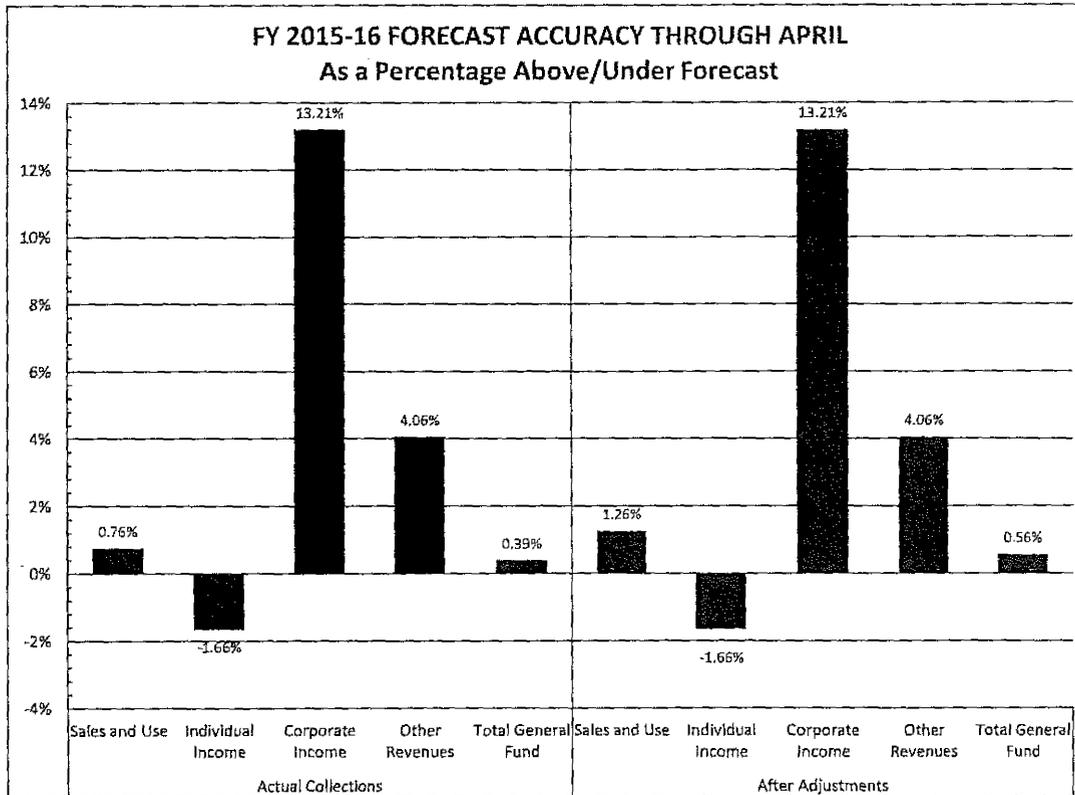




**Board of Economic Advisors  
Working Group Meeting  
May 19, 2016**





SC RFA CJD 5/18/2016

1

**Board of Economic Advisors Revenue Plan Summary: FY 2015-16**

**Revenues vs. 02/10/16 BEA Adjusted Estimate of \$7,856.2 Million in FY 2015-16 <sup>1/</sup>**

	JULY - APRIL FY 2015-16 (\$ In Millions)			Revenue Growth Rates (%)	
	Actual Revenues	Expected Revenues	Excess / (Shortfall)	Estimate Full Fiscal Yr.	Actual Yr. to Date
<b>Total General Fund Revenue</b>	<b>6,026.2</b>	<b>6,003.0</b>	<b>23.2</b>	<b>4.6</b>	<b>5.2</b>
<b>Sales Tax</b>	2,067.0	2,051.5	15.5	5.4	6.2
<b>Individual Income Tax</b>	3,054.6	3,106.1	(51.5)	6.2	5.0
<b>Corporate Income Tax</b>	309.4	273.3	36.2	4.1	20.4
<b>Other Revenue Sources <sup>2/</sup></b>	595.2	572.1	23.0	(5.1)	(3.6)
<b>Select Tax Revenues, Sub-Total</b>	<b>496.0</b>	<b>486.3</b>	<b>9.7</b>	<b>(4.5)</b>	<b>(4.8)</b>
Admissions Tax - Total	19.0	20.6	(1.6)	1.9	(8.1)
Alcoholic Liquors Tax	51.9	50.0	1.8	2.8	6.4
Bank Tax	22.8	18.6	4.2	4.0	27.8
Beer and Wine Tax	78.6	77.0	1.6	1.5	3.6
Corporation License Tax	85.1	97.2	(12.1)	(20.5)	(30.4)
Documentary Tax	32.9	31.9	1.0	10.1	13.5
Earnings on Investments	20.9	13.3	7.6	(9.7)	42.0
Insurance Tax	165.4	159.0	6.4	(5.1)	(4.4)
Tobacco Tax	19.5	18.7	0.9	(1.5)	3.0
<b>Residual Revenue, Sub-Total <sup>3/</sup></b>	<b>99.3</b>	<b>85.9</b>	<b>13.4</b>	<b>(7.7)</b>	<b>3.0</b>

<sup>1/</sup> BEA format: includes certified adjustments and excludes non-recurring cash transfers and certain 'other source' revenues, where applicable.

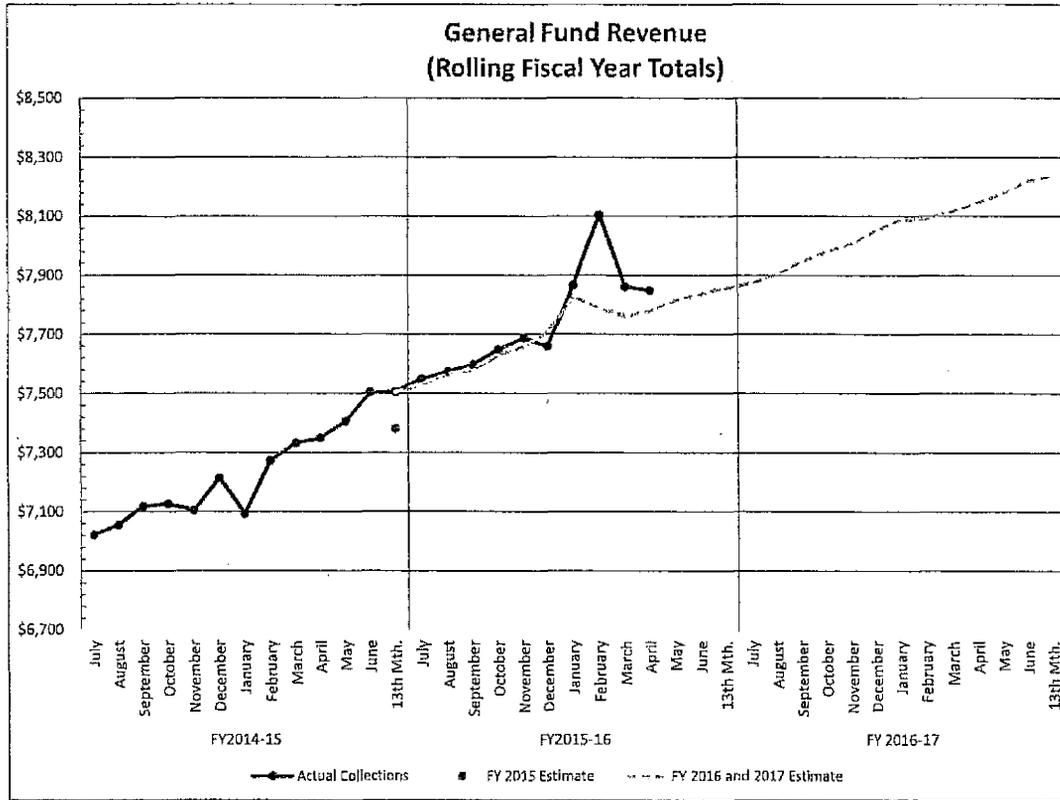
<sup>2/</sup> May include nominal amounts from former recurring revenues.

