

FY 2016 – 2017 BUDGET BRIEFING



**South Carolina House of Representatives
Ways and Means Committee**

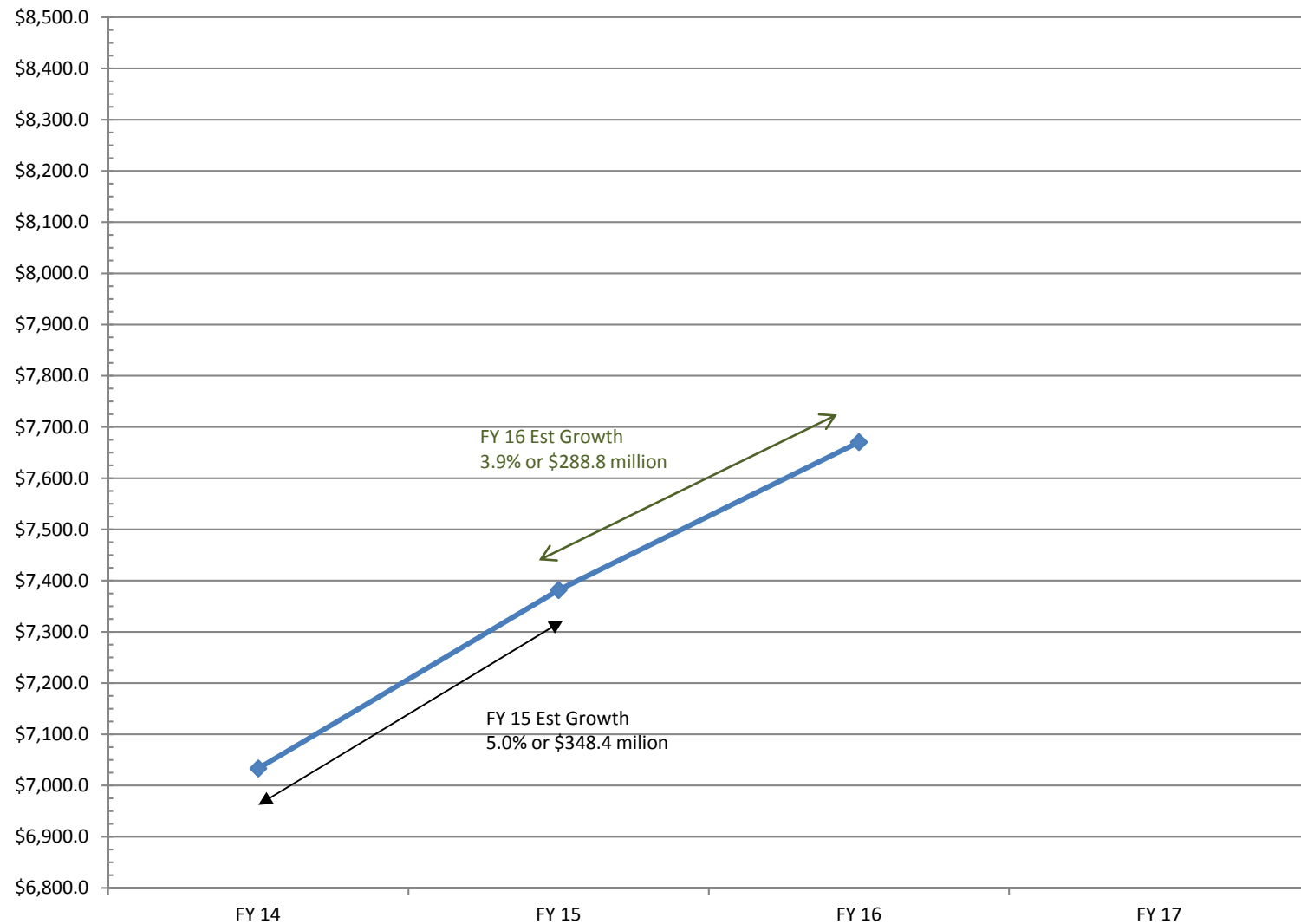
**Room 108 – Blatt Building
Wednesday, November 18, 2015**

