SOUTH CAROLINA UPDATES

PRESENTED TO

SOUTH CAROLINA ASSOCIATION OF AUDITORS, TREASURERS AND TAX COLLECTORS

February 05, 2016

By
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Executive Director

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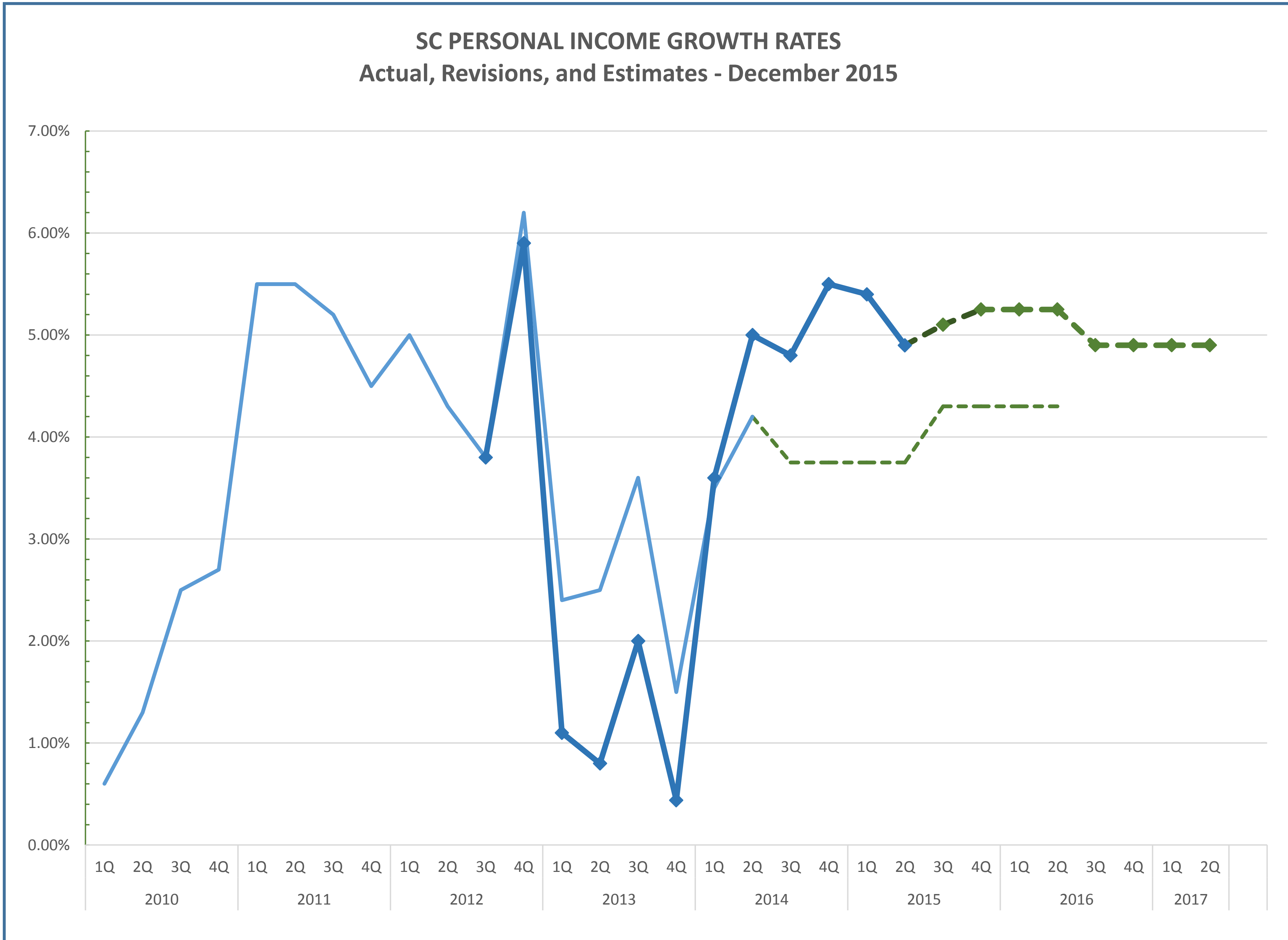
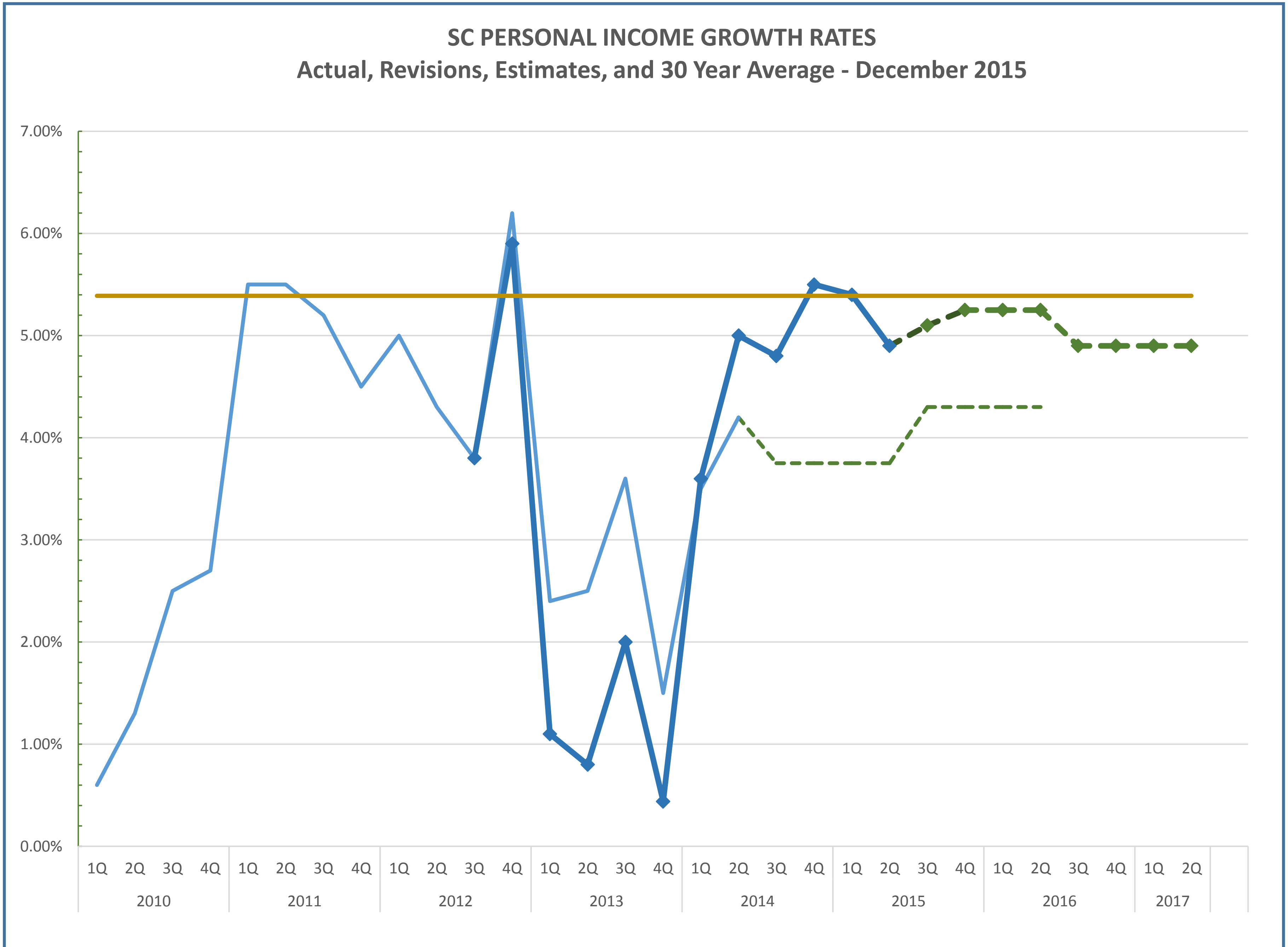
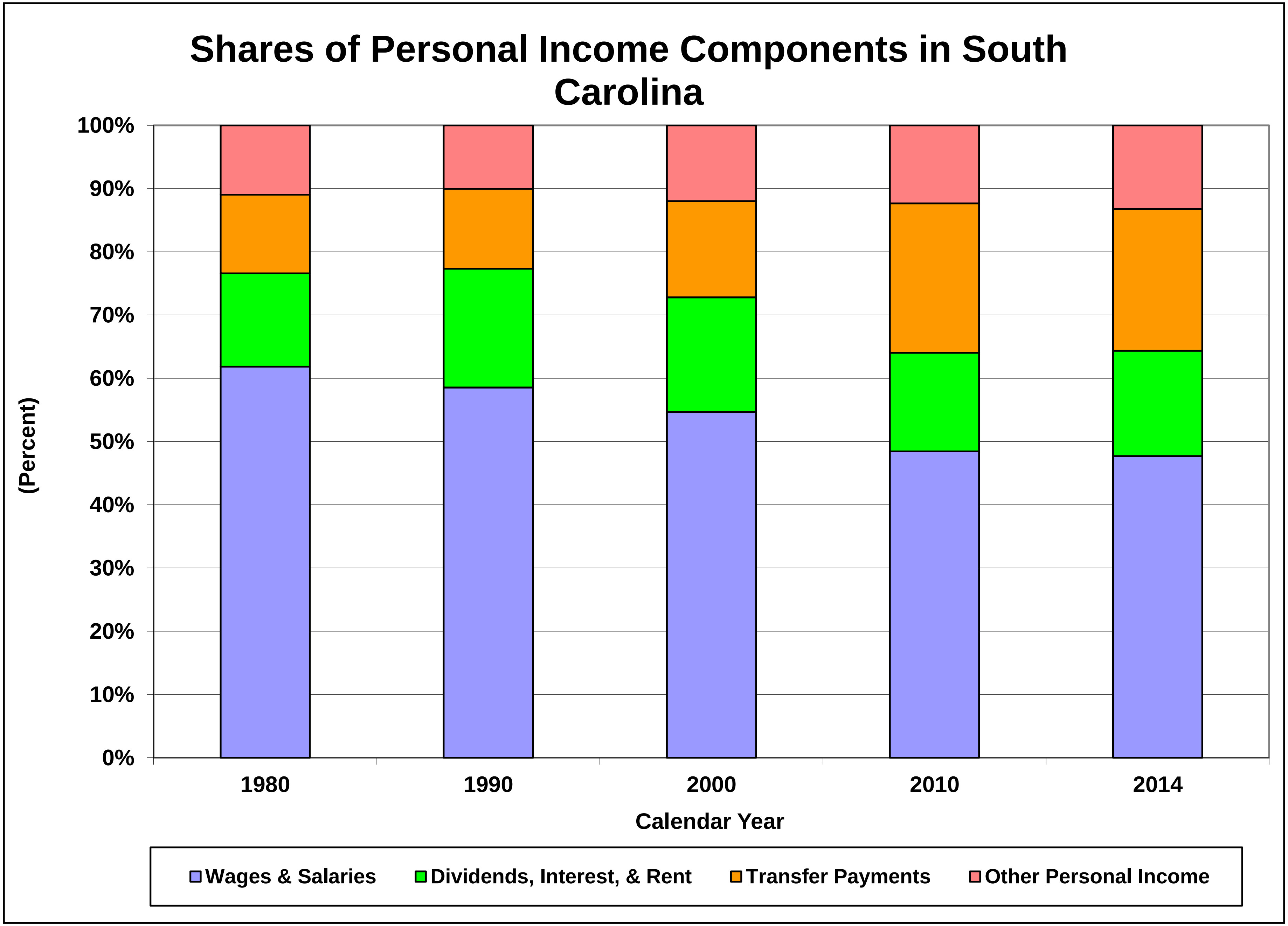
Source: U.S. Department of Commerce, Bureau of Economic Analysis



