



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

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The BEA Revises FY 2019-20 Projected Surplus, Adjusts FY 2020-21 Revenue Forecast *Continued Economic and Revenue Growth Expected in South Carolina*

COLUMBIA – South Carolina is anticipated to end the current budget cycle with the largest surplus in history after the S.C. Board of Economic Advisors (BEA) agreed Thursday to increase its revenue estimate for Fiscal Year (FY) 2019-20 by \$60 million as actual tax collections exceed its forecast.

With the adjustment to the current fiscal year, the state is anticipated to end FY 2019-20 on June 30 with a projected surplus of \$567 million. The bulk of the projected surplus results from a continuation of the growth that created a \$350 million surplus in FY 2018-19. The BEA, which met to review economic conditions and its revenue forecasts as required by law, also increased its revenue estimate for FY 2020-21 by \$25 million.

The adjustments to the revenue estimates increase the record amount of new income available for lawmakers to fund state government next budget cycle, which runs from July 1 through June 30.

With the revised estimates for the current fiscal year and FY 2020-21, lawmakers will have available for appropriation next fiscal year \$1.919 billion in new revenue: \$840 million in recurring funds and \$1.079 billion in non-recurring funding.

The revenue increases for the current and next fiscal years were the result of targeted adjustments in specific revenue categories as the BEA's base economic assumptions used to forecast the performance of South Carolina's economy continue to track along expectations. The BEA advised it anticipates continued economic growth for the current and next fiscal years, but projects the rate of expansion will level off and slow slightly for FY 2020-21.

The FY 2019-20 forecast calls for 5.3 percent growth over revenue collections from the previous year and 3.6 percent growth is projected for FY 2020-21.

The BEA projects personal income – a key economic factor that affects sales and income tax revenues, which account for 85 percent of General Fund revenue – to grow 5.25 percent for the current fiscal year then slow to 4.5 percent for FY 2020-21.

FY 2020-21 Budget Outlook

Net New Recurring General Fund Revenue <i>(less tax relief trust fund and reserve fund contributions)</i>	\$840 million
Non-recurring Revenue	
FY 2018-19 Contingency Reserve Fund	\$350 million
FY 2019-20 Capital Reserve Fund	\$162 million
Projected FY 2019-20 General Fund Surplus	<u>\$567 million</u>
Total Non-recurring Revenue	\$1.079 billion
Total Estimated New General Fund Revenue for Appropriation	\$1.919 billion

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