



**Three-Year General Fund Financial Outlook  
FY 2018-19 to FY 2020-21**

Prepared Pursuant to Act 156 of 2005

§11-11-350

South Carolina Revenue and Fiscal Affairs Office

December 2017

**Three-Year General Fund Financial Outlook**

**FY 2018-19 to FY 2020-21**

**Based on Enacted FY 2017-18 Budget**

(Dollars in Millions)

	<b>Projections</b>			
	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
	"Base Year"			
<b><u>Resources:</u></b>				
Revenue (BEA Long Range Revenue Forecast, 11/9/2017)	8,534.4	8,838.5	9,139.0	9,496.3
Adjustments				
Tax Relief Trust Fund Transfers	(583.7)	(599.4)	(614.2)	(629.2)
General Reserve Fund Transfer		(15.6)	(18.4)	(14.4)
<b>Total Revenue/Resources</b>	<b>\$7,950.7</b>	<b>\$8,223.5</b>	<b>\$8,506.4</b>	<b>\$8,852.7</b>
<b><u>Expenditures and Reserve Fund Contributions:</u></b>				
<b>Baseline (Adjusted Recurring Budget)</b>	<b>\$7,946.7</b>	<b>\$7,946.7</b>	<b>\$7,946.7</b>	<b>\$7,946.7</b>
<b>Constitutional/Statutory Items:</b>				
Reserve Funds: Capital Reserve (CRF)		6.2	12.4	19.8
Debt Service		(109.2)	(117.8)	(108.5)
Homestead Exemption Fund Shortfall (Act 388 of 2006)		(5.7)	(7.9)	(10.2)
<b>Major Expenditure Categories (Maintenance of Effort):</b>				
K-12 Education		60.5	124.6	191.7
Medicaid and Health (net of earmarked cigarette tax revenue)		41.1	89.4	151.0
Social Services		25.0	15.0	15.0
Higher Education Scholarship Growth (LIFE, HOPE & Palmetto Fellows)		19.8	32.6	45.2
State Employee Health Plan - Retiree Growth + Rate Increase		60.6	145.1	240.4
State Employee Compensation Changes (2 percent per year)		38.4	76.8	115.2
SCRS/PORS Contribution Increase (1 percent per year)		36.6	73.2	109.8
SCDOT Transfer to SIB Repealed (Act 40 of 2017)		(50.0)	(50.0)	(50.0)
SCDMV REAL ID Implementation		6.0	5.5	0.4
<b>Total Expenditures</b>	<b>\$7,946.7</b>	<b>\$8,076.0</b>	<b>\$8,345.6</b>	<b>\$8,666.5</b>
<b>Balance for other appropriations</b>		<b>\$147.5</b>	<b>\$160.8</b>	<b>\$186.1</b>
Projected CRF Funds Available for Nonrecurring Expenditures		\$145.4	\$151.7	\$159.0
Projected General Reserve Fund Balance	\$363.5	\$379.1	\$397.5	\$412.0

*The Notes and Assumptions are an integral part of this Financial Outlook.*

## Notes

The three-year General Fund Outlook is prepared by the South Carolina Revenue and Fiscal Affairs Office in consultation with the Board of Economic Advisors in accordance with Section 11-11-350 of the S. C. Code of Laws, 1976. The Outlook is a three-year revenue and spending projection based on the enacted FY 2017-18 General Fund operating budget.

The spending projections are cumulative and the estimates are based on the FY 2017-18 enacted budget and major expenditure categories contained therein. Unless noted below, future years do not include any increases over the baseline expenditures (FY 2017-18 enacted recurring budget). If the projected balance is negative in any year, a budget gap exists. A budget gap reflects a structural imbalance between projected revenue growth and expenditure increases based on the adjusted enacted budget.

This document is intended to be used for planning purposes only and should not be viewed as requiring the General Assembly to fund the major expenditure items listed. The Outlook does not attempt to capture every agency's needs or budget requests.

### Resource/Revenue Assumptions

- ❖ **Board of Economic Advisors Forecast** – The Board of Economic Advisors (BEA) long-range General Fund revenue forecast is based upon its November 9, 2017 forecast for FY 2018-19. The FY 2018-19 revenue estimate serves as the base for the long-range forecast. 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.

