



# REVENUE DIGEST

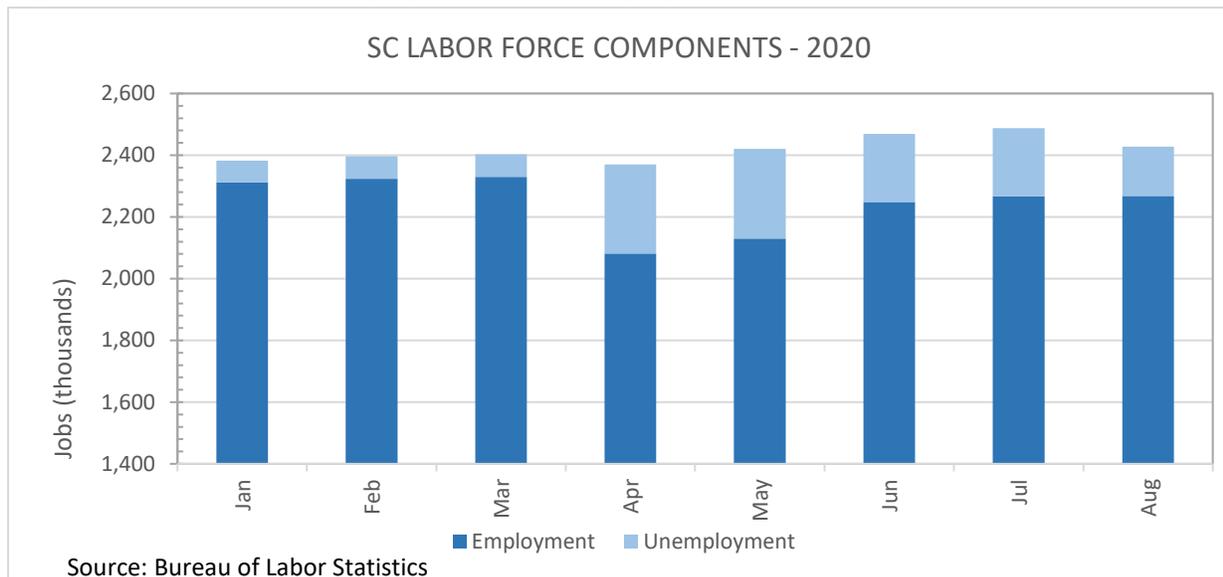
## SEPTEMBER 2020, FY 2020-21

Released October 15, 2020

### South Carolina Economy

Total employment in South Carolina in July and August of 2020 remained almost flat between the two months. While August employment represents a decrease of 2.1 percent, or 49,570 jobs, from August of 2019, it does represent a return of 186,909 jobs, or 75 percent, of the 248,919 jobs lost when the pandemic hit South Carolina in April. Notably, the total labor force declined, leading to fewer total unemployed persons and a decline in the unemployment rate from 8.9 percent in July to 6.6 percent in August.

Figure 1: SC Labor Force: Employment and Unemployment



### General Fund Revenue - First Quarter Results

September revenue grew 2.7 percent, which resulted in a General Fund revenue increase of 0.9 percent through the end of the first quarter of FY 2020-21 compared to FY 2019-20. For the first quarter, revenue is currently above the quarterly estimate by \$124.7 million. While this result represents positive news, it should not be interpreted specifically as a trend toward recovery as most of the surplus appears to stem from delayed reporting of individual income tax payments and better than expected sales tax growth, likely spurred by federal stimulus payments.



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## SEPTEMBER 2020, FY 2020-21

