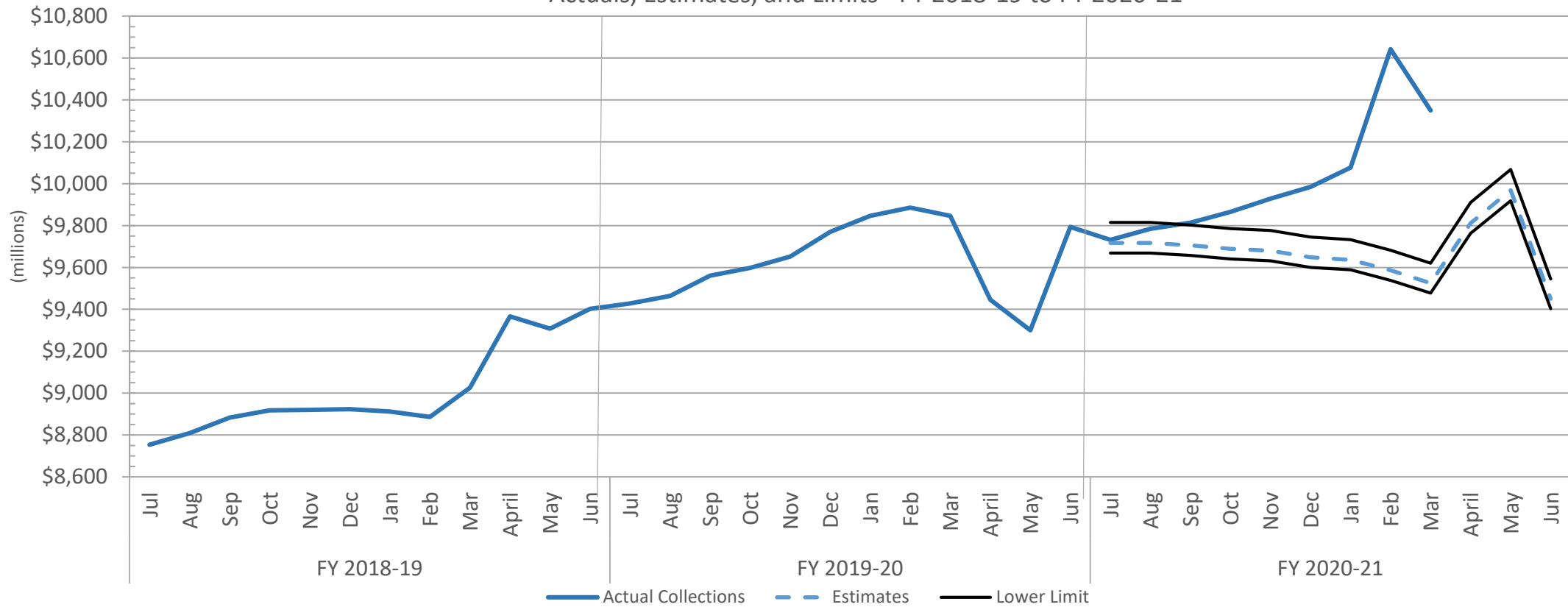


# General Fund – Actual vs. Estimate

Revenues are growing faster than expected and are \$844.9 million above the forecast

## ROLLING FISCAL YEAR - TOTAL GENERAL FUND REVENUE

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



# General Fund Revenue



## REVENUES V. BEA MONTHLY ESTIMATES

JULY - MARCH FY 2020-21

(\$ in Millions)

	Actual Revenues	Expected Revenues	Over/ (Under) Expected	Estimate Full Yr.	Actual YTD		Actual Revenues	Expected Revenues	Over/ (Under) Expected	Estimate Full Yr.	Actual YTD
<b>Total General Fund Revenue</b>	<b>\$7,338.3</b>	<b>\$6,493.4</b>	<b>\$844.9</b>	<b>(3.5%)</b>	<b>8.5%</b>	<b>Other Revenue Items, Sub-Total</b>	<b>\$557.2</b>	<b>\$515.0</b>	<b>\$42.2</b>	<b>(11.0%)</b>	<b>(8.6%)</b>
Sales Tax	2,380.8	2,169.8	211.0	2.6%	8.6%	Admissions Tax	12.7	11.9	0.8	(2.0%)	(25.5%)
Individual Income Tax	3,857.7	3,367.3	490.4	(6.5%)	9.4%	Alcoholic Liquors Tax	60.6	56.2	4.4	2.5%	13.0%
Withholdings	4,520.2	4,320.6	199.6	1.3%	6.0%	Bank Tax	13.9	27.3	(13.4)	(31.3%)	(75.9%)
Nonwithholdings	762.6	644.2	118.4	(6.1%)	14.1%	Beer and Wine Tax	75.0	74.0	1.0	1.2%	2.3%
Refunds	1,425.1	1,597.5	(172.4)	16.8%	1.5%	Corporate License Tax	133.7	100.2	33.5	(18.1%)	9.3%
Corporate Income Tax	314.9	219.7	95.3	(12.4%)	27.3%	Doc. Tax (Deed Rec.)	71.7	62.3	9.4	11.4%	28.2%
Insurance Tax	227.7	221.7	6.0	16.0%	22.6%	Earnings on Investments	54.0	61.0	(6.9)	(35.0%)	(42.4%)
Other Revenue Items, Sub-Total	557.2	515.0	42.2	(11.0%)	(8.6%)	Residual Revenue	135.5	122.2	13.4	(5.2%)	(0.3%)

Based on BEA Forecast as of February 12, 2021

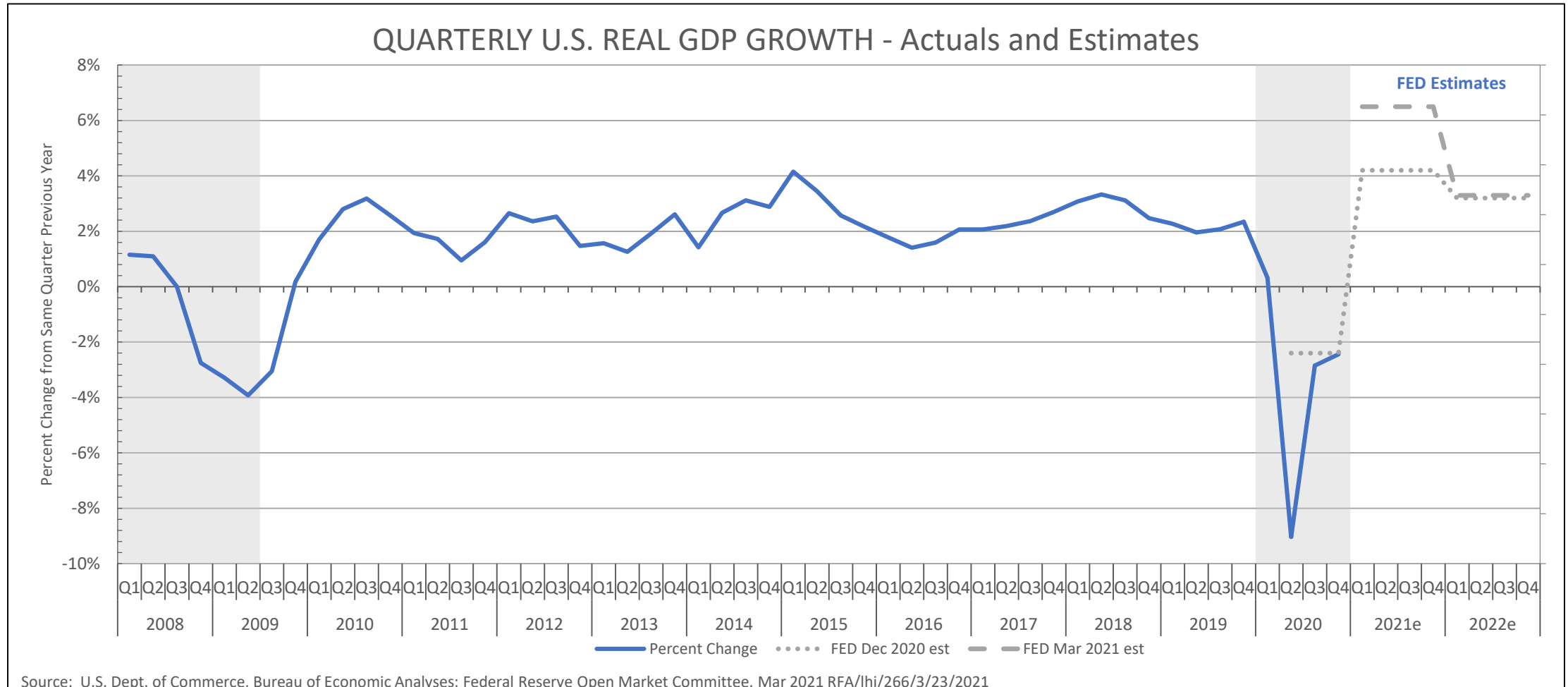


# National Economic Indicators



# Real GDP Growth

Expectations for 2021 improved since Dec 2020; Fed revised Q4 2021 estimate up from 4.2% to 6.5%; stimulus boosting GDP growth above pre-pandemic rates