The assumptions and methodologies for this long range forecast include:

- An annual personal income growth rate of 4.25 percent;
- A sales tax growth rate of 4.25 percent based on a historical elasticity of 1.0;
- An individual income tax growth rate of 4.675 percent based on a historical elasticity of 1.1;
- Corporate income tax increasing throughout the forecast period; and
- Historical trends and patterns and other legislative factors affecting the remaining revenues.

The annual growth rates for FY 2018-19, FY 2019-20, and FY 2020-21 are 3.6 percent, 3.4 percent, and 3.9 percent, respectively. The detailed three-year General Fund revenue forecast by revenue category is included as an attachment to this document.

❖ **Tobacco Master Settlement Agreement** – The state’s “tobacco bonds,” securitized by its Tobacco Master Settlement Agreement (MSA) payments, were retired June 1, 2012. By statute, future MSA receipts are available for appropriation. The revenue expected, based on historical MSA payments to the state and settlement credits, is estimated at \$70.0 million annually. Current statute earmarks these funds primarily for healthcare programs; however, specific program appropriations is at the discretion of the General Assembly. For FY 2018-19 through FY 2020-21, \$70.0 million is estimated to be available for appropriation annually. This amount is not shown as additional revenue in the Outlook because it was appropriated in the base year for Medicaid maintenance of effort and diligent enforcement of the tobacco MSA.

## RESERVE FUNDS

- ❖ **General Reserve Fund** – On November 2, 2010, a constitutional amendment was adopted increasing the General Reserve Fund from 3 percent to 5 percent of the previously completed fiscal year’s General Fund revenue. Currently, the General Reserve Fund is fully funded at \$363 million. Annual contributions for FY 2018-19 through FY 2020-21 are \$15.6 million, \$18.4 million, and \$14.4 million, respectively, with the fund maintaining 5 percent funding for all years.
  
- ❖ **Capital Reserve Fund** – The Capital Reserve Fund (CRF) is a budgetary account funded at 2 percent of the previously completed fiscal year’s General Fund revenue. It is used to offset year-end deficits and to replenish, when needed, the required amount in the General Reserve Fund. If not needed to offset a year-end deficit or to replenish the General Reserve Fund, the CRF may be appropriated for the following purposes: (1) to finance in cash previously authorized capital improvement bond projects, (2) to retire the interest or principal on bonds previously issued, or (3) for capital improvements or other non-recurring purposes.

## Expenditure Assumptions

### LOCAL GOVERNMENT FUND

- ❖ The Local Government Fund is a statutorily defined transfer of funds to counties and municipalities equal to 4.5 percent of the previously completed fiscal year's General Fund revenue. For the last eight years, the requirement to fund this account at the statutorily prescribed level has been suspended. This report assumes continued funding at FY 2017-18 levels. Annual increases for FY 2018-19 through FY 2020-21 are \$0.0 million, \$0.0 million and \$0.0 million, respectively. **However, if funding were returned to statutorily mandated levels in FY 2018-19, it would require an additional \$118.6 million.**

### DEBT SERVICE

- ❖ Future Debt Service needs will decline over the forecast period. Incremental adjustments are \$(109.2) million in FY 2018-19, \$(8.6) million in FY 2019-20 and \$9.4 million in FY 2020-21. This estimate reflects existing law and does not include the potential impact of proposed legislation.

### HOMESTEAD EXEMPTION FUND

- ❖ The Property Tax Reform Act, Act No. 388 of 2006, eliminated all school operating taxes on owner-occupied homes and increased the state sales tax by one cent to replace the reduced property tax revenue stream. The new revenue from the one-cent sales tax increase is earmarked for the Homestead Exemption Fund, which replaces lost property tax revenue as of FY 2007-08. Funding to school districts in the first year was based on what would have been collected under the old system. For subsequent years, the school district funding requirement is based on inflation plus population growth factors. The Act provides that should there be a shortfall of revenue in the Homestead Exemption Fund then the General Fund will make up the difference.

