

GENERAL FUND REVENUE COLLECTIONS - FEBRUARY 2014

| REVENUE CATEGORIES | FY2012-13 | FY2013-14 | \$ CHANGE | % CHANGE |
|-----------------------------------|---------------------|-----------------------|------------------------|----------------|
| Sales Tax - Total | 175,918,598 | 153,865,854 | (22,052,744) | (12.5) |
| Individual Income Tax | (115,562,904) | (248,422,018) | (132,859,114) | (115.0) |
| Corporation Income Tax | 7,708,692 | (543,450) | (8,252,142) | (107.0) |
| Admissions Tax - Total | 1,611,050 | 1,957,559 | 346,509 | 21.5 |
| Alcoholic Liquor Tax | 5,644,444 | 6,373,698 | 729,254 | 12.9 |
| Beer and Wine Tax | 7,483,405 | 8,034,588 | 551,183 | 7.4 |
| Business License Tax | 2,905,529 | 1,861,104 | (1,044,425) | (35.9) |
| Corporation License Tax | 1,606,002 | 6,601,909 | 4,995,907 | 311.1 |
| Departmental Revenue | 2,093,926 | 2,074,865 | (19,061) | (0.9) |
| Documentary Tax | 1,982,873 | 2,192,406 | 209,533 | 10.6 |
| Earned on Investments | 2,131,966 | 1,571,924 | (560,042) | (26.3) |
| Insurance Tax | 2,798,403 | 2,186,240 | (612,163) | (21.9) |
| Other Miscellaneous Taxes | 2,047,430 | 1,340,183 | (707,247) | (34.5) |
| Gross General Fund Revenue | \$98,369,414 | (\$60,905,138) | (\$159,274,552) | (161.9) |

FEBRUARY 2014

- GENERAL FUND REVENUE DECLINED \$159.3 MILLION OR 161.9 PERCENT FROM FEBRUARY A YEAR-AGO.
- THE DECLINE WAS LARGELY DUE TO:
 - THE TRANSFER OF \$28.6 MILLION OF SIX MONTHS VEHICLE SALES TAX (JULY-DECEMBER SALES) TO DOT.
 - THE TIMING OF \$524.0 MILLION IN INDIVIDUAL INCOME TAX REFUNDS. THIS IS \$97.1 MILLION MORE THAN A YEAR-AGO.
 - NO NEW ISSUES THAT RAISE A CONCERN REGARDING THE FORECAST OR ASSUMPTIONS.

GENERAL FUND REVENUE COLLECTIONS - JULY- FEBRUARY FY2013-14

| REVENUE CATEGORIES | FY2012-13 | FY2013-14 | \$ CHANGE | % CHANGE |
|-----------------------------------|------------------------|------------------------|-----------------------|--------------|
| Sales Tax | 1,395,908,035 | 1,440,584,623 | 44,676,588 | 3.2 |
| Individual Income Tax | 2,421,074,122 | 2,377,155,911 | (43,918,211) | (1.8) |
| Corporation Income Tax | 166,576,353 | 135,954,962 | (30,621,391) | (18.4) |
| Admissions Tax - Total | 11,761,059 | 13,038,158 | 1,277,099 | 10.9 |
| Alcoholic Liquor Tax | 35,793,451 | 37,743,988 | 1,950,537 | 5.4 |
| Beer and Wine Tax | 58,471,531 | 60,027,041 | 1,555,510 | 2.7 |
| Business License Tax | 16,220,982 | 15,201,018 | (1,019,964) | (6.3) |
| Corporation License Tax | 26,807,211 | 36,820,063 | 10,012,852 | 37.4 |
| Departmental Revenue | 27,845,427 | 55,889,504 | 28,044,077 | 100.7 |
| Documentary Tax | 16,689,080 | 20,393,626 | 3,704,546 | 22.2 |
| Earned on Investments | 18,918,713 | 13,542,607 | (5,376,106) | (28.4) |
| Insurance Tax | 114,960,966 | 89,499,856 | (25,461,110) | (22.1) |
| Other Miscellaneous Taxes | 71,090,502 | 64,956,574 | (6,133,928) | (8.6) |
| Gross General Fund Revenue | \$4,382,117,432 | \$4,360,807,931 | (\$21,309,501) | (0.5) |

"BIG 3 TAXES BY COMPONENTS: MONTHLY AND CUMULATIVE RESULTS, FEBRUARY 2014 (in Millions)

Notes: General Fund Revenue collections, only.

| | | | | | | TABLE 3 A |
|--|--------------------------|--------------------------|---------------------------|------------------------|------------------------|---------------------------|
| SALES, USE & EXCISE TAX COMPONENTS 1/ | FEBRUARY of FY2012-13 | FEBRUARY of FY2013-14 | % CHANGE Month / Month | JULY-FEB. FY2012-13 | JULY-FEB. FY2013-14 | % CHANGE FY'13 - FY'14 |
| GENERAL RETAIL | 163.9 | 145.0 | (11.5) % | 1,298.7 | 1,336.9 | 2.9 % |
| USE TAX | 10.4 | 11.5 | 10.0 | 86.5 | 96.6 | 11.6 |
| RETAIL SALES / USE TAXES | 174.3 | 156.5 | (10.2) | 1,385.3 | 1,433.5 | 3.5 |
| CASUAL SALES - EXCISE | 1.6 | (2.6) | (261.0) | 10.6 | 7.1 | (33.1) |
| TOTAL SALES TAXES | 175.9 | 153.9 | (12.5) % | 1,395.9 | 1,440.6 | 3.2 % |

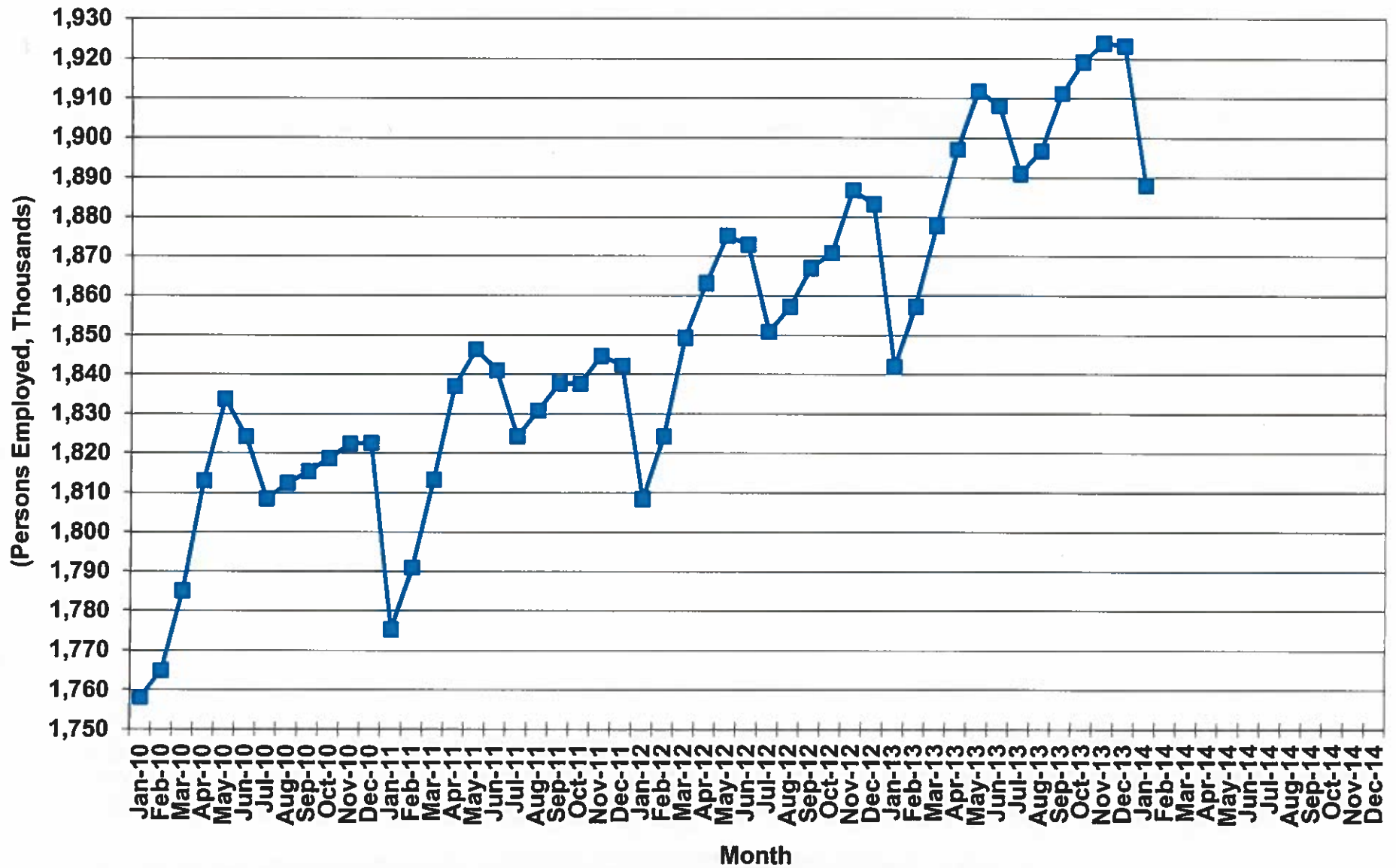
| | | | | | | TABLE 3 B |
|--|--------------------------|--------------------------|---------------------------|------------------------|------------------------|---------------------------|
| INDIVIDUAL INCOME TAX COMPONENTS 2/ | FEBRUARY of FY2012-13 | FEBRUARY of FY2013-14 | % CHANGE Month / Month | JULY-FEB. FY2012-13 | JULY-FEB. FY2013-14 | % CHANGE FY'13 - FY'14 |
| TOTAL WITHHOLDINGS | 311.5 | 346.4 | 11.2 % | 2,639.9 | 2,780.3 | 5.3 % |
| TOTAL DECLARATIONS | 3.4 | 3.0 | (12.4) | 236.6 | 234.0 | (1.1) |
| TOTAL PAID W/RETURNS | (3.6) | (73.8) | (1,965.6) | 132.7 | 88.9 | (33.0) |
| GROSS INDIVIDUAL INCOME | 311.3 | 275.6 | (11.5) | 3,009.1 | 3,103.2 | 3.1 |
| REFUNDS | (426.9) | (524.0) | 22.8 | (588.1) | (726.1) | 23.5 |
| NET INDIVIDUAL INCOME | (115.6) | (248.4) | (115.0) % | 2,421.1 | 2,377.2 | (1.8) % |

| | | | | | | TABLE 3 C |
|---|--------------------------|--------------------------|---------------------------|------------------------|------------------------|---------------------------|
| CORPORATION INCOME TAX COMPONENTS 2/ | FEBRUARY of FY2012-13 | FEBRUARY of FY2013-14 | % CHANGE Month / Month | JULY-FEB. FY2012-13 | JULY-FEB. FY2013-14 | % CHANGE FY'13 - FY'14 |
| TOTAL WITHHOLDINGS | 1.0 | 1.1 | 12.8 % | 3.7 | 5.8 | 56.4 % |
| TOTAL DECLARATIONS | 3.2 | 3.5 | 9.4 | 119.1 | 139.4 | 17.1 |
| TOTAL PAID W/RETURNS | 4.5 | (3.6) | (179.1) | 77.0 | 18.8 | (75.5) |
| GROSS CORPORATE INCOME | 8.7 | 1.0 | (88.1) | 199.8 | 164.1 | (17.9) |
| REFUNDS | (1.0) | (1.6) | 59.4 | (33.2) | (28.1) | (15.4) |
| NET CORPORATE INCOME | 7.7 | (0.5) | (107.0) % | 166.6 | 136.0 | (18.4) % |

