



November 8, 2019

South Carolina Long Range General Fund Revenue Forecast

Fiscal Years 2019-20 to 2022-23



**South Carolina Board of Economic Advisors
Long Range General Fund Revenue Forecast
Fiscal Years 2019-20 to 2022-23**

Methodology and Historical Economic Growth Rates

The Board of Economic Advisors (BEA) provides a long range forecast for General Fund Revenues each year based on its November estimate of revenues for the upcoming fiscal year. The current long-range forecast was adopted on November 8, 2019 and is based on the BEA estimate of General Fund Revenues for FY 2020-21. The plan is built upon an assumed growth rate in personal income, historical elasticities for the major revenue components (sales and individual income taxes), and historical growth rates or patterns in the remaining revenue sources. Please be advised that these assumptions and forecasts are based on current data and expectations and are subject to change as actual economic and performance may require.

The assumptions and methodologies for this long-range forecast include:

- an annual personal income growth rate of 4.50 percent;
- a sales tax growth rate of 4.50 percent based on a historical elasticity of 1.0;
- an individual income tax growth rate of 4.95 percent based on a historical elasticity of 1.1;
- corporate income decreasing throughout the forecast period;
- historical trends and patterns and other legislative factors affecting the remaining revenues.

The annual General Fund growth rates for FY 20, FY 21, FY 22, and FY23 are 4.6%, 4.0%, 4.0%, and 4.6%, respectfully.

Other items in the forecast include:

- the Property Tax Relief Fund which is funded by a transfer of revenue from the Individual Income and Corporate Income Taxes. The Fund is designed to reimburse local governments for various property tax exemptions.
- the Homestead Exemption Fund which is funded by an additional 1 percent sales tax, but expenditure growth is based on a formula of inflation and population growth. Any shortfall of revenue under expenses is transferred out of the General Fund.

Source: Board of Economic Advisors' Preliminary FY 2020-21 General Fund Revenue Forecast adopted November 8, 2019.

BEA – November 21, 2019



Personal Income Growth
 FY20 - 5.25%; FY21 - 4.50%
 Forecast Period - 4.50%

Long Range General Fund Revenue Forecast
 Fiscal Years 2017-18 to 2022-23
 (Dollars)