<sup>3/</sup> Refer to p. 15, Residual Revenue, for list of components in this subcategory.

Note: Detail may not sum to total due to rounding.

1

2



SC RFA CJD 5/17/2016

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BEA/RPS FY 2015-16

11/15 BEA Revised Estimate, FY 2015-16

#### Total Sales and Use Tax 1/ (\$ millions)

Month	Actual					2/ Guide FY 15-16	Excess Revenue +/- Est.	Cumulative Revenue +/- Est.	Percent Changes: Actual FY 14-15 to Actual FY 15-16	
	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16				Monthly	Cumulative
July	0.002	0.0	0.1	(0.1)	(0.0)	(0.1)	0.1	0.1	---	---
August	201.2	210.4	217.9	228.9	238.3	239.1	(0.8)	(0.6)	5.0	5.1
September	196.1 3/	205.6	216.4	222.0	215.9	233.9	(18.0)	(18.6)	(2.7)	1.2
October	195.7	204.2	214.5	224.2	237.9	236.2	1.7	(16.9)	6.1	2.9
November	179.6	191.2	205.1	215.0	213.9	226.6	(12.7)	(29.6)	(0.5)	2.0
December	177.0 3/	186.6	192.0	202.6	206.4	213.4	(7.0)	(36.6)	1.9	2.0
January	220.7	221.9	240.8	245.9	272.6	259.1	13.5	(23.1)	10.8	3.6
February	164.1	175.9	153.9	186.5	197.4	196.5	0.9	(22.2)	5.9	3.9
March	180.5 3/	181.6	179.4	194.2	226.9	204.6	22.3	0.0	16.8	6.4
April	218.7	216.8	225.4	229.9	257.7	242.2	15.5	15.5	12.1	6.2
May	199.2	210.0	217.2	225.1		237.2				
June Prelim.	202.4 3/	215.4	220.2	239.4		252.2				
Mth13 Close	219.2	228.7	234.2	245.4		258.5				
Fiscal Year	2,354.5 3/	2,448.3	2,517.1	2,656.9	2,067.1	2,799.4				

1/ Growth rate needed to meet the BEA estimate = 5.4%; whereas growth, adjusted for net pattern change, = 5.4%

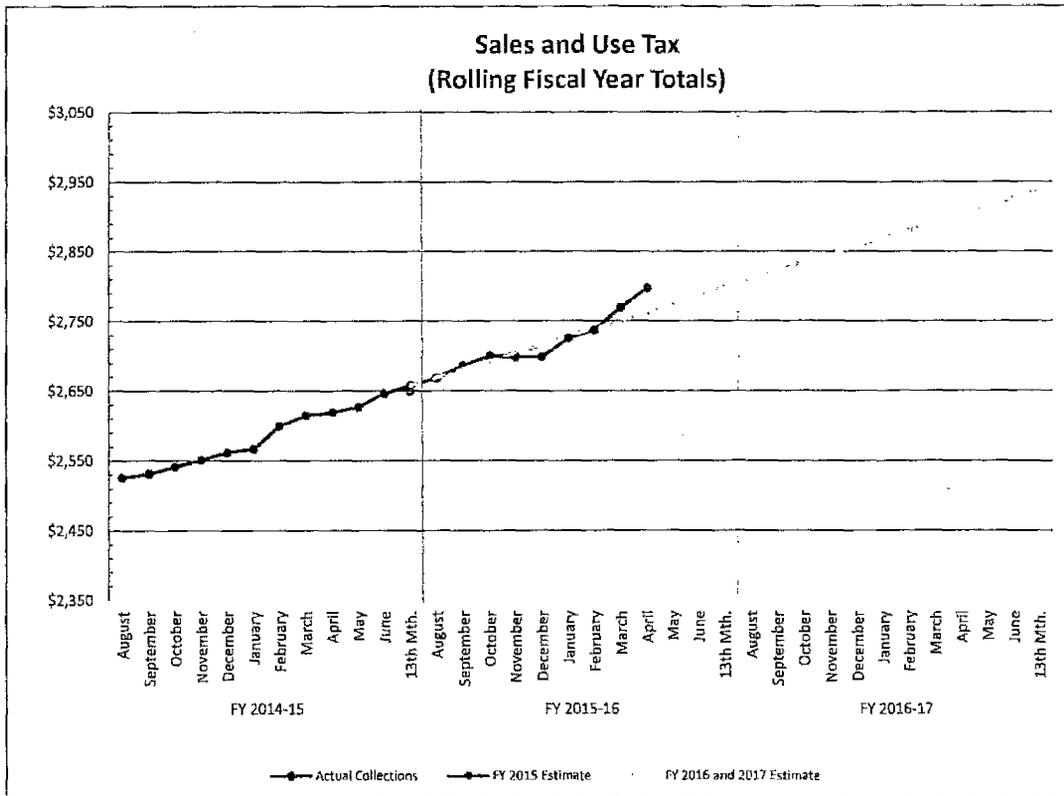
Includes Casual Sales Excise Tax and Retail Sales and Use taxes at yield of 4% to General Fund. Excludes 1% tax for the Education Improvement Fund, 1% Homestead Exemption Fund, 2% Accommodations Tax, and 'local option' taxes.

For General Fund only, accounting basis changed from cash to modified accrual of June revenue beginning in FY 1990-91.

2/ Guide excludes transfer out to Highway Fund of \$50.0 million funded by Surplus Appropriation Bill, Act 92 of 2015, Sec. 7 (H.4230).