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

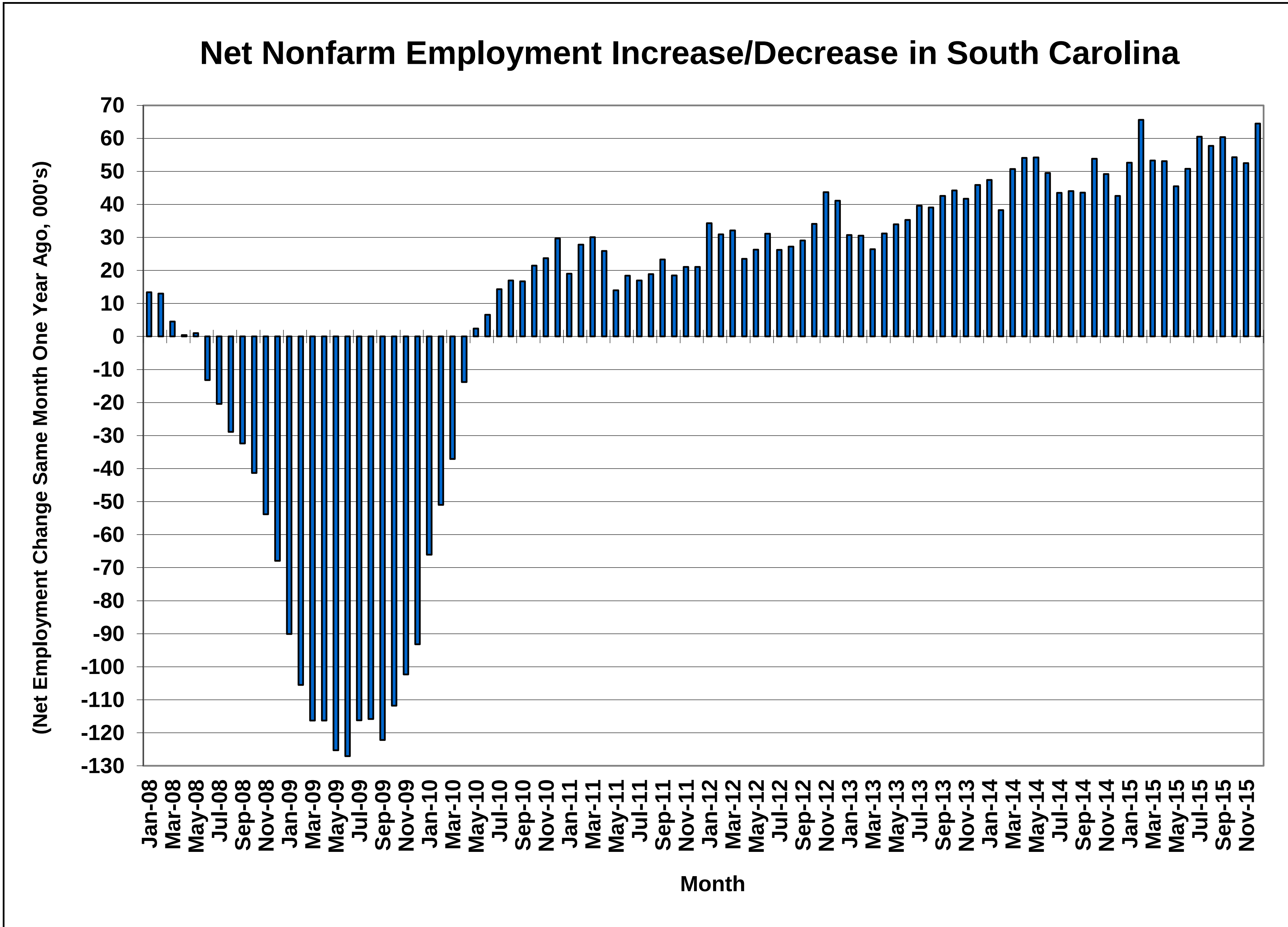


Source: U.S. Department of Commerce, Bureau of Economic Analysis



Source: U.S. Department of Commerce, Bureau of Economic Analysis, Washington, D.C.
BEA/RWM/09/14/15

S.C. Board of Economic Advisors



Net Nonfarm Employment Increase/Decrease in South Carolina
(Net Employment Change Same Month One Year Ago, 000's)
70
60
50
40
30
20
10
0
-10
-20
-30
-40
-50
-60
-70
-80
-90
-100
-110
-120
-130
