Experts: State to get windfall

Economic advisers predict $229M extra

The Associated Press

COLUMBIA — South Carolina legislators will have to decide what to do with an additional $770 million when they return to Columbia in January.

The state's Board of Economic Advisors said Thursday more money is coming in than expected.

The additional money overall includes a $128 million surplus from the fiscal year that closed June 30, which increased the base for subsequent years. The four-member board predicts the state will collect nearly $229 million more this fiscal year than legislators designated in the current budget.

The board also predicted a 3.9 percent growth rate in 2012-13, putting an additional $414 million on the table for budget talks. Lawmakers will use the board's estimates to write the 2012-13 state budget.

Board Chairman Chad Walldorf attributed the growth partly to inflation, as well as income growth. A higher cost of products translates to higher sales tax collections, he said.

He added he's surprised how quickly the revenue forecast has brightened since he was appointed to the job in February.

For the first four months of the fiscal year, state revenues increased 4.5 percent, rather than the 1 percent growth the board forecast in May. The board predicts a slight slowdown for the rest of the year and continued slow growth in 2012-13. The additional money is likely to fuel debate over whether to restore cuts made to the budget amid and following the Great Recession.

Walldorf said that, while significant, the amount of new money pales in comparison to the state's debt in employees' retirement plans.

"Hopefully, the bulk of these projected tax revenues will be used to pay down long-term commitment and returned to the taxpayer rather than used to dramatically increase spending on government programs," he said.

Gov. Nikki Haley agreed. She's expected to release her executive budget plan for 2012-13 in January.