

South Carolina General Fund Revenue Forecast FY 2021-22 and FY 2022-23



November 10, 2021

General Fund Revenues



REVENUES V. BEA MONTHLY ESTIMATES

JULY - OCTOBER FY 2021-22

(\$ 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
Total General Fund Revenue	\$3,872.1	\$3,280.7	\$591.4	(10.5%)	19.8%	Other Revenue Items, Sub-Total	\$252.1	\$196.5	\$55.6	(12.6%)	17.8%
Sales Tax	1,088.0	907.2	180.7	(10.6%)	21.7%	Admissions Tax	5.7	2.3	3.5	4.1%	181.2%
Individual Income Tax	2,265.7	2,036.7	229.0	(6.6%)	18.9%	Alcoholic Liquors Tax	27.9	19.2	8.7	(13.5%)	16.6%
Withholdings	2,094.7	1,918.7	175.9	(0.8%)	11.7%	Bank Tax	15.9	6.1	9.8	(54.2%)	96.5%
Nonwithholdings	406.2	346.3	59.8	(16.1%)	2.2%	Beer and Wine Tax	31.2	30.6	0.6	(1.2%)	1.5%
Refunds	235.2	228.4	6.8	2.3%	(36.1%)	Corporate License Tax	62.4	49.5	12.9	(31.7%)	8.0%
Corporate Income Tax	192.1	75.0	117.2	(30.4%)	59.4%	Deed Rec. (Doc. Tax)	38.1	23.9	14.1	(25.6%)	41.6%
Insurance Tax	74.2	65.4	8.9	(12.6%)	(24.4%)	Earnings on Investments	27.7	25.5	2.2	13.6%	23.5%
Other Revenue Items, Sub-Total	252.1	196.5	55.6	(12.6%)	17.8%	Residual Revenue	43.2	39.3	3.9	(18.6%)	2.6%

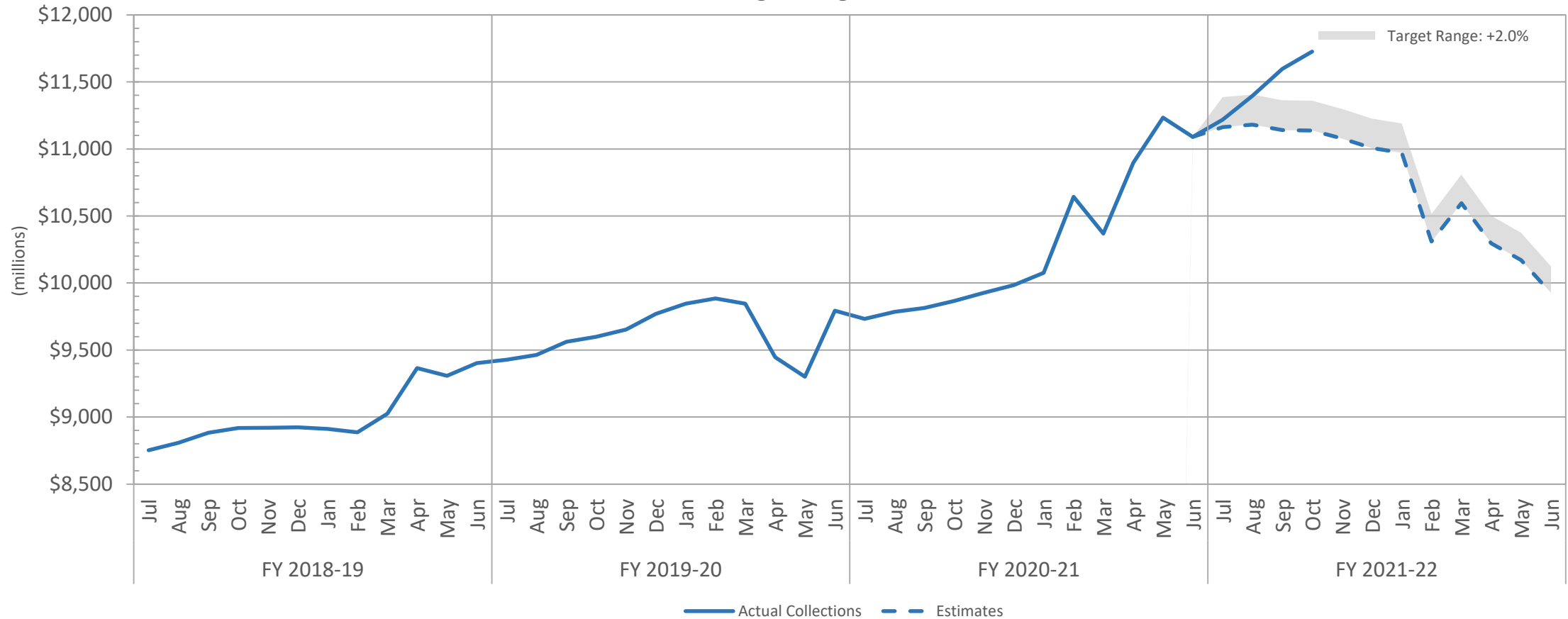
Based on BEA Forecast as of April 08, 2021



General Fund Revenue – Actual vs. April 2021 Estimate

Collections are up 19.8% over last year and \$591.4 million ahead of the current forecast

ROLLING FISCAL YEAR - GENERAL FUND
Actuals, Estimates, and Target Range, FY 2018-19 to FY 2021-22



Review of Revenue Estimates and Assumptions for FY 2021-22 and FY 2022-23

Key Observations and Comments

- South Carolina is expected to see continued economic growth
- FY 2020-21 final revenues were significantly higher than estimated in April, providing a higher base for revising FY 2021-22
- FY 2021-22 actual collections through October continue to exceed historical growth rates
- Notably, federal stimulus and altered consumer behavior are having a longer and stronger impact than previously anticipated
- In September, key business officials shared insights that detailed businesses' concerns about supply chain disruptions and labor force challenges, but they noted that these concerns came from a position of economic strength
- In October, our panel of regional economists noted that wage growth is strong, immigration to South Carolina has increased, and that inflation may pose a problem during the forecast period; overall expectations were positive and included above average growth this year

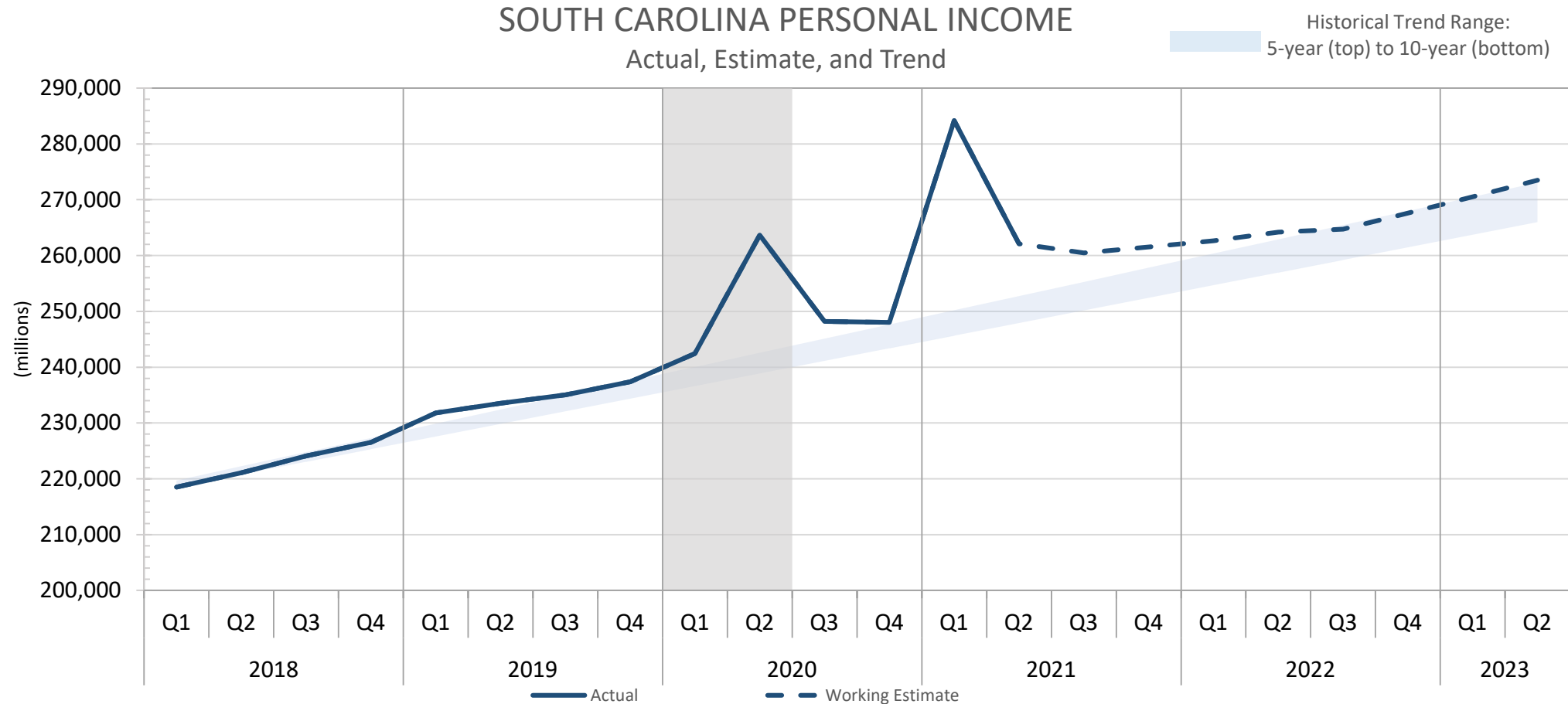
Key Assumptions for FY 2021-22 and FY 2022-23

Working Estimates

- Personal Income
 - Elevated wage growth in calendar year Q3 and Q4 2021, with a return to historical growth rates in Q1 2022
 - All pandemic related federal unemployment benefits ended as of calendar year Q3 2021
 - Additional \$3 billion in Child Tax Credits accounted for throughout FY 2021-22
- Employment
 - Below average growth throughout 2021, in line with current data trends, higher retirements, and advisors' comments
 - Above average growth beginning spring 2022
 - Return to pre-pandemic level July 2022
 - Historical average growth beginning fall 2022

Personal Income

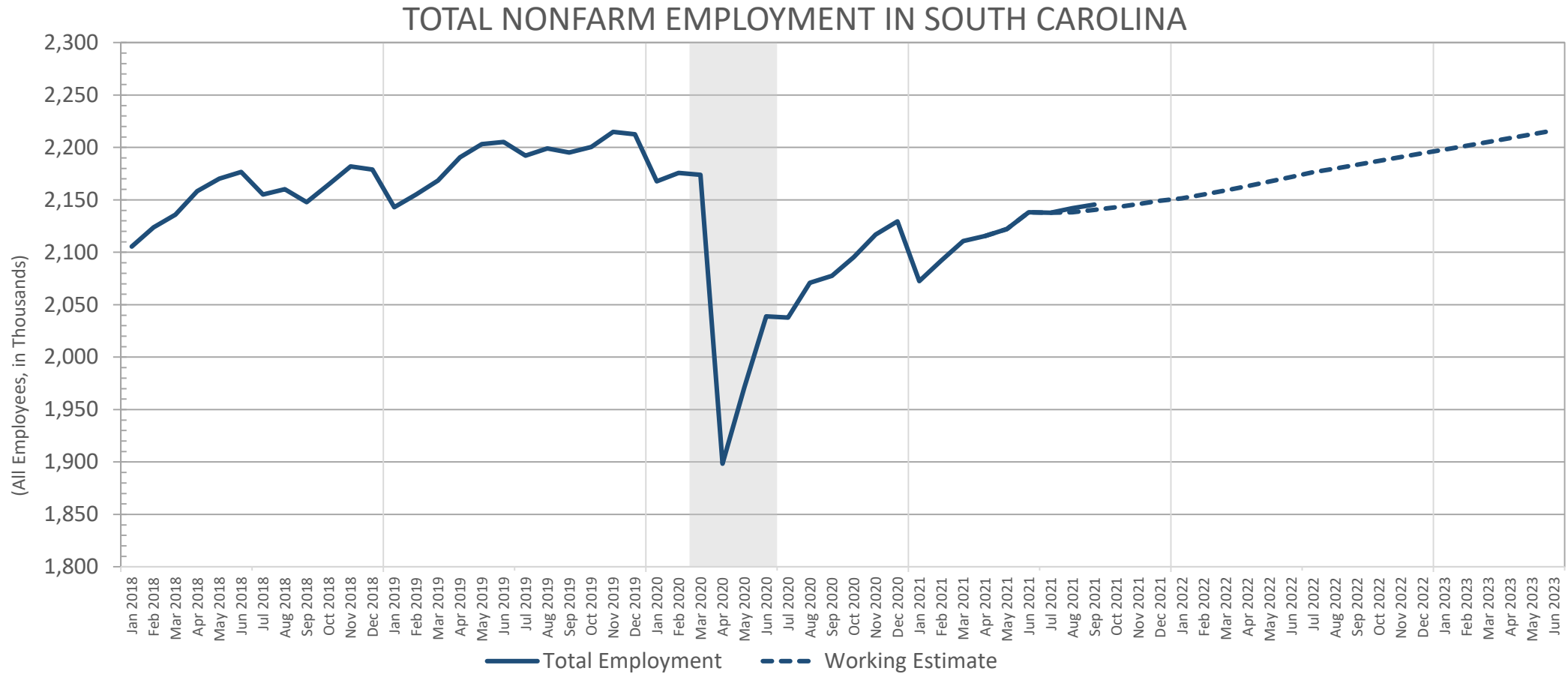
Working estimate is above historical trend in FY 2021-22 primarily due to elevated wage growth but returns to 5-year trend in FY 2022-23



Data Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors

Employment

Working estimate assumes a return to pre-pandemic employment levels in July 2022 and historical growth through FY 2022-23



Source: U.S. Department of Labor, Bureau of Labor Statistics 60-RFA/bdc/11/3/2021



Individual Income Tax

Individual Income Tax – Key Issues

FY 2021-22 and FY 2022-23

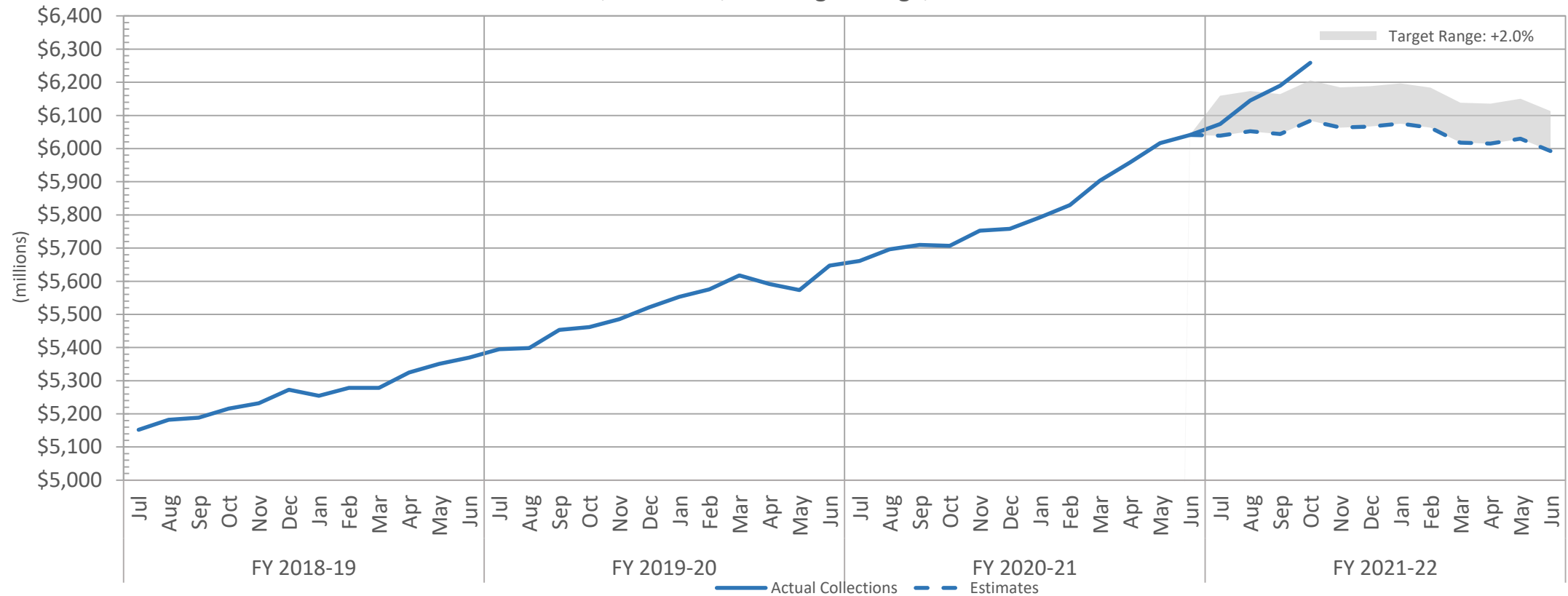
- Rising wages caused by the labor shortage have driven growth in Withholdings collections, and these higher wages are not expected to fall back down
 - Individuals have exited the labor market due to retirement, family obligations, and health concerns
- Non-Withholdings seem to have been elevated by proprietors' income and capital gains more than interest and dividend income
 - While proprietors' income and capital gains may not continue to drive such high collections, a major correction is not expected
- Most of Refunds will be processed during tax season, but the return of low wage employment may lead to above average growth
- Tax filing delays from the previous fiscal year will continue to disrupt the patterns in Non-Withholdings and Refunds
- Non-Withholdings also includes legislative adjustments for the revised SC Housing Tax Credit impact that decreases the estimate by \$25.0 million and \$84.3 million for FY22 and FY23, respectively

Withholdings – Actual vs. April 2021 Estimate

Collections are up 11.7% year-to-date, but growth is expected to moderate in the spring

ROLLING FISCAL YEAR - INDIVIDUAL INCOME WITHHOLDINGS

Actuals, Estimates, and Target Range, FY 2018-19 to FY 2021-22

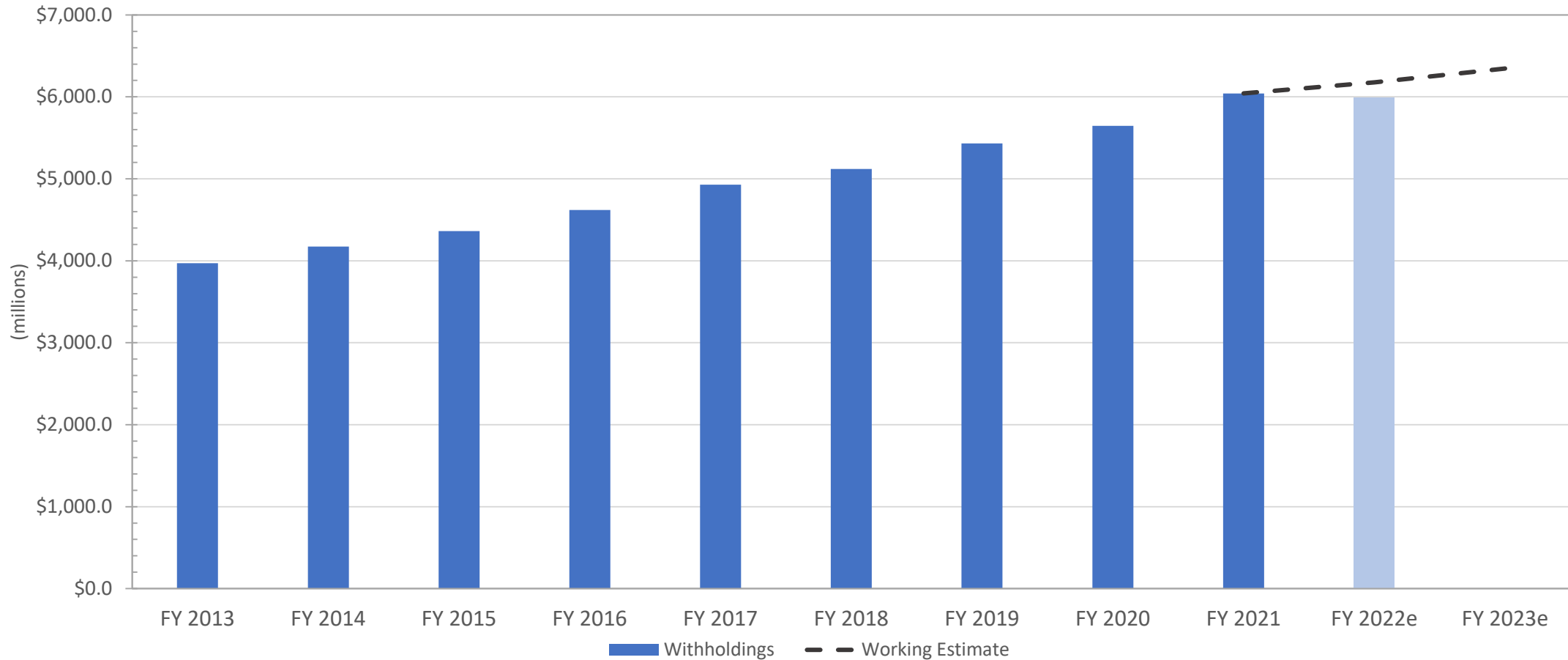


Individual Income Tax - Withholdings

Estimate is slightly above the normal trend in FY 2022 before falling back to the normal trend