Jan-08
Mar-08
May-08
Jul-08
Sep-08
Nov-08
Jan-09
Mar-09
May-09
Jul-09
Sep-09
Nov-09
Jan-10
Mar-10
May-10
Jul-10
Sep-10
Nov-10
Jan-11
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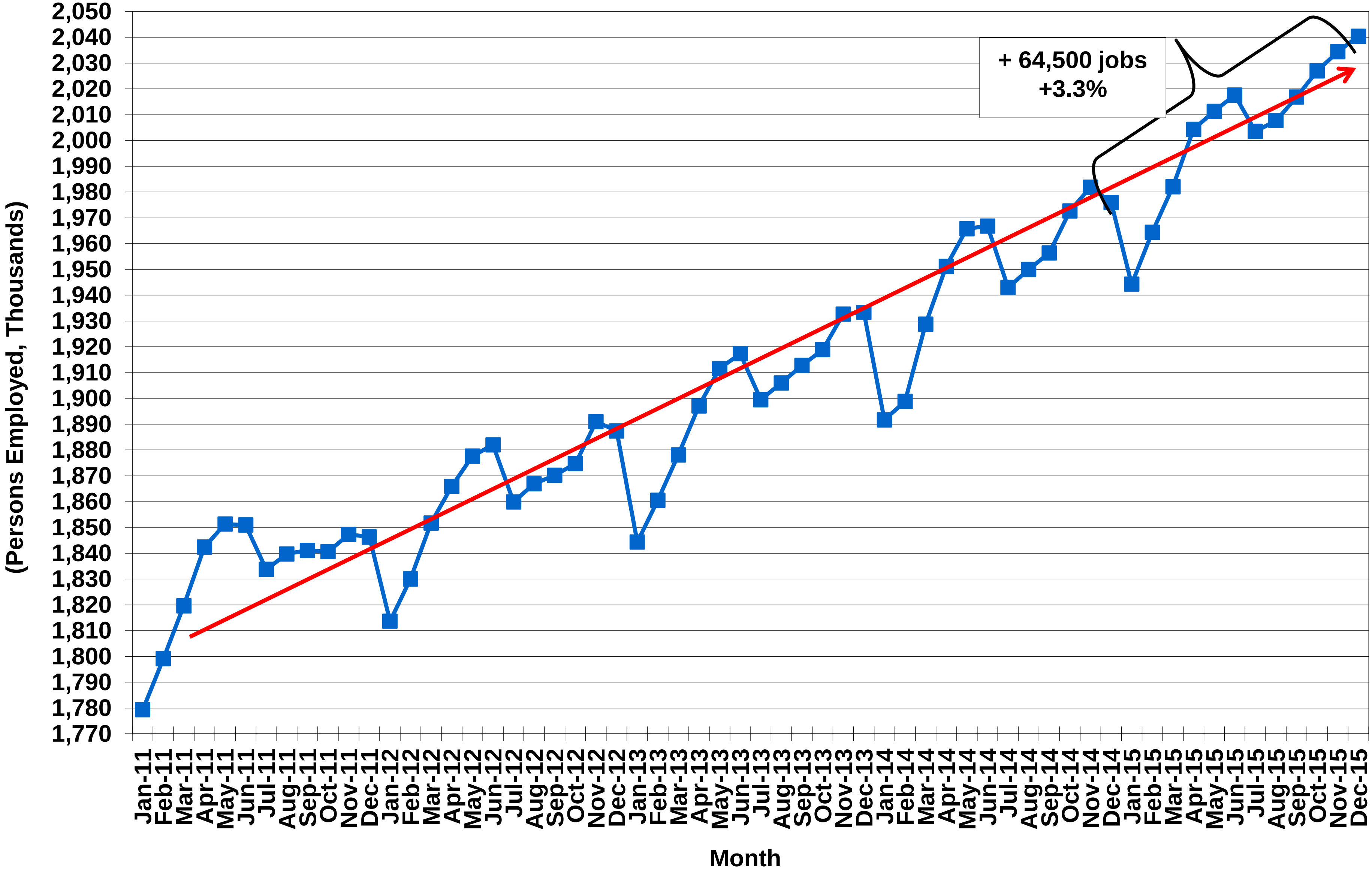
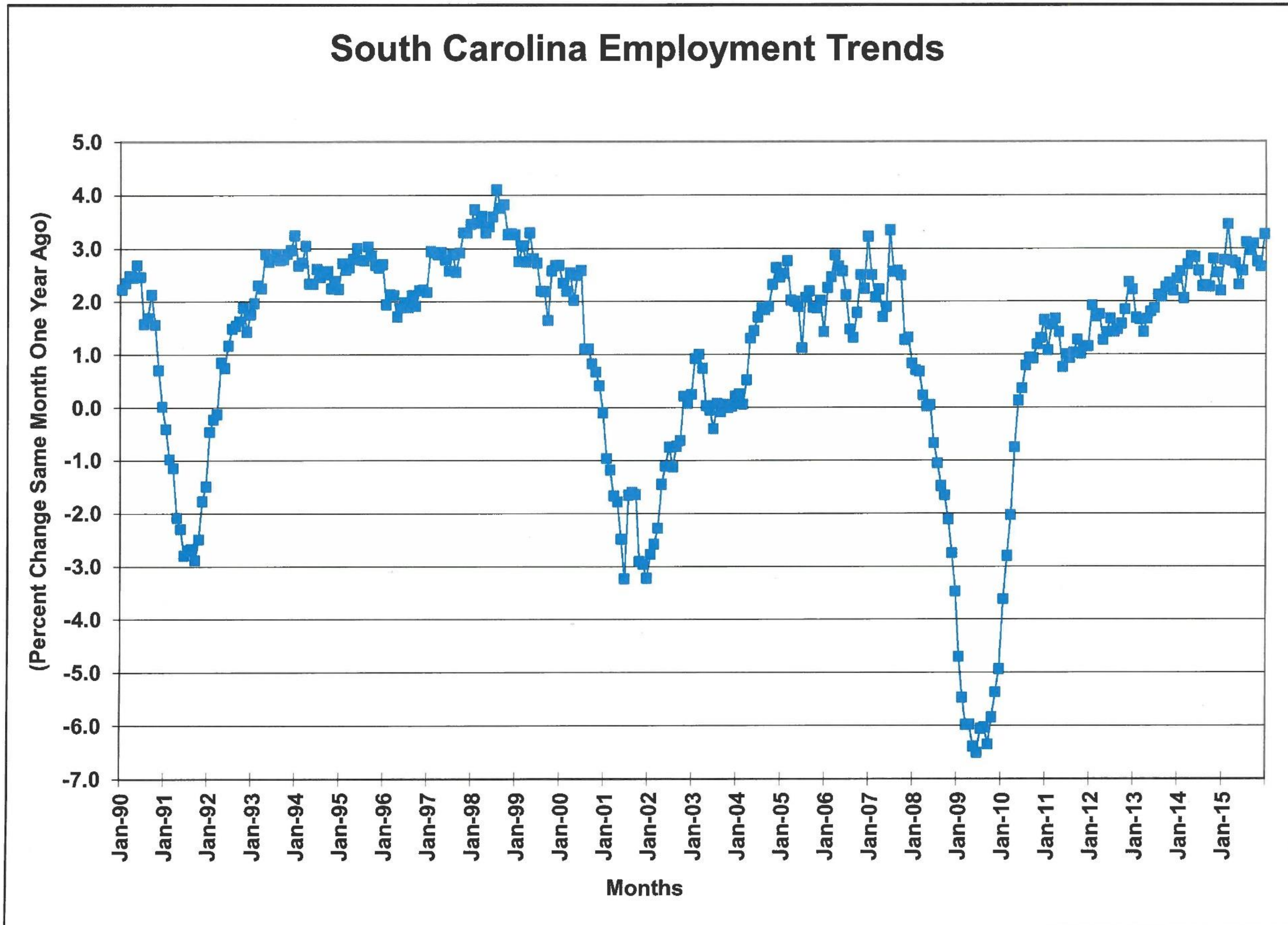
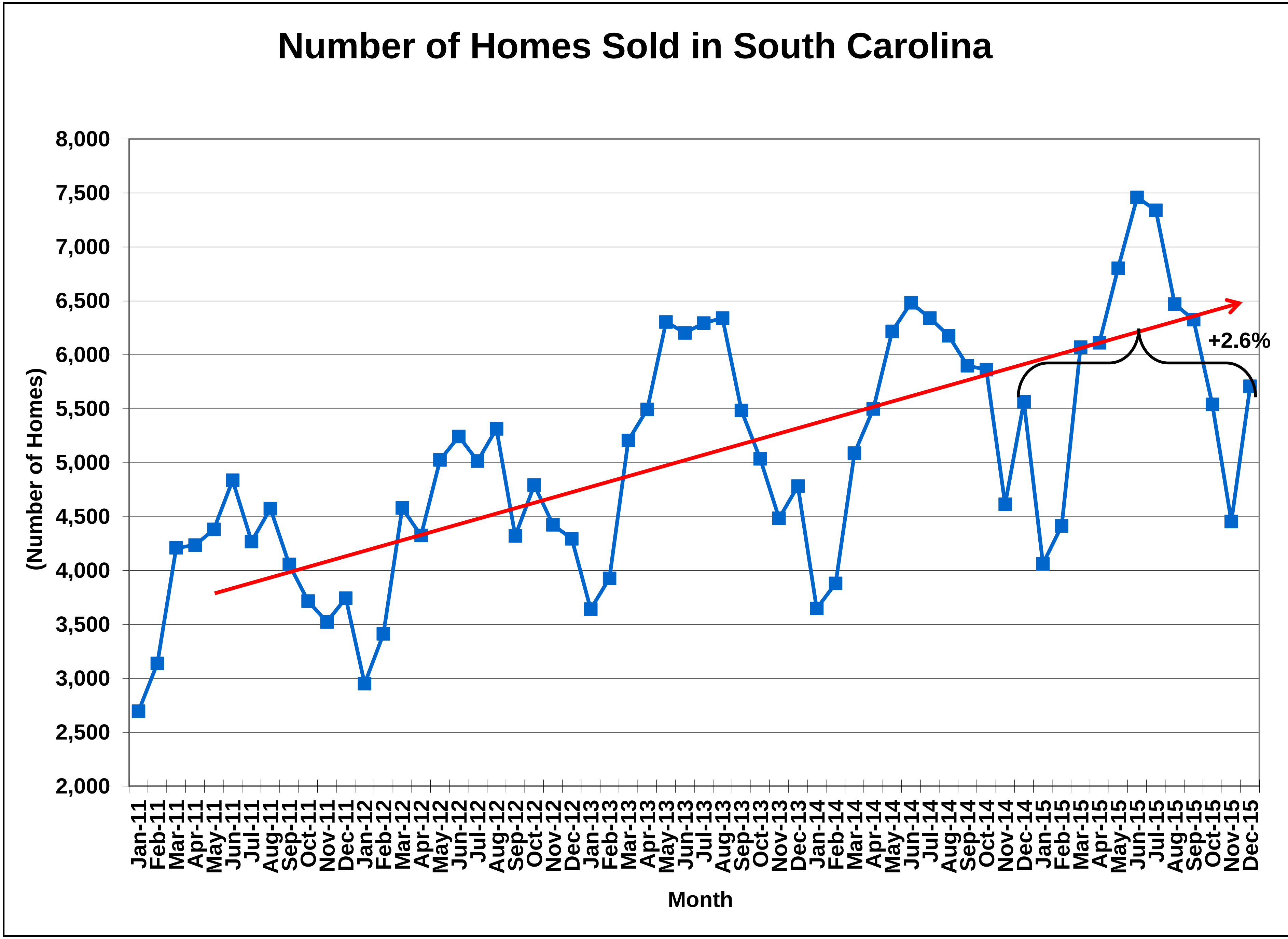
Nov-11
Jan-12
Mar-12
May-12
Jul-12
Sep-12
Nov-12
Jan-13
Mar-13
May-13
Jul-13
Sep-13
Nov-13
Jan-14
Mar-14
May-14
Jul-14
Sep-14
Nov-14
Jan-15
Mar-15
May-15
Jul-15
Sep-15
Nov-15
Month