- ❖ The FY 2017-18 base budget includes \$25.7 million dedicated to offset this shortfall. Due to growth in sales tax revenue, the need for General Fund appropriations to cover the shortfall will decrease during the forecast period. Incremental adjustments for FY 2018-19, FY 2019-20, and FY 2020-21 are \$(5.7), \$(2.2), and \$(2.3) million, respectively.

### K-12 EDUCATION

- ❖ **Education Finance Act (EFA)** – The FY 2017-18 Base Student Cost is \$2,425 with a Weighted Pupil Unit (WPU) count of 993,847. This forecast assumes a 2.0 percent inflation factor for FY 2018-19 and 2.0 percent for FY 2019-20 and FY 2020-21. The WPU growth rate for school districts is 0.4 percent over the forecast period. The growth is primarily attributable to an increase in students qualifying for add-on weights for academic assistance and dual enrollment. The forecast period anticipates growth in the South Carolina Public Charter School district to outpace the overall growth rate in school district WPUs. This is due to enrollment growth in existing and new charter schools and the addition of grade levels offered. The Base Student Cost and Weighted Pupil Units for the projected period are:

- FY 2018-19
  - \$2,474
  - 997,545
- FY 2019-20
  - \$2,523
  - 1,001,535
- FY 2020-21
  - \$2,573
  - 1,005,541

The incremental adjustments for the three-year period are \$60.5 million, \$64.1 million, and \$67.1 million, respectively.

## MEDICAID AND HEALTH

- ❖ **Medicaid Program** – In 2010, the General Assembly increased the state’s cigarette tax by fifty cents. The annual revenue from the increase is dedicated to the Medicaid program. During FY 2017-18, \$119.3 million of cigarette tax revenue will be used to support the Medicaid program. The cigarette tax revenue dedicated to Medicaid is estimated to be \$117.7 million in FY 2018-19. The Medicaid expenditure estimates on Page 1 are adjusted to reflect this dedicated source of revenue.

The Medicaid projections reflect additional state funds needed to maintain current service levels based on enrollment and cost per member projections. These increases are primarily attributable to growth in existing programs, as well as increases in federally mandated Medicare premium assistance programs such as the increase to Hospice providers and Medicare premiums for Part A, B, and D. Additionally, the assumed pharmacy inflation rate is 7.25 percent per year.

The South Carolina Department of Health and Human Services also anticipates continued growth in the Community Long Term Care waiver program, which provides nursing facility level care in a patient’s home. This avoids or delays the need for placement in a nursing home. The department is also expecting expenditure growth from Autism Spectrum Disorder related treatment services. A key assumption in these projections is that the federal reimbursement rate is maintained at its current level. Based on these assumptions, the projected General Fund growth rate for the Medicaid program is 2.6 percent for FY 2018-19, 3.1 percent for FY 2019-20 and 4.0 percent for FY 2020-21.

The total additional recurring state appropriations needed to provide sustainable funding for the current Medicaid program for FY 2018-19 thru FY 2020-21 is \$131.53 million. The incremental adjustments for FY 2018-19, FY 2019-20, and FY 2020-21 are \$34.6 million, \$41.8 million, and \$55.1 million, respectively.



Since October 2015, South Carolina has received 100 percent federal funding for the Children’s Health Insurance Program (CHIP). However, as of September 30, 2017, Congress has not reauthorized funding for the CHIP program. If the federal match rate drops to the traditional 70 percent level, the department would need an additional \$52 million in General Fund appropriations. This report assumes Congress will reauthorize the CHIP program at the full 100 percent funding level.

- ❖ **Department of Mental Health** – To continue to cover operating costs at community mental health centers and inpatient facilities along with population growth in the forensic inpatient services and the sexually violent predators programs, additional funding of \$6.5 million will be required in each year for FY 2018-19 through FY 2020-21.

### **SOCIAL SERVICES AND CORRECTIONAL AGENCIES**

- ❖ **Child Support Enforcement Statewide Automated System Development** – Funding is required for the continued development and implementation of a federally mandated statewide automated system for child support enforcement, as well as to pay for penalties currently imposed on the state by the federal government. The estimated cost is \$25 million in FY 2018-19 and \$15 million per year in FY 2019-20 and FY 2020-21.

