FY 2012-13

REVENUE BRIEFING

PRESENTED TO

SENATE FINANCE COMMITTEE

January 10, 2012

BY
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S.C. BUDGET & CONTROL BOARD
BOARD OF ECONOMIC ADVISORS/OFFICE OF RESEARCH & STATISTICS
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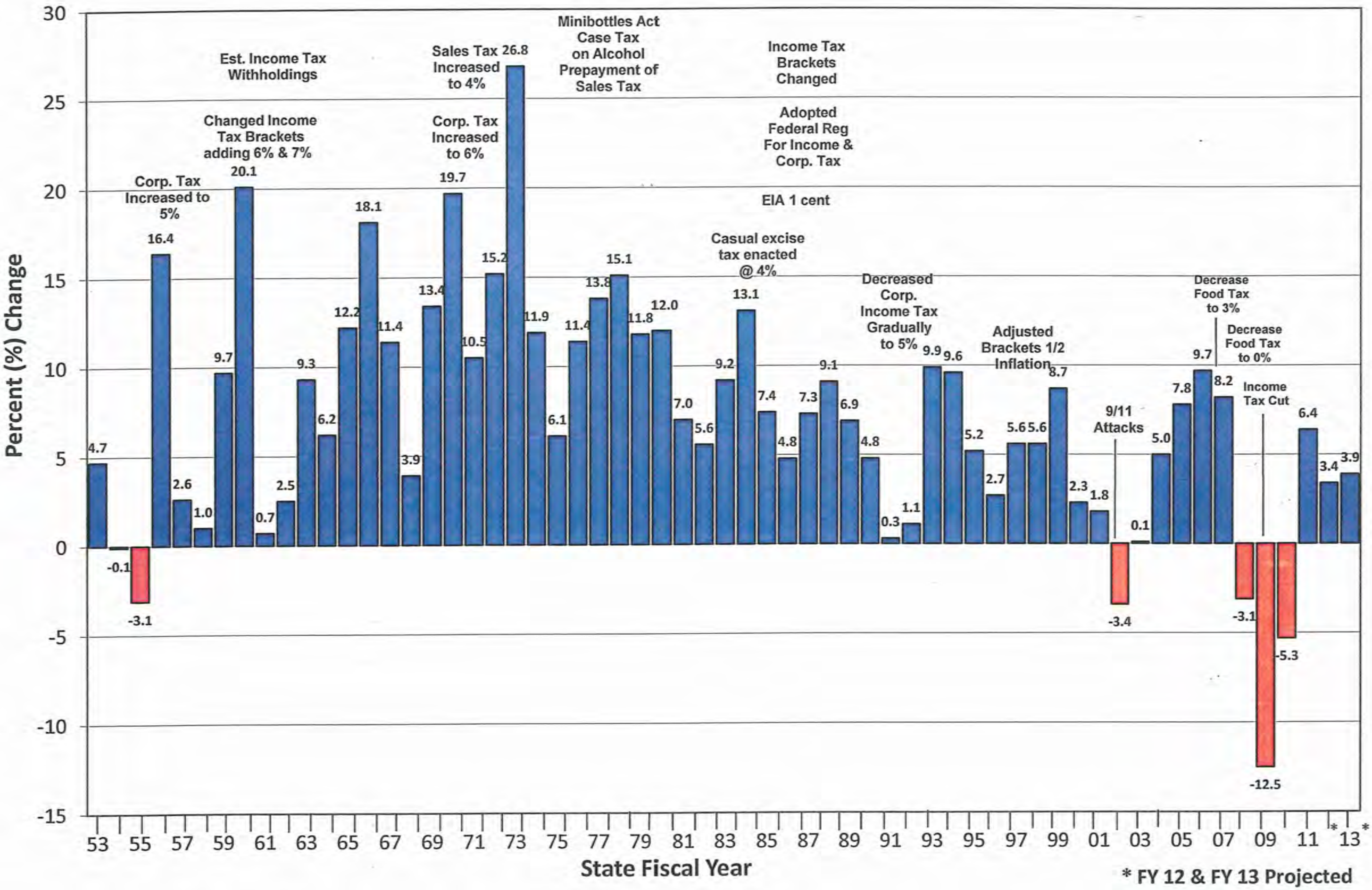
REVIEW

FY 2011

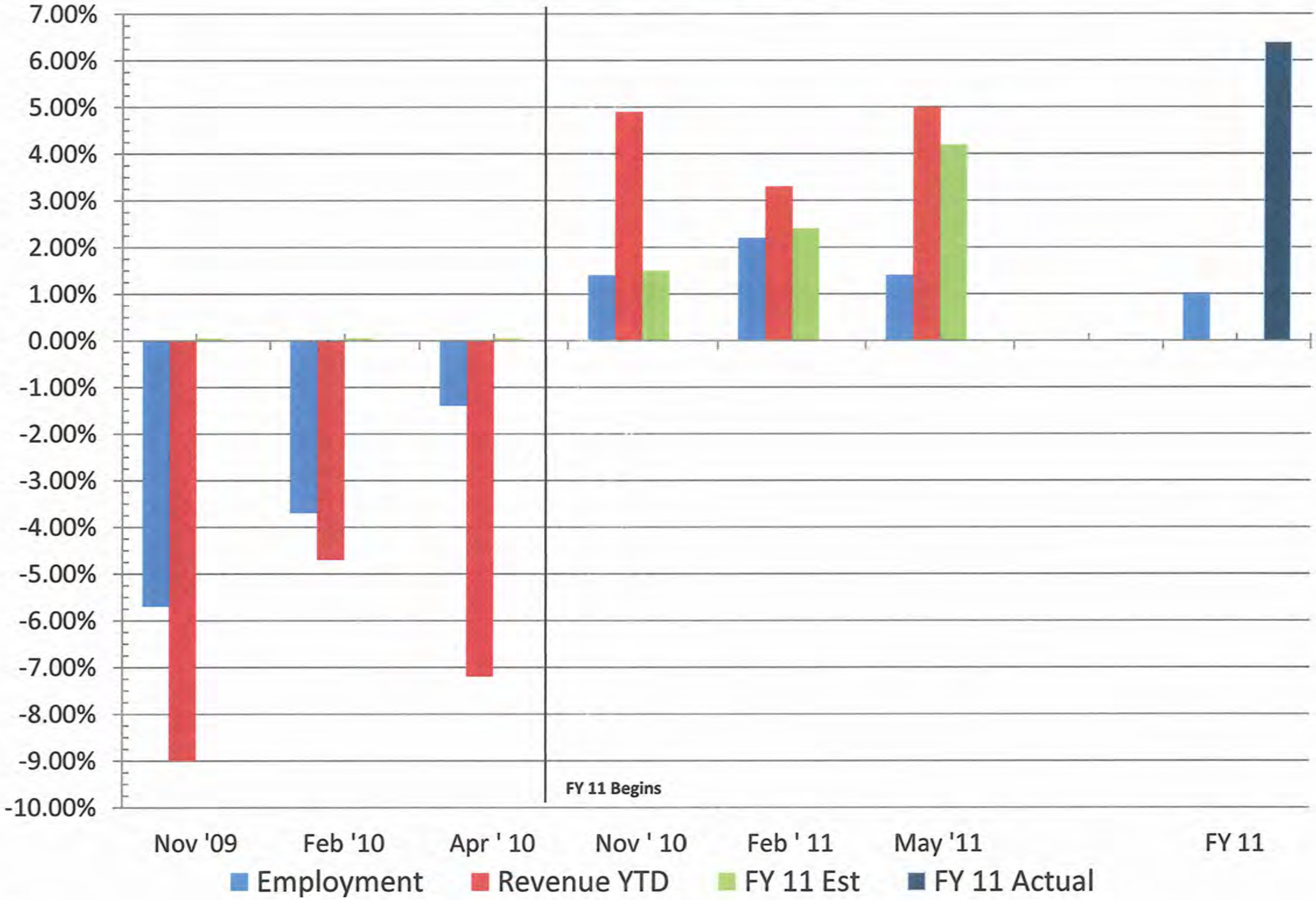
Percent Change in S.C. General Fund Revenue