WITHHOLDINGS

Working Estimate:
FY 2021-22: \$6,177.5
FY 2022-23: \$6,344.4

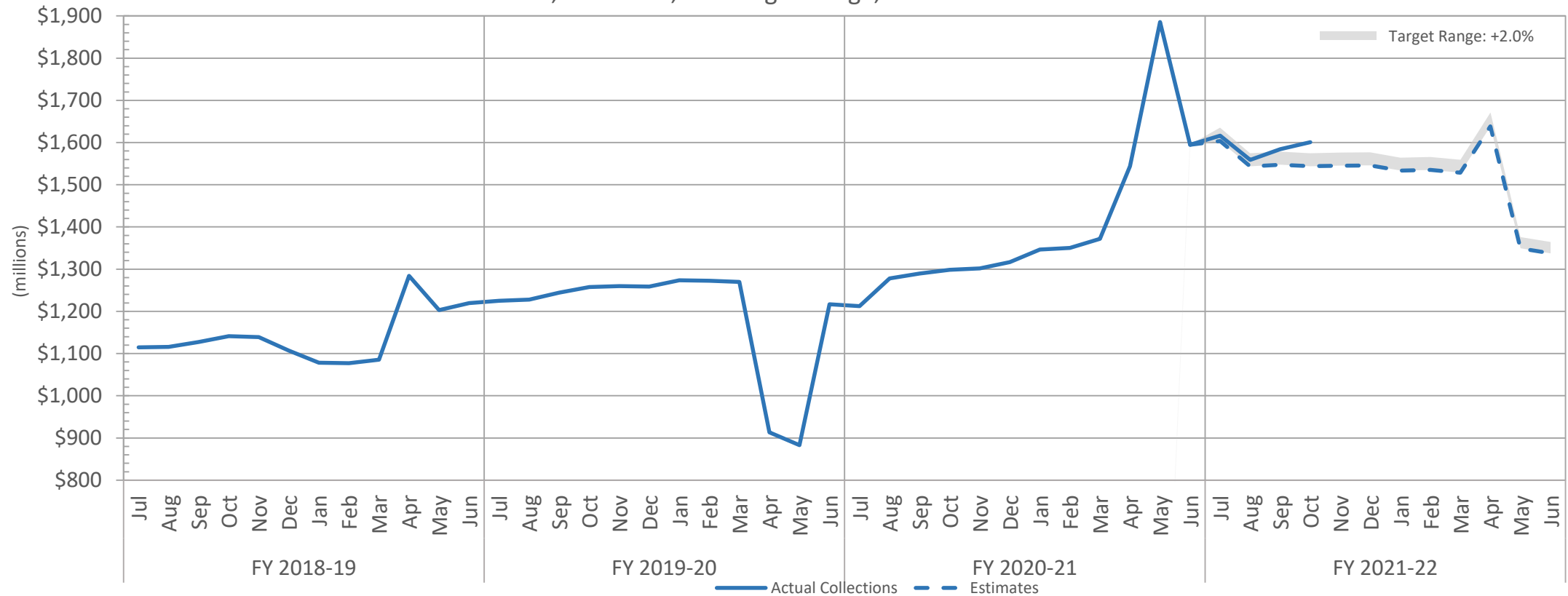


Non-Withholdings – Actual vs. April 2021 Estimate

Non-Withholdings are up 2.2%, but this number balloons to 20.3% after accounting for delayed collections from FY 2019-20

ROLLING FISCAL YEAR - INDIVIDUAL INCOME NON-WITHHOLDINGS

Actuals, Estimates, and Target Range, FY 2018-19 to FY 2021-22

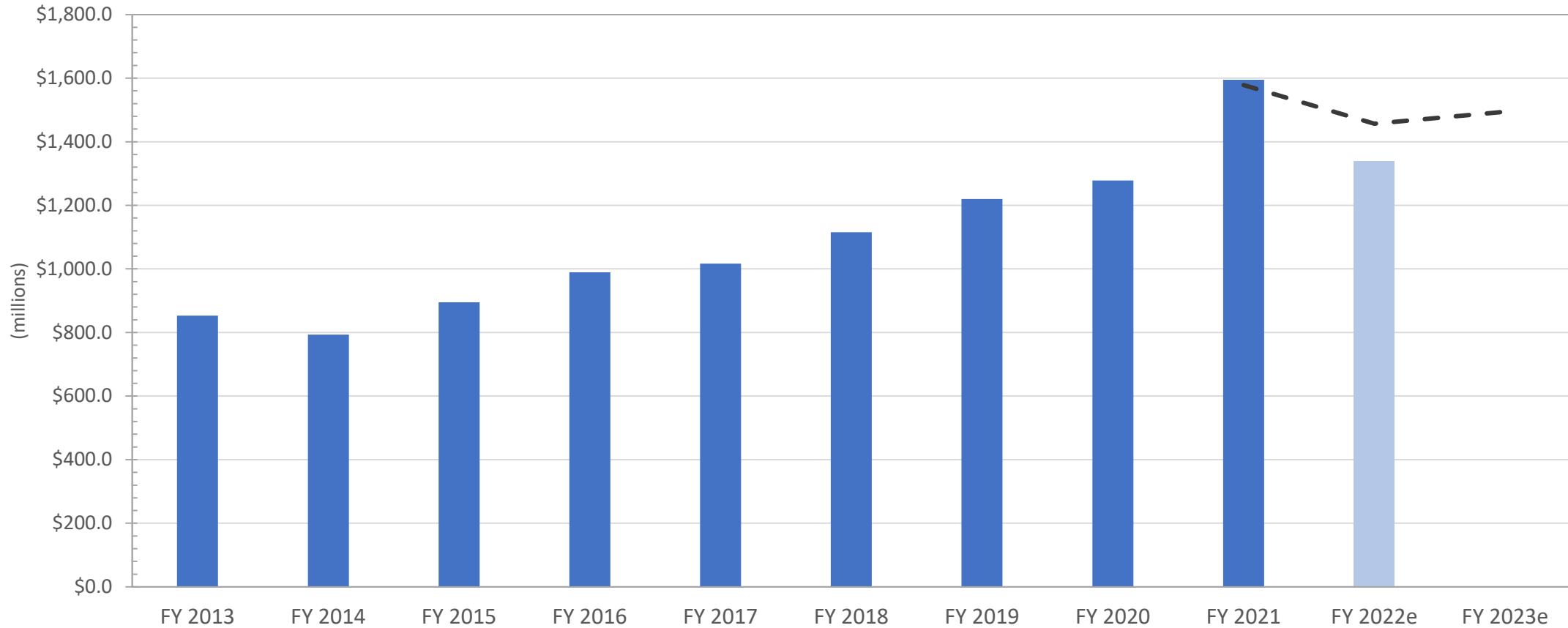


Individual Income Tax – Non-Withholdings

Due to legislative adjustments, Non-Withholdings is below the normal trend

NON-WITHHOLDINGS

Working Estimate:
FY 2021-22: \$1,456.7
FY 2022-23: \$1,494.4



Note: FY 2022 and FY 2023 include \$25.0m and \$84.3m, respectively, in reductions from legislative adjustments

■ Non-Withholdings - - - Working Estimate

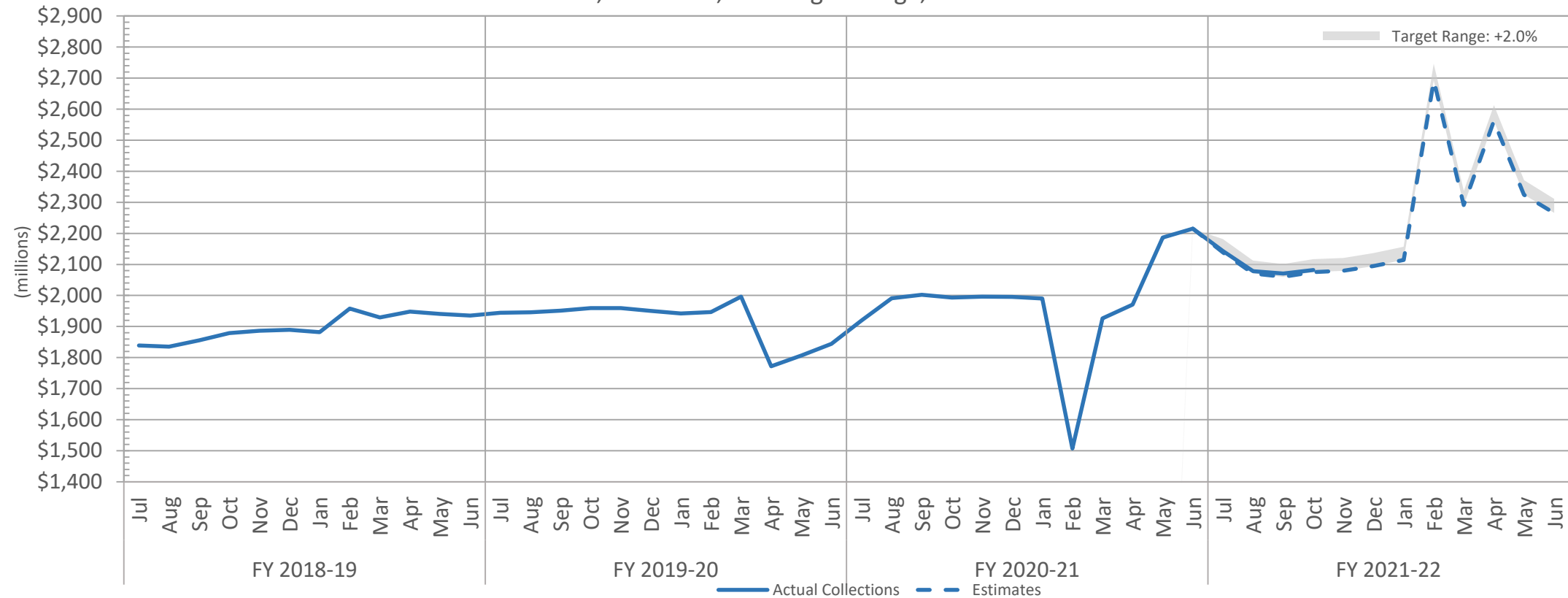


Refunds – Actual vs. April 2021 Estimate

Refunds are 36.1% below the previous fiscal year due to an extra \$147 million from the filing delay; when adjusted, Refunds are up 6.5%

ROLLING FISCAL YEAR - INDIVIDUAL INCOME REFUNDS

Actuals, Estimates, and Target Range, FY 2018-19 to FY 2021-22

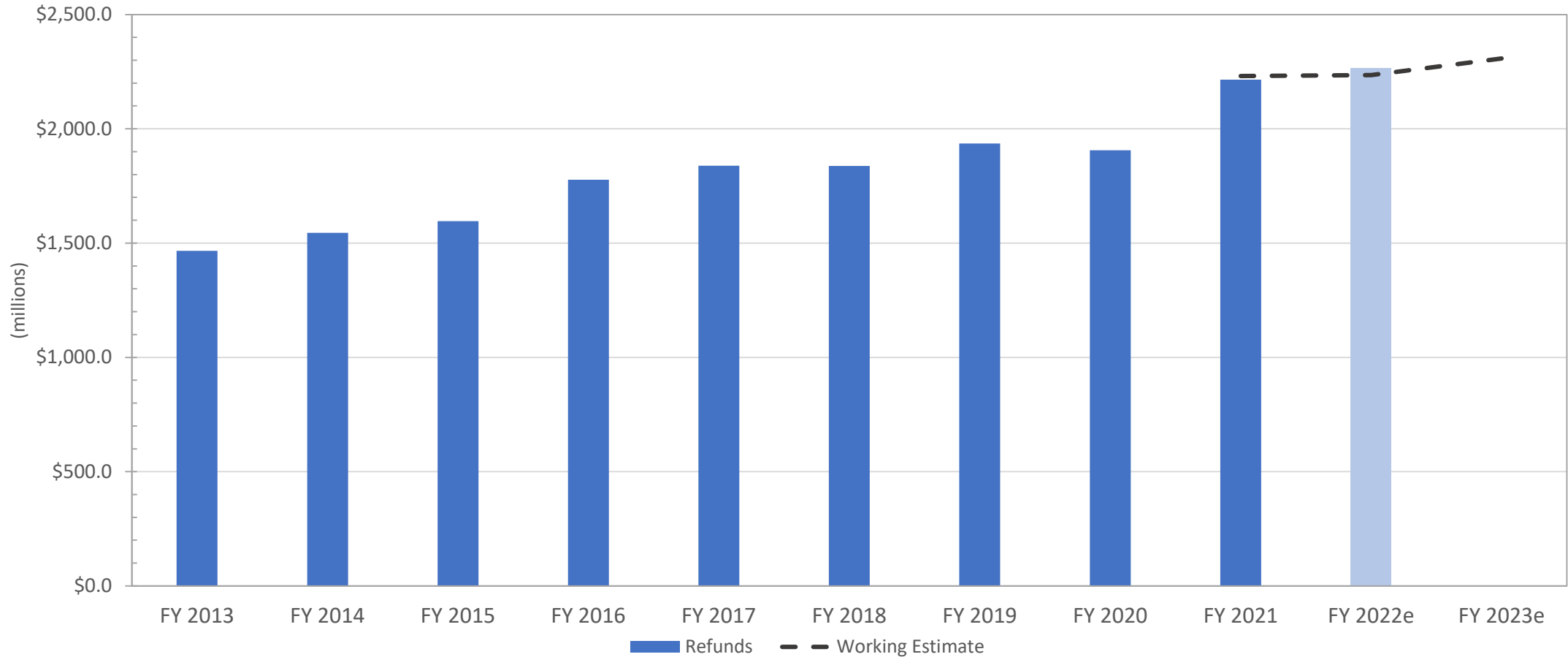


Individual Income Tax - Refunds

Estimate reflects elevated wage growth

REFUNDS

Working Estimate:
FY 2021-22: \$2,234.9
FY 2022-23: \$2,307.6



Consumption Taxes



Sales Tax Revenue

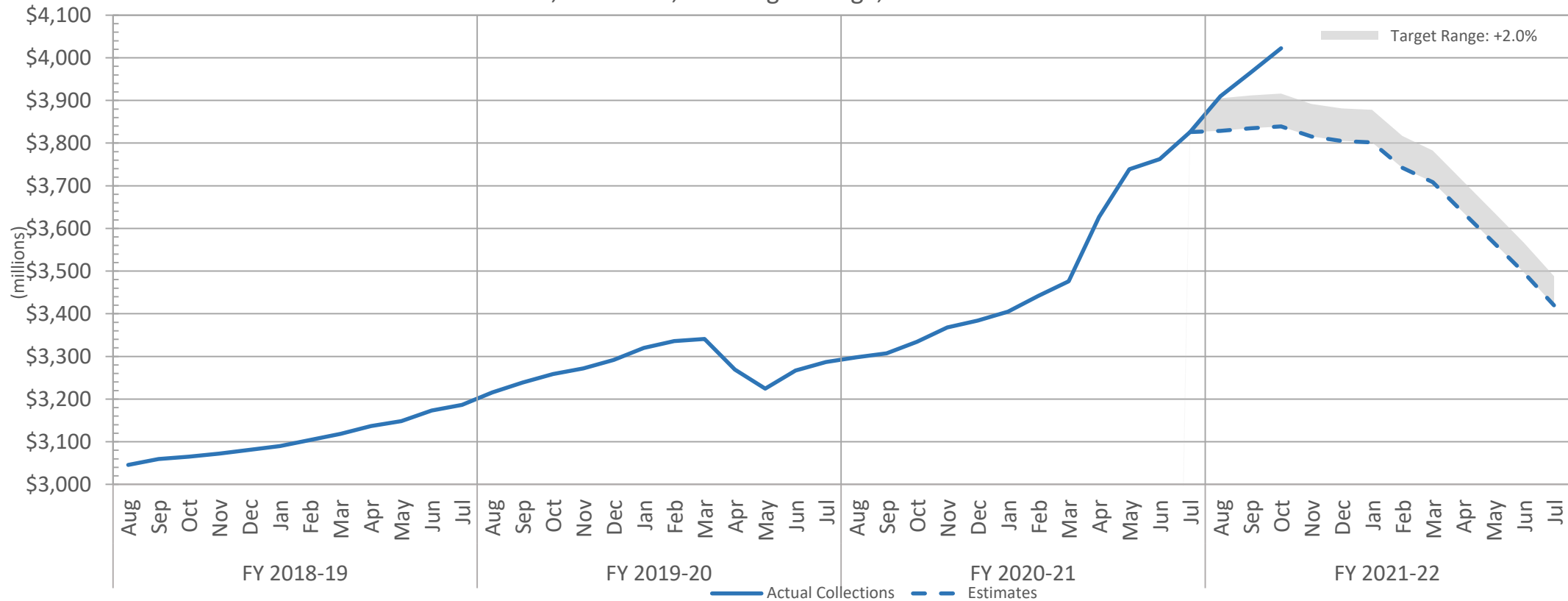
Key Issues FY 2020-21 & FY 2022-23

- FY 22 growth continues to be highly elevated over the pre-pandemic trend
- Stimulus payments increased capacity to spend
- Continued shifts in consumer spending towards more taxable goods are further exacerbating high growth rates
- As this increased capacity wanes and when or if consumers shift back to more historical trends, we'll see moderated growth rates
 - Likely negative in the spring of 2022
- Looking forward to FY 23, we anticipate revenue growth will return to historical levels

Sales Tax - Actual vs. April 2021 Estimate

October collections were the fourth straight month of year-over-year growth near 20%, bringing FYTD growth up to 21.7%

ROLLING FISCAL YEAR - SALES TAX
Actuals, Estimates, and Target Range, FY 2018-19 to FY 2021-22