JULY-FEBRUARY 2014 YEAR-TO-DATE

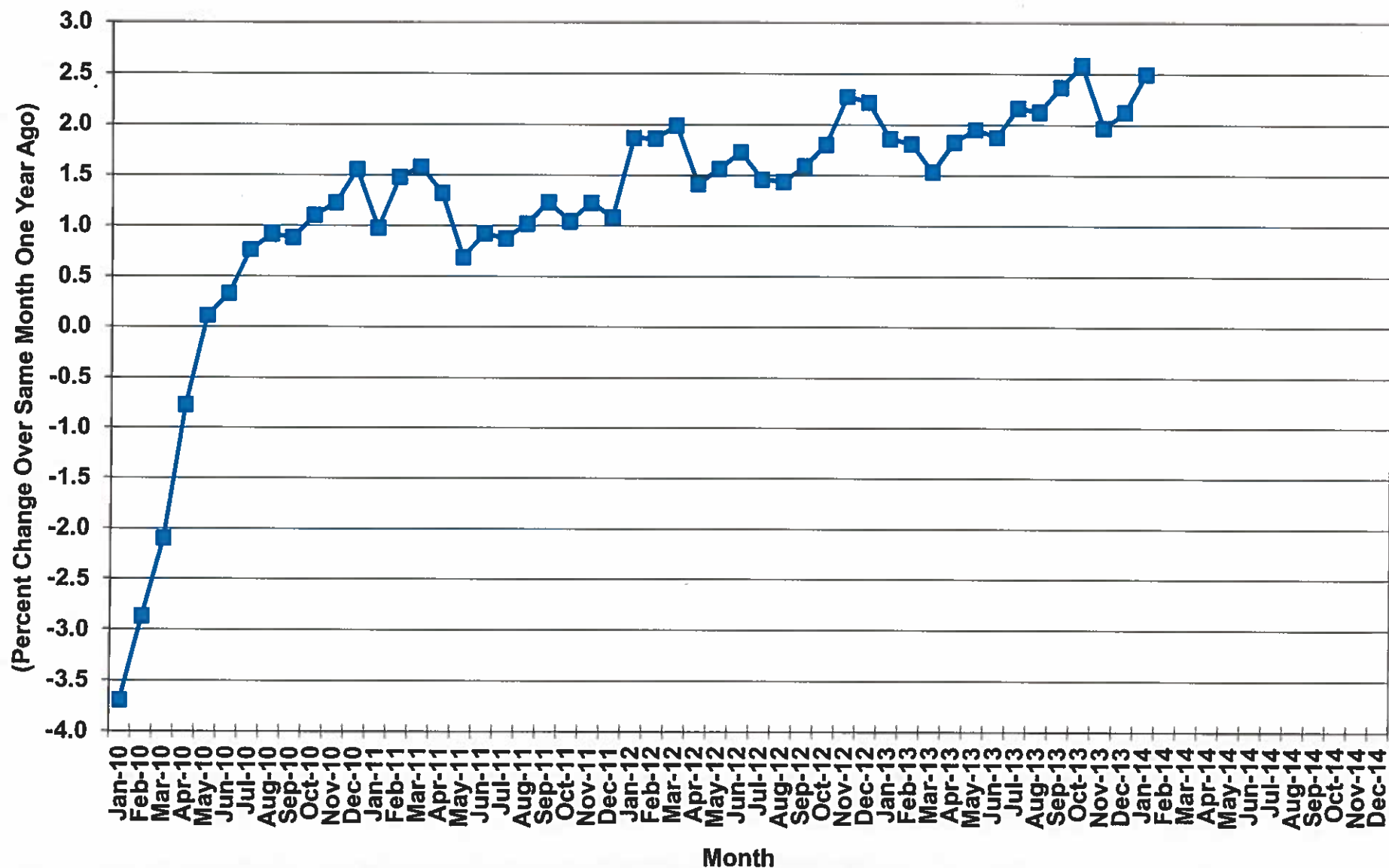
- FOR THE FISCAL YEAR-TO-DATE, GENERAL FUND REVENUES DECLINED \$21.3 MILLION OR 0.5 PERCENT.
 - RETAIL SALES & USE TAX GROWTH IS 3.2 PERCENT WHICH IS ABOVE THE ESTIMATED GROWTH OF 2.0 PERCENT.
 - WITHHOLDING GROWTH IS 5.3 PERCENT WHICH IS ABOVE THE ESTIMATE OF 4.0 PERCENT GROWTH.

Total Employment in South Carolina



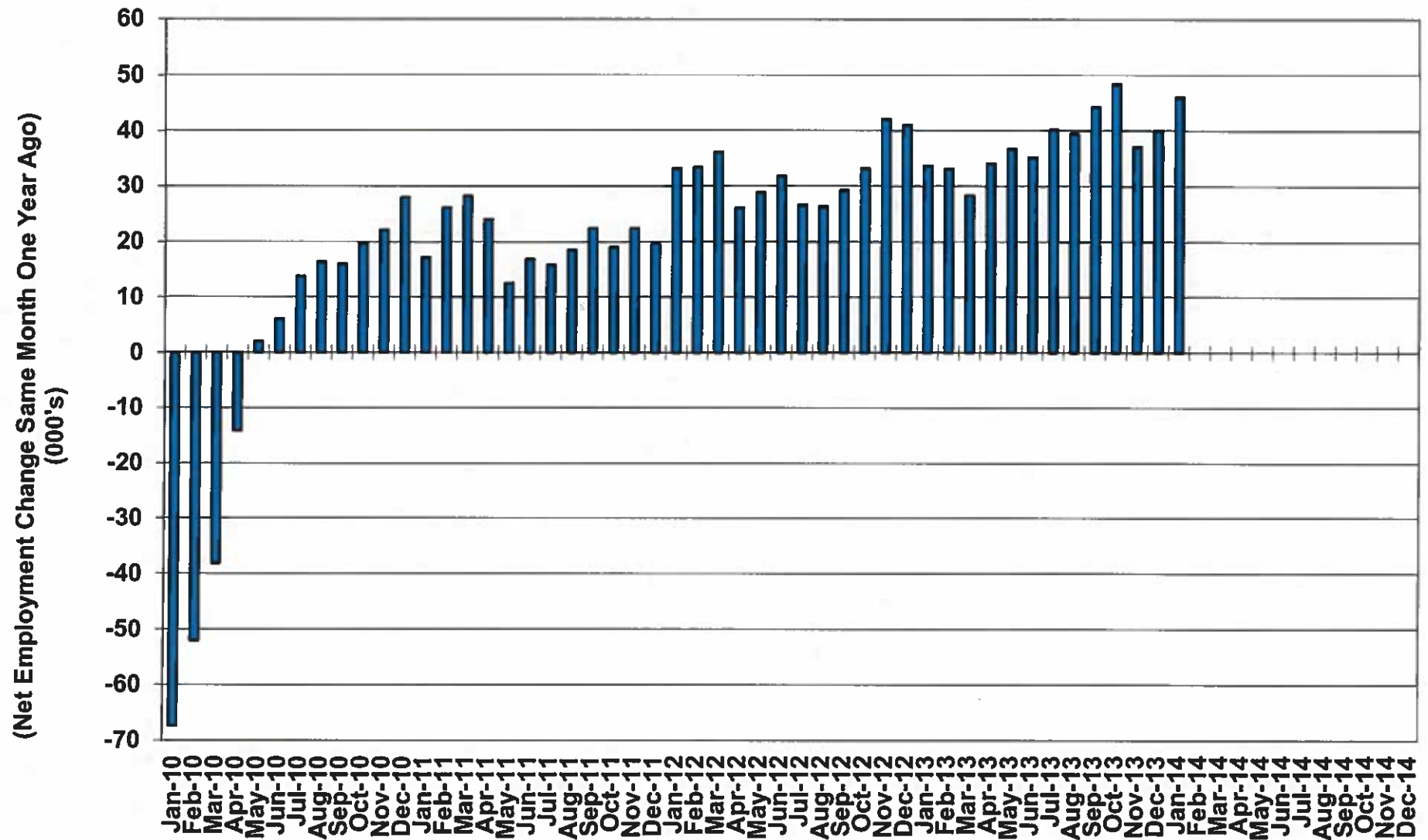
Source: South Carolina Department of Employment and Workforce
SCBEA/RWM/03/18/14

Total Nonfarm Employment Growth in South Carolina



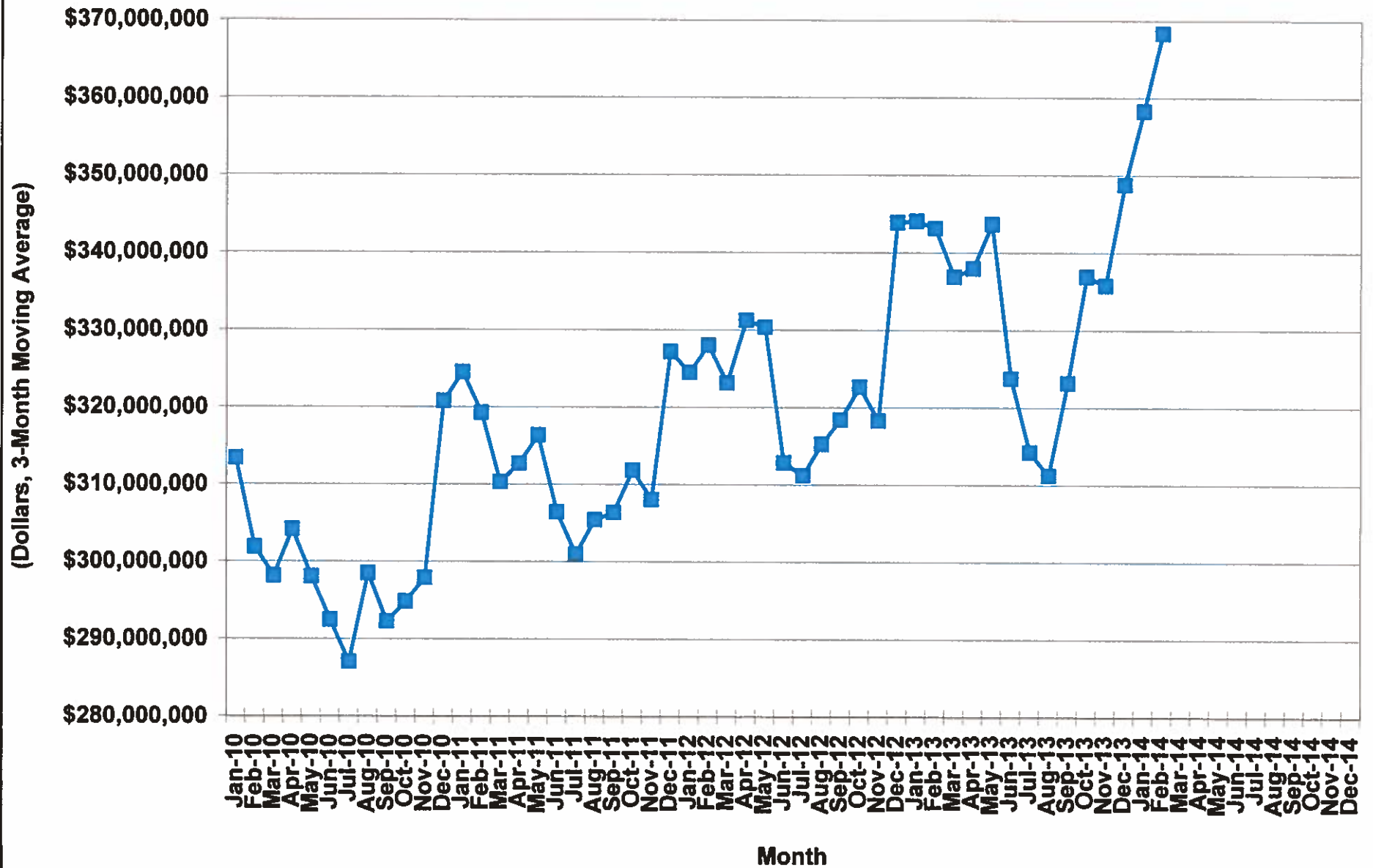
Source: South Carolina Department of Employment and Workforce
SCBEA/RWM/03/18/14

Net Employment Increase/Decrease in South Carolina

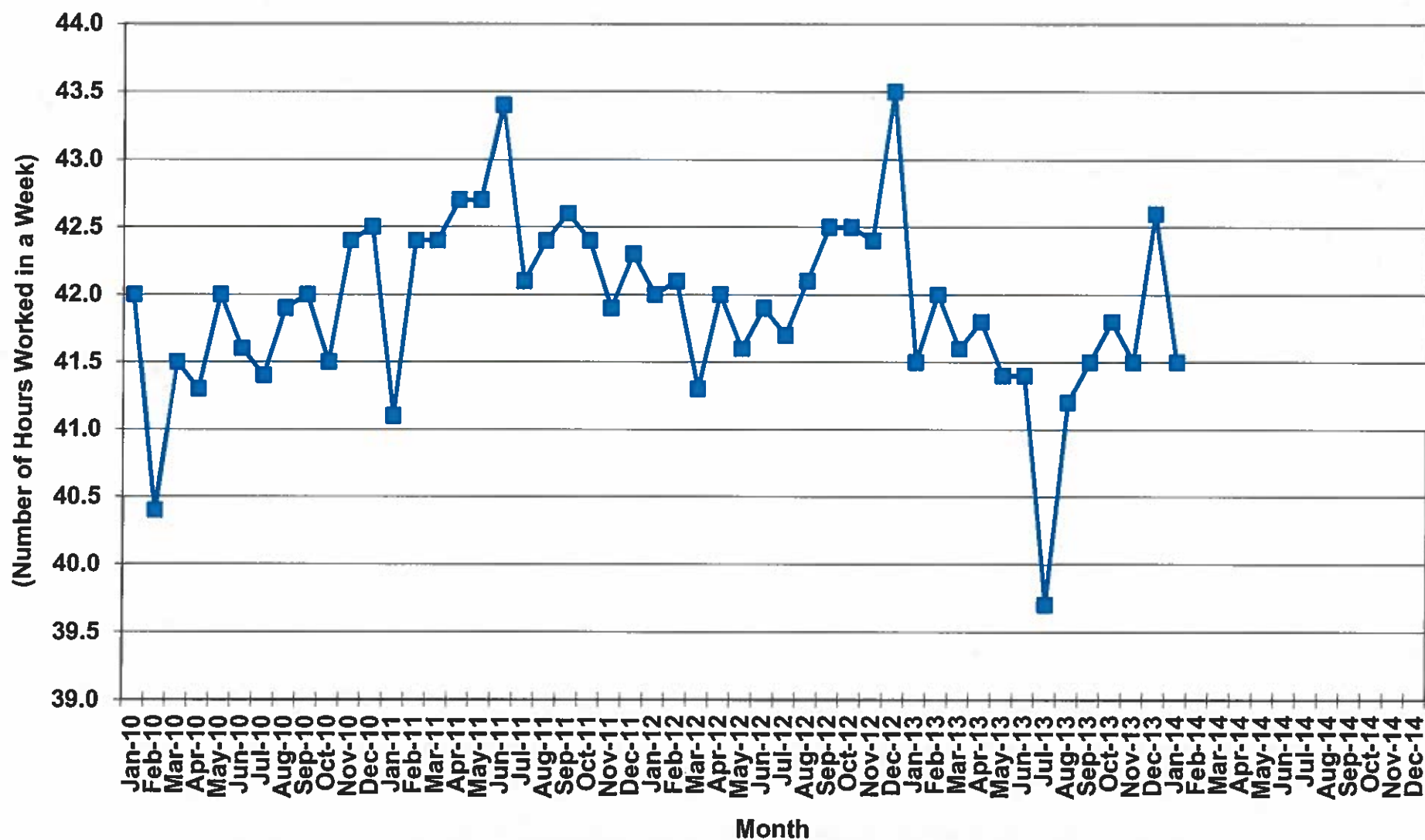


Source: U.S. Department of Labor, Bureau of Labor Statistics, Washington, D.C. Month
SCBEA/RWM/03/18/14