### **HIGHER EDUCATION SCHOLARSHIP GROWTH**

- ❖ **LIFE, HOPE & Palmetto Fellows Scholarships** – The estimate for FY 2018-19 through FY 2020-21 assumes five-year average enrollment growth rates of 2.5 percent, 3.7 percent and 3.6 percent for LIFE, HOPE and Palmetto Fellows scholarships, respectively. Beginning in the 2016-17 school year the South Carolina Department of Education revised the state’s Uniform Grading Policy. This revision led to the transition from a 7 to 10-point grading scale. The change will result in more students becoming eligible for higher education funding through state scholarship programs.

The estimated incremental costs for the three scholarship programs are \$19.8 million in FY 2018-19, \$12.8 million in FY 2019-20, and \$12.6 million in FY 2020-21. These incremental cost estimates take into account both the anticipated costs of changes to the Uniform Grading Policy and continued growth at the five-year average rate for each scholarship program. These costs also assume that appropriations to the Lottery Tuition Assistance Program (LTAP) will be decreased as students become eligible for LIFE scholarships and move out of LTAP. Most scholarship funding has been moved from the General Fund to the South Carolina Education Lottery. However, as lottery revenues begin to plateau, there may be a need for General Fund appropriations to make up incremental increases in scholarship awards.

### **DEPARTMENT OF TRANSPORTATION**

- ❖ **Elimination of transfer to State Infrastructure Bank** – Act 40 of 2017, the SC Infrastructure and Economic Development Reform Act, increased the state motor fuel user fee by 12 cents over the next six years. Act 40 also increased motor vehicle registration fees, imposed a new infrastructure maintenance fee, and imposed a new alternative fuel vehicle fee. With these new and increased revenue sources credited to the Infrastructure Maintenance Trust fund, Act 40 repealed the \$50 million annual General Fund transfer from the Department of Transportation to the State Infrastructure Bank. Due to these changes, recurring General Fund appropriations to the Department of Transportation can be reduced by \$50 million.

### **DEPARTMENT OF MOTOR VEHICLES**

- ❖ **State compliance with the federal REAL ID Act** – Act 6 of 2017 requires that the State of South Carolina come into compliance with the federal REAL ID Act of 2005. To comply with this federal mandate the state must issue new licenses or ID cards to all citizens who wish to have a REAL ID compliant credential. SCDMV will need \$6 million in FY 2018-19, \$5.5 million in FY 2019-20 and \$0.4 million in FY 2020-21 for staffing and capital investment to implement REAL ID.

### **STATE EMPLOYEE HEALTH PLAN**

- ❖ Retiree Growth and Rate Increase – The South Carolina Public Employee Benefit Authority (PEBA) estimates the General Fund amounts needed for the operation of the State Health Plan for retiree growth and health plan increases are as follows:
  1. Retiree Growth and Rate Increase
    - a. Calendar Year 2018 employer base (state funds only) is \$912,081,664;
    - b. Annualization involves funding the final six months (Jul-Dec) of an increase that is effective the prior January;
    - c. The employer rate increase involves funding the first six months (Jan-Jun) of an increase that is effective January of the fiscal year; and
    - d. The projected annual premium growth rate effective each year equals 8.2 percent in January 2019, 8.2 percent in January 2020 and 8.2 percent in January 2021.
  2. The projection assumes the employer pays the same proportion that is in place in January 2018 for 2019, 2020, and 2021;
  3. Retiree growth for FY 2018-19 is estimated at 2.9 percent, and for FY 2019-20, and FY 2020-21 retiree growth is estimated at 2.0 percent per year.
  4. The estimated amount of additional general fund dollars for the State Health Plan is \$60.6 million in FY 2018-19, \$84.5 million in FY 2019-20, and \$95.3 million in FY 2020-21.

### **STATE EMPLOYEE COMPENSATION**

- ❖ The estimate is based on total state employee salary, with the exception of exempted groups (agency heads, members of the legislature, and constitutional officers), plus other included groups (local health care providers, county auditors and treasurers, and school bus drivers). The cost for a 2 percent increase equals approximately \$38.4 million per year to include all applicable fringe benefits.