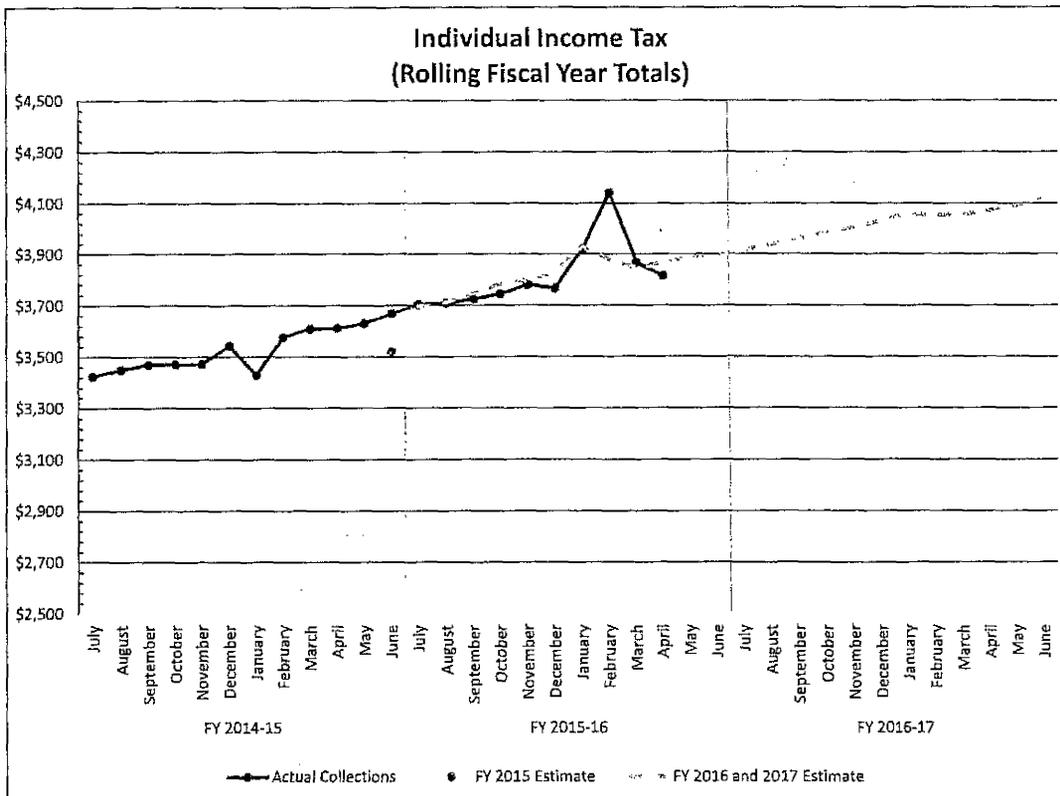
3/ Collections are net of \$7,216,598 "transferred-out" pursuant to Part 1B Prov. 90.21 of Act 73 of 2011 (Increased Foreign Enforcement).

N.A.: Not available.



SC RFA CJD 5/17/2016

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SC RFA CJD 5/18/2016

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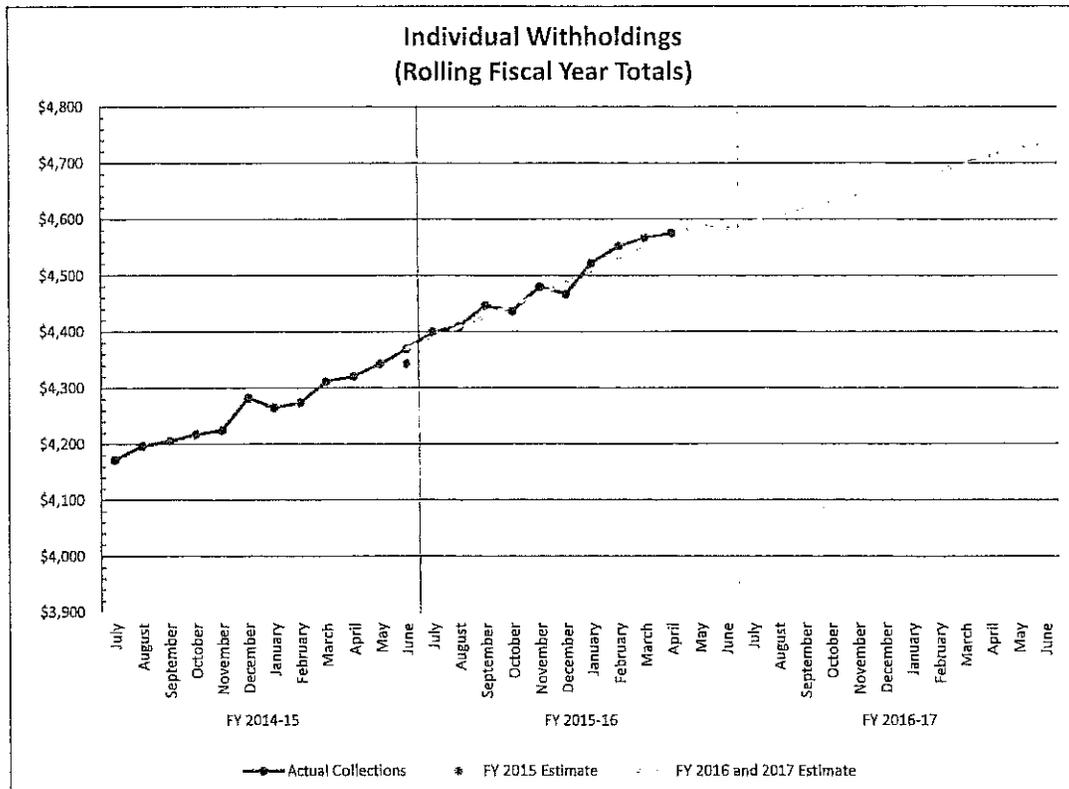
**Individual Withholdings**  
(\$ millions)

Month	Actual					1/ Guide FY 15-16	Excess Revenue +/- Est.	Cumulative Revenue +/- Est.	Percent Changes Actual FY 14-15 to Actual FY 15-16	
	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16				Monthly	Cumulative
July	300.1	328.1	348.1	346.6	376.6	365.8	10.8	10.8	8.7	8.7
August	318.6	327.2	319.7	344.2	354.2	363.3	(9.1)	1.8	2.9	5.8
September	300.5	300.1	334.2	342.8	360.0	361.8	(1.9)	(0.1)	5.0	5.5
October	316.6	340.8	357.1	369.3	379.3	389.6	(10.3)	(10.5)	2.7	4.8
November	307.1	314.1	316.2	323.3	366.1	341.4	24.7	14.3	13.2	6.4
December	357.9	376.9	373.2	430.8	418.6	454.1	(35.5)	(21.2)	(2.8)	4.5
January	308.6	341.2	385.5	368.2	423.2	388.4	34.8	13.6	15.0	6.1
February	317.7	311.5	346.4	355.8	384.8	375.4	9.4	23.0	8.2	6.3
March	343.2 3/	358.0	380.5	398.0	413.3	419.7	(6.4)	16.5	3.8	6.0
April	333.1	344.5	361.5	370.8	379.9	391.1	(11.2)	5.3	2.5	5.7
May	315.0	328.6	326.9	348.8		368.1				
June Prelim.	290.6	298.3	344.5	370.7		383.8				
Mth13 Close	(0.002)	1.0	0.0	(7.7)		(8.1)				
Fiscal Year	3,808.9 3/	3,970.3	4,173.7	4,361.7	3,856.0	4,574.6				