Table 1. General Fund Revenue Growth Summary

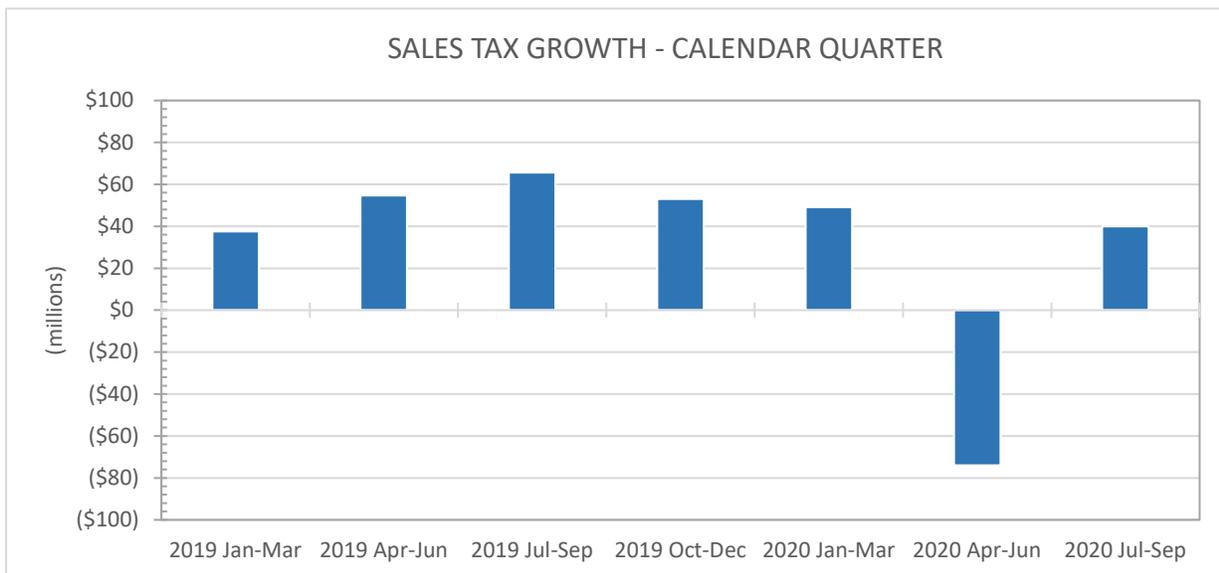
Revenue Category	Growth Rates		
	Monthly	Fiscal Year to Date	FY 2020-21 Annual Forecast
Sales Tax	3.2%	3.5%	2.5%
Individual Income Tax	2.5%	(1.5%)	(6.2%)
Corporation Income Tax	(15.3%)	7.1%	(11.2%)
Other Revenue Items	18.0%	7.1%	(1.4%)
<b>Total General Fund Revenue</b>	<b>2.7%</b>	<b>0.9%</b>	<b>(3.0%)</b>

### Consumption Taxes

#### Sales Tax

- Sales tax revenue grew 3.2 percent in September 2020 compared to September of the prior year.
- Through the first quarter, collections are 3.5 percent above last year and above the quarterly forecast, although growth is slowing. During April, May, and June, sales tax revenue declined \$74.5 million, but increased \$40.3 million in the last three months from July to September compared to the prior year.
- The sales tax excess accounts for \$43.0 million of the \$124.7 million excess General Fund revenue collections above the quarterly estimate.

Figure 2: Quarterly Growth in Sales Tax Collections





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- Of interest,
  - National retail sales growth remains strong at 5.1 percent in August.
  - Accommodations tax, however, decreased 18.2 percent in the first quarter, which impacted sales tax by an estimated \$11.2 million.

### Documentary Stamp Taxes (Deed Recording Fees)

- Documentary stamp taxes have grown 14.9 percent through the first quarter and are currently above the fiscal year estimate by \$0.5 million, likely due to strong housing sales.

### Individual Income Taxes

- Individual Income tax revenue increased 2.5 percent, or \$13.7 million, for the month. September collections improved upon the negative trend for the first quarter that ended with a 1.5 percent decline, but above the quarterly estimate.

### Withholdings

- Withholdings increased 3.0 percent for the month and are up 4.6 percent year-to-date compared to FY 2019-20, continuing above the fiscal year forecast of 3.0 percent growth.
- Similar to sales, withholdings in the second quarter were supported by federal stimulus funds. Unemployment withholdings added an extra \$42.9 million above the same quarter last year. Without those additional collections, withholdings would be growing 1.5 percent year-to-date.