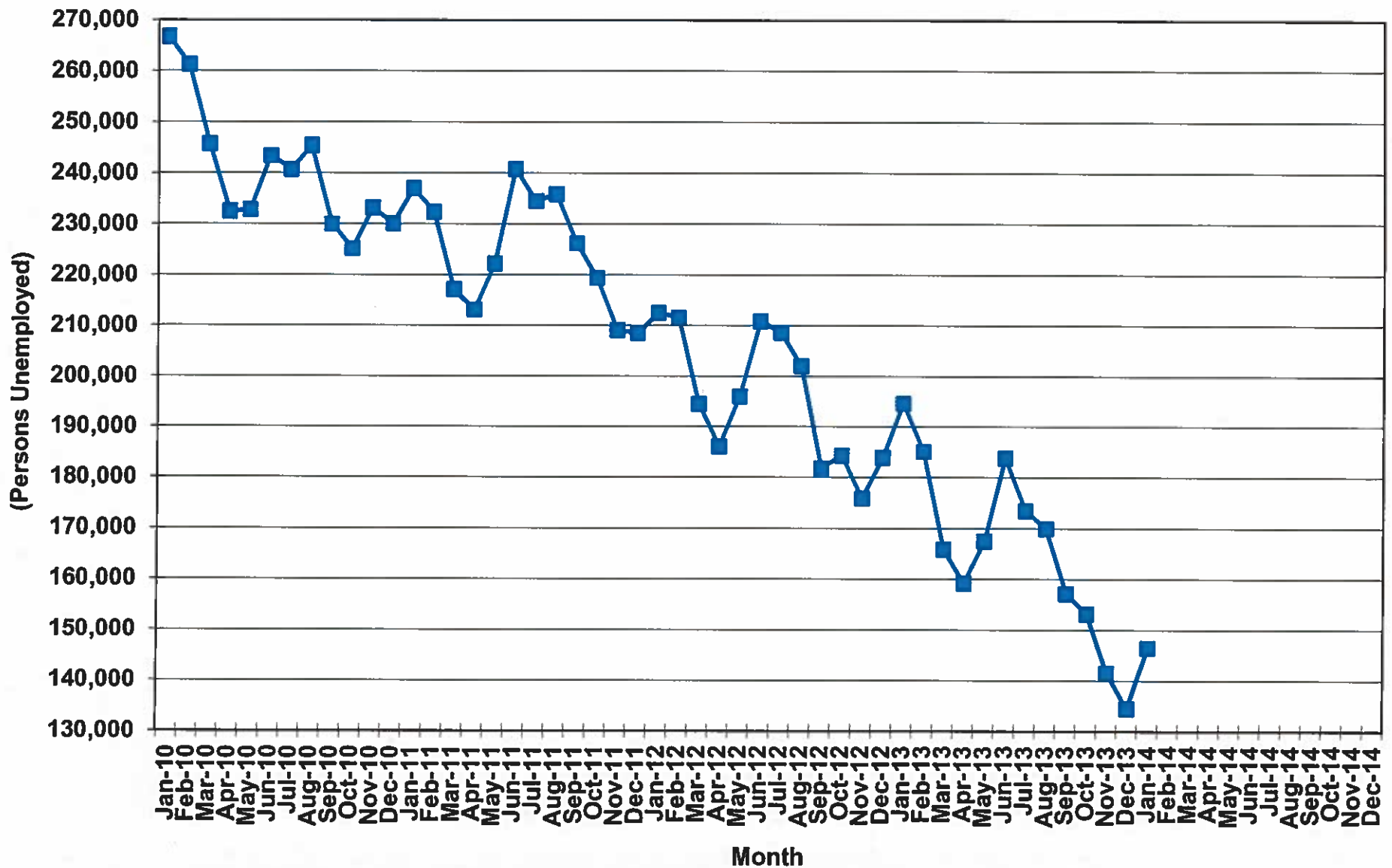
South Carolina Income Tax Withholdings



Average Work Week of Manufacturing Employees in South Carolina

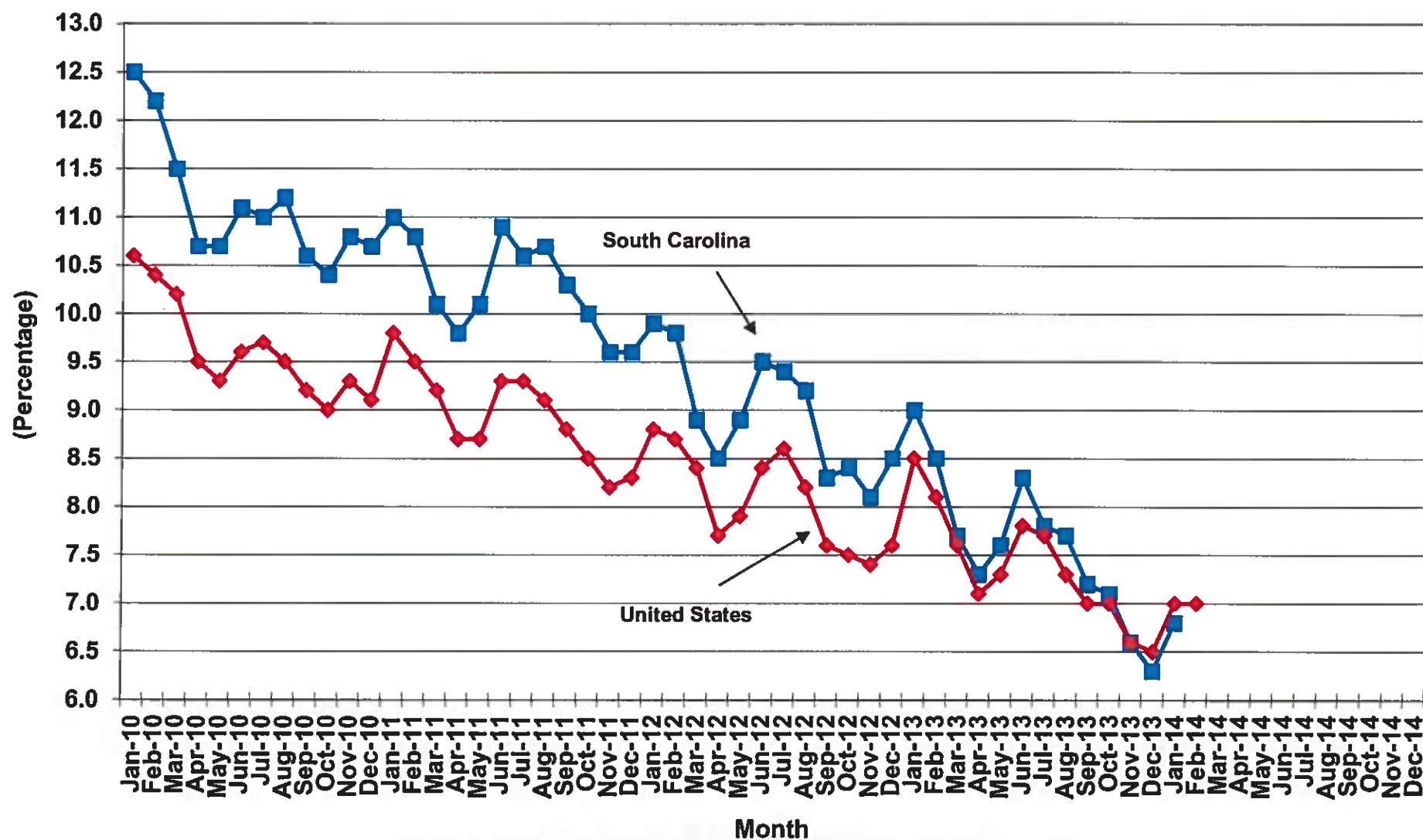


Total Unemployment in South Carolina (Unadjusted)



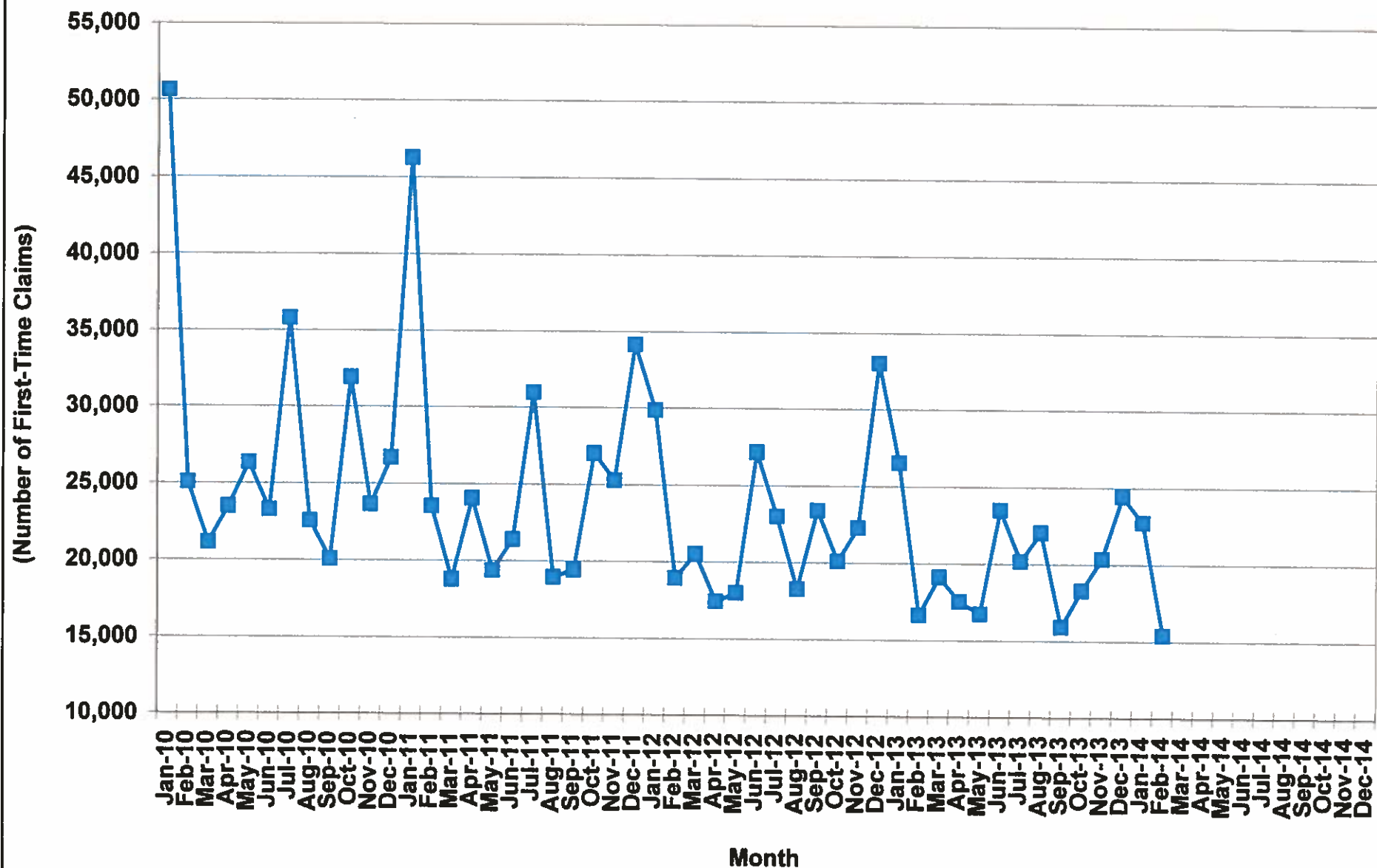
Source: South Carolina Department of Employment and Workforce
SCBEA/RWM/03/18/14

Unemployment Rate in South Carolina (Unadjusted)