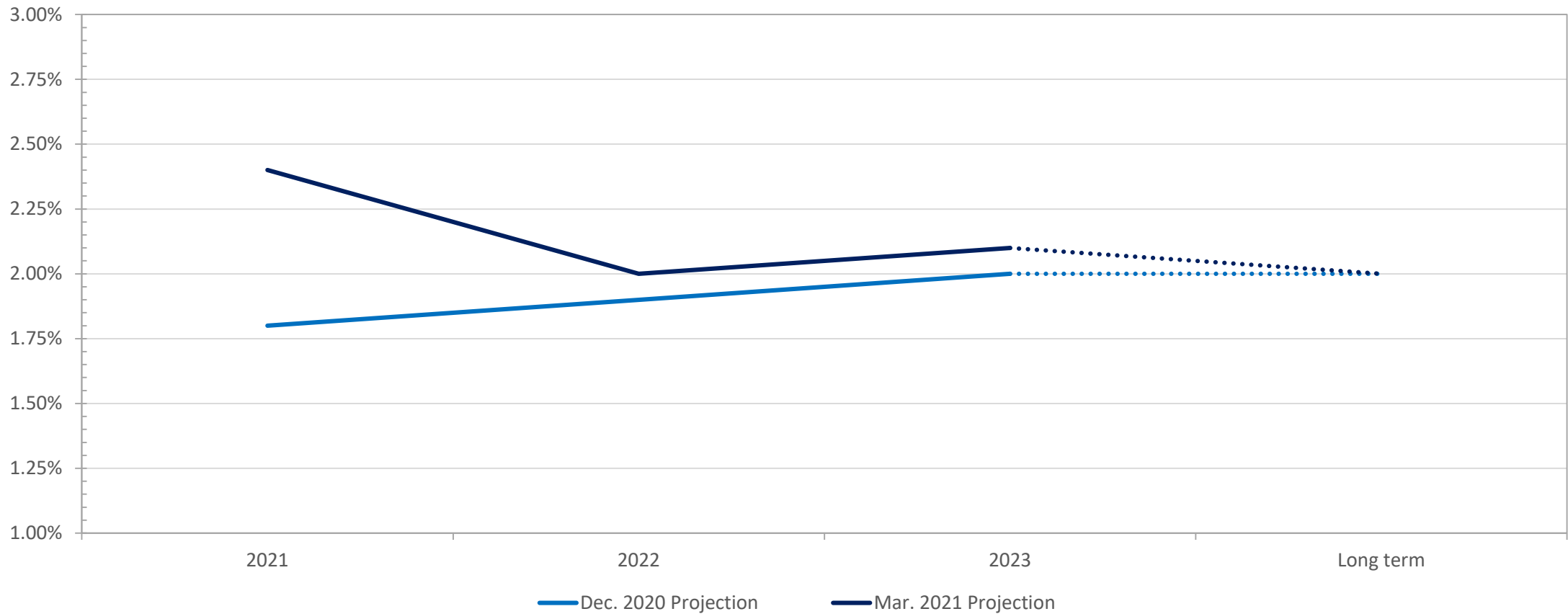




# Inflation

Fed expects higher inflation in 2021; no significant concerns for the long run

FEDERAL RESERVE PCE INFLATION PROJECTION



Source: Federal Reserve FOMC Projections 298-RFA/bdc/3/24/2021

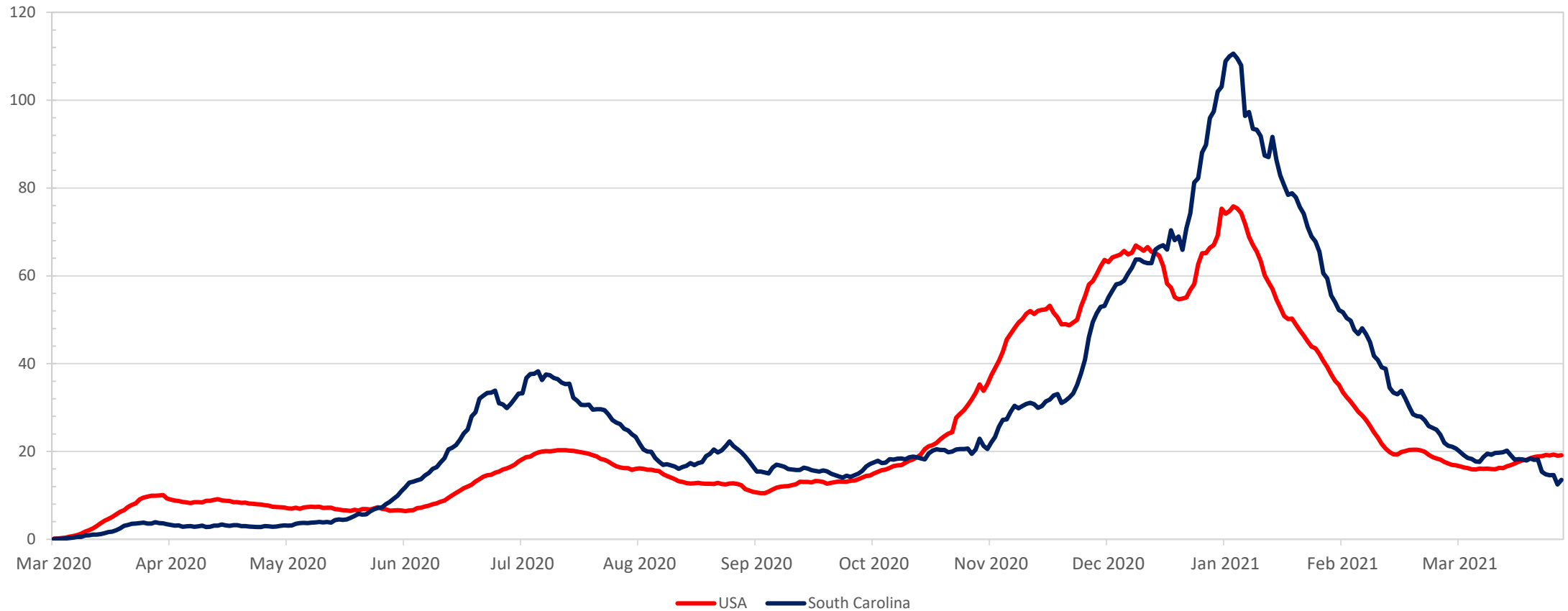
# South Carolina Economic Indicators



# COVID-19 Case Rate

Rates in South Carolina and the nation have declined from the winter peak

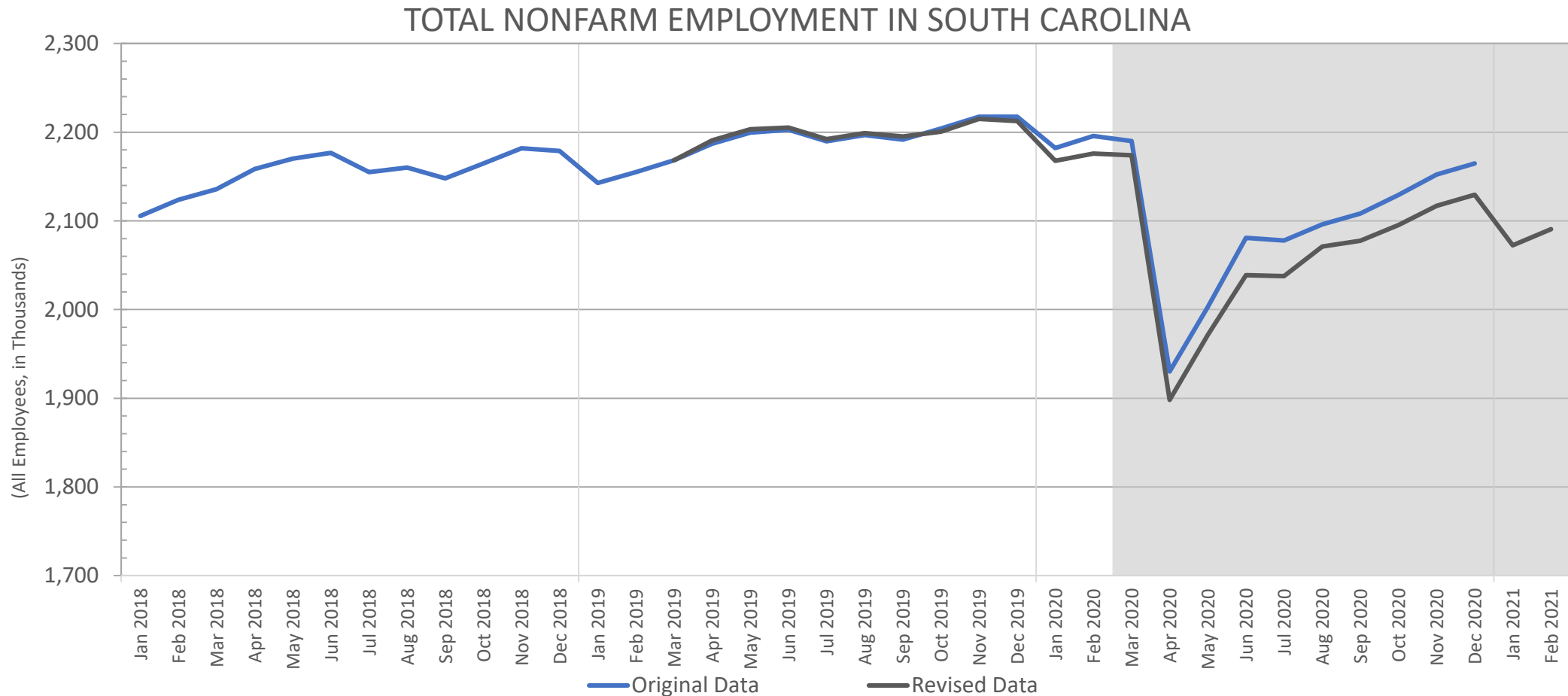
7-DAY AVERAGE NEW CASES PER 100K



Source: Centers for Disease Control and Prevention COVID Data Tracker 294 - RFA/bdc/04/06/2021

# South Carolina Employment

BLS revisions lowered employment figures for 2020; February 2021 employment is currently 3.9% below February 2020; recovered 69.3% of jobs lost



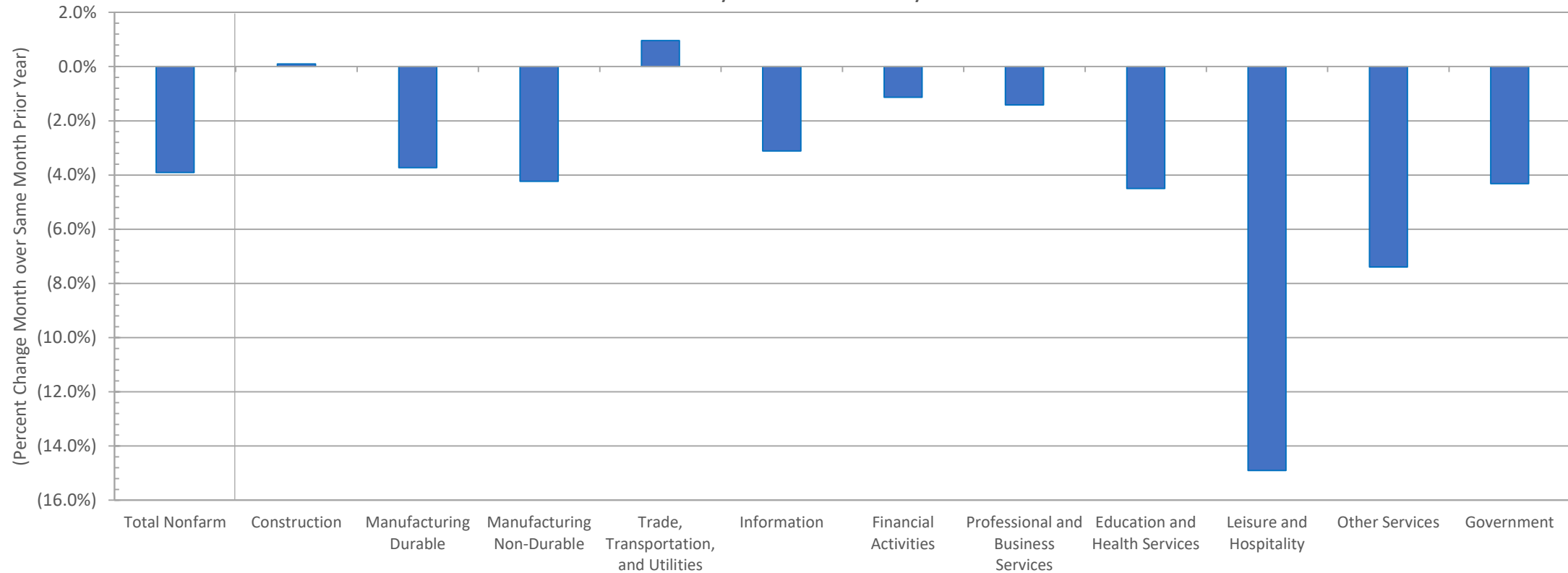
Source: U.S. Department of Labor, Bureau of Labor Statistics, 60-RFA/bdc/3/26/2021

# South Carolina Employment by Sector

## February employment levels settle below prior year after revisions and seasonal losses

### EMPLOYMENT PERCENT CHANGE BY SECTOR

February 2021 vs February 2020

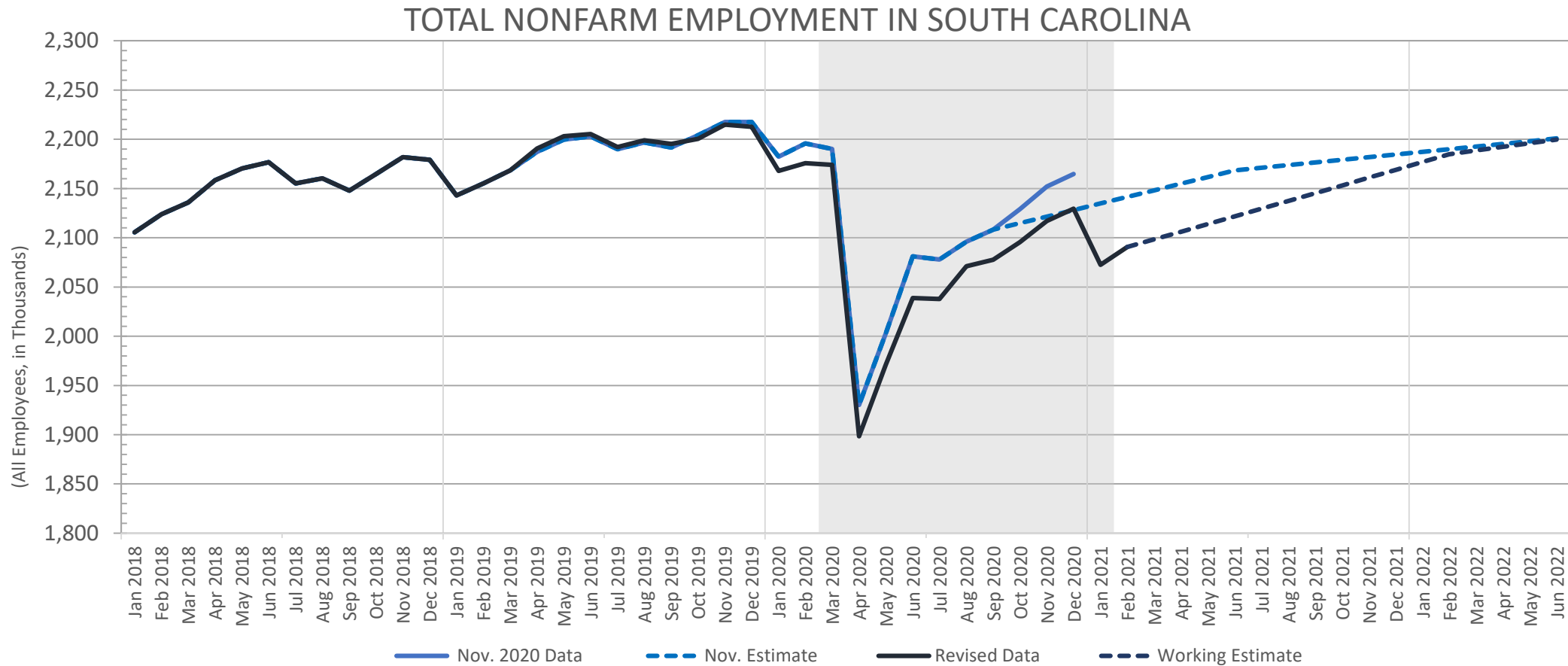


Source: U.S. Dept. of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages; Federal Reserve Bank of St. Louis, FRED 281a--RFA/bdc/3/26/2021



# Employment – Working Estimate

Revisions result in lower forecasted employment growth in FY 21; estimate for FY 22 still assumes reaching pre-pandemic employment in Feb. 2022



Source: U.S. Department of Labor, Bureau of Labor Statistics 60-RFA/nmg/3/26/2021

