



REVENUE DIGEST

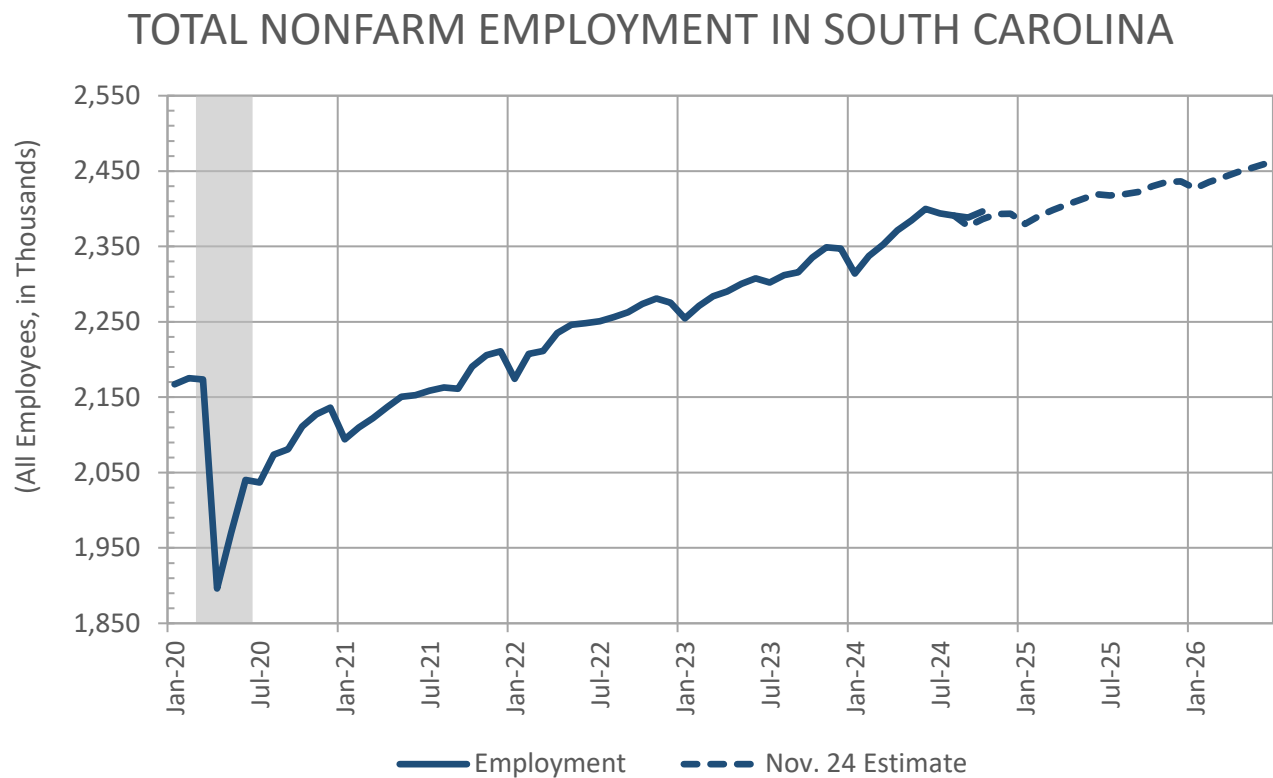
NOVEMBER 2024, FY 2024-25

Released December 17, 2024

South Carolina Economy

South Carolina added 8,100 jobs in October 2024, growing 2.6 percent above last October and slightly above our November 2024 forecast expectations of 2.2 percent for the month (Figure 1). Most sectors saw an increase in employment, led by private Education and Health Services, which increased by 6,200 jobs in October, and the Trade, Transportation, and Utilities sector, which increased by 2,300 jobs. Conversely, the Leisure and Hospitality sector lost 3,200 jobs over the month.

Figure 1. South Carolina Employment, Not Seasonally Adjusted



Source: U.S. Department of Labor, Bureau of Labor Statistics 60-RFA/kav/12/9/2024

General Fund Revenue

Revenue collections increased 13.5 percent in November 2024 compared to last November, exceeding expected growth of 8.9 percent (Table 3). Fiscal year-to-date General Fund collections for FY 2024-25 (FY 25) are 11.3 percent higher than during the same period in FY 2023-24 (FY 24) and are \$173.0 million ahead of the November 2024 estimate (Figure 2; Table 4). Both Sales and Individual Income taxes were up compared to November 2023. Overall, fiscal year-to-date growth has been strong in both Sales and Individual Income taxes,





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averaging 3.7 percent and 11 percent, respectively. However, Sales tax revenue growth is expected to slow to an average of 1.7 percent overall in FY 25, and Individual Income tax revenue is projected to decline 0.8 percent overall in FY 25 compared to last fiscal year as a result of the top marginal tax rate reduction from 6.4 percent for tax year 2023 (FY 24) to 6.2 percent for tax year 2024 (FY 25).