Revenue Category	Final FY 2017-18	Final FY 2018-19	11/8/2019 Estimate FY 2019-20	11/8/2019 Estimate FY 2020-21	Working Estimate FY 2021-22	Working Estimate FY 2022-23
Sales and Use Tax	\$3,034,415,169	\$3,186,425,454	\$3,418,401,000	\$3,572,229,000	\$3,732,979,000	3,900,963,000
Individual Income Tax	4,398,423,661	4,714,998,174	4,921,301,000	5,136,732,000	5,371,632,000	5,619,888,000
Corporation Income Tax	375,189,587	494,214,442	474,214,000	444,214,000	444,214,000	444,214,000
Insurance Taxes	227,931,949	256,207,957	246,832,000	288,995,000	278,158,000	325,591,000
Admissions Tax	30,746,293	32,571,884	33,451,000	34,354,000	35,282,000	36,235,000
Aircraft Tax	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Alcoholic Liquor Tax	79,285,307	83,877,459	87,820,000	91,948,000	96,270,000	100,795,000
Bank Tax	47,909,447	68,798,957	75,197,000	82,190,000	89,834,000	98,189,000
Beer and Wine Tax	107,727,311	110,391,069	112,047,000	113,728,000	115,434,000	117,166,000
Bingo Tax	358,256	111,602	112,000	113,000	114,000	115,000
Business Filing Fees	7,038,361	7,424,879	7,830,000	8,200,000	7,900,000	7,900,000
Circuit/Family Court Fines	7,351,527	6,745,763	6,476,000	6,217,000	5,968,000	5,729,000
Corporation License Tax	110,199,187	112,007,772	115,480,000	119,060,000	122,751,000	126,556,000
Documentary Tax	75,624,914	80,425,985	85,573,000	91,050,000	96,877,000	103,077,000
Earned on Investments	40,110,261	87,487,280	90,000,000	90,000,000	75,000,000	75,000,000
Indirect Cost Recoveries	16,755,476	15,938,594	15,500,000	15,500,000	15,500,000	15,500,000
Motor Vehicle Licenses	11,030,604	12,079,044	12,478,000	12,890,000	13,315,000	13,754,000
Nursing Home Fees	3,572,661	3,547,314	3,600,000	3,600,000	3,600,000	3,600,000
Parole and Probation Fees	3,392,808	3,392,808	3,393,000	3,393,000	3,393,000	3,393,000
Private Car Lines Tax	5,960,493	6,215,080	6,495,000	6,787,000	7,092,000	7,411,000
Public Service Authority	17,397,000	17,496,000	17,600,000	17,700,000	17,800,000	17,900,000
Purchasing Card Rebates	3,034,527	3,171,665	3,330,000	3,497,000	3,497,000	3,497,000
Record Search Fees	4,461,000	4,461,000	4,461,000	4,461,000	4,461,000	4,461,000
Savings and Loan Assoc. Tax	949,371	1,254,252	1,141,000	1,038,000	945,000	860,000
Security Dealer Fees	26,385,770	27,178,783	27,700,000	28,100,000	28,100,000	28,100,000
Surcharge on Vehicle Rentals	946,113	(295,401)	175,000	175,000	175,000	175,000
Tobacco Tax	27,209,363	28,372,637	28,068,000	28,657,000	29,259,000	29,873,000
Uncashed Checks	2,927,135	1,027,801	1,000,000	1,000,000	1,000,000	1,000,000
Unclaimed Property Fund	15,000,000	12,600,000	15,000,000	15,000,000	15,000,000	15,000,000
Workers' Comp. Insurance Tax	9,836,976	9,382,100	9,101,000	8,828,000	8,563,000	8,306,000
Other Source Revenues	12,346,921	12,116,456	11,899,000	11,931,000	11,921,000	12,453,000
Gross General Fund Revenue	\$8,706,017,446	\$9,402,126,810	\$9,838,175,000	\$10,229,087,000	\$10,638,534,000	\$11,129,201,000
Appropriation Act Revenue	\$8,534,363,000	\$8,836,042,000	\$9,330,662,000	\$10,229,087,000	\$10,638,534,000	\$11,129,201,000
Less: Tax Relief Trust Fund	(582,033,401)	(599,876,083)	(614,209,000)	(629,405,000)	(644,292,000)	(659,476,000)
Appropriation Act Excluding Trust Fund	7,952,329,599	8,236,165,917	8,716,453,000	9,599,682,000	9,994,242,000	10,469,725,000
Capital Reserve Fund (2%) - Beg. Bal.	\$145,420,836	\$151,649,393	\$162,485,305	\$176,095,044	\$184,479,320	\$191,993,640
General Reserve Fund (5%) - Beg. Bal.	363,552,089	379,123,483	406,213,261	440,237,611	461,198,300	479,984,100
Total Reserve Funds	508,972,925	530,772,876	568,698,566	616,332,655	645,677,620	671,977,740
Revenue Excess/Shortage From Act	171,654,446	566,084,810	507,513,000	0	0	0
Education Improvement Act (EIA)	\$792,172,686	\$840,103,875	\$892,482,200	\$930,273,000	\$970,467,000	\$1,012,823,000
EIA Fund	790,719,514	837,529,968	890,482,200	928,773,000	968,967,000	1,011,323,000
EIA Interest	1,453,172	2,573,907	2,000,000	1,500,000	1,500,000	1,500,000
S.C. Education Lottery Fund (Net)	\$436,528,584	\$490,656,044	\$470,300,000	\$469,800,000	\$469,800,000	\$469,800,000
Homestead Exemption Fund						
Total Revenue Available	\$717,410,352	\$756,112,890	\$806,281,000	\$840,237,000	\$875,800,000	\$913,608,000
Less: Homestead Exemption Fund Shortfall	(32,557,000)	(17,322,000)	7,525,000	17,107,000	27,386,000	38,913,000

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/RWM/11/21/19



Personal Income Growth
 FY20 - 5.25%; FY21 - 4.50%
 Forecast Period - 4.50%

Long Range General Fund Revenue Forecast
Fiscal Years 2017-18 to 2022-23
(Percent Change)