# Employment Forecasts – April 2021

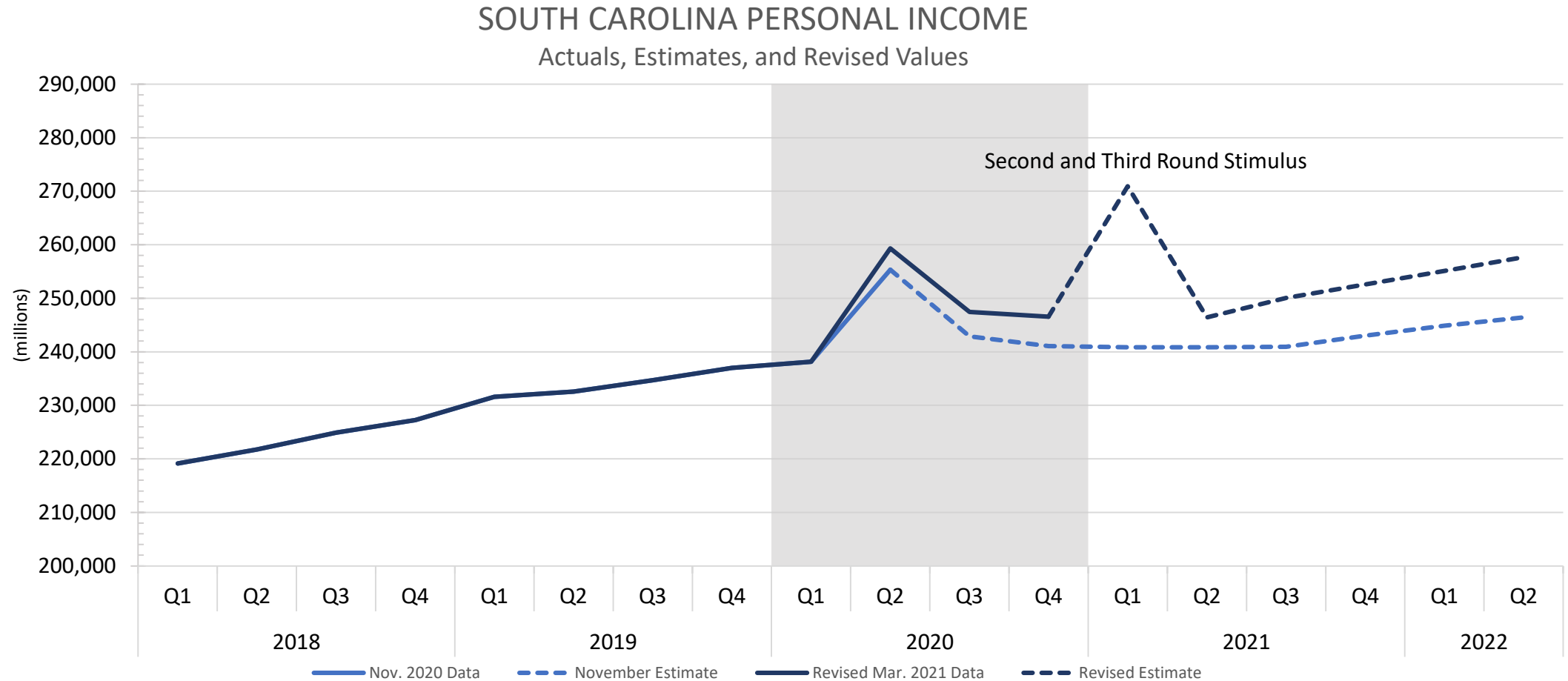
Reflect lower actual growth in FY 21 and maintain return to pre-pandemic employment in February 2022

## EMPLOYMENT FORECASTS: FISCAL YEAR GROWTH RATES

Fiscal Year	November 2020 Estimate	Working Estimate
2020-21	-0.9%	-1.98% (lower growth to reflect current employment data)
2021-22	2.6%	3.59% (higher growth to reach pre-pandemic employment in February 2022)

# Personal Income – Working Estimate

FY 21 growth continues to exceed assumptions despite lower employment; recent stimulus expected to further bolster FY 21; FY 22 anticipates no stimulus and lower than normal growth in the wage base





# Personal Income Forecasts – April 2021

Reflect actual growth, recent stimulus, and return to long-term trend

## PERSONAL INCOME FORECASTS: FISCAL YEAR GROWTH RATES

Fiscal Year	November 2020 Estimate	Working Estimate
2020-21	0.13% (assumed no stimulus)	4.36% (includes stimulus payments)
2021-22	0.97%	0.40% (reflects higher base, no stimulus, and current improved performance)

# General Fund Revenue Individual Income Tax Components

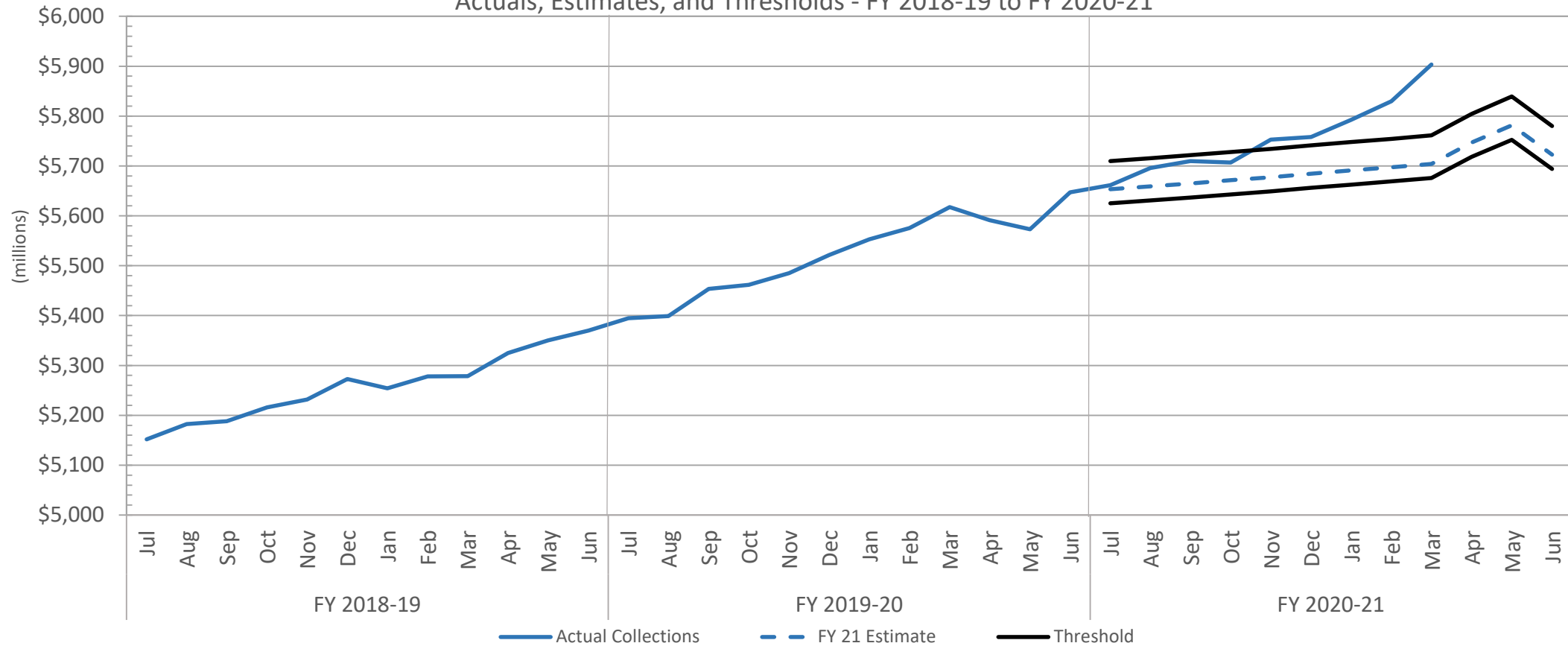


# Withholdings - Actual vs. Estimate

Revenues exceed expectations by \$199.6 million; FYTD growth of 6.0% exceeds annual estimate of 1.3%

## ROLLING FISCAL YEAR - INDIVIDUAL INCOME WITHHOLDINGS

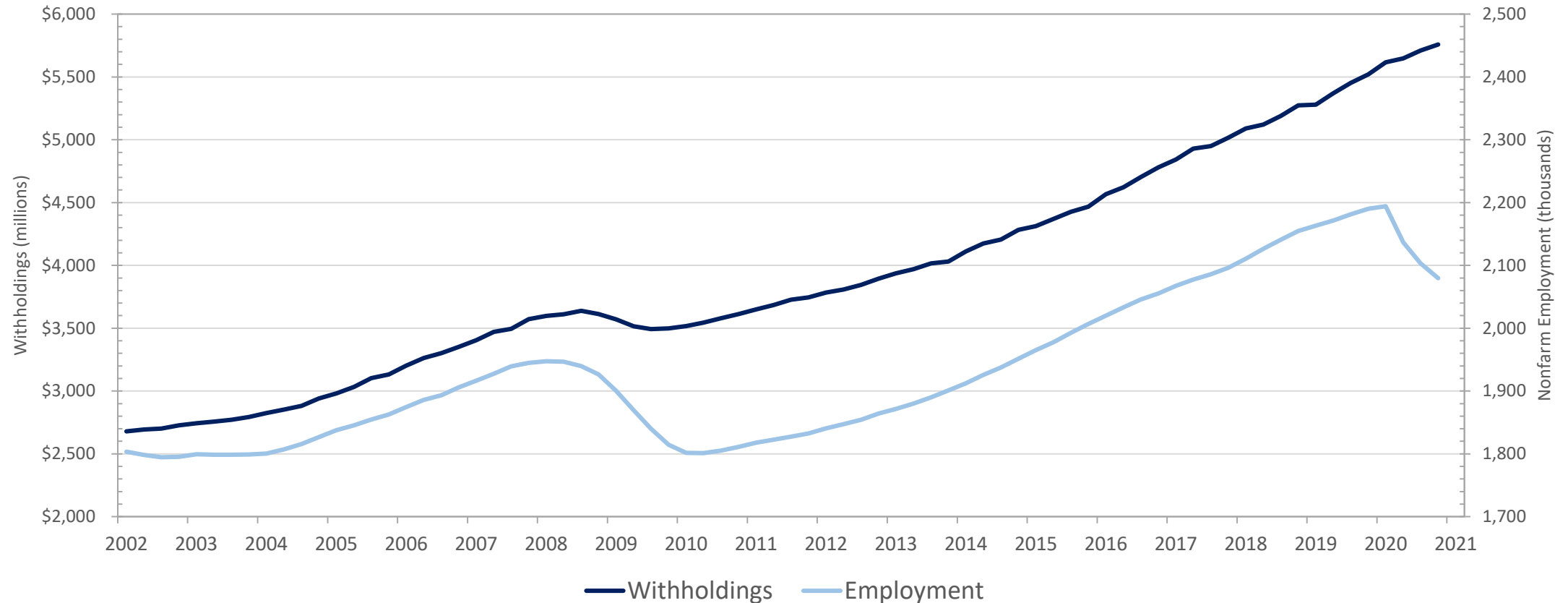
Actuals, Estimates, and Thresholds - FY 2018-19 to FY 2020-21



# SC Employment and Withholdings

FY 2020-21 withholdings grew despite employment decline due to disproportionate losses in low-wage jobs

SOUTH CAROLINA WITHHOLDINGS VS. EMPLOYMENT

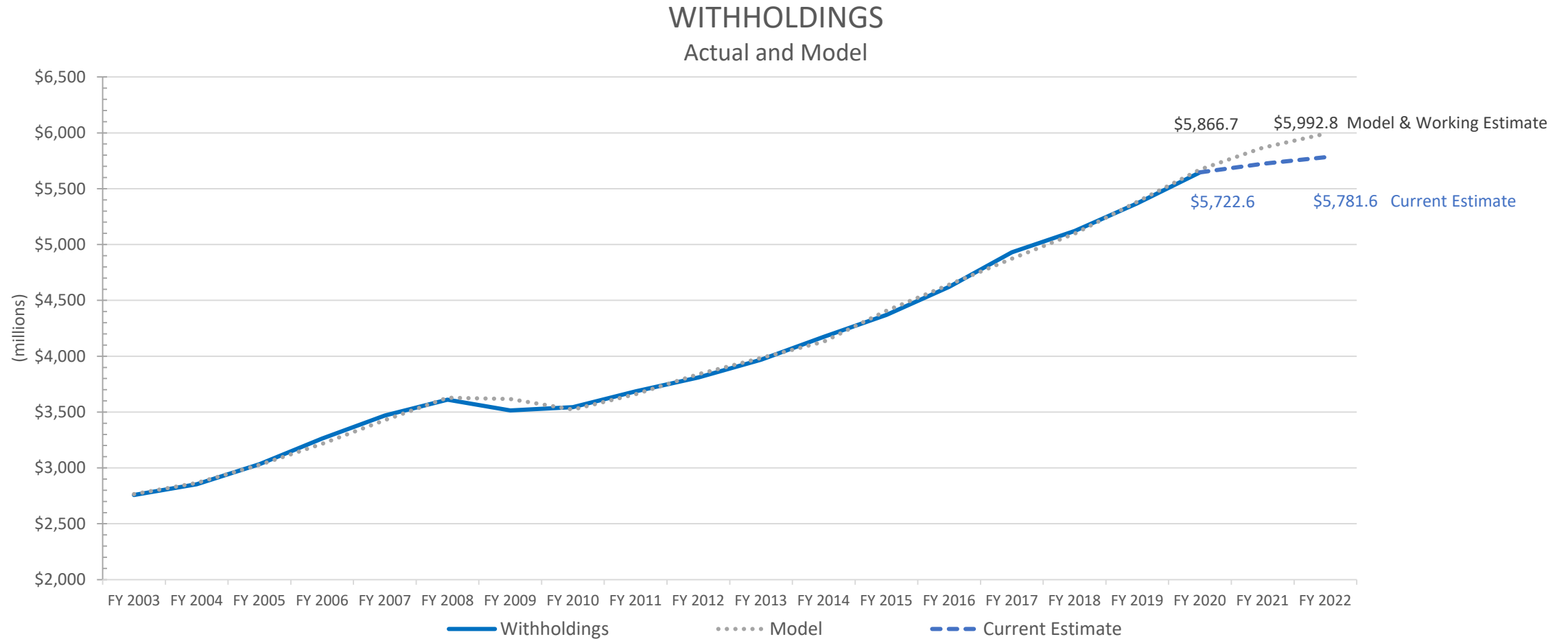


Source: U.S. Department of Labor, Bureau of Labor Statistics; Revenue and Fiscal Affairs RFA/bdc/3/26/2021



# Individual Income Withholdings – Model Results

Updated revenue and income data result in higher expectations for FY 21 and FY 22

