SOUTH CAROLINA UPDATE
Economic and Other Trends

PRESENTED TO

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF SC

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SC PERSONAL INCOME FISCAL YEAR GROWTH RATES

Actuals, Estimates, and Averages

Source: US Department of Commerce, Bureau of Economic Analysis RFA-173 LJ/10/05/17
Shares of Personal Income Components in South Carolina

Calendar Year

(Percent)


Wages & Salaries
Dividends, Interest, & Rent
Transfer Payments
Other Personal Income

S.C. Board of Economic Advisors
Total Nonfarm Employment Growth in South Carolina

(Percent Change Over Same Month One Year Ago)

Source: U.S. Department of Labor, Bureau of Labor Statistics

SCBEA/RWM/08/29/18
SOUTH CAROLINA CENSUS POPULATION
Percent Change From 2010 to 2017

South Carolina Revenue and Fiscal Affairs Office
SOUTH CAROLINA POPULATION BY AGE GROUP
2010 TO 2020

Note: US Census Bureau, population estimates 2010 to 2016; Revenue and Fiscal Affairs Office, population projections 2017 to 2020
GENERAL FUND REVENUE
Less Trust Fund and Homestead Exemption Shortfall

Source: S.C. Revenue and Fiscal Affairs 213-EM 09/20/18
SOUTH CAROLINA GENERAL FUND REVENUE
as a Percentage of Total Personal Income

Source: U.S. Department of Commerce, Bureau of Economic Analysis; SC Revenue and Fiscal Affairs Office 34F-EM/09/25/18
SOUTH CAROLINA TOTAL AND GENERAL FUND SALES TAX COLLECTIONS

(Millions of Dollars)

Source: Revenue and Fiscal Affairs Office 32A-EM/09/20/18
SOUTH CAROLINA TOTAL AND GENERAL FUND SALES TAX COLLECTIONS
as a Percentage of Total Personal Income

- Maximum cap on autos and EIA additional 1% in 1985
- Additional 1% for residential property tax relief in FY 2007-08
- Sales tax on food to 3% in 10/2006 and 0% in 11/2007

Wayfair Decision and Sales Tax

• The *Wayfair* decision allows SC to start collecting additional sales tax on E-commerce sales
• DOR is issuing policy and will begin collecting sales tax in November
• Latest estimate of additional collections with the smaller seller exemptions is $74.4M for a full year; $40.2 M in General Fund
• Actual collections will be for the last half of FY 2018-19
ESTIMATED ANNUAL INCREASE IN E-COMMERCE SALES AND USE TAX - $74.4 MILLION

- General Fund: $40.2 million
- Local Sales Tax: $14.0 million
- Education Improvement Act Fund: $10.1 million
- Homestead Exemption Fund: $10.1 million
- Uncollected Sales Tax with Small Seller Exemption: $29.5 million

Source: S.C. Revenue and Fiscal Affairs Office
SOUTH CAROLINA INDIVIDUAL INCOME TAX REVENUE

(Fiscal Year)

(Millions of Dollars)

Source: S.C. Revenue and Fiscal Affairs Office 34A-EM/09/20/18
SOUTH CAROLINA INCOME TAX COLLECTIONS
as a Percentage of Total Personal Income

Percentage of Personal Income

- Indexation of tax brackets beginning in FY 91
- Lowest bracket of 2.5% reduced to 0% for FY 08
- Internal Revenue Code conformity effective FY 86
- Job development/retraining fee enacted for FY 96; Large scale use of credits beginning in FY 2001; Credits totaled $88.5 million in FY 09
- Phased-in reduction of maximum 7% tax rate on pass-through trade and business income to 5% beginning in FY 07 and fully implemented in FY 10
  - Beginning in FY 13 maximum rate is further reduced to 4.33% will be reduced to 3.67% in FY 14 and 3% in FY 15

Source:  SC General Fund individual income tax collections and U.S. Department of Commerce, Bureau of Economic Analysis.  RFA 34-EM/09/25/18
QUESTIONS?