



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

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General Fund Revenue Forecast & State Budget Outlook FY 2016-17 and FY 2017-18 November 10, 2016

The preliminary forecast for the state's FY 2017-18 General Fund revenue expects continued, steady growth. For the past several quarters, personal income growth has hovered around 5 percent. The forecast anticipates a continuation of the current economy and personal income growth of 4.75 percent and 4.50 percent for FY 2016-17 and FY 2017-18, respectively. Chad Walldorf, Chairman of the Board of Economic Advisors, said "South Carolina is experiencing solid growth in employment and income, and we see this growth continuing into 2018."

REVENUE FORECAST

For the current fiscal year, FY 2016-17, the Board of Economic Advisors (BEA) estimates a total expected revenue increase of \$318 million, which represents a growth rate of 4.1 percent. This estimate is the same as contained in the Appropriation Act.

For FY 2017-18, the BEA issued a preliminary General Fund revenue estimate of \$8,470.6 million, which represents an expected growth of 3.8 percent. This total projects revenue growth over FY 2016-17 to be \$313 million. This estimate is based largely on continued personal income and employment growth, key economic factors that account for 85 percent of total General Fund revenue.

Prior to making its forecast, the BEA met with a panel of regional economists to develop a consensus expectation on key economic factors.

BUDGET OUTLOOK

The FY 2016-17 General Fund budget is \$7,579.5 million. Based on the BEA forecast, the General Fund budget for FY 2017-18 is estimated at \$7,886.9 million. Budget writers will have an additional \$307.4 million, or 4.1 percent, over the current appropriations act to allocate.

Unobligated funds of \$178.7 million will also be available. These funds include:

EIA (Growth)	\$39,475,000
Capital Reserve Fund (FY 2016-17)	\$139,207,789

In addition, the budget writers will have Lottery proceeds of \$376.3 million, which is unchanged from FY 2016-17. Finally, the General Fund obligation for the Homestead Exemption Fund may be reduced by \$16.2 million due to growth in the one percent Homestead Exemption Sales Tax.

*Questions or requests for additional information may be directed to
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