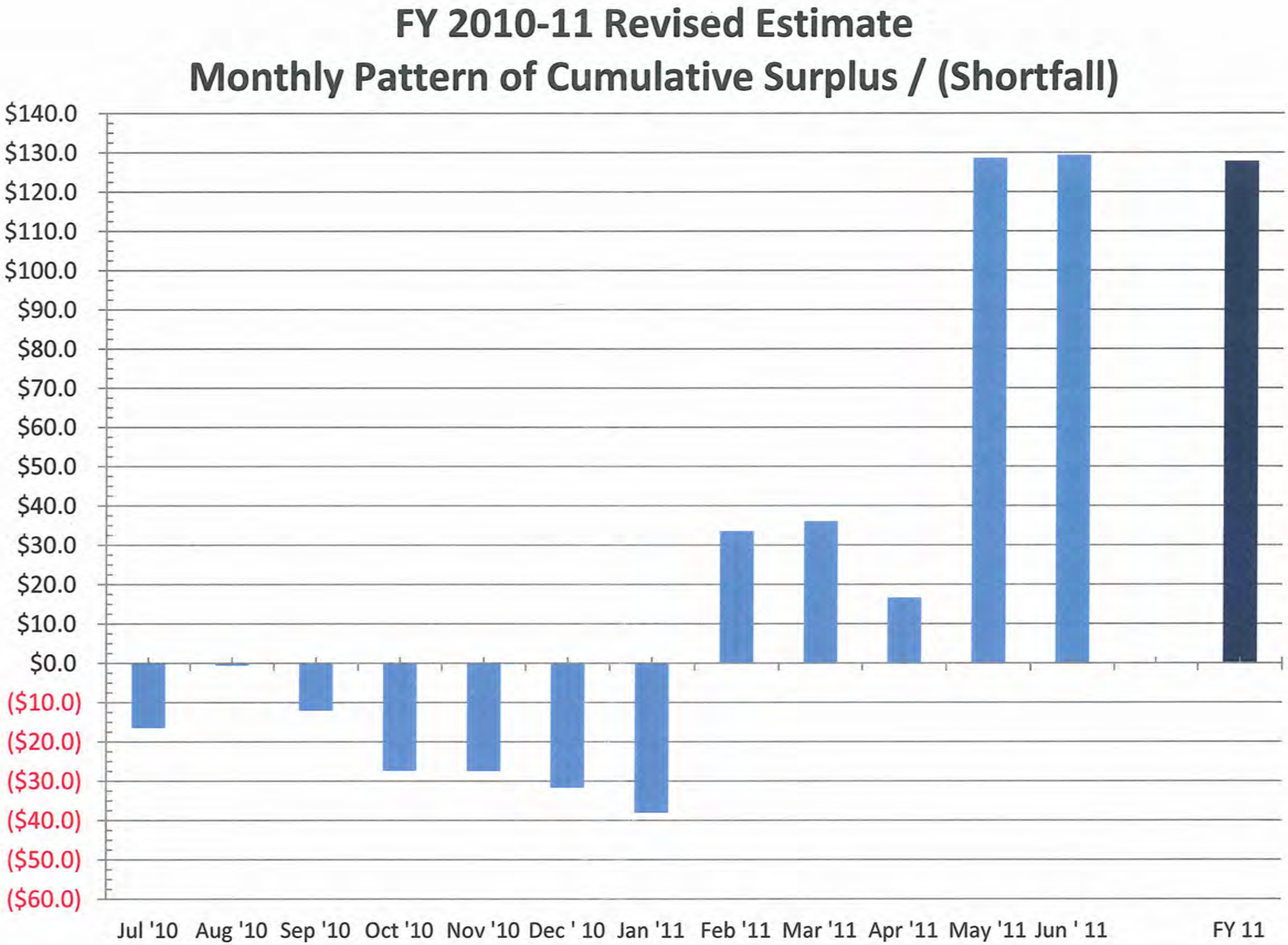
Source: SC Board of Economic Advisors

Z:\Percent Change in S.C. General Fund Revenue 13 update.xlsx

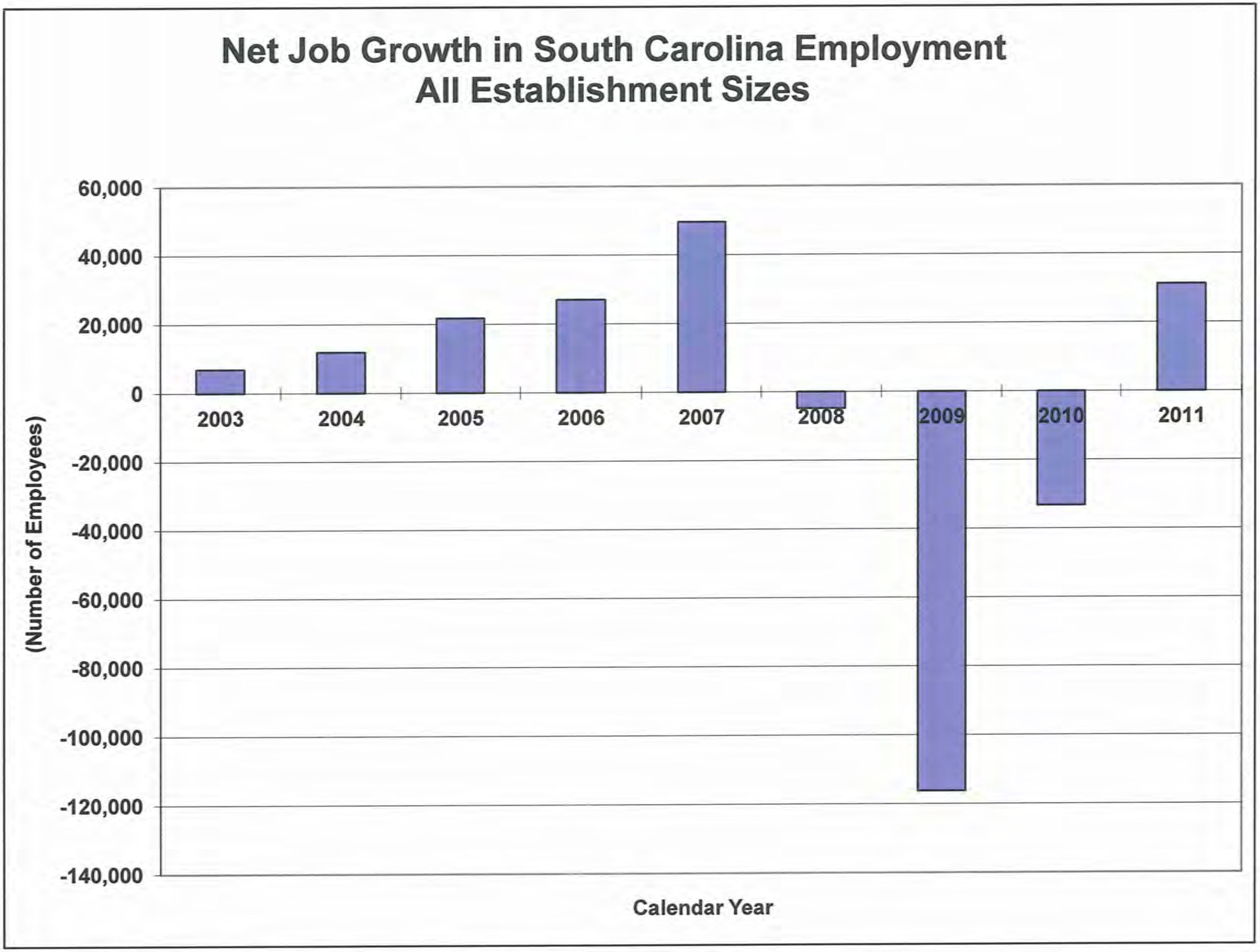
FY 2010-11 Growth Rates At Forecast Intervals



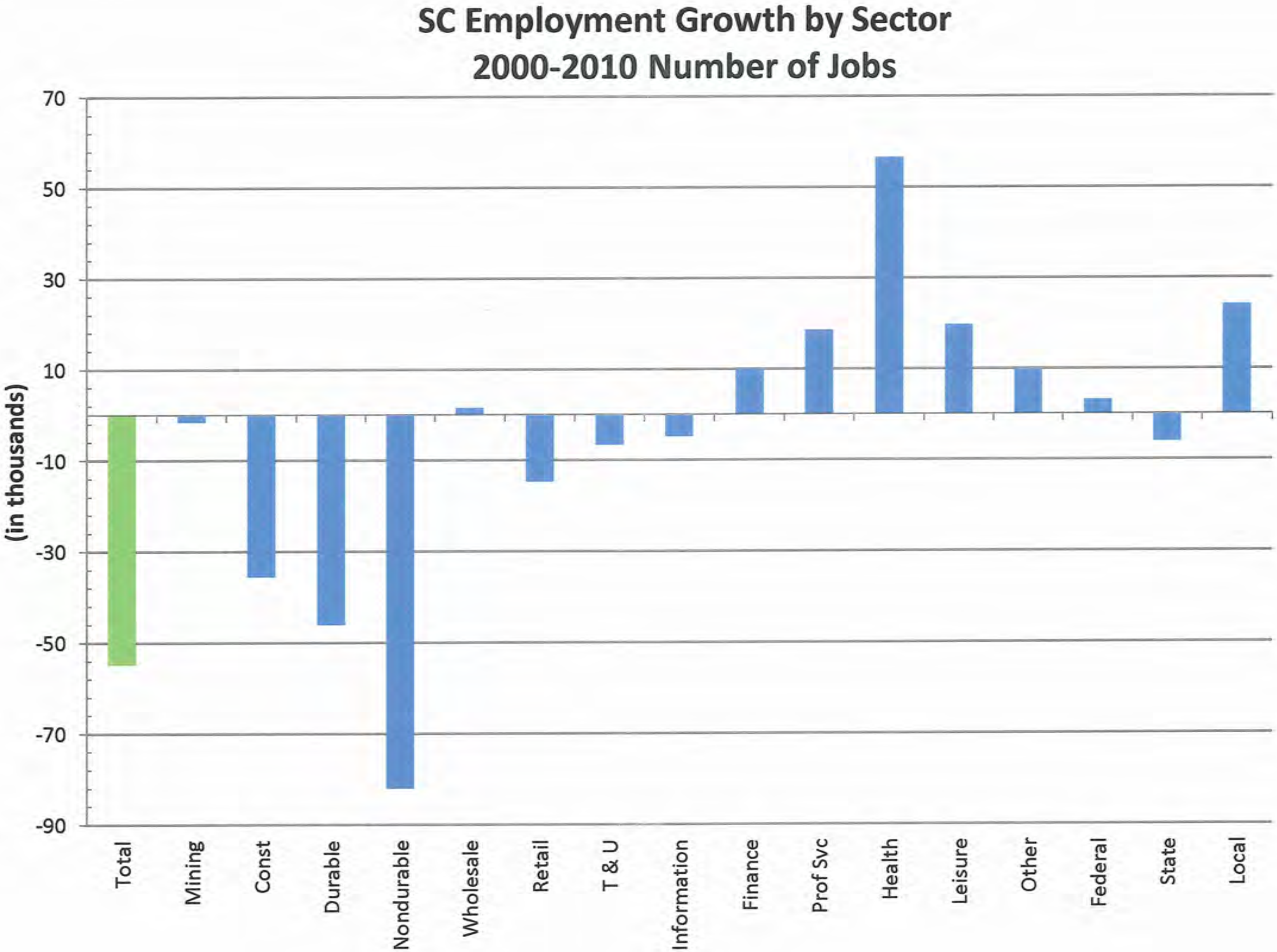
Source:


FY 2010-11 Revised Estimate
Monthly Pattern of Cumulative Surplus / (Shortfall)
$140.0
$130.0
$120.0
$110.0
$100.0
$90.0
$80.0
$70.0
$60.0
$50.0
$40.0
$30.0
$20.0
$10.0
$0.0
($10.0)
($20.0)
($30.0)
($40.0)
($50.0)
($60.0)
Jul '10
Aug '10
Sep '10
Oct '10
Nov '10
Dec ' 10
Jan '11
Feb '11
Mar '11
Apr '11
May '11
Jun ' 11
FY 11

Source:

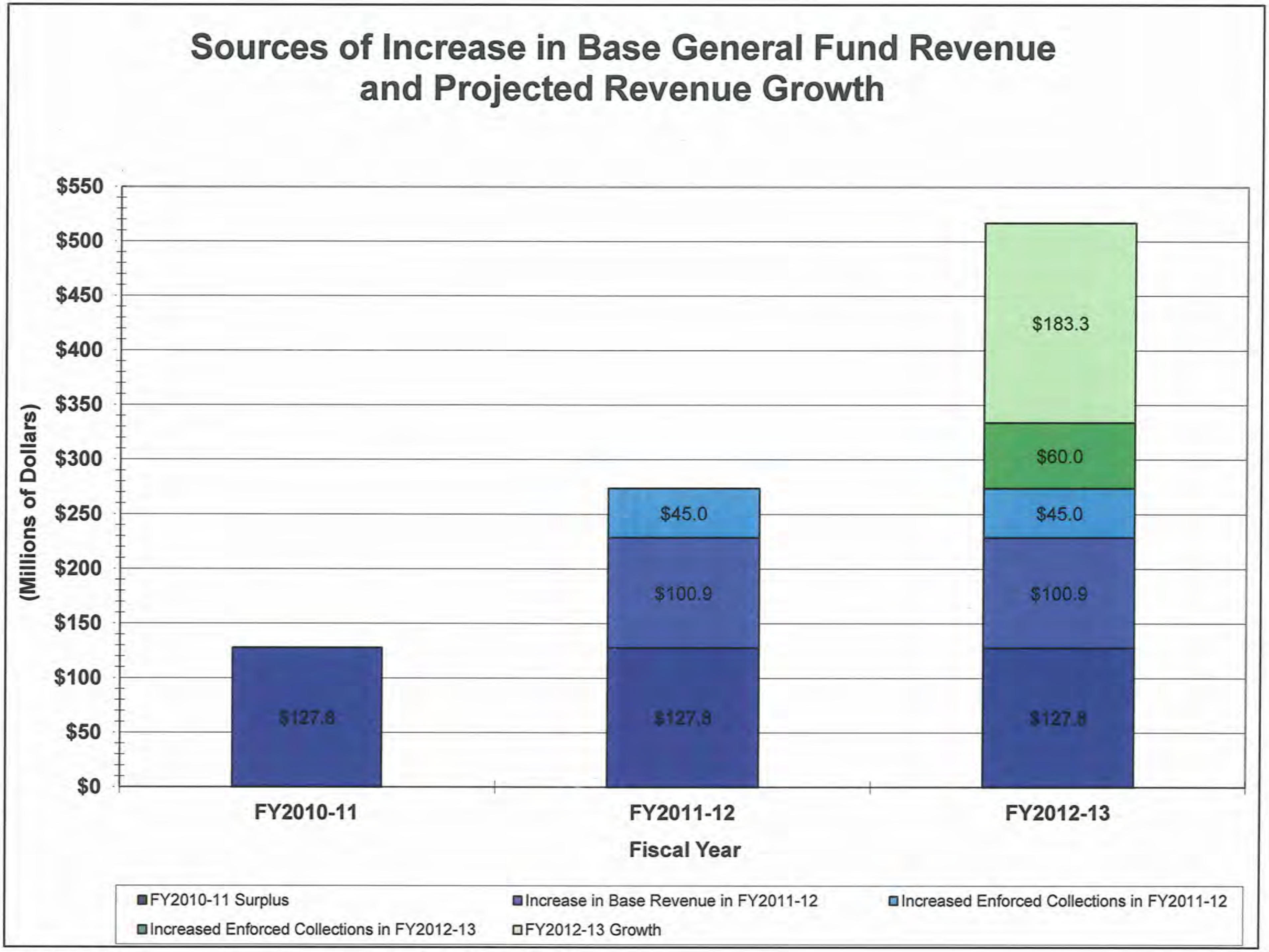


Source: U.S. Department of Labor, Bureau of Labor Statistics, Washington, D.C.