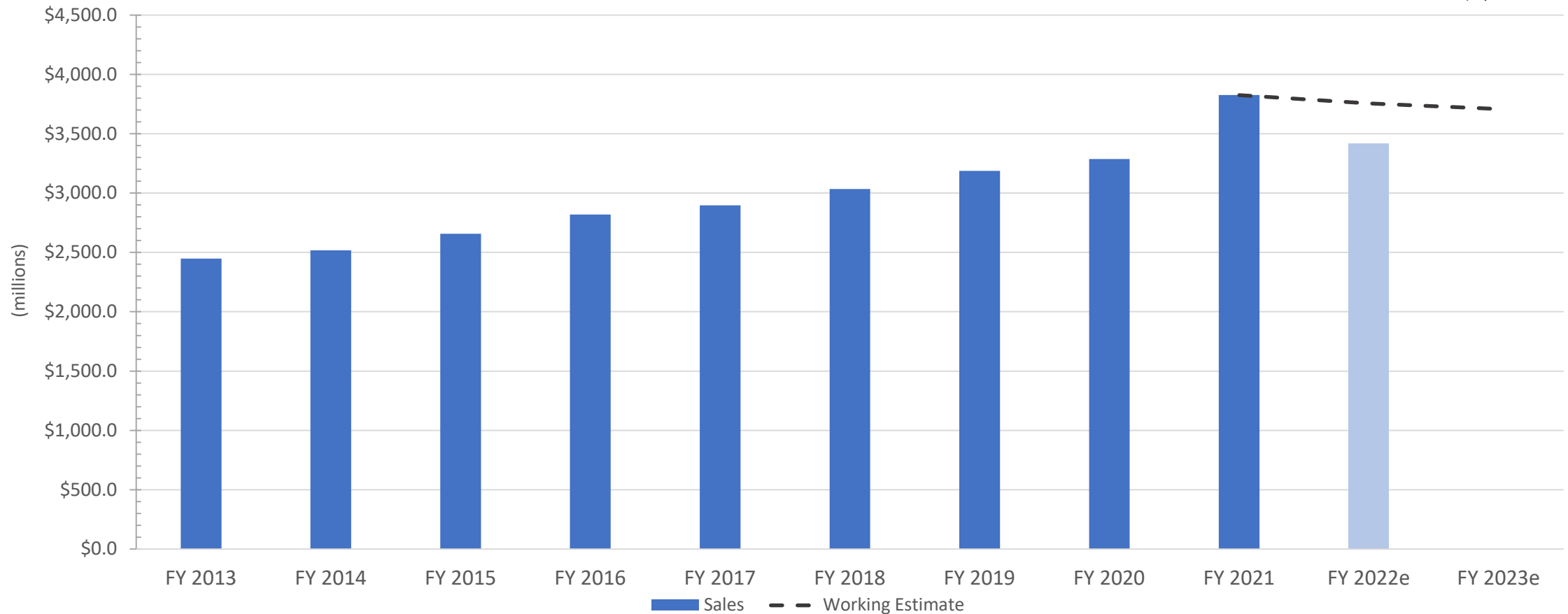


Sales Tax - Working Estimate

High Sales tax growth is expected to persist into the beginning of 2022, before returning to its pre-pandemic trend in FY 2023

SALES TAX

Working Estimate:
FY 2021-22: \$3,756.7
FY 2022-23: \$3,708.7



Other Consumption Taxes

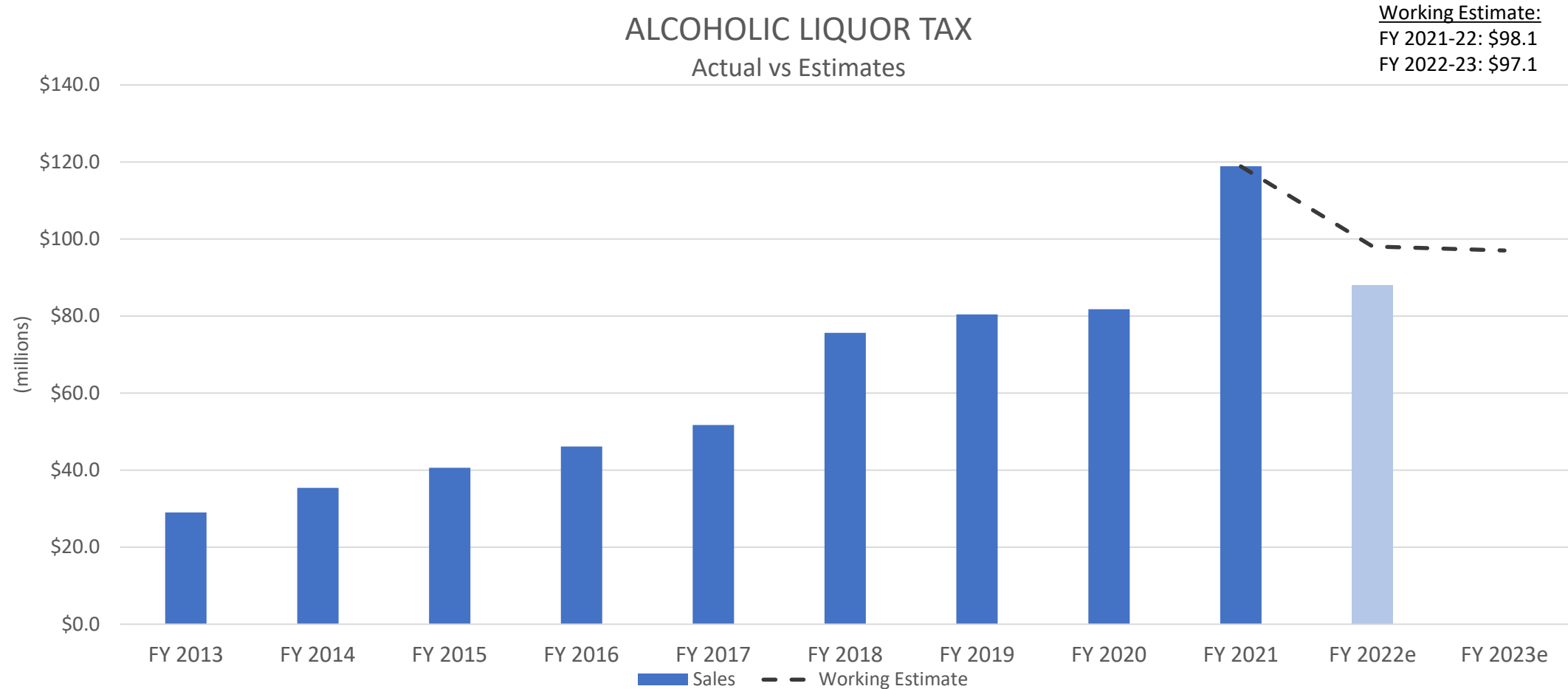


Other Consumption Taxes

- Alcoholic Liquor collections continue to run ahead of expectations and are currently above the estimate by \$8.7 million
- Beer and Wine collections continue to be in line with the current estimate
- Deed Recording Fees are well ahead of the estimate by \$14.1 million

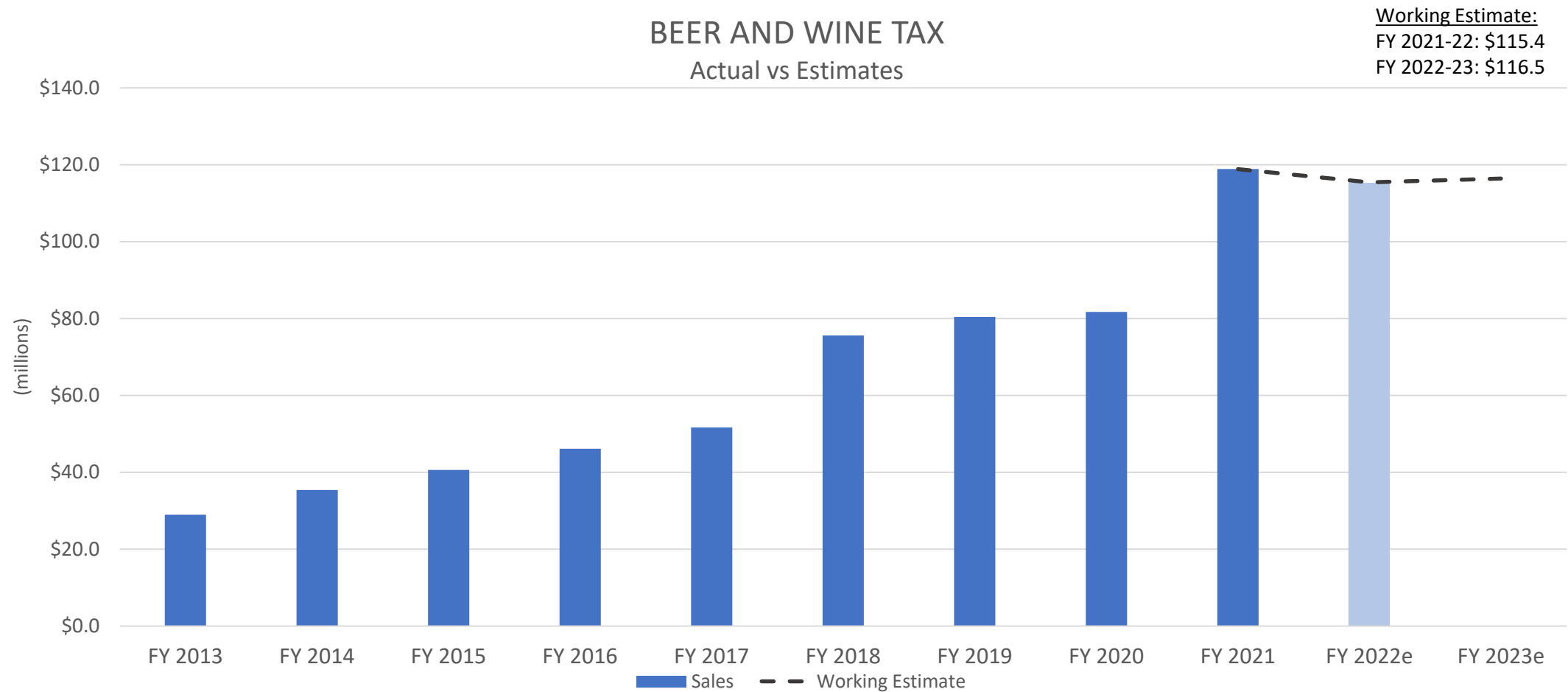
Alcoholic Liquors – Working Estimate

Higher than historical revenue collections are expected to remain throughout FY 22, before moderating in FY 23



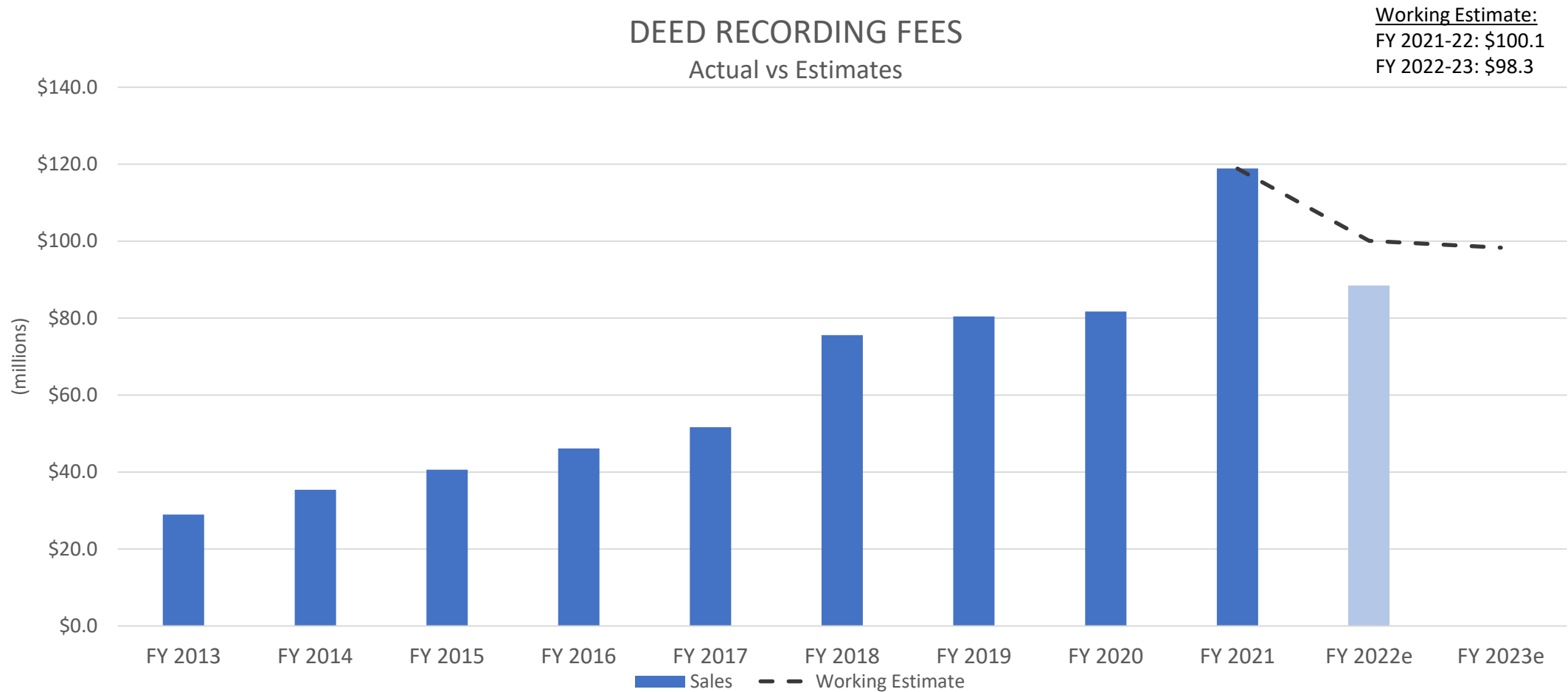
Beer and Wine – Working Estimate

Revenue collections are expected to remain in line with the current estimate in FY 22 with historical growth in FY 23



Deed Recording Fees – Working Estimate

Deed recording fees are expected to moderate in the second half of FY 22 and return to a historical growth trend in FY 23



Business Taxes

Business Taxes – Key Issues

FY 2021-22 and FY 2022-23

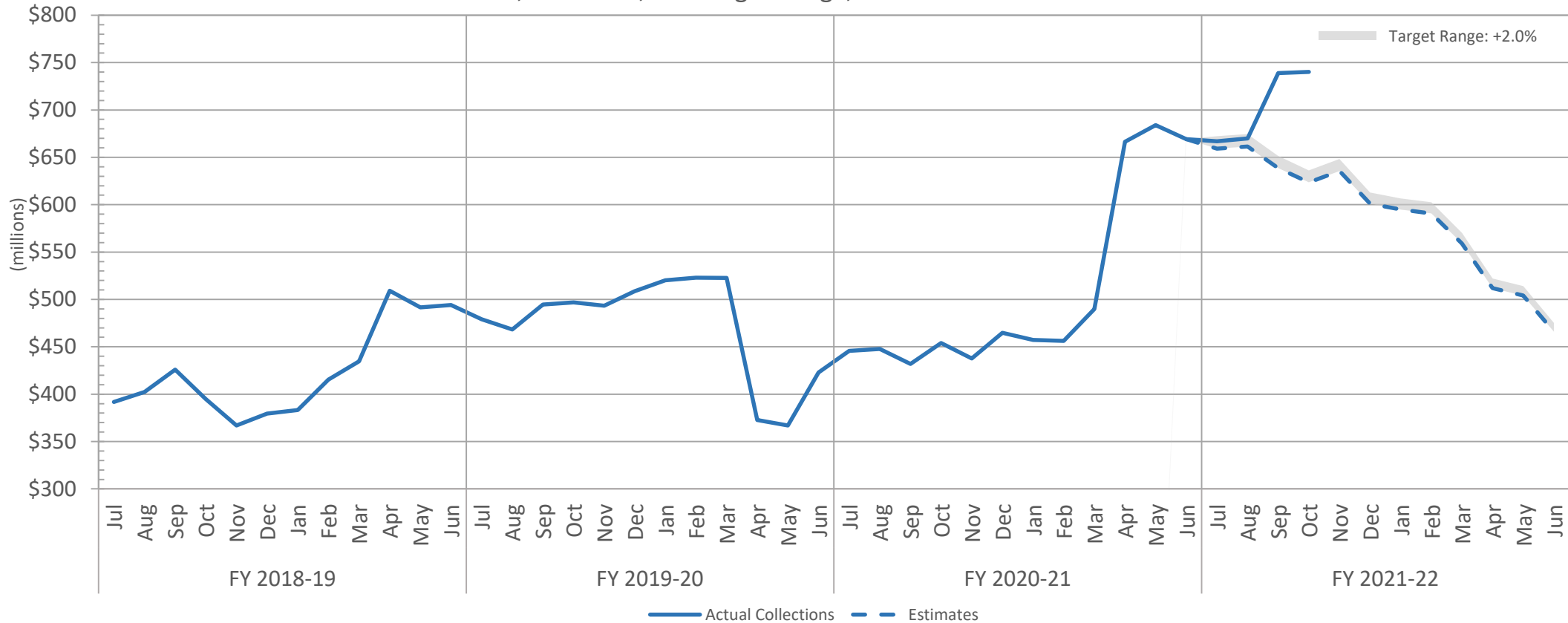
- Corporate income tax growth is currently very strong, largely due to robust retail trade. Working estimates expect collections through FY 22 to closely mirror last year, with a return to more historical levels in FY 23. However, if retail continues at an elevated pace for longer, revenue could go higher this year.
- Corporate License taxes are running ahead of current estimates and stronger than previously anticipated.
- Insurance taxes are growing in line with recent trends; working forecasts reflect the slightly increased base from last year and expected continued growth.
- Bank tax is above the current forecast; collections may continue to improve if interest rates increase.

