

E-COMMERCE SALES AND TAX REVENUE  
Impact on South Carolina FY 2017-18  
October 2017

Summary

This report updates the FY 2014-15 report on E-commerce sales and tax revenue by providing estimates for FY 2017-18.

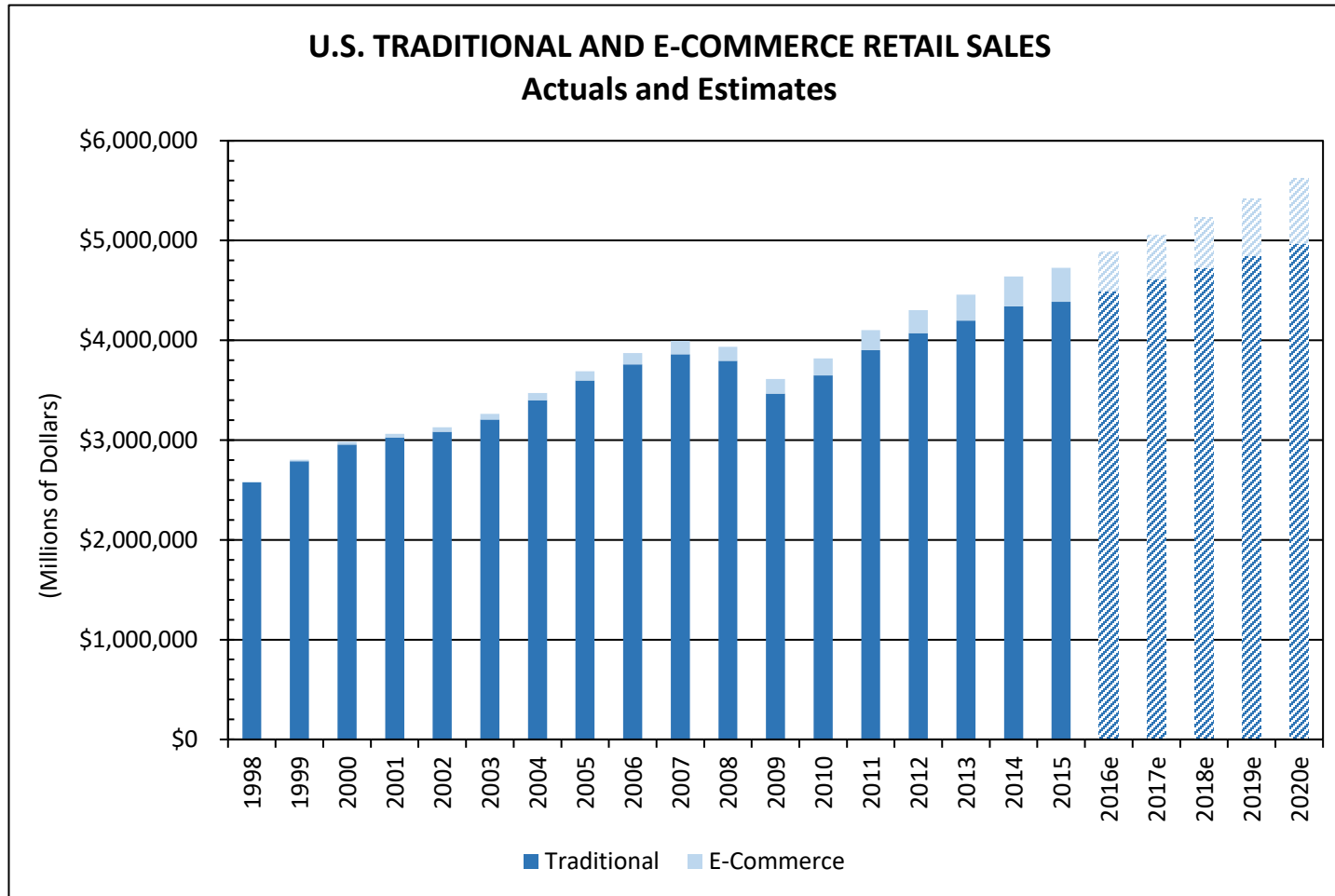
- E-commerce sales continue to grow faster than traditional retail sales, and their share of the market is expected to continue to increase.
  - As a percent of total retail sales, E-commerce sales have increased from 0.2 percent of total retail sales in 1988 to 8.7 percent in 2017.
  