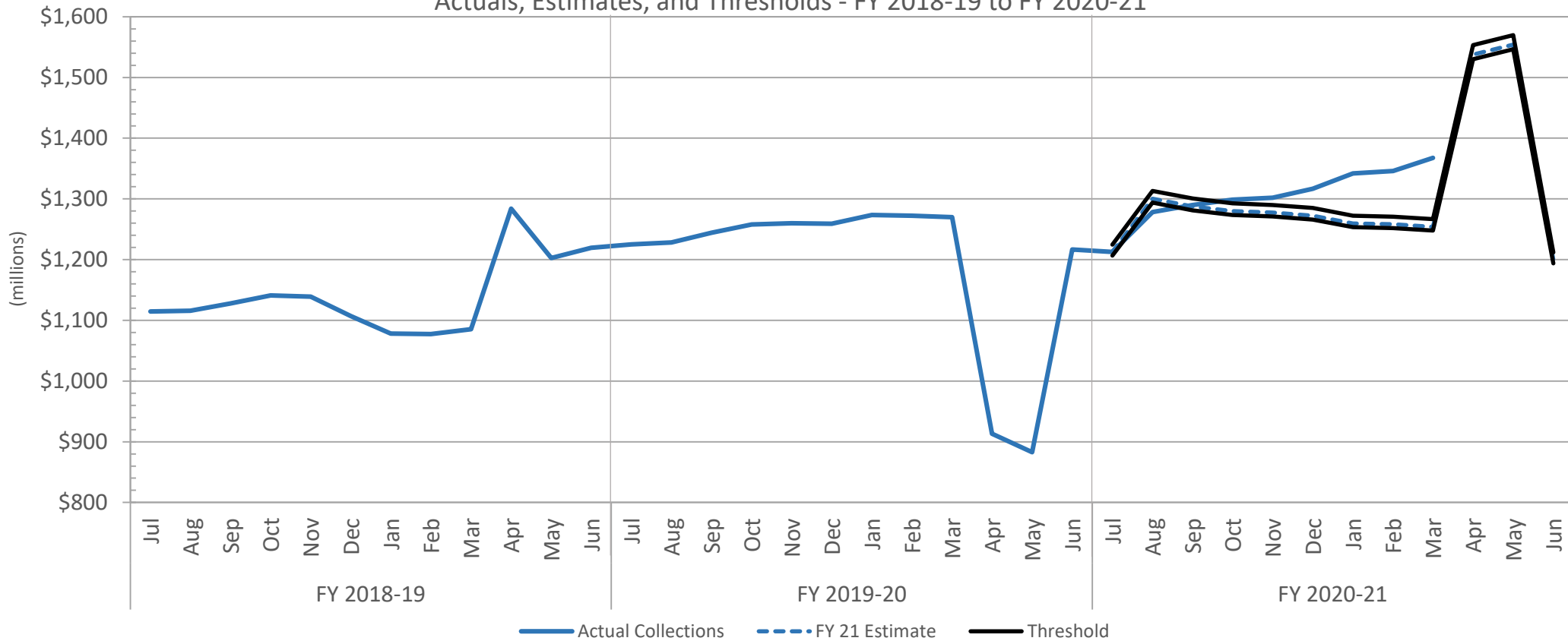


# Non-Withholdings - Actual vs. Estimate

Collections are \$118.4 million above estimate, but almost half of revenues are received in the final fiscal quarter

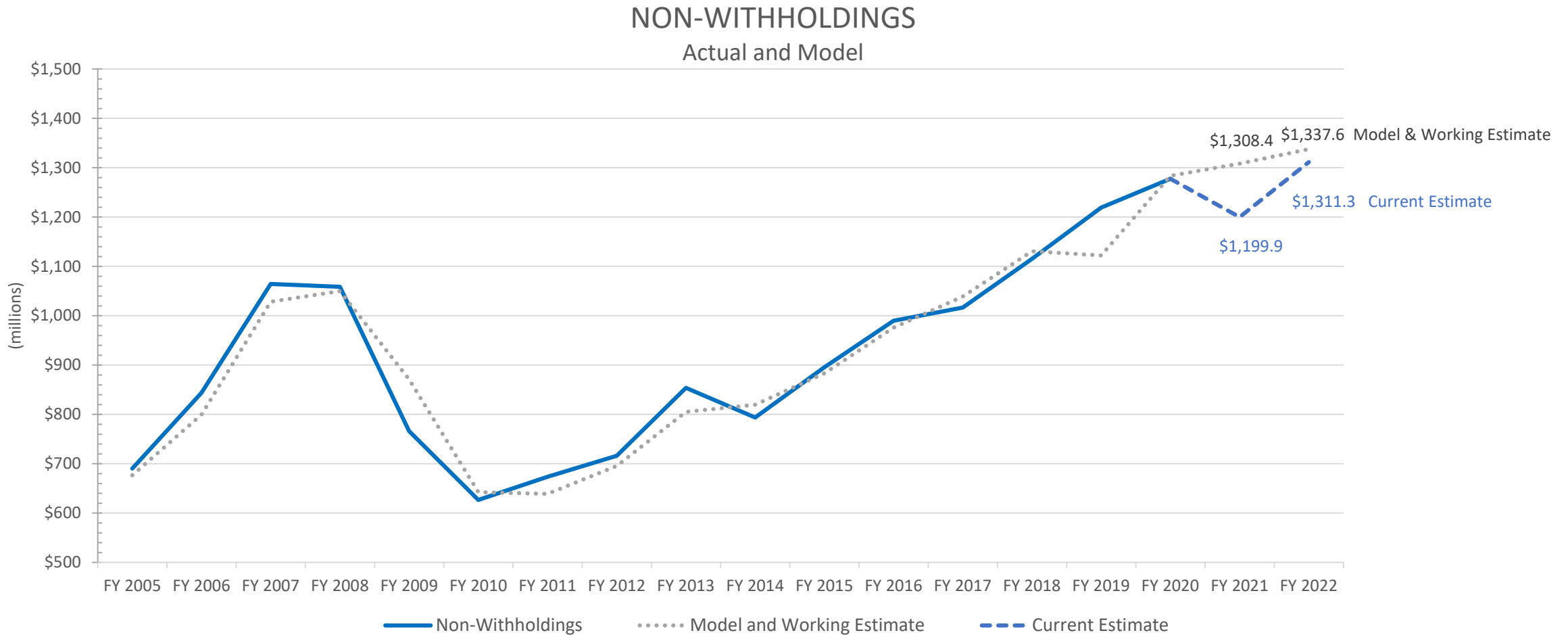
## ROLLING FISCAL YEAR - INDIVIDUAL INCOME NON-WITHHOLDINGS

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



# Non-Withholdings – Model Results

Updated revenue and income data result in improved expectations for FY 21 but less of an increase in FY 22

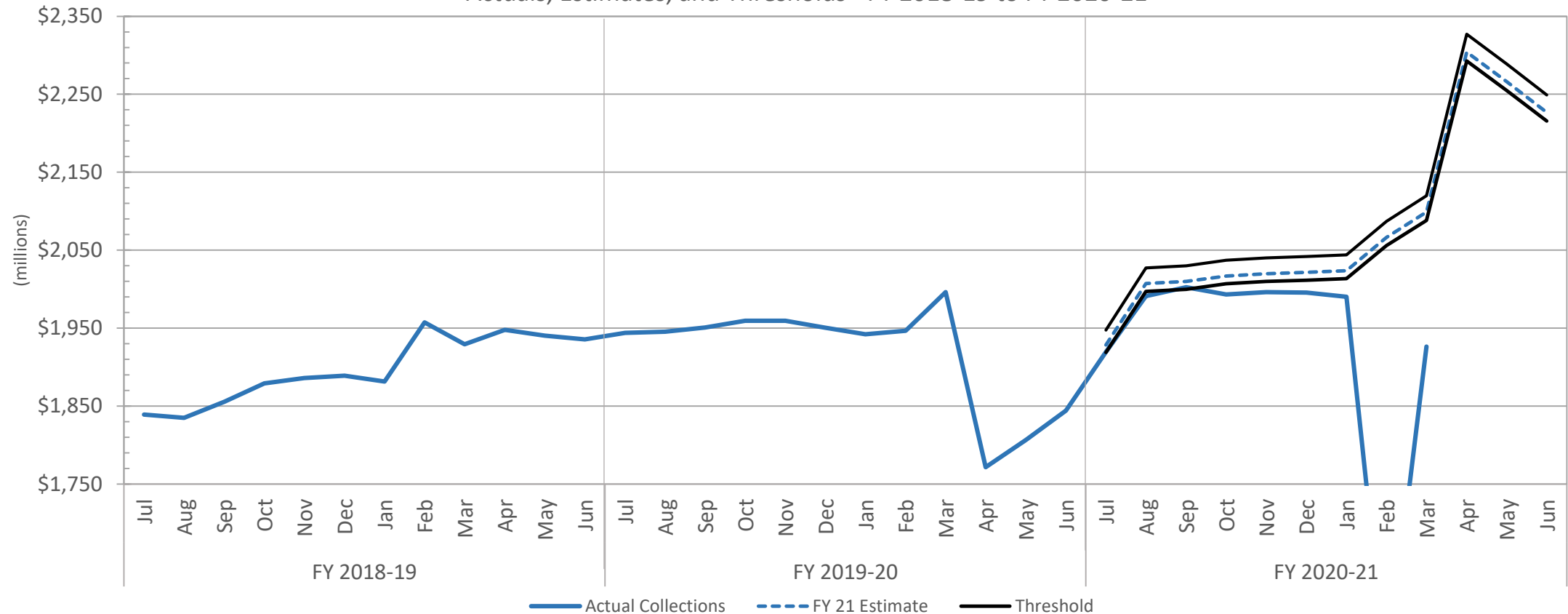


# Refunds - Actual vs. Estimate

Refunds are below estimate due to delayed filings, but the majority will be issued in the last fiscal quarter

## ROLLING FISCAL YEAR - INDIVIDUAL INCOME REFUNDS

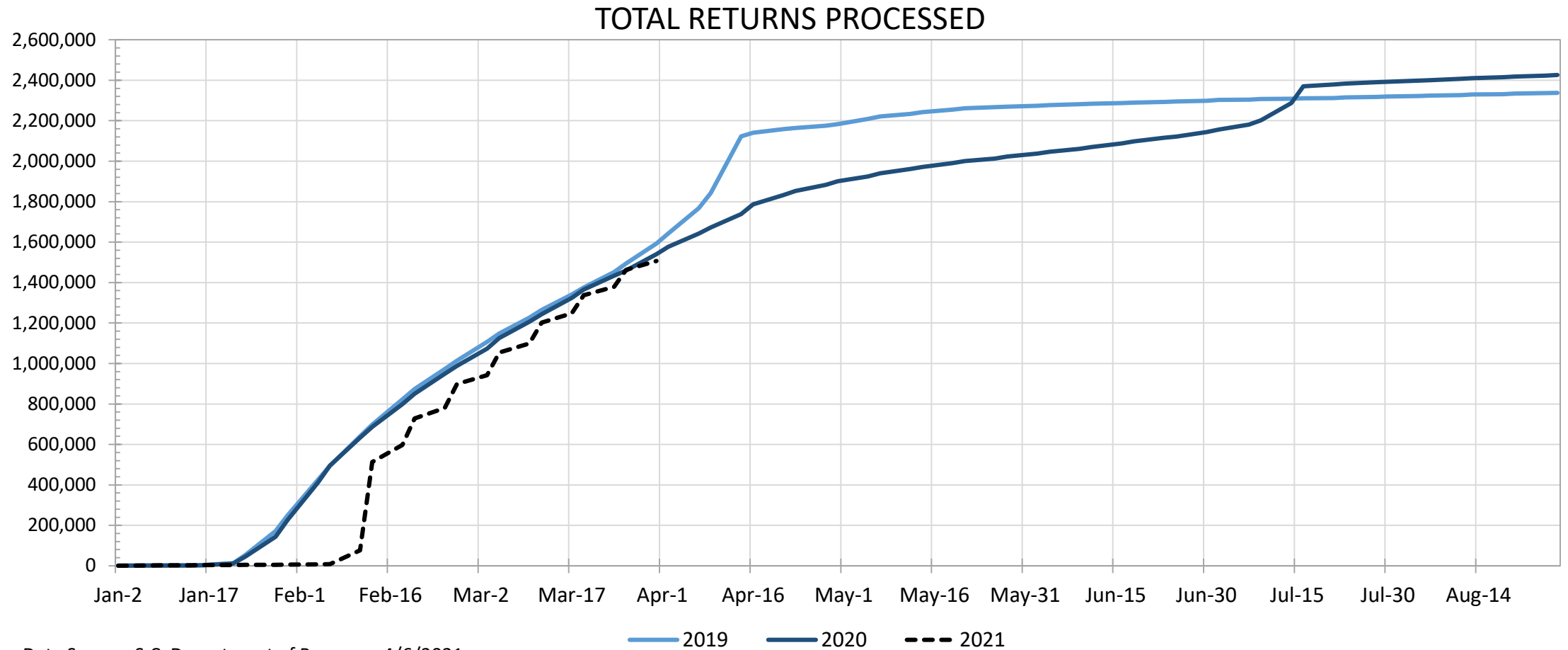
Actuals, Estimates, and Thresholds - FY 2018-19 to FY 2020-21