Corporate Income - Actual vs. April 2021 Estimate

Collections are currently growing at 59.4% over last year and are well above the current forecast

ROLLING FISCAL YEAR - CORPORATE INCOME TAX

Actuals, Estimates, and Target Range, FY 2018-19 to FY 2021-22

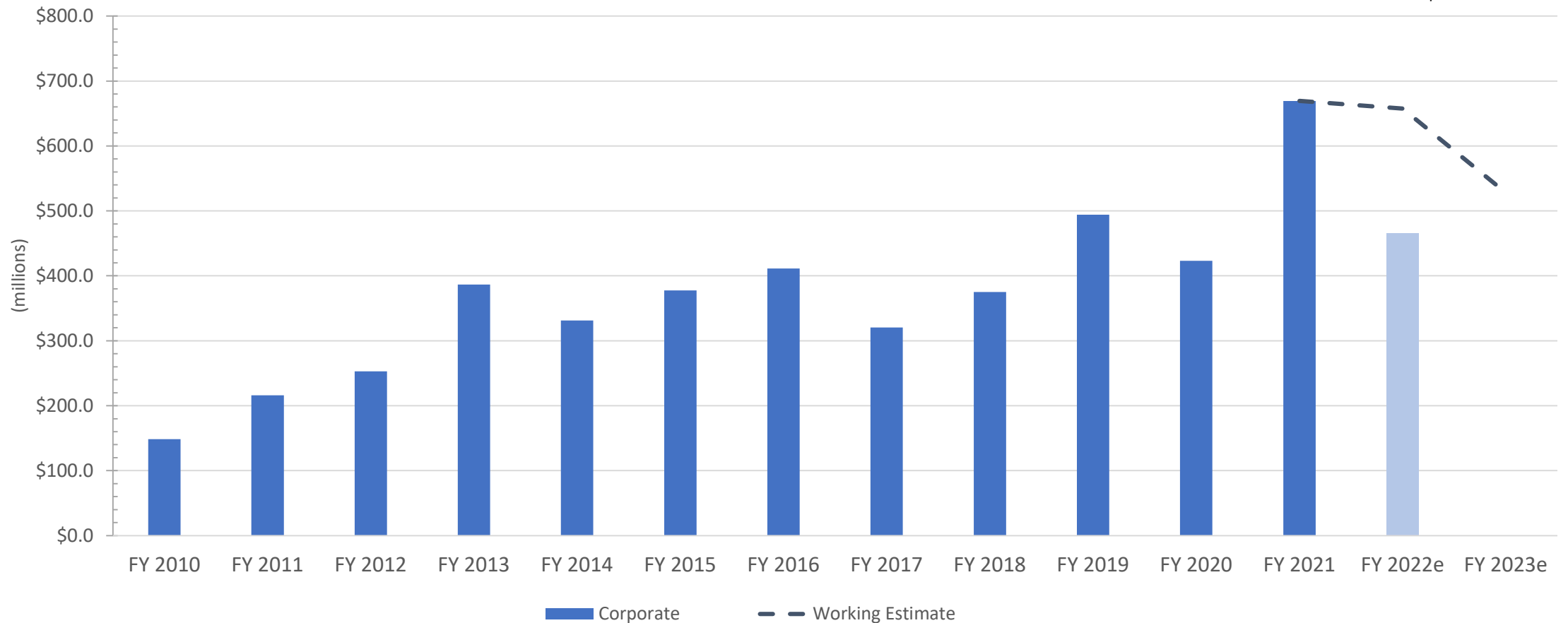


Corporate Income Tax

Working estimate reflects expected strong results in the retail industry through FY 22 and a decline for next year

CORPORATE INCOME TAX

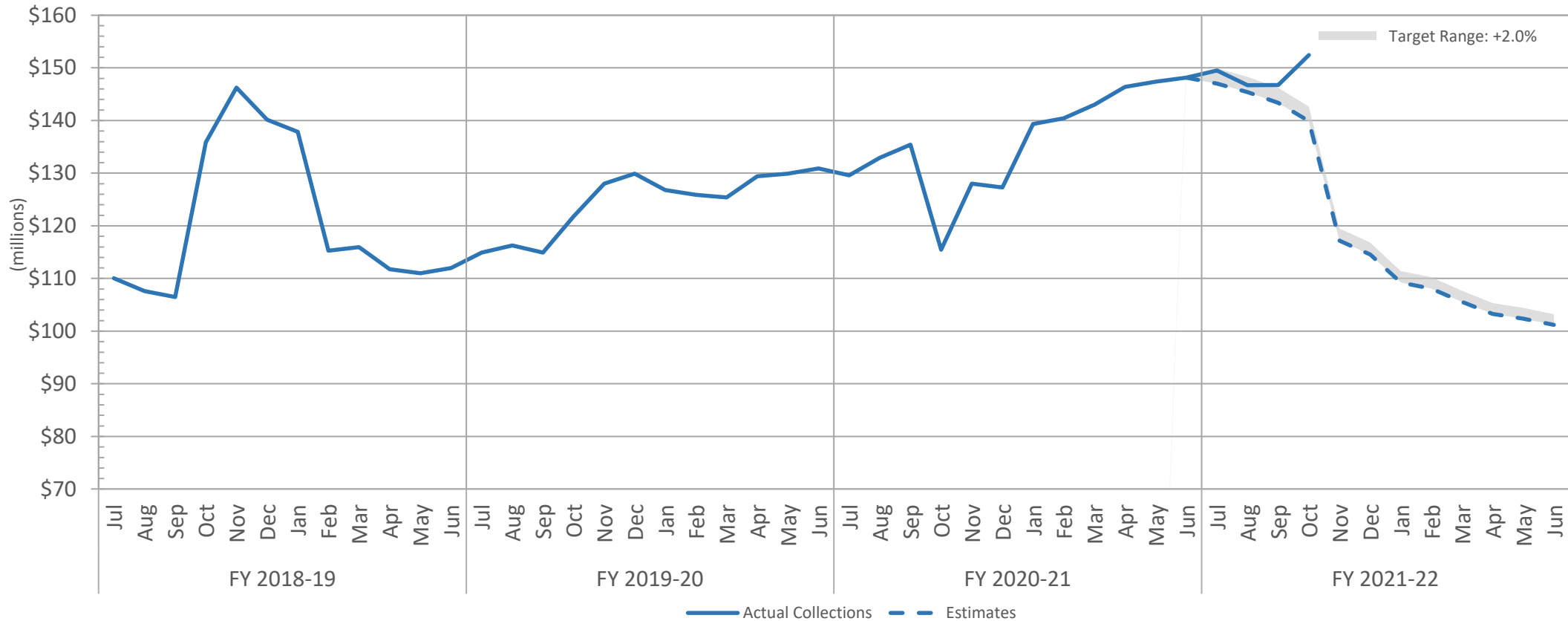
Working Estimate:
FY 2021-22: \$657.5
FY 2022-23: \$528.1



Corporate License - Actual vs. April 2021 Estimate

Collections are 8.0% above last year and \$12.9 million ahead of expectations

ROLLING FISCAL YEAR - CORPORATE LICENSE TAX
Actuals, Estimates, and Target Range, FY 2018-19 to FY 2021-22



Corporate License

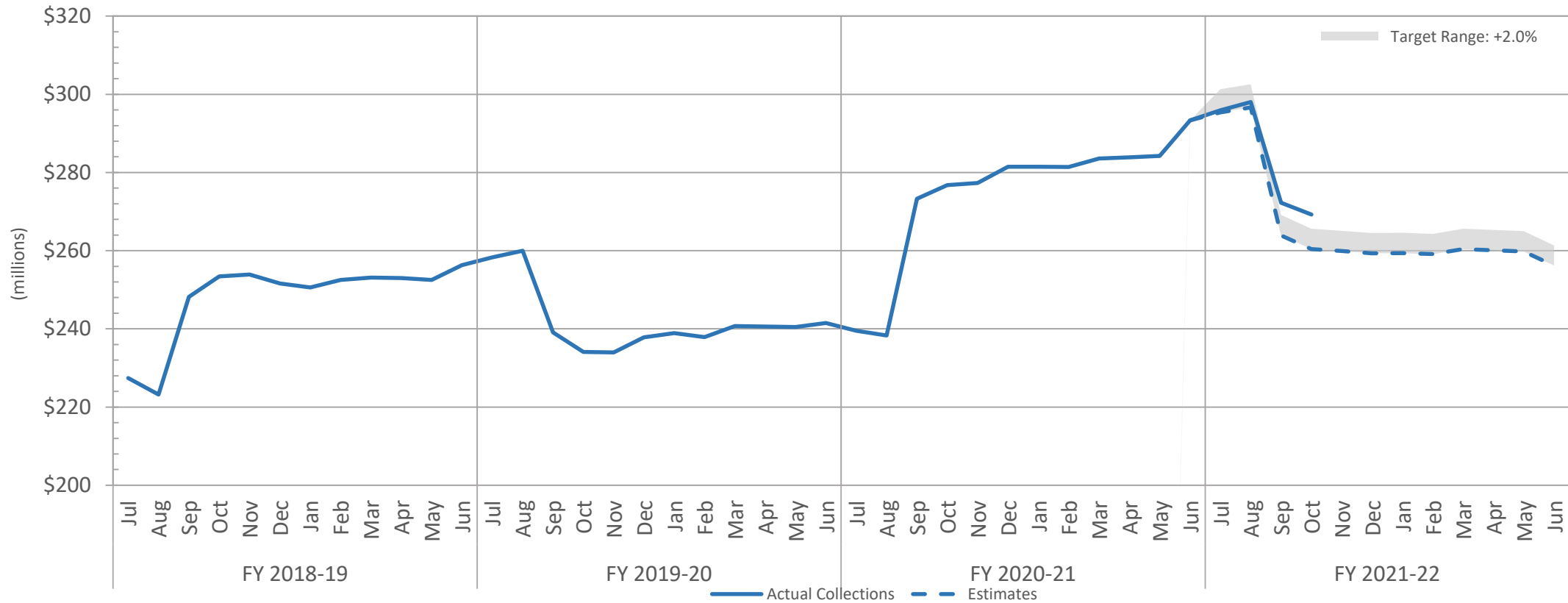
Working estimate reflects higher base and projected continued growth at historical levels



Insurance Tax – Actual vs April 2021 Estimate

Insurance Taxes are \$8.9 million ahead of the forecast through October, largely due to premium tax revenue

ROLLING FISCAL YEAR - INSURANCE TAX
Actuals, Estimates, and Target Range, FY 2018-19 to FY 2021-22

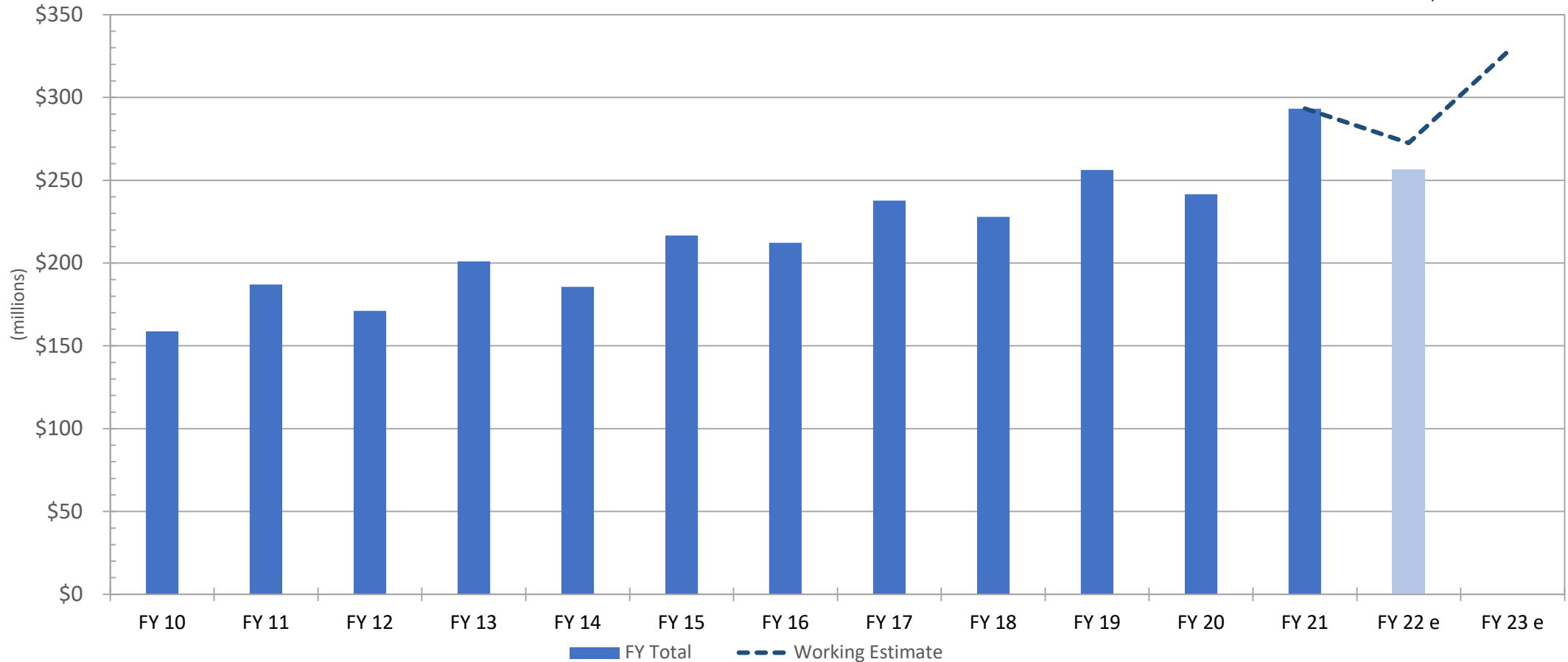


Insurance Tax

Adjusting for the increase in premium taxes last year raises FY 22; FY 23 reflects continued growth in premiums and the biennial licensing effects

INSURANCE TAX

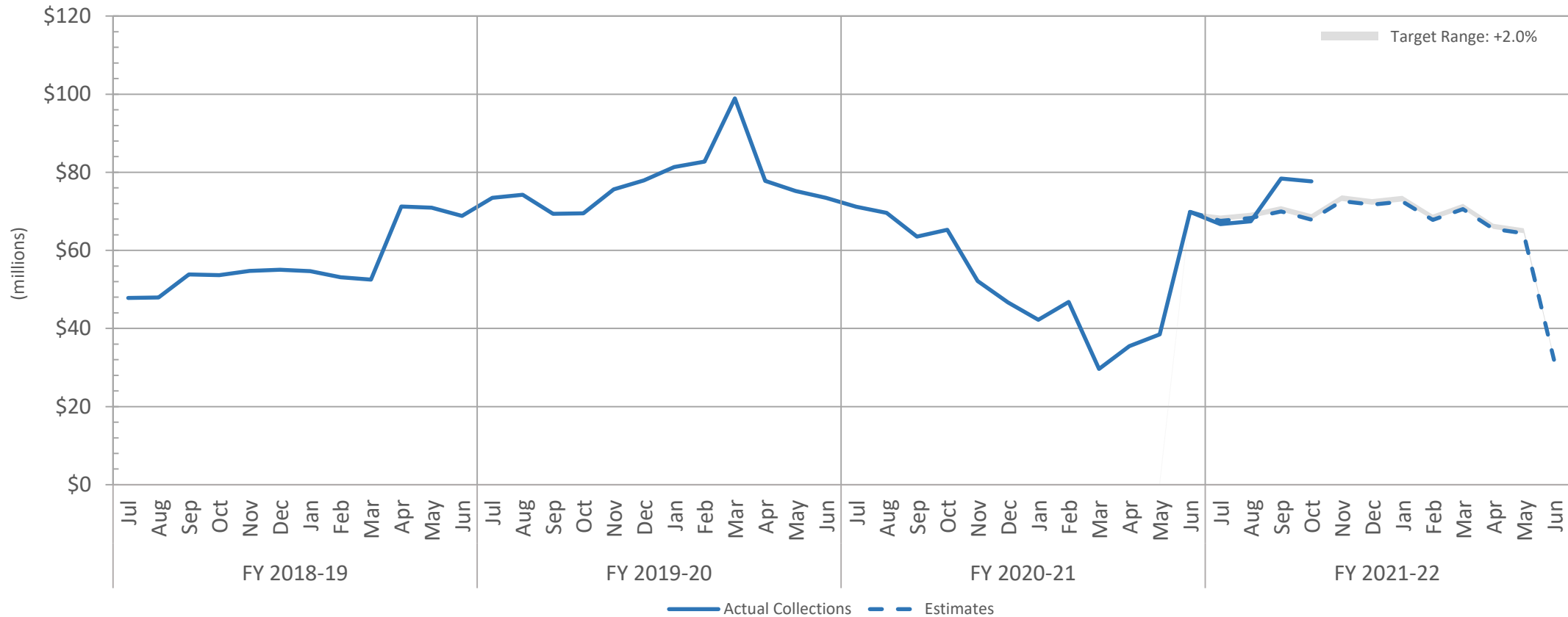
Working Estimate:
FY 2021-22: \$272.6
FY 2022-23: \$330.4



Bank Tax – Actual vs. April 2021 Estimate

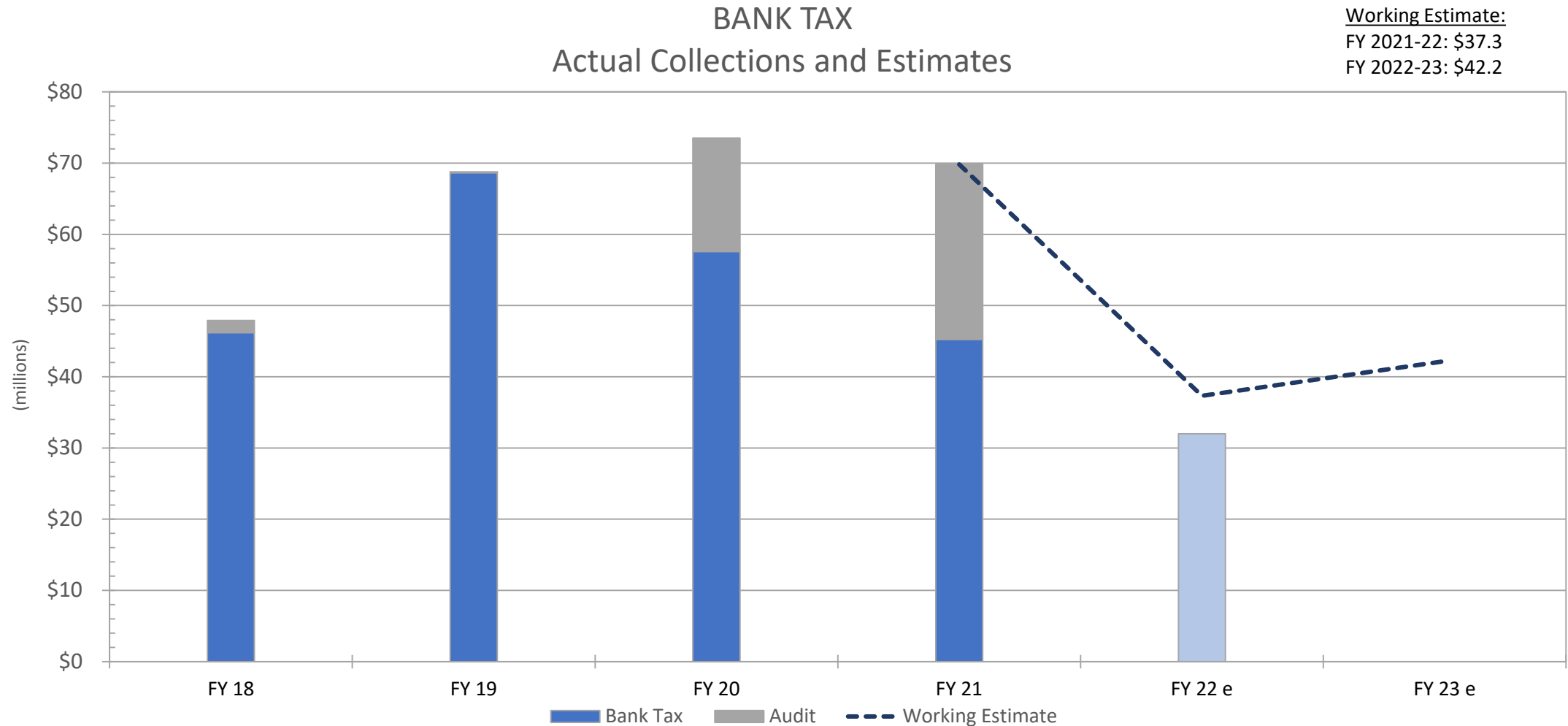
Collections are at \$15.9 million, almost double last year’s FYTD revenue, and are \$9.8 million ahead of expectations; no audit payments have been received

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



Bank Tax

Expectations are stronger for FY 22 due to positive performance finishing FY 21; collections could go up further if interest rates increase