- Estimated tax collections from E-commerce sales have increased, both in total dollars and in terms of compliance.
  - Uncollected taxes are estimated at \$94.2 million, or 21.4 percent of the total liability for FY 2017-18. This is an improvement over the estimated 25.0 percent of uncollected tax liability in FY 2014-15.



## E-commerce Share of Total Retail Sales

E-commerce continues to be a growing segment of the retail trade sector in the United States compared to traditional retail sales. As shown in Figure 1A, total U.S. retail sales stemming from E-commerce activity has increased from \$4.9 billion in 1998 to \$340.4 billion in 2016.

Figure 1A.

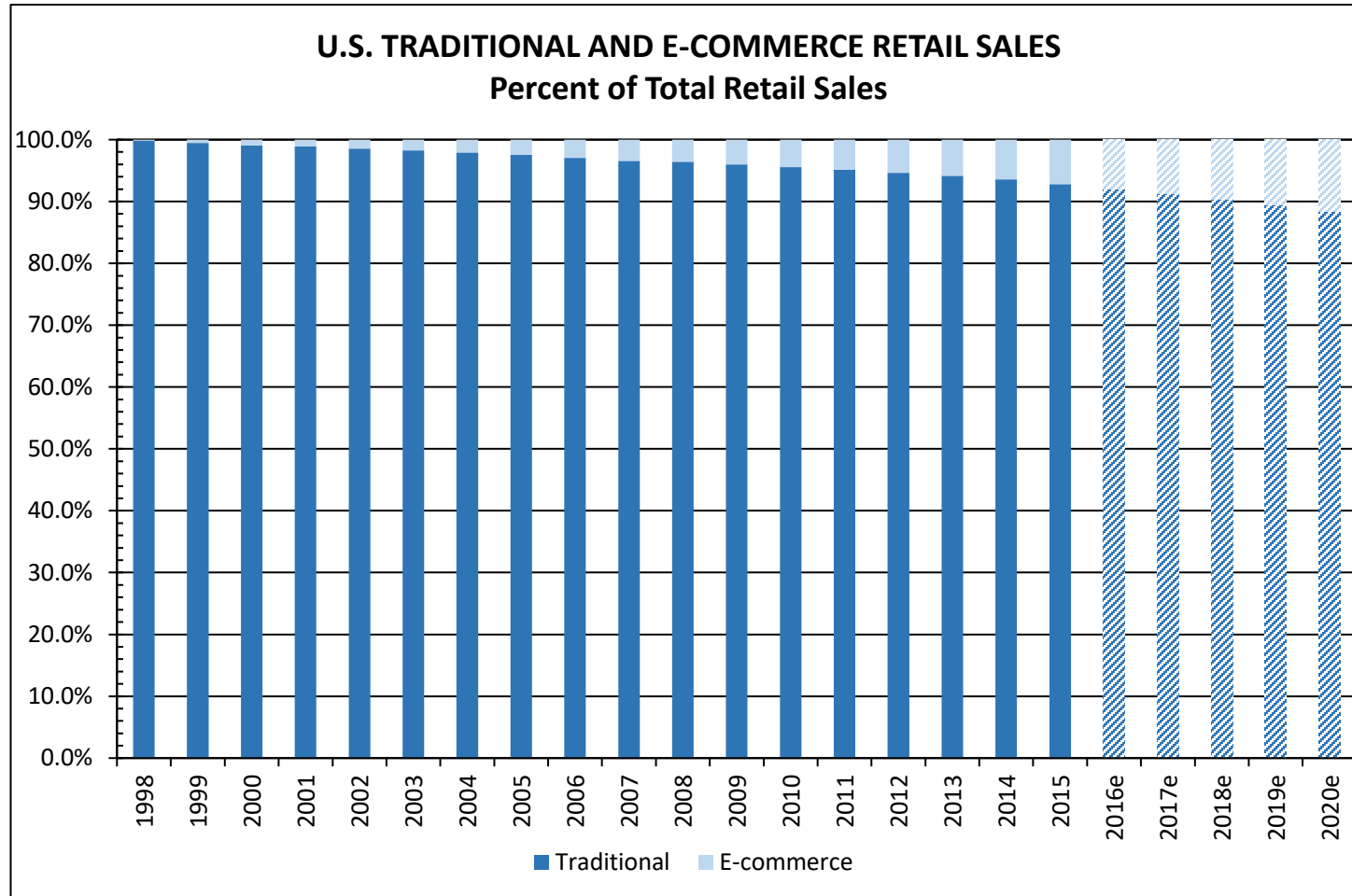


Data Source: U.S. Department of Commerce, Census Bureau, May 2017

## E-commerce as a Percent of Total Sales

As a percent of total retail sales, E-commerce sales have increased from 0.2 percent of total retail sales in 1988 to 8.7 percent in 2017. Based on the most recent three-year growth rates, E-commerce activity is expected to continue to increase and is estimated to account for 11.6 percent of total retail sales in 2020.