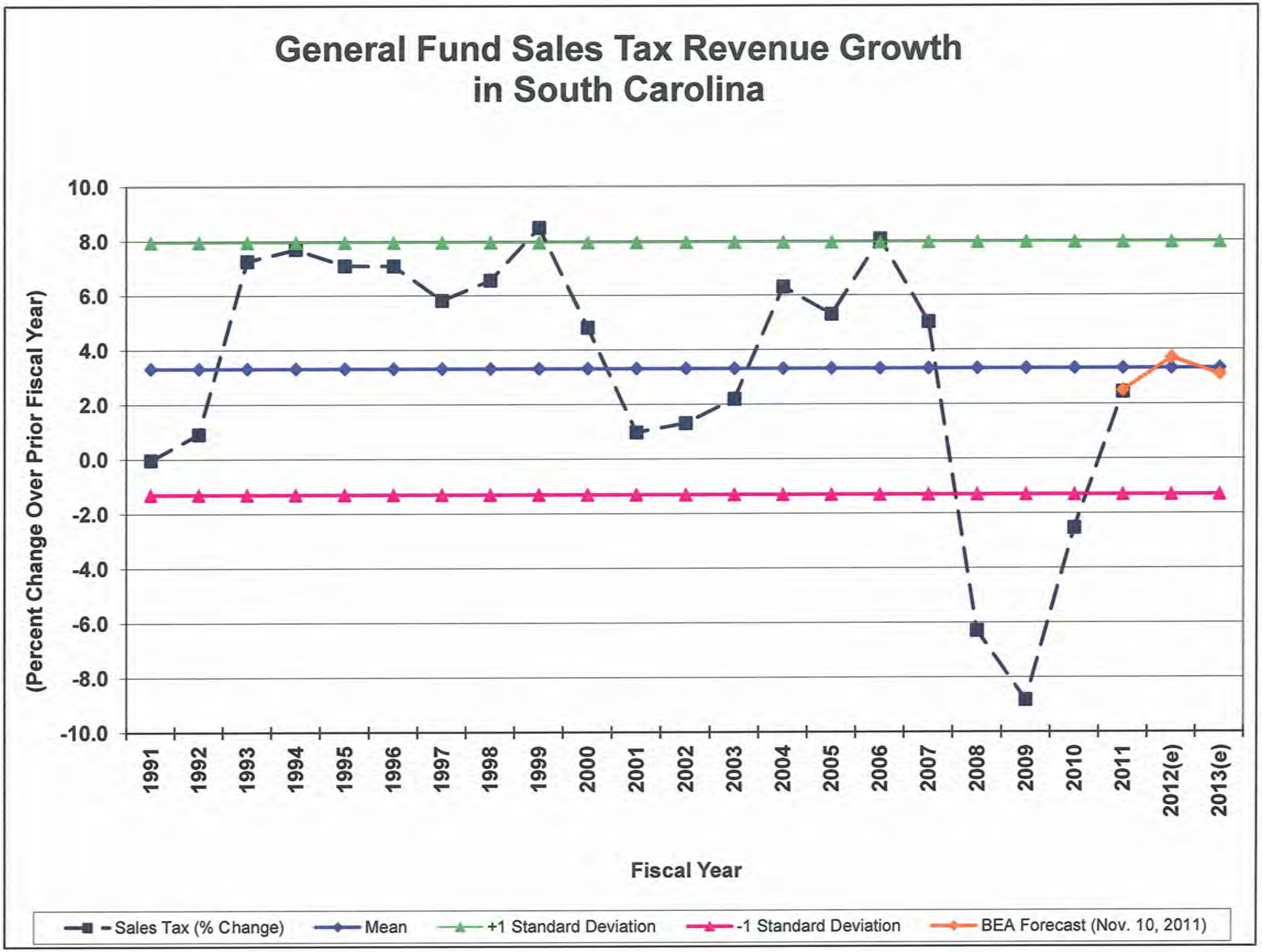

SC Employment Growth by Sector
2000-2010 Number of Jobs
(in thousands)
70
50
30
10
-10
-30
-50
-70
-90
Total
Mining
Const
Durable
Nondurable
Wholesale
Retail
T & U
Information
Finance
Prof Svc
Health
Leisure
Other
Federal
State
Local

UPDATE

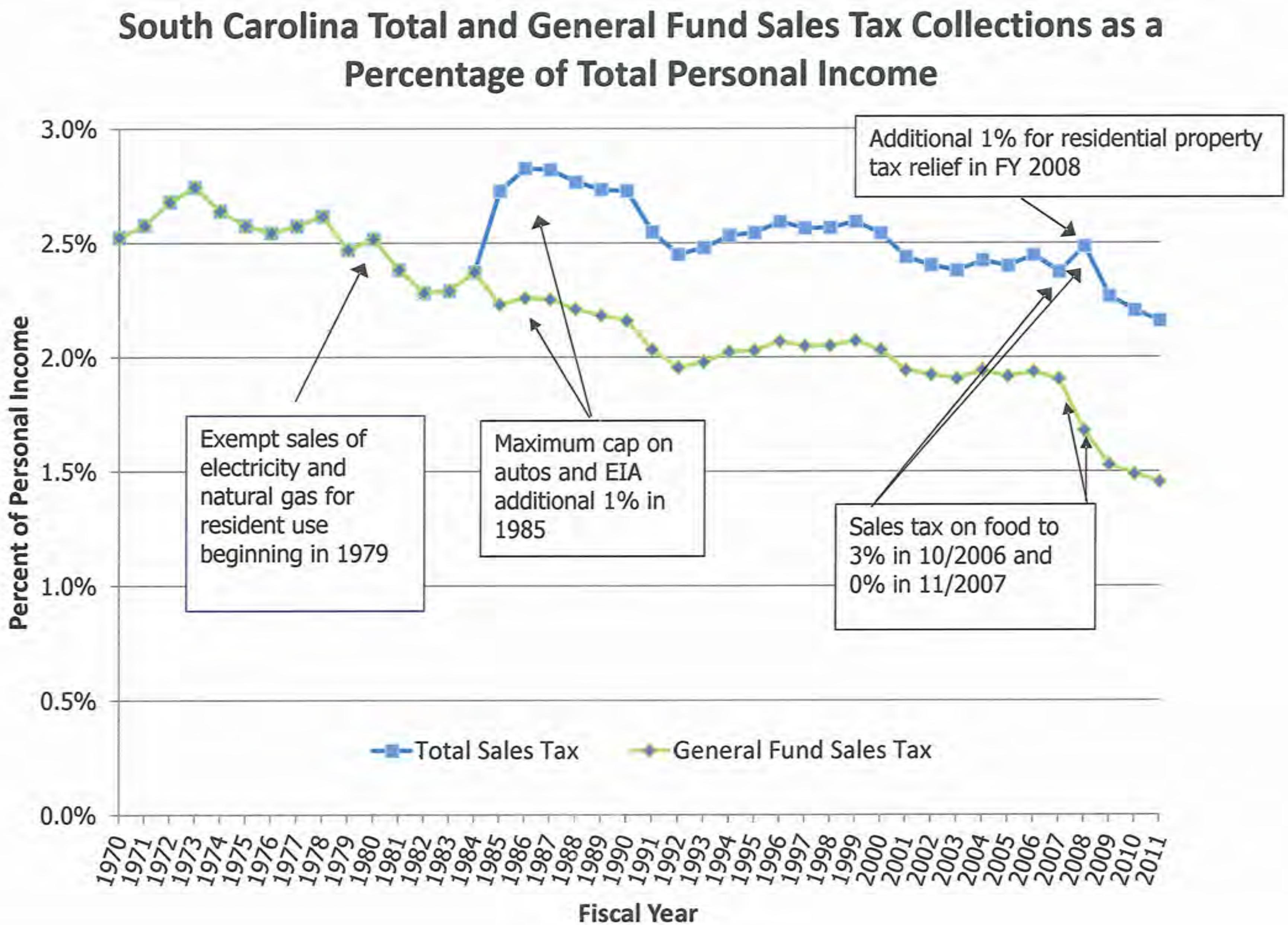
FY 2012 & 2013



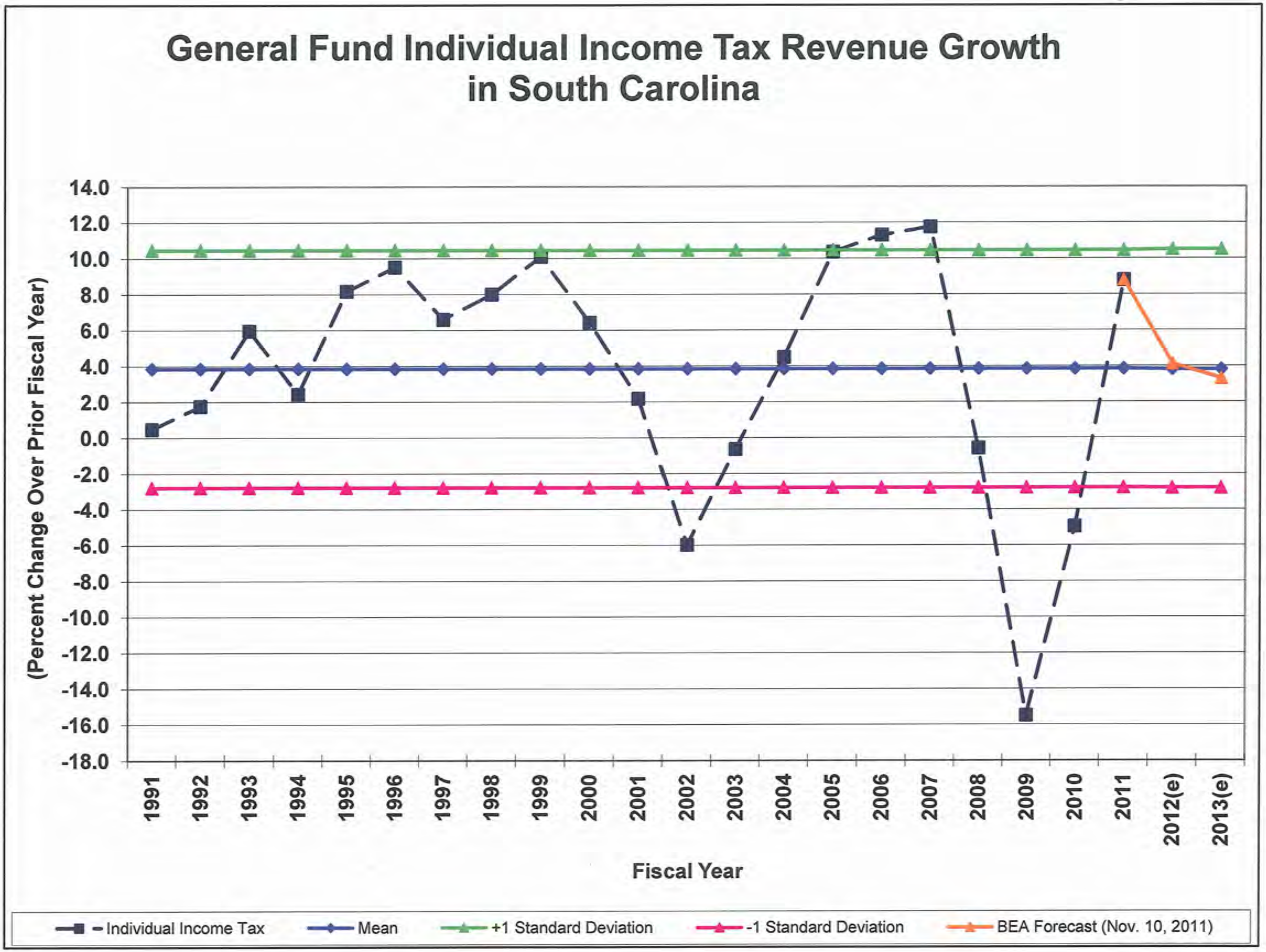
Note: Based on personal income growth rate - FY12, 4.0%; FY13, 3.5%.
Source: Board of Economic Advisors, November 10, 2011.