By

**Frank A. Rainwater
Executive Director**

**South Carolina Revenue and Fiscal Affairs Office
www.rfa.sc.gov**

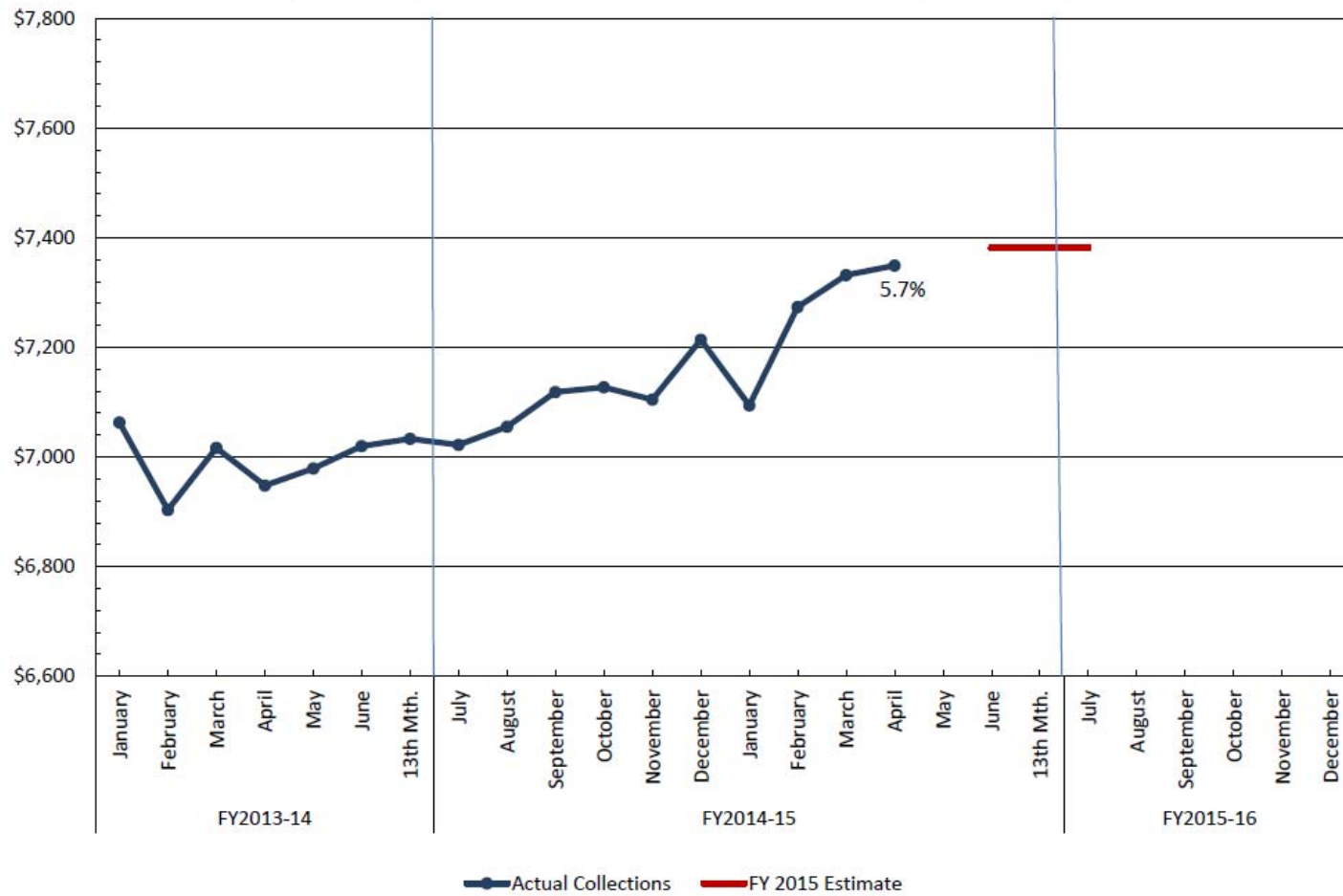
FY 16 REVENUE FORECAST May 2015



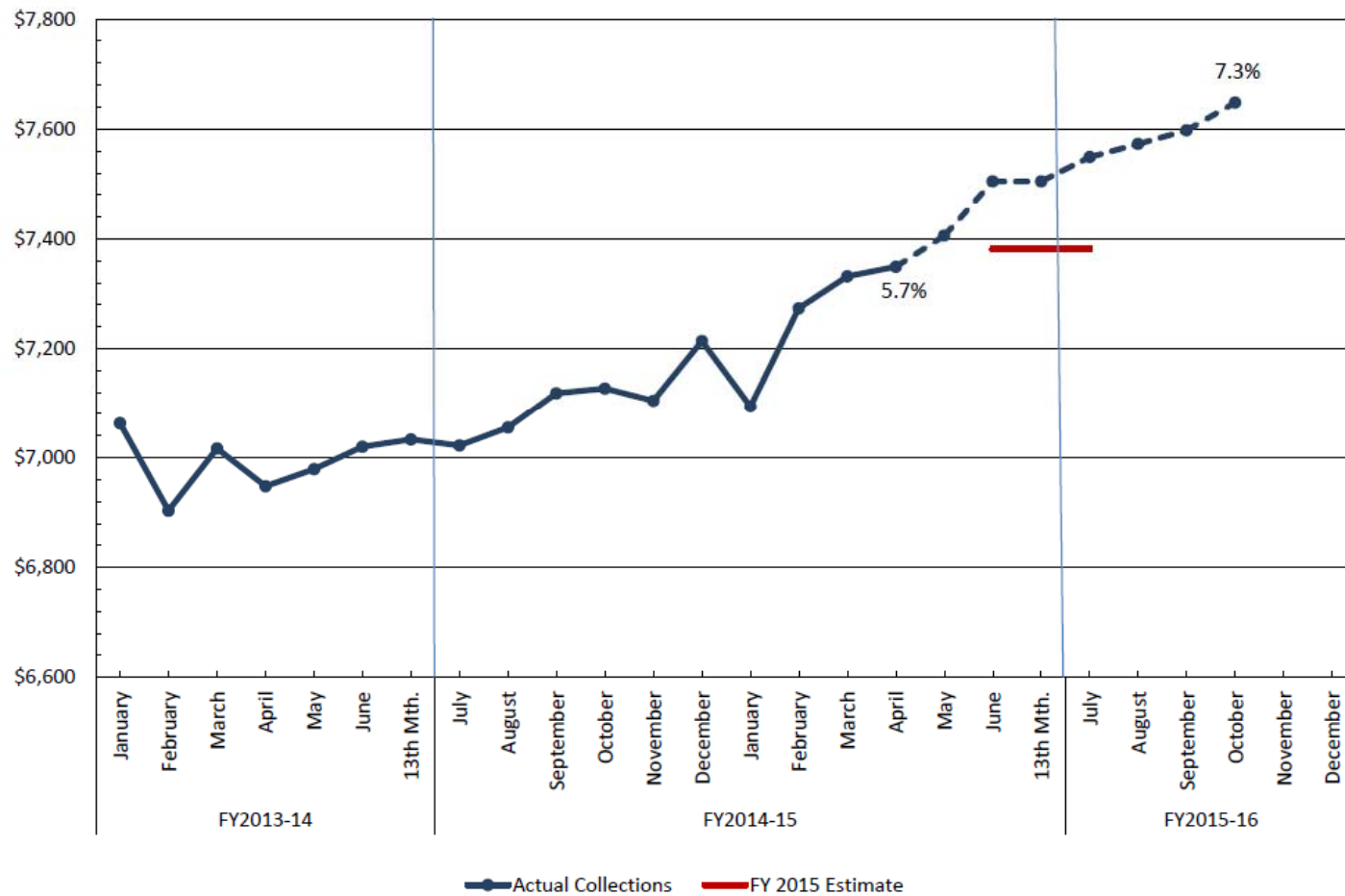
Source: RFA/FAR/11/16/15

November 18, 2015

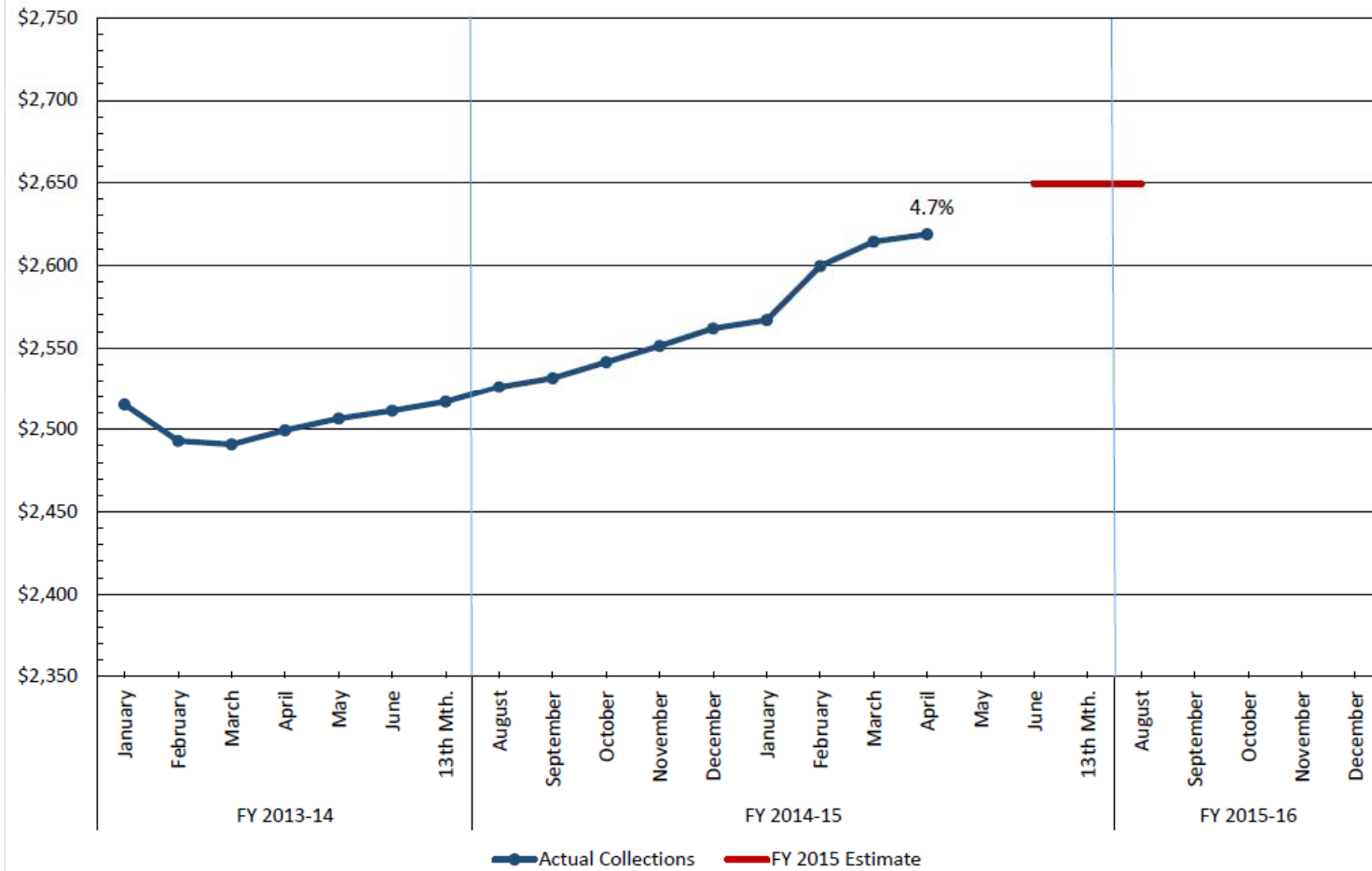
General Fund Revenue (Rolling Fiscal Year Totals -Through April 2015)