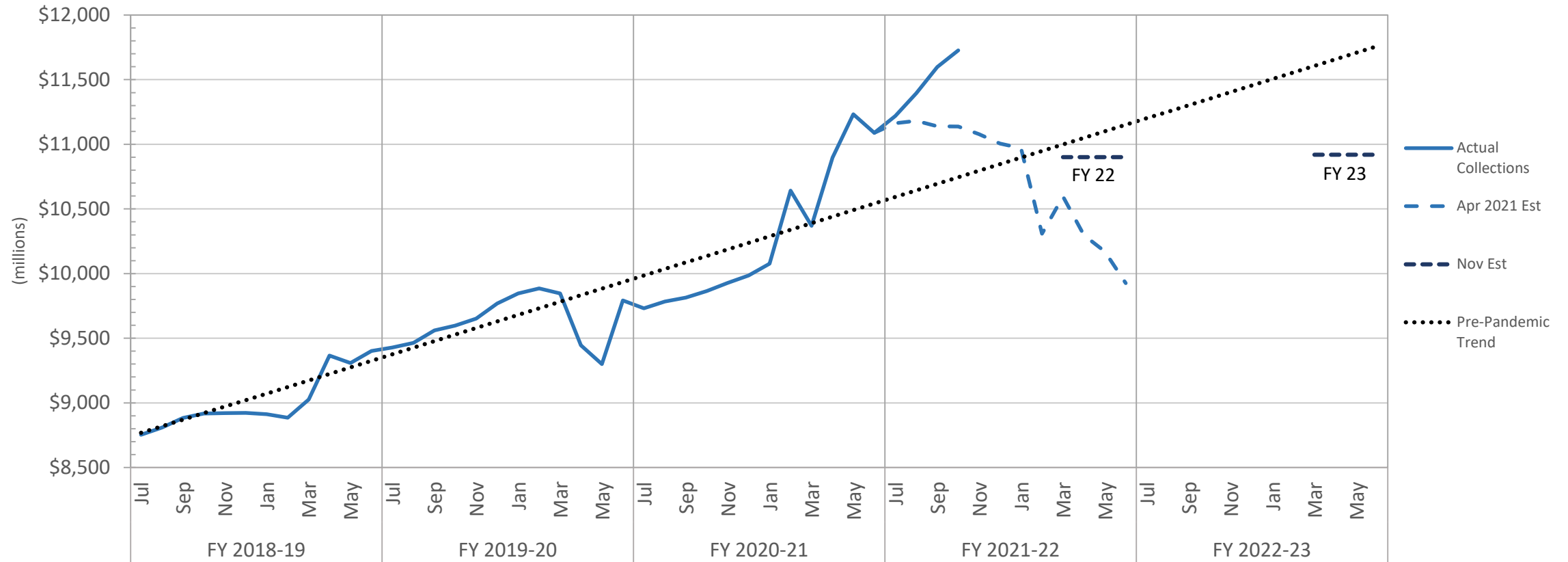
Consideration of Revenue Forecasts for FY 2021-22 and FY 2022-23



General Fund – FY 2021-22 & FY 2022-23

Working Estimate compared to 3-year pre-pandemic trend

ROLLING FISCAL YEAR - GENERAL FUND (WORKING ESTIMATE)
Actuals, Estimates, and Trend



Calendar year trend from Jan 2017-Dec 2019

Risks and Other Key Factors

The forecast assumes:

- Economic growth will continue with no above normal risk of a recession
- The federal budget and debt ceiling issues will be resolved without impact
- The Federal Reserve will implement recently announced policy plans to maintain its objectives for maximum employment and 2 percent inflation
- The effects of federal stimulus will subside sooner rather than later
- Overall, if current trends continue, revenues could potentially be even stronger than forecasted

General Fund Revenue Forecast – Proposed

Revenue Category	Final FY 2019-20	Final FY 2020-21	4/8/2021 Estimate FY 2021-22	11/10/2021 Estimate FY 2021-22	Change	11/10/2021 Estimate FY 2022-23	Change
Sales and Use Tax	\$3,286,771,744	\$3,825,920,335	\$3,419,654,000	\$3,756,671,000	\$337,017,000	\$3,708,694,000	(\$47,977,000)
Individual Income Tax	5,019,420,030	5,421,280,543	5,064,667,000	5,399,301,000	334,634,000	5,531,128,000	\$131,827,000
Corporation Income Tax	423,052,193	669,221,114	465,900,000	657,482,000	191,582,000	528,092,000	(\$129,390,000)
Insurance Taxes	241,496,468	293,235,485	256,190,000	272,578,000	16,388,000	330,380,000	\$57,802,000
Admissions Tax	24,858,654	29,531,233	30,746,000	33,426,000	2,680,000	33,927,000	\$501,000
Aircraft Tax	2,621,301	2,877,150	2,500,000	1,250,000	(1,250,000)	0	(\$1,250,000)
Alcoholic Liquor Tax	81,089,410	101,569,635	87,899,000	98,093,000	10,194,000	97,061,000	(\$1,032,000)
Bank Tax	73,484,038	69,828,425	32,000,000	37,340,000	5,340,000	42,180,000	\$4,840,000
Beer and Wine Tax	112,351,535	116,859,053	115,434,000	115,434,000	0	116,461,000	\$1,027,000
Business Filing Fees	7,979,168	12,763,604	8,578,000	10,187,000	1,609,000	9,773,000	(\$414,000)
Circuit/Family Court Fines	5,731,715	5,366,354	5,500,000	5,906,000	406,000	5,670,000	(\$236,000)
Corporation License Tax	130,867,571	148,136,873	101,200,000	158,137,000	56,937,000	167,072,000	\$8,935,000
Deed Recording Fees	81,757,989	118,902,924	88,433,000	100,113,000	11,680,000	98,339,000	(\$1,774,000)
Earned on Investments	130,855,337	72,623,590	82,500,000	75,000,000	(7,500,000)	75,000,000	\$0
Indirect Cost Recoveries	15,269,683	23,269,863	15,939,000	22,158,000	6,219,000	19,222,000	(\$2,936,000)
Motor Vehicle Licenses	10,977,190	12,128,159	12,598,000	11,846,000	(752,000)	12,303,000	\$457,000
Nursing Home Fees	3,480,988	3,355,741	3,600,000	3,500,000	(100,000)	3,500,000	\$0
Parole and Probation Fees	3,392,808	3,392,808	3,393,000	3,393,000	0	3,393,000	\$0
Private Car Lines Tax	6,351,887	6,673,116	7,008,000	6,930,000	(78,000)	7,187,000	\$257,000
Public Service Authority	17,479,000	17,135,000	17,450,000	17,135,000	(315,000)	17,135,000	\$0
Purchasing Card Rebates	3,226,732	3,088,613	3,089,000	3,217,000	128,000	3,352,000	\$135,000
Record Search Fees	4,461,000	4,461,000	4,461,000	4,461,000	0	4,461,000	\$0
Savings and Loan Assoc. Tax	8,489,236	1,147,447	1,273,000	1,100,000	(173,000)	1,100,000	\$0
Security Dealer Fees	27,533,590	29,188,874	29,701,000	31,702,000	2,001,000	32,336,000	\$634,000
Tobacco Tax	27,009,655	28,786,137	29,280,000	30,757,000	1,477,000	27,693,000	(\$3,064,000)
Unclaimed Property Fund	15,000,000	15,000,000	15,000,000	15,000,000	0	15,000,000	\$0
Workers' Comp. Insurance Tax	13,142,342	12,516,852	9,382,000	12,979,000	3,597,000	12,950,000	(\$29,000)
Other Source Revenues	15,126,230	40,866,612	12,053,000	16,129,000	4,076,000	16,365,000	\$236,000
Gross General Fund Revenue	\$9,793,277,494	\$11,089,126,540	\$9,925,428,000	\$10,901,225,000	\$975,797,000	\$10,919,774,000	\$18,549,000



General Fund Revenue Forecast - Proposed (Continued)

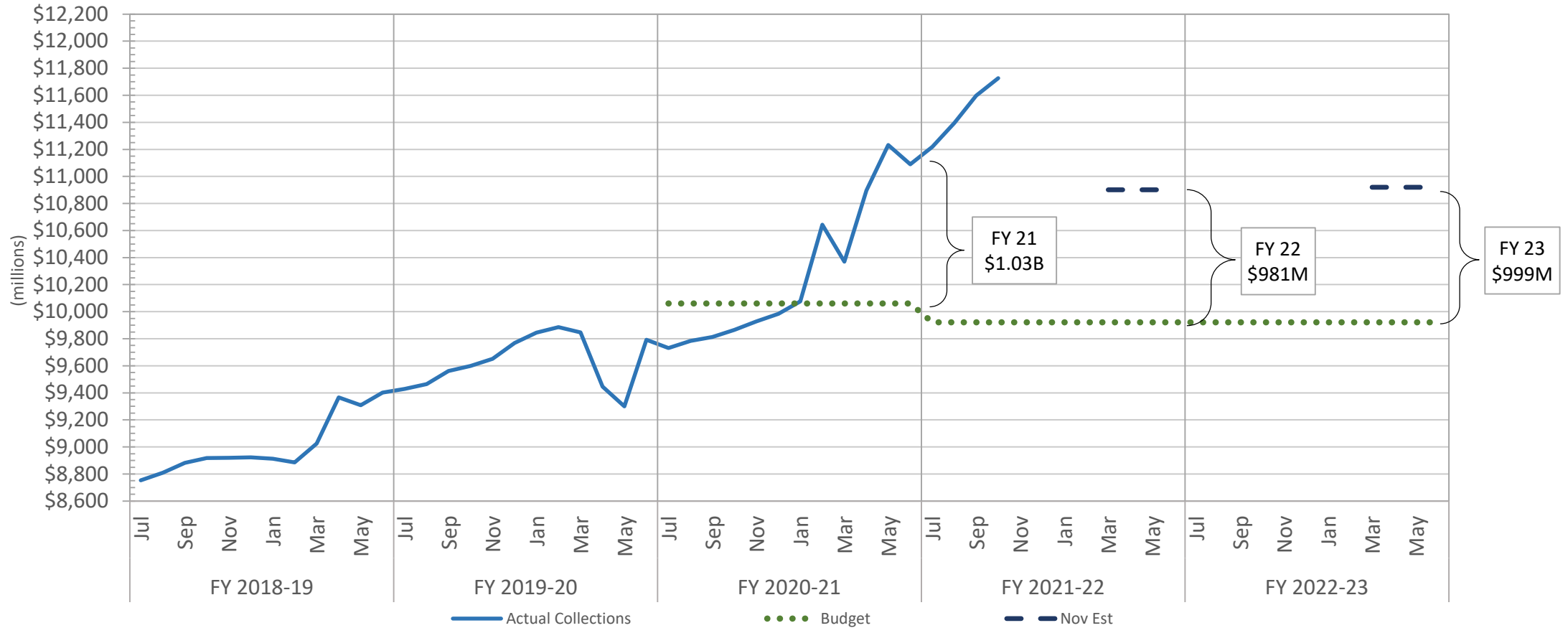
Revenue Category	Final FY 2019-20	Final FY 2020-21	4/8/2021 Estimate FY 2021-22	11/10/2021 Estimate FY 2021-22	Change	11/10/2021 Estimate FY 2022-23	Change
Gross General Fund Revenue	\$9,793,277,494	\$11,089,126,540	\$9,925,428,000	\$10,901,225,000	\$975,797,000	\$10,919,774,000	\$18,549,000
Less: Tax Relief Trust Fund	614,053,000	629,405,136	650,023,221	643,954,085	(\$6,069,136)	661,952,631	\$17,998,546
Net General Fund Revenue	\$9,179,224,494	\$10,459,721,404	\$9,275,404,779	\$10,257,270,915	\$981,866,136	\$10,257,821,369	\$550,454
Education Improvement Act (EIA)	863,037,030	996,833,645	894,700,000	983,501,000	\$88,801,000	990,684,000	\$7,183,000
EIA Fund	861,357,054	996,748,940	894,490,000	983,411,000	\$88,921,000	990,594,000	\$7,183,000
EIA Interest	1,679,976	84,705	210,000	90,000	(\$120,000)	90,000	\$0
S.C. Education Lottery Fund	496,599,922	612,069,873	523,300,000	544,600,000	\$21,300,000	544,600,000	\$0
Lottery Proceeds	471,400,000	575,500,000	500,000,000	520,100,000	\$20,100,000	520,100,000	\$0
Unclaimed Prizes	21,401,503	32,141,376	20,000,000	20,000,000	\$0	20,000,000	\$0
Lottery Interest	3,798,419	4,428,497	3,300,000	4,500,000	\$1,200,000	4,500,000	\$0
Homestead Exemption Fund (HEX)	784,804,568	903,551,465	828,970,000	889,623,000	\$60,653,000	901,810,000	\$12,187,000
HEX Revenue	782,037,516	900,423,624	826,110,000	886,448,000	\$60,338,000	898,635,000	\$12,187,000
HEX Interest	2,767,052	3,127,841	2,860,000	3,175,000	\$315,000	3,175,000	\$0
Expenditure Estimate	798,756,235	829,100,858	836,036,029	860,950,738	\$24,914,709	908,614,546	\$47,663,808
HEX Fund Excess/(Shortfall)	(13,951,667)	74,450,607	(7,066,029)	28,672,262	\$35,738,291	(6,804,546)	(\$35,476,808)
Budgetary Estimates							
Gross Appropriation Act Revenue	9,330,662,000	9,500,103,000	9,925,428,000	9,921,260,199	(\$4,167,801)	10,919,774,000	\$998,513,801
Less: Tax Relief Trust Fund	614,053,000	629,405,136	650,023,221	643,954,085	(\$6,069,136)	661,952,631	\$17,998,546
Appropriation Act Excluding Trust Fund	8,716,609,000	8,870,697,864	9,275,404,779	9,277,306,114	\$1,901,335	10,257,821,369	\$980,515,255
Gross General Fund Revenue Excess/(Shortfall) from Act	462,615,494	1,589,023,540	0	979,964,801	\$979,964,801	0	(\$979,964,801)
Capital Reserve Fund (2%) - Beg. Bal.	162,485,305	176,095,044	183,584,490	183,584,490	\$0	209,194,431	\$25,609,941
General Reserve Fund (5%) - Beg. Bal.	406,213,261	440,237,611	458,961,225	458,961,225	\$0	522,986,077	\$64,024,852
Total Reserve Funds	568,698,566	616,332,655	642,545,715	642,545,715	\$0	732,180,508	\$89,634,793

Budget Outlook FY 2022-23

General Fund Revenue – Budget

Gross revenue relative to total budgetary revenue

ROLLING FISCAL YEAR - GENERAL FUND
Actuals, Estimates, and Budget, FY 2018-19 to FY 2022-23



*Budget figures are gross revenue before Tax Relief Trust Fund and Reserve Funds

FY 2022-23 Budget Outlook – Recurring General Fund

(Dollars in Millions)

BEA Revenue Estimate (11/10/2021)	\$10,919.8
Tax Relief Trust Fund	(\$662.0)
FY 2021-22 Appropriations	<u>(\$9,270.6)</u>
Estimated “New” General Fund Revenue	\$987.2
 Reserve Fund Contributions	
Incremental General Reserve Fund (5%)	(\$64.0)
Incremental Capital Reserve Fund (2%)	<u>(\$25.6)</u>
 Estimated “New” General Fund Revenue Available for Appropriation (less Reserve Fund Contributions)	 \$897.6

FY 2022-23 Budget Outlook

Nonrecurring Revenue

(Dollars in Millions)

Projected FY 2021-22 General Fund Surplus (11/10/2021)	\$986.7
FY 2021-22 Capital Reserve Fund	\$183.6
FY 2020-21 Contingency Reserve Fund	<u>\$1,023.8</u>
Total Non-Recurring Revenue	\$2,194.0
Other Non-Recurring Revenue	
Litigation Recovery*	\$52.6

*Excluding DOE settlement of \$525m

FY 2022-23 Budget Outlook

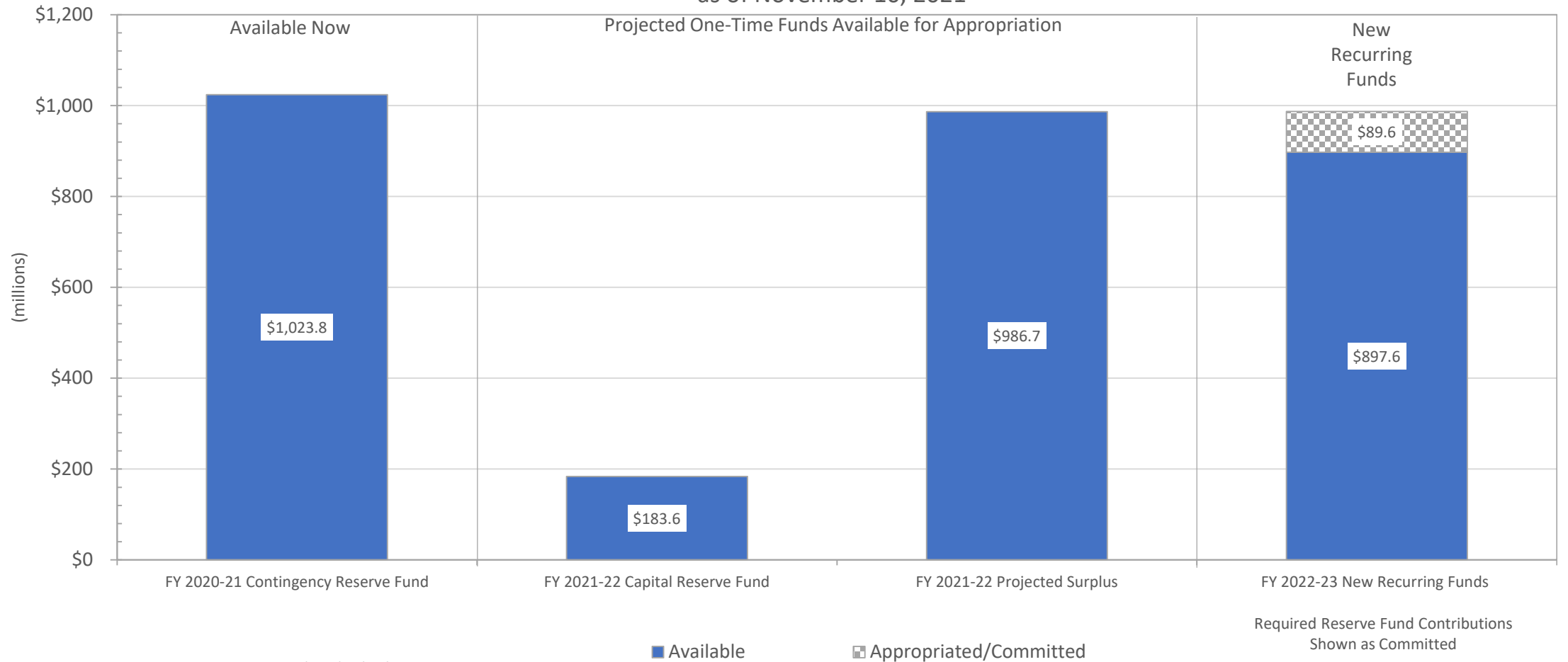
Select Other Funds

(Dollars in Millions)

FY 2021-22 HEX Fund Surplus/(Shortfall) (Net \$18.6m Appropriations)	\$47.3
FY 2022-23 HEX Fund Surplus/(Shortfall) (Net \$18.6m Appropriations)	\$11.8
FY 2021-22 EIA Surplus/(Shortfall)	\$89.1
FY 2022-23 “New” EIA Revenue	\$96.3
FY 2021-22 Lottery Revenue	\$544.6
FY 2022-23 Lottery Revenue	\$544.6

FY 2022-23 Available Funds

AVAILABLE FUNDS - FY 2022-23 BUDGET PROCESS
as of November 10, 2021



Adoption of Long Range Forecast (§11-11-350)