Figure 2. South Carolina General Fund Revenue, Rolling 12-Month Average

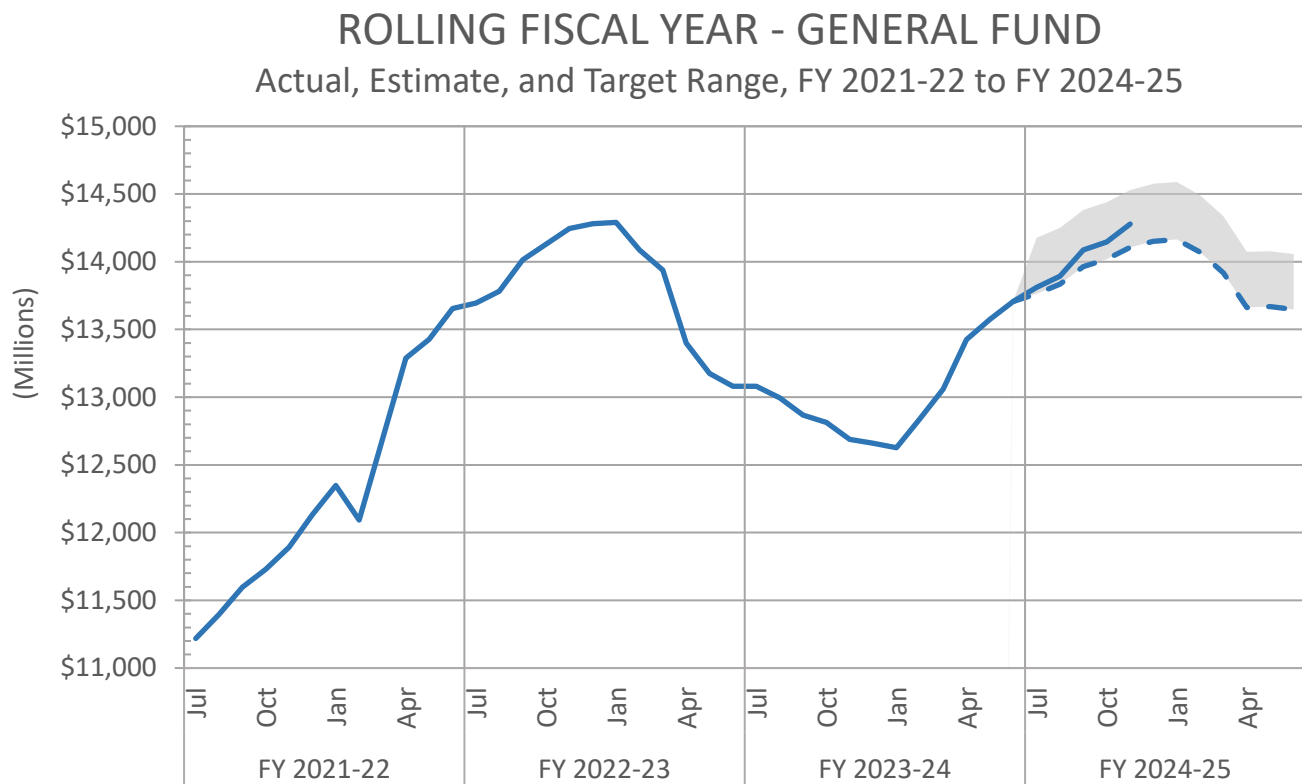


Figure 3. General Fund Revenue Growth Summary

Revenue Category	Growth Rates		
	Monthly	Fiscal Year to Date	FY 2024-25 Annual Forecast
Sales Tax	8.9%	3.7%	1.7%
Individual Income Tax	8.8%	11.0%	(0.8%)
Corporation Income Tax	N/A	29.4%	(19.8%)
Other Revenue Items	39.0%	26.9%	10.8%
Total General Fund Revenue	13.5%	11.3%	(0.4%)

For additional revenue figures, see attached tables.





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Revenue Categories

Sales Tax

- Sales tax revenue grew 8.9 percent for the month of November 2024 over the same month last year compared to our estimate of 2.1 percent growth for the month, considerably exceeding our expectations by \$26.3 million.
- Fiscal year-to-date Sales tax growth for FY 25 is now 3.7 percent over last fiscal year, and total collections are \$30.0 million above expectations. Prior to November, fiscal year-to-date growth was 2.1 percent, and total collections were only \$3.7 million above expectations.
- November collections, which reflect October retail sales, were particularly surprising because although consumer spending has remained resilient, compared to last year's expectations, growth in holiday spending was predicted to be more modest this year. For reference, in 2023, the National Retail Federation (NRF) forecasted holiday sales to increase between 3.0 percent to 4.0 percent over the previous year, and actual holiday sales growth came in close to 3.9 percent.¹ However, in 2024, the NRF is forecasting holiday sales to increase between 2.5 percent to 3.5 percent over last year.²
- The considerable increase in November Sales tax revenue could be partially due to consumer and business purchases in response to Hurricane Helene recovery efforts or consumers may have started holiday shopping earlier this year than last year. Next month's collections may provide a better indication of whether holiday spending for the season truly increased more than expected or if this month's collections are an indication that consumers shopped earlier this year than last.