Figure 1B.

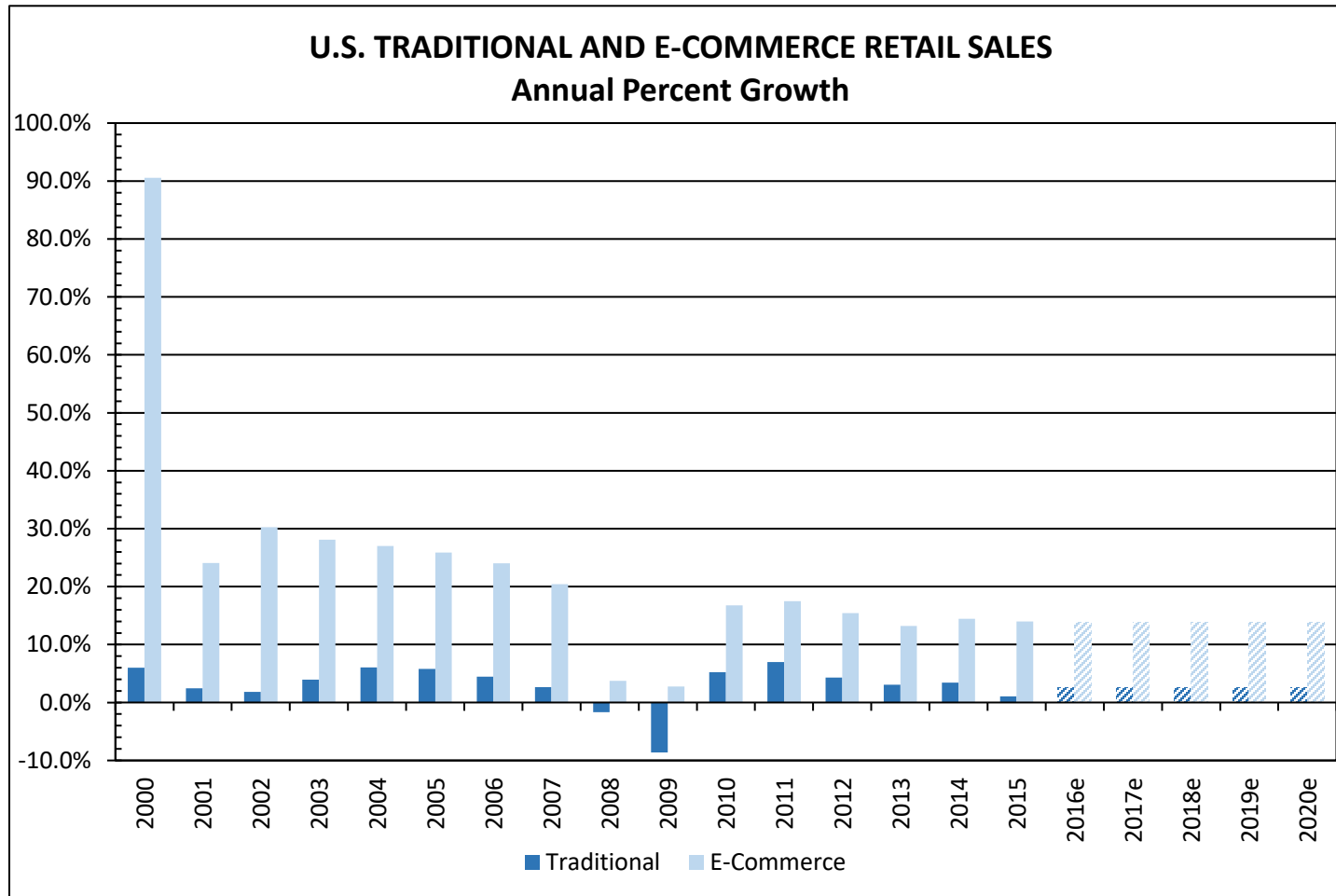


Data Source: U.S. Department of Commerce, Census Bureau, May 2017

## E-commerce Annual Growth Rates

As shown below in Figure 2A, the annual growth in E-commerce sales nationally has varied widely since 2000 and has ranged between 2.8 percent and 90.5 percent.