**STATE EMPLOYEE RETIREMENT SYSTEM**

- ❖ Required contributions to the state employee, school district, and police retirement systems (SCRS and PORS) were raised 2.0 percent on the employer in 2017 with the passage of Act 13. The Act also increased employer contributions 1.0 percent per year for the next five years in order to address unfunded liabilities accrued within SCRS and PORS. For every 1.0 percent increase in employer contributions (100 basis points), the impact on the General Fund's portion of the increase is estimated at \$32.4 million. Additionally, each 1.0 percent employer contribution increase requires an increase of \$4.2 million for Education Improvement Act employer contributions.



November 9, 2017

# South Carolina Long Run General Fund Revenue Forecast

Fiscal Years 2017-18 to 2020-21



**South Carolina Board of Economic Advisors  
Long Range General Fund Revenue Forecast  
Fiscal Years 2017-18 to 2020-21**

**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 9, 2017 and is based on the BEA estimate of General Fund Revenues for FY 2018-19. 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.

The assumptions and methodologies for this long range forecast include:

- an annual personal income growth rate of 4.25 percent;
- a sales tax growth rate of 4.25 percent based on a historical elasticity of 1.0;
- an individual income tax growth rate of 4.675 percent based on a historical elasticity of 1.1;
- corporate income increasing throughout the forecast period;
- historical trends and patterns and other legislative factors affecting the remaining revenues.

The annual growth rates for FY 18, FY 19, FY 20, and FY21 are 4.6%, 3.6%, 3.4%, and 3.9%, 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 2018-19 General Fund Revenue Forecast adopted November 9, 2017.

BEA – November 16, 2017



Personal Income Growth  
 FY18 - 4.25%  
 FY19 - 4.25%  
 Forecast Period - 4.25%

Long Range General Fund Revenue Forecast  
 Fiscal Years 2015-16 to 2020-21  
 (Dollars)