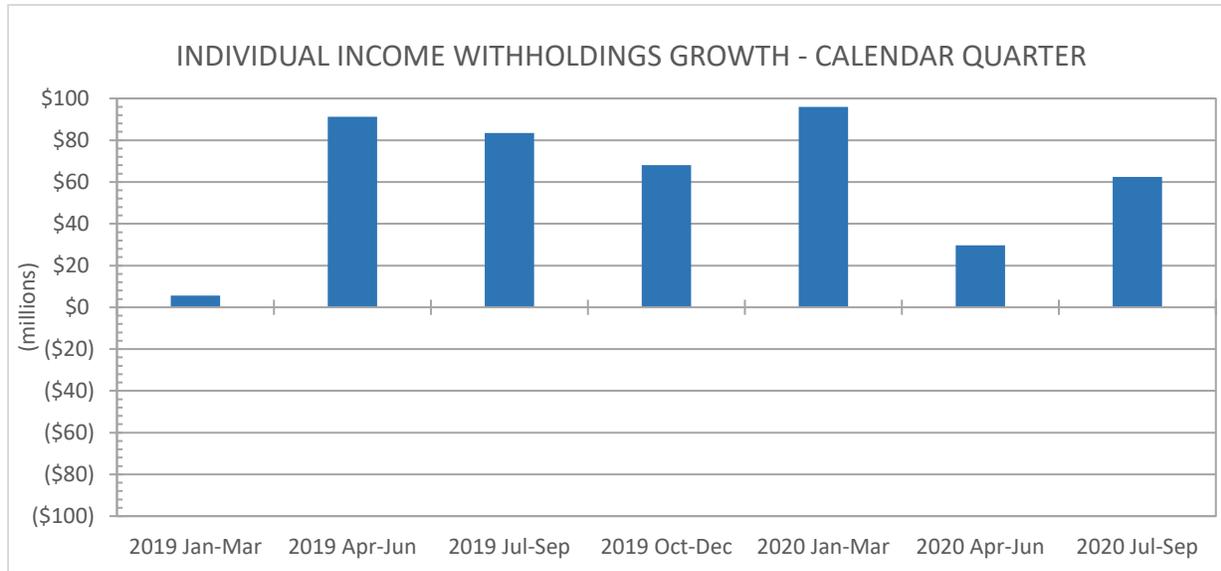




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Figure 3: Quarterly Growth in Individual Income Withholdings



### Non-withholdings

- Collections from non-withholdings (declarations and payments) were up \$11.5 million, or 8.1 percent, in September, which further contributed to the growth in individual income tax.
- This sub-category is up 32.3 percent year-to-date over FY 2019-20 and also represents a rebound from the second quarter. Approximately \$59.6 million of the excess, however, is due to late July 15 filings that did not meet the deadline to be accrued back to FY 2019-20.

### Refunds

- Refunds are substantially above FY 2019-20 by \$158.0 million largely due to delayed tax year 2020 filings until July 15.

## Business Taxes

### Corporate Income Tax

- Corporate Income tax revenue is down \$15.8 million, or 15.3 percent, for September 2020 compared to September 2019, which resulted in lower growth for the quarter of \$8.9 million, or 7.1 percent.





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## SEPTEMBER 2020, FY 2020-21

- These quarterly filing results likely indicate the beginning of lower collections for this category for tax year 2020.

### Insurance Taxes

- Insurance taxes are trending 2.5 million above the forecast for the first quarter and are currently estimated to grow by 19.7 percent for the full fiscal year. Growth for FY 2020-21 is expected to be higher due to the timing of the biennial licensing for insurance.
- Compared to the first quarter forecast, insurance premiums taxes are running 1.4 million slower than expected, but biennial licensing collections are ahead \$3.9 million, leading to the surplus relative to the forecast.

### Future Meetings

The Board of Economic Advisors (BEA) will meet with its advisory panel of economists in October for an in-depth discussion of the state's fiscal outlook. The BEA will meet again on November 10<sup>th</sup> to consider adjustments to the FY 2020-21 forecast and provide a preliminary forecast for FY 2021-22.





Table 1

September

General Fund Revenue	FY 2019-20	FY 2020-21	\$ Change	% Change
Sales and Use Tax	\$284,572,852	\$293,626,664	\$9,053,812	3.2%
Individual Income Tax	551,979,850	565,715,617	13,735,767	2.5%
Corporation Income Tax	103,727,710	87,880,024	(15,847,686)	(15.3%)
Insurance Taxes	54,953,379	89,967,646	35,014,267	63.7%
Admissions Tax	3,781,092	3,214,318	(566,774)	(15.0%)
Aircraft Tax	0	0	0	---
Alcoholic Liquor Tax	6,421,602	6,525,348	103,746	1.6%
Bank Tax	9,831,060	3,750,212	(6,080,848)	(61.9%)
Beer and Wine Tax	9,878,251	9,521,633	(356,618)	(3.6%)
Bingo Tax	(5,848)	7,887	13,735	---
Business Filing Fees	538,973	1,001,061	462,088	85.7%
Circuit/Family Court Fines	431,247	470,716	39,469	9.2%
Corporation License Tax	3,998,433	6,498,055	2,499,622	62.5%
Documentary Tax	7,192,955	8,956,733	1,763,778	24.5%
Earned on Investments	12,417,767	5,466,086	(6,951,681)	(56.0%)
Indirect Cost Recoveries	218,215	938,011	719,796	329.9%
Motor Vehicle Licenses	1,592,097	1,721,669	129,572	8.1%
Nursing Home Fees	0	0	0	---
Parole and Probation Fees	282,734	282,734	0	0.0%
Private Car Lines Tax	370	0	(370)	---
Public Service Authority	0	0	0	---
Purchasing Card Rebates	0	0	0	---
Record Search Fees	0	0	0	---
Savings and Loan Assoc. Tax	1,081,500	1,348,401	266,901	24.7%
Security Dealer Fees	806,225	638,078	(168,147)	(20.9%)
Surcharge on Vehicle Rentals	6,041	83	(5,958)	(98.6%)
Tobacco Tax	2,096,883	2,208,490	111,607	5.3%
Uncashed Checks	4,111,698	(231,205)	(4,342,903)	---
Unclaimed Property Fund	0	0	0	---
Workers' Comp. Insurance Tax	3,277,838	3,468,672	190,834	5.8%
Other Source Revenues	1,294,302	772,781	(521,521)	(40.3%)
<b>Gross General Fund Revenue</b>	<b>\$1,064,487,229</b>	<b>\$1,093,749,714</b>	<b>\$29,262,485</b>	<b>2.7%</b>