Total Nonfarm Employment in South Carolina





Source: Board of Economic Advisors
BEA/RWM/01/29/16


Number of Homes Sold in South Carolina
8,000
7,500
7,000
6,500
6,000
5,500
5,000
4,500
4,000
3,500
3,000
2,500
2,000
(Number of Homes)
+2.6%
Jan-11
Feb-11
Mar-11
Apr-11
May-11
Jun-11
Jul-11
Aug-11
Sep-11
Oct-11
Nov-11
Dec-11
Jan-12
Feb-12
Mar-12
Apr-12
May-12
Jun-12
Jul-12
Aug-12
Sep-12
Oct-12
Nov-12
Dec-12
Jan-13
Feb-13
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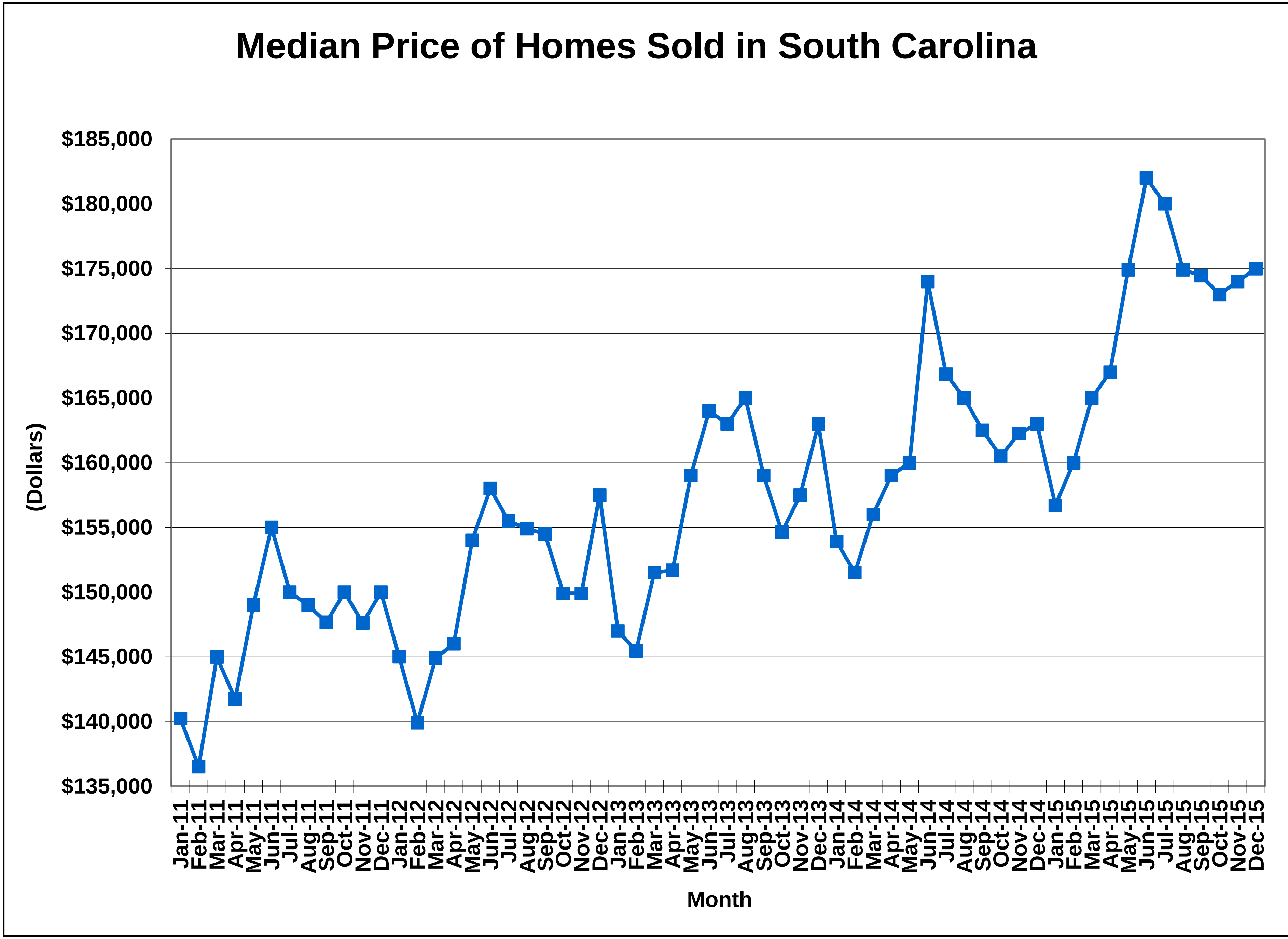
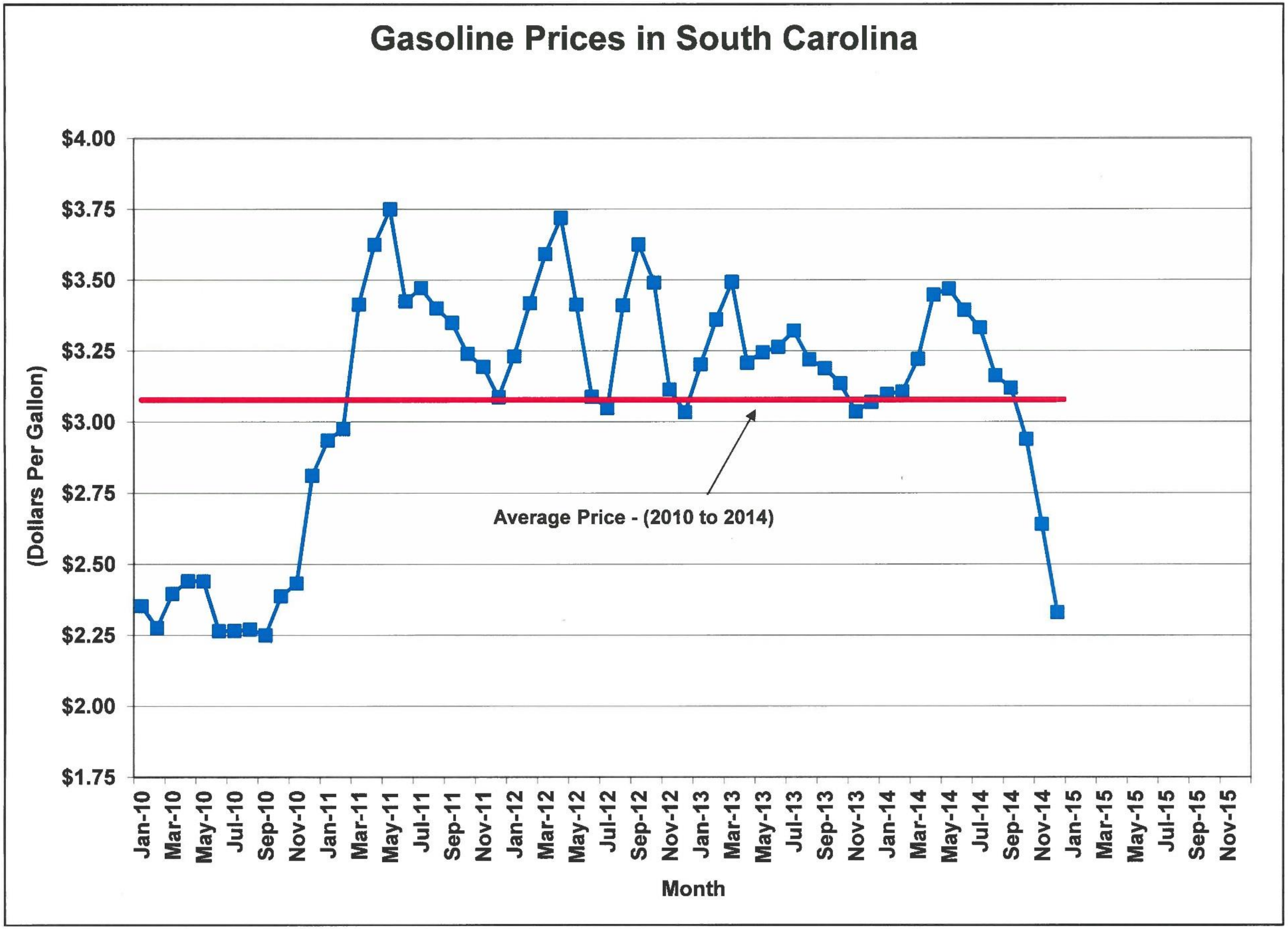
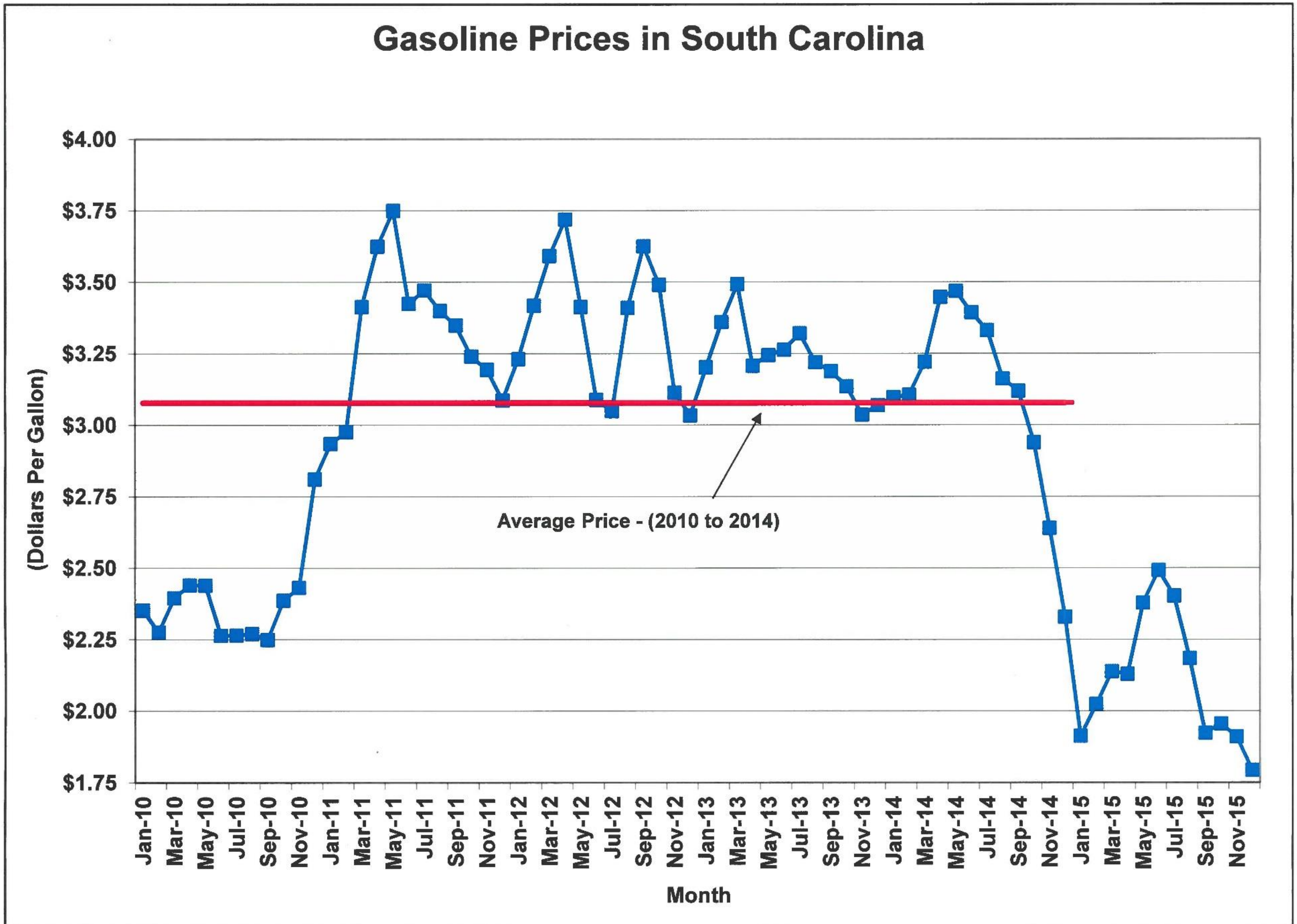
Jul-14
Aug-14
Sep-14
Oct-14
Nov-14
Dec-14
Jan-15
Feb-15
Mar-15
Apr-15
May-15
Jun-15
Jul-15
Aug-15
Sep-15
Oct-15
Nov-15
Dec-15
Month


Median Price of Homes Sold in South Carolina
$185,000
$180,000
$175,000
$170,000
$165,000
$160,000
$155,000
$150,000
$145,000
$140,000
$135,000
(Dollars)
Jan-11 Feb-11 Mar-11 Apr-11 May-11 Jun-11 Jul-11 Aug-11 Sep-11 Oct-11 Nov-11 Dec-11 Jan-12 Feb-12 Mar-12 Apr-12 May-12 Jun-12 Jul-12 Aug-12 Sep-12 Oct-12 Nov-12 Dec-12 Jan-13 Feb-13 Mar-13 Apr-13 May-13 Jun-13 Jul-13 Aug-13 Sep-13 Oct-13 Nov-13 Dec-13 Jan-14 Feb-14 Mar-14 Apr-14 May-14 Jun-14 Jul-14 Aug-14 Sep-14 Oct-14 Nov-14 Dec-14 Jan-15 Feb-15 Mar-15 Apr-15 May-15 Jun-15 Jul-15 Aug-15 Sep-15 Oct-15 Nov-15 Dec-15
Month