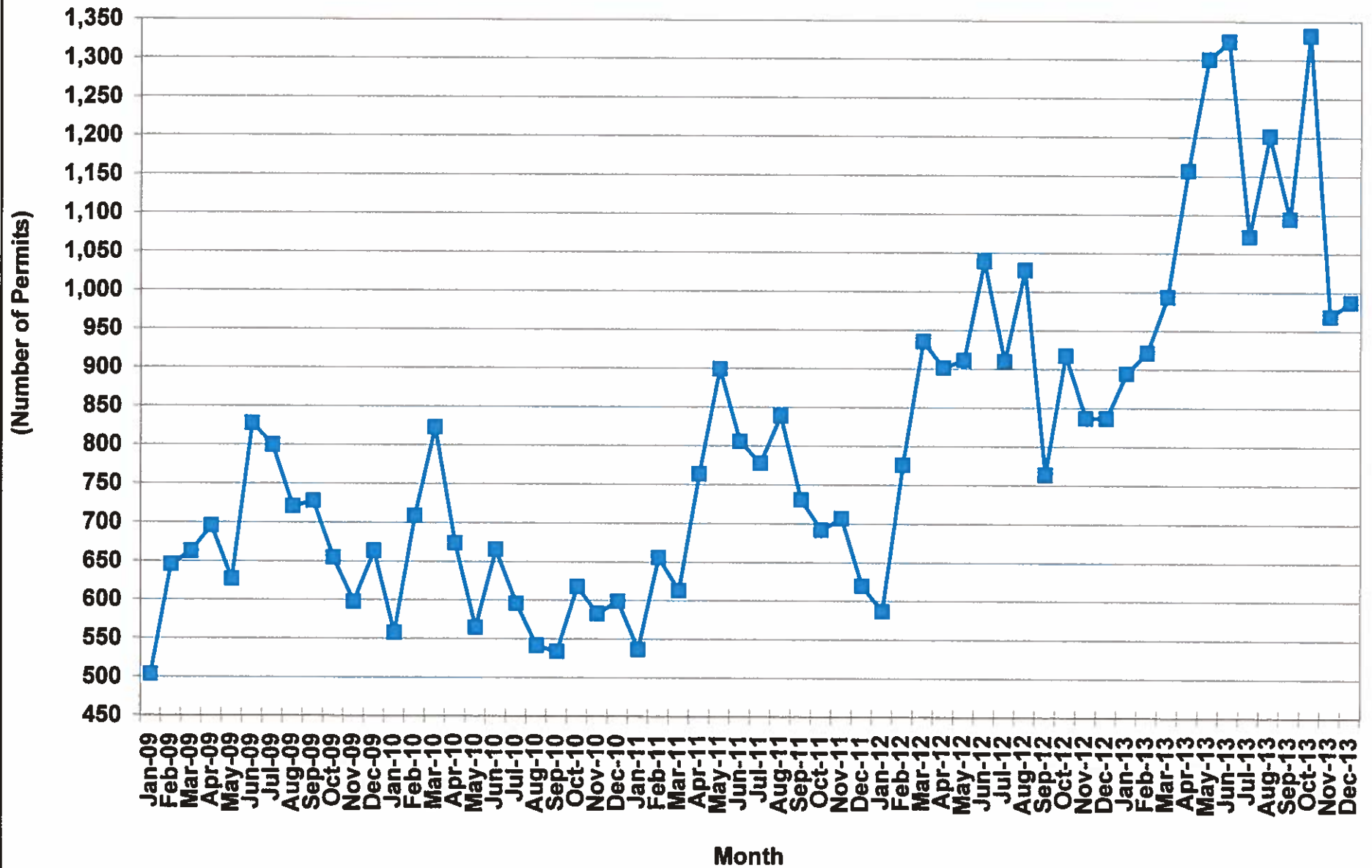
Source: South Carolina Department of Employment and Workforce
SCBEA/RWM/03/18/14

Initial Claims for Unemployment Insurance in South Carolina



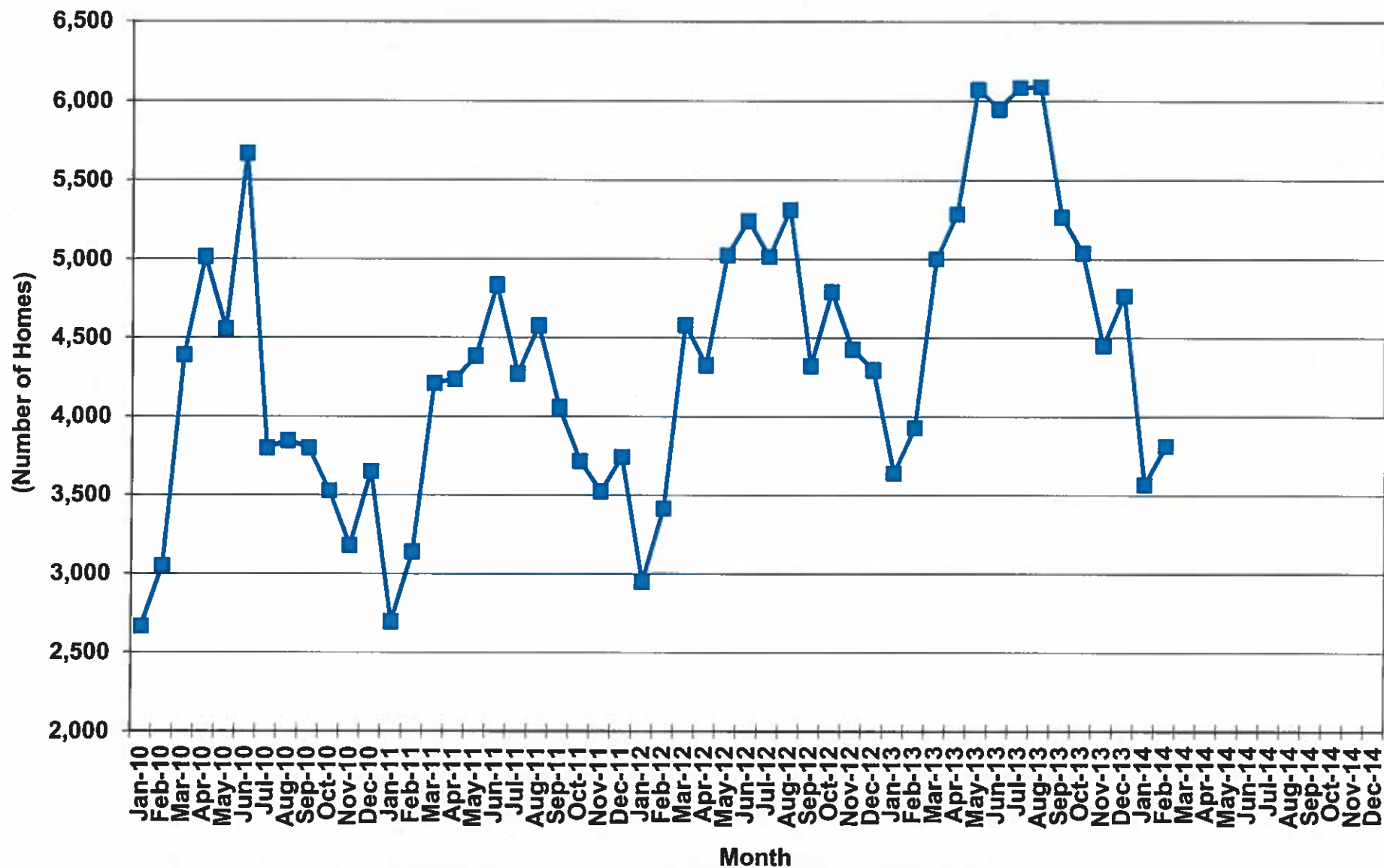
Source: South Carolina Department of Employment and Workforce
SCBEA/RWM/03/18/14

Residential Building Permits in South Carolina

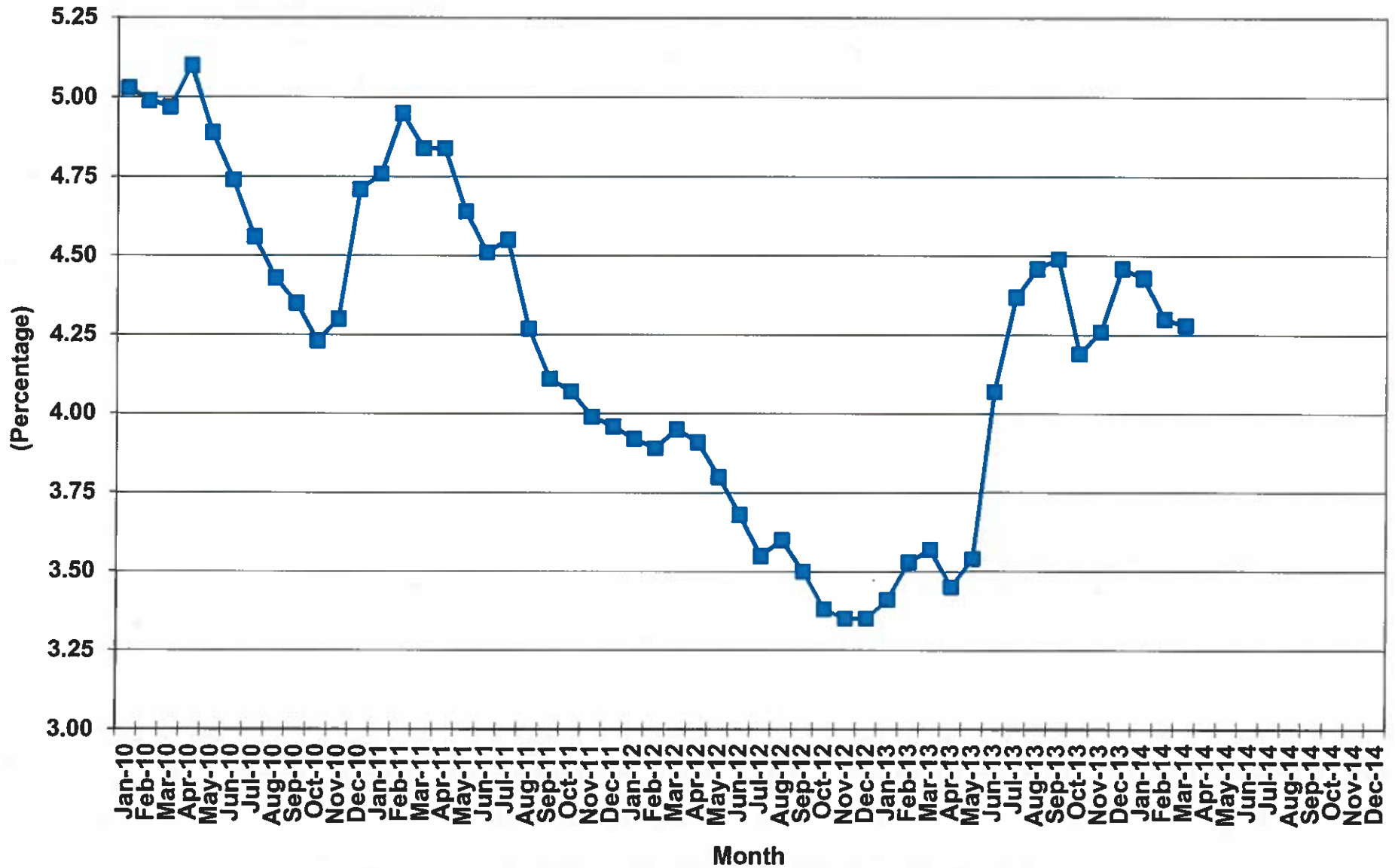


Source: U.S. Department of Commerce, Bureau of the Census, Washington, D.C.
SCBEA/RWM/03/18/14