# Individual Income Tax Returns Filed

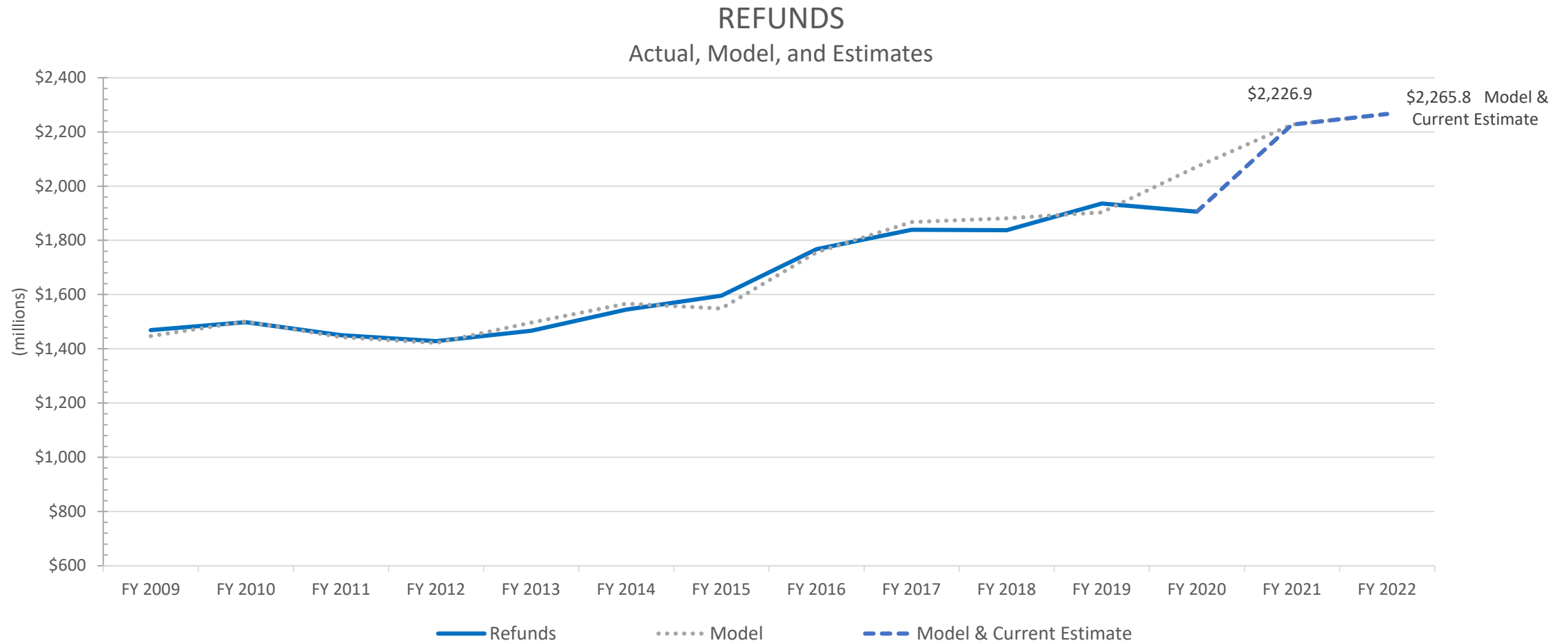
Deadline for filings extended to May 17, extending uncertainty of final results



Data Source: S.C. Department of Revenue, 4/6/2021

# Refunds– Model Results

No change in estimates at this time as bulk is yet to be received and processed; large jump in FY 21 stems from July 15<sup>th</sup> filing extension

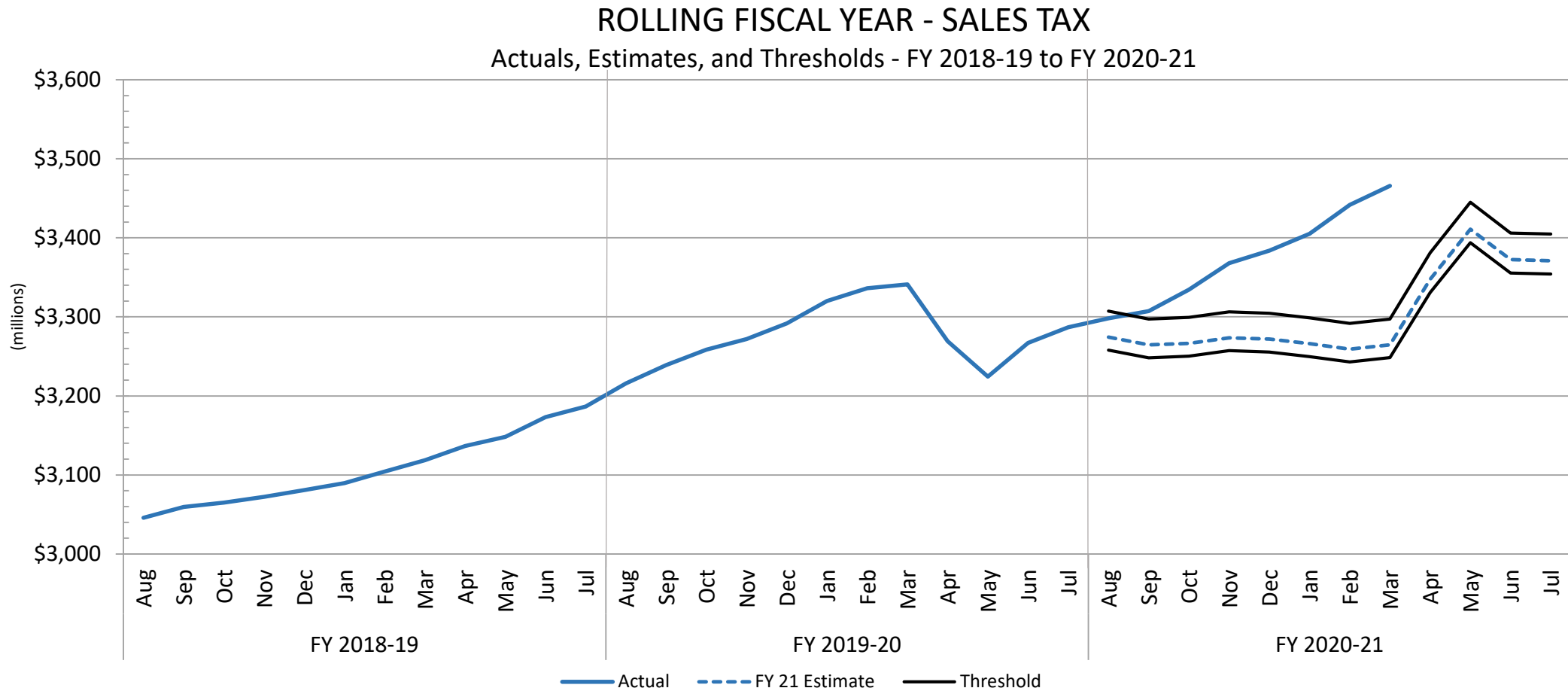


# General Fund Revenue Consumption Taxes



# Sales Tax - Actual vs. Estimate

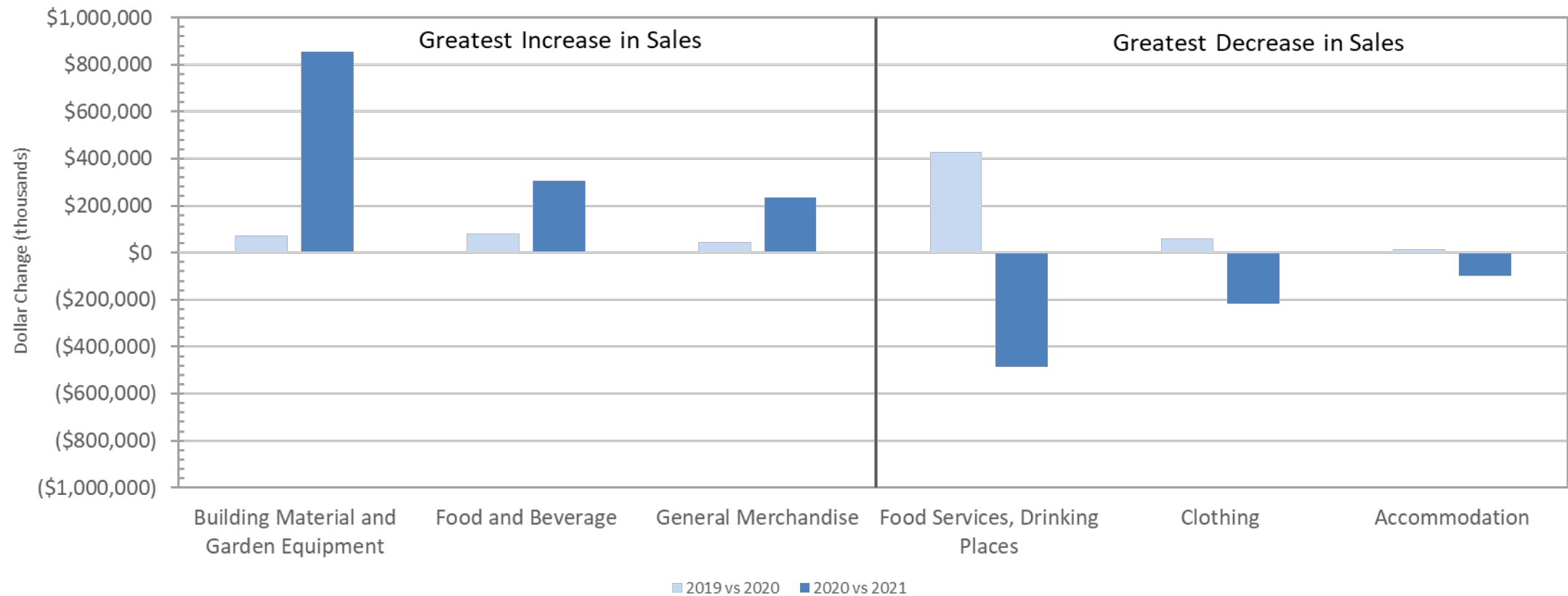
Collections are \$211 million above expectations; FYTD growth of 8.6% exceeds estimated growth of 2.6%



# S.C. Sales by Sector

Pandemic spending habits have significantly impacted select industries

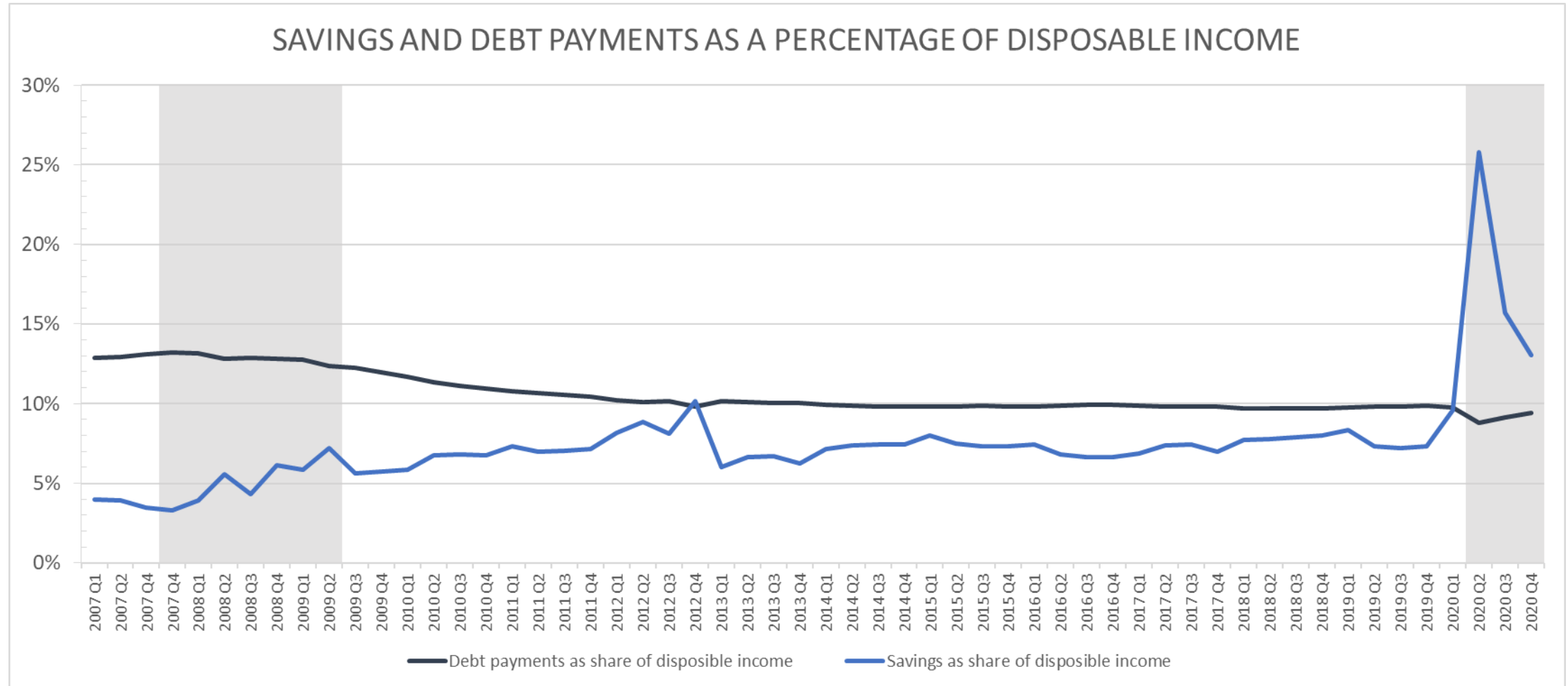
DOLLAR CHANGE IN TAXABLE SALES  
July – January FY 2019-20 vs FY 2020-21



Source: Department of Revenue, Net Taxable Sales Data, data through January 2021, nmg/3/29/2021

# Consumer Savings

Continued spending expected in the short-run as households have lower debt and higher savings than after the previous recession



Source: Federal Reserve Economic Data, Federal Reserve Bank of St. Louis, RFA/nmg/3/29/2021