General Fund Long Range Forecast

Personal Income Growth
FY22: 0.61%; FY23: 2.62%

Long Range Forecast

Long Range Forecast

Revenue Category	Final	11/10/2021	11/10/2021	11/10/2021	11/10/2021	Percent Change FY 2020-21	11/10/2021	11/10/2021	Long Range Forecast	
	FY 2020-21	Estimate FY 2021-22	Estimate FY 2022-23	Estimate FY 2023-24	Estimate FY 2024-25		Percent Change FY 2021-22	Percent Change FY 2022-23	Percent Change FY 2023-24	Percent Change FY 2024-25
Sales and Use Tax	\$3,825,920,335	\$3,756,671,000	\$3,708,694,000	\$3,869,230,000	\$4,036,715,000	16.4	(1.8)	(1.3)	4.3	4.3
Individual Income Tax	5,421,280,543	5,399,301,000	5,531,128,000	5,706,376,000	5,891,530,000	8.0	(0.4)	2.4	3.2	3.2
Corporation Income Tax	669,221,114	657,482,000	528,092,000	568,939,000	618,016,000	58.2	(1.8)	(19.7)	7.7	8.6
Insurance Taxes	293,235,485	272,578,000	330,380,000	303,972,000	387,389,000	21.4	(7.0)	21.2	(8.0)	27.4
Admissions Tax	29,531,233	33,426,000	33,927,000	34,775,000	35,645,000	18.8	13.2	1.5	2.5	2.5
Aircraft Tax	2,877,150	1,250,000	0	0	0	9.8	(56.6)	--	--	--
Alcoholic Liquor Tax	101,569,635	98,093,000	97,061,000	101,520,000	106,184,000	25.3	(3.4)	(1.1)	4.6	4.6
Bank Tax	69,828,425	37,340,000	42,180,000	42,720,000	42,720,000	(5.0)	(46.5)	13.0	1.3	0.0
Beer and Wine Tax	116,859,053	115,434,000	116,461,000	117,697,000	118,946,000	4.0	(1.2)	0.9	1.1	1.1
Business Filing Fees	12,763,604	10,187,000	9,773,000	10,164,000	10,570,000	60.0	(20.2)	(4.1)	4.0	4.0
Circuit/Family Court Fines	5,366,354	5,906,000	5,670,000	5,443,000	5,226,000	(6.4)	10.1	(4.0)	(4.0)	(4.0)
Corporation License Tax	148,136,873	158,137,000	167,072,000	176,007,000	184,942,000	13.2	6.8	5.7	5.3	5.1
Deed Recording Fees	118,902,924	100,113,000	98,339,000	111,911,000	127,357,000	45.4	(15.8)	(1.8)	13.8	13.8
Earned on Investments	72,623,590	75,000,000	75,000,000	75,000,000	75,000,000	(44.5)	3.3	0.0	0.0	0.0
Indirect Cost Recoveries	23,269,863	22,158,000	19,222,000	19,991,000	20,790,000	52.4	(4.8)	(13.3)	4.0	4.0
Motor Vehicle Licenses	12,128,159	11,846,000	12,303,000	12,719,000	13,149,000	10.5	(2.3)	3.9	3.4	3.4
Nursing Home Fees	3,355,741	3,500,000	3,500,000	3,500,000	3,500,000	(3.6)	4.3	0.0	0.0	0.0
Parole and Probation Fees	3,392,808	3,393,000	3,393,000	3,393,000	3,393,000	0.0	0.0	0.0	0.0	0.0
Private Car Lines Tax	6,673,116	6,930,000	7,187,000	7,489,000	7,783,000	5.1	3.8	3.7	4.2	3.9
Public Service Authority	17,135,000	17,135,000	17,135,000	17,135,000	17,135,000	(2.0)	0.0	0.0	0.0	0.0
Purchasing Card Rebates	3,088,613	3,217,000	3,352,000	3,492,000	3,638,000	(4.3)	4.2	4.2	4.2	4.2
Record Search Fees	4,461,000	4,461,000	4,461,000	4,461,000	4,461,000	0.0	0.0	0.0	0.0	0.0
Savings and Loan Assoc. Tax	1,147,447	1,100,000	1,100,000	1,100,000	1,100,000	(86.5)	(4.1)	0.0	0.0	0.0
Security Dealer Fees	29,188,874	31,702,000	32,336,000	33,371,000	34,439,000	6.0	8.6	2.0	3.2	3.2
Tobacco Tax	28,786,137	30,757,000	27,693,000	27,849,000	28,006,000	6.6	6.8	(10.0)	0.6	0.6
Unclaimed Property Fund	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	0.0	0.0	0.0	0.0	0.0
Workers' Comp. Insurance Tax	12,516,852	12,979,000	12,950,000	12,985,000	13,024,000	(4.8)	3.7	(0.2)	0.3	0.3
Other Source Revenues	40,866,612	16,129,000	16,365,000	15,715,000	15,652,000	170.2	(60.5)	1.5	(4.0)	(0.4)
Gross General Fund Revenue	\$11,089,126,540	\$10,901,225,000	\$10,919,774,000	\$11,301,954,000	\$11,821,310,000	13.2	(1.7)	0.2	3.5	4.6



General Fund Long Range Forecast (Continued)

Revenue Category	Final FY 2020-21	11/10/2021 Estimate FY 2021-22	11/10/2021 Estimate FY 2022-23	Long-range Forecast		Percent Change FY 2020-21	11/10/2021 Percent Change FY 2021-22	11/10/2021 Percent Change FY 2022-23	Long-range Forecast	
				11/10/2021 Estimate FY 2023-24	11/10/2021 Estimate FY 2024-25				11/10/2021 Percent Change FY 2023-24	11/10/2021 Percent Change FY 2024-25
Gross General Fund Revenue	\$11,089,126,540	\$10,901,225,000	\$10,919,774,000	\$11,301,954,000	\$11,821,310,000	13.2	(1.7)	0.2	3.5	4.6
Less: Tax Relief Trust Fund	629,405,136	643,954,085	661,952,631	681,519,211	693,362,336	2.5	2.3	2.8	3.0	1.7
Net General Fund Revenue	\$10,459,721,404	\$10,257,270,915	\$10,257,821,369	\$10,620,434,789	\$11,127,947,664	13.9	(1.9)	0.0	3.5	4.8
Education Improvement Act (EIA)	996,833,645	983,501,000	990,684,000	1,037,893,000	1,087,352,000	15.5	(1.3)	0.7	4.8	4.8
EIA Fund	996,748,940	983,411,000	990,594,000	1,037,803,000	1,087,262,000	15.7	(1.3)	0.7	4.8	4.8
EIA Interest	84,705	90,000	90,000	90,000	90,000	(95.0)	6.3	0.0	0.0	0.0
S.C. Education Lottery Fund	612,069,873	544,600,000	544,600,000	544,600,000	544,600,000	23.3	(11.0)	0.0	0.0	0.0
Lottery Proceeds	575,500,000	520,100,000	520,100,000	520,100,000	520,100,000	22.1	(9.6)	0.0	0.0	0.0
Unclaimed Prizes	32,141,376	20,000,000	20,000,000	20,000,000	20,000,000	50.2	(37.8)	0.0	0.0	0.0
Lottery Interest	4,428,497	4,500,000	4,500,000	4,500,000	4,500,000	16.6	1.6	0.0	0.0	0.0
Homestead Exemption Fund (HEX)	903,551,465	889,623,000	901,810,000	944,965,000	990,185,000	15.1	(1.5)	1.4	4.8	4.8
HEX Revenue	900,423,624	886,448,000	898,635,000	941,790,000	987,010,000	15.1	(1.6)	1.4	4.8	4.8
HEX Interest	3,127,841	3,175,000	3,175,000	3,175,000	3,175,000	13.0	1.5	0.0	0.0	0.0
Expenditure Estimate	829,100,858	860,950,738	908,614,546	956,687,842	994,148,541	3.8	3.8	5.5	5.3	3.9
HEX Fund Excess/(Shortfall)	74,450,607	28,672,262	(6,804,546)	(11,722,842)	(3,963,541)	633.6	(61.5)	n/a	n/a	n/a
Budgetary Estimates										
Gross Appropriation Act Revenue	9,500,103,000	9,921,260,199	10,919,774,000	11,301,954,000	11,821,310,000	1.8	4.4	10.1	3.5	4.6
Less: Tax Relief Trust Fund	629,405,136	643,954,085	661,952,631	681,519,211	693,362,336	2.5	2.3	2.8	3.0	1.7
Appropriation Act Excluding Trust Fund	8,870,697,864	9,277,306,114	10,257,821,369	10,620,434,789	11,127,947,664	1.8	4.6	10.6	3.5	4.8
Gross General Fund Revenue Excess/(Shortfall) from Act	1,589,023,540	979,964,801	0	0	0	243.5	(38.3)	n/a	n/a	n/a
Capital Reserve Fund (2%) - Beg. Bal.	176,095,044	183,584,490	209,194,431	205,145,418	205,156,427	8.4	4.3	13.9	(1.9)	0.0
General Reserve Fund (5%) - Beg. Bal.	440,237,611	458,961,225	522,986,077	512,863,546	512,891,068	8.4	4.3	13.9	(1.9)	0.0
Total Reserve Funds	616,332,655	642,545,715	732,180,508	718,008,964	718,047,496	8.4	4.3	13.9	(1.9)	0.0



Reports from Working Group Members

Other Items



Appendix



GENERAL FUND REVENUE FORECAST

November 10, 2021

Personal Income Growth
FY22: 0.61%; FY23: 2.62%

Table with 9 columns: Revenue Category, Final FY 2019-20, Final FY 2020-21, 11/10/2021 Estimate FY 2021-22, 11/10/2021 Estimate FY 2022-23, Percent Change FY 2019-20, Percent Change FY 2020-21, 11/10/2021 Percent Change FY 2021-22, 11/10/2021 Percent Change FY 2022-23. Rows include Sales and Use Tax, Individual Income Tax, Corporation Income Tax, Insurance Taxes, Admissions Tax, Aircraft Tax, Alcoholic Liquor Tax, Bank Tax, Beer and Wine Tax, Business Filing Fees, Circuit/Family Court Fines, Corporation License Tax, Deed Recording Fees, Earned on Investments, Indirect Cost Recoveries, Motor Vehicle Licenses, Nursing Home Fees, Parole and Probation Fees, Private Car Lines Tax, Public Service Authority, Purchasing Card Rebates, Record Search Fees, Savings and Loan Assoc. Tax, Security Dealer Fees, Tobacco Tax, Unclaimed Property Fund, Workers' Comp. Insurance Tax, and Other Source Revenues.

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/11/10/2021



GENERAL FUND REVENUE FORECAST

November 10, 2021

Revenue Category	Final FY 2019-20	Final FY 2020-21	11/10/2021 Estimate FY 2021-22	11/10/2021 Estimate FY 2022-23	Percent Change FY 2019-20	Percent Change FY 2020-21	11/10/2021 Percent Change FY 2021-22	11/10/2021 Percent Change FY 2022-23
Gross General Fund Revenue	\$9,793,277,494	\$11,089,126,540	\$10,901,225,000	\$10,919,774,000	4.2	13.2	(1.7)	0.2
Less: Tax Relief Trust Fund	614,053,000	629,405,136	643,954,085	661,952,631	2.4	2.5	2.3	2.8
Net General Fund Revenue	\$9,179,224,494	\$10,459,721,404	\$10,257,270,915	\$10,257,821,369	4.3	13.9	(1.9)	0.0
Education Improvement Act (EIA)	863,037,030	996,833,645	983,501,000	990,684,000	2.7	15.5	(1.3)	0.7
EIA Fund	861,357,054	996,748,940	983,411,000	990,594,000	2.8	15.7	(1.3)	0.7
EIA Interest	1,679,976	84,705	90,000	90,000	(34.7)	(95.0)	6.3	0.0
S.C. Education Lottery Fund	496,599,922	612,069,873	544,600,000	544,600,000	1.2	23.3	(11.0)	0.0
Lottery Proceeds	471,400,000	575,500,000	520,100,000	520,100,000	1.0	22.1	(9.6)	0.0
Unclaimed Prizes	21,401,503	32,141,376	20,000,000	20,000,000	2.3	50.2	(37.8)	0.0
Lottery Interest	3,798,419	4,428,497	4,500,000	4,500,000	25.2	16.6	1.6	0.0
Homestead Exemption Fund (HEX)	784,804,568	903,551,465	889,623,000	901,810,000	3.8	15.1	(1.5)	1.4
HEX Revenue	782,037,516	900,423,624	886,448,000	898,635,000	3.7	15.1	(1.6)	1.4
HEX Interest	2,767,052	3,127,841	3,175,000	3,175,000	24.3	13.0	1.5	0.0
Expenditure Estimate	798,756,235	829,100,858	860,950,738	908,614,546	3.3	3.8	3.8	5.5
HEX Fund Excess/(Shortfall)	(13,951,667)	74,450,607	28,672,262	(6,804,546)	19.5	633.6	(61.5)	n/a
Budgetary Estimates								
Gross Appropriation Act Revenue	9,330,662,000	9,500,103,000	9,921,260,199	10,919,774,000	5.6	1.8	4.4	10.1
Less: Tax Relief Trust Fund	614,053,000	629,405,136	643,954,085	661,952,631	2.4	2.5	2.3	2.8
Appropriation Act Excluding Trust Fund	8,716,609,000	8,870,697,864	9,277,306,114	10,257,821,369	5.8	1.8	4.6	10.6
Gross General Fund Revenue Excess/(Shortfall) from Act	462,615,494	1,589,023,540	979,964,801	0	(18.3)	243.5	(38.3)	n/a
Capital Reserve Fund (2%) - Beg. Bal.	162,485,305	176,095,044	183,584,490	209,194,431	7.1	8.4	4.3	13.9
General Reserve Fund (5%) - Beg. Bal.	406,213,261	440,237,611	458,961,225	522,986,077	7.1	8.4	4.3	13.9
Total Reserve Funds	568,698,566	616,332,655	642,545,715	732,180,508	7.1	8.4	4.3	13.9

Tax Relief Trust Fund for FY 2021-22 adjusted to reflect Act 39 of 2021
 Source: South Carolina Board of Economic Advisors/BEA/11/10/2021



Tax Relief Trust Fund

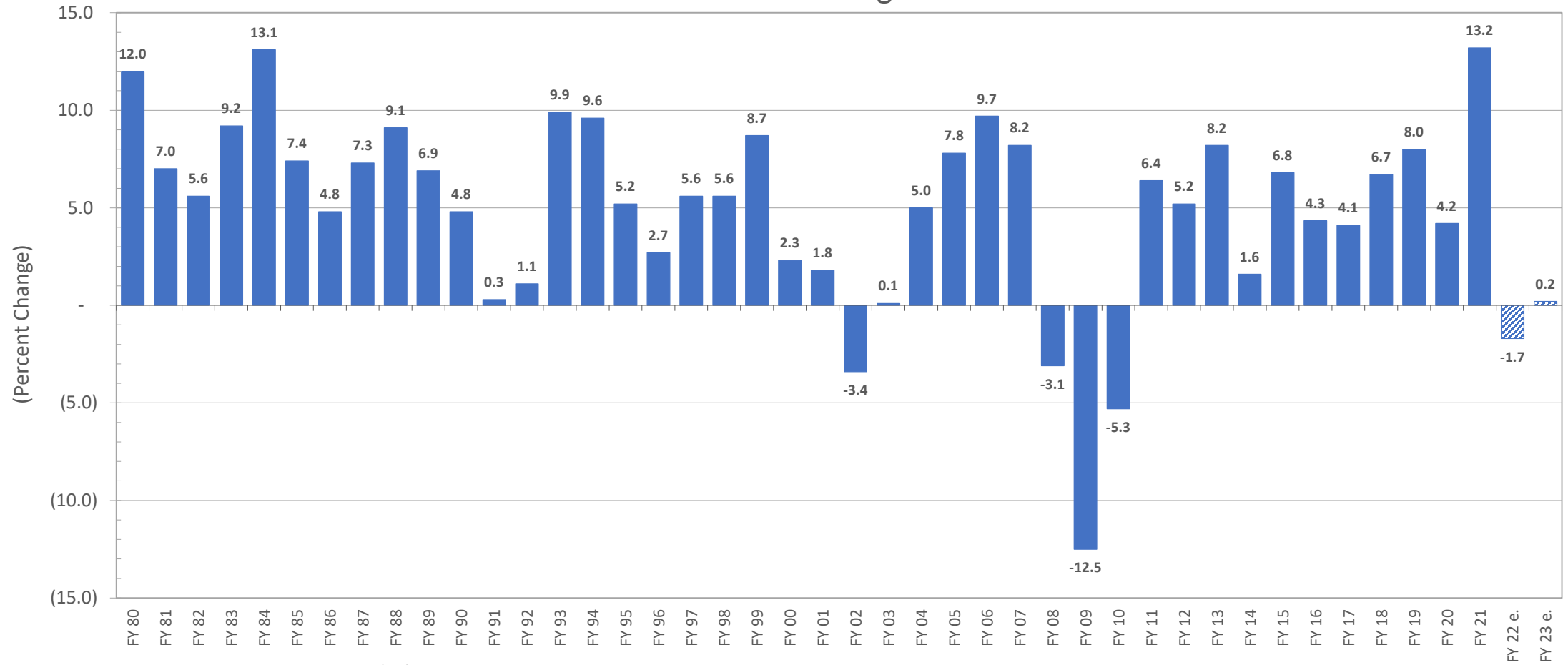
Trust Fund for Property Tax Relief

	\$100,000 Residential Property Tax Exemption (Tier I)	Homestead Exemption County/City (Tier II part1)	School Operations (Tier II part 2)	65 and Over \$50,000 Homestead Exemption (Total Tier II)	Manufacturer's Depreciation Reimbursement from 20% to 10%	*Manufacturer's Exemption 14.2857 percent of Assessed Value	Merchant's Inventory Tax Exemption (originally passed 1984)	Total
	1	2	3	4	5	6	7	8
DOLLARS								
FY 2013(TY 2012)	\$249,069,750	\$111,237,250	\$80,892,729	\$192,129,979	\$61,028,933	n/a	\$40,557,257	\$542,785,918
FY 2014(TY 2013)	\$249,069,750	\$117,296,259	\$80,892,729	\$198,188,988	\$64,593,259	n/a	\$40,557,257	\$552,409,253
FY 2015(TY 2014)	\$249,069,750	\$121,962,048	\$80,892,729	\$202,854,777	\$67,843,626	n/a	\$40,557,257	\$560,325,409
FY 2016(TY 2015)	\$249,069,750	\$127,312,126	\$80,892,729	\$208,204,855	\$70,482,653	n/a	\$40,557,257	\$568,314,514
FY 2017(TY 2016)	\$249,069,750	\$131,346,479	\$80,892,729	\$212,239,208	\$73,406,912	n/a	\$40,557,257	\$575,273,126
FY 2018(TY 2017)	\$249,069,750	\$136,140,414	\$80,892,729	\$217,033,143	\$75,373,252	n/a	\$40,557,257	\$582,033,401
FY 2019(TY 2018)	\$249,069,750	\$140,693,810	\$80,892,729	\$221,586,539	\$83,927,859	\$6,476,615	\$40,557,257	\$601,618,020
FY 2020(TY 2019)	\$249,069,750	\$147,955,837	\$80,892,729	\$228,848,565	\$82,342,990	\$12,968,848	\$40,557,257	\$613,787,410
FY 2021(TY 2020)	\$249,069,750	\$147,917,877	\$80,892,729	\$228,810,606	\$86,281,708	\$21,324,579	\$40,557,257	\$626,043,899
FY 2021Appropriation Act Est.	\$249,069,750	\$148,695,047	\$80,892,729	\$229,587,776	\$89,984,535	\$20,205,818	\$40,557,257	\$629,405,136
FY 2021Surplus/(Shortfall)	\$0	\$777,170	\$0	\$777,170	\$3,702,827	(\$1,118,761)	\$0	\$3,361,236
GROWTH RATES								
FY 2013(TY 2012)	0.00%	4.00%	0.00%	2.28%	3.22%	n/a	0.00%	1.15%
FY 2014(TY 2013)	0.00%	5.45%	0.00%	3.15%	5.84%	n/a	0.00%	1.77%
FY 2015(TY 2014)	0.00%	3.98%	0.00%	2.35%	5.03%	n/a	0.00%	1.43%
FY 2016(TY 2015)	0.00%	4.39%	0.00%	2.64%	3.89%	n/a	0.00%	1.43%
FY 2017(TY 2016)	0.00%	3.17%	0.00%	1.94%	4.15%	n/a	0.00%	1.22%
FY 2018(TY 2017)	0.00%	3.65%	0.00%	2.26%	2.68%	n/a	0.00%	1.18%
FY 2019(TY 2018)	0.00%	3.34%	0.00%	2.10%	11.35%	n/a	0.00%	3.36%
FY 2020(TY 2019)	0.00%	5.16%	0.00%	3.28%	-1.89%	100.24%	0.00%	2.02%
FY 2021(TY 2020)	0.00%	-0.03%	0.00%	-0.02%	4.78%	64.43%	0.00%	2.00%
10 Year Growth Rate	0.00%	3.55%	0.00%	2.14%	3.73%	n/a	0.00%	1.59%
5 Year Growth Rate	0.00%	3.05%	0.00%	1.91%	4.13%	n/a	0.00%	1.95%
3 Year Growth Rate	0.00%	2.80%	0.00%	1.78%	4.61%	n/a	0.00%	2.46%
PROJECTIONS								
FY22 & FY23 Applied Growth Rates	0.00%	3.05%	0.00%	n/a	4.13%	n/a	0.00%	n/a
FY 2022 Appropriation Act Est.	\$249,069,750	\$157,162,738	\$80,892,729	\$238,055,467	\$88,974,466	\$33,366,281	\$40,557,257	\$650,023,221
FY 2022 (e) Revised Estimate	\$249,069,750	\$152,423,119	\$80,892,729	\$233,315,848	\$89,843,369	\$31,167,861	\$40,557,257	\$643,954,085
FY 2022 (e) Projected Surplus/(Shortfall)	\$0	\$4,739,619	\$0	\$4,739,619	(\$868,903)	\$2,198,420	\$0	\$6,069,136
FY 2023 (e) Projection	\$249,069,750	\$157,065,580	\$80,892,729	\$237,958,309	\$93,552,054	\$40,815,261	\$40,557,257	\$661,952,631
FY 2024 (e) Long-range Projection	\$249,069,750	\$162,644,087	\$80,892,729	\$243,536,816	\$97,044,518	\$51,310,870	\$40,557,257	\$681,519,211
FY 2025 (e) Long-range Projection	\$249,069,750	\$168,420,726	\$80,892,729	\$249,313,454	\$100,667,361	\$53,754,514	\$40,557,257	\$693,362,336

*The Manufacturer's Exemption of 14.285 percent of assessed value is phased-in in six equal and cumulative percentage installments, applicable for property tax years beginning after 2017.

