

From: Chad Walldorf <chad@eightysixllc.com>

To: Soura, ChristianChristianSoura@gov.sc.gov

Date: 11/8/2012 11:19:50 AM

Subject: FW: Update- three scenarios

Attachments: 20121108103019717.pdf

Human nature is to pick the middle so I'm thinking we can get you the \$188 million.

Interesting note on the \$50 million in non-recurring items - may also give you some significant help if you haven't stumbled onto that yet.

CW

-----Original Message-----

From: Rainwater, Frank [mailto:Frank.Rainwater@ors.sc.gov]

Sent: Thursday, November 08, 2012 11:03 AM

To: Chad Walldorf

Cc: Martin, Robert

Subject: Update- three scenarios

Hi Chad,

Here are the spreadsheets for your three scenarios.

The current/base year in each scenario is the same. The assumptions are

- no slowdown that would affect Sales or Individual and each of these will meet the estimate
- Corporate income and license tax create a surplus and with several other adjustments (up and down), the net surplus for FY 13 is \$47 million;
- FY 14, the three scenarios have a 3.0, 3.25, and 3.5 percent Personal Income estimate, and have respectively, a growth of \$175 million, \$188 million, and \$202 million for the budget
- As an aside, the current budget included some large nonrecurring items, so base budget is about \$50 million lower than the act, which means this amount is available for re-appropriation as well.
- The overall growth rates in each FY 14 scenario are lower than the PI assumptions mainly because Corporate Income is flat, biennial affect on Insurance (and smaller growth rates on the other items)

Briefly, and while I will have more info later, to discuss the 5.5% percent General Fund estimate growth a little

- under Option 2 (3.25% PI), the revenue growth from estimate to estimate is \$188 million, or 2.1%. If we simply deduct 1% from the 5.5% to account for legislative/tax changes and biennial insurance, the net difference after subtracting the 2.1% is 2.4% which equals another \$161 million. Mathematically, all other categories beside ind and sales would need to increase an additional 16% to achieve that. Naturally, corporate is the largest variable.

Robert and I would like to call around 11:30 discuss, and after we discuss and update, would like to share this with the others.

Thanks,

Frank

-----Original Message-----

From: Frank Rainwater [mailto:frank.rainwater@ors.sc.gov]

Sent: Thursday, November 08, 2012 10:30 AM

To: Rainwater, Frank

Subject:

This E-mail was sent from "RicMPC4500" (Aficio MP C4500).

Scan Date: 11.08.2012 10:30:19 (-0500)

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