Revenue Category	Final FY 2015-16	Final FY 2016-17	11/9/2017 Estimate FY 2017-18	11/9/2017 Estimate FY 2018-19	Working Estimate FY 2019-20	Working Estimate FY 2020-21
Sales and Use Tax	\$2,818,605,595	\$2,896,271,260	\$3,041,207,000	\$3,147,685,000	\$3,281,462,000	\$3,420,924,000
Individual Income Tax	3,832,846,497	4,107,647,011	4,295,400,000	4,425,417,000	4,570,880,000	4,711,271,000
Corporation Income Tax	411,148,125	320,415,504	344,486,000	358,914,000	373,988,000	389,695,000
Insurance Taxes	212,224,188	237,673,156	242,046,000	267,404,000	258,920,000	301,565,000
Admissions Tax	28,012,902	30,443,571	29,145,000	31,364,000	31,834,000	32,312,000
Aircraft Tax	4,124,496	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Alcoholic Liquor Tax	73,549,750	76,736,505	80,318,000	83,317,000	86,816,000	90,462,000
Bank Tax	29,425,178	53,357,725	31,520,000	41,520,000	43,098,000	44,736,000
Beer and Wine Tax	107,252,141	109,577,012	114,891,000	113,334,000	115,261,000	117,220,000
Bingo Tax	2,838,515	678,360	1,055,000	692,000	699,000	706,000
Business Filing Fees	5,468,450	6,279,551	5,675,000	5,675,000	5,675,000	5,675,000
Circuit/Family Court Fines	8,090,762	7,888,118	7,856,000	7,421,000	7,198,000	6,982,000
Corporation License Tax	88,702,350	68,181,266	93,000,000	89,760,000	91,555,000	93,386,000
Documentary Tax	46,164,138	51,691,987	67,899,000	82,527,000	90,367,000	98,952,000
Earned on Investments	25,193,451	30,804,764	24,000,000	30,000,000	30,000,000	30,000,000
Indirect Cost Recoveries	11,588,575	14,702,994	12,173,000	12,500,000	12,500,000	12,500,000
Motor Vehicle Licenses	10,677,999	11,050,294	11,117,000	11,615,000	11,905,000	12,203,000
Nursing Home Fees	3,598,679	3,565,104	3,500,000	3,500,000	3,500,000	3,500,000
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	4,335,202	5,499,151	4,555,000	4,898,000	5,079,000	5,267,000
Public Service Authority	19,192,000	17,751,000	19,285,000	17,751,000	17,751,000	17,751,000
Purchasing Card Rebates	2,739,555	2,907,963	2,800,000	3,000,000	3,000,000	3,000,000
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	(84,258)	1,881,527	1,817,000	1,844,000	1,826,000	1,808,000
Security Dealer Fees	25,191,340	25,648,556	26,000,000	26,000,000	26,000,000	26,000,000
Surcharge on Vehicle Rentals	3,148,906	2,579,640	706,000	777,000	777,000	777,000
Tobacco Tax	28,137,517	26,382,940	27,411,000	24,441,000	22,003,000	21,717,000
Uncashed Checks	3,432,881	3,530,329	2,000,000	2,000,000	2,000,000	2,000,000
Unclaimed Property Fund	5,750,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Workers' Comp. Insurance Tax	9,674,588	9,004,832	9,869,000	9,572,000	9,869,000	10,175,000
Other Source Revenues	10,540,699	11,005,610	9,278,000	10,176,000	9,727,000	10,388,000
<b>Gross General Fund Revenue</b>	<b>\$7,839,424,028</b>	<b>\$8,158,509,537</b>	<b>\$8,534,363,000</b>	<b>\$8,838,458,000</b>	<b>\$9,139,044,000</b>	<b>9,496,326,000</b>
Appropriation Act Revenue	\$7,666,473,000	\$8,157,517,892	\$8,534,363,000	\$8,838,458,000	\$9,139,044,000	\$9,496,326,000
Less: Tax Relief Trust Fund	(568,314,514)	(575,273,126)	(584,026,000)	(599,438,000)	(614,223,000)	(629,162,000)
Appropriation Act Excluding Trust Fund	7,271,109,514	7,582,244,766	7,950,337,000	8,239,020,000	8,524,821,000	8,867,164,000
Capital Reserve Fund (2%) - Beg. Bal.	131,047,797	139,207,789	145,420,836	151,664,728	158,091,460	164,780,400
General Reserve Fund (5%) - Beg. Bal.	327,619,492	348,019,473	363,552,089	379,161,821	395,228,650	411,951,000
Total Reserve Funds	458,667,289	487,227,262	508,972,925	530,826,549	553,320,110	576,731,400
Revenue Excess/Shortage From Act	172,951,028	991,645	0	0	0	0
Education Improvement Act (EIA)	719,821,206	764,078,707	805,061,000	837,341,000	870,786,000	905,651,000
EIA Fund	719,403,122	762,586,079	804,261,000	836,341,000	869,786,000	904,651,000
EIA Interest	418,084	1,492,628	800,000	1,000,000	1,000,000	1,000,000
S.C. Education Lottery Fund (Net)	396,300,000	401,958,373	406,300,000	407,000,000	407,000,000	407,000,000
Homestead Exemption Fund						
Total Revenue Available	649,166,693	685,115,809	727,694,000	755,802,000	785,055,000	815,495,000
Less: Homestead Exemption Fund Shortfall	(75,783,000)	(47,986,000)	(22,214,000)	(20,076,000)	(17,836,000)	(15,536,000)