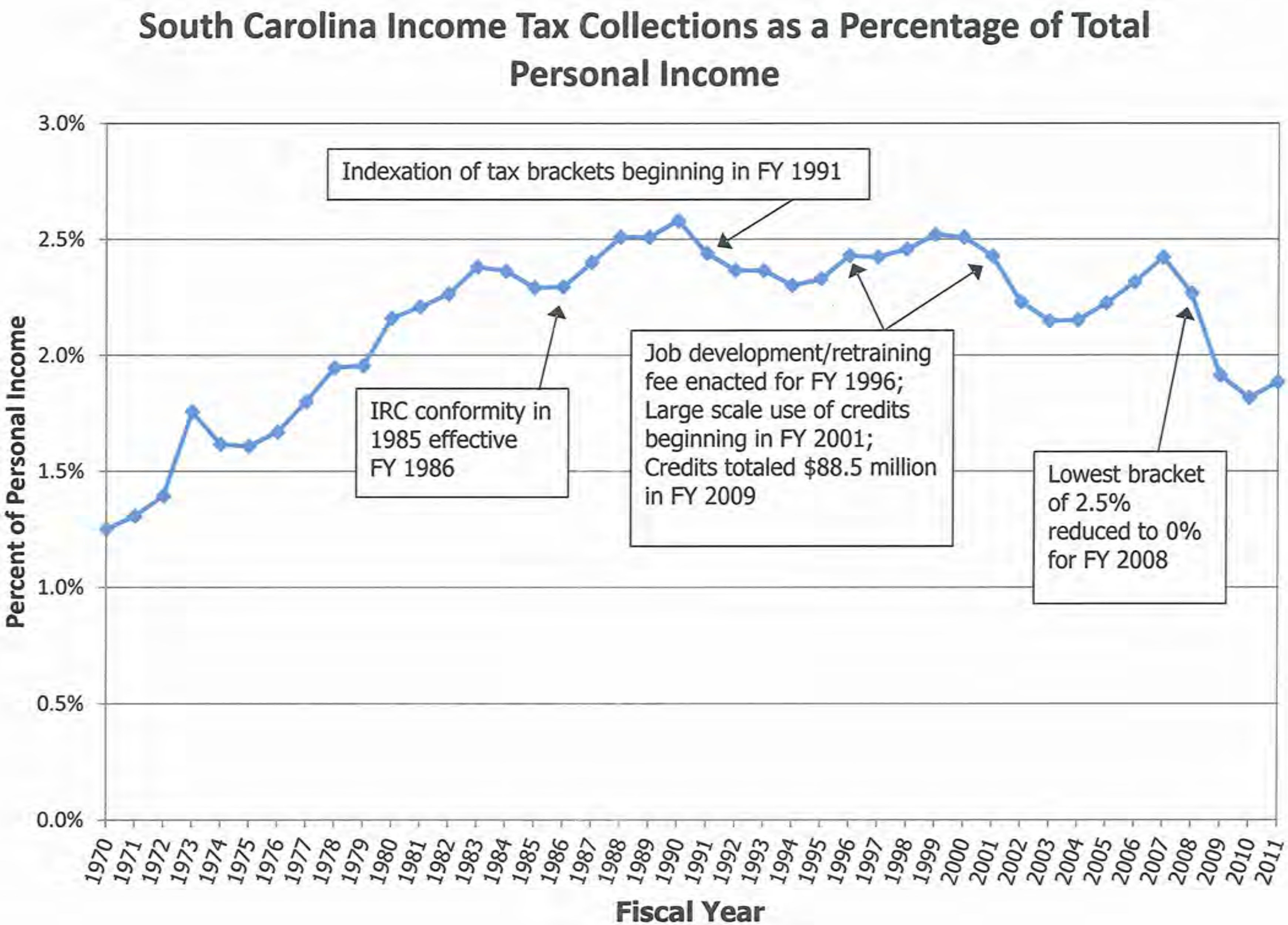
Source: Board of Economic Advisors



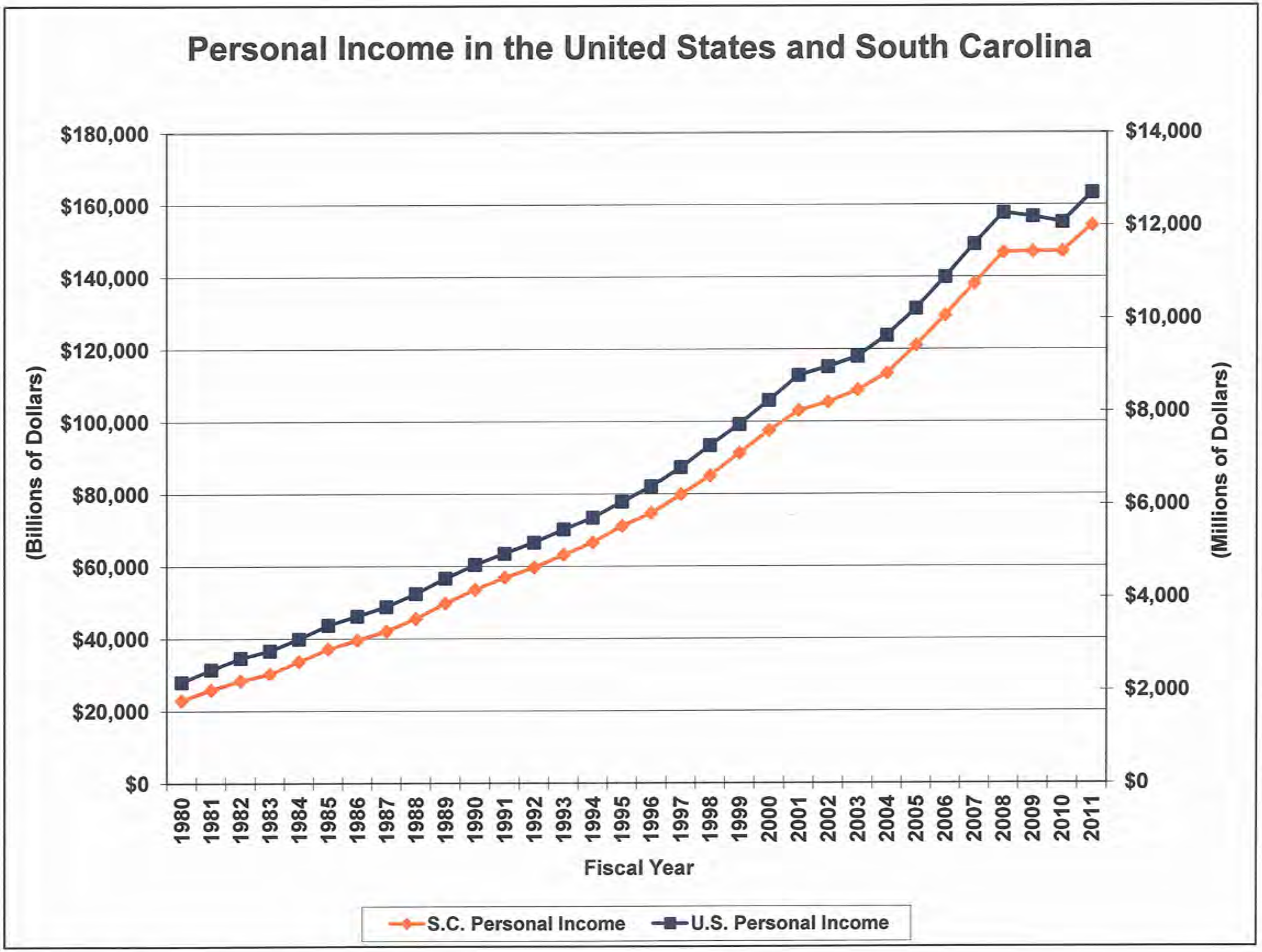
Source: SC sales tax collections and U.S. Department of Commerce, Bureau of Economic Analysis