# Consumer Savings – Stimulus Effects

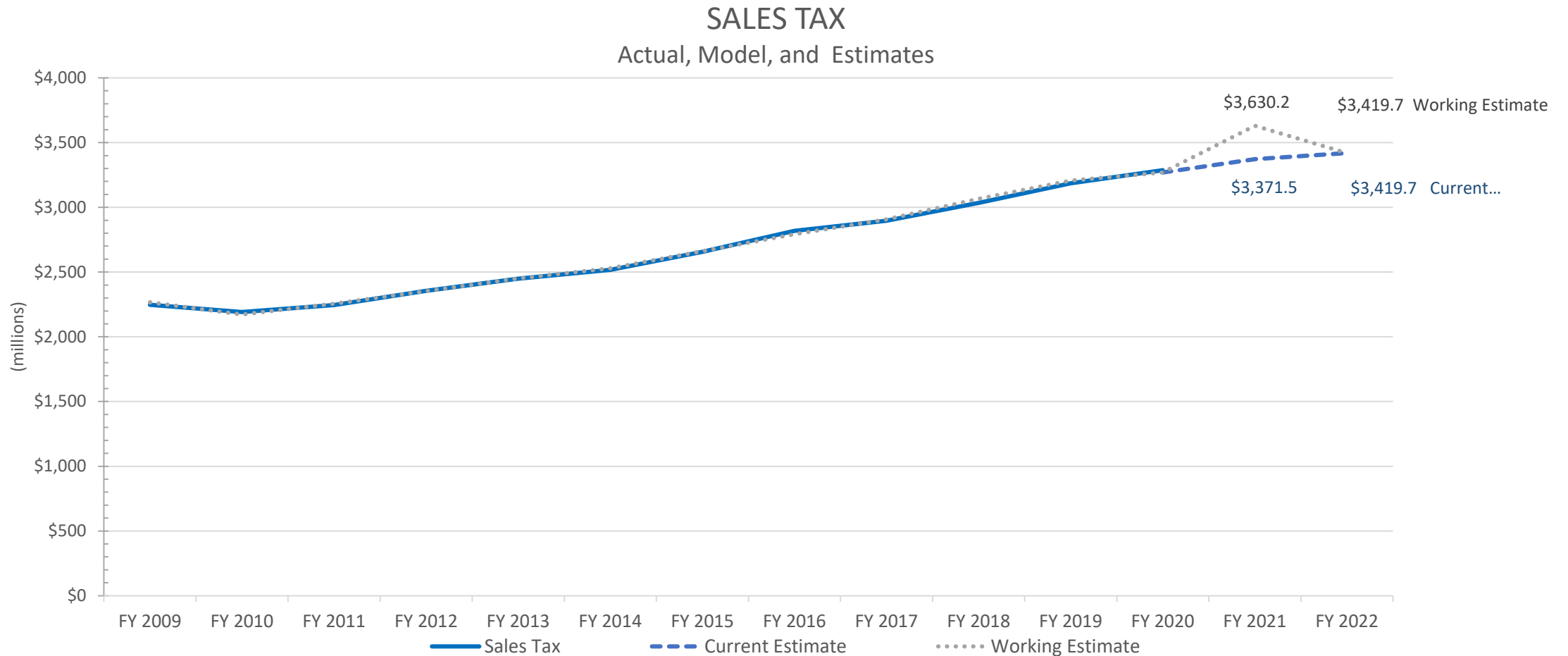
Disposable income increasing as a result of stimulus, student loan deferment

- Household behavior has been relatively consistent when it comes to stimulus payments (2001, 2008, 2020): individuals tend to spend a third, with the rest saved or used to pay off debt
- Federal student loan payment suspension and interest waiver until September 30, 2021
- “There is liquidity and a desire to spend” – Dr. Jonathon Parker, MIT

Source: Shapiro, M. and Slemrod, J. “Consumer Response to Tax Rebates.” *NBER WORKING PAPER SERIES*, Working Paper 8672, Dec. 2001.; Parker, J., Souleles, N., Johnson, D., and McClelland, R. “Consumer Spending and the Economic Stimulus Payments of 2008.” *NBER Working Paper Series*, Working Paper 16684, Jan. 2011.; Digest No. 10, “Most Stimulus Payments were Saved or Applied to Debt”, *National Bureau of Economic Research*, Oct. 2020

# Sales Tax – Model Results

FY 21 estimate increased for actual results, stimulus, and spending patterns, but FY 22 is unchanged as one-time influences wane





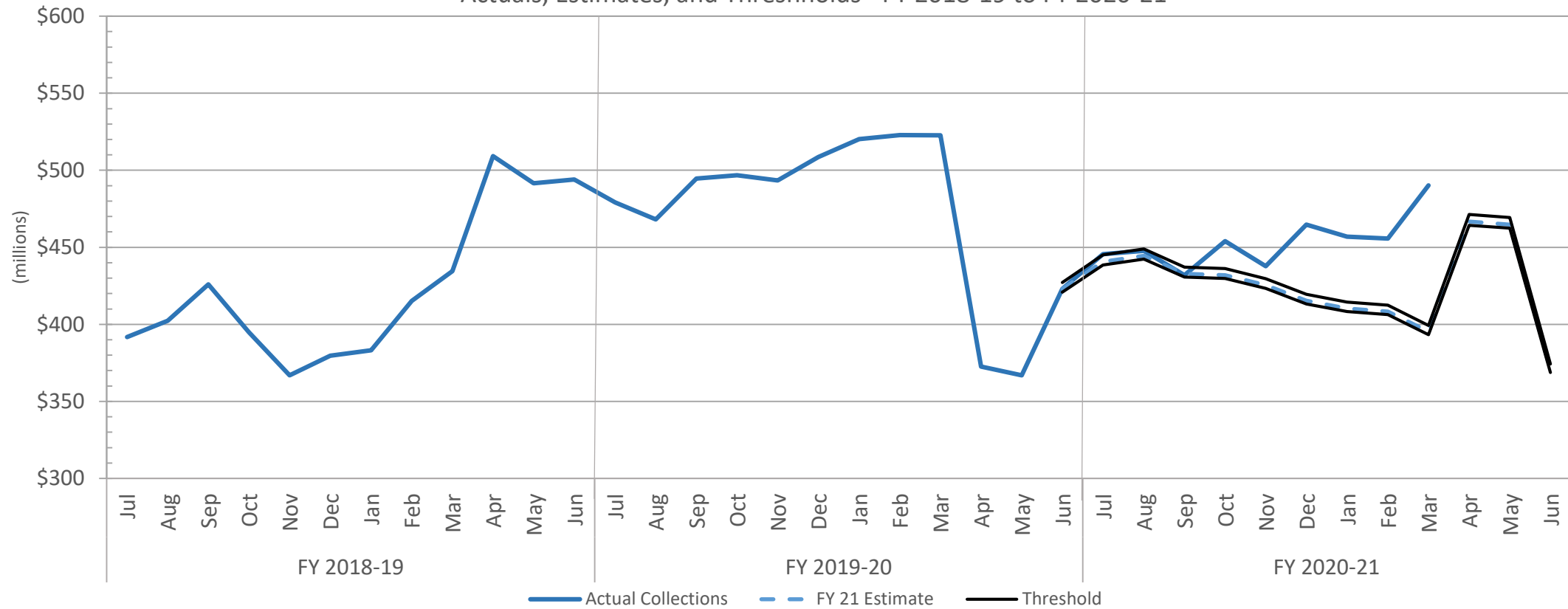
# General Fund Revenue Business Taxes

# Corporate Income Tax – Actual vs. Estimate

Collections exceed expectations by \$95.3 million, showing growth instead of expected decline

## ROLLING FISCAL YEAR - CORPORATE INCOME TAX

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



# Corporate Income Tax – Model Results

Model predicts higher revenue, but historical volatility is still a concern; working estimates are below the model to account for this uncertainty

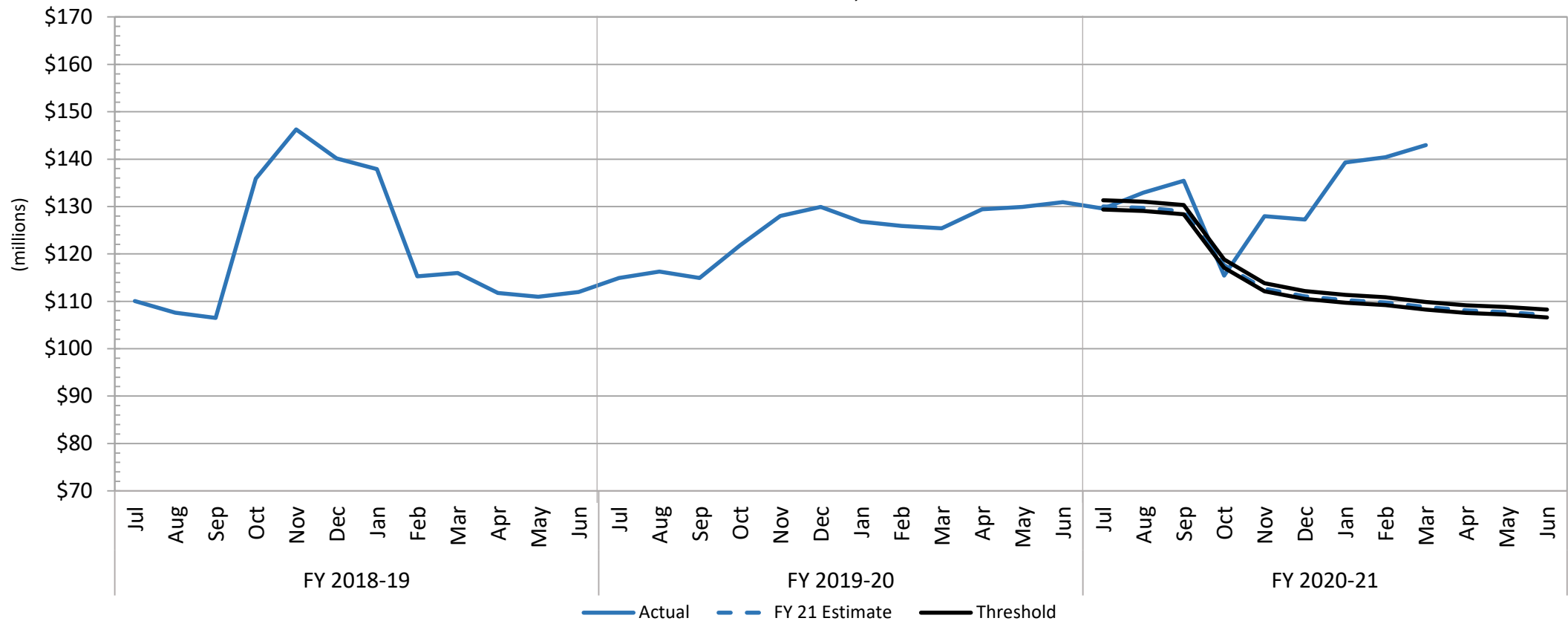


# Corporate License Tax – Actual vs. Estimate

Revenues have grown instead of declining and are \$33.5 million above expectations; FY 21 working estimate is increased by \$30.7 million to \$137.9 million, no change to FY 22

## ROLLING FISCAL YEAR - CORPORATE LICENSE TAX

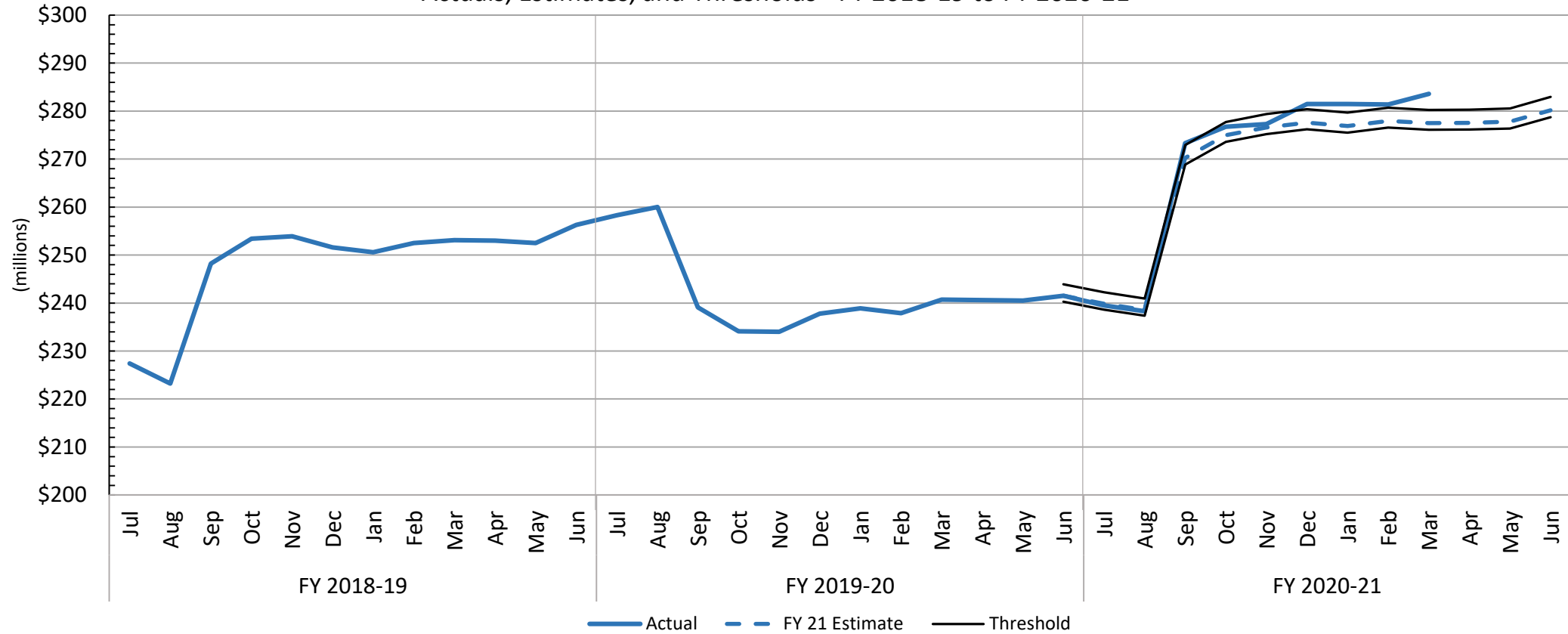
Actuals and Estimates, FY 2018-19 to FY 2020-21