Figure 2A.

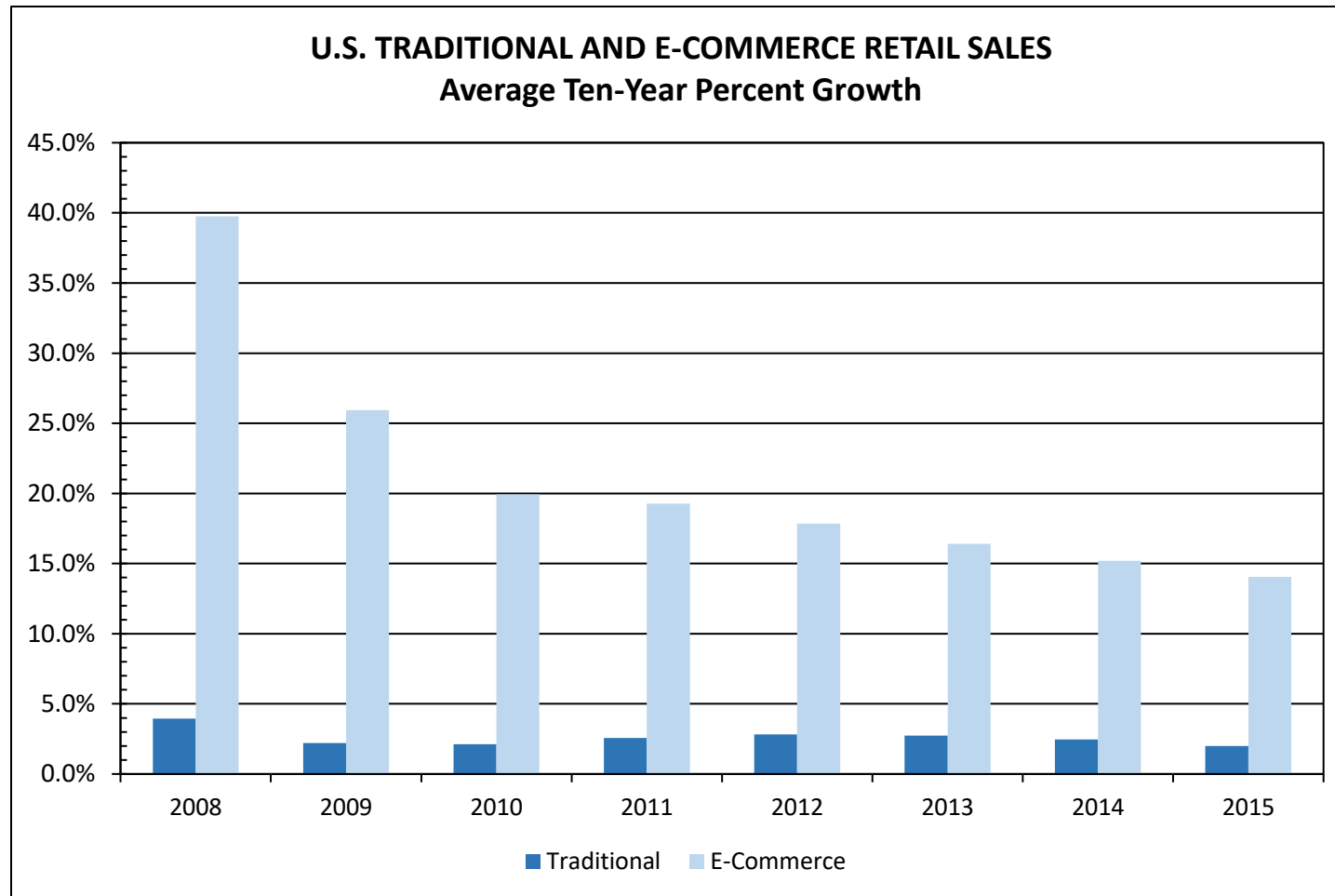


Data Source: U.S. Department of Commerce, Census Bureau, May 2017

## E-commerce ten-year average growth rates

The ten-year average annual growth rate in E-commerce sales nationally from 2008 to 2015 has varied less widely and has ranged between 2.5 percent and 39.7 percent.