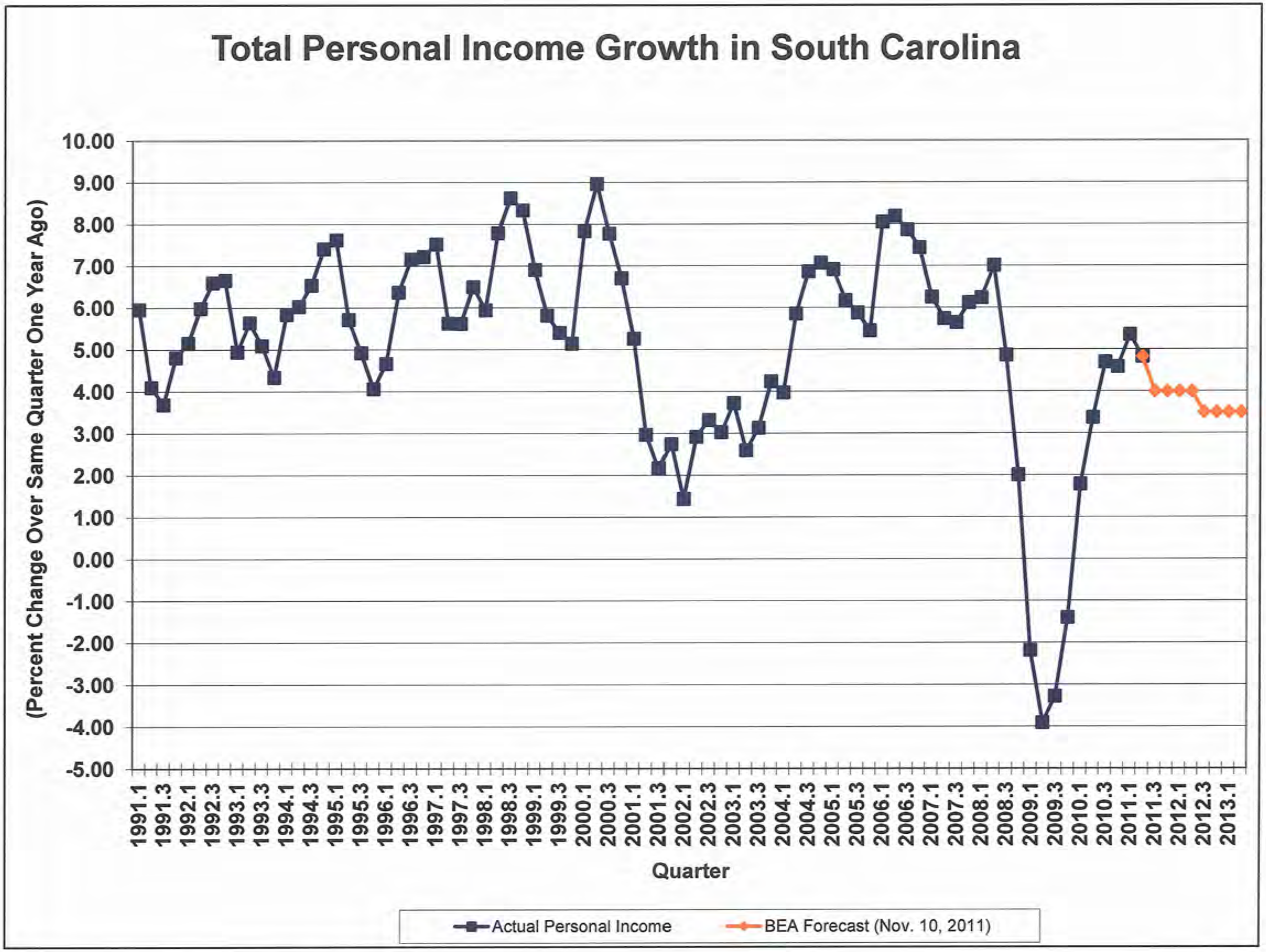
Source: Board of Economic Advisors



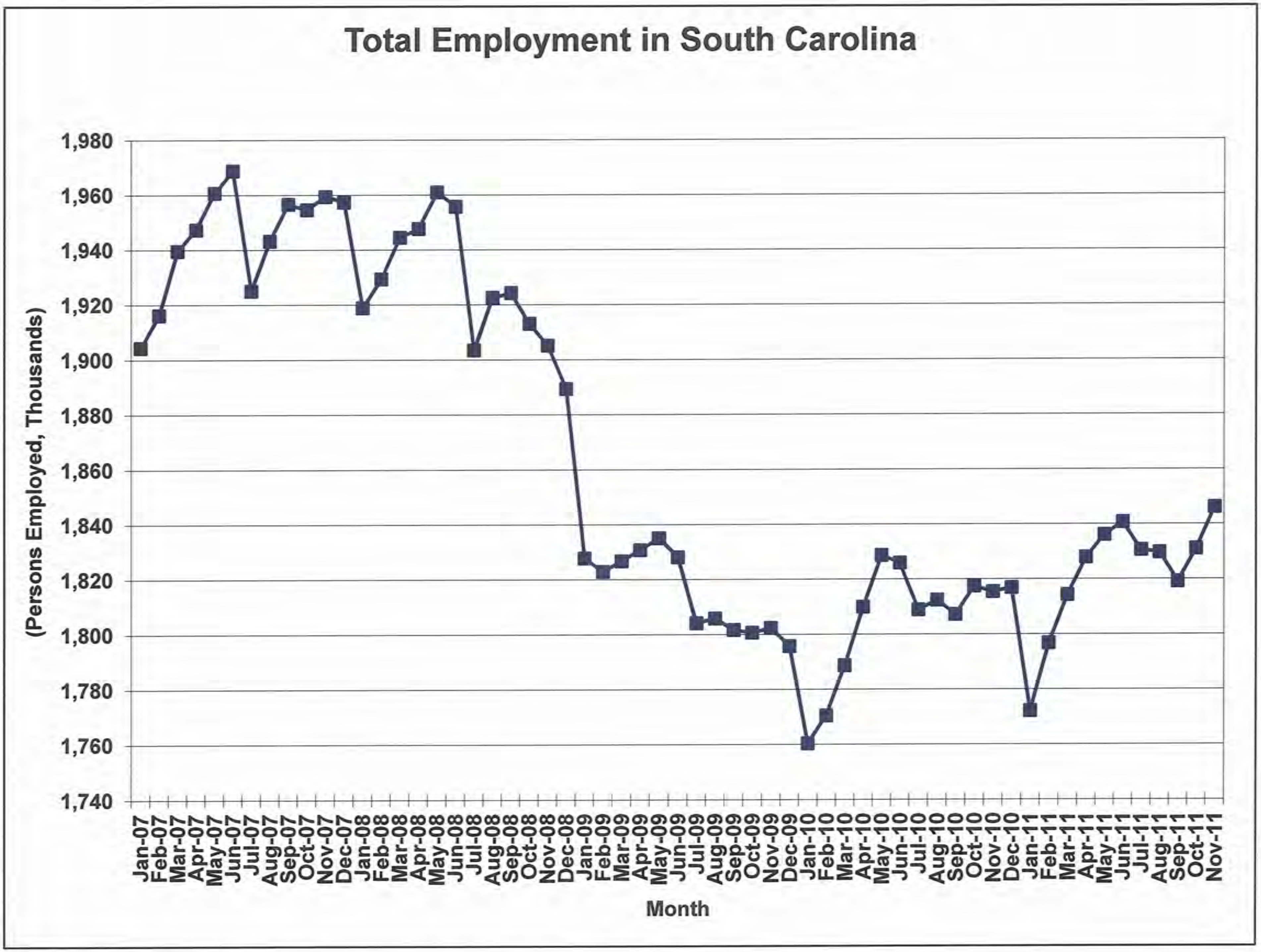
Source: SC General Fund individual income tax collections and U.S. Department of Commerce, Bureau of Economic Analysis



Source: U.S. Department of Commerce, Bureau of Economic Analysis



Source: Board of Economic Advisors.



Source: South Carolina Department of Employment and Workforce

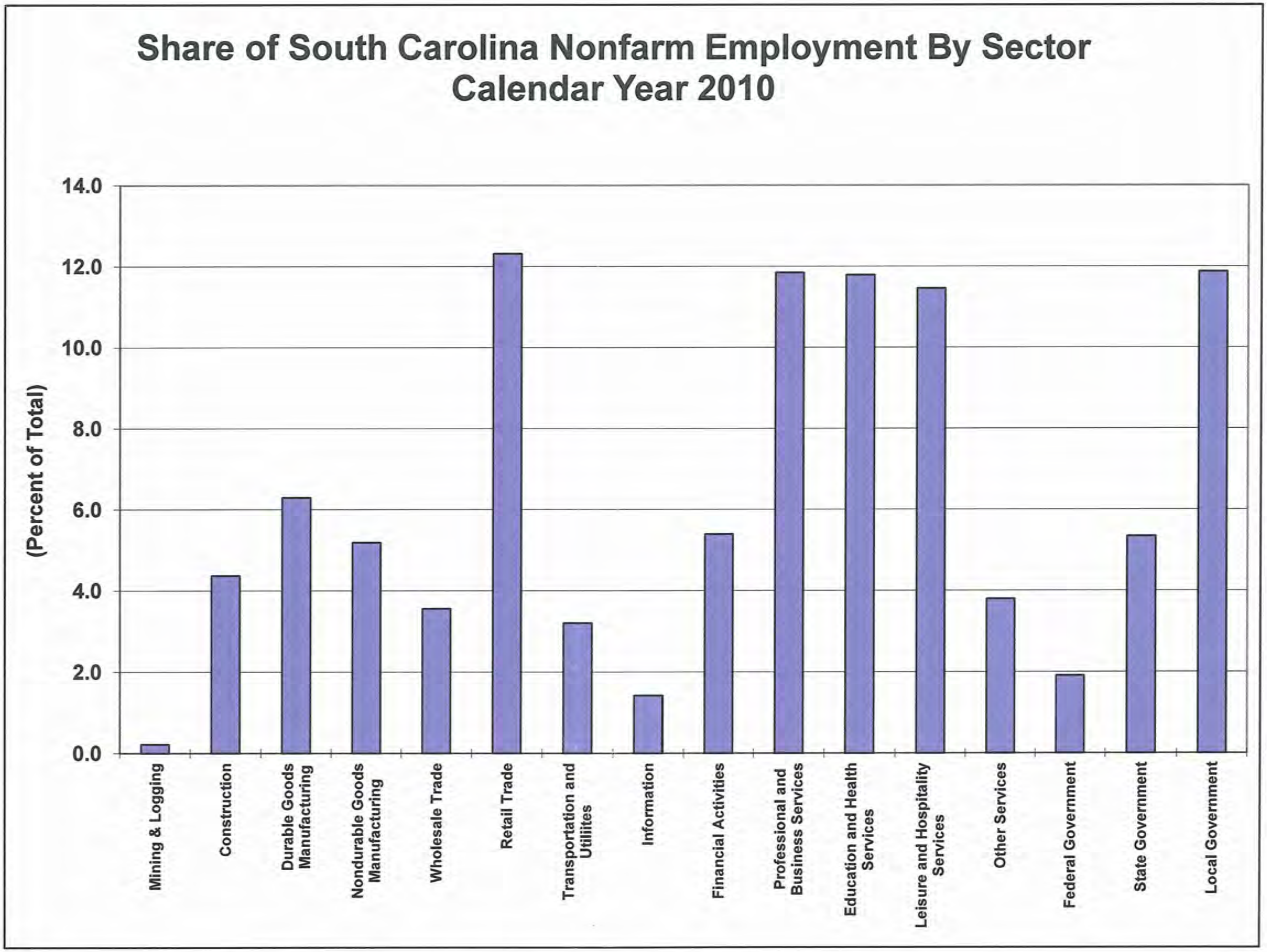
PERSONAL INCOME GROWTH ESTIMATES
FY2011-12: 4.13%; FY2012-13: 3.5%
FORECAST PERIOD: 3.5%

LONG RANGE GENERAL FUND REVENUE FORECAST
FISCAL YEARS FY2009-10 TO FY2014-15
(DOLLARS)

REVENUE CATEGORIES	FINAL FY 2009-10	FINAL FY 2010-11	11/10/11 ESTIMATE FY 2011-12	11/10/11 ESTIMATE FY 2012-13	WORKING ESTIMATE FY 2013-14	WORKING ESTIMATE FY 2014-15
RETAIL SALES TAX 1/	2,173,354,091	2,225,996,744	2,308,377,788	2,406,414,558	2,482,216,617	2,560,406,440
EXCISE, CASUAL SALES TAX	17,622,036	18,708,889	19,404,804	20,016,055	20,646,561	21,296,927
INDIVIDUAL INCOME TAX	2,673,010,771	2,907,731,224	3,028,210,997	3,160,699,014	3,265,792,256	3,374,379,848
CORPORATION INCOME TAX	148,524,509	216,081,851	242,000,000	221,300,000	218,900,000	218,900,000
SALES AND INCOME TAXES	5,012,511,407	5,368,518,708	5,597,993,589	5,808,429,627	5,987,555,433	6,174,983,216
ADMISSIONS/BINGO TAX	32,339,942	32,910,966	33,608,274	34,439,107	35,293,203	36,171,213
ADMISS. TAX TRANSFER TO COMMERCE	(6,175,697)	(6,022,004)	(6,366,715)	(6,521,383)	(6,680,382)	(6,843,832)
AIRCRAFT TAX	5,356,653	3,813,497	3,912,648	4,014,377	4,118,751	4,225,838
ALCOHOLIC LIQUOR TAX	57,463,218	59,144,433	60,623,044	62,138,620	63,692,085	65,284,388
BANK TAX	15,672,134	24,451,372	26,920,961	29,639,978	32,633,615	35,929,610
BEER AND WINE TAX	99,229,717	101,449,245	103,478,230	105,547,794	107,658,750	109,811,925
BUSINESS LICENSE TAX	35,257,195	24,692,298	24,247,837	23,811,376	23,382,771	22,961,881
COIN-OPERATED DEVICES	1,723,124	1,558,975	1,636,968	1,746,052	1,555,119	1,955,578
CORPORATION LICENSE TAX	73,412,951	88,714,001	91,551,374	94,479,543	97,501,413	100,619,984
DEPARTMENTAL REVENUE 3/	63,901,643	43,441,574	36,650,056	36,650,056	36,650,056	36,650,056
DOCUMENTARY TAX	33,210,359	28,589,611	29,332,941	30,095,597	30,878,083	31,680,913
LESS: CONSERVATION BANK TRUST FUND	(2,207,050)	0	0	(7,523,899)	(7,719,521)	(7,920,228)
EARNED ON INVESTMENTS	41,706,507	33,433,569	29,000,000	29,000,000	29,000,000	29,000,000
ELECTRIC POWER TAX	28,219,032	28,395,473	29,358,375	30,356,560	31,388,683	32,455,898
LESS: TRANSFER TO COMMERCE/SIB	(28,219,032)	(28,395,473)	(29,358,375)	(30,356,560)	(31,388,683)	(32,455,898)
ESTATE AND GIFT TAXES	72,908	8,219	5,000	5,000	5,000	5,000
LESS: FEDERAL CHANGE TO ESTATE TAX	0	0	0	0	0	0
INSURANCE PREMIUM TAX	155,131,900	158,828,101	167,404,818	176,444,679	185,972,691	196,015,217
INSURANCE LICENSE TAX	13,177,609	31,070,742	15,535,371	34,954,585	17,477,292	39,323,908
INSURANCE RETALIATORY & OTHER TAX	5,675,146	4,542,270	4,200,000	4,200,000	4,200,000	4,200,000
LESS: INSURANCE CREDITS	(15,337,355)	(7,475,333)	(18,600,000)	(18,600,000)	(18,600,000)	(18,600,000)
MOTOR TRANSPORT FEES	875	0	3,500	5,000	3,500	5,000
MOTOR VEHICLE LICENSES	12,362,258	15,359,562	15,666,753	15,980,088	16,299,690	16,625,684
PETROLEUM INSPECTION TAX	7,817,194	7,925,129	8,036,081	8,148,586	8,262,666	8,378,343
LESS: TRANSFER TO NON-FED HGWY FUND	(7,817,194)	(7,925,129)	(8,036,081)	(8,148,586)	(8,262,666)	(8,378,343)
PRIVATE CAR LINES TAX	3,957,024	3,925,706	4,008,146	4,092,317	4,178,256	4,265,999
PUBLIC SERVICE AUTHORITY	18,514,000	18,656,000	19,215,680	19,792,150	20,385,915	20,997,492
RETAILERS LICENSE TAX	799,436	876,579	920,408	966,428	1,014,750	1,065,487
SAVINGS & LOAN TAX	3,421,963	1,707,369	1,758,590	1,811,348	1,865,688	1,921,659
WORKERS COMP. INSURANCE	12,944,957	11,423,978	11,721,001	12,025,746	12,338,416	12,659,215
CIRCUIT/FAMILY COURT FINES	9,724,492	9,564,970	9,756,269	9,951,395	10,150,423	10,353,431
DEBT SERVICE TRANSFERS	535,600	562,397	134,953	112,780	112,780	112,780
INDIRECT COST RECOVERIES	16,085,383	11,161,935	11,061,222	11,061,222	11,061,222	11,061,222
MENTAL HEALTH FEES	3,400,000	3,400,000	0	0	0	0
PAROLE / PROBATION FEES	3,392,808	3,392,808	3,392,808	3,392,808	3,392,808	3,392,808
UNCLAIMED PROPERTY FUND	12,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
OTHER BASE SOURCES	706,749,500	718,182,839	695,780,137	728,712,764	732,822,375	777,932,228
TOTAL GENERAL FUND REVENUE	5,719,260,907	6,086,701,547	6,293,773,726	6,537,142,391	6,720,377,808	6,952,915,444
APPROPRIATION ACT REVENUE	6,079,158,397	5,574,343,096	6,020,099,711	6,537,142,391	6,720,377,808	6,952,915,444
LESS: TAX RELIEF TRUST FUND	(528,944,826)	(534,664,696)	(541,759,461)	(549,161,002)	(556,574,676)	(564,088,434)
PLUS: TAX RELIEF FUND CARRYFORWARD	1,451,372	0	0	0	0	0
EXCLUDING TRUST FUNDS	5,551,664,943	5,039,678,400	5,478,340,250	5,987,981,389	6,163,803,133	6,388,827,010
CAPITAL RESERVE FUND (2%) - BEG. BAL.	0	110,883,455	104,837,915	112,664,612	115,040,285	119,759,628
GENERAL RESERVE FUND (3%) - BEG. BAL.	0	166,325,183	183,466,352	225,329,224	258,840,642	299,399,069
TOTAL RESERVES	0	277,208,638	288,304,267	337,993,836	373,880,927	419,158,697
REVENUE EXCESS / SHORTAGE FROM ACT	(359,897,490)	512,358,451	273,674,015	0	0	0
EDUCATION IMPROVEMENT ACT 2/	551,358,000	567,644,720	582,020,648	606,797,653	625,905,794	645,615,842
EIA FUND	551,283,727	567,538,358	581,945,648	606,607,653	625,715,794	645,425,842
EIA HOLD HARMLESS						
EIA INTEREST	74,273	106,361	75,000	190,000	190,000	190,000
S.C. EDUCATION LOTTERY FUND (NET)	272,427,686	271,131,847	253,133,000	252,400,000	252,400,000	252,400,000
HOMESTEAD EXEMPTION FUND						
TOTAL REVENUE AVAILABLE	496,940,585	517,800,000	529,610,425	551,877,433	568,810,175	586,253,729
LESS: HOMESTEAD EXEMPT. FUND SHORTFALL	(123,710,826)	(110,379,407)	(115,348,842)	(118,923,228)	(129,484,654)	(141,215,662)