# Insurance Tax – Actual vs. Estimate

Collections are \$6 million above estimate – recommend no change to forecast

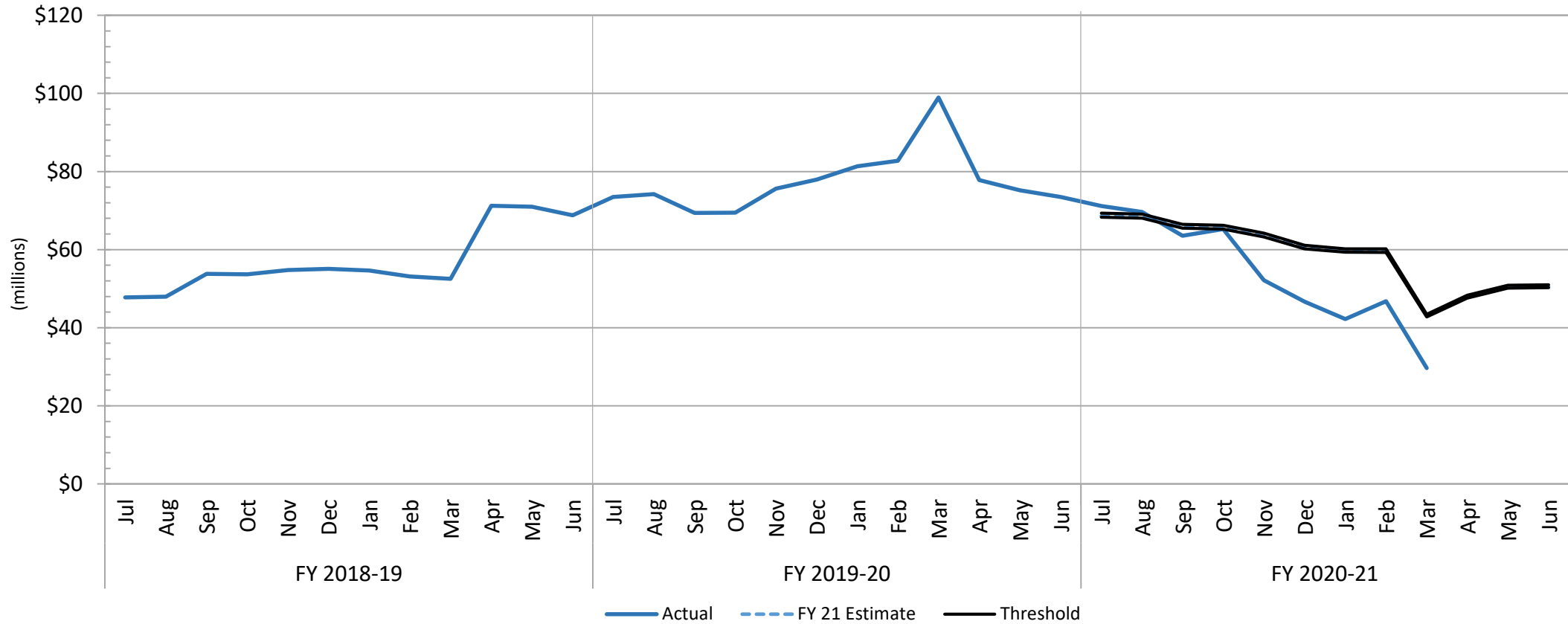
ROLLING FISCAL YEAR - INSURANCE TAX  
Actuals, Estimates, and Thresholds - FY 2018-19 to FY 2020-21



# Bank Tax – Actual vs. Estimate

Collections are below forecast by \$13.4 million, including timing issue with delayed returns in March; working estimate is reduced by \$27.4 million to \$23.2 million

ROLLING FISCAL YEAR - BANK TAX  
Actuals, Estimates, and Thresholds - FY 2018-19 to FY 2021-22



# Consideration of Forecast



# Working Estimates - April 2021

Reflect actual revenue, current but waning stimulus

## SUMMARY OF PROPOSED CHANGES

Revenue Category	FY 2020-21			FY 2021-22		
	Gross Estimate	Dollar Change from Current Estimate	Percent Change from FY 2019-20	Gross Estimate	Dollar Change from Current Estimate	Percent Change from FY 2020-21
Sales and Use Tax	\$3,630,230,000	\$258,772,000	10.4%	\$3,419,654,000	\$0	(5.8%)
Individual Income Tax	\$4,948,250,000	\$252,586,000	(1.4%)	\$5,064,667,000	\$237,564,000	2.4%
Corporate Income Tax	\$465,900,000	\$95,310,000	10.1%	\$465,900,000	\$118,600,000	0%
Insurance Tax	\$280,155,000	\$0	16.0%	\$256,190,000	\$0	(8.6%)
Earnings on Investments	\$75,000,000	(\$10,000,000)	5.3%	\$82,500,000	(\$17,500,000)	10.0%
Bank Tax	\$23,150,000	(\$27,350,000)	(4.6%)	\$32,000,000	(\$20,015,000)	38.2%
Other Revenues	\$638,080,000	\$41,084,000	1.0%	\$604,517,000	(\$2,266,000)	(5.3%)
General Fund Revenue	\$10,060,765,000	\$610,402,000	2.7%	\$9,925,428,000	\$316,383,000	(1.3%)

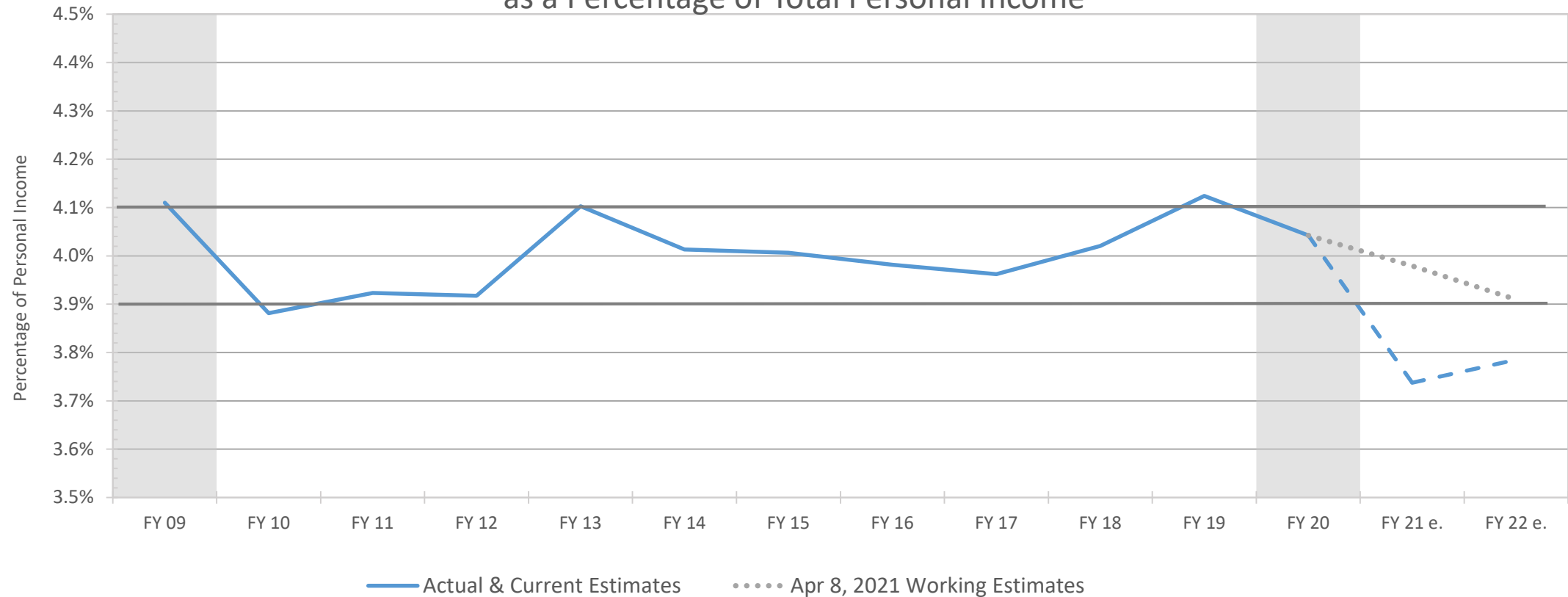




# General Fund Revenue as a Percentage of Personal Income

Current estimates are below historical relationship with revised personal income estimates; working estimates are closer to recent patterns

SOUTH CAROLINA GENERAL FUND REVENUE  
as a Percentage of Total Personal Income



Source: U.S. Department of Commerce, Bureau of Economic Analysis; SC Revenue and Fiscal Affairs Office 34F-LHJ/04/05/2021

# General Fund Revenue Forecast Proposed

Revenue Category	Final FY 2018-19	Final FY 2019-20	2/12/2021 Estimate FY 2020-21	4/8/2021 Estimate FY 2020-21	Change	2/12/2021 Estimate FY 2021-22	4/8/2021 Estimate FY 2021-22	Change
Sales and Use Tax	\$3,186,425,454	\$3,286,771,744	\$3,371,458,000	\$3,630,230,000	\$258,772,000	\$3,419,654,000	\$3,419,654,000	\$0
Individual Income Tax	4,714,998,174	5,019,420,030	4,695,664,000	4,948,250,000	252,586,000	4,827,103,000	5,064,667,000	237,564,000
Corporation Income Tax	494,214,442	423,052,193	370,590,000	465,900,000	95,310,000	347,300,000	465,900,000	118,600,000
Insurance Taxes	256,207,957	241,496,468	280,155,000	280,155,000	0	256,190,000	256,190,000	0
Admissions Tax	32,571,884	24,858,654	24,354,000	26,175,000	1,821,000	24,354,000	30,746,000	6,392,000
Aircraft Tax	2,500,000	2,621,301	2,500,000	2,500,000	0	2,500,000	2,500,000	0
Alcoholic Liquor Tax	83,877,459	81,089,410	83,148,000	85,996,000	2,848,000	84,811,000	87,899,000	3,088,000
Bank Tax	68,798,957	73,484,038	50,500,000	23,150,000	(27,350,000)	52,015,000	32,000,000	(20,015,000)
Beer and Wine Tax	110,391,069	112,351,535	113,728,000	113,728,000	0	115,434,000	115,434,000	0
Bingo Tax	111,602	(678,982)	0	0	0	112,000	112,000	0
Business Filing Fees	7,424,879	7,979,168	8,820,000	10,760,000	1,940,000	9,210,000	8,578,000	(632,000)
Circuit/Family Court Fines	6,745,763	5,731,715	5,308,000	5,308,000	0	5,500,000	5,500,000	0
Corporation License Tax	112,007,772	130,867,571	107,154,000	137,900,000	30,746,000	101,200,000	101,200,000	0
Documentary Tax	80,425,985	81,757,989	91,050,000	94,680,000	3,630,000	98,692,000	88,433,000	(10,259,000)
Earned on Investments	87,487,280	130,855,337	85,000,000	75,000,000	(10,000,000)	100,000,000	82,500,000	(17,500,000)
Indirect Cost Recoveries	15,938,594	15,269,683	15,500,000	16,535,000	1,035,000	15,569,000	15,939,000	370,000
Motor Vehicle Licenses	12,079,044	10,977,190	11,775,000	10,674,000	(1,101,000)	11,952,000	12,598,000	646,000
Nursing Home Fees	3,547,314	3,480,988	3,600,000	3,600,000	0	3,600,000	3,600,000	0
Parole and Probation Fees	3,392,808	3,392,808	3,393,000	3,393,000	0	3,393,000	3,393,000	0
Private Car Lines Tax	6,215,080	6,351,887	6,492,000	6,733,000	241,000	6,622,000	7,008,000	386,000
Public Service Authority	17,496,000	17,479,000	17,450,000	17,450,000	0	17,450,000	17,450,000	0
Purchasing Card Rebates	3,171,665	3,226,732	3,497,000	3,089,000	(408,000)	3,643,000	3,089,000	(554,000)
Record Search Fees	4,461,000	4,461,000	4,461,000	4,461,000	0	4,461,000	4,461,000	0
Savings and Loan Assoc. Tax	1,254,252	8,489,236	3,048,000	1,273,000	(1,775,000)	3,048,000	1,273,000	(1,775,000)
Security Dealer Fees	27,178,783	27,533,590	28,100,000	29,119,000	1,019,000	28,666,000	29,701,000	1,035,000
Surcharge on Vehicle Rentals	(295,401)	(816,950)	0	0	0	0	0	0
Tobacco Tax	28,372,637	27,009,655	28,657,000	28,657,000	0	29,280,000	29,280,000	0
Uncashed Checks	1,027,801	2,434,382	0	0	(0)	0	0	(0)
Unclaimed Property Fund	12,600,000	15,000,000	15,000,000	15,000,000	0	15,000,000	15,000,000	0
Workers' Comp. Insurance Tax	9,382,100	13,142,342	7,057,000	9,200,000	2,143,000	9,382,000	9,382,000	0
Other Source Revenues	12,116,456	14,187,780	12,904,000	11,849,000	(1,055,000)	12,904,000	11,941,000	(963,000)
<b>Gross General Fund Revenue</b>	<b>\$9,402,126,809</b>	<b>\$9,793,277,494</b>	<b>\$9,450,363,000</b>	<b>\$10,060,765,000</b>	<b>\$610,402,000</b>	<b>\$9,609,045,000</b>	<b>\$9,925,428,000</b>	<b>\$316,383,000</b>



# General Fund Revenue Forecast (continued)– Proposed

Revenue Category	Final FY 2018-19	Final FY 2019-20	2/12/2021 Estimate FY 2020-21	4/8/2021 Estimate FY 2020-21	Change	2/12/2021 Estimate FY 2021-22	4/8/2021 Estimate FY 2021-22	Change
<b>Gross General Fund Revenue</b>	<b>\$9,402,126,809</b>	<b>\$9,793,277,494</b>	<b>\$9,450,363,000</b>	<b>\$10,060,765,000</b>	<b>\$610,402,000</b>	<b>\$9,609,045,000</b>	<b>\$9,925,428,000</b>	<b>\$316,383,000</b>
Appropriation Act Revenue	8,836,042,000	9,330,662,000	9,500,103,000	9,500,103,000	0	9,609,045,000	9,925,428,000	316,383,000
Less: Tax Relief Trust Fund	(599,876,083)	(614,053,000)	(629,405,136)	(629,405,136)	0	(650,023,221)	(762,846,221)	(112,823,000)
Appropriation Act Excluding Trust Fund	8,236,165,917	8,716,609,000	8,870,697,864	8,870,697,864	0	8,959,021,779	9,162,581,779	203,560,000
Revenue Excess/(Shortfall) From Act	566,084,809	462,615,494	(49,740,000)	560,662,000	610,402,000	0	0	0
Capital Reserve Fund (2%) - Beg. Bal.	151,649,393	162,485,305	176,095,044	176,095,044	0	183,584,490	183,584,490	0
General Reserve Fund (5%) - Beg. Bal.	379,123,483	406,213,261	440,237,611	440,237,611	0	458,961,225	458,961,225	0
Total Reserve Funds	530,772,876	568,698,566	616,332,655	616,332,655	0	642,545,715	642,545,715	0
Education Improvement Act (EIA)	840,103,875	863,037,030	878,023,000	<b>993,620,024</b> 4/15/21 FAR	115,597,024	905,400,000	894,700,000	(10,700,000)
EIA Fund	837,529,968	861,357,054	877,698,000	<b>993,430,024</b> 4/15/21 FAR	115,732,024	905,000,000	894,490,000	(10,510,000)
EIA Interest	2,573,907	1,679,976	325,000	190,000	(135,000)	400,000	210,000	(190,000)
S.C. Education Lottery Fund	490,656,044	496,599,922	562,500,000	588,000,000	25,500,000	523,250,000	523,300,000	50,000
Homestead Exemption Fund (HEX)	756,112,889	784,804,568	800,078,000	869,440,000	69,362,000	823,600,000	828,970,000	5,370,000
HEX Revenue	753,887,010	782,037,516	797,678,000	866,940,000	69,262,000	821,000,000	826,110,000	5,110,000
HEX Interest	2,225,879	2,767,052	2,400,000	2,500,000	100,000	2,600,000	2,860,000	260,000
Expenditure Estimate	773,434,415	798,756,235	819,351,320	819,351,320	0	836,036,029	836,036,029	0
HEX Fund Excess/(Shortfall)	(17,321,527)	(13,951,667)	(19,273,320)	50,088,680	69,362,000	(12,436,029)	(7,066,029)	5,370,000

\*An error was discovered after the presentation, the highlighted information is correct. Please see supporting documents for details.