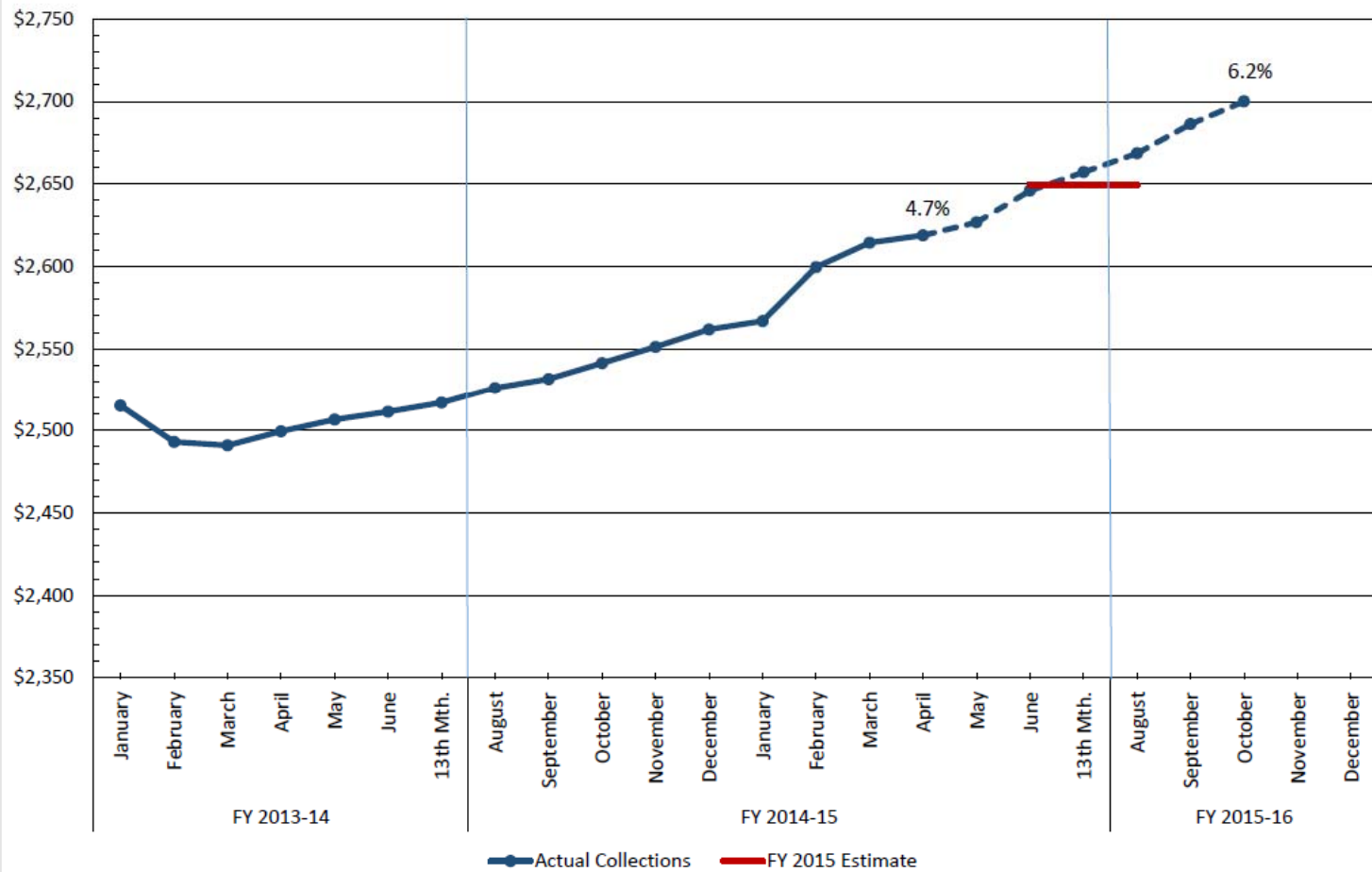
General Fund Revenue (Rolling Fiscal Year Totals -Through October 2015)



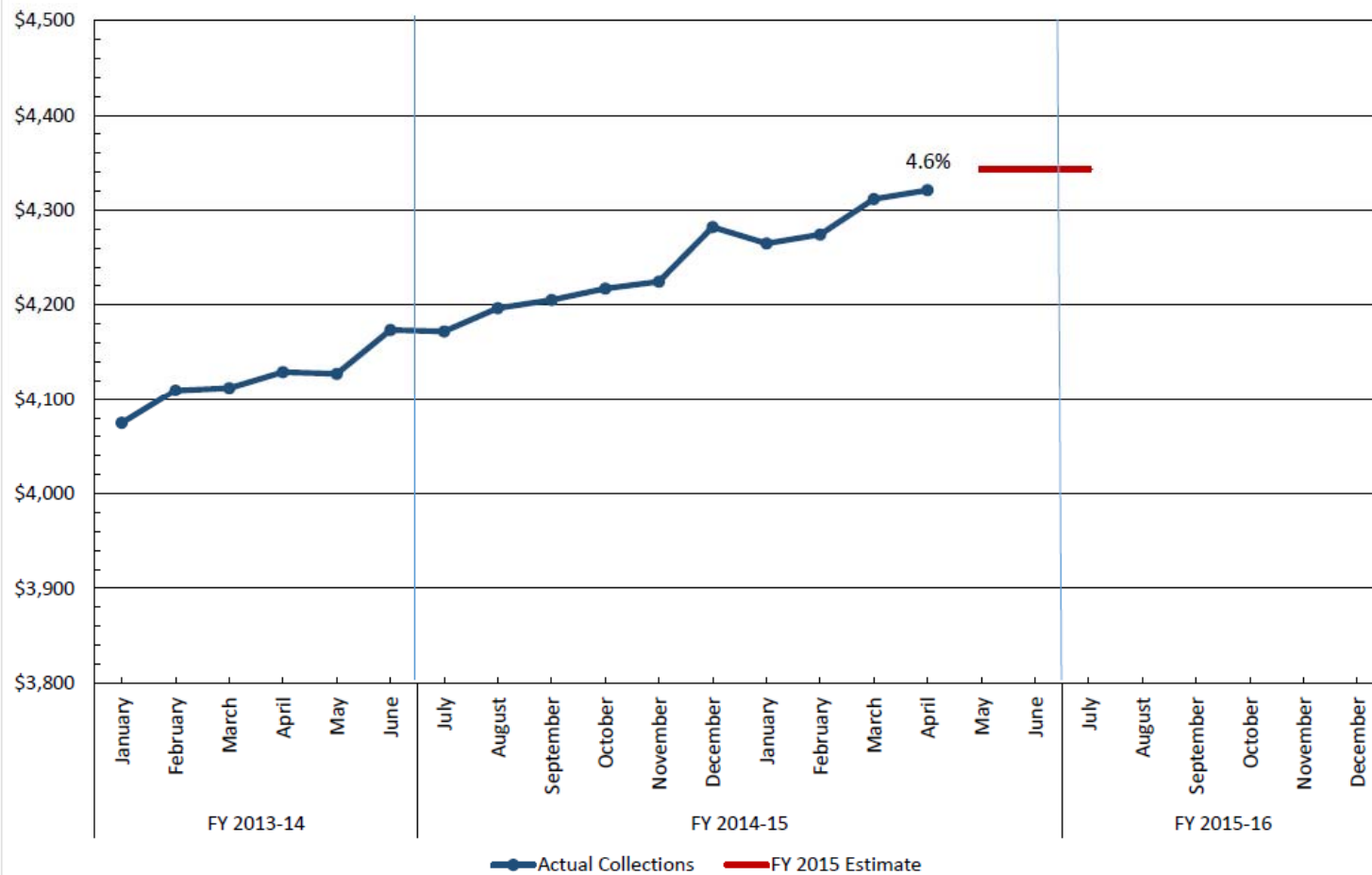
Sales and Use Tax (Rolling Fiscal Year Totals -Through April 2015)