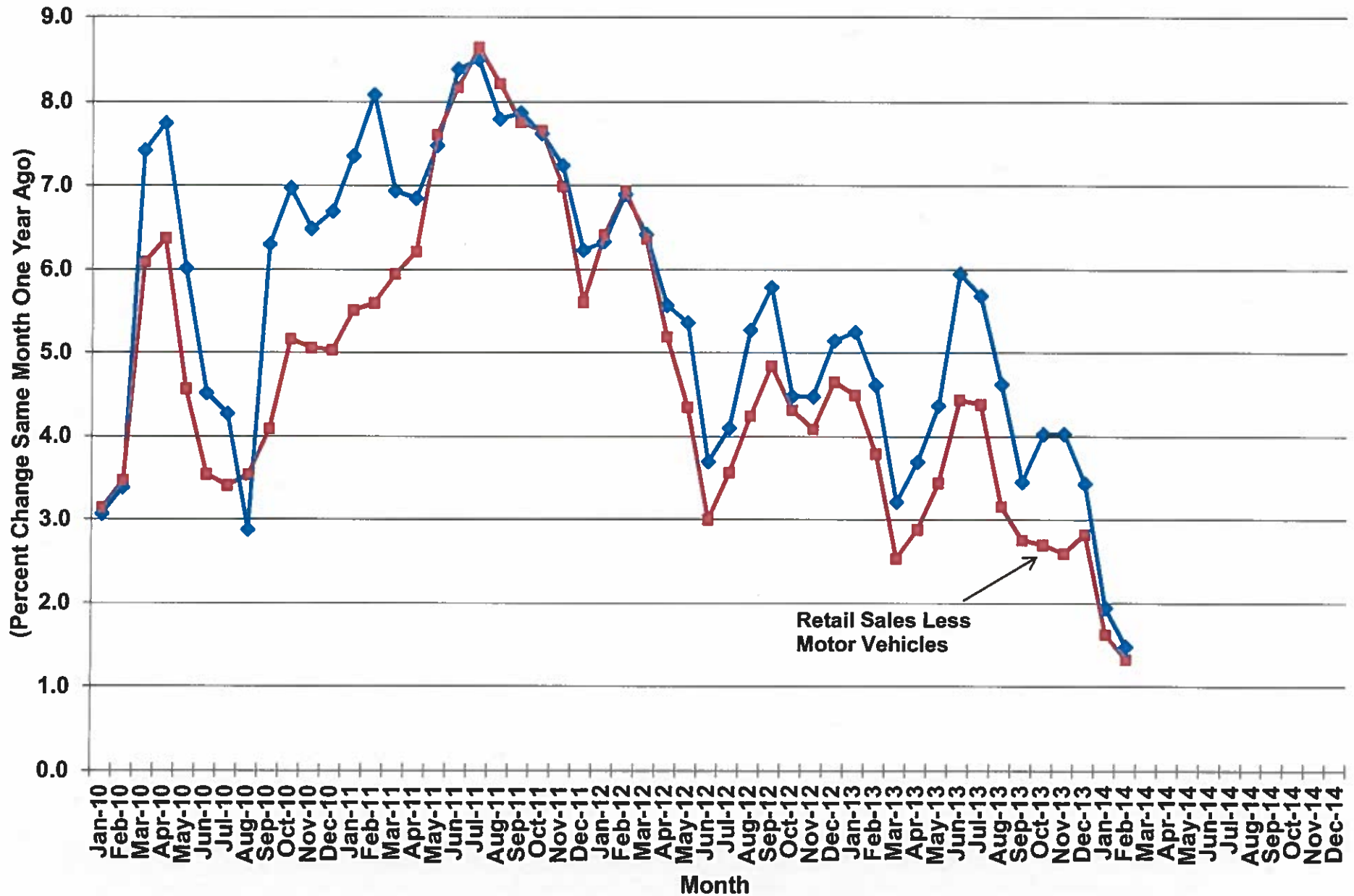
Number of Homes Sold in South Carolina



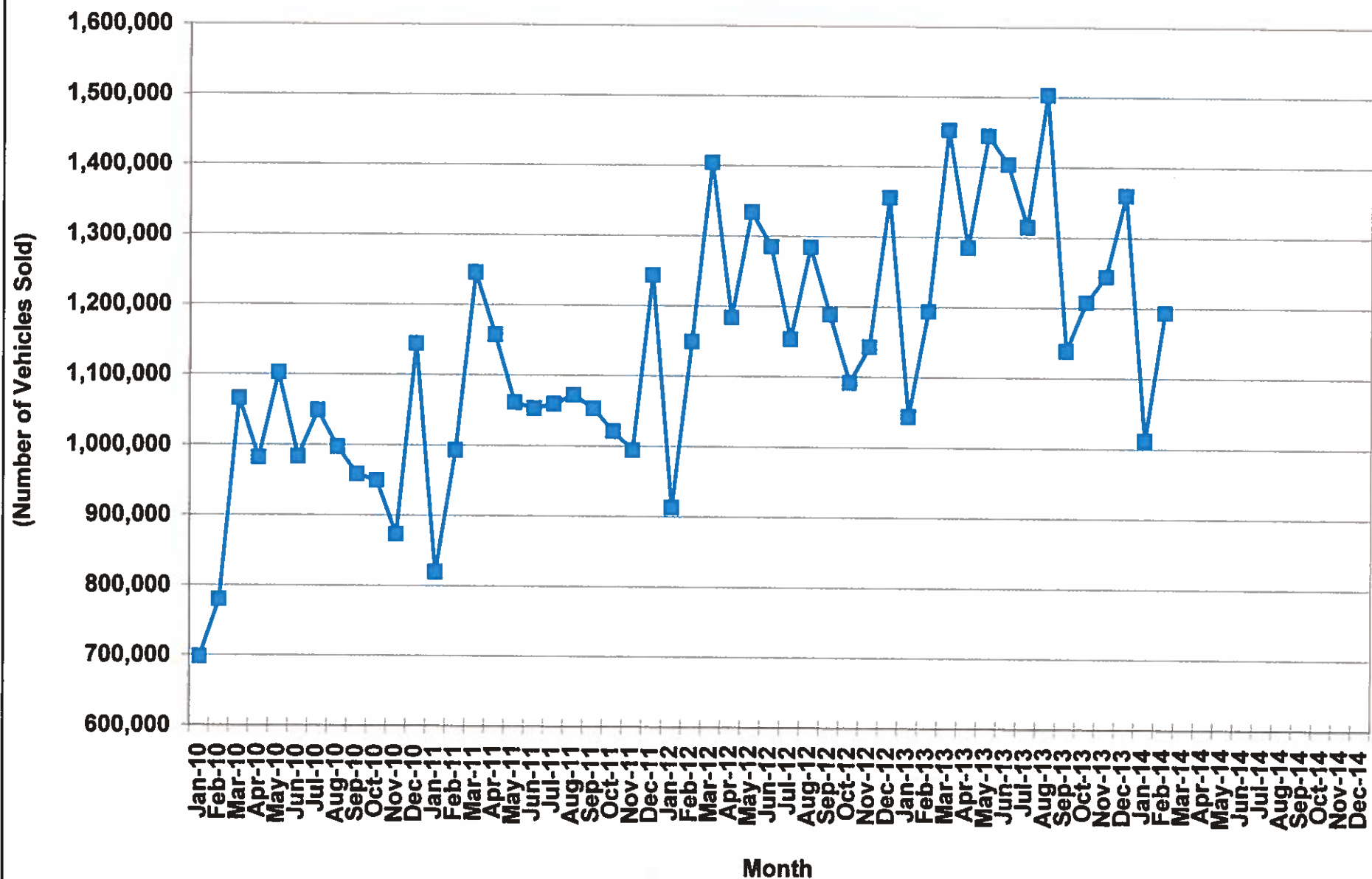
30-Year Fixed Mortgage Rates



U.S. Retail & Food Service Sales

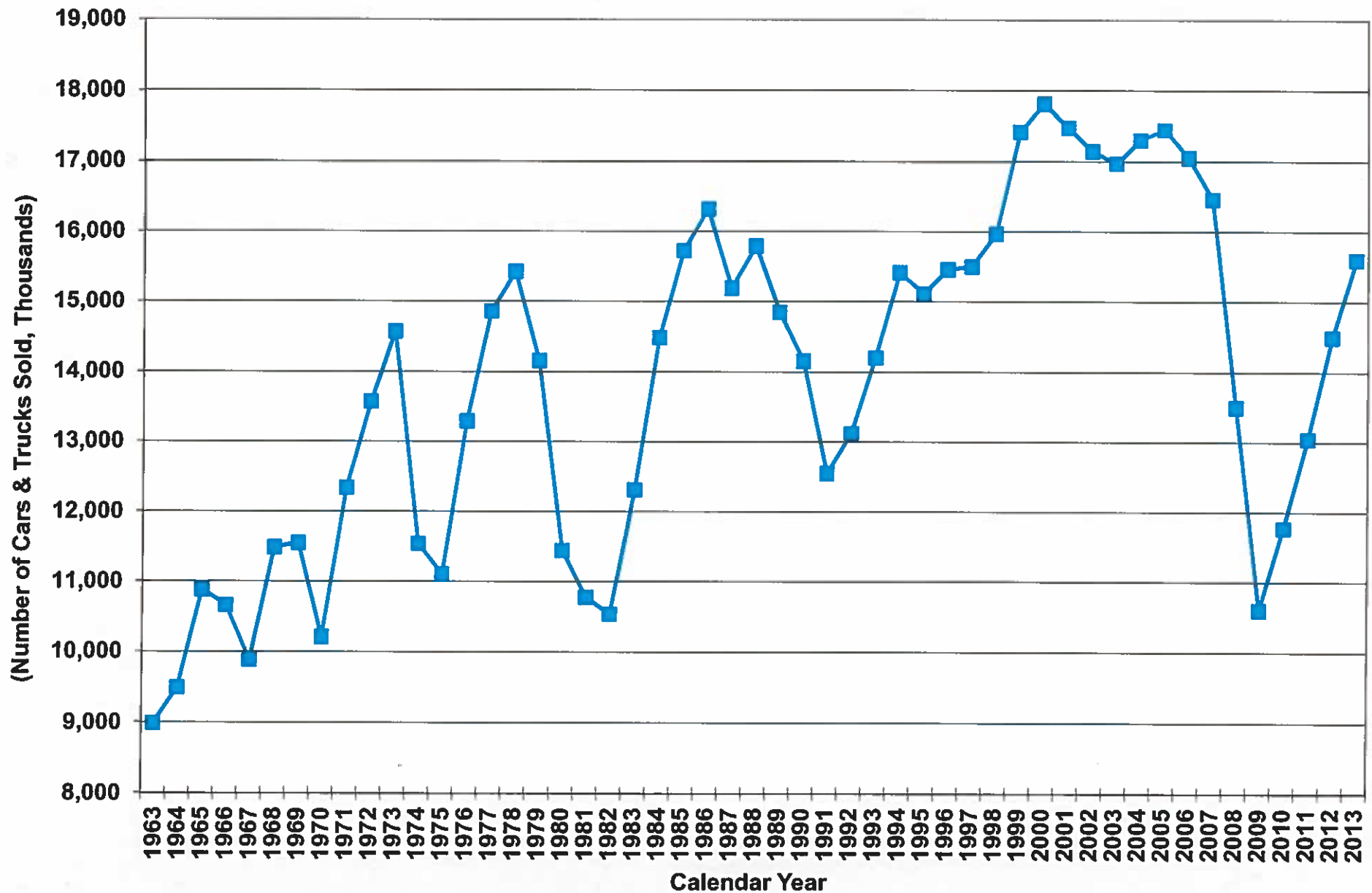


Total Light Vehicle Sales in the United States



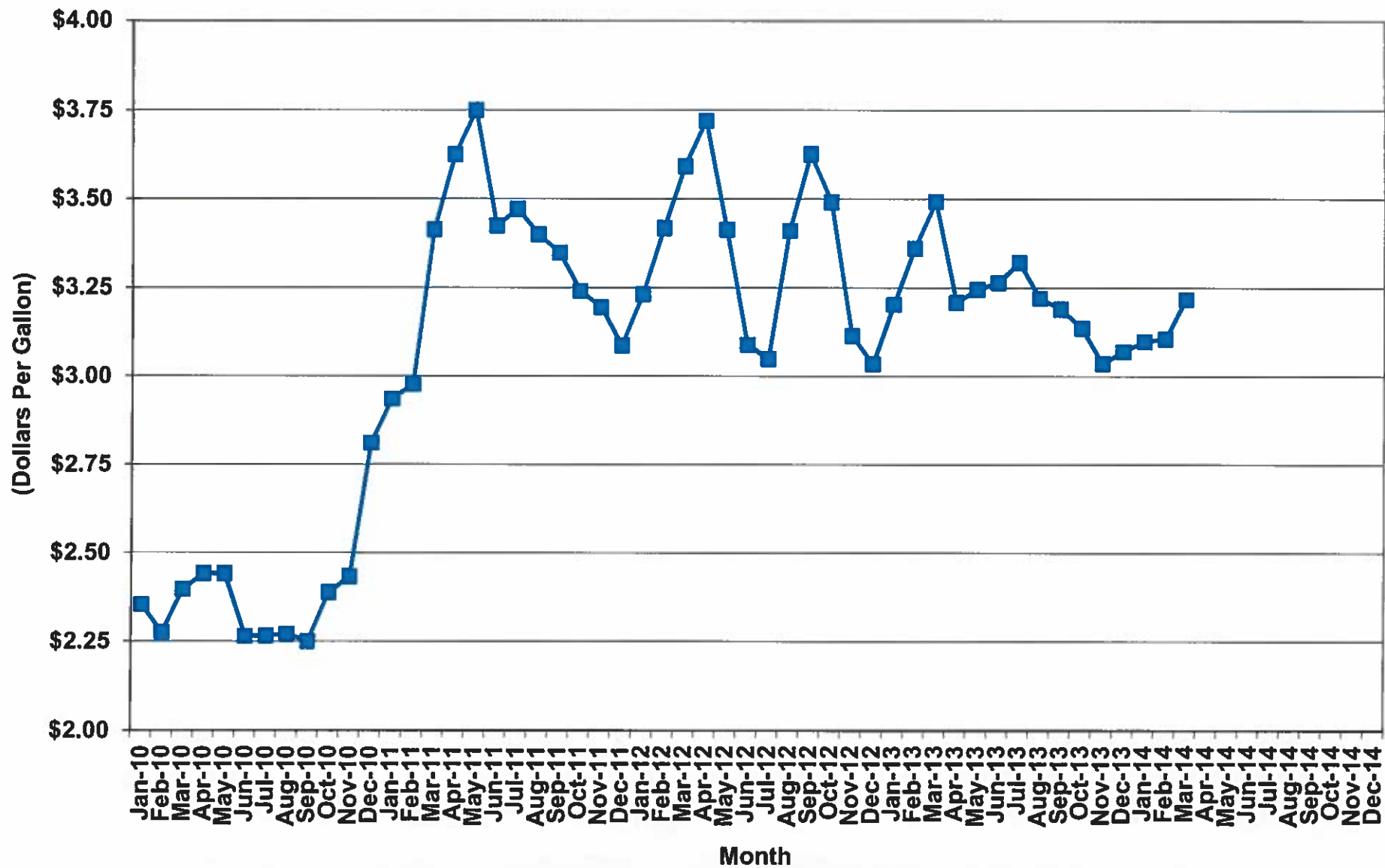
Source: Autodata Corporation, Motor Intelligence Division
SCBEA/RWM/03/18/14

