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Subject: Fwd: my notes - BEA meeting

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The state's best BEA met. The mate's test ETA bet.

For month of April 13 vs April 12, we are up 18.6 percent (up \$100 million).

YTD 13 over YTD 12, we are up 9.4 percent (up \$465 million).

Big 3 taxes are all up April to April, and YTD to YTD. For YTD, the big three are up:

- Sales - up 3.5 percent
- Income - up 11.3 percent
- Corporate - 43.3 percent

Key economic indicators:

- Pace of job creation continues to be slow- weak job growth
- Slowing retail sales
- Home sales increasing
- Europe cut interest rates to spur economy - we'll see what happens with that
- US gov't debt ceiling looms again - Congress will probably raise the ceiling

Employment in SC for April is up 24K jobs, 1.3 percent growth. Had been at 1.9 percent growth rate for a few months, so that is weakening. SC manufacturing employment is weakening. US retail sales is weakening - probably due to increase in payroll tax.

So regarding the revenue impact on the SC budget estimates for this year The General Fund was estimated to grow 6.5 percent this year, and it is actually at 9.5 percent. We are on track for a 90 million surplus over our estimate, but it will shrink by 30 million by June 30. Sales tax is particularly weak in those numbers. Individual income tax revenue is shaky, too.

Corporate income is over estimate though. This little cushion (\$60 million) is a welcome thing, but an unsure thing if sales or other activity drops further during the last weeks of the fiscal year.

They felt no need to revise the General Fund estimate for 2014 (from their February estimate).

So the Senate next week won't have a different fiscal position to deal with during the budget debate, vs the House budget debate in March.

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