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1984/85

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REPORT OF REVENUE OUTLOOK FOR
LAST SIX MONTHS OF FY...

the fiscal year when interest rates were high. Recently, however, interest rates have fallen, and consumer spending has increased. Manufacturers had slowed production cycles in response to adequate inventories and intense foreign competition but recent data reflect some improvement. As the economy moves at this moderate rate, interest rates, while remaining quite high, should continue to drop which should help stimulate the construction sector.

Economic activity in the State has followed the national slowdown in rates of increase and is generally consistent with the revenue forecast. Sales tax collections in the State are running slightly behind forecasts but should meet projections in view of the recent pickup in consumer spending. Without adequate information on the extent of Christmas period retail sales and changes in consumer behavior, however, the conclusion is that sales tax collections are on target with the forecast. Corporate tax collections and all other tax receipts are running slightly ahead of forecasts, although these increases are expected to moderate towards the targeted amount during the second half of FY84-85. Continued higher than anticipated individual income tax collections warrant a slight upward revision in the forecast for January 1, 1985. More definitive estimates

will be available by the time of the final scheduled forecast on February 15, 1985, when two more months of actual collections are available and some of the uncertainties surrounding refund activity, Christmas sales, consumption patterns and taxable income growth will be more clearly measurable.

Board of Economic Advisors
J. A. M.
December 31, 1984

Attachments A and B

ATTACHMENT A

FISCAL YEAR 1985 OUTLOOK: GROWTH REQUIRED TO MEET ESTIMATES*

	FY 1984 ACTUAL DECEMBER-JUNE (million \$)	FY 1985 NEEDED DECEMBER-JUNE (million \$)	FY 1985 CHANGES NECESSARY TO MEET ESTIMATE DECEMBER-JUNE		FY 1985 % CHANGES FY FORECAST JULY TO NOVEMBER	
			NET	PERCENT		
SALES	\$ 467.3	\$ 499.9	\$ 32.6	7.0%	6.8%	6.6%
INDIVIDUAL	428.7	426.4	(2.3)	(0.5)	6.2	14.1
CORPORATE	115.7	121.6	5.9	5.1	9.4	22.1
ALL OTHER	283.9	291.0	7.1	2.5	6.5	15.4
REGULAR SOURCES	1,295.5	1,338.8	43.3	3.3	6.7	11.8
MISCELLANEOUS	26.7	25.6	(1.1)	(4.1)	4.1	9.2
TOTAL GENERAL FUND	1,322.2	1,364.4	42.2	3.2	6.6	11.6

*: Estimates based on BEA forecast of November 26, 1984.

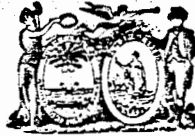
Source: Board of Economic Advisors

ATTACHMENT B
 REVIEW OF GENERAL FUND REVENUE COLLECTIONS AND STATE INCOME GROWTH

FISCAL YEARS	PERSONAL INCOME AT ANNUAL RATES (MILLIONS OF \$)	PERCENT CHANGE	CUMULATIVE GENERAL FUND REVENUES (MILLIONS OF \$)	PERCENT CHANGE	RATIO OF REVENUE GROWTH TO INCOME GROWTH	CUMULATIVE GENERAL FUND REVENUES (MILLIONS OF \$)	PERCENT CHANGE	RATIO OF REVENUE GROWTH TO INCOME GROWTH
1982-83								
1982: 3	27,926	5.5	498.024	7.2	1.306	498.024	7.2	1.306
4	28,426	5.7	956.025	5.4	.951	956.025	5.4	.951
1983: 1	28,805	6.0	1445.958	6.6	1.105	1445.958	6.6	1.105
2	29,720	7.7	1969.930	9.2	1.193	1969.930	9.2	1.193
1983-84								
1983: 3	30,297	8.5	567.143	13.9	1.635	567.143	13.9	1.635
4	31,114	9.5	1094.857	14.5	1.536	1094.857	14.5	1.536
1984: 1	31,972	11.0	1626.930	12.5	1.138	1626.930	12.5	1.138
2	32,777	10.3	2228.210	13.1	1.275	2228.210	13.1	1.275
1984-85	FORECASTS							
1984: 3	33,562	10.8	616.2	8.6	.803	628.8***	10.9	1.009
4	34,252	10.1	1181.7**	7.9	.786	1206.95***	10.2	1.01
1985: 1	34,907	9.2	1749.6**	7.5	.821	1787.4***	9.9	1.076
2	35,490	8.3	2376.0**	6.6	.801	2426.5***	8.9	1.07

* NOVEMBER 26, 1984 QUARTERLY ESTIMATES.
 ** NET OF IMPACT OF CHANGES IN TAX LAWS.
 *** INCLUDES IMPACT OF CHANGES IN TAX LAWS.

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STATE OF SOUTH CAROLINA
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REVENUE OUTLOOK-JANUARY 1, 1985

The Board of Economic Advisors is required by Section 57, Part II of Act 151 of 1983 to consider adjustments to the official revenue forecast for the 1985-86 fiscal year on January 1, 1985. It has done so and determined that an upward adjustment is warranted.

After a period of sluggish growth in the first four months of the 1984-85 fiscal year the economies of the nation and State showed signs of more active growth in November and early December data. This has been stimulated in part by a reduced interest rate structure, and further reductions appear likely in the near future. The probability is, therefore, that the economy will move forward with somewhat more vitality in the last six months of the fiscal year.

General Fund Revenues have increased approximately at targeted rates, but individual income tax receipts have been more favorable than anticipated. In response to this fact and the somewhat improved economic outlook the Board has adjusted upward by \$15 million its forecast for individual income tax revenues for the 1984-85 fiscal year,

with a proportional increase of \$20 million for the 1985-86 fiscal year. The forecast for Other revenues remains the same. The accompanying table reflects these adjustments.

Board of Economic Advisors
J. A. M.
January 1, 1985

GENERAL FUND REVENUES
Forecast 1984-85 and 1985-86
In Millions of Dollars

	ACTUAL 1983-84	REVISED 1984-85	REVISED 1985-86
TOTAL GENERAL FUND	2228.2	2391.0 (1)	2522.3 (1)
Total Regular Sources	2159.3	2319.3 (1)	2483.6 (1)
Sales Tax	798.9	853.3 (2)	922.2 (2)
Individual Income Tax	795.5	860.0 (3)	940.4 (3)
Corporation Income Tax	154.5	169.0	177.0 (4)
All Other	410.4	437.0	444.0
Miscellaneous Sources	68.9	71.7	38.7 (5)
Education Improvement Fund		194.1	230.6 (6)
Interest on Education Improvement Fund		2.0	1.0
Total		196.1	231.6

RATES OF CHANGE

TOTAL GENERAL FUND	7.3%	5.5%
Total Regular Sources	7.4	7.1
Sales Tax	6.8	8.1
Individual Income Tax	8.1	9.3
Corporation Income Tax	9.4	4.7
All Other	6.5	1.6
Miscellaneous Sources	4.1	-46.1
Education Improvement Fund	---	18.8
Interest on Education Improvement Fund	---	-50.0
Total	---	18.1

(1) Net of Education Improvement Fund.

(2) Net of impact of retail sales tax law changes.

(3) Net of impact of income tax credit for food inflation and income tax indexation.

(4) Net of impact of the "throwback rule".

(5) Adjusted for nonrecurring revenue of \$30.4 million.

(6) One-fifth of total sales tax.

Board of Economic Advisors

1/1/85