Note: Gross General Fund Revenue includes Individual Income and Corporate Income tax revenue that is transferred for Property Tax Relief Trust Fund pursuant to §11-11-150.



Table 2

July - September

General Fund Revenue	FY 2019-20	FY 2020-21	\$ Change	% Change
Sales and Use Tax	\$578,158,470	\$598,583,902	\$20,425,432	3.5%
Individual Income Tax	\$1,448,690,785	\$1,426,253,016	(22,437,769)	(1.5%)
Corporation Income Tax	\$125,387,251	\$134,259,629	8,872,378	7.1%
Insurance Taxes	\$60,992,225	\$92,778,021	31,785,796	52.1%
Admissions Tax	(\$777,924)	(\$528,989)	248,935	---
Aircraft Tax	\$0	\$0	0	---
Alcoholic Liquor Tax	\$12,596,454	\$15,536,412	2,939,958	23.3%
Bank Tax	\$15,458,078	\$5,515,641	(9,942,437)	(64.3%)
Beer and Wine Tax	\$20,801,702	\$20,902,772	101,070	0.5%
Bingo Tax	(\$5,851)	\$139,088	144,939	---
Business Filing Fees	\$1,408,325	\$2,444,363	1,036,038	73.6%
Circuit/Family Court Fines	\$1,472,458	\$1,327,010	(145,448)	(9.9%)
Corporation License Tax	\$10,632,623	\$15,129,719	4,497,096	42.3%
Documentary Tax	\$15,154,942	\$17,411,621	2,256,679	14.9%
Earned on Investments	\$32,214,026	\$16,947,654	(15,266,372)	(47.4%)
Indirect Cost Recoveries	\$884,965	\$1,262,979	378,014	42.7%
Motor Vehicle Licenses	\$1,752,785	\$1,733,954	(18,831)	(1.1%)
Nursing Home Fees	\$0	\$0	0	---
Parole and Probation Fees	\$848,202	\$848,202	0	0.0%
Private Car Lines Tax	(\$5,145)	\$300	5,445	---
Public Service Authority	\$0	\$0	0	---
Purchasing Card Rebates	\$0	\$0	0	---
Record Search Fees	\$0	\$0	0	---
Savings and Loan Assoc. Tax	\$4,188,565	\$1,501,969	(2,686,596)	(64.1%)
Security Dealer Fees	\$806,225	\$659,942	(146,283)	(18.1%)
Surcharge on Vehicle Rentals	(\$778,679)	\$9,929	788,608	---
Tobacco Tax	\$4,280,476	\$4,586,841	306,365	7.2%
Uncashed Checks	\$3,736,990	\$4,793,225	1,056,235	28.3%
Unclaimed Property Fund	\$3,750,000	\$3,750,000	0	0.0%
Workers' Comp. Insurance Tax	\$873,482	\$469,197	(404,285)	(46.3%)
Other Source Revenues	\$4,700,970	\$1,559,039	(3,141,931)	(66.8%)
<b>Gross General Fund Revenue</b>	<b>\$2,347,222,399</b>	<b>\$2,367,875,436</b>	<b>\$20,653,037</b>	<b>0.9%</b>

Note: Gross General Fund Revenue includes Individual Income and Corporate Income tax revenue that is transferred for Property Tax Relief Trust Fund pursuant to §11-11-150.