1/ Growth rate needed to meet the BEA estimate = 4.9% ; whereas growth, adjusted for net pattern change, = 4.9%  
 The guideline includes net reduction of \$3.8 Million: -\$4.0 million for "exceptional need" scholarships, Act 92 of 2015, Sec. 9(D)(1)(A);  
 +\$0.2 million, construction material exemption by 503 (C)(3) organization for family in need, Act 68 of 2015 (H.3568).  
 3/ Collections are net of \$98,681 "transferred-out" pursuant to Part 1B Proviso 90.21 of Act 73 of 2011 (Increased Foreign Enforcement).  
 Note: Withholdings are net of Tax Credits for Job Development and Job Retraining Fees, Transfers of Redevelopment Authority, Refunds of Rural Infrastructure Fund, and Motion Picture Incentives.  
 N.A.: Not available.

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7



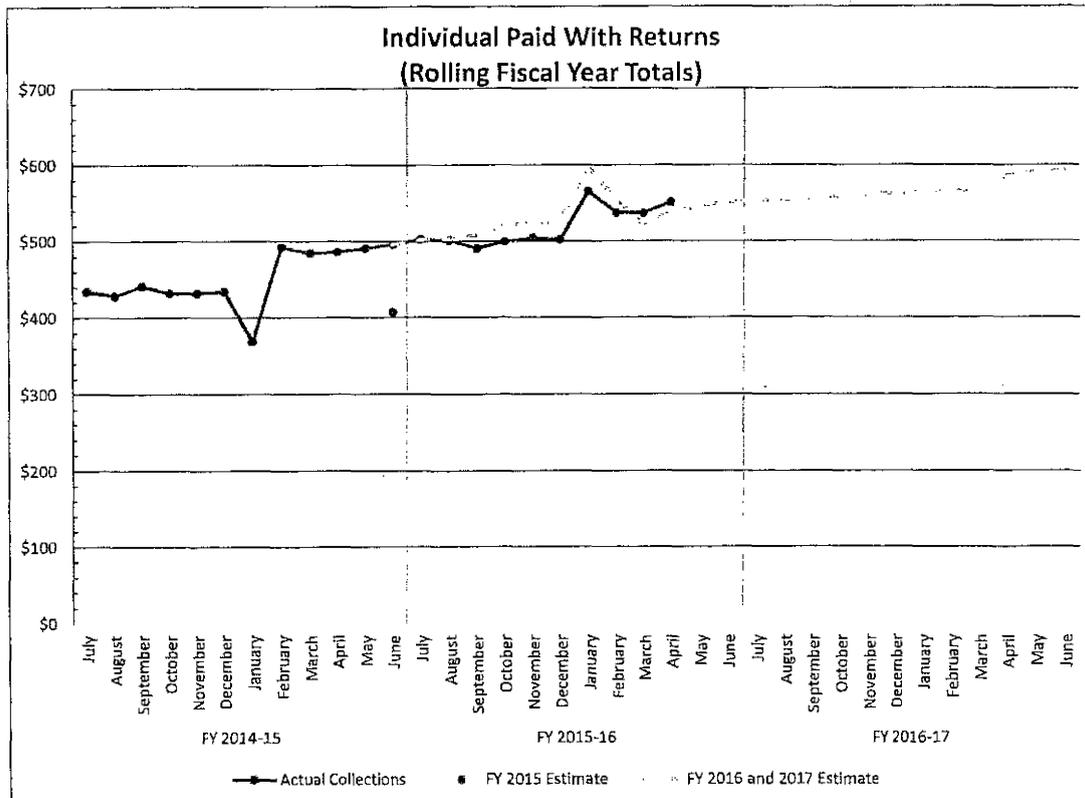
**Individual Paid With Returns (BEA/CG)**  
(\$ millions)

Month	Actual						1/ Excess Revenue +/- Est.	Cumulative Revenue +/- Est.	Percent Changes Actual FY 14-15 to Actual FY 15-16	
	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 15-16			Monthly	Cumulative
July	17.0	16.1	17.1	17.2	24.0	23.9	0.1	0.1	39.7	39.7
August	11.9	20.2	20.9	15.5	13.7	16.7	(3.0)	(2.8)	(11.9)	15.2
September	17.7	10.4	8.8	20.9	10.0	24.9	(14.9)	(17.8)	(52.2)	(11.0)
October	34.2	45.0	41.6	32.8	42.3	48.1	(5.8)	(23.6)	28.9	4.1
November	14.1	14.7	19.2	19.3	24.6	19.9	4.6	(19.0)	27.2	8.3
December	13.9	11.0	13.5	15.7	13.3	19.5	(6.2)	(25.2)	(15.2)	5.3
January	18.9	18.7	19.9	(45.4)	18.1	23.7	(5.6)	(30.8)	139.9	91.8
February	5.9	(3.6)	(72.6)	50.2	22.1	8.3	13.8	(17.0)	(55.9)	33.1
March	13.3	20.8	60.6	52.8	52.3	18.7	33.6	16.6	(0.9)	23.1
April	183.9	267.3	238.5	240.1	254.1	258.6	(4.5)	12.1	5.9	13.2
May	45.2	43.1	51.3	56.3		63.5				
June Prelim.	17.7	22.5	15.4	20.3		24.9				
Mth13 Close	0.3	(2.4)	(1.4)	(0.5)		0.4				
Fiscal Year	391.8	483.9	432.7	495.1	474.5	551.2				

1/ Growth rate needed to meet the BEA estimate = 11.3% ; whereas growth, adjusted for net pattern change, = 11.3%  
 The guideline includes net reduction of \$3.6 Million: -\$4.0 million for "exceptional need" scholarships, Act 92 of 2015, Sec. 9(D)(1)(A); +\$0.2 million, construction material exemption by 503 (C)(3) organization for family in need, Act 68 of 2015 (H.3568).  
 2/ Collections are net of \$11,397 "transferred-out" pursuant to Part 1B Proviso 90.21 of Act 73 of 2011 (Increased Foreign Enforcement).  
 Note: Data imputed by BEA from revenue reports of Comptroller General (CG) and Dept. of Revenue (DOR).  
 N.A.: Not available.