Source: AAA of the Carolina's
SCBEA/RWM/01/14/16

S.C. Board of Economic Advisors



Source: AAA of the Carolina's
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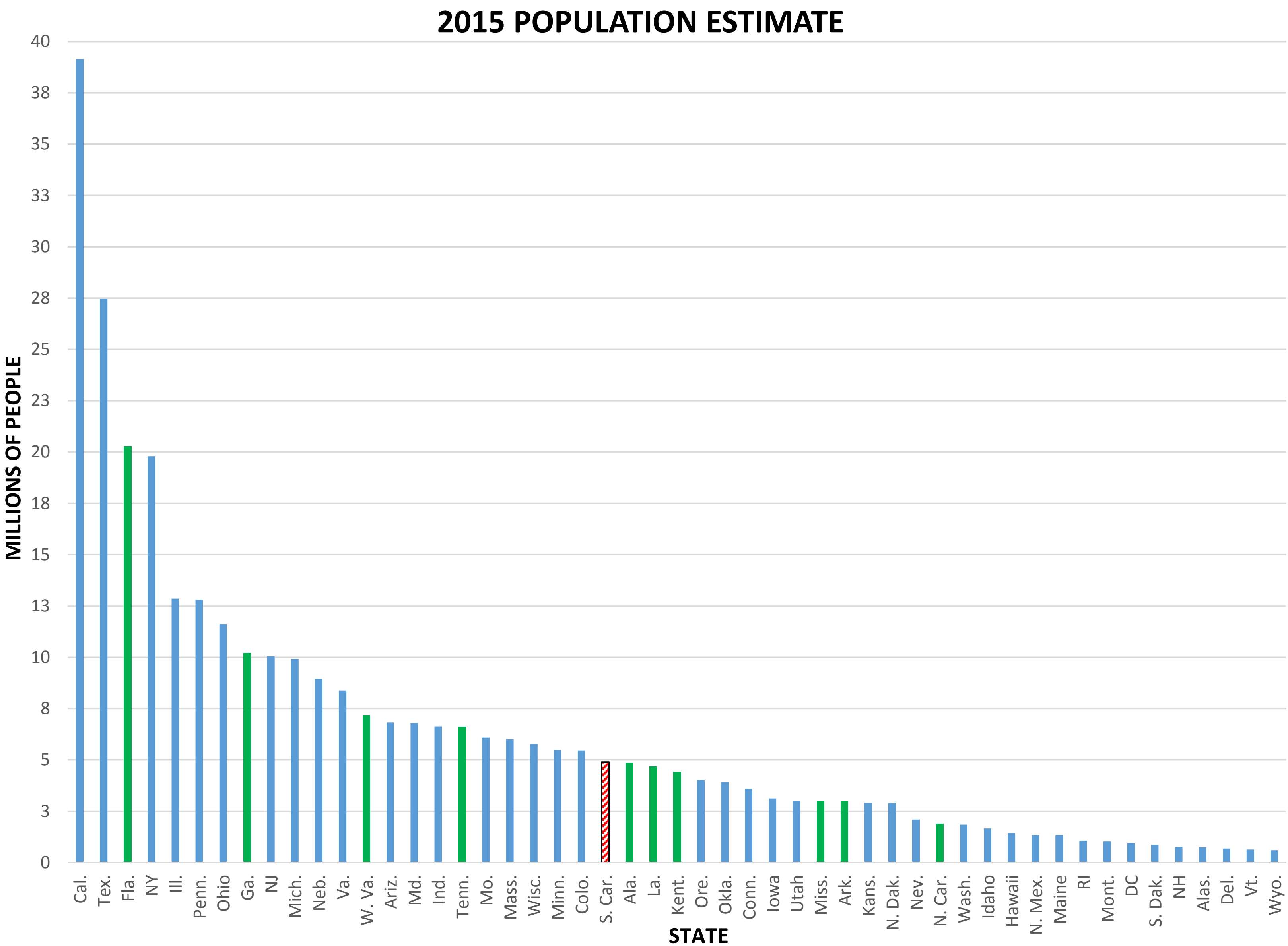
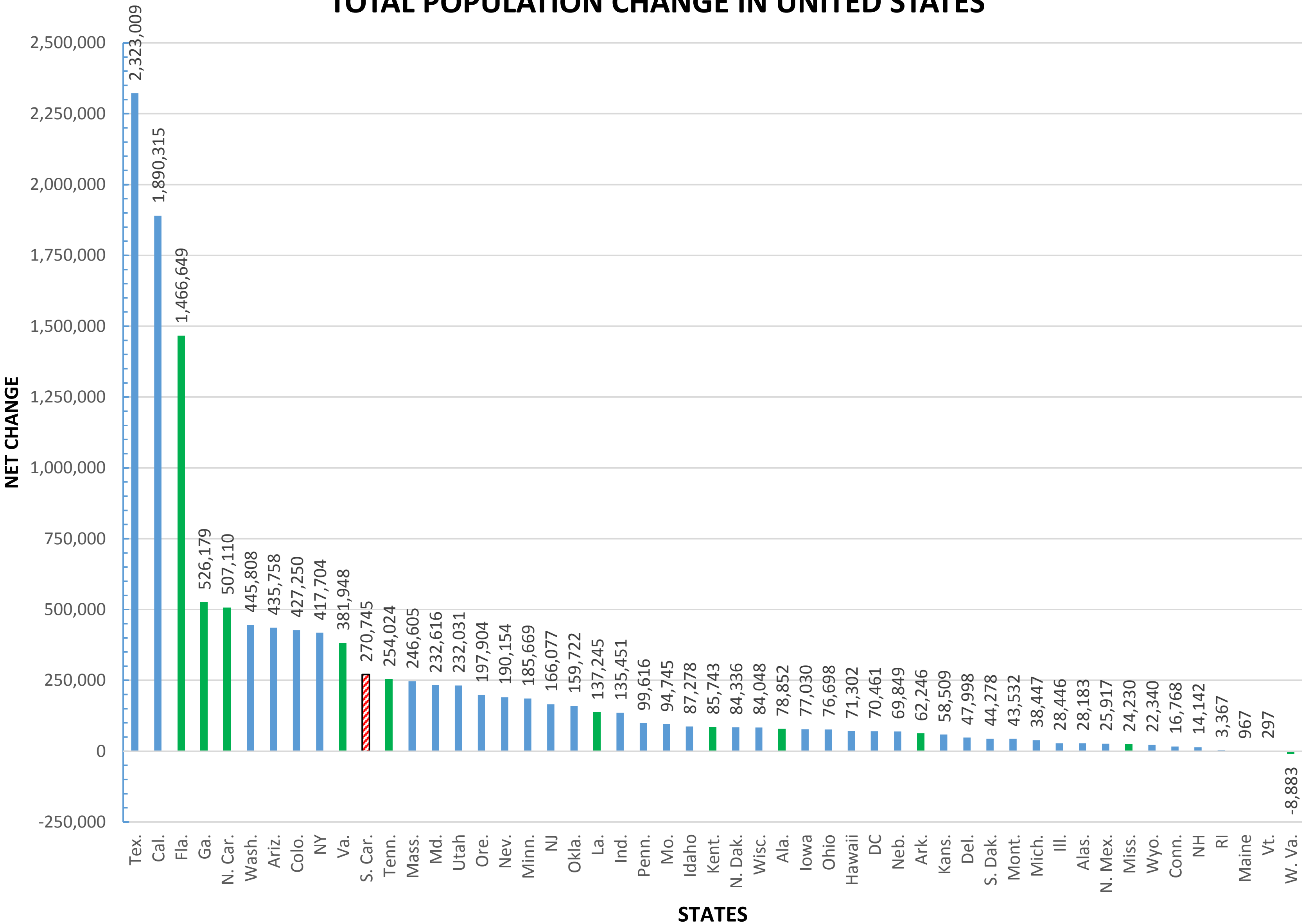
S.C. Board of Economic Advisors

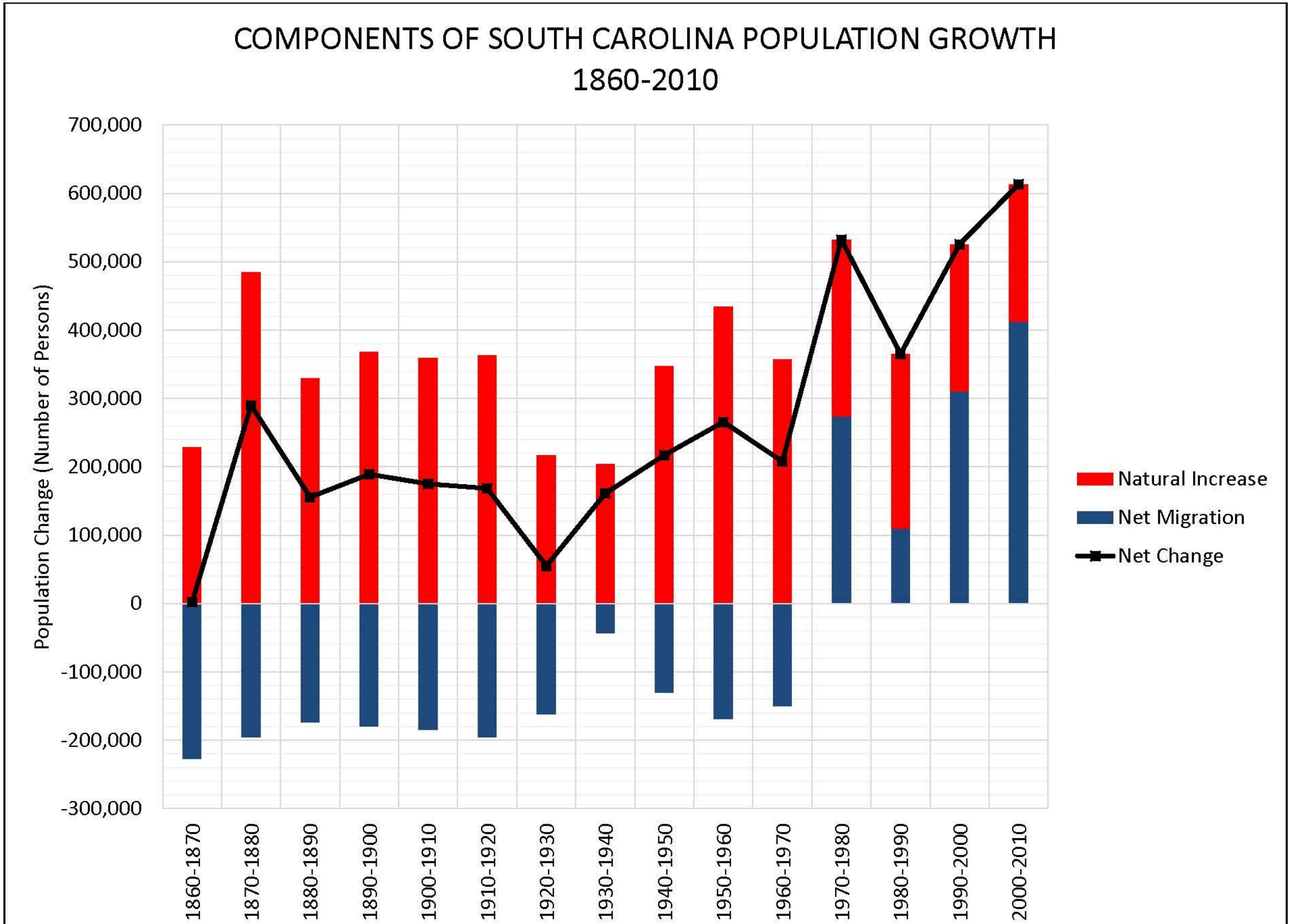


U.S. Census Bureau CPA 1/14/2016

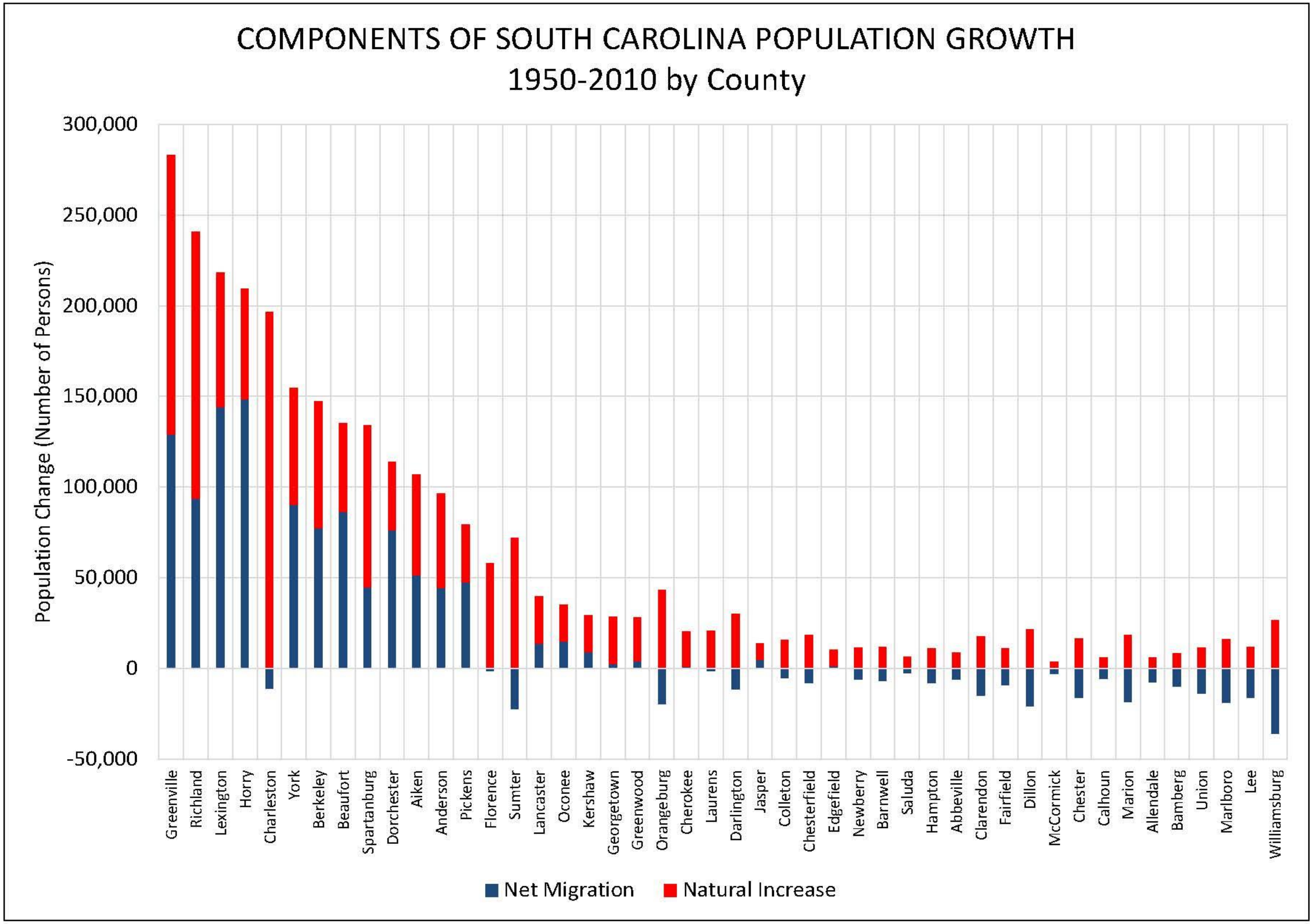
TOTAL POPULATION CHANGE IN UNITED STATES



