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To: Soura, ChristianChristianSoura@gov.sc.gov
Date: 5/8/2013 8:07:59 PM
Subject: Fw: BEA Meeting Packet
Attachments: May 13- Overheads.pdf
May 13- Revenue Tables.pdf
May 13-Agenda .pdf

Not yet analyzed on my end.

From: Rainwater, Frank [mailto:Frank.Rainwater@ors.sc.gov]
Sent: Wednesday, May 08, 2013 07:11 PM
To: Chad Walldorf; Don Herriott <DHERRIOT@mailbox.sc.edu>; Howell Clyborne <HClyborne@ghs.org>; bill.blume@sctax.org <bill.blume@sctax.org>
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Subject: FW: BEA Meeting Packet

Hi Chad, Don, Howell, and Bill,

Attached are the Agenda, Revenue tables, and Overheads for the meeting tomorrow. We may find and correct some typos on the Overheads but won't significantly change the packet in case anyone doesn't have access for last minute updates.

We spent time this afternoon talking with Bill Blume and his staff to get a better feel on Income Tax processing. They spent a lot of time and effort and were very helpful which we appreciate very much.

Before we discuss the updated analysis, let me discuss the plan for tomorrow. We hope you will have time to review the charts and tables tonight or in the morning. We are available for any phone calls after 8:30. Our plan is to discuss the overhead in 30 minutes and leave you time for discussion. Since we have not had time to gather everyone's input, the attached tables make no recommendations. The Overheads do summarize where we think actual revenues will be compared to estimate, but we did not want to catch anyone cold. So, here is what we have

Total Revenues are up \$90 largely due to timing and one-time events. In all, we think revenues will be \$30 or so million above estimate for FY 13 but FY 14 will be even closer (note last page in Overhead). While this is an updated estimate, we think it is still a close call and can swing either way.

Sales as noted yesterday is \$10 million behind and we think the final estimate will be \$20 million below. This is based on continued low growth.

We reduced our surplus on corporate by \$10 million to \$50 million. In discussion with DOR, it appears that some of the current Corporate Income will be transferred to Corp License (as is typically done). We still think Corp Lic will recover from -\$30 to -\$20 million but that may come out of Corp Income.

Dept Revenue will be up \$14 million for the court settlement by the Attorney General.

Income will be up \$10 million.

We still think Withholding will be down \$30 million.

Declarations are right on target.

Paid with returns came in very strong and is \$67 million above estimate (compared to the total \$90 million for GFR). In discussions with DOR, we learned they adjusted their processing procedures to ensure tax payments were deposited in April and not much carryforward in May. With April, PWR has almost met the yearly estimate, but with extension, May 1 filers, etc we think a little more may come in and be \$10 above (probably more capital gains

impact).

Refunds, we think, will be \$30 below estimate (which adds to the surplus). Our estimate was for a 2.1% growth and based on conversations with DOR, we think we will be closer to last year's level (no growth). This is still a difficult estimate and could swing either way

While we think revenue will be higher, the economy and major sources are slowing; the surplus is from one-time events.

For next year, the bump in Corporate Income could offset a potential shortfall in Sales and Withholding. The August meeting, with year-end numbers and 3 or 4 more months of number should be interesting.

The lottery is also running a surplus. We understand that the lottery surplus this year is already addressed in proviso. The Lottery also increased its estimate for FY 14. If the BEA does or does not act on the GF estimate, we would suggest adopting the revised Lottery estimates.

Also, if the BEA does or does not act on the GF estimate, we should note that EIA is also running behind to the Dept of Ed can be properly advised.

Let us know if you have any questions.

Talk to you at 11am if not before.

Frank

From: Glenn, Debbie
Sent: Wednesday, May 08, 2013 6:31 PM
To: Rainwater, Frank
Subject: BEA Meeting Packet

Thanks,
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