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**Individual Declarations (BEA/CG)**  
(\$ millions)

Month	Actual					1/ Guide FY 15-16	Excess Revenue +/- Est.	Cumulative Revenue +/- Est.	Percent Changes Actual FY 14-15 to Actual FY 15-16	
	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16				Monthly	Cumulative
July	4.3	5.7	6.2	6.5	6.3	7.4	(1.1)	(1.1)	(4.1)	(4.1)
August	5.2	6.0	5.9	11.0	8.9	12.4	(3.5)	(4.7)	(19.1)	(13.6)
September	74.2	77.4	80.3	82.0	85.2	92.7	(7.5)	(12.1)	4.0	0.9
October	4.7	9.2	13.6	8.0	8.3	9.0	(0.7)	(12.9)	3.9	1.1
November	3.9	4.1	4.4	3.6	5.7	4.1	1.6	(11.3)	56.0	2.9
December	34.1	31.0	30.1	44.5	44.9	50.3	(5.5)	(16.8)	0.8	2.3
January	69.5	99.8	90.6	98.1	94.8	110.9	(16.1)	(32.9)	(3.4)	0.1
February	2.3	3.4	3.0	2.7	3.6	3.0	0.5	(32.4)	32.7	0.4
March	4.2	4.7	3.6	5.2	7.0	5.9	1.2	(31.2)	35.2	1.1
April	48.2	50.3	47.3	54.1	56.1	61.2	(5.2)	(36.4)	3.5	1.5
May	5.1	4.6	5.6	5.8	5.8	6.5				
June Prelim.	68.7	72.7	70.5	78.5	78.5	88.8				
Mth13 Close	0.0	0.0	0.0	0.0		0.0				
Fiscal Year	324.5	368.9	361.0	400.1	320.7	452.4				

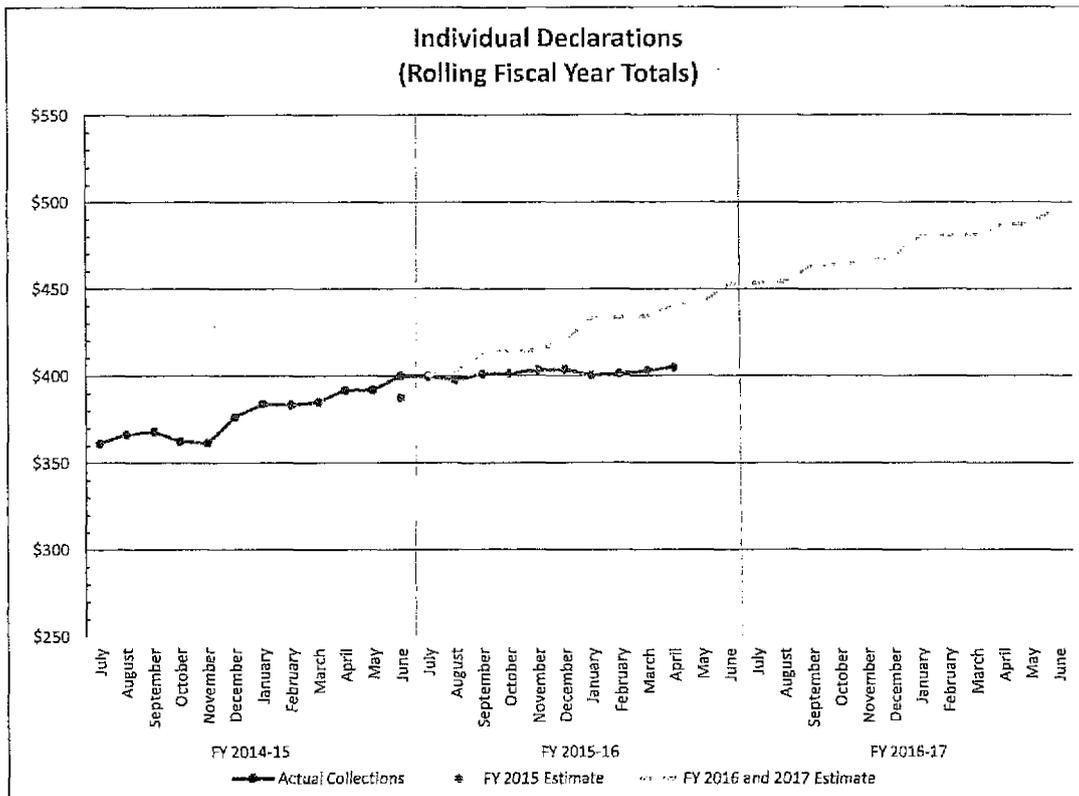
1/ The growth rate needed to meet the BEA estimate = 13.1%

N.A.: Not available.

*Investment returns lower -  
Capital Gains ?*

4 - B

11



**Individual Refunds**  
(\$ millions)

Month	Actual					1/ Guide FY 15-16	Excess Revenue +/- Est.	Cumulative Revenue +/- Est.	Percent Changes Actual FY 14-15 to Actual FY 15-16	
	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16				Monthly	Cumulative
July	24.1	23.2	26.4	24.5	26.0	25.9	0.1	0.1	6.3	6.3
August	17.4	21.3	24.1	22.0	23.6	23.3	0.3	0.4	7.2	6.7
September	17.1	13.1	19.4	22.9	16.0	24.3	(8.2)	(7.9)	(30.0)	(5.4)
October	33.3	50.6	46.8	43.5	44.0	46.1	(2.0)	(9.9)	1.3	(2.8)
November	28.1	25.4	34.5	39.4	53.6	41.7	11.9	2.0	36.1	7.2
December	23.2	10.5	12.6	17.7	17.1	18.8	(1.7)	0.3	(3.6)	6.1
January	39.6	17.0	16.5	53.5	15.4	58.7	(41.3)	(41.0)	(71.2)	(12.4)
February	565.2	426.9	525.2	510.3	292.1	540.6	(248.5)	(289.5)	(42.8)	(33.5)
March	264.1	389.9	347.0	344.8	636.2	365.2	271.0	(18.5)	84.5	4.2
April	312.9	340.9	382.6	397.9	472.6	421.5	51.1	32.6	16.8	8.1
May	73.6	114.2	79.6	89.0		94.3				
June Prelim.	29.8	32.6	30.2	30.1		31.8				
Month Close	0.0	0.0	0.0	0.0		0.0				
Fiscal Year	1,428.4	1,465.6	1,544.7	1,595.7	1,596.7	1,690.2				