U.S. Car & Truck Sales - 1963 to 2013



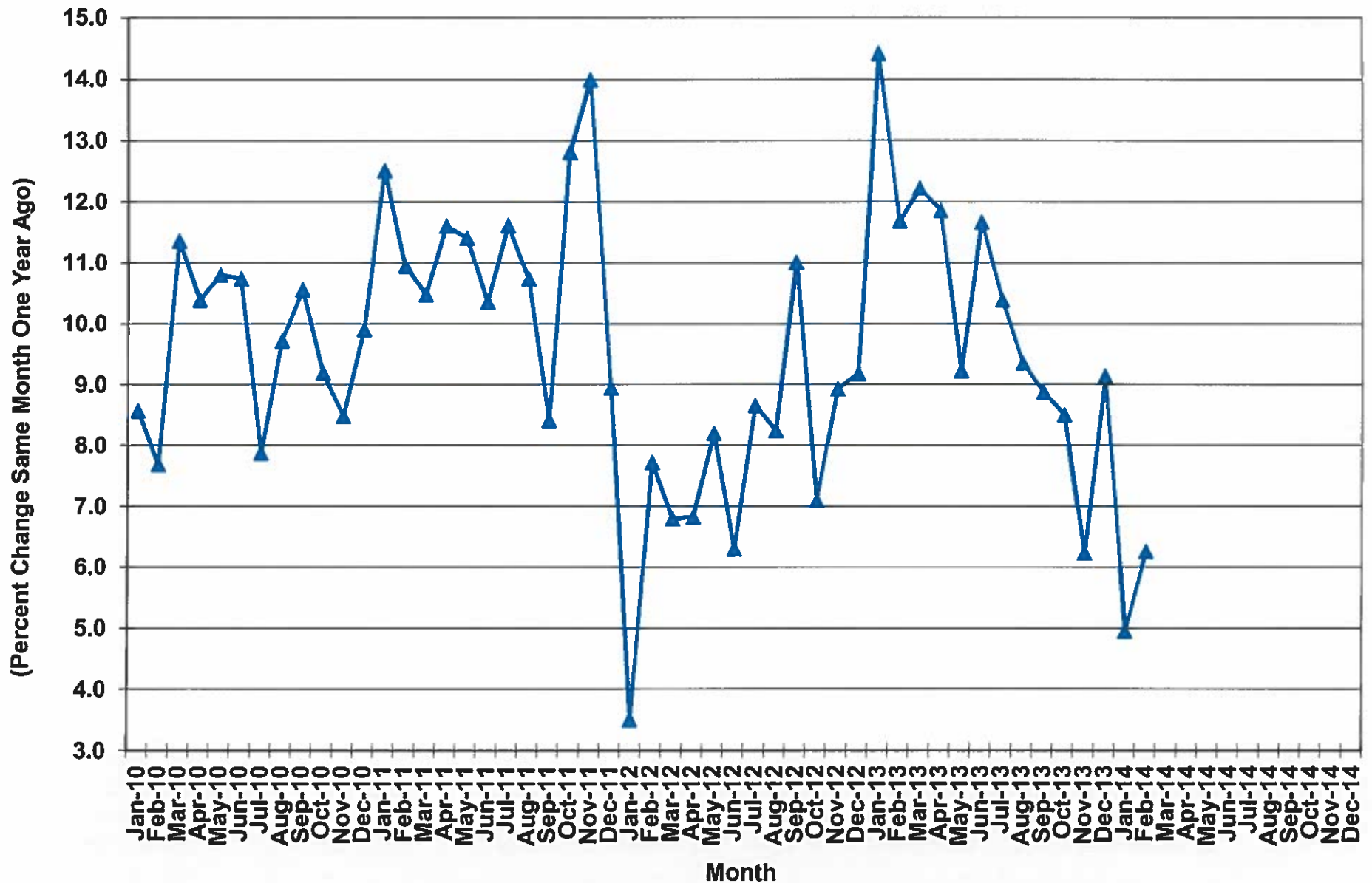
Sources: Ward's Automotive Group; Autodata Corporation.

Gasoline Prices in South Carolina

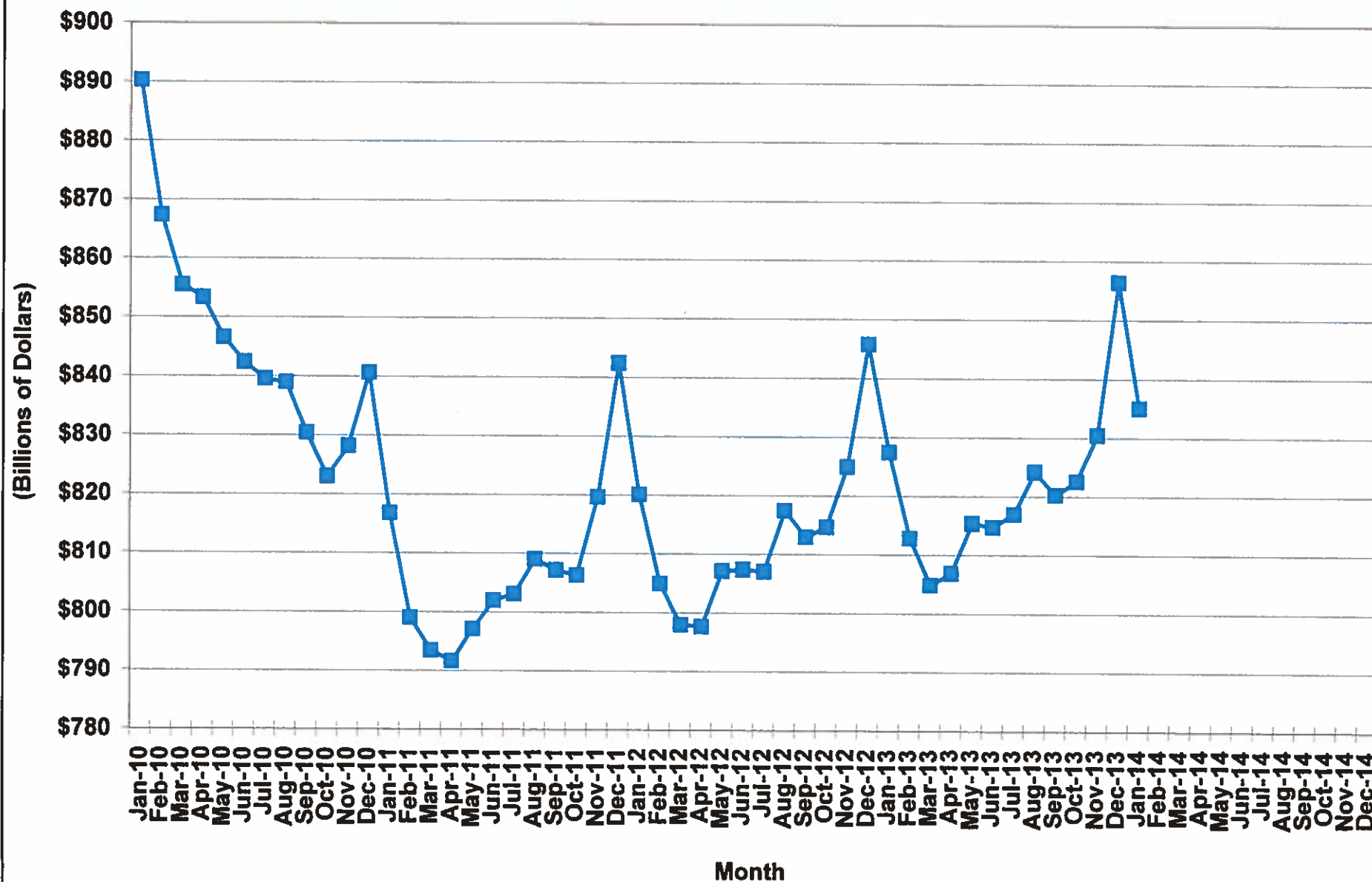


Source: U.S. Department of Energy, Energy Information Administration; AAA of the Carolina's
SCBEA/RWM/03/18/14

Nonstore Retail Sales in the U.S.

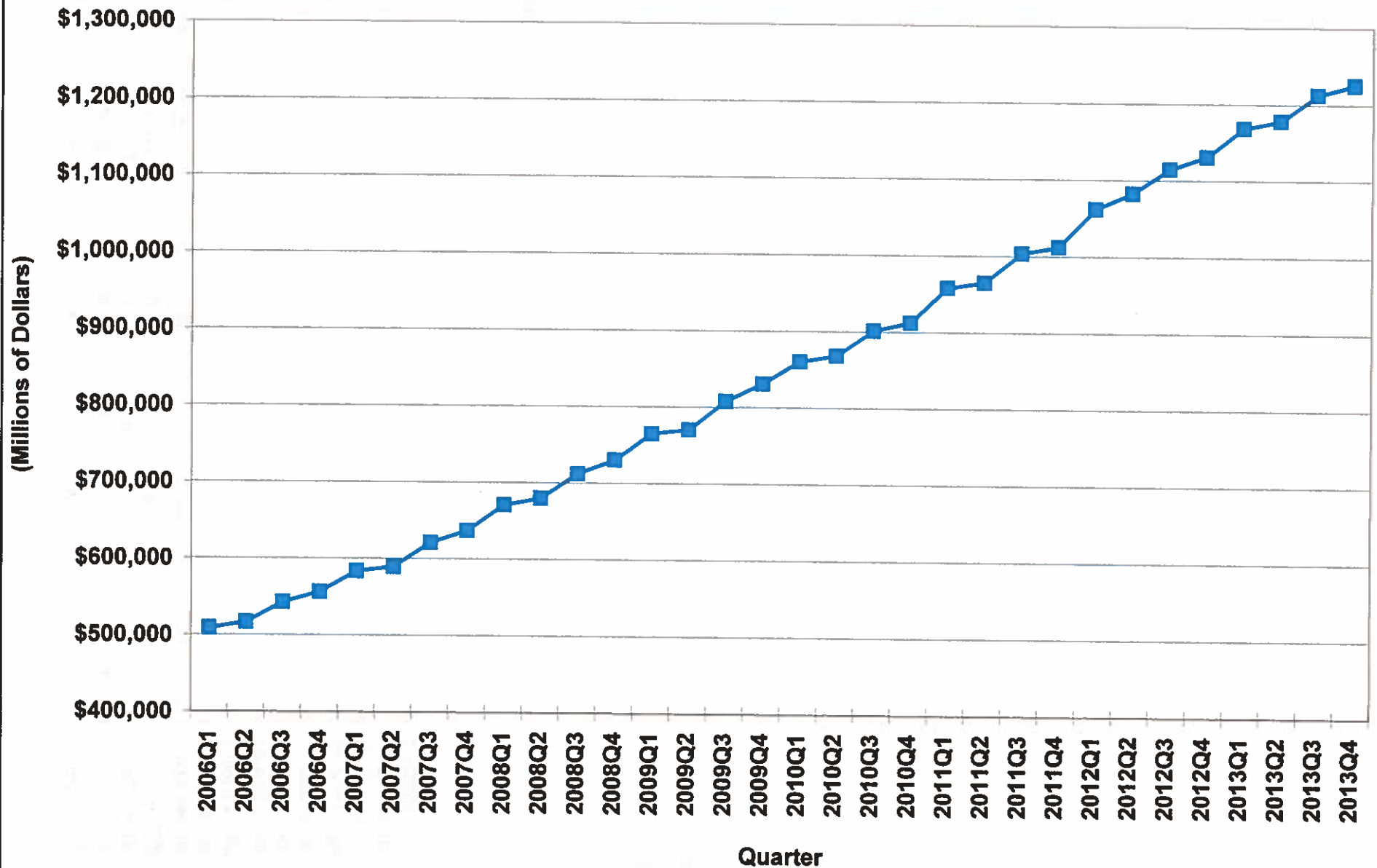


Total Revolving Credit Outstanding in the U.S.



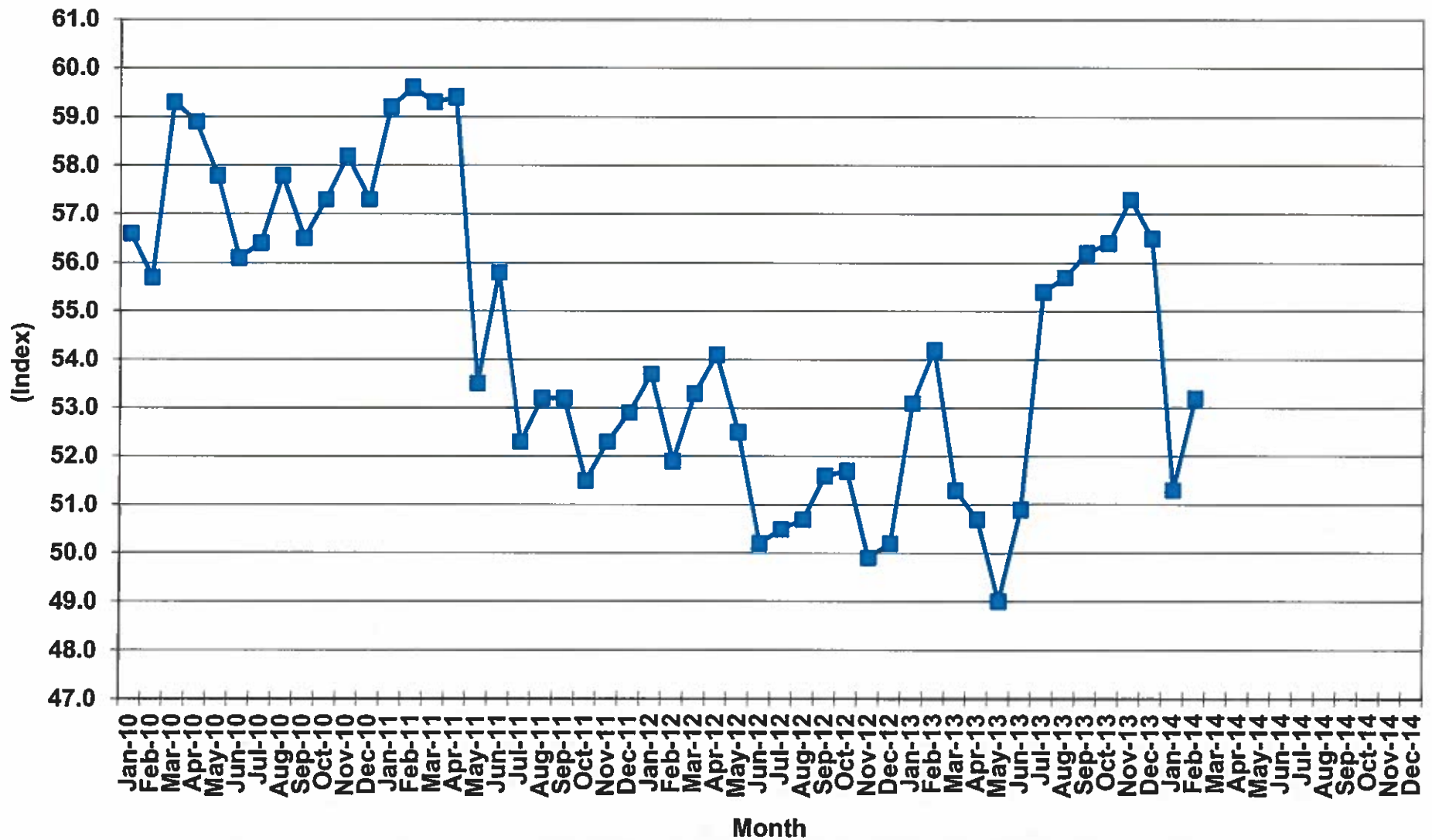
Source: The Board of Governors of the Federal Reserve System
SCBEA/RWM/03/18/14

Total Outstanding Student Loan Debt in the U.S.