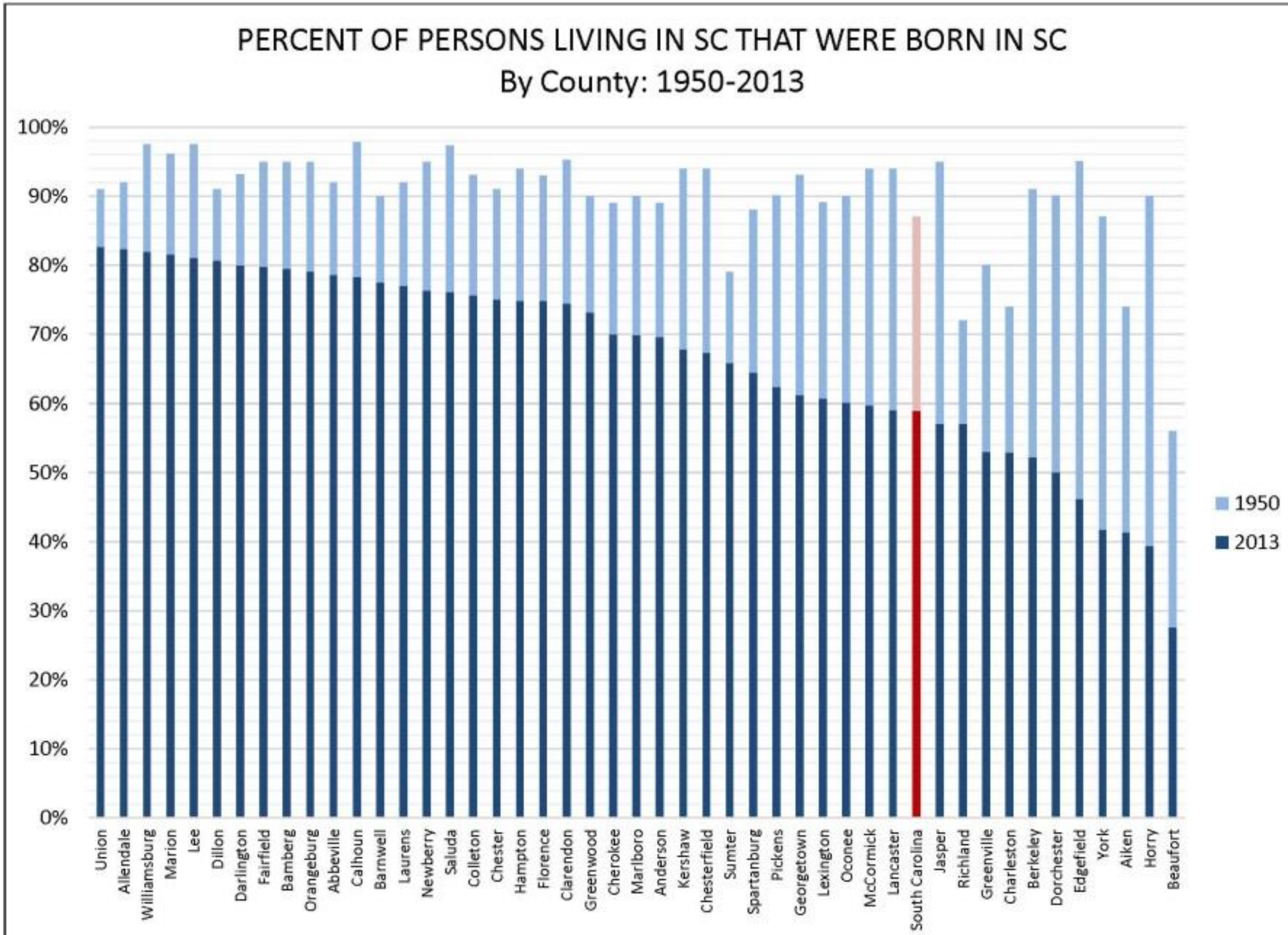
U.S. Census Bureau CPA 1/14/2016



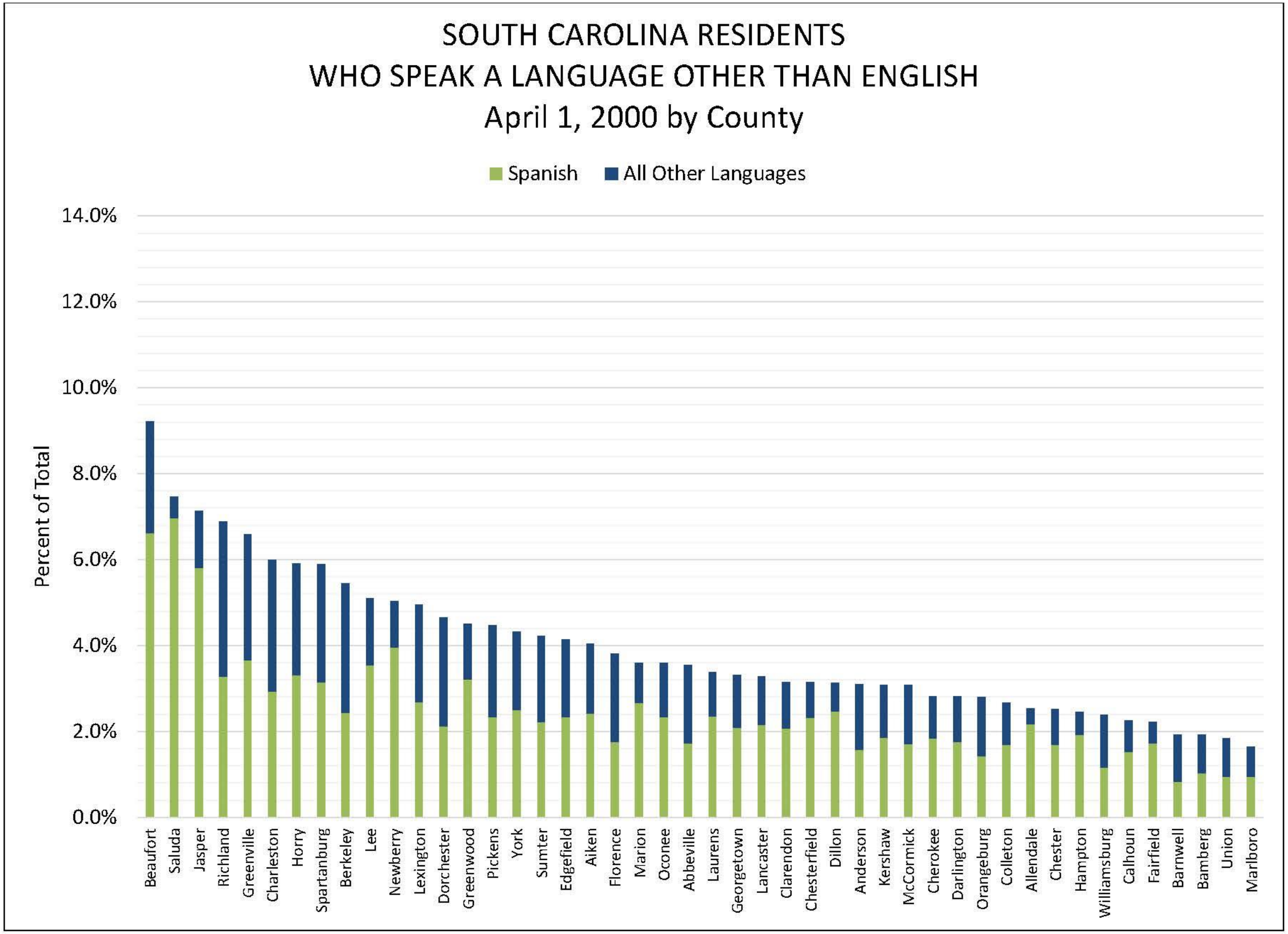
Source: U.S. Bureau of the Census and S.C. Department of Health Environmental Control. RFA: JSM: 3/16/15



Source: U.S. Bureau of the Census, Department of Health and Environmental Control, Revenue and Fiscal Affairs Office. JSM 3/9/15