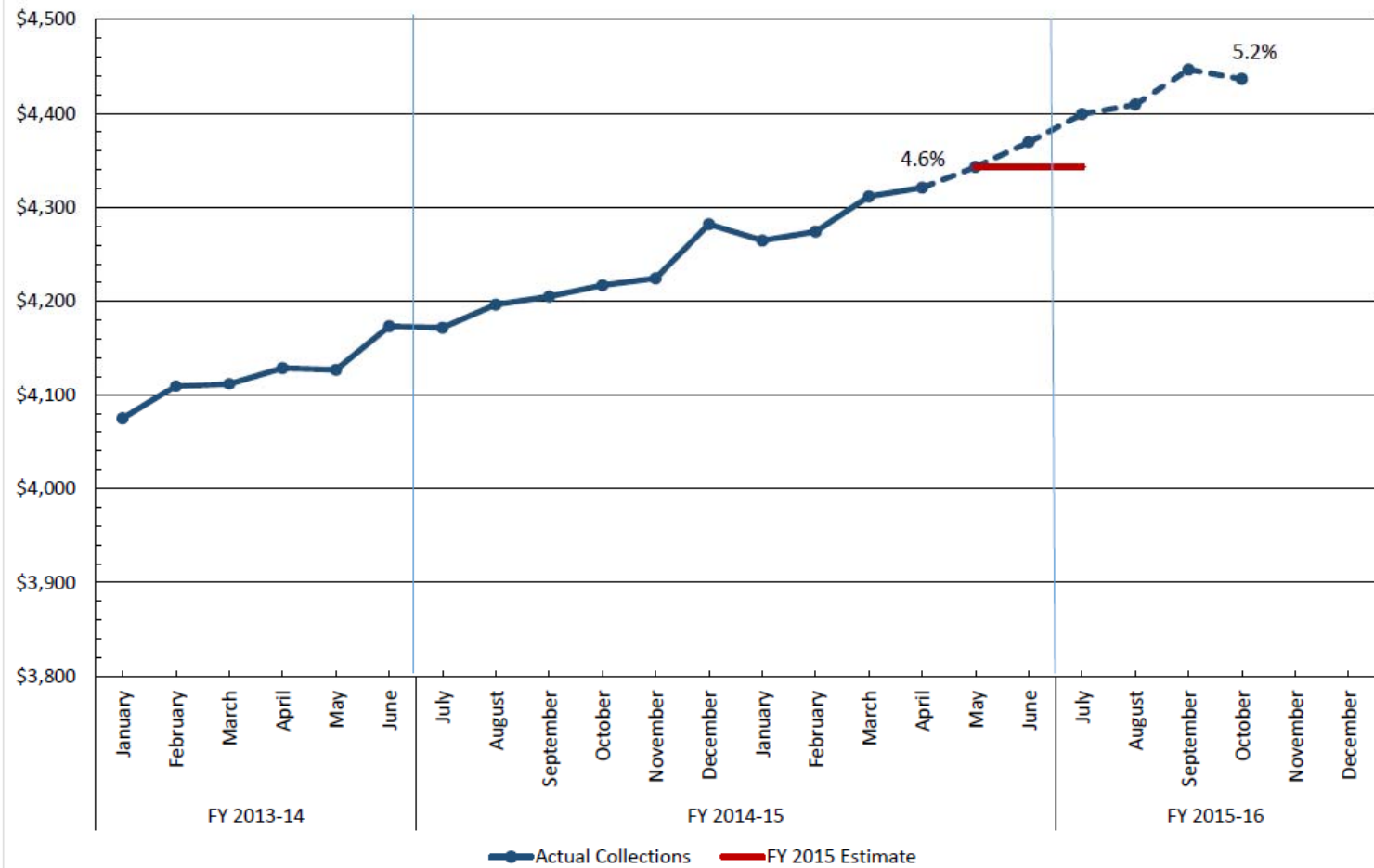
Sales and Use Tax (Rolling Fiscal Year Totals -Through October 2015)



Individual Withholdings (Rolling Fiscal Year Totals -Through April 2015)