Tax Relief Trust Fund for FY 2021-22 includes estimated additional reimbursements for utilities receiving the manufacturing exemption, subject to revision pending final estimates by Dept. of Revenue and H.4064 of 2021



# Budget Outlook FY 2021-22

# FY 2021-22 Budget Outlook – Recurring General Fund

	(Dollars in Millions)
BEA Revenue Estimate (4/8/2021)	\$9,925.4
Tax Relief Trust Fund (Inc. revised manuf. exemption)	(\$762.8)
FY 2020-21 Continuing Resolution	<u>(\$8,750.6)</u>
Estimated “New” General Fund Revenue	\$412.0
FY 2021-22 Reserve Fund Contributions	
Incremental General Reserve Fund (5%)	(\$18.7)
Incremental Capital Reserve Fund (2%)	<u>(\$7.5)</u>
<b>Estimated “New” General Fund Revenue Available for Appropriation (less Reserve Fund Contributions)</b>	<b>\$385.8</b>

# FY 2021-22 Budget Outlook

## Nonrecurring General Fund and Select Other Funds

(Dollars in Millions)

FY 2018-19 Contingency Reserve Fund (remaining)	\$44.5
FY 2019-20 Contingency Reserve Fund (remaining) (FY 2019-20 GF Surplus + Cap. Res. Lapsed + Other Lapsed Approp. + CARES Reimb.)	\$514.8
FY 2020-21 Capital Reserve Fund	\$176.1
Projected FY 2020-21 General Fund Surplus (4/8/2021)	\$646.7
Less Reserve Fund Contributions	<u>(\$47.6)</u>
<b>Total Available Non-Recurring Revenue</b>	<b>\$1,334.5</b>
<i>Litigation Recovery - DOE Settlement (preliminary)</i>	\$525

# FY 2021-22 Budget Outlook

## Select Other Funds

(Dollars in Millions)

FY 2020-21 HEX Fund Surplus/(Shortfall)  
(Net \$20.4m Appropriations)

FY 2021-22 HEX Fund Surplus/(Shortfall)  
(Net \$20.4m Appropriations)

\$70.5

\$13.5

FY 2020-21 EIA Surplus/(Shortfall)

FY 2021-22 “New” EIA Revenue

~~\$132.4~~

\*\$92.4

\$33.5

4/15/21 FAR

FY 2020-21 Lottery Revenue

FY 2021-22 Lottery Revenue

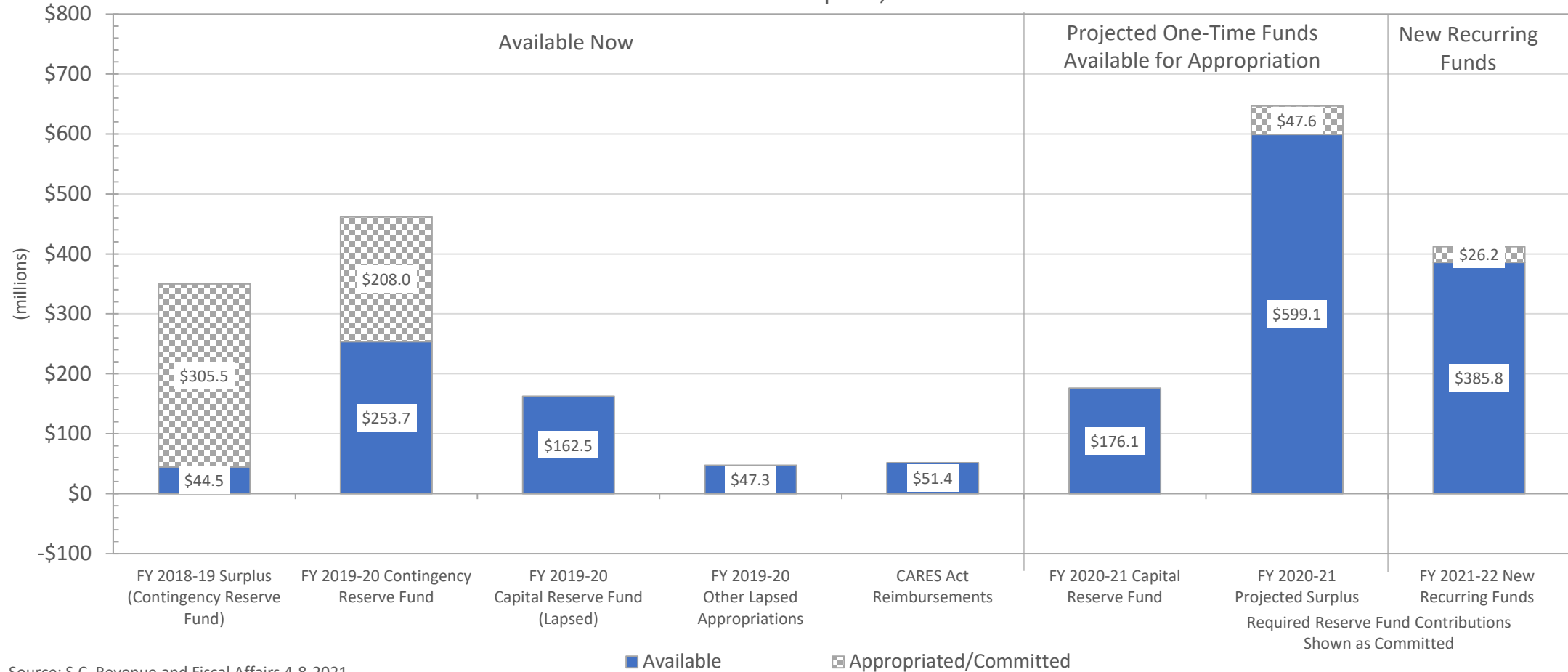
\$588.0

\$523.3

\*An error was discovered after the presentation, the highlighted information is correct. Please see supporting documents for details.

# Available Funds – FY 2021-22 Budget Process

AVAILABLE FUNDS - FY 2021-22 BUDGET PROCESS  
as of April 8, 2021



Source: S.C. Revenue and Fiscal Affairs 4-8-2021



# Reports from Working Group Members



# Other Business



# Appendix

# History of FY 2020-21 Forecast Changes

Revenue Category	2/13/2020 Estimate FY 2020-21	4/9/2020 Estimate FY 2020-21	5/8/2020 Estimate FY 2020-21	08/31/2020 Estimate FY 2020-21	11/10/2020 Estimate FY 2020-21	4/8/2021 Estimate FY 2020-21	Total Change Since 2/13/2020
Sales and Use Tax	\$3,572,229,000	\$3,399,926,024	\$3,399,926,000	\$3,367,926,000	\$3,371,458,000	\$3,630,230,000	\$58,001,000
Individual Income Tax	5,156,732,000	4,707,915,608	4,707,916,000	4,707,916,000	4,695,664,000	\$4,948,250,000	(208,482,000)
Corporation Income Tax	444,214,000	421,977,600	375,560,000	375,560,000	370,590,000	\$465,900,000	21,686,000
Insurance Taxes	288,995,000	288,995,000	288,995,000	288,995,000	280,155,000	\$280,155,000	(8,840,000)
Admissions Tax	34,354,000	34,354,000	34,354,000	24,354,000	24,354,000	\$26,175,000	(8,179,000)
Aircraft Tax	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	\$2,500,000	0
Alcoholic Liquor Tax	91,948,000	91,948,000	91,948,000	83,148,000	83,148,000	\$85,996,000	(5,952,000)
Bank Tax	87,190,000	87,190,000	87,190,000	87,190,000	50,500,000	\$23,150,000	(64,040,000)
Beer and Wine Tax	113,728,000	113,728,000	113,728,000	113,728,000	113,728,000	\$113,728,000	0
Bingo Tax	113,000	113,000	113,000	(500,000)	0	\$0	(113,000)
Business Filing Fees	8,200,000	8,200,000	8,200,000	8,200,000	8,820,000	\$10,760,000	2,560,000
Circuit/Family Court Fines	6,217,000	6,217,000	6,217,000	5,500,000	5,308,000	\$5,308,000	(909,000)
Corporation License Tax	119,060,000	119,060,000	107,154,000	107,154,000	107,154,000	\$137,900,000	18,840,000
Documentary Tax	91,050,000	91,050,000	91,050,000	91,050,000	91,050,000	\$94,680,000	3,630,000
Earned on Investments	75,000,000	75,000,000	75,000,000	75,000,000	85,000,000	\$75,000,000	0
Indirect Cost Recoveries	15,500,000	15,500,000	15,500,000	15,500,000	15,500,000	\$16,535,000	1,035,000
Motor Vehicle Licenses	12,890,000	12,890,000	12,890,000	12,890,000	11,775,000	\$10,674,000	(2,216,000)
Nursing Home Fees	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	\$3,600,000	0
Parole and Probation Fees	3,393,000	3,393,000	3,393,000	3,393,000	3,393,000	\$3,393,000	0
Private Car Lines Tax	6,787,000	6,787,000	6,787,000	6,787,000	6,492,000	\$6,733,000	(54,000)
Public Service Authority	17,700,000	17,700,000	17,700,000	17,700,000	17,450,000	\$17,450,000	(250,000)
Purchasing Card Rebates	3,497,000	3,497,000	3,497,000	3,497,000	3,497,000	\$3,089,000	(408,000)
Record Search Fees	4,461,000	4,461,000	4,461,000	4,461,000	4,461,000	\$4,461,000	0
Savings and Loan Assoc. Tax	1,038,000	1,038,000	1,038,000	1,038,000	3,048,000	\$1,273,000	235,000
Security Dealer Fees	28,100,000	28,100,000	28,100,000	28,100,000	28,100,000	\$29,119,000	1,019,000
Surcharge on Vehicle Rentals	175,000	0	0	0	0	\$0	(175,000)
Tobacco Tax	28,657,000	28,657,000	28,657,000	28,657,000	28,657,000	\$28,657,000	0
Uncashed Checks	1,000,000	1,000,000	1,000,000	1,000,000	0	\$0	(1,000,000)
Unclaimed Property Fund	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	\$15,000,000	0
Workers' Comp. Insurance Tax	8,828,000	8,828,000	8,828,000	8,828,000	7,057,000	\$9,200,000	372,000
Other Source Revenues	11,931,000	11,931,000	11,931,000	11,931,000	12,904,000	\$11,849,000	(82,000)
							0
<b>Gross General Fund Revenue</b>	<b>\$10,254,087,000</b>	<b>\$9,610,556,232</b>	<b>\$9,552,233,000</b>	<b>\$9,500,103,000</b>	<b>\$9,450,363,000</b>	<b>\$10,060,765,000</b>	<b>(\$193,322,000)</b>

# Quarterly Review Requirements

- SC Code of Laws §11-9-1130 requires a review of revenue collections relative to the estimates
- If any quarter shows a shortfall over 1.5 percent of projected collections a synopsis must be prepared indicating the factors contributing to the shortfall; and is similarly required for a shortfall of 1.5 percent in sales, individual income tax, corporate income tax, insurance tax, and earnings on investments.
- SC Code of Laws §11-9-1140 requires a quarterly review of estimated and actual revenues
- If, at the end of the first (Jul – Sep), second (Oct – Dec), or third (Jan – Mar) quarter, the BEA reduces the estimate by
  - 3.0 percent or less, the Director of the Executive Budget Office must reduce appropriations
  - More than 3.0 percent, the General Assembly may take action; otherwise, the Director of the Executive Budget Office must reduce appropriations

## Other Funds Forecast Adjustments

- As a result of a recent court decision, utilities are eligible for the manufacturing property value exemption
- The Tax Relief Trust Fund estimate for FY 2021-22 is adjusted upward by \$112.8 million to account for a preliminary estimate of the additional reimbursements for the manufacturing property value exemption for the current year (tax year 2021) and prior year refunds (tax years 2018-2020)
- Legislation is pending to eliminate the exemption for utilities in tax year 2021 forward, which would lower the estimated reimbursements by \$45.7 million to \$67.1 million
- EIA and HEX estimates reflect higher sales tax growth
- Education Lottery increased \$25.5 million in total for FY 2020-21; \$50,000 for interest adjustment in FY 2021-22