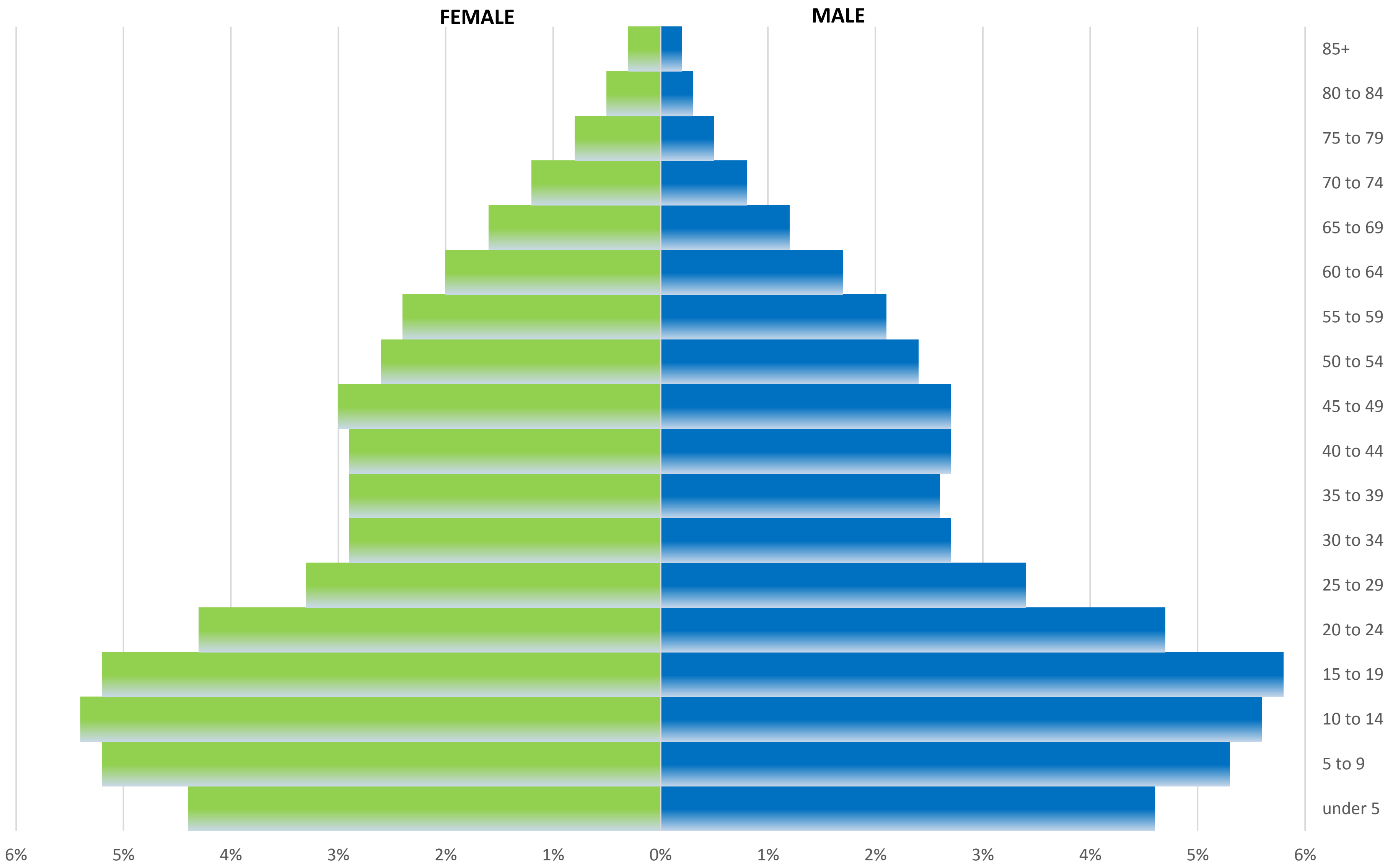


Source: U.S. Bureau of the Census, Census of Population and Housing, 1950-2000, American Community Survey 2009-2013, Office of Research and Statistics. RFA: JSM: 4/10/15



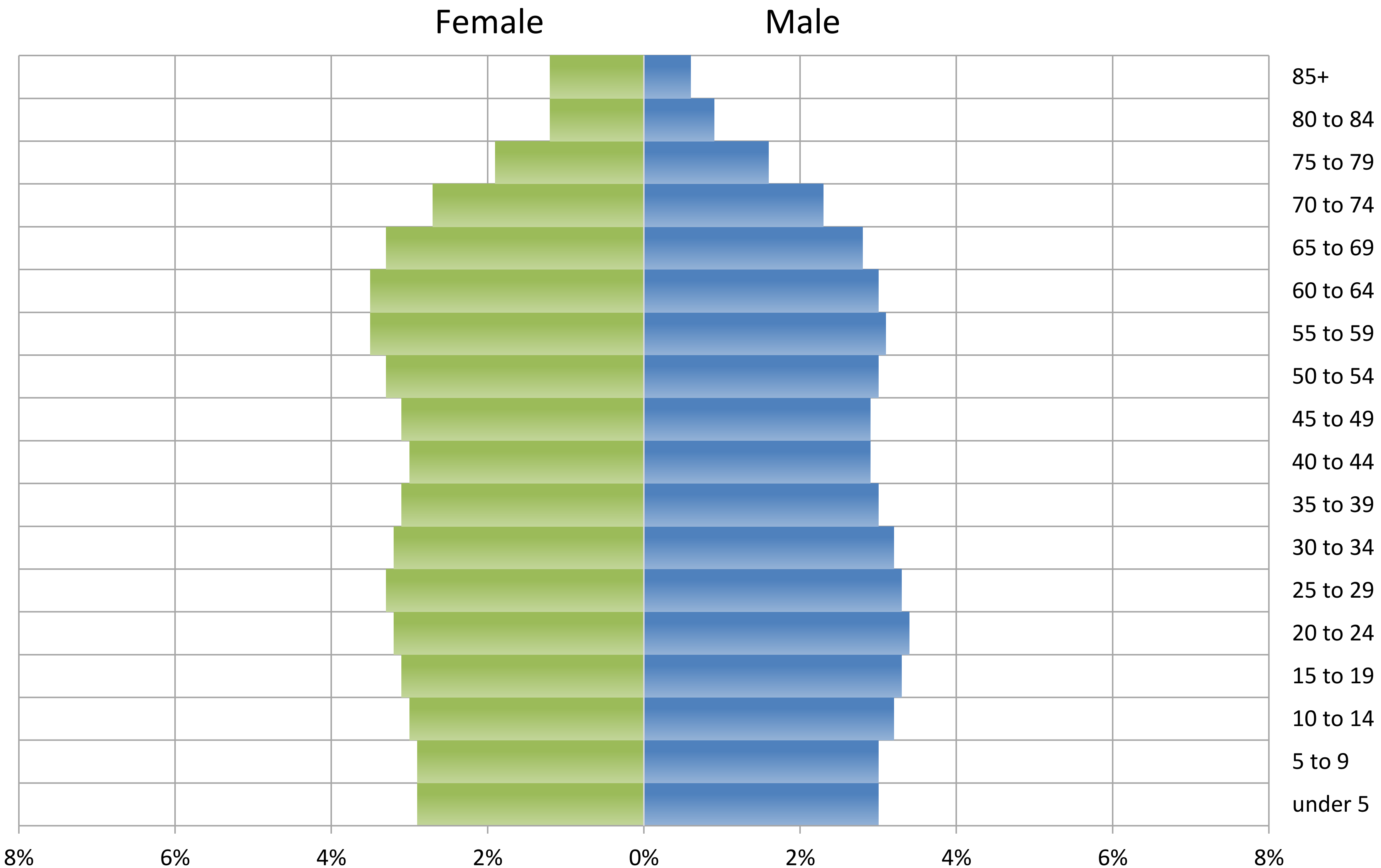
Source: U.S. Bureau of Census, 2000 Census of Population, American Community Survey 2009-2013, Revenue and Fiscal Affairs Office JSM 3/12/15