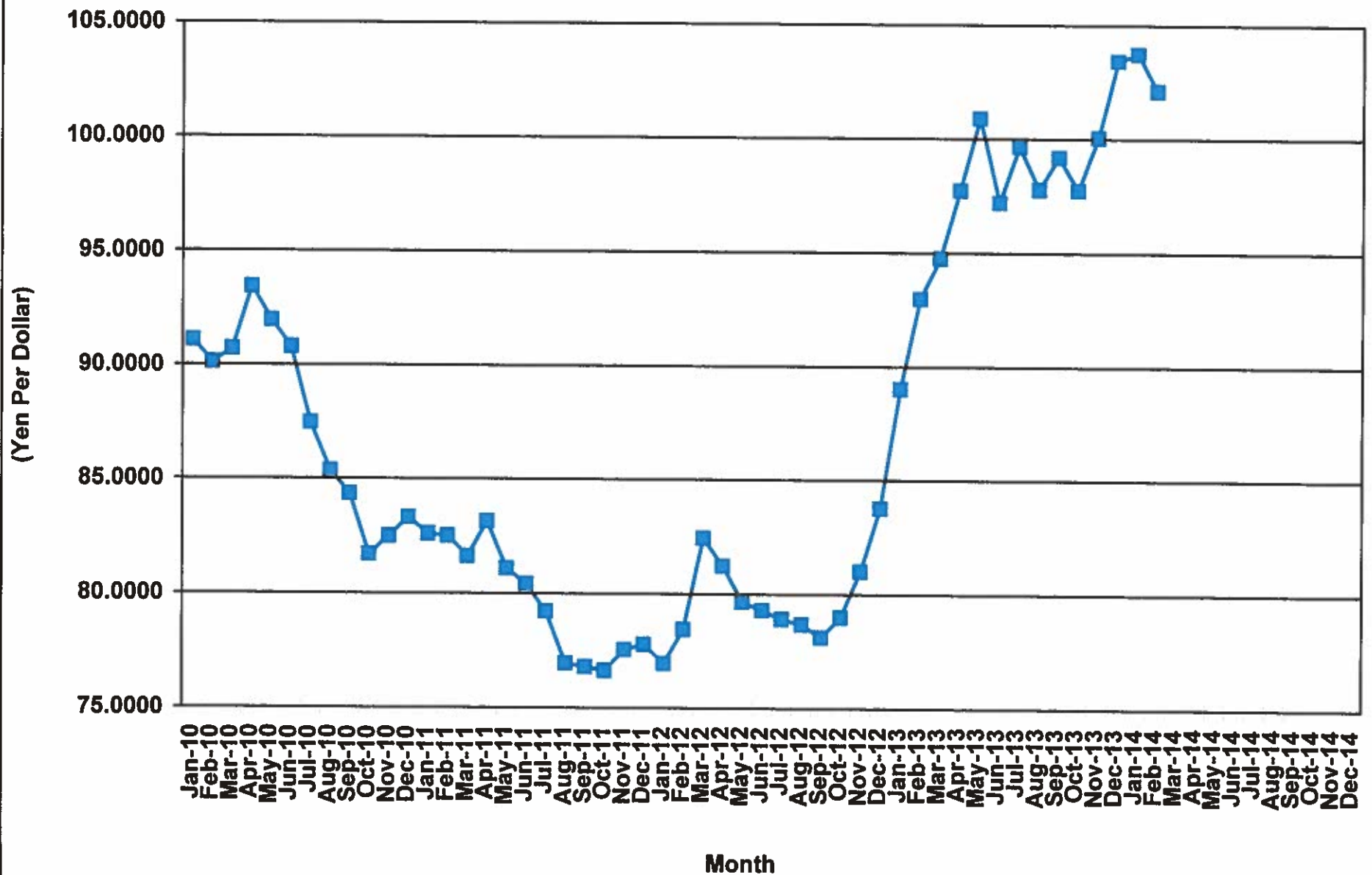


Source: Board of Governors of the Federal Reserve System
BEA/RWM/03/18/14

Index of Manufacturing Purchasing Managers Index (NAPM)

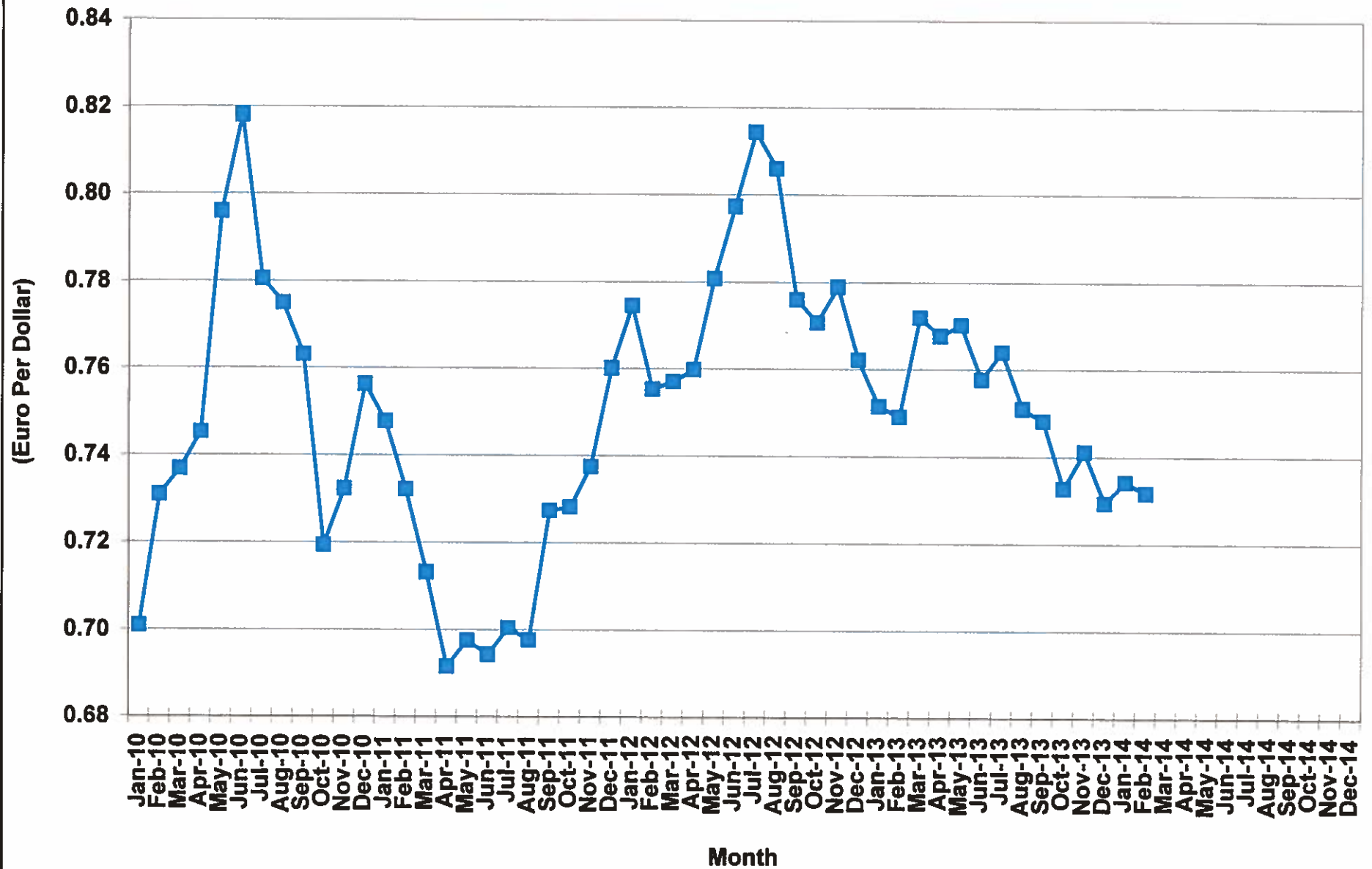


Value of the Yen vs. the U.S. Dollar



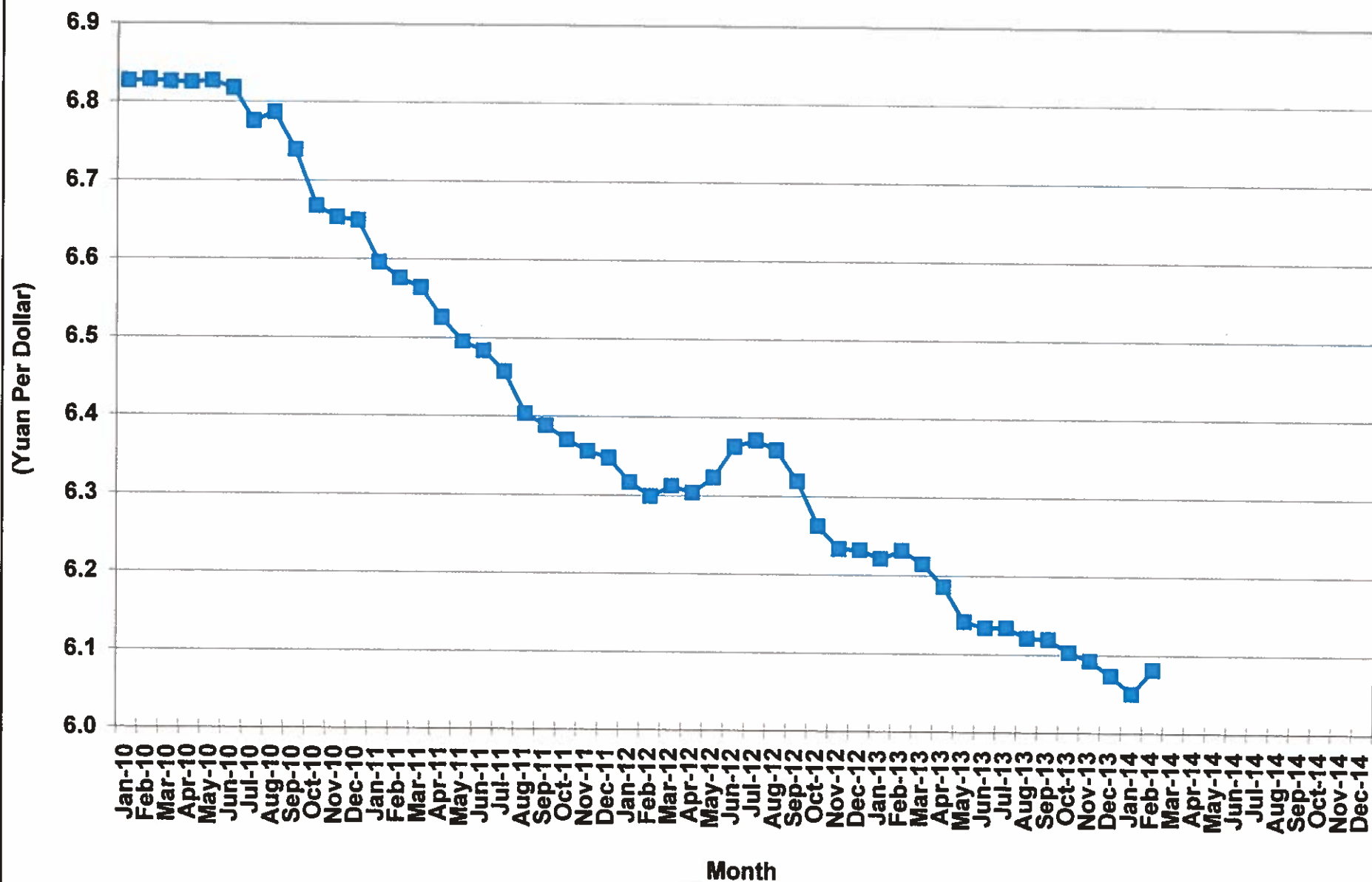
Source: The Board of Governors of the Federal Reserve System
SCBEA/RWM/03/18/14