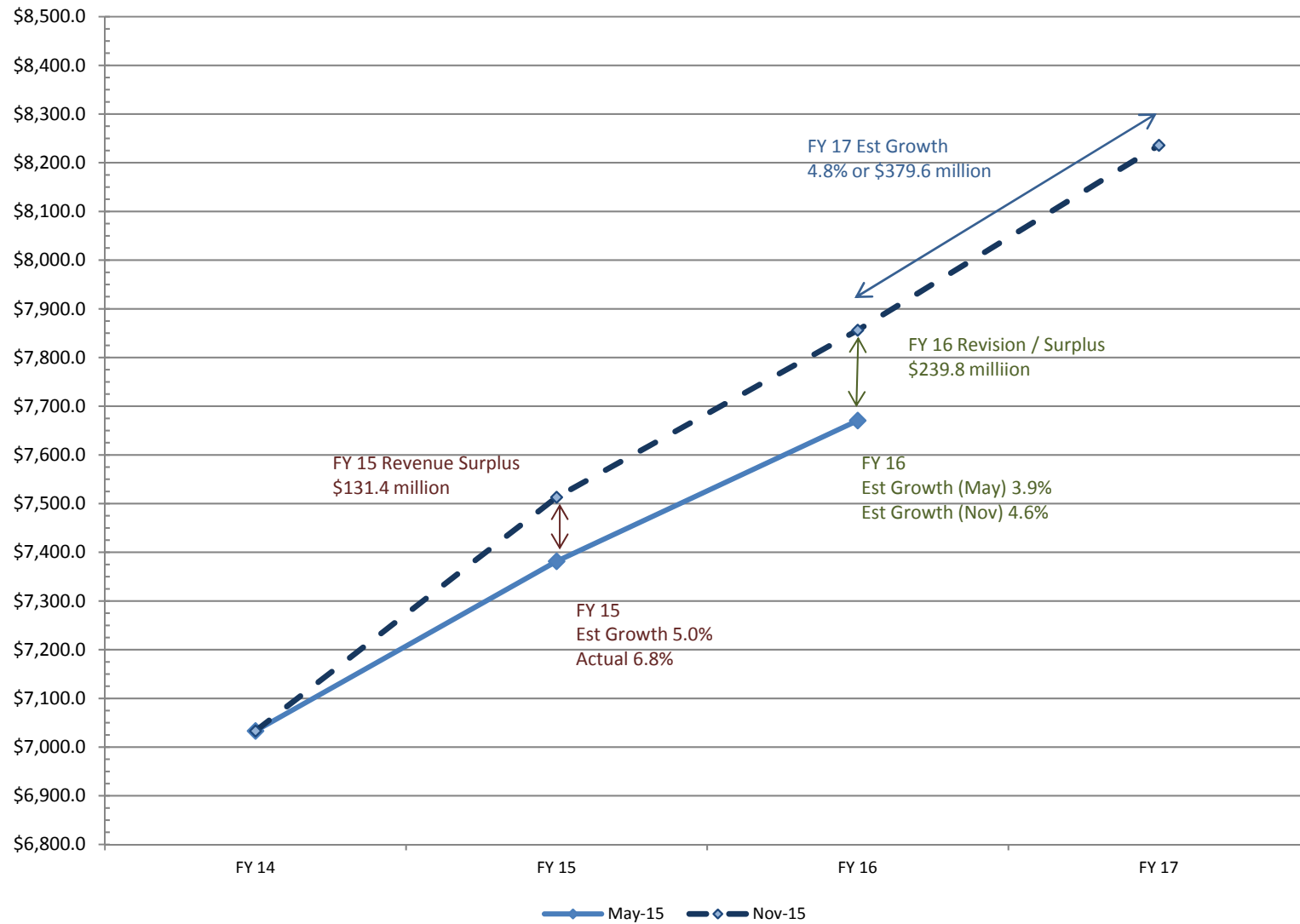


Individual Withholdings (Rolling Fiscal Year Totals -Through October 2015)



FY 16 REVENUE ESTIMATES & FY 17 PRELIMINARY ESTIMATES

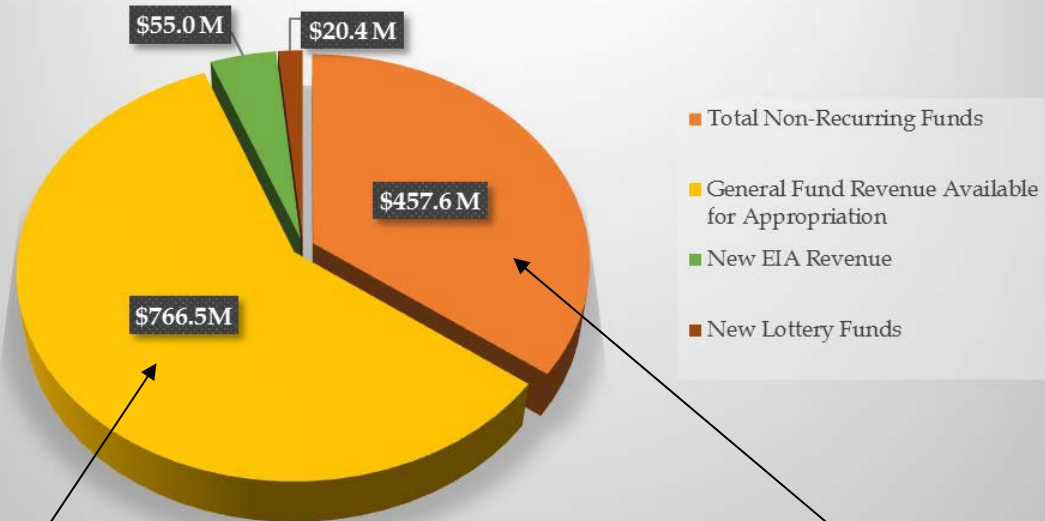
May 2015 and November 2015



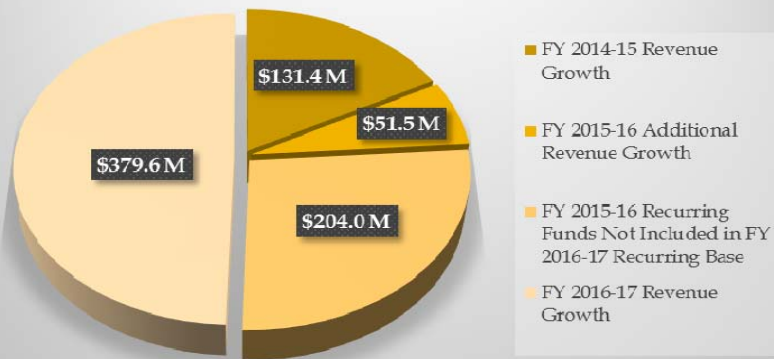
Source: RFA/FAR/11/16/15

November 18, 2015

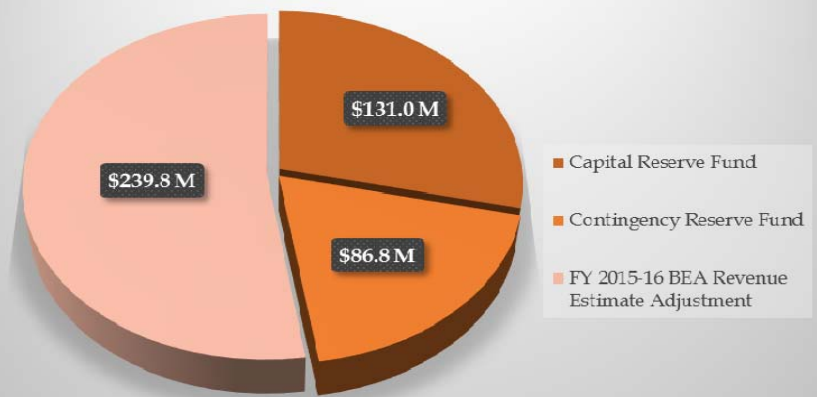
Unobligated Funds Available in FY 2016-17 Total: \$1,299.5 Million



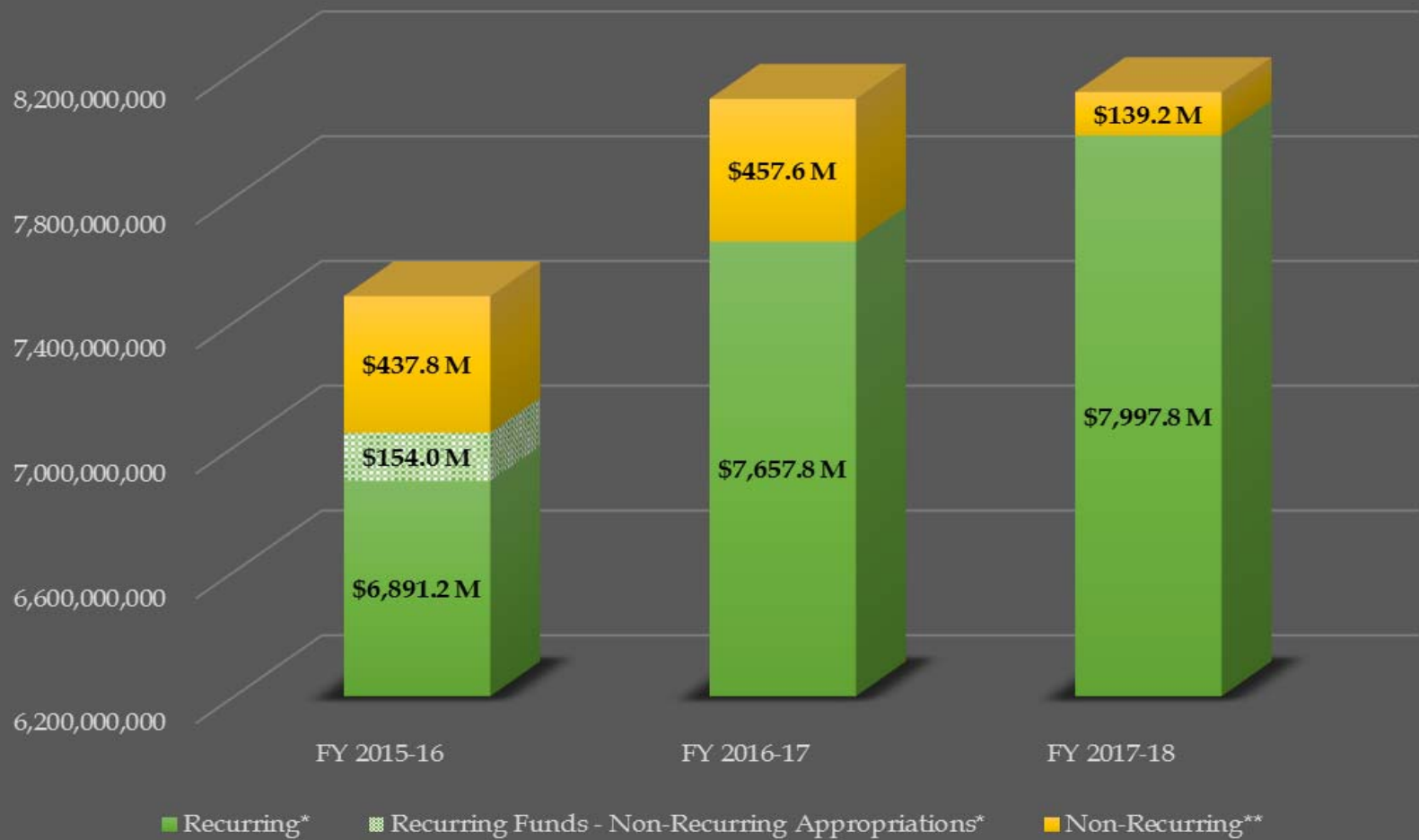
FY 2016-17 General Fund Revenue Total: \$766.5 Million