Figure 2B.

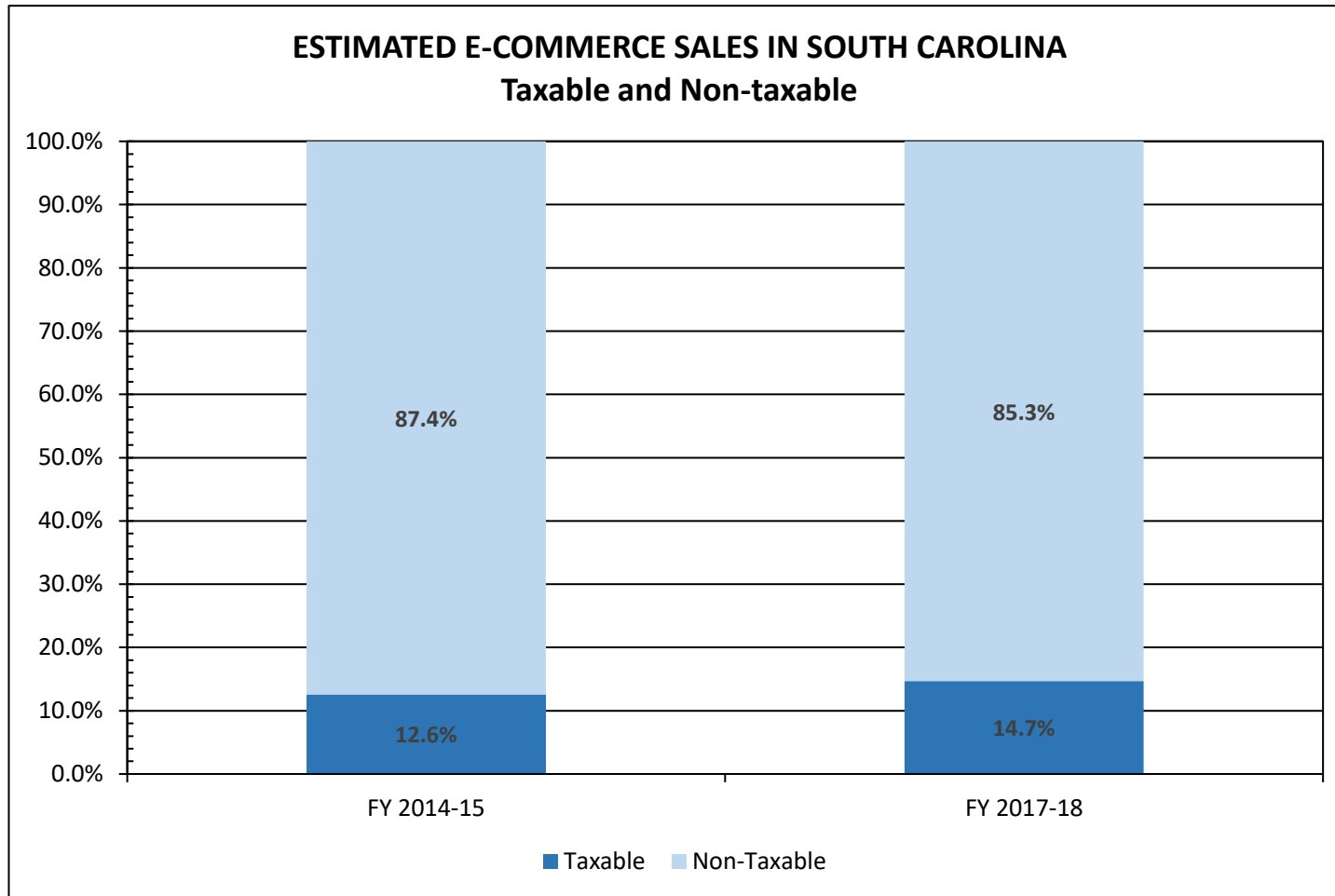


Data Source: U.S. Department of Commerce, Census Bureau

## Taxable Retail and Wholesale Sales

Taxable retail and wholesale E-commerce sales in South Carolina as a percentage of total sales have increased from 12.6 percent to 14.7 percent.