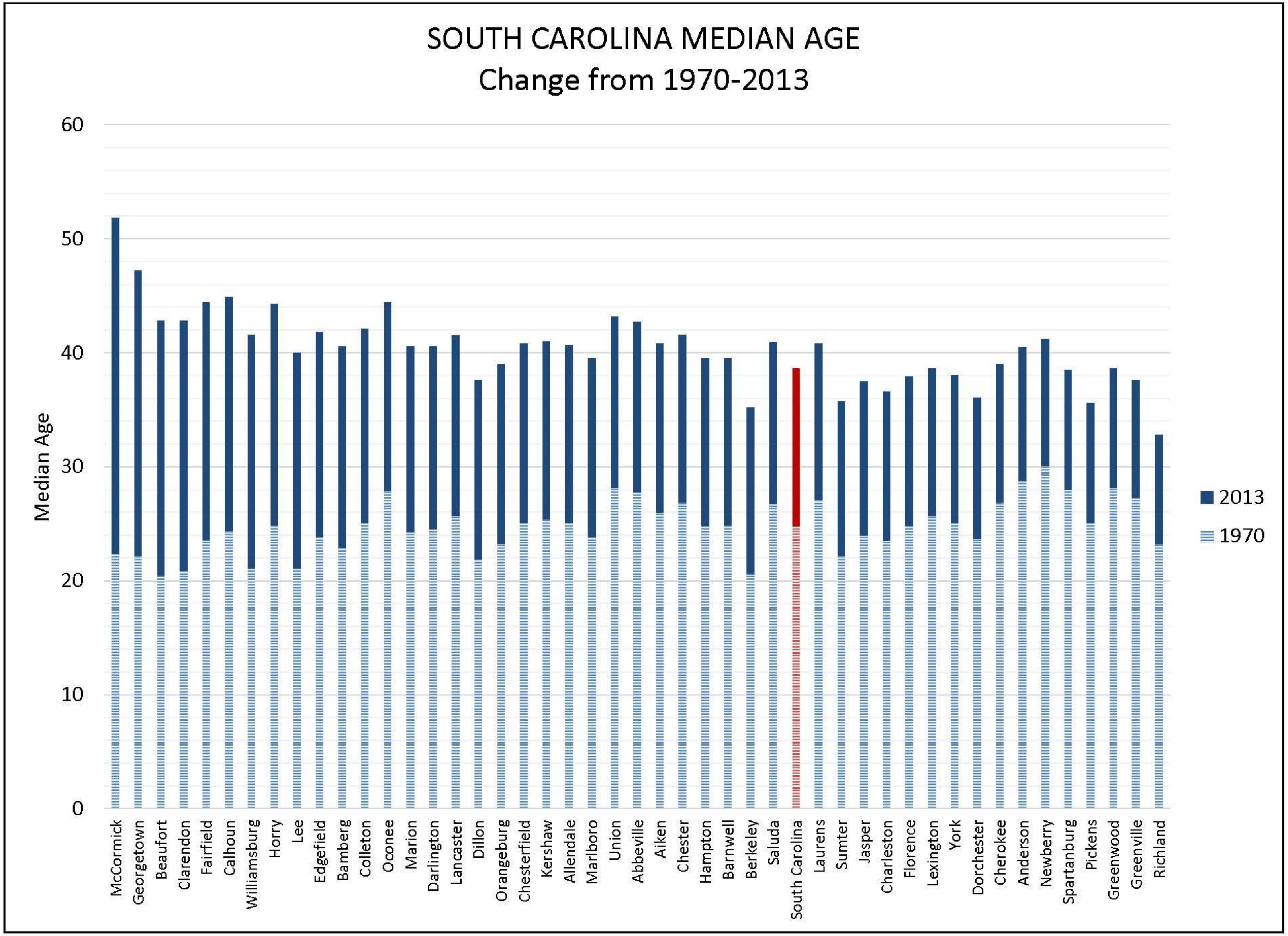
SOUTH CAROLINA POPULATION PYRAMID
1970



RFA: CPA 1/20/2016

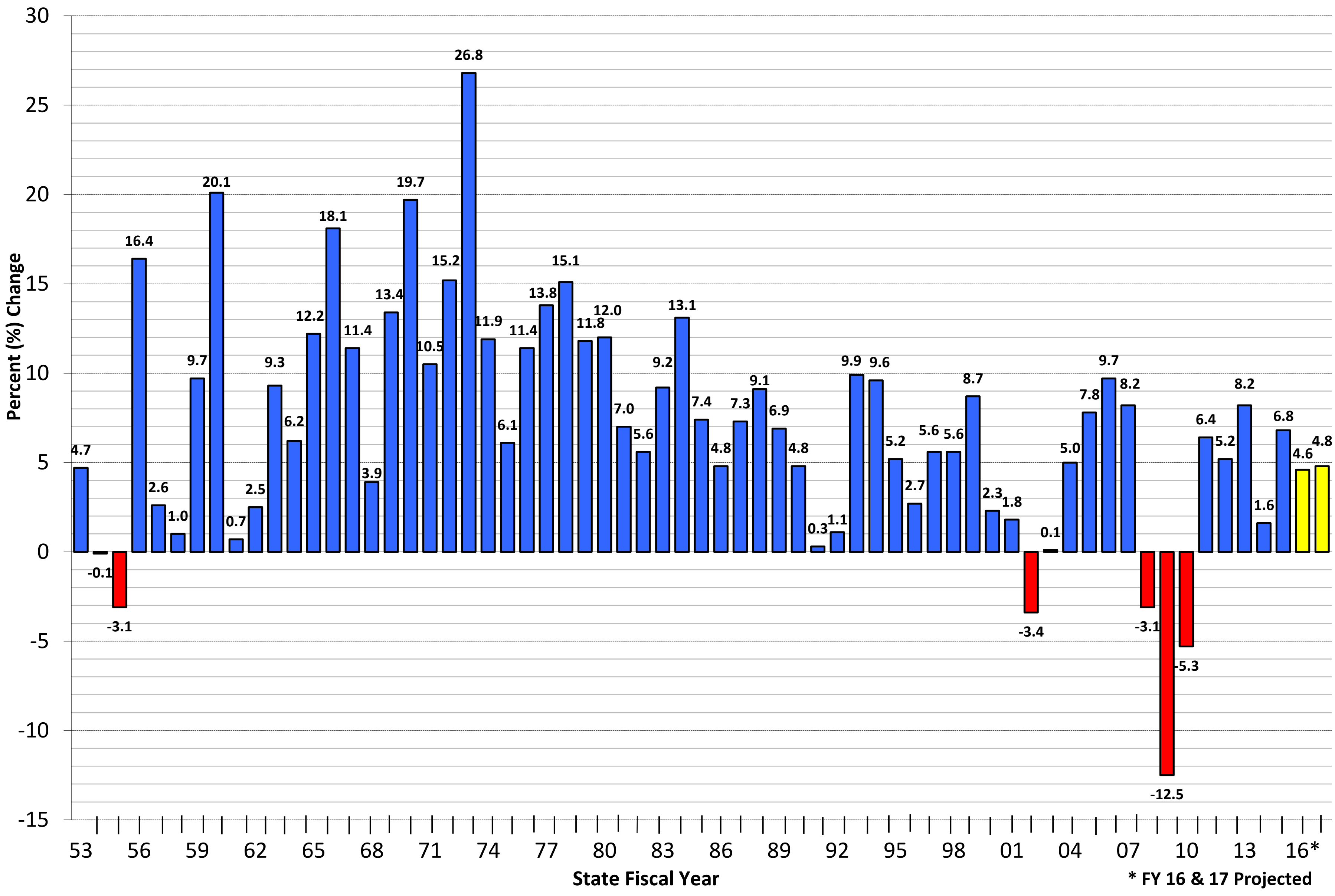
SOUTH CAROLINA POPULATION PYRAMID - ESTIMATED 2020



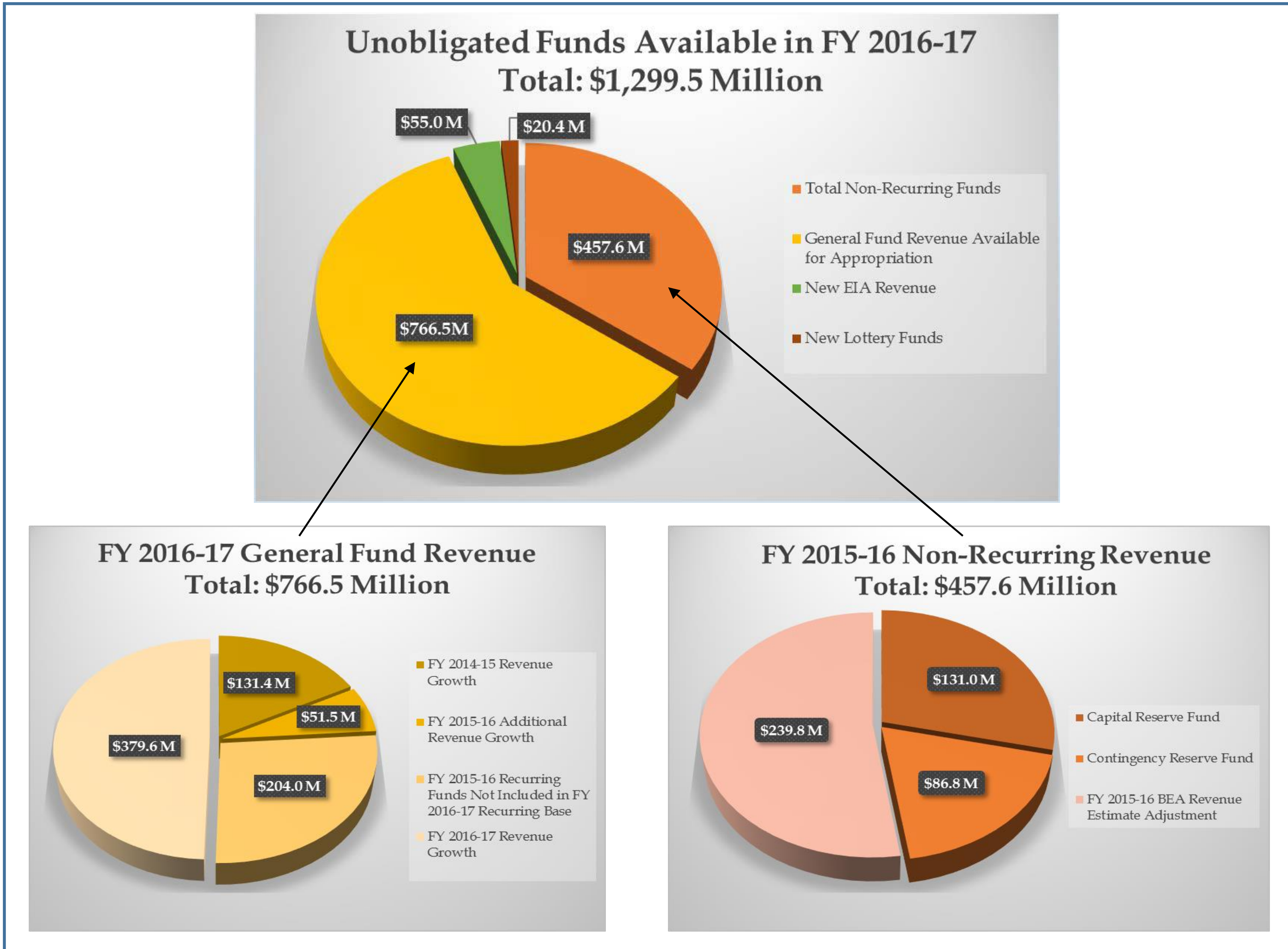


Source: U.S. Census Bureau, Census of Population and Housing, 1940-2013. RFA: JSM: 3/5/2015

PERCENT CHANGE IN S.C. GENERAL FUND REVENUE



Source: RFA, KR-28 11/16/2015



Source: RFA/RL/11/16/15

H.3579

SC INFRASTRUCTURE FINANCE REFORM AND TAX RELIEF ACT

H.3579

AS PASSED BY THE HOUSE

- Optional transfer of state roads to the counties with an increase in "C" Funding to $0.06 by FY 2018-19 - $87.6 M in FY 2020-21
- Lower motor fuel user fee to $0.10 per gallon from $0.16 per gallon – ($207.5 M)
- Apply a sales tax to purchases of motor fuel based on weighted average wholesale price
- Sales tax is capped at $0.16 per gallon - $335.6 M
- Sales tax cap on automobiles will increase from $300 to $500 - $58.9 M
- Allocate the remaining one-half of the sales tax on motor vehicles to the State Highway Fund - $61.4 M
- Increase each individual income tax bracket by $280 – ($48.8 M) in FY 2017-18

H.3579

AS DISCUSSED BY THE SENATE FINANCE COMMITTEE ON JANUARY 26, 2016

The bill would include three parts:

- Governance of the Department of Transportation
- Road Funding
- Tax Relief

ROAD FUNDING

- Motor fuel user fee increase of $0.04 per gallon per year for three years, $0.12 per gallon total - $468.8 M in FY 2019-20
- Increase the maximum sales tax cap on automobiles, manufactured homes, etc. to $600 - $96.9 M in FY 2019-20
- Increase driver license fees - $16.2 M in FY 2019-20
- Increase vehicle registration fees - $26.0 M in FY 2019-20
- Hybrid and alternative fuel vehicle user fee - $1.9 M in FY 2019-20
- Motor Carrier fee increase on out-of-state large commercial motor vehicles - $14.3 M

  ~The first $22 M distributed to the counties based on road use miles within each county

  ~Revenues in excess of the first $22 M distributed to the counties based on “C” Fund formula and used for state highway and bridge improvements

  ~Exempt these vehicles from property tax and convert to a road use fee based on apportioned South Carolina road use

  ~DMV rather than DOR will assess and tax these vehicles

TAX RELIEF

- Increase individual income tax bracket, fully adjust brackets for inflation, and lower the 3% and 7% tax rates to 2.8% and 6.8% by tax year 2019 – ($238.4 M) in FY 2019-20
- Refundable state income tax credits of 3.5% of the federal earned income tax credit – ($57.1 M) in FY 2019-20
- Increase subsistence allowance from $8 to $9 per day for law enforcement officers, full-time firefighters, and full-time EMS personnel ($0.3 M) in FY 2019-20
- Increase the income limit for the two—wage earner credit from $30,000 to $45,000, which increases the maximum credit from $210 to $315 – ($14.2 M) in FY 2019-20
- Increase the tuition tax credit from $350 for tuition paid to two-year institutions and $850 for tuition paid to four-year institutions to $1,500 maximum for any institution ($4.7 M) in FY 2019-20
- Codifies the existing exceptional needs child tax credit provision

TAX RELIEF
(continued)

- Exempt 19.05% of the fair market value of manufacturing property and 9.5% of the value of business personal property – ($84.0 M) in FY 2019-20

  ~Requires the State to reimburse local governments for the property tax reduction from the Trust Fund for Tax Relief

  ~Manufacturing exemption is phased-in over two years and will equal an 8.5% assessment ratio

  ~Business personal property is reduced to an effective 9.5% assessment ratio in one year and includes DOR and county assessed property

WISH LIST

- Percentage of property within each county that is owned by the state or federal government
- The amount of "6% Assessed Property" that is rental property and second homes
- Actual property taxes by type of assessment
- Amount of property taxes on owner-occupied housing that are not reimbursed by the state
- Official maps of political subdivisions