Value of the Euro vs. the U.S. Dollar



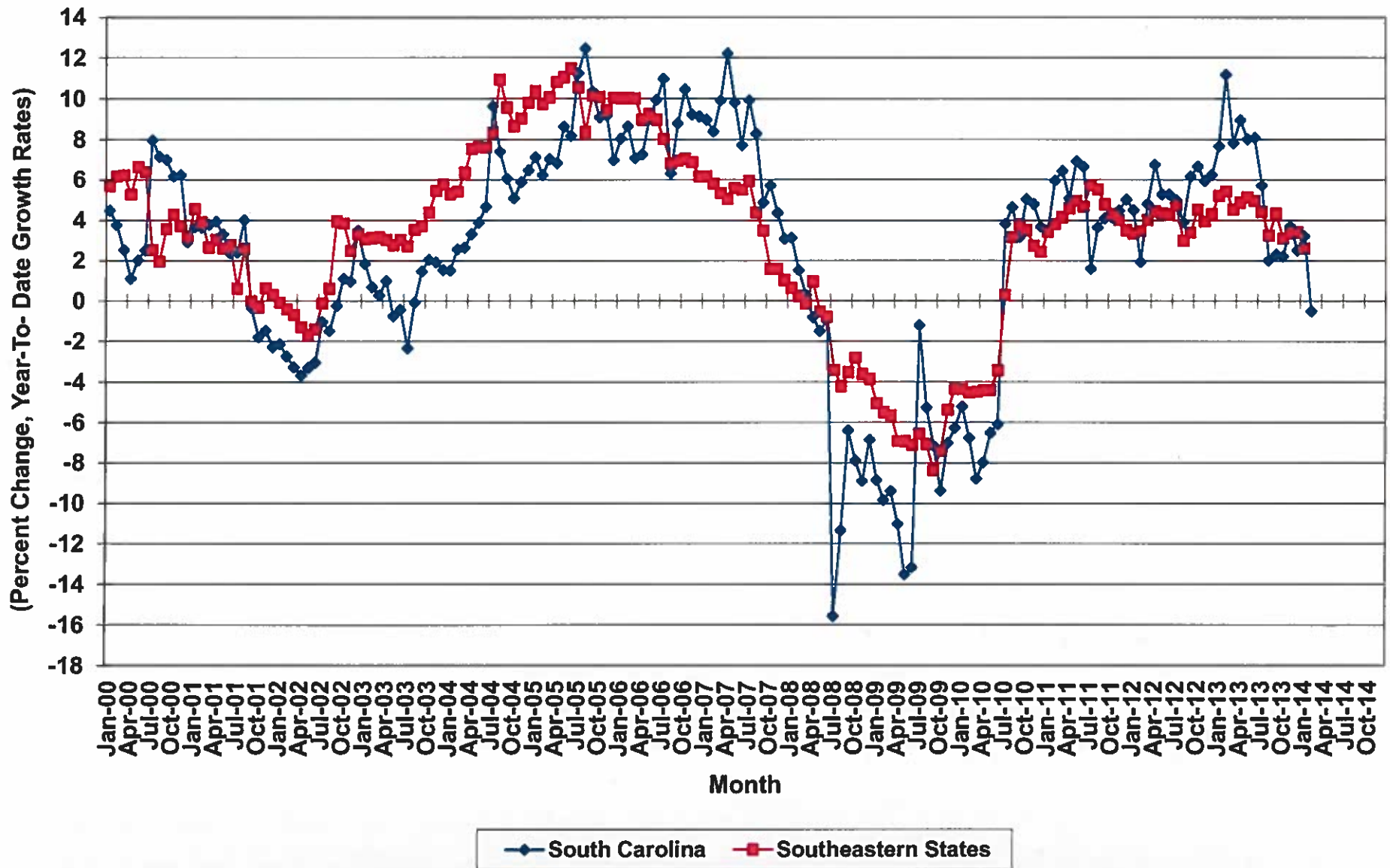
Source: The Board of Governors of the Federal Reserve System
SCBE/RWM/03/18/14

Value of the Yuan vs. the U.S. Dollar



Source: The Board of Governors of the Federal Reserve System
SCBEA/RWM/03/18/14

Growth in General Fund Revenue South Carolina & the Southeastern States



South Carolina Economic Indicators February 2014

- **Rebenchmarked employment grew 2.0% in CY2013 – the fastest annual pace since the last recession**
- **Increased employment aided withholding growth**
- **State unemployment rate below U.S. rate for second consecutive month**
- **Inclement weather kept consumers away from stores, car lots, and construction sites – effect on revenue**
- **Questions remain - Rising mortgage rates, weak car sales, personal income growth?**

Board of Economic Advisors Revenue Plan Summary:

FEBRUARY

Revenues vs. 02/13/14 BEA Working Estimate of \$6,966.8 Million in FY 2013-14 1/

| JULY - FEBRUARY OF FY 2013-14 | | | | | |
|-------------------------------|------------------|----------|-------------|--------------------------|-------------|
| | (\$ in Millions) | | | Revenue Growth Rates (%) | |
| | Actual | Expected | Excess / | Estimate | Actual |
| | Revenues | Revenues | (Shortfall) | Full Fiscal Yr. | Yr. to Date |
| Total General Fund Revenue | 4,360.8 | 4,346.3 | 14.5 | 0.6 | (0.5) |
| Sales Tax | 1,440.6 | 1,424.5 | 16.1 | 2.0 | 3.2 |
| Individual Income Tax | 2,377.2 | 2,370.5 | 6.7 | 1.3 | (1.8) |
| Corporate Income Tax | 136.0 | 143.8 | (7.9) | (15.9) | (18.4) |
| All Other Revenues | 384.2 | 385.8 | (1.6) | (2.7) | 1.7 |
| Admissions Tax - Total | 13.0 | 11.8 | 1.2 | 1.5 | 10.9 |
| Alcoholic Liquors Tax | 37.7 | 36.7 | 1.1 | 2.5 | 5.4 |
| Bank Tax | 15.4 | 22.2 | (6.8) | 12.0 | (22.0) |
| Beer and Wine Tax | 60.0 | 59.1 | 1.0 | 1.0 | 2.7 |
| Business License Tax | 15.2 | 16.1 | (0.9) | (1.0) | (6.3) |
| Coin - Operated Devices | 0.2 | 0.3 | (0.2) | 5.4 | (47.6) |
| Corporation License Tax | 36.8 | 32.3 | 4.5 | 10.0 | 37.4 |
| Departmental Revenue 2/ | 55.9 | 47.7 | 8.2 | 20.1 | 100.7 |
| Documentary Tax | 20.4 | 18.3 | 2.1 | 9.5 | 22.2 |
| Earnings on Investments | 13.5 | 13.6 | (0.1) | (28.0) | (28.4) |
| Estate and Gift Taxes | 0.0 | 0.0 | 0.0 | 0.0 | --- |
| Insurance Tax | 89.5 | 97.7 | (8.2) | (5.2) | (22.2) |
| Motor Vehicle Licenses | 5.8 | 5.6 | 0.2 | 2.0 | 5.6 |
| Workers' Comp. Insurance Tax | 1.5 | 4.0 | (2.5) | (15.8) | (68.4) |
| All Other Balance | 19.2 | 20.5 | (1.3) | (2.7) | (3.8) |
| Miscellaneous Revenue | 22.9 | 21.7 | 1.2 | (0.9) | 10.2 |
| Unclaimed Property Fund | 7.5 | 7.5 | 0.0 | 0.0 | 0.0 |
| Miscellaneous Revenue Balance | 15.4 | 14.2 | 1.2 | (1.5) | 15.9 |

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

2/: Includes nominal amounts from former recurring revenues.

Notes: Actual Revenues adjusted for offsets to CG July-November final reports. Detail may not sum due to rounding.

SC REVENUE PLAN FY2013-14 - FISCAL YEAR THROUGH FEBRUARY-2014

| Revenue Category | Actual Revenues | Estimated Revenues | Revenue Excess /Shortfall | Actual % Growth | Plan FYTD % Growth | Est. Annual % Growth | Recent Trends Percent | | | Recent Excess Dollars 1/ | | |
|--|-----------------|--------------------|---------------------------|-----------------|--------------------|----------------------|-----------------------|--------|--------|--------------------------|--------|------|
| | | | | | | | 3-MMA | 6-MMA | 12-MMA | 1Q | 2Q | 3Q |
| (millions of dollars and percent change) | | | | | | | | | | | | |
| Retail Sales | 1,440.6 | 1,424.5 | 16.1 | 3.2 | 2.1 | 2.0 | 0.4 | 3.1 | 3.2 | 9.8 | 27.4 | 0.0 |
| Beer / Wine | 60.0 | 59.2 | 0.8 | 2.7 | 1.2 | 1.0 | 3.3 | 3.2 | 0.6 | (0.4) | (0.3) | 0.0 |
| Alcoholic Liquors | 37.7 | 36.6 | 1.1 | 5.4 | 0.0 | 2.5 | 7.6 | 5.2 | 4.6 | 0.1 | 0.4 | 0.0 |
| Documentary Stamp | 20.4 | 18.3 | 2.1 | 22.2 | 8.9 | 9.5 | 10.7 | 21.0 | 9.8 | 0.9 | 1.7 | 0.0 |
| Admissions Tax (Total) | 13.0 | 11.7 | 1.3 | 10.9 | (0.8) | 1.5 | 10.6 | 7.9 | 4.6 | 0.7 | 1.2 | 0.0 |
| Bus. License (Tobacco) | 15.2 | 16.1 | (0.9) | (6.3) | (0.6) | (1.0) | (2.9) | (7.9) | (2.9) | 0.1 | 0.1 | 0.0 |
| Individual Income | 2,377.2 | 2,370.5 | 6.7 | (1.8) | (2.1) | 1.3 | (13.5) | (3.0) | (2.8) | (11.4) | (28.4) | 0.0 |
| Withholding | 2,780.3 | 2,739.9 | 40.4 | 5.3 | 3.8 | 4.0 | 7.3 | 6.4 | 4.8 | 5.6 | (12.2) | 0.0 |
| Declarations | 234.0 | 228.2 | 5.8 | (1.1) | (3.6) | 0.5 | (7.8) | (1.3) | 1.0 | (3.6) | (3.4) | 0.0 |
| Paid With Returns | 88.9 | 161.1 | (72.2) | (33.0) | 21.6 | (7.0) | (252.9) | (48.1) | 12.1 | (5.5) | 17.4 | 0.0 |
| Refunds | 726.1 | 758.8 | (32.7) | 23.5 | 29.0 | 5.7 | 21.8 | 24.1 | 26.4 | 7.8 | 30.2 | 0.0 |
| Corporate Income | 136.0 | 143.9 | (7.9) | (18.4) | (13.6) | (15.9) | (44.4) | (20.0) | 16.0 | (4.7) | 1.0 | 0.0 |
| Corp Withholdings | 5.8 | 4.5 | 1.3 | 56.4 | 18.4 | (10.9) | 42.9 | 73.3 | 58.0 | 1.5 | 1.0 | 0.0 |
| Corp Declarations | 139.4 | 147.9 | (8.5) | 17.1 | 24.2 | 12.8 | (5.8) | 16.4 | 28.3 | (7.3) | (4.1) | 0.0 |
| Corp Paid w/ Returns | 18.8 | 34.1 | (15.3) | (75.5) | (55.7) | (47.4) | (82.5) | (77.9) | (17.6) | (0.6) | (9.1) | 0.0 |
| Corp Refunds | 28.1 | 42.4 | (14.3) | (15.4) | 28.1 | 27.9 | 80.6 | (11.0) | (15.7) | (1.7) | (13.2) | 0.0 |
| Corporate Licenses | 36.8 | 32.3 | 4.5 | 37.4 | 20.1 | 10.0 | 71.0 | 25.7 | (14.4) | 4.3 | (1.4) | 0.0 |
| Bank | 15.4 | 22.1 | (6.7) | (22.0) | 12.2 | 12.0 | 8.7 | (23.9) | (2.4) | 1.3 | (6.7) | 0.0 |
| Insurance | 89.5 | 97.5 | (8.0) | (22.2) | (15.1) | (5.2) | 6.0 | (20.9) | (9.7) | (0.9) | (4.1) | 0.0 |
| Ins. License | 11.1 | 10.5 | 0.6 | (64.9) | (66.7) | (50.0) | 26.3 | (75.9) | (61.7) | 0.3 | 1.0 | 0.0 |
| Earnings on Invest. | 13.5 | 13.5 | 0.0 | (28.4) | (28.2) | (28.0) | (20.0) | (26.3) | (23.6) | (0.3) | 0.2 | 0.0 |
| Workers Comp. | 1.5 | 4.0 | (2.5) | (68.4) | (16.6) | (15.8) | (36.0) | (58.1) | (18.3) | (0.1) | (1.6) | 0.0 |
| Departmental Rev | 55.9 | 47.6 | 8.3 | 100.7 | 70.7 | 20.1 | 8.8 | 133.5 | 87.8 | (6.8) | 11.0 | 0.0 |
| Other Revenue Items | 48.2 | 48.5 | (0.3) | ---- | ---- | ---- | ---- | ---- | ---- | ---- | ---- | ---- |
| Gross General Fund | 4,360.8 | 4,346.3 | 14.5 | (0.5) | (0.8) | 0.6 | (7.9) | (1.1) | 0.5 | (7.6) | 0.6 | 0.0 |

1/ Quarters adjusted to 02/13/14 BEA Working Estimate.
Detail may be off + or - .1 to .2 due to rounding
Source: SC Board of Economic Advisors DLG, 03/18/2014

FORECAST UPDATE FEBRUARY 2014

REGARDING THE FORECAST, GENERAL FUND REVENUES ARE \$14.5 MILLION ABOVE THE REVENUE PLAN THROUGH FEBRUARY.

- SALES TAX REVENUE IS \$16.1 MILLION ABOVE GUIDE.
- INDIVIDUAL INCOME TAX IS \$6.7 MILLION ABOVE GUIDE.
- CORPORATE INCOME TAX IS \$7.8 MILLION *BELOW* GUIDE.
- CORPORATE LICENSE TAX IS \$4.5 MILLION ABOVE GUIDE.
- BANK TAX IS \$6.8 MILLION *BELOW* GUIDE.
- INSURANCE TAX IS \$8.2 MILLION *BELOW* GUIDE.

APRIL MEETING ISSUES

- END OF THIRD QUARTER
 - IMPACT OF SNOW STORMS ON SALES TAX
 - INSURANCE TAX FINAL ANNUAL RETURNS
 - CORPORATE INCOME & LICENSE TAX – BIG QUARTER
 - LATER EASTER
 - CAR REVENUE TO BE TRANSFERRED MONTHLY
 - LAWSUIT REVENUE – BOTOX & LG
 - REFUND PROCESSING TRENDS
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➤ ADMINISTRATIVE AND ORGANIZATIONAL ISSUES
REGARDING RESTRUCTURING