1/ Growth rate needed to meet the BEA estimate =

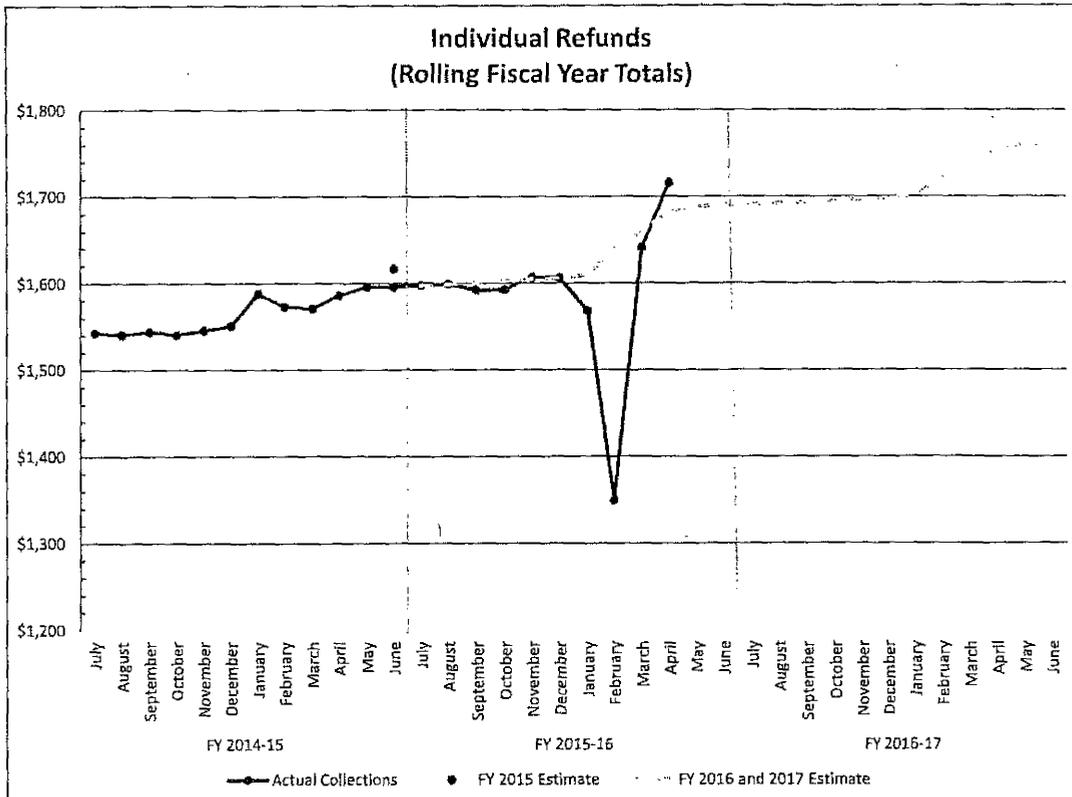
5.9%

N.A.: Not available.

*\$ 125 m so far during May*

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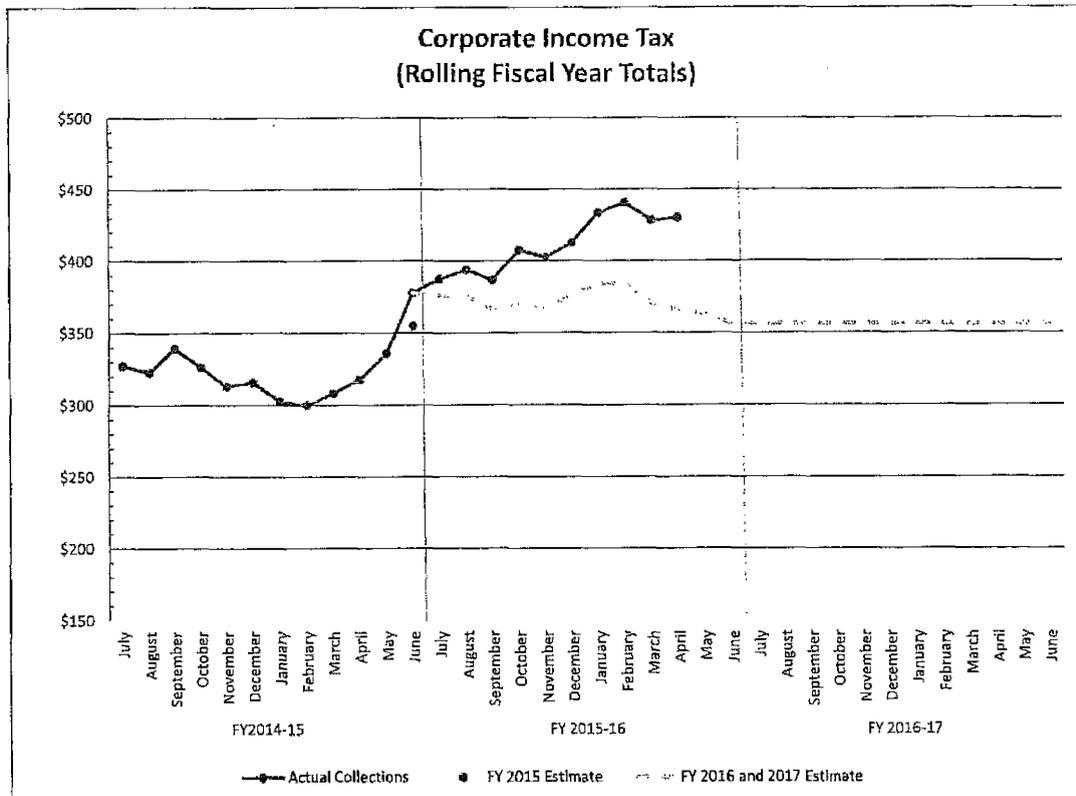
13



**Total Corporation Income Tax**  
(\$ millions)

Month	Actual					1/ Guide FY 15-16	Excess Revenue +/- Est.	Cumulative Revenue +/- Est.	Percent Changes Actual FY 14-16 to Actual FY 15-16	
	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16				Monthly	Cumulative
July	5.1	7.8	7.6	3.7	13.4	3.6	9.7	9.7	259.5	259.5
August	10.4	2.8	3.7	(0.7)	5.7	(0.4)	6.1	15.9	919.2	531.4
September	44.4 <i>3/</i>	71.2	61.9	78.4	71.2	74.5	(3.3)	12.6	(9.2)	10.9
October	4.5	2.5	4.0	(9.2)	11.6	(2.0)	13.6	26.2	225.5	41.1
November	1.7	(6.1)	9.8	(3.3)	(8.4)	(2.9)	(5.5)	20.7	(152.8)	35.7
December	47.5 <i>3/</i>	61.9	37.9	40.6	50.8	53.9	(3.0)	17.7	25.1	31.8
January	(1.7)	18.7	11.6	(1.6)	19.4	9.0	10.4	28.0	1,296.1	51.8
February	0.4	7.7	(0.5)	(3.2)	3.7	(2.0)	5.7	33.7	216.9	59.9
March	58.7 <i>3/</i>	78.9	90.5	98.5	88.4	87.0	(0.6)	33.1	(12.3)	24.9
April	35.0	49.8	43.9	53.8	55.6	52.5	3.0	36.2	3.3	20.4
May	(4.4)	13.1	5.9	23.9		21.6				
June Prelim.	51.3 <i>3/</i>	78.3	54.9	96.9		98.4				
Mth 13 Close	0.0	0.003	0.0	(0.1)		(0.1)				
Fiscal Year	252.9 <i>3/</i>	386.7	331.1	377.7	309.4	393.2				

1/ Growth rate needed to meet the BEA estimate = 4.1% whereas growth, adjusted for net pattern change, = 4.1%  
 The monthly revenue estimate is the sum of estimates for Withholdings, Declarations, and Paid with Returns, as net of refunds.  
 2/ Changes to the monthly pattern include changes to Withholdings, Declarations, Paid with Returns and Refunds. Refer to separate worksheets for detail, where applicable.  
 3/ Receipts are net of \$40,644,357 "transferred-out" pursuant to Part 1B Prov. 90.21 of Act 73 of 2011 (Increased Foreign Enforcement).  
 Note: Gross estimate includes \$49,340,275 as 'net' share of total Property Tax Relief Trust Fund allocation from General Fund.  
 - N.A. -: Not Applicable.