Figure 3.

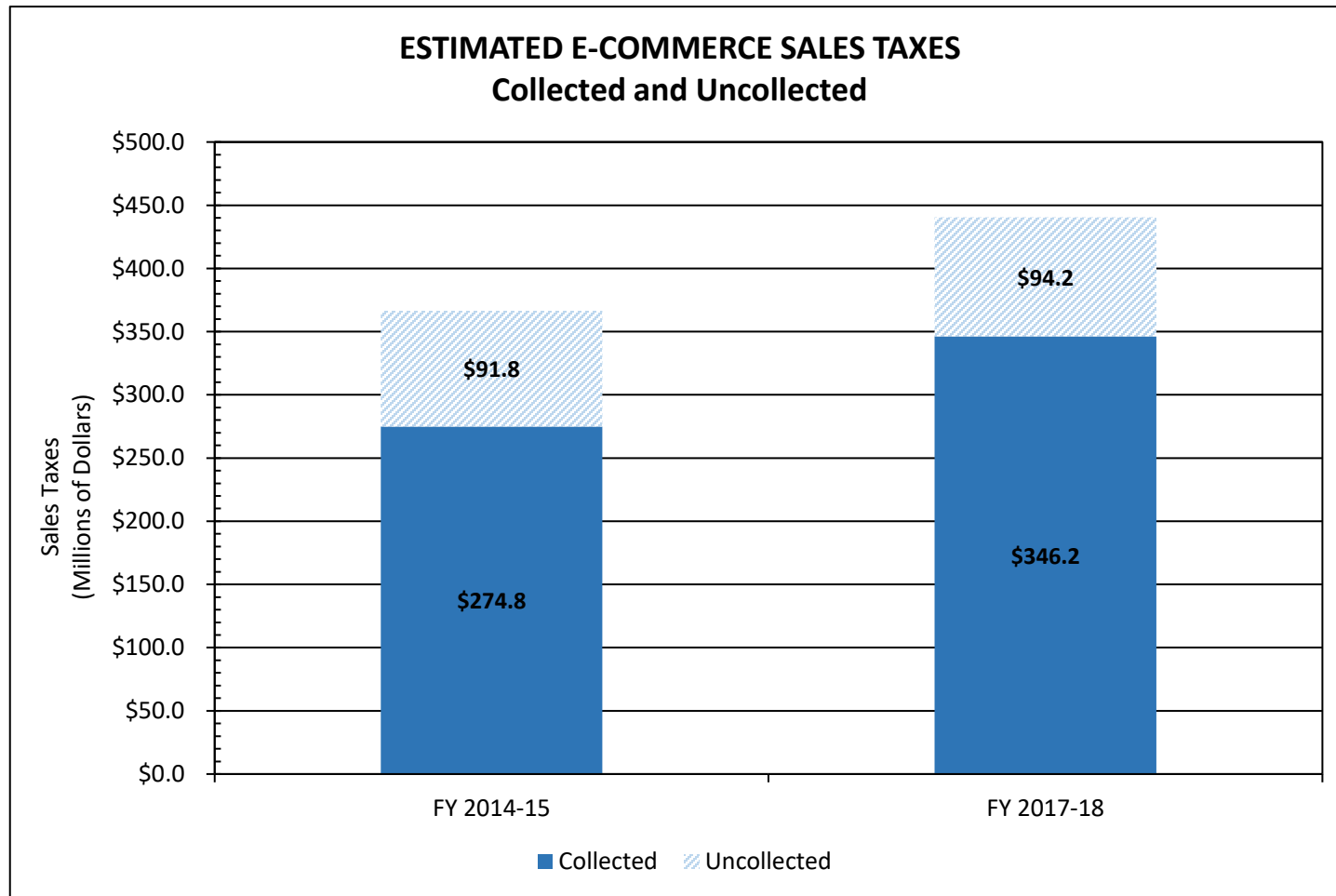


Source: S.C. Revenue and Fiscal Affairs Office

## Estimated Sales Tax Collections and Uncollected taxes

The estimated South Carolina state and local sales tax liability on taxable wholesale and retail E-commerce sales for FY 2017-18 is \$440.4 million. Of this amount, the estimate for expected collections is \$346.2 million, which represents 78.6 percent of the total tax liability. Uncollected taxes are estimated at \$94.2 million, or 21.4 percent of the total liability. This is an improvement over the estimated 25.0 percent of uncollected tax liability in FY 2014-15.