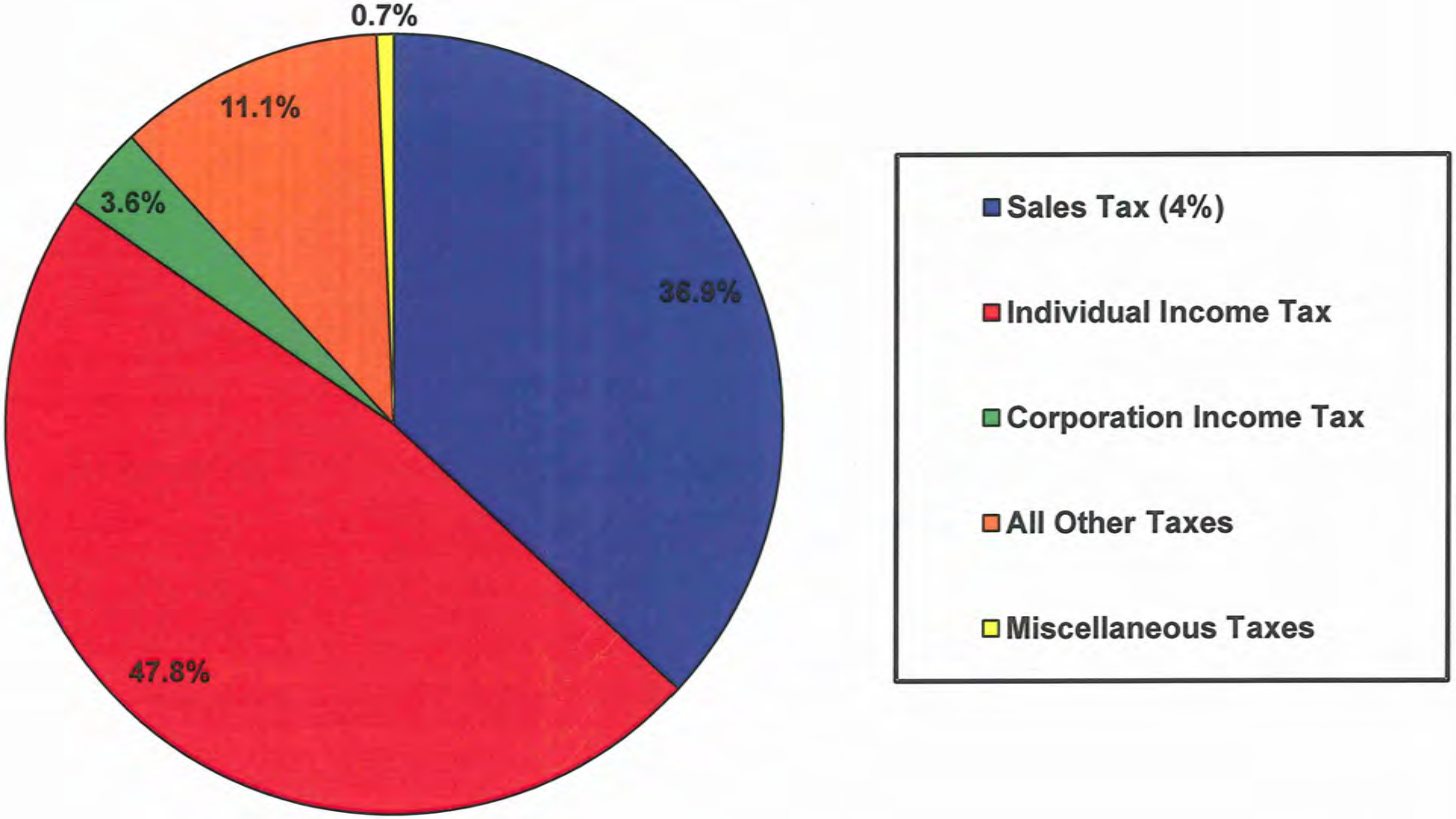
1/: Excludes (1%) Education Improvement Act and (2%) Accommodations Taxes.
2/: Includes interest earnings.
3/: Includes former Dept. of Agriculture agency revenue other than the Petroleum Inspection Tax now shown separately.
Source: S. C. Board of Economic Advisors/11/10/11

APPENDIX

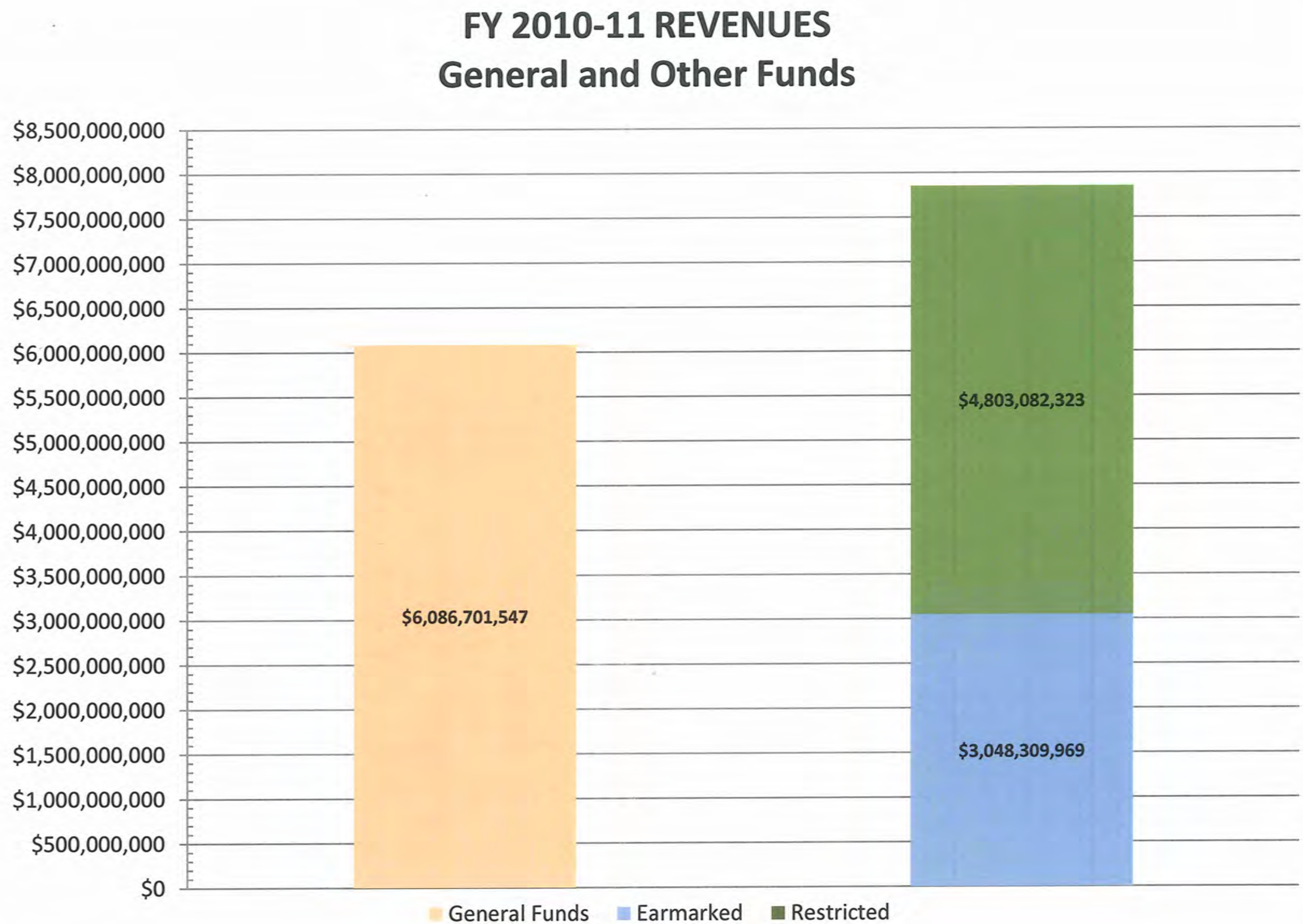


Source: South Carolina Department of Employment and Workforce

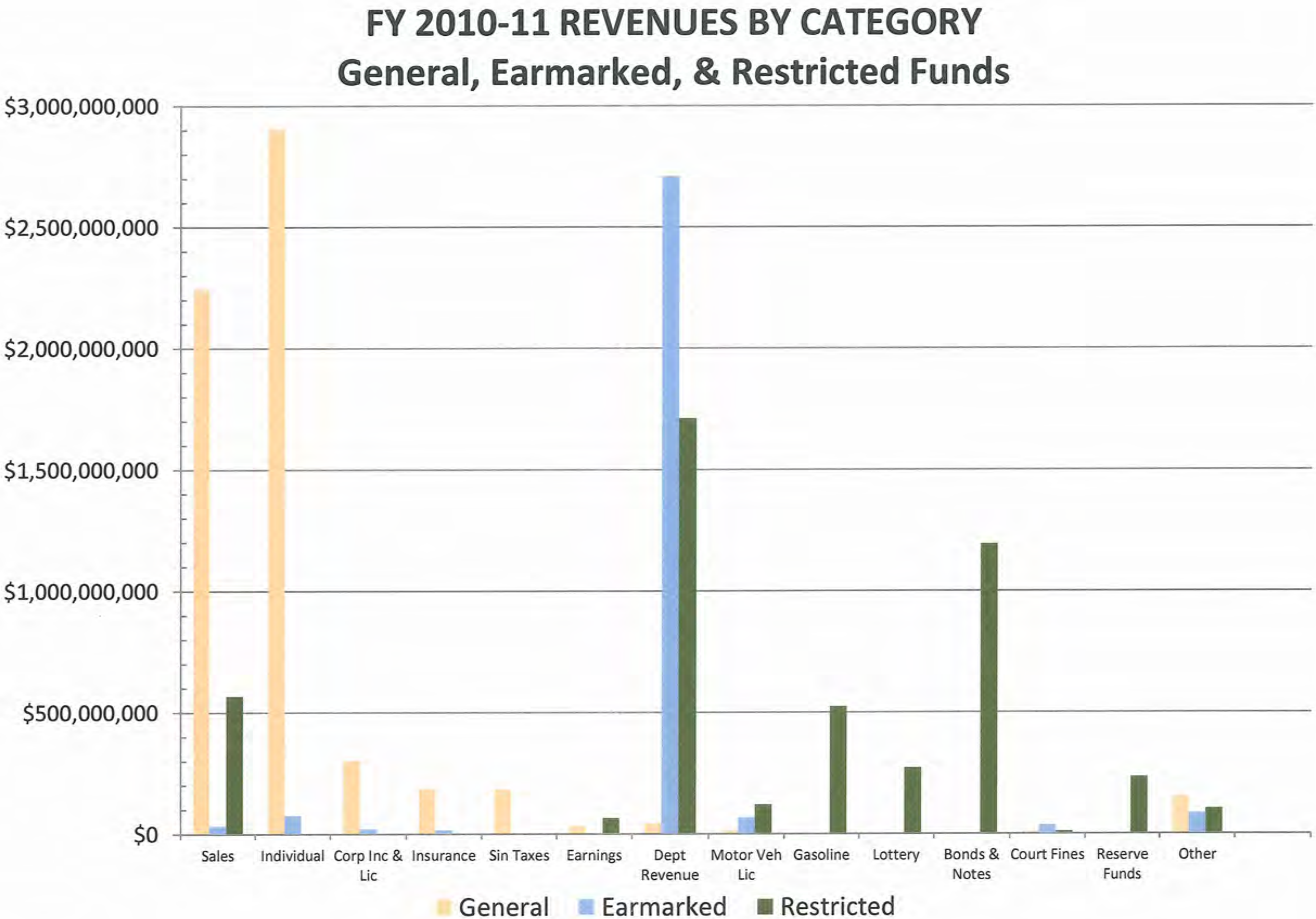
Shares of South Carolina General Fund Revenue Fiscal Year 2010-11