# Revenue Digest

## April 2016

General Fund revenue for the month of April 2016 was down 2.2 percent from last year. The decline from the previous year was due to the timing of individual income tax refund processing by the Department of Revenue. The \$7.3 million of delayed deposits from Sales and Use tax in March is now \$10.2 million for the month of April, due to adjustments made by a single taxpayer.

Revenues for the fiscal year have grown 5.2 percent and the \$69.4 million surplus from March has decreased to a \$23.2 million surplus. Most of the timing concerns throughout this fiscal year are beginning to resolve as revenues begin to align with the FY 2016-17 estimate.

Revenue Category	Month-to-Date Growth (% Change)	Year-to-Date Growth (% Change)
Sales and Use Tax	12.1	6.2
Individual Income Tax	-18.6	5.0
Corporate Income Tax	3.3	20.4
Corporate License Tax	-11.7	-30.4
Other Revenues	23.0	3.1
<b>Total General Fund</b>	<b>-2.2</b>	<b>5.2</b>

- Sales and Use tax revenue grew 12.1 percent for the month of March and 6.2 percent for the fiscal year. After adjusting for the \$10.2 million of delayed deposits, Sales and Use tax revenue growth is 6.7 percent for the fiscal year and \$25.7 million ahead of the estimate.
- Individual Income tax revenue growth year-to-date is 5.0 percent. Refunds for the year were \$18.5 million behind the estimate in March and are now ahead of the estimate by \$32.6 million for the fiscal year.
- Other Revenues are up 23.0 percent from last February and up 3.1 percent year-to-date.

### Summary

After adjusting for the delayed deposits in Sales and Use tax revenue, the total General Fund revenue surplus has decreased to \$33.4 million. As we near the end of the fiscal year, we expect continued individual income tax processing and a softening of retail sales to keep the current revenue excess in check.



May 06, 2016 Release

Table 1

April

General Fund Revenue	FY 2014-15	FY 2015-16	\$ Change	% Change
Sales and Use Tax	229,925,823	257,720,983	27,795,160	12.1
Individual Income Tax	267,031,217	217,449,884	(49,581,333)	(18.6)
Corporation Income Tax	53,813,192	55,584,098	1,770,906	3.3
Insurance Taxes	968,586	845,993	(118,593)	(12.2)
Admissions Tax	2,520,561	3,492,789	972,228	38.6
Aircraft Tax	0	0	0	—
Alcoholic Liquor Tax	4,525,090	4,894,682	369,792	8.2
Bank Tax	4,216,480	5,867,109	1,650,629	39.1
Beer and Wine Tax	8,340,251	9,277,907	937,656	11.2
Bingo Tax	243,820	263,703	19,883	8.2
Business Filing Fees	531,671	567,781	36,110	6.8
Circuit/Family Court Fines	839,817	865,333	25,516	3.0
Corporation License Tax	3,641,203	3,216,260	(424,943)	(11.7)
Documentary Tax	3,413,040	3,786,362	373,322	10.9
Earned on Investments	1,287,602	4,888,365	3,600,763	279.6
Indirect Cost Recoveries	1,606,040	1,655,145	49,105	3.1
Motor Vehicle Licenses	768,133	1,280,006	511,873	66.6
Nursing Home Fees	0	0	0	—
Parole and Probation Fees	262,734	282,734	0	0.0
Private Car Lines Tax	0	8,388	8,388	—
Public Service Authority	0	0	0	—
Purchasing Card Rebates	0	0	0	—
Record Search Fees	0	0	0	—
Savings and Loan Assoc. Tax	135,406	(558,620)	(694,026)	—
Security Dealer Fees	748,452	726,691	(21,761)	(2.9)
Surcharge on Vehicle Rentals	891,727	60,775	(830,952)	(93.2)
Tobacco Tax	2,021,436	2,181,523	160,087	7.9
Uncashed Checks	915,284	0	(915,284)	(100.0)
Unclaimed Property Fund	0	2,000,000	2,000,000	—
Workers' Comp. Insurance Tax	(800,000)	(1,000,000)	(200,000)	(25.0)
Other Source Revenues	311,598	140,860	(170,738)	(54.8)
<b>Gross General Fund Revenue</b>	<b>\$588,179,163</b>	<b>\$575,502,951</b>	<b>(\$12,676,212)</b>	<b>(2.2)</b>

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.



Table 2

July - April

General Fund Revenue	FY 2014-15	FY 2015-16	\$ Change	% Change
Sales and Use Tax	1,947,130,104	2,067,020,666	119,890,562	6.2
Individual Income Tax	2,908,078,912	3,054,481,009	146,402,097	5.0
Corporation Income Tax	257,039,135	309,430,800	52,391,665	20.4
Insurance Taxes	173,014,657	165,426,630	(7,588,027)	(4.4)
Admissions Tax	18,245,198	16,470,380	(1,774,818)	(9.7)
Aircraft Tax	4,492,414	4,123,311	(369,103)	(8.2)
Alcoholic Liquor Tax	48,769,991	51,867,108	3,097,117	6.4
Bank Tax	17,850,476	22,804,556	4,954,080	27.8
Beer and Wine Tax	75,867,970	78,567,401	2,699,431	3.6
Bingo Tax	2,416,655	2,523,506	106,851	4.4
Business Filing Fees	3,991,619	4,315,332	323,713	8.1
Circuit/Family Court Fines	6,944,498	6,714,348	(230,150)	(3.3)
Corporation License Tax	122,260,392	85,117,077	(37,143,315)	(30.4)
Documentary Tax	28,972,735	32,878,278	3,905,543	13.5
Earned on Investments	14,696,363	20,874,648	6,178,285	42.0
Indirect Cost Recoveries	7,529,502	7,083,104	(446,398)	(5.9)
Motor Vehicle Licenses	7,279,432	8,177,957	898,525	12.3
Nursing Home Fees	0	0	0	0.0
Parole and Probation Fees	2,827,340	2,827,340	0	0.0
Private Car Lines Tax	4,010,072	4,331,322	321,250	8.0
Public Service Authority	9,678,000	10,439,000	761,000	7.9
Purchasing Card Rebates	2,420,909	2,739,555	318,652	13.2
Record Search Fees	4,461,000	4,461,000	0	0.0
Savings and Loan Assoc. Tax	1,680,079	39,077	(1,641,002)	(97.7)
Security Dealer Fees	22,394,391	23,575,468	1,181,077	5.3
Surcharge on Vehicle Rentals	2,799,321	3,094,552	295,231	10.5
Tobacco Tax	18,985,862	19,522,505	536,643	3.0
Uncashed Checks	915,284	3,432,881	2,517,597	275.1
Unclaimed Property Fund	11,250,000	2,000,000	(9,250,000)	(82.2)
Workers' Comp. Insurance Tax	3,529,347	4,693,584	1,164,237	33.0
Other Source Revenues	158,654	7,315,542	7,156,888	4,511.0
<b>Gross General Fund Revenue</b>	<b>\$5,729,660,306</b>	<b>\$6,026,347,937</b>	<b>\$296,687,631</b>	<b>5.2</b>