Revenue Category	Percent Change FY 2017-18	Percent Change FY 2018-19	Percent Change FY 2019-20	Percent Change FY 2020-21	Percent Change FY 2021-22	Percent Change FY 2022-23
Sales and Use Tax	4.8	5.0	7.3	4.5	4.5	4.5
Individual Income Tax	7.1	7.2	4.4	4.4	4.6	4.6
Corporation Income Tax	17.1	31.7	(4.0)	(6.3)	0.0	0.0
Insurance Taxes	(4.1)	12.4	(3.7)	17.1	(3.7)	17.1
Admissions Tax	1.0	5.9	2.7	2.7	2.7	2.7
Aircraft Tax	0.0	0.0	0.0	0.0	0.0	0.0
Alcoholic Liquor Tax	3.3	5.8	4.7	4.7	4.7	4.7
Bank Tax	(10.2)	43.6	9.3	9.3	9.3	9.3
Beer and Wine Tax	(1.7)	2.5	1.5	1.5	1.5	1.5
Bingo Tax	(47.2)	(68.8)	0.4	0.9	0.9	0.9
Business Filing Fees	12.1	5.5	5.5	4.7	(3.7)	0.0
Circuit/Family Court Fines	(6.8)	(8.2)	(4.0)	(4.0)	(4.0)	(4.0)
Corporation License Tax	61.6	1.6	3.1	3.1	3.1	3.1
Documentary Tax	46.3	6.3	6.4	6.4	6.4	6.4
Earned on Investments	30.2	118.1	2.9	(16.7)	0.0	0.0
Indirect Cost Recoveries	14.0	(4.9)	(2.8)	0.0	0.0	0.0
Motor Vehicle Licenses	(0.2)	9.5	3.3	3.3	3.3	3.3
Nursing Home Fees	0.2	(0.7)	1.5	0.0	0.0	0.0
Parole and Probation Fees	0.0	0.0	0.0	0.0	0.0	0.0
Private Car Lines Tax	8.4	4.3	4.5	4.5	4.5	4.5
Public Service Authority	(2.0)	0.6	0.6	0.6	0.6	0.6
Purchasing Card Rebates	4.4	4.5	5.0	5.0	0.0	0.0
Record Search Fees	0.0	0.0	0.0	0.0	0.0	0.0
Savings and Loan Assoc. Tax	(49.5)	32.1	(9.0)	(9.0)	(9.0)	(9.0)
Security Dealer Fees	2.9	3.0	1.9	1.4	0.0	0.0
Surcharge on Vehicle Rentals	(63.3)	(131.2)	159.2	0.0	0.0	0.0
Tobacco Tax	3.1	4.3	(1.1)	2.1	2.1	2.1
Uncashed Checks	(17.1)	(64.9)	(2.7)	0.0	0.0	0.0
Unclaimed Property Fund	0.0	(16.0)	19.0	0.0	0.0	0.0
Workers' Comp. Insurance Tax	9.2	(4.6)	(3.0)	(3.0)	(3.0)	(3.0)
Other Source Revenues	12.2	(1.9)	(1.8)	0.3	(0.1)	4.5
Gross General Fund Revenue	6.7	8.0	4.6	4.0	4.0	4.6
Appropriation Act Revenue	4.6	3.5	5.6	9.6	4.0	4.6
Less: Tax Relief Trust Fund	(1.2)	(3.1)	(2.4)	(2.5)	(2.4)	(2.4)
Appropriation Act Excluding Trust Fund	4.9	3.6	5.8	10.1	4.1	4.8
Capital Reserve Fund (2%) - Beg. Bal.	4.5	4.3	7.1	8.4	4.8	4.1
General Reserve Fund (5%) - Beg. Bal.	4.5	4.3	7.1	8.4	4.8	4.1
Total Reserve Funds	4.5	4.3	7.1	8.4	4.8	4.1
Revenue Excess/Shortage From Act						
Education Improvement Act (EIA)	3.7	6.1	6.2	4.2	4.3	4.4
EIA Fund	3.7	5.9	6.3	4.3	4.3	4.4
EIA Interest	(2.6)	77.1	(22.3)	(25.0)	0.0	0.0
S.C. Education Lottery Fund (Net)	8.6	12.4	(4.1)	(0.1)	0.0	0.0
Homestead Exemption Fund						
Total Revenue Available	4.7	5.4	6.6	4.2	4.2	4.3
Less: Homestead Exemption Fund Shortfall	32.2	46.8	143.4	127.3	60.1	42.1