Source: South Carolina Board of Economic Advisors


FY 2010-11 REVENUES
General and Other Funds
$8,500,000,000
$8,000,000,000
$7,500,000,000
$7,000,000,000
$6,500,000,000
$6,000,000,000
$5,500,000,000
$5,000,000,000
$4,500,000,000
$4,000,000,000
$3,500,000,000
$3,000,000,000
$2,500,000,000
$2,000,000,000
$1,500,000,000
$1,000,000,000
$500,000,000
$0
$6,086,701,547
$4,803,082,323
$3,048,309,969
General Funds
Earmarked
Restricted

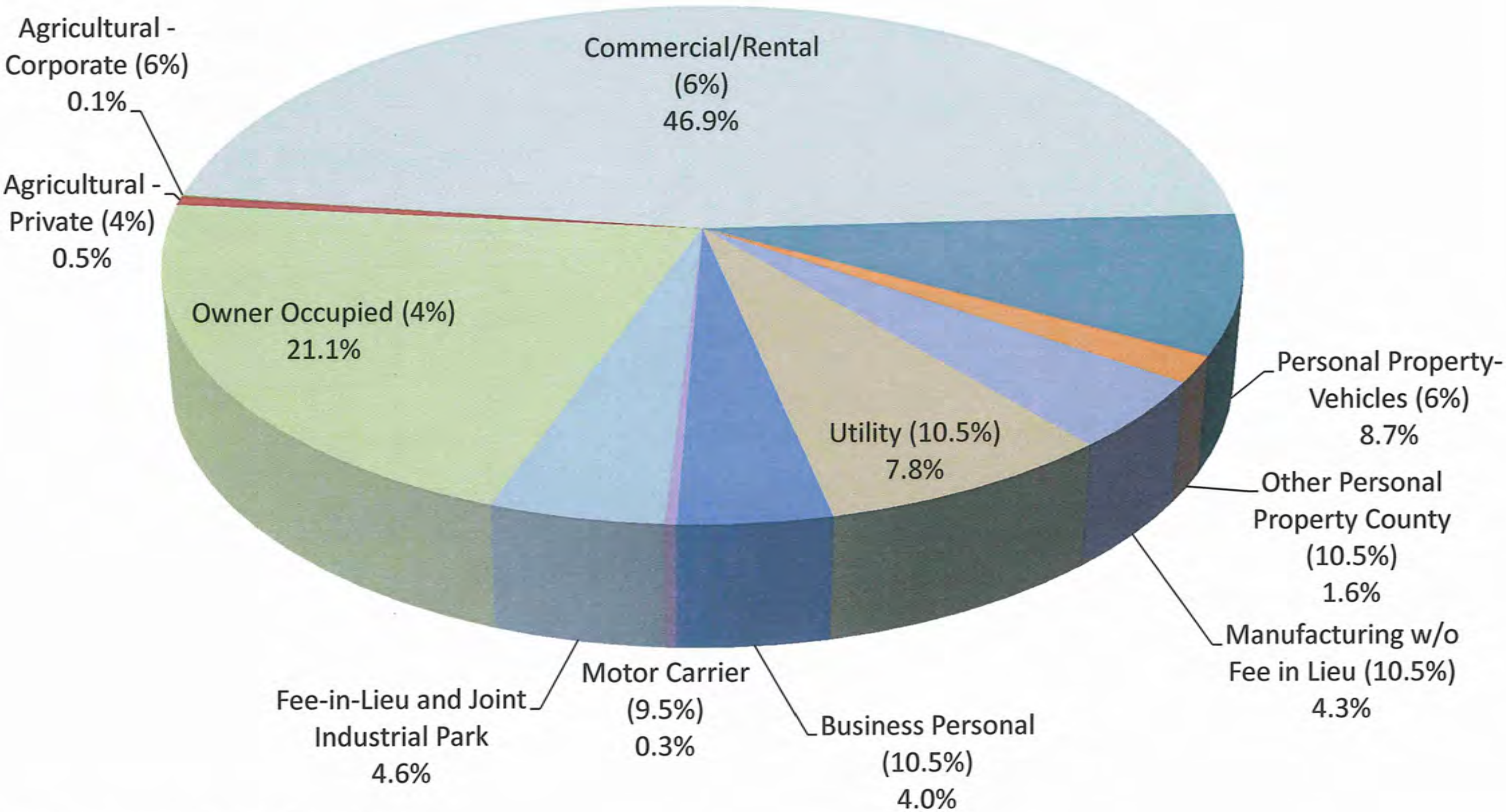
Source:


FY 2010-11 REVENUES BY CATEGORY
General, Earmarked, & Restricted Funds
$3,000,000,000
$2,500,000,000
$2,000,000,000
$1,500,000,000
$1,000,000,000
$500,000,000
$0
Sales
Individual
Corp Inc & Lic
Insurance
Sin Taxes
Earnings
Dept Revenue
Motor Veh Lic
Gasoline
Lottery
Bonds & Notes
Court Fines
Reserve Funds
Other
General
Earmarked
Restricted

Source:

Projected Property Taxes Paid by Taxpayers in FY 2012-13

(Does Not Include the Estimated $1,198,421,862 in Property Tax Relief Reimbursed by the State)



Note: Assessment Ratio in Parentheses

Source: Office of Research and Statistics, SC Budget and Control Board
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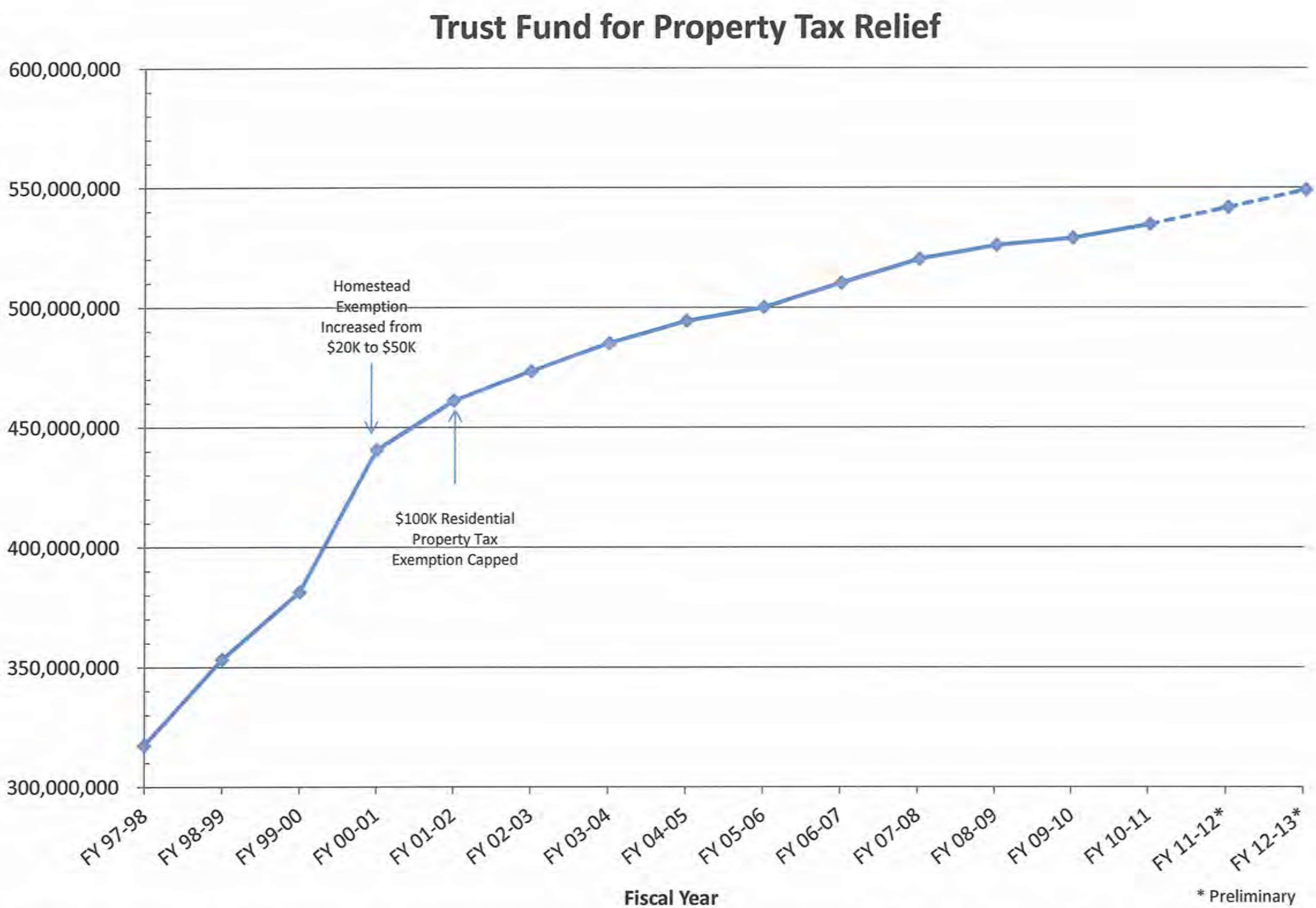
ORS/01/05/2012

Projected Property Tax Paid by Taxpayers and Reimbursements Paid by the State for FY 2012-13

Property Tax Categories (Assessment Ratio)	Property Tax Revenue from Taxpayers	Percent of Total Tax
Owner Occupied (4%)	1,326,233,734	21.1%
Agricultural - Private (4%)	34,187,721	0.5%
Agricultural - Corporate (6%)	5,185,736	0.1%
Commercial/Rental (6%)	2,945,925,683	46.9%
Personal Property-Vehicles (6%)	545,454,356	8.7%
Other Personal Property County (10.5%)	103,388,565	1.6%
Manufacturing w/o Fee in Lieu Values (10.5%)	270,542,028	4.3%
Utility (10.5%)	487,926,091	7.8%
Business Personal (10.5%)	251,713,427	4.0%
Motor Carrier (9.5%)	18,838,370	0.3%
Fee-in-Lieu and Joint Industrial Park	289,855,628	4.6%
Total Property Taxes Paid by Taxpayers	**6,279,251,339**	**100%**

Property Tax Reimbursements by the State	FY 2012-13
Tier I Reimbursement	249,069,750
Homestead Exemption	203,155,867
Tier III Reimbursement	643,932,860
Manufacturer's Depreciation Reimbursement	61,706,127
Merchant's Inventory Tax	40,557,257
Total Reimbursements for FY 2012-13	**1,198,421,862**

Source: Office of Research and Statistics, SC Budget and Control Board
Z:\PropTaxData\FY 13 Preliminary Estimate of All Property Taxes- Charts.xlsx