General Fund Revenue Growth Percent Change

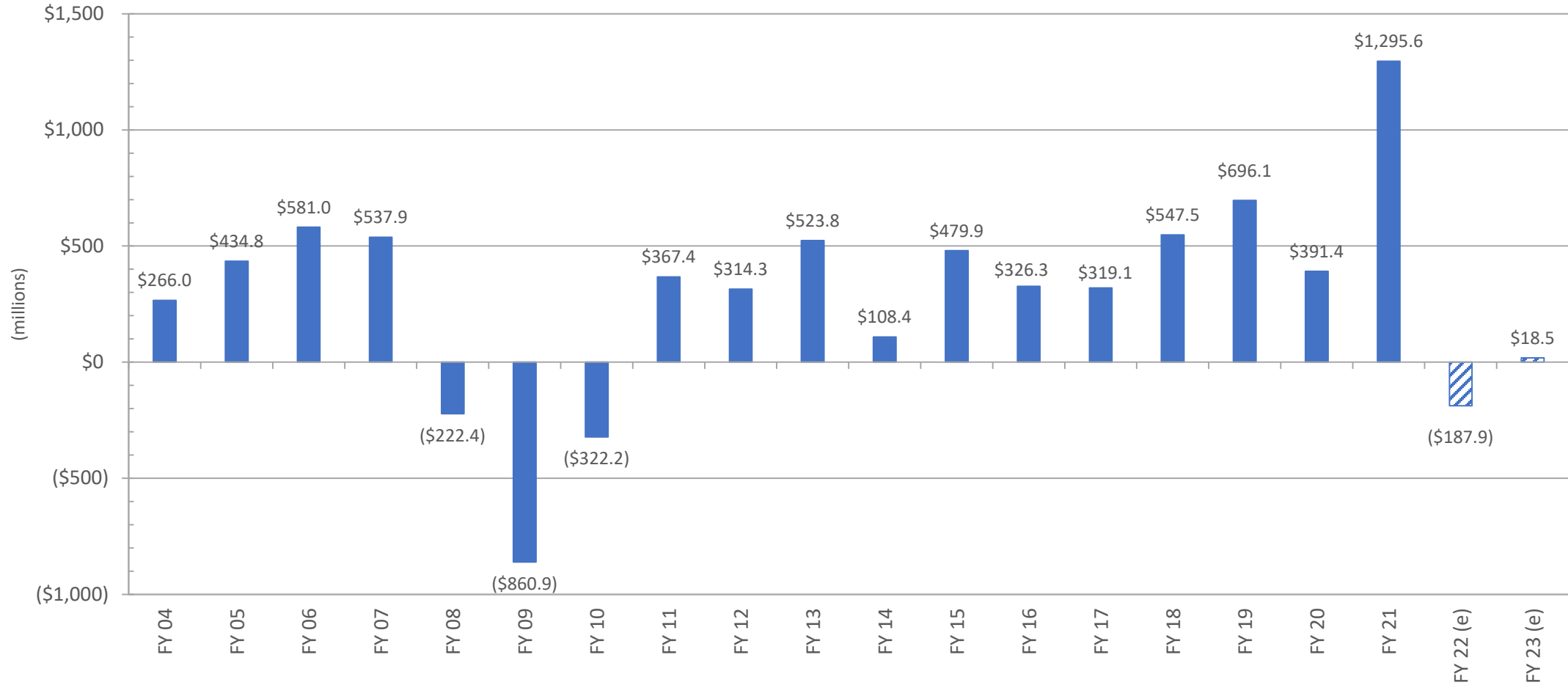
GENERAL FUND REVENUE
Percent Change



Source: S.C. Revenue and Fiscal Affairs Office 28-LHJ/10/2021

General Fund Revenue Growth Annual Dollar Change

ANNUAL GROWTH IN GENERAL FUND REVENUE

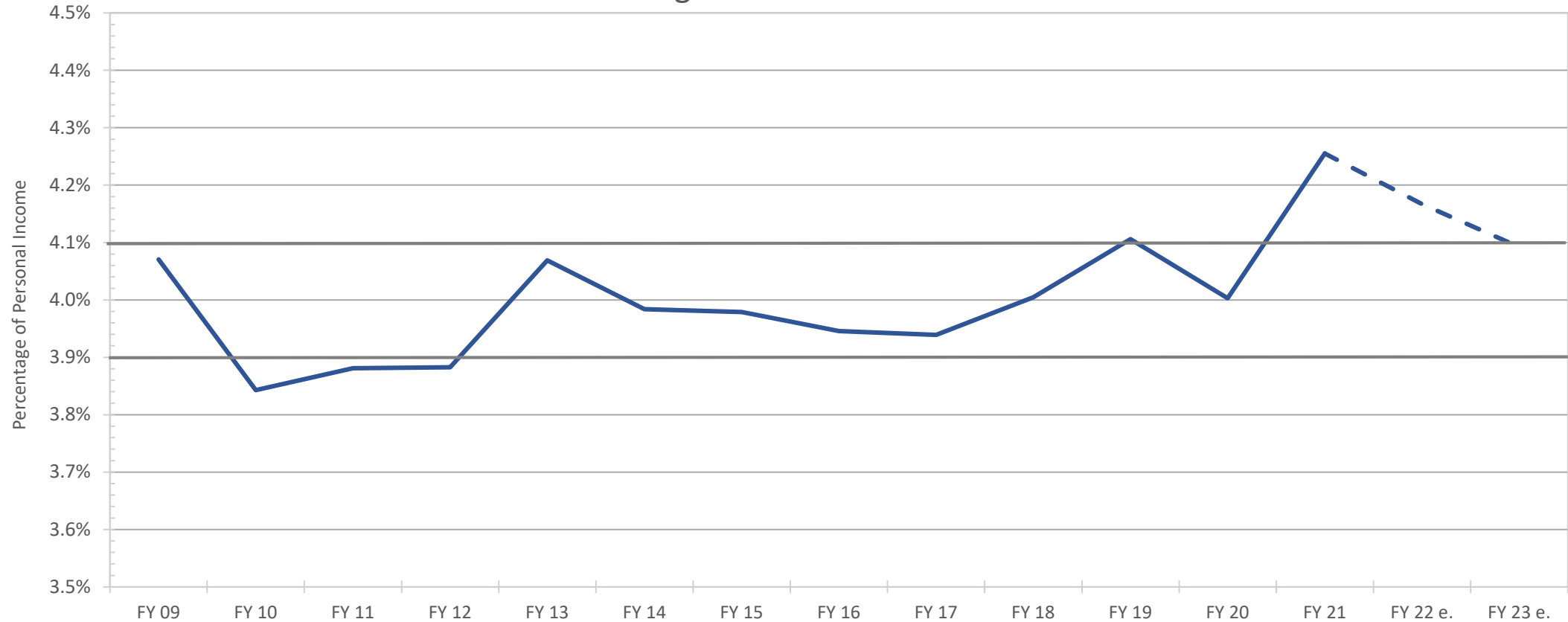


Source: Revenue and Fiscal Affairs - 169A/LHJ/11/10/2021



General Fund as a Percentage of Personal Income

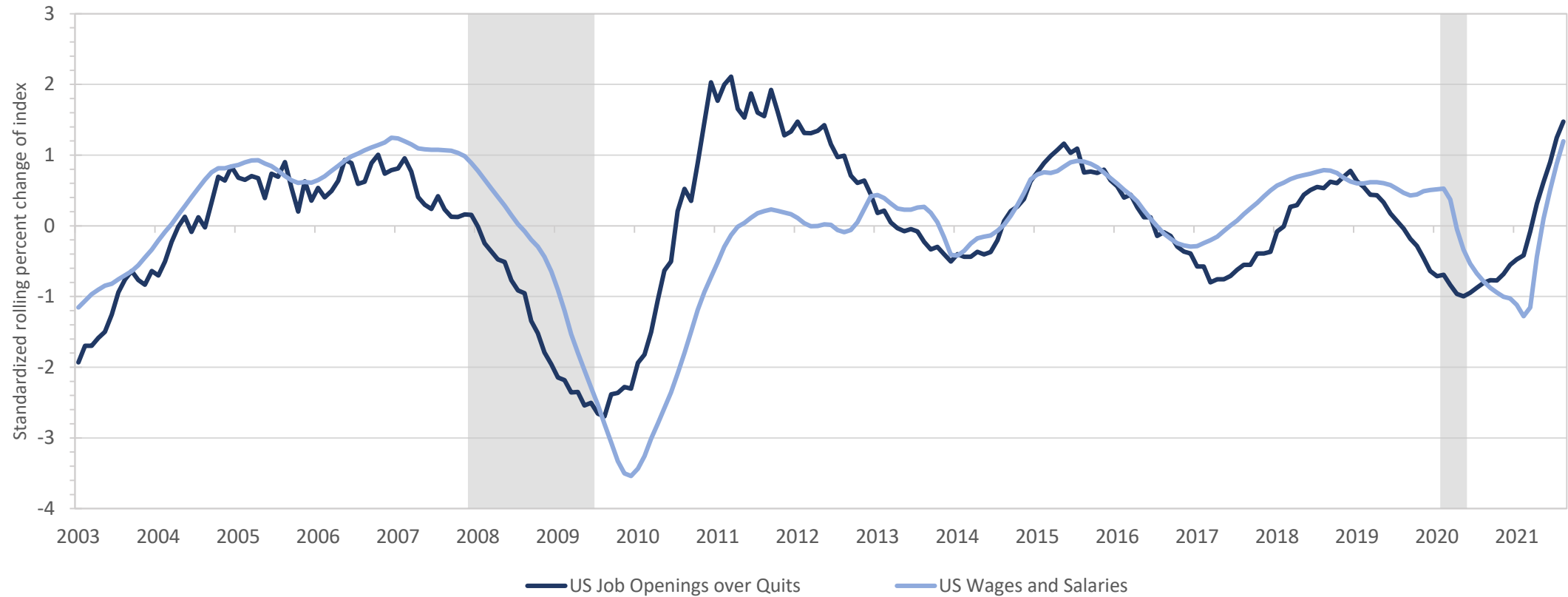
SOUTH CAROLINA GENERAL FUND REVENUE
as a Percentage of Total Personal Income



Wages & the Labor Market

The labor shortage is driving growth in wages

US WAGES VS. JOB OPENINGS/QUITS

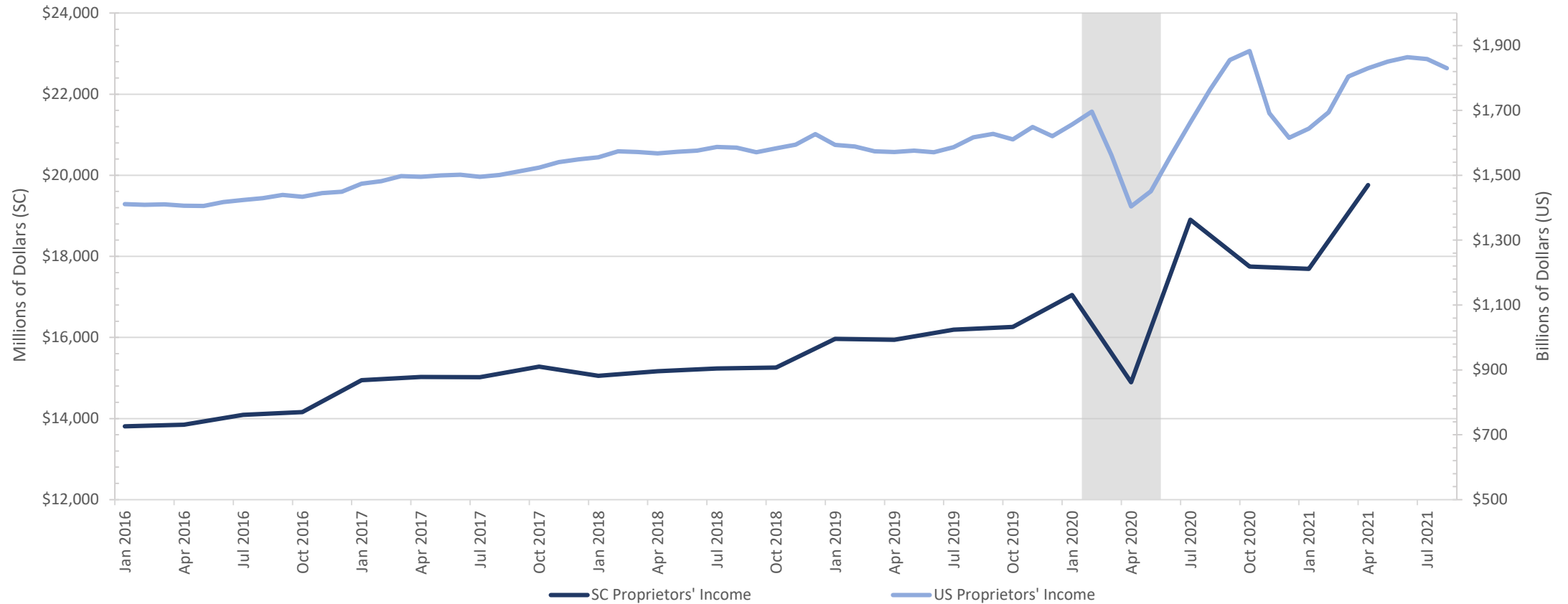


U.S. Bureau of Economic Analysis, Compensation of Employees, Received; U.S. Bureau of Labor Statistics, JOLTS- RFA/bdc/10/13/2021

Proprietors' Income

Proprietors' Income has fluctuated but remained elevated throughout the pandemic

US AND SC PROPRIETORS' INCOME

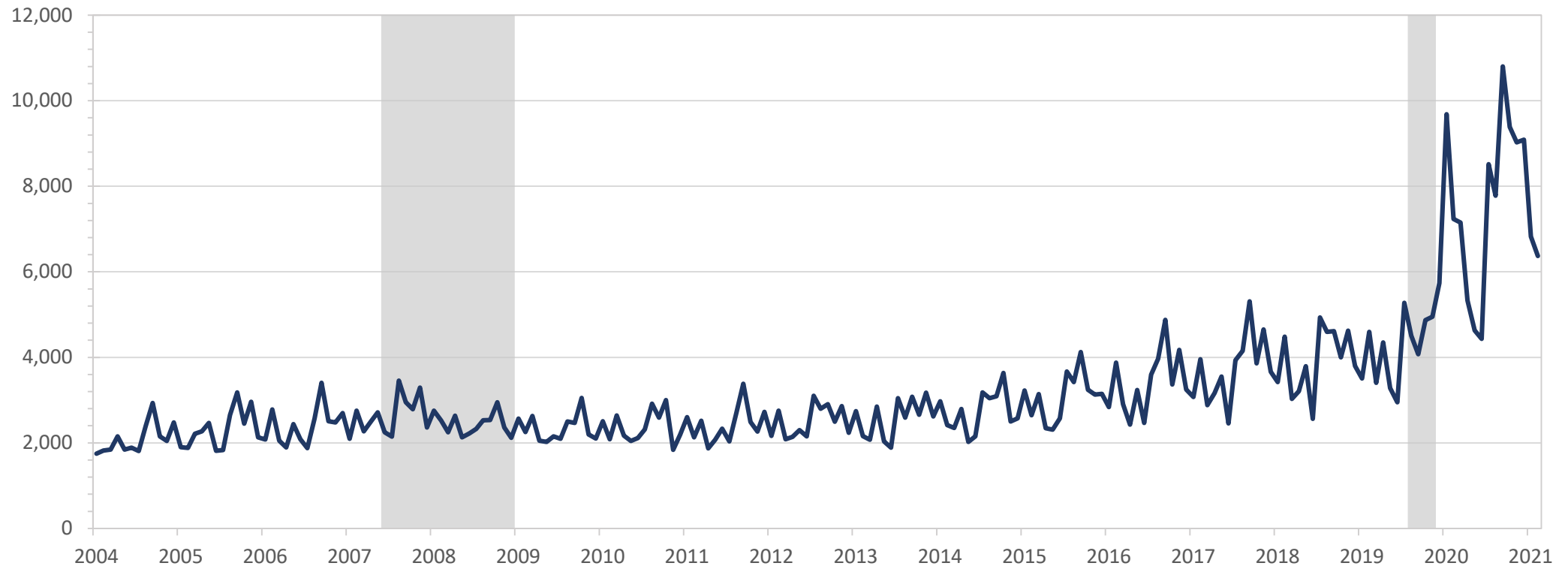


U.S. Bureau of Economic Analysis, Proprietors' Income - RFA/bdc/10/06/2021

SC Business Applications

Business applications in SC have reached new levels during the pandemic, which may have paved the way for a permanently higher base of Non-Withholdings