FY 2015-16 Non-Recurring Revenue Total: \$457.6 Million



General Funds Available for Appropriation



*After Tax Relief Trust Fund

**Includes Capital Reserve Fund, Contingency Reserve Fund and prior fiscal year excess

FY 2015-16 revenues per Appropriation Act

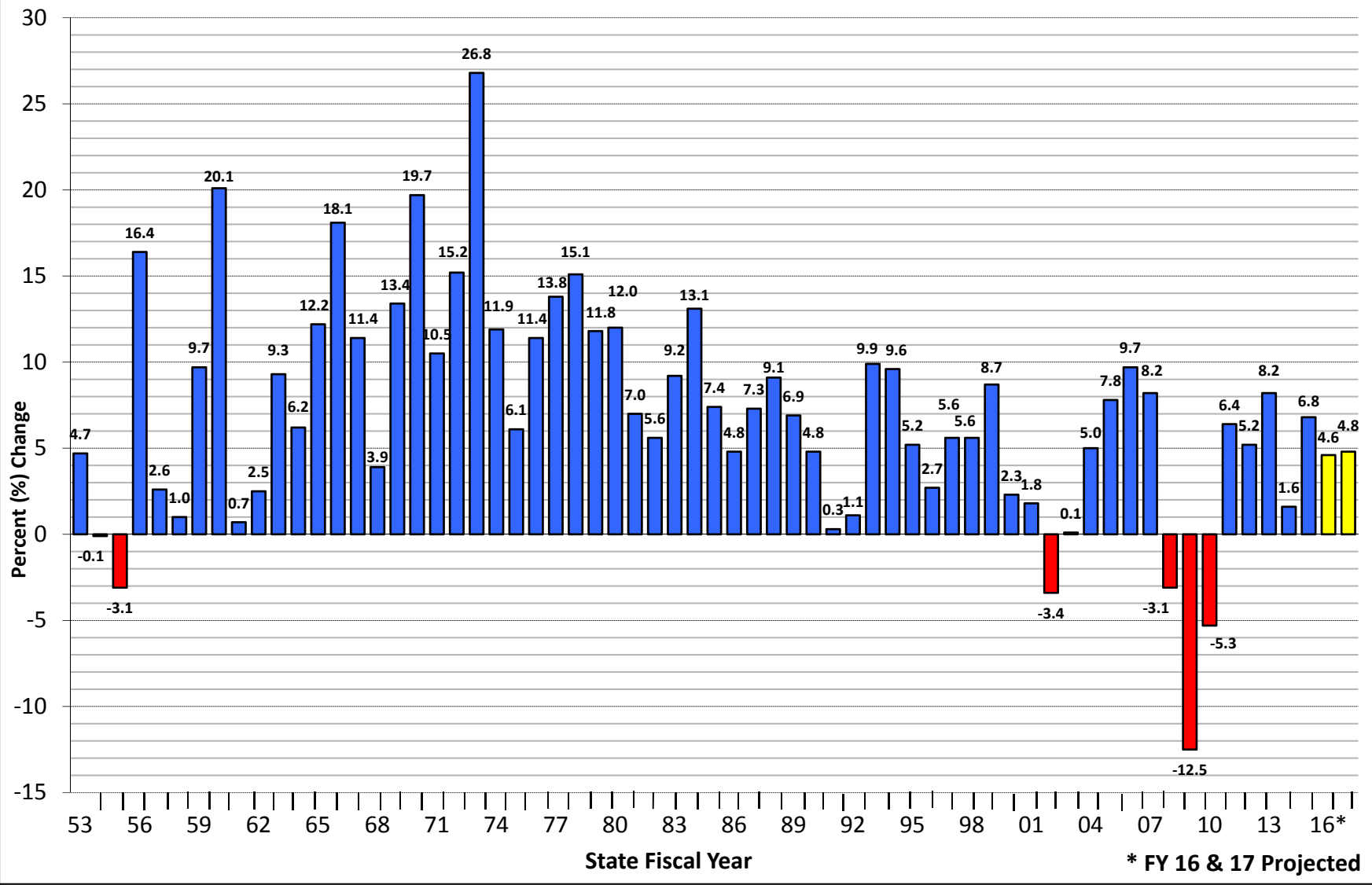
FY 2016-17 revenues as projected by the BEA on 11/10/15

FY 2017-18 revenues per the BEA's Long Range General Fund Revenue Plan

November 18, 2015

APPENDIX

PERCENT CHANGE IN S.C. GENERAL FUND REVENUE



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

November 18, 2015



CHAD WALLDORF, Chairman
HOWELL CLYBORNE, JR.
EMERSON F. GOWER, JR.

SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

FRANK A. RAINWATER
Executive Director

Budget Outlook - Fact Sheet FY 2016-17 November 10, 2015

	Recurring Funds	Non-Recurring Funds
FY 2015-16		
Capital Reserve Fund		131,047,797
Contingency Reserve Fund		86,750,797
BEA Revenue Estimate Adjustment		239,798,000
Total		326,548,797
Total Projected Non-Recurring Funds		457,596,594
FY 2016-17		
General Fund Revenue Available for Appropriation*	766,547,158	
(Incremental Increase Over Appropriation Base)		
Projected New EIA Revenue	54,986,750	
Projected New Lottery Funds	20,375,000	
(Total Available FY2016-17 Lottery Funds - \$341,300,000)		
Total Projected Recurring Funds	\$41,908,908	

Total Unobligated Funds Available in FY 2016-17	\$1,299,505,502
(Includes recurring and non-recurring funding sources)	

*Components of General Fund Revenue Available for Appropriation:		
FY 2014-15 Revenue Growth	\$131.4 Million	
FY 2015-16 Recurring Funds Not Included in FY 2016-17 Recurring Base	\$204.0 Million	
FY 2015-16 Additional Revenue Growth	\$51.5 Million	
FY 2016-17 Revenue Growth	\$379.6 Million	