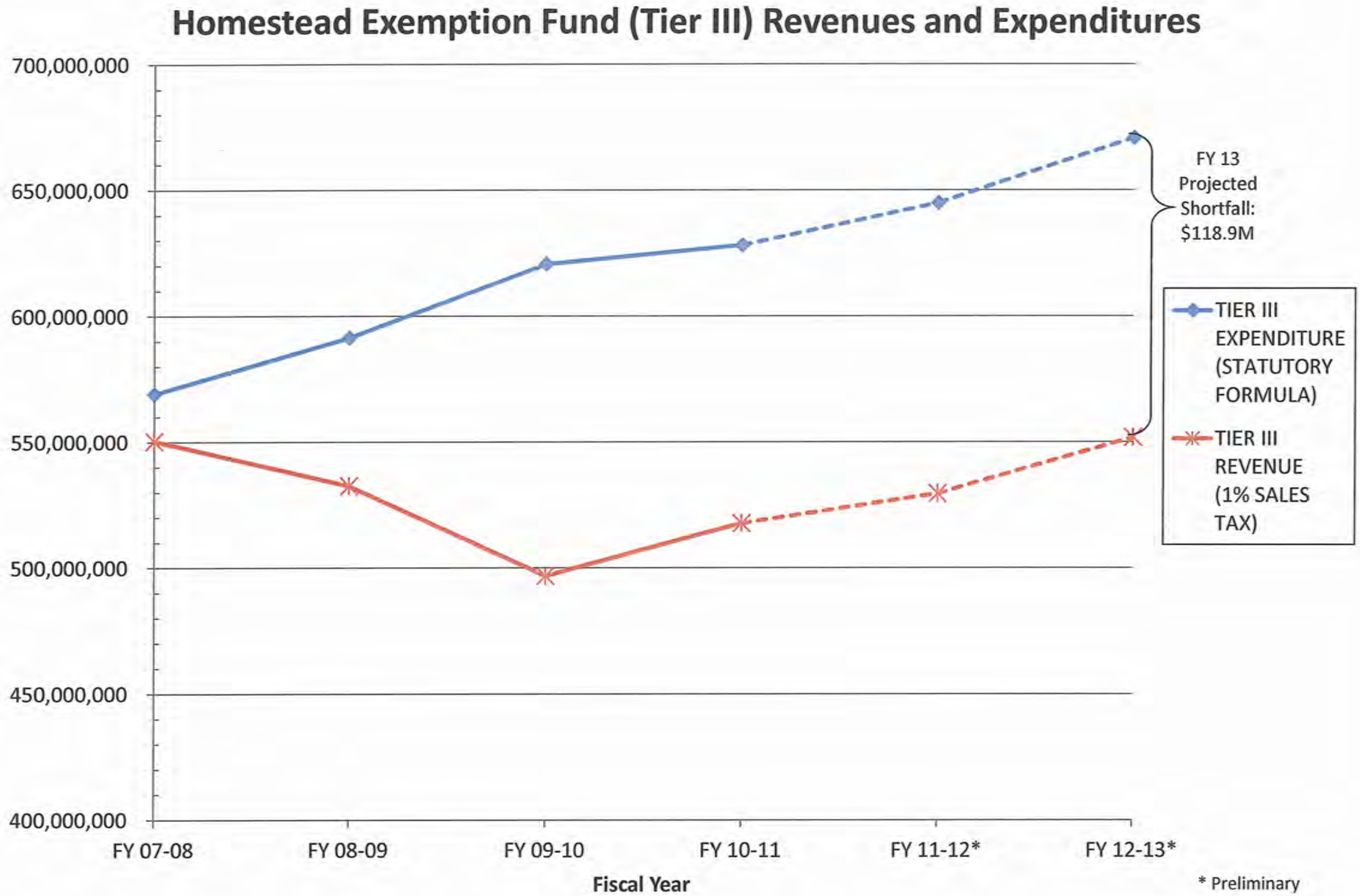


Note: Beginning in FY 1998-99, property tax relief appropriations were moved off-budget and associated revenue was transfered to the Trust Fund for Property Tax Relief.

Source: SC Board of Economic Advisors, 11/10/11

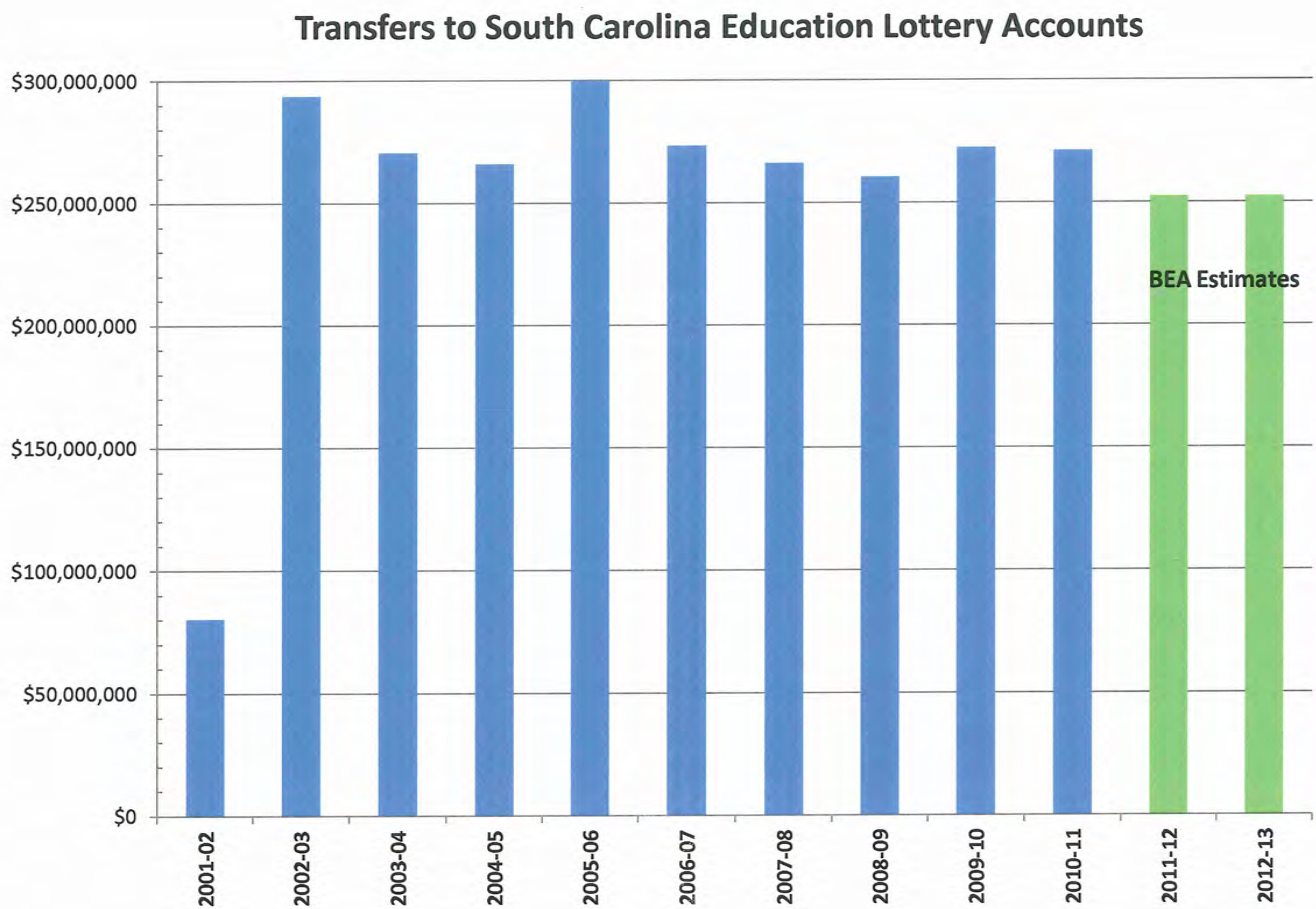
Trust Fund for Property Tax Relief

	$100,000 Residential Property Tax Exemption (Tier I)	Homestead Exemption County/City (Tier II part1)	School Operations (Tier II part 2)	65 and Over $50,000 Homestead Exemption (Total Tier II)	Manufacturer's Depreciation Reimbursement from 20% to 10%	Merchant's Inventory Tax Exemption (originally passed 1984)	Total
	1	2	3	4	5	6	7
DOLLARS							
FY 2000 (TY 1999)	$251,576,947			$53,579,824	$35,729,165	$40,557,257	$381,443,193
FY 2001 (TY 2000)	$241,614,944			$119,783,281	$38,746,703	$40,557,257	$440,702,185
FY 2002 (TY 2001)	$249,069,750			$127,749,042	$43,773,787	$40,557,257	$461,149,836
FY 2003 (TY 2002)	$249,069,750			$138,220,677	$45,624,171	$40,557,257	$473,471,855
FY 2004 (TY 2003)	$249,069,750			$147,839,923	$47,597,238	$40,557,257	$485,064,168
FY 2005 (TY 2004)	$249,069,750			$154,873,301	$49,906,439	$40,557,257	$494,406,747
FY 2006 (TY 2005)	$249,069,750			$157,864,439	$52,581,627	$40,557,257	$500,073,073
FY 2007 (TY 2006)	$249,069,750			$166,047,316	$54,562,649	$40,557,257	$510,236,972
FY 2008 (TY 2007)	$249,069,750	$92,073,054	$80,892,728	$172,965,782	$57,582,305	$40,557,257	$520,175,094
FY 2009 (TY 2008)	$249,069,750	$97,469,317	$80,892,728	$178,362,045	$57,996,007	$40,557,257	$525,985,059
FY 2010 (TY 2009)	$249,069,750	$101,442,286	$80,892,728	$182,335,014	$56,982,806	$40,557,257	$528,944,826
FY 2011 (TY 2010)	$249,069,750	$104,339,347	$80,892,728	$185,232,075	$59,805,615	$40,557,257	$534,664,696
FY 2011 Appropriation Act Est.	$249,069,750	$112,631,996	$80,892,728	$193,524,724	$62,728,481	$40,557,257	$545,880,212
FY 2011 Surplus/(Shortfall)	$0	$8,292,649	$0	$8,292,649	$2,922,867	$0	$11,215,516
GROWTH RATES							
FY 2000 (TY 1999)	5.77%			4.38%	51.30%	0.00%	7.95%
FY 2001 (TY 2000)	-3.96%			123.56%	8.45%	0.00%	15.54%
FY 2002 (TY 2001)	3.09%			6.65%	12.97%	0.00%	4.64%
FY 2003 (TY 2002)	0.00%			8.20%	4.23%	0.00%	2.67%
FY 2004 (TY 2003)	0.00%			6.96%	4.32%	0.00%	2.45%
FY 2005 (TY 2004)	0.00%			4.76%	4.85%	0.00%	1.93%
FY 2006 (TY 2005)	0.00%			1.93%	5.36%	0.00%	1.15%
FY 2007 (TY 2006)	0.00%			5.18%	3.77%	0.00%	2.03%
FY 2008 (TY 2007)	0.00%			4.17%	5.53%	0.00%	1.95%
FY 2009 (TY 2008)	0.00%	5.86%	0.00%	3.12%	0.72%	0.00%	1.12%
FY 2010 (TY 2009)	0.00%	4.08%	0.00%	2.23%	-1.75%	0.00%	0.56%
FY 2011 (TY 2010)	0.00%	2.86%	0.00%	1.59%	4.95%	0.00%	1.08%
5 Year Growth Rate	0.00%	n/a	n/a	3.25%	2.61%	0.00%	1.35%
4 Year Growth Rate	0.00%	n/a	n/a	2.77%	2.32%	0.00%	1.18%
3 Year Growth Rate	0.00%	4.26%	0.00%	2.31%	1.27%	0.00%	0.92%
PROJECTIONS							
FY 12 & FY 13 Applied Growth Rates	0.00%	4.26%	0.00%	n/a	4.44%	0.00%	n/a
FY 2012 Appropriation Act Est.	$249,069,750	$115,071,261	$80,892,728	$195,963,989	$60,089,714	$40,557,257	$545,680,709
FY 2012 Revised Estimate (Nov 11)	$249,069,750	$108,781,064	$80,892,728	$189,673,792	$62,458,662	$40,557,257	$541,759,461
FY 2012 Projected Surplus/(Shortfall)	$0	$6,290,197	$0	$6,290,197	($2,368,948)	$0	$3,921,249
FY 2013 Projection (Nov 11)	$249,069,750	$113,411,865	$80,892,728	$194,304,593	$65,229,402	$40,557,257	$549,161,002



Note: Tier III Expenditure includes $2.5M minimum disbursements. Revenue projection based upon 11/10/11 BEA forecast.

Source:Budget Control Board, Office of Research and Statistics; SC Board of Economic Advisors



Source: Board of Economic Advisors, SC Education Lottery Commission