SC BUSINESS APPLICATIONS EXCLUDING CORPORATIONS

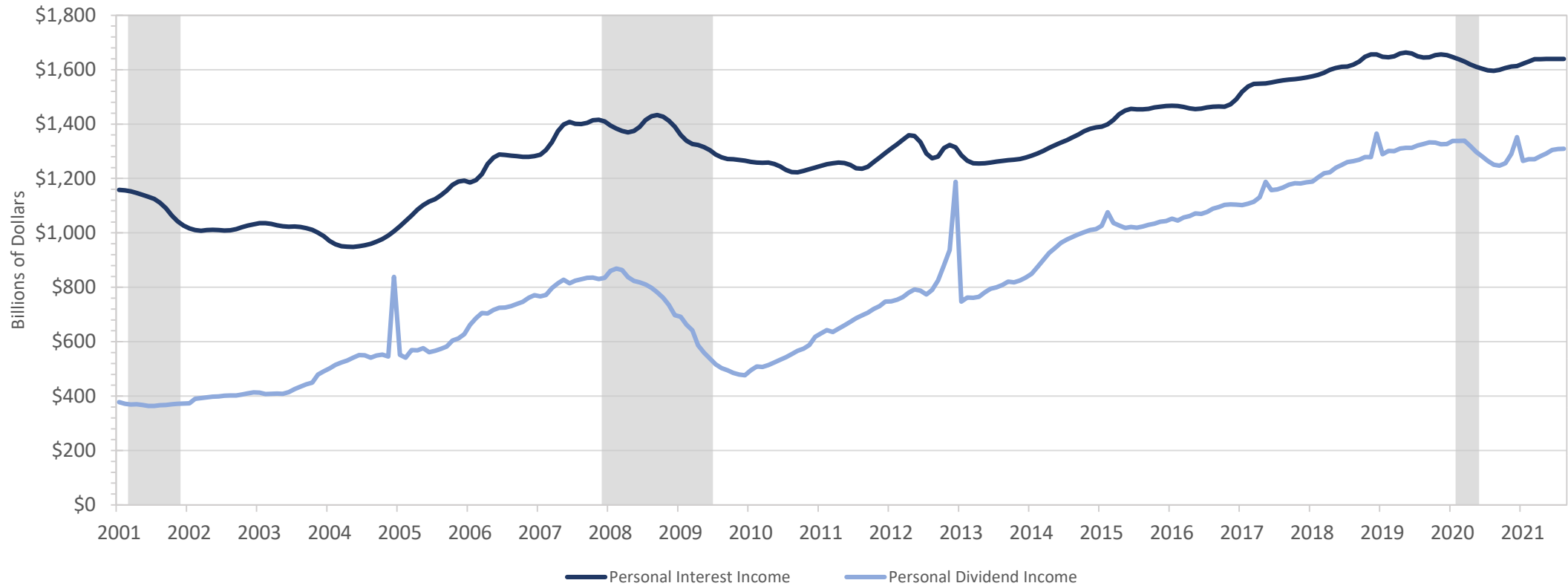


U.S. Census Bureau, Business Applications for South Carolina - RFA/bdc/10/06/2021

US Interest and Dividend Income

Interest and dividend income stayed relatively flat during the pandemic

US PERSONAL INTEREST AND DIVIDEND INCOME

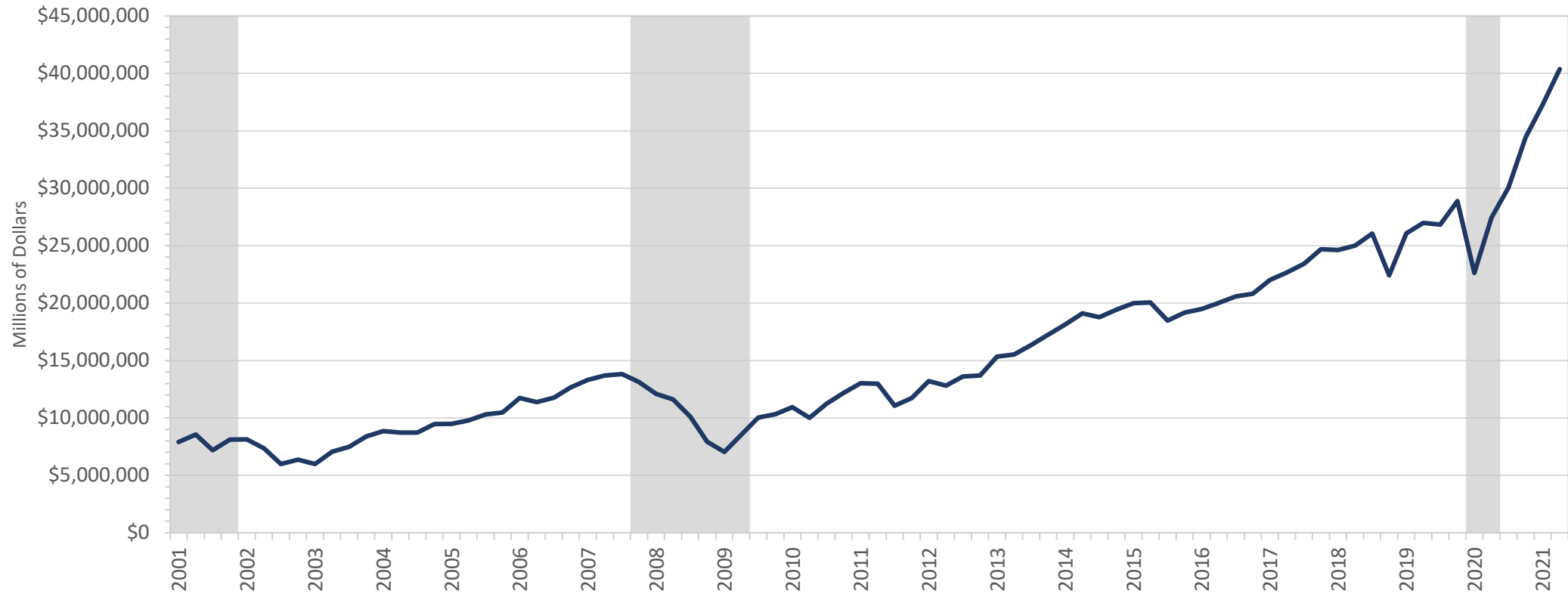


U.S. Bureau of Economic Analysis, Personal Income and Outlays - RFA/bdc/10/06/2021

US Household Investment

Increased investment participation and overall returns contributed to Non-Withholdings growth in the past year

US HOUSEHOLD VALUE OF CORPORATE EQUITIES AND MUTUAL FUND SHARES



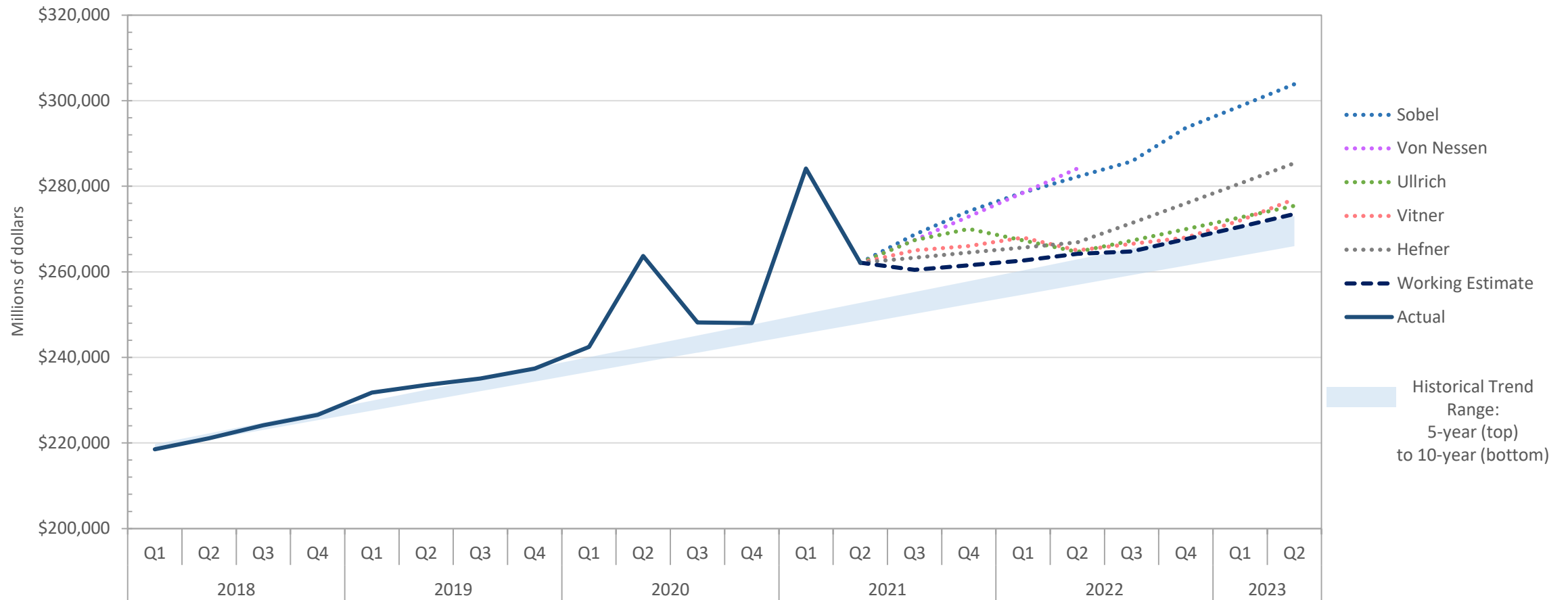
Board of Governors of the Federal Reserve System, Financial Accounts of the United States - RFA/bdc/10/06/2021



Personal Income

Working estimate relative to advisors' forecasts and the historical trend range

SOUTH CAROLINA PERSONAL INCOME FORECASTS



Personal Income Forecasts

Fiscal Year Growth Rate

PERSONAL INCOME FORECASTS: FISCAL YEAR GROWTH RATES

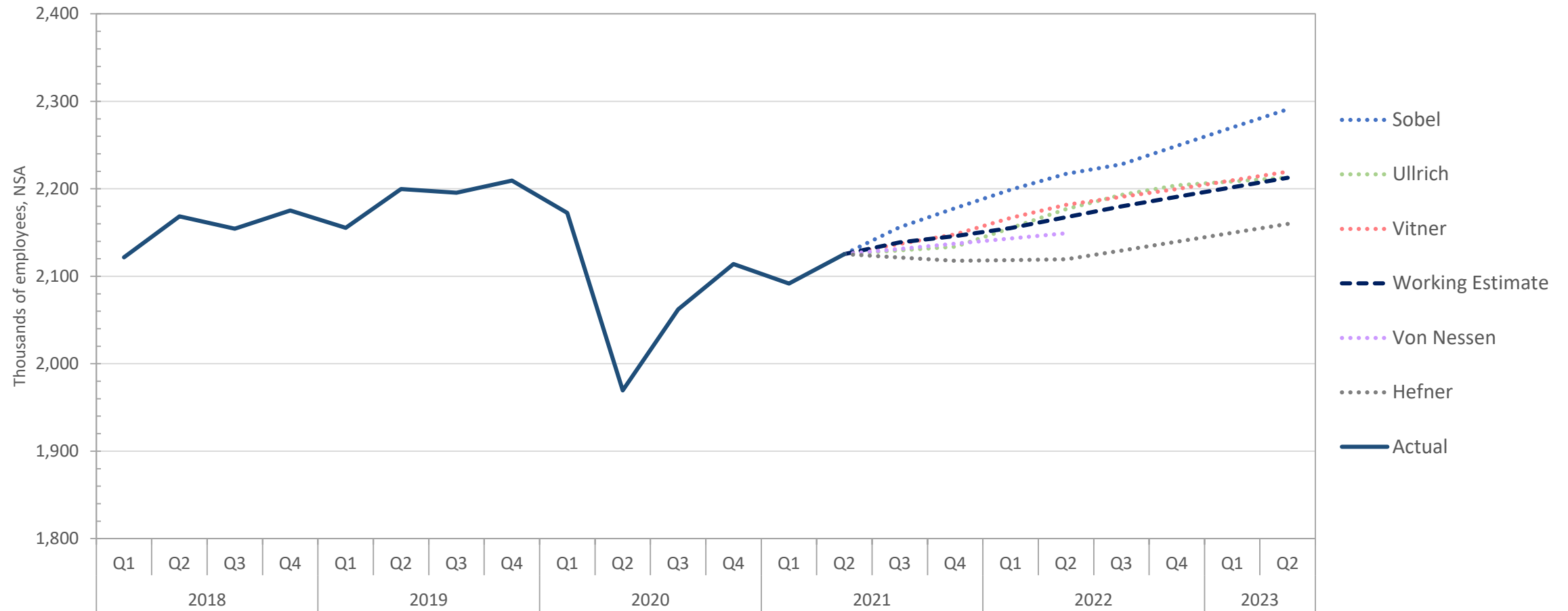
Fiscal Year	Dr. Ullrich	Mr. Vitner	Dr. Sobel	Dr. Hefner	Dr. Von Nessen	Advisors' Average	Olympic Average	Working Estimate
2021-22	2.58%	2.07%	5.86%	1.72%	5.80%	3.61%	3.48%	0.61%
2022-23	1.49%	1.83%	7.11%	5.00%	-	3.86%	3.42%	2.62%



Employment

Working estimate relative to advisors' forecasts

SOUTH CAROLINA NONFARM EMPLOYMENT FORECASTS



Employment Forecasts

Fiscal Year Growth Rate

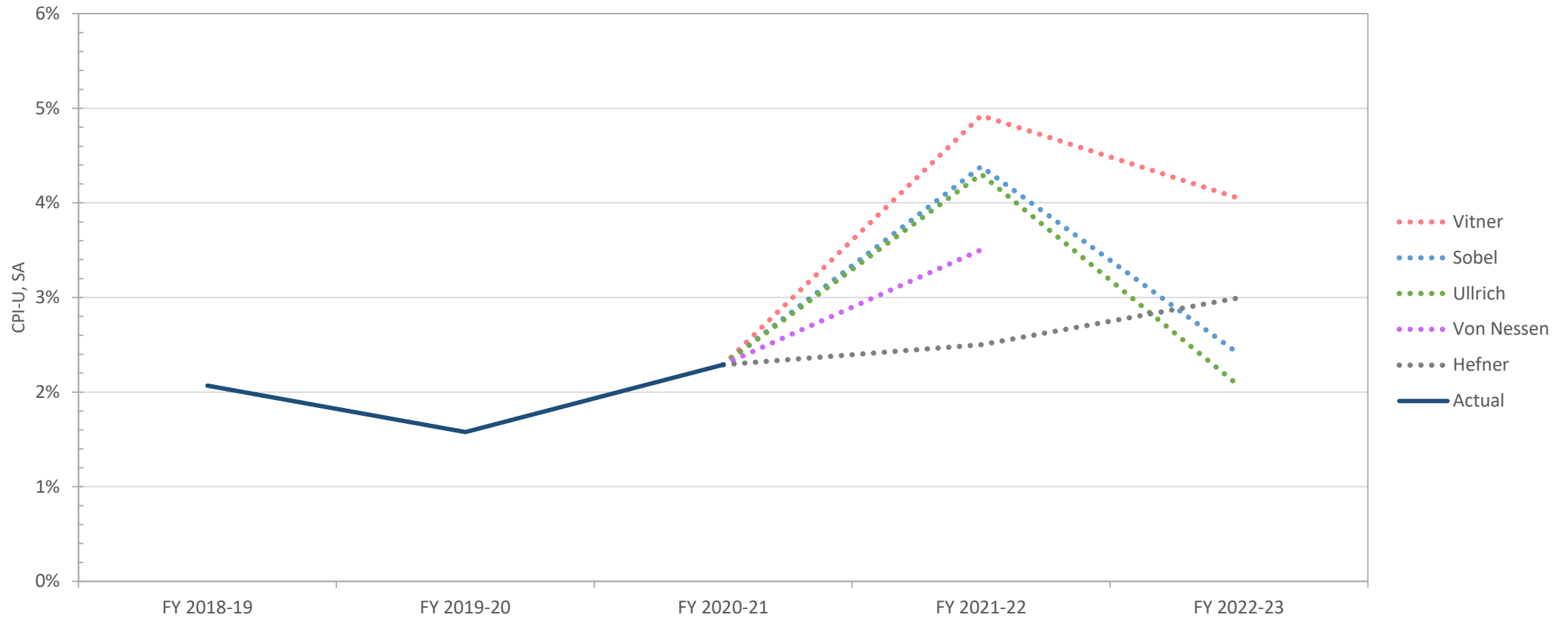
EMPLOYMENT FORECASTS: FISCAL YEAR GROWTH RATES

Fiscal Year	Dr. Ullrich	Mr. Vitner	Dr. Sobel	Dr. Hefner	Dr. Von Nessen	Advisors' Average	Olympic Average	Working Estimate
2021-22	2.41%	2.87%	4.25%	1.00%	2.00%	2.50%	2.43%	2.56%
2022-23	2.59%	2.17%	3.30%	1.20%	-	2.31%	2.38%	2.06%



Inflation Advisors' forecasts for reference

INFLATION FORECASTS



Inflation Forecasts

Fiscal Year Growth Rate

INFLATION FORECASTS: FISCAL YEAR GROWTH RATES

Fiscal Year	Dr. Ullrich	Mr. Vitner	Dr. Sobel	Dr. Hefner	Dr. Von Nessen	Forecasters' Average	Olympic Average
2021-22	4.30%	4.92%	4.38%	2.50%	3.50%	3.92%	4.06%
2022-23	2.07%	4.05%	2.41%	3.00%	-	2.88%	2.71%





THE HONORABLE CURTIS M. LOFTIS, JR.

State Treasurer

October 22, 2021

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

Dear Mr. Rainwater: *FRANK*

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 2021-2022</u>	<u>Estimate</u> <u>FY 2022-2023</u>
Earnings on Investments		
General Fund	\$75,000,000	\$75,000,000
EIA Interest Earnings	\$90,000	\$90,000
Lottery Fund Interest Earnings	\$4,500,000	\$4,500,000
Homestead Exemption Fund	\$3,175,000	\$3,175,000
Unclaimed Property Fund Transfers		
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 B. Grimball, Chairman, RFA
Alan D. Clemmons, RFA
Emerson F. Gower, Jr., RFA
Mike Shealy, Senate Finance Committee
Daniel Boan, House Ways & Means Committee



October 29, 2021

Frank Rainwater
 Executive Director
 SC Revenue and Fiscal Affairs Office
 1000 Assembly Street, Suite 402
 Columbia, SC 29201

Subject: Revision of the Lottery Commission’s FY 21-22 and Preliminary FY 22-23 estimates

Dear Mr. Rainwater:

In accordance with your recent request, please accept this letter as a revision of the Lottery Commission’s estimates of proceeds for FY 21-22 and its preliminary estimates of proceeds for FY 21-22. The amounts shown under the caption “Previous Estimate” reflect the revision we communicated to you by letter on April 5, 2021. Please note that our estimates, as set forth below, include approximately \$1,500,000 associated with Election Day Sales. Our revised estimates are as follows:

	FY 2021-2022	FY 2022-23
Previous Estimate		
"General" Transfers	\$ 500,000,000	N/A
Unclaimed Prizes	20,000,000	N/A
Total	\$ 520,000,000	N/A
 Revised or Current Estimate		
"General" Transfers	\$ 520,100,000	\$ 520,100,000
Unclaimed Prizes	20,000,000	20,000,000
Total	\$ 540,100,000	\$ 540,100,000

As I am sure you are aware, we have not started our FY 22-23 planning process at this point. Our Financial Plan will be developed next spring and our “formal” FY 22-23 Transfer Estimate will require the approval of our Board of Commissioners. Moreover, our revised estimate for FY 21-22 and our preliminary estimate for FY 22-23 are based on factors and assumptions primarily formulated from historical sales trends. As you know, as a result of the effects of the Covid-19 pandemic, like many entities, our sales trends over the past nineteen months have been much more

volatile than normal and we have encountered both sudden sales decreases and increases relative to the previous year. We have made every effort to submit a carefully formulated and thoughtful revision, however, our future actual results may be significantly affected by the reaction of our customers and governmental authorities to further effects of the Covid-19 pandemic.

Please be advised that certain other factors beyond our control may also affect our future sales and transfers. Whereas, we believe we have developed reasonable estimates, it is possible adverse or more favorable trends could develop which could affect our actual transfers.

Please do not hesitate to let me know if I can be of further assistance.

Very truly yours,

A handwritten signature in blue ink that reads "B. E. Ford". The signature is written in a cursive style with a large, looping "F" at the end.

Brian E. Ford, CPA
Chief Financial Officer