*Recurring General Fund budget growth for FY 2016-17 is 8.7%

**FY 2015-16 Recurring Lottery Funds (\$320,925,000) not included in Total Unobligated Funds Available in FY 2016-17

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S. C. GENERAL FUND REVENUE: 11/10/15 BEA ESTIMATES, FY 2015-16 REVISED -v- FINAL FY 2014-15

WORKING PAPER	1/ FY 2014-15 FINAL	1/ FY 2015-16 BEA ESTIMATE 11/10/15	\$ CHANGE	% CHANGE
REVENUE CATEGORIES				
Sales and Use Tax 2/	\$2,656,946,677	\$2,799,396,000	\$142,449,323	5.4
Individual Income Tax	3,661,194,579	3,888,050,000	226,855,421	6.2
Corporation Income Tax	377,669,258	393,154,000	15,484,742	4.1
Insurance Taxes	216,589,904	205,634,000	(10,955,904)	(5.1)
Admissions Tax	29,693,736	30,288,000	594,264	2.0
Aircraft Tax	4,492,414	4,672,000	179,586	4.0
Alcoholic Liquor Tax	70,363,644	72,193,000	1,829,356	2.6
Bank Tax	31,268,111	32,519,000	1,250,889	4.0
Beer and Wine Tax	104,865,231	106,438,000	1,572,769	1.5
Bingo Tax	3,049,018	3,079,000	29,982	1.0
Business Filing Fees	5,065,872	5,375,000	309,128	6.1
Circuit/Family Court Fines	8,446,184	8,531,000	84,816	1.0
Corporation License Tax	129,851,012	103,226,000	(26,625,012)	(20.5)
Documentary Tax	40,640,174	44,731,000	4,090,826	10.1
Earned on Investments	17,711,197	16,000,000	(1,711,197)	(9.7)
Indirect Cost Recoveries	13,511,580	13,984,000	472,420	3.5
Motor Vehicle Licenses	10,602,698	10,815,000	212,302	2.0
Nursing Home Fees	3,654,252	3,700,000	45,748	1.3
Parole and Probation Fees	3,392,808	3,393,000	192	0.0
Private Car Lines Tax	4,020,484	4,234,000	213,516	5.3
Public Service Authority	20,116,000	20,458,000	342,000	1.7
Purchasing Card Rebates	2,420,903	2,500,000	79,097	3.3
Record Search Fees	4,461,000	4,461,000	0	0.0
Savings and Loan Assoc. Tax	1,994,090	1,974,000	(20,090)	(1.0)
Security Dealer Fees	23,974,063	24,000,000	25,937	0.1
Surcharge on Vehicle Rentals	2,801,612	2,900,000	98,388	3.5
Tobacco Tax	25,482,166	25,100,000	(382,166)	(1.5)
Uncashed Checks	4,180,819	2,000,000	(2,180,819)	(52.2)
Unclaimed Property Fund	15,000,000	5,750,000	(9,250,000)	(61.7)
Workers' Comp. Insurance Tax	8,171,254	8,090,000	(81,254)	(1.0)
Other Source Revenues	11,450,378	9,551,000	(1,899,378)	(16.6)
Gross General Fund Revenue 3/	\$7,513,081,118	\$7,856,196,000	\$343,114,882	4.6

1/: Data displayed in BEA format, which includes "net" Property Tax Relief funds of \$552,691,659 in FY15 and \$571,182,163 in FY16 per Budget.

2/: Excludes (1%) Education Improvement Act, (2%) Accommodations, (1%) Homestead Exemption, and any Local Option sales taxes.

3/: Data format corresponds to BEA Official Revenue Estimate.

Source: S. C. Board of Economic Advisors (BEA) 11/10/15/mgd

File: F16BEA 111015 GFRev Ests_v_F15 Final_New Format.xlsx

S. C. GENERAL FUND REVENUE: 11/10/15 BEA ESTIMATES, FY 2015-16 REVISED & FY 2016-17 PRELIMINARY

WORKING PAPER	1/ FY 2015-16 BEA ESTIMATE 11/10/15	1/ FY 2016-17 BEA ESTIMATE 11/10/15	\$ CHANGE	% CHANGE
REVENUE CATEGORIES				
Sales and Use Tax 2/	\$2,799,396,000	\$2,940,347,000	\$140,951,000	5.0
Individual Income Tax	3,888,050,000	4,066,667,000	178,617,000	4.6
Corporation Income Tax	393,154,000	393,154,000	0	0.0
Insurance Taxes	205,634,000	240,186,000	34,552,000	16.8
Admissions Tax	30,288,000	30,893,000	605,000	2.0
Aircraft Tax	4,672,000	4,859,000	187,000	4.0
Alcoholic Liquor Tax	72,193,000	74,070,000	1,877,000	2.6
Bank Tax	32,519,000	33,820,000	1,301,000	4.0
Beer and Wine Tax	106,438,000	108,035,000	1,597,000	1.5
Bingo Tax	3,079,000	3,110,000	31,000	1.0
Business Filing Fees	5,375,000	5,375,000	0	0.0
Circuit/Family Court Fines	8,531,000	8,616,000	85,000	1.0
Corporation License Tax	103,226,000	109,110,000	5,884,000	5.7
Documentary Tax	44,731,000	47,236,000	2,505,000	5.6
Earned on Investments	16,000,000	17,000,000	1,000,000	6.3
Indirect Cost Recoveries	13,984,000	14,473,000	489,000	3.5
Motor Vehicle Licenses	10,815,000	11,031,000	216,000	2.0
Nursing Home Fees	3,700,000	3,700,000	0	0.0
Parole and Probation Fees	3,393,000	3,393,000	0	0.0
Private Car Lines Tax	4,234,000	4,458,000	224,000	5.3
Public Service Authority	20,458,000	20,806,000	348,000	1.7
Purchasing Card Rebates	2,500,000	2,500,000	0	0.0
Record Search Fees	4,461,000	4,461,000	0	0.0
Savings and Loan Assoc. Tax	1,974,000	1,954,000	(20,000)	(1.0)
Security Dealer Fees	24,000,000	24,000,000	0	0.0
Surcharge on Vehicle Rentals	2,900,000	2,900,000	0	0.0
Tobacco Tax	25,100,000	24,724,000	(376,000)	(1.5)
Uncashed Checks	2,000,000	2,000,000	0	0.0
Unclaimed Property Fund	5,750,000	15,000,000	9,250,000	160.9
Workers' Comp. Insurance Tax	8,090,000	8,009,000	(81,000)	(1.0)
Other Source Revenues	9,551,000	9,865,000	314,000	3.3
Gross General Fund Revenue 3/	\$7,856,196,000	\$8,235,752,000	\$379,556,000	4.8

1/: Data displayed in BEA format, which includes "net" Property Tax Relief funds of \$571,182,163 in FY16 per Budget and \$577,989,000 in FY17 per BEA.

2/: Excludes (1%) Education Improvement Act, (2%) Accommodations, (1%) Homestead Exemption, and any Local Option sales taxes.

3/: Data format corresponds to BEA Official Revenue Estimate.