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.

# ADJUSTMENTS TO FORECASTS

## FY 2015-16 AND FY 2016-17



# KEY FACTORS

- Sales tax is ahead of estimate by \$15.5 million; still about \$10 million more in clearing accounts
- Individual is behind estimates by about \$52 million
- Withholdings, the largest source of revenue, has grown 5.7% for the fiscal year-to-date. Continued growth is expected, but timing could have an impact.
- Individual Declarations are \$36.4 million behind estimates
- Refunds are \$32.6 million ahead of the estimate through April, but annual estimate looks good
- Corporate is ahead of estimates by \$36 million largely due to 2015 payments

# ESTIMATES

- Staff recommends no change to General Fund Forecast for FY 2015-16 or FY 2016-17
- Staff and Lottery Commission recommend increasing the estimates for FY 2015-16 by \$20 million and FY 2016-17 by \$15 million

★

375  
365

Power  
Panic

★

395  
375

PERSONAL INCOME GROWTH  
 FY16 - 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	5/19/16 ESTIMATE FY 2015-16	5/19/16 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	5.3	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
<b>SALES AND INCOME TAXES</b>	<b>6,270,830,084</b>	<b>6,695,810,514</b>	<b>7,080,600,000</b>	<b>7,400,168,000</b>	<b>1.3</b>	<b>6.8</b>	<b>5.7</b>	<b>4.5</b>
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	108,035,000	2.0	2.3	1.5	1.5
BUSINESS LICENSE TAX	25,631,758	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	103,226,000	109,110,000	28.2	36.5	-20.5	5.7
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	195,331,000	205,879,000	1.6	8.0	5.4	5.4
INSURANCE LICENSE TAX	16,963,766	38,405,118	19,203,000	43,207,000	-50.8	126.4	-50.0	125.0
INSURANCE RETALIATORY & OTHER TAX	6,806,945	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	803,886	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	8,446,184	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	6.7	2.8	0.1	0.0
INDIRECT COST RECOVERIES	13,693,548	13,511,580	13,984,000	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
<b>OTHER BASE SOURCES</b>	<b>762,418,546</b>	<b>817,270,604</b>	<b>775,596,000</b>	<b>835,584,000</b>	<b>4.1</b>	<b>7.2</b>	<b>-5.1</b>	<b>7.7</b>
<b>TOTAL GENERAL FUND REVENUE</b>	<b>7,033,248,630</b>	<b>7,513,081,118</b>	<b>7,856,196,000</b>	<b>8,235,752,000</b>	<b>1.6</b>	<b>6.8</b>	<b>4.6</b>	<b>4.8</b>

PERSONAL INCOME GROWTH  
 FY16 - 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	5/19/16 ESTIMATE FY 2015-16	5/19/16 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
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)	(561,562,557)	(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	5.7	9.6	5.1
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	396,300,000	376,300,000	7.6	8.3	13.2	-5.0
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 SHORTFA	(110,397,500)	(90,710,964)	(74,711,000)	(49,176,000)				

1/: Excludes (1%) Education Improvement Act(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/05/19/16



May 16, 2016

Frank Rainwater  
 Executive Director  
 SC Revenue and Fiscal Affairs Office  
 1000 Assembly Street, Suite 402  
 Columbia, SC 29201

Subject: Revision of the Lottery Commission's FY 15-16 and Preliminary FY 16-17 estimates

Dear Mr. Rainwater:

In accordance with your recent request, please accept this letter as a revision of the Lottery Commission's estimates of proceeds for FY 15-16 and its revision of its preliminary estimates of proceeds for FY 16-17. The amounts shown under the caption "Previous Estimate" reflect the revision we communicated to you in our letter dated February 5, 2016. Please note that our estimates, as set forth below, include \$1,040,407 associated with Election Day Sales. Our estimates are as follows:

	FY 2015 - 16	FY 2016 - 17
<b>Previous Estimate</b>		
"General" Transfers	\$ 357,000,000	\$ 342,000,000
Unclaimed Prizes	18,000,000	18,000,000
	\$ 375,000,000	\$ 360,000,000
 <b>Revised or Current Estimate</b>		
"General" Transfers	\$ 378,000,000	\$ 358,000,000
Unclaimed Prizes	17,000,000	17,000,000
	\$ 395,000,000	\$ 375,000,000

We are revising our FY 15-16 estimate upward due to the continued strength of our Instant Ticket sales and the recent PowerBall Jackpot run in May 2016.

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Ph: (803) 737-2044 • FAX (803) 737-2910 • [Joseph.Boyle@sclot.com](mailto:Joseph.Boyle@sclot.com)

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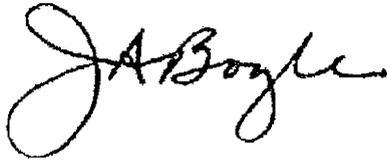
1333 Main Street • 4<sup>th</sup> Floor • Columbia, SC 29201  
 Ph: (803) 737-2002 • FAX: (803) 737-2005 • [sceducationlottery.com](http://sceducationlottery.com)

We have removed the impact of the unprecedented PowerBall Jackpot run in January 2016 in formulating our FY 16-17 estimate.

Please be advised that certain factors beyond our control may affect our future sales and transfers. Whereas, we believe we have developed reasonable estimates, it is possible adverse or favorable trends could develop which could preclude us from achieving our estimates.

Please do not hesitate to let me know if I can be of further assistance.

Very truly yours,

A handwritten signature in black ink, appearing to read "J.A. Boyle". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Joseph A. Boyle, CPA  
Chief Financial Officer

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Ph: (803) 737-2044 • FAX (803) 737-2910 • [Joseph.Boyle@sclot.com](mailto:Joseph.Boyle@sclot.com)

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1333 Main Street • 4<sup>th</sup> Floor • Columbia, SC 29201  
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