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/11/09/17



Personal Income Growth  
 FY18 - 4.25%; FY19 - 4.25%  
 Forecast Period - 4.25%

**Long Range General Fund Revenue Forecast**  
**Fiscal Years 2015-16 to 2020-21**  
**(Percent Change)**

Revenue Category	Percent Change FY 2015-16	Percent Change FY 2016-17	Percent Change FY 2017-18	Percent Change FY 2018-19	Percent Change FY 2019-20	Percent Change FY 2020-21
Sales and Use Tax	6.1	2.8	5.0	3.5	4.3	4.2
Individual Income Tax	4.7	7.2	4.6	3.0	3.3	3.1
Corporation Income Tax	8.9	(22.1)	7.5	4.2	4.2	4.2
Insurance Taxes	(2.0)	12.0	1.8	10.5	(3.2)	16.5
Admissions Tax	(5.7)	8.7	(4.3)	7.6	1.5	1.5
Aircraft Tax	(8.2)	(39.4)	0.0	0.0	0.0	0.0
Alcoholic Liquor Tax	4.5	4.3	4.7	3.7	4.2	4.2
Bank Tax	(5.9)	81.3	(40.9)	31.7	3.8	3.8
Beer and Wine Tax	2.3	2.2	4.8	(1.4)	1.7	1.7
Bingo Tax	(6.9)	(76.1)	55.5	(34.4)	1.0	1.0
Business Filing Fees	7.9	14.8	(9.6)	0.0	0.0	0.0
Circuit/Family Court Fines	(4.2)	(2.5)	(0.4)	(5.5)	(3.0)	(3.0)
Corporation License Tax	(31.7)	(23.1)	36.4	(3.5)	2.0	2.0
Documentary Tax	13.6	12.0	31.4	21.5	9.5	9.5
Earned on Investments	42.2	22.3	(22.1)	25.0	0.0	0.0
Indirect Cost Recoveries	(18.4)	26.9	(17.2)	2.7	0.0	0.0
Motor Vehicle Licenses	0.7	3.5	0.6	4.5	2.5	2.5
Nursing Home Fees	(1.5)	(0.9)	(1.8)	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	7.8	26.8	(17.2)	7.5	3.7	3.7
Public Service Authority	(4.6)	(7.5)	8.6	(8.0)	0.0	0.0
Purchasing Card Rebates	13.2	6.1	(3.7)	7.1	0.0	0.0
Record Search Fees	0.0	0.0	0.0	0.0	0.0	0.0
Savings and Loan Assoc. Tax	(104.2)	2333.1	(3.4)	1.5	(1.0)	(1.0)
Security Dealer Fees	5.1	1.8	1.4	0.0	0.0	0.0
Surcharge on Vehicle Rentals	12.4	(18.1)	(72.6)	10.1	0.0	0.0
Tobacco Tax	10.4	(6.2)	3.9	(10.8)	(10.0)	(1.3)
Uncashed Checks	(17.9)	2.8	(43.3)	0.0	0.0	0.0
Unclaimed Property Fund	(61.7)	160.9	0.0	0.0	0.0	0.0
Workers' Comp. Insurance Tax	18.3	(6.9)	9.6	(3.0)	3.1	3.1
Other Source Revenues	(5.3)	4.4	(15.7)	9.7	(4.4)	6.8
<b>Gross General Fund Revenue</b>	<b>4.3</b>	<b>4.1</b>	<b>4.6</b>	<b>3.6</b>	<b>3.4</b>	<b>3.9</b>
Appropriation Act Revenue	6.3	6.4	4.6	3.6	3.4	3.9
Less: Tax Relief Trust Fund	(1.4)	(1.2)	(1.5)	(2.6)	(2.5)	(2.4)
Appropriation Act Excluding Trust Fund	9.3	4.3	4.9	3.6	3.5	4.0
Capital Reserve Fund (2%) - Beg. Bal.	2.5	6.2	4.5	4.3	4.2	4.2
General Reserve Fund (5%) - Beg. Bal.	2.5	6.2	4.5	4.3	4.2	4.2
Total Reserve Funds	2.5	6.2	4.5	4.3	4.2	4.2
Revenue Excess/Shortage From Act						
Education Improvement Act (EIA)	6.1	6.1	5.4	4.0	4.0	4.0
EIA Fund	6.1	6.0	5.5	4.0	4.0	4.0
EIA Interest	537.2	257.0	(46.4)	25.0	0.0	0.0
S.C. Education Lottery Fund (Net)	13.2	1.4	1.1	0.2	0.0	0.0
Homestead Exemption Fund						
Total Revenue Available	5.5	5.5	6.2	3.9	3.9	3.9
Less: Homestead Exemption Fund Shortfall	16.5	36.7	53.7	9.6	11.2	12.9

Note: Gross General Fund Revenue includes Individual Income a  
 Source: South Carolina Board of Economic Advisors/BEA/RWM