Source: S. C. Board of Economic Advisors (BEA) 11/10/15/mgd File: F16 & F17 BEA 111015 GFRev Ests_New Format.xlsx

PERSONAL INCOME GROWTH
FY15 - 5.25%, FY17 - 4.9%

GENERAL FUND REVENUE FORECAST
FISCAL YEARS FY2013-14 TO FY2016-17
(DOLLARS)

REVENUE CATEGORIES	FINAL FY 2013-14	FINAL FY 2014-15	11/10/15 ESTIMATE FY 2015-16	11/10/15 ESTIMATE FY 2016-17	PERCENT CHANGE FY13/FY14	PERCENT CHANGE FY14/FY15	PERCENT CHANGE FY15/FY16	PERCENT CHANGE FY16/FY17
RETAIL SALES TAX 1/	2,504,914,814	2,643,740,083	2,785,496,000	2,925,766,000	3.1	5.5	5.4	5.0
EXCISE, CASUAL SALES TAX	12,162,908	13,206,594	13,900,000	14,581,000	-37.2	8.6	8.3	4.9
INDIVIDUAL INCOME TAX	3,422,604,314	3,661,194,579	3,888,050,000	4,066,667,000	1.9	7.0	6.2	4.6
CORPORATION INCOME TAX	331,148,048	377,669,258	393,154,000	393,154,000	-14.4	14.0	4.1	0.0
SALES AND INCOME TAXES	6,270,830,084	6,695,810,514	7,080,600,000	7,400,168,000	1.3	6.8	5.7	4.5
ADMISSIONS/BINGO TAX	34,528,926	39,232,391	41,087,000	41,878,000	-1.8	13.6	4.7	1.9
ADMISS. TAX TRANSFER TO PRT	(6,673,499)	(6,489,637)	(7,720,000)	(7,875,000)				
AIRCRAFT TAX	4,233,944	4,492,414	4,672,000	4,859,000	-3.9	6.1	4.0	4.0
ALCOHOLIC LIQUOR TAX	66,694,937	70,363,644	72,193,000	74,070,000	4.1	5.5	2.6	2.6
BANK TAX	33,106,652	31,268,111	32,519,000	33,820,000	-2.9	-5.6	4.0	4.0
BEER AND WINE TAX	102,547,763	104,865,231	106,438,000	106,535,000	2.0	2.3	1.5	1.5
BUSINESS LICENSE TAX	25,831,758	25,482,166	25,100,000	24,724,000	-7.4	-0.6	-1.5	-1.5
COIN-OPERATED DEVICES	1,124,810	1,197,813	1,069,000	1,342,000	-19.8	6.5	-10.8	25.5
CORPORATION LICENSE TAX	95,139,381	129,851,012	103,228,000	109,110,000	28.2	36.5	-20.5	6.7
DEPARTMENTAL REVENUE 3/	78,782,546	55,468,773	52,036,000	52,036,000	46.8	-29.6	-6.2	0.0
DOCUMENTARY TAX	46,724,819	53,876,792	59,642,000	62,982,000	21.4	15.3	10.7	5.6
LESS: CONSERVATION BANK TRUST FUND	(11,341,147)	(13,236,618)	(14,911,000)	(15,746,000)				
EARNED ON INVESTMENTS	19,537,585	17,711,197	16,000,000	17,000,000	-25.9	-9.3	-9.7	6.3
INSURANCE PREMIUM TAX	171,659,351	185,323,161	185,331,000	205,879,000	1.6	8.0	5.4	5.4
INSURANCE LICENSE TAX	16,963,766	36,425,116	19,203,000	43,207,000	-50.8	128.4	-50.0	125.0
INSURANCE RETALIATORY & OTHER TAX	6,608,945	6,098,067	6,100,000	6,100,000	-0.2	-7.7	0.0	0.0
LESS: INSURANCE CREDITS	(9,582,532)	(13,236,442)	(15,000,000)	(15,000,000)	5.4	38.1	13.3	0.0
MOTOR VEHICLE LICENSES	10,287,660	10,602,698	10,815,000	11,031,000	6.7	3.1	2.0	2.0
PRIVATE CAR LINES TAX	3,592,401	4,020,484	4,234,000	4,458,000	-1.3	11.9	5.3	5.3
PUBLIC SERVICE AUTHORITY	20,659,000	20,116,000	20,458,000	20,806,000	1.3	-2.6	1.7	1.7
RETAILERS LICENSE TAX	740,380	803,686	843,000	884,000	-8.6	8.6	4.9	4.9
SAVINGS & LOAN TAX	2,008,669	1,994,090	1,974,000	1,954,000	-34.7	-0.7	-1.0	-1.0
WORKERS COMP. INSURANCE	8,227,554	8,171,254	8,090,000	8,009,000	-28.7	-0.7	-1.0	-1.0
CIRCUIT/FAMILY COURT FINES	8,606,344	8,446,194	8,531,000	8,616,000	0.8	-1.9	1.0	1.0
DEBT SERVICE TRANSFERS	524,177	538,627	539,000	539,000	8.7	2.8	0.1	0.0
INDIRECT COST RECOVERIES	13,693,548	13,511,580	13,894,000	14,473,000	26.3	-1.3	3.5	3.5
PAROLE / PROBATION FEES	3,392,808	3,392,808	3,393,000	3,393,000	0.0	0.0	0.0	0.0
UNCLAIMED PROPERTY FUND	15,000,000	15,000,000	5,750,000	15,000,000	0.0	0.0	-61.7	160.9
OTHER BASE SOURCES	782,418,546	817,270,604	775,596,000	835,594,000	4.1	7.2	-5.1	7.7
TOTAL GENERAL FUND REVENUE	7,033,248,630	7,513,081,118	7,856,196,000	8,235,752,000	1.6	6.8	4.6	4.8
APPROPRIATION ACT REVENUE	6,846,108,606	7,212,839,711	7,666,473,000	8,235,752,000	2.9	5.4	6.3	7.4
LESS: TAX RELIEF TRUST FUND	(552,409,253)	(561,562,537)	(568,961,000)	(577,989,000)	1.8	1.7	1.3	1.6
PLUS: TAX RELIEF FUND CARRYFORWARD	0	0	0	0				
EXCLUDING TRUST FUNDS	6,293,699,353	6,651,277,154	7,287,235,000	7,657,763,000	3.0	6.7	6.6	6.1
CAPITAL RESERVE FUND (2%) - BEG. BAL.	117,155,905	127,789,918	131,047,797	139,207,789	4.0	9.1	2.5	6.2
GENERAL RESERVE FUND (5%) - BEG. BAL.	292,889,764	319,478,812	327,619,492	348,019,473	4.0	9.1	2.5	6.2
TOTAL RESERVES	410,045,669	447,268,730	458,667,289	487,227,262	4.0	9.1	2.5	6.2
REVENUE EXCESS / SHORTAGE FROM ACT	187,140,024	300,241,407	189,723,000	0				
EDUCATION IMPROVEMENT ACT 2/	643,252,466	678,380,702	716,345,000	751,585,000	5.1	5.5	5.6	4.9
EIA FUND	643,210,977	678,315,088	699,849,000	735,087,000	5.1	5.5	3.2	5.0
EIA HOLD HARMLESS			16,420,000	16,420,000				0.0
EIA INTEREST	41,489	65,614	76,000	78,000	-63.5	58.1	15.8	2.6
S.C. EDUCATION LOTTERY FUND (NET)	323,365,255	350,110,184	341,300,000	341,300,000	7.6	8.3	-2.5	0.0
HOMESTEAD EXEMPTION FUND								
TOTAL REVENUE AVAILABLE	579,001,045	615,064,029	650,191,000	682,203,000	4.6	6.2	5.7	4.9
LESS: HOMESTEAD EXEMPT. FUND SHORTFALL	(110,397,500)	(90,710,964)	(74,711,000)	(49,176,000)				

1/ Excludes (1%) Education Improvement Act and (2%) Accommodations Taxes.
2/ Includes interest earnings.
3/ Includes former Dept. of Agriculture agency revenue other than the Petroleum Inspection Tax now shown separately.
Source: S. C. Board of Economic Advisors/11/10/15