Figure 4.



Source: S.C. Revenue and Fiscal Affairs Office

## DATA TABLES

### U.S. Census Bureau Traditional Retail and E-Commerce Retail Sales (May 2017)

Year	Total Retail Sales In U.S.		Traditional Retail Sales In U.S.		
	Millions of Dollars	Annual % Growth	Millions of Dollars	Annual % Growth	Average Annual % Growth Last 10 Years
1998	\$2,581,762	<i>n/a</i>	\$2,576,778	<i>n/a</i>	<i>n/a</i>
1999	\$2,803,090	8.6%	\$2,788,600	8.2%	<i>n/a</i>
2000	\$2,983,276	6.4%	\$2,955,668	6.0%	<i>n/a</i>
2001	\$3,062,268	2.6%	\$3,028,008	2.4%	<i>n/a</i>
2002	\$3,128,552	2.2%	\$3,083,929	1.8%	<i>n/a</i>
2003	\$3,262,731	4.3%	\$3,205,576	3.9%	<i>n/a</i>
2004	\$3,473,048	6.4%	\$3,400,451	6.1%	<i>n/a</i>
2005	\$3,689,283	6.2%	\$3,597,896	5.8%	<i>n/a</i>
2006	\$3,871,573	4.9%	\$3,758,239	4.5%	<i>n/a</i>
2007	\$3,995,182	3.2%	\$3,858,712	2.7%	<i>n/a</i>
2008	\$3,935,315	<b>-1.5%</b>	\$3,793,723	<b>-1.7%</b>	3.9%
2009	\$3,612,471	<b>-8.2%</b>	\$3,466,964	<b>-8.6%</b>	2.2%
2010	\$3,818,048	5.7%	\$3,648,127	5.2%	2.1%
2011	\$4,102,952	7.5%	\$3,903,279	7.0%	2.6%
2012	\$4,302,229	4.9%	\$4,071,755	4.3%	2.8%
2013	\$4,458,450	3.6%	\$4,197,500	3.1%	2.7%
2014	\$4,639,440	4.1%	\$4,340,758	3.4%	2.5%
2015	\$4,727,427	1.9%	\$4,387,012	1.1%	2.0%
2016e	\$4,885,109	3.3%	\$4,497,431	2.5%	
2017e	\$5,052,133	3.4%	\$4,610,630	2.5%	
2018e	\$5,229,478	3.5%	\$4,726,678	2.5%	
2019e	\$5,418,255	3.6%	\$4,845,647	2.5%	
2020e	\$5,619,718	3.7%	\$4,967,610	2.5%	

Data Source: U.S. Department of Commerce, Census Bureau; Estimates by S.C. Revenue and Fiscal Affairs Office

Notes: Estimates are based upon the average three year growth rates (2012-2015) for traditional and e-commerce sales.



**U.S. Census Bureau Traditional Retail and E-Commerce Retail Sales (May 2017)  
(Continued)**

E-commerce Retail Sales in U.S.

Year	Millions of Dollars	E-commerce % of Total	Annual % Growth	Average Annual % Growth Last 10 Years
1998	\$4,984	0.2%	<i>n/a</i>	<i>n/a</i>
1999	\$14,490	0.5%	190.7%	<i>n/a</i>
2000	\$27,608	0.9%	90.5%	<i>n/a</i>
2001	\$34,260	1.1%	24.1%	<i>n/a</i>
2002	\$44,623	1.4%	30.2%	<i>n/a</i>
2003	\$57,155	1.8%	28.1%	<i>n/a</i>
2004	\$72,597	2.1%	27.0%	<i>n/a</i>
2005	\$91,387	2.5%	25.9%	<i>n/a</i>
2006	\$113,334	2.9%	24.0%	<i>n/a</i>
2007	\$136,470	3.4%	20.4%	<i>n/a</i>
2008	\$141,592	3.6%	3.8%	39.7%
2009	\$145,507	4.0%	2.8%	25.9%
2010	\$169,921	4.5%	16.8%	19.9%
2011	\$199,673	4.9%	17.5%	19.3%
2012	\$230,474	5.4%	15.4%	17.8%
2013	\$260,950	5.9%	13.2%	16.4%
2014	\$298,682	6.4%	14.5%	15.2%
2015	\$340,415	7.2%	14.0%	14.1%
<i>2016e</i>	<i>\$387,678</i>	<i>7.9%</i>	<i>13.9%</i>	
<i>2017e</i>	<i>\$441,503</i>	<i>8.7%</i>	<i>13.9%</i>	
<i>2018e</i>	<i>\$502,800</i>	<i>9.6%</i>	<i>13.9%</i>	
<i>2019e</i>	<i>\$572,608</i>	<i>10.6%</i>	<i>13.9%</i>	
<i>2020e</i>	<i>\$652,109</i>	<i>11.6%</i>	<i>13.9%</i>	

e- Estimates

Data Source: U.S. Department of Commerce, Census Bureau; Estimates by S.C. Revenue and Fiscal Affairs Office

**Estimated Total Retail, Traditional Retail, and E-commerce Sales in S.C. (October 2017)**

Year	Estimated Total S.C. Retail Sales		Estimated Traditional Retail Sales in S.C.			Estimated E-commerce Retail Sales in S.C.		
	Millions of Dollars	Annual % Growth	Millions of Dollars	Traditional Retail % of Total	Annual % Growth	Millions of Dollars	E-commerce % of Total	Annual % Growth
2012	\$59,371	<i>n/a</i>	\$56,190	94.6%	<i>n/a</i>	\$3,181	5.4%	<i>n/a</i>
2013	\$61,527	3.6%	\$57,926	94.1%	3.1%	\$3,601	5.9%	13.2%
2014	\$64,024	4.1%	\$59,902	93.6%	3.4%	\$4,122	6.4%	14.5%
2015	\$65,238	1.9%	\$60,541	92.8%	1.1%	\$4,698	7.2%	14.0%
2016 <sup>e</sup>	\$67,415	3.3%	\$62,065	92.1%	2.5%	\$5,350	7.9%	13.9%
2017 <sup>e</sup>	\$69,719	3.4%	\$63,627	91.3%	2.5%	\$6,093	8.7%	13.9%
2018 <sup>e</sup>	\$72,167	3.5%	\$65,228	90.4%	2.5%	\$6,939	9.6%	13.9%
2019 <sup>e</sup>	\$74,772	3.6%	\$66,870	89.4%	2.5%	\$7,902	10.6%	13.9%
2020 <sup>e</sup>	\$77,552	3.7%	\$68,553	88.4%	2.5%	\$8,999	11.6%	13.9%

e- Estimates

Data Source: U.S. Department of Commerce, Census Bureau; Estimates by S.C. Revenue and Fiscal Affairs Office

Note: In the 2012 Census Retail Trade Survey by Geographic Area, Retail Sales in S.C. totaled \$58,093.8 million, which represented 1.38% of the U.S. sales of \$4,219,821.9 million. S.C. estimates are based upon 1.38% of U.S. dollars.

**Estimated E-Commerce Sales in S.C.**

	FY 2014-15		FY 2017-18	
	Millions of Dollars	% of Total Sales	Millions of Dollars	% of Total Sales
Total Sales	\$21,425.8	100.0%	\$26,089.5	100.0%
Retail	\$4,999.9	23.3%	\$6,281.5	24.1%
Wholesale	\$16,425.9	76.7%	\$19,808.0	75.9%
Taxable	\$2,697.9	12.6%	\$3,835.2	14.7%
Retail	\$2,644.2	12.3%	\$3,770.3	14.5%
Wholesale	\$53.7	0.3%	\$64.9	0.2%
Non-Taxable	\$18,727.9	87.4%	\$22,254.3	85.3%
Retail	\$2,355.7	11.0%	\$2,511.2	9.6%
Wholesale	\$16,372.2	76.4%	\$19,743.1	75.7%

Source: S.C. Revenue and Fiscal Affairs Office

**Estimated E-Commerce Sales Taxes**

	FY 2014-15		FY 2017-18	
	Millions of Dollars	% of Total Tax	Millions of Dollars	% of Total Tax
Total Tax	\$366.6	100.0%	\$440.3	100.0%
Collectible	\$274.8	75.0%	\$346.2	78.6%
Non-collectible	\$91.8	25.0%	\$94.2	21.4%

Source: S.C. Revenue and Fiscal Affairs Office

See also:

*South Carolina E-Commerce Sales and Use Tax Revenue Estimates for FY 2014-15, <http://rfa.sc.gov/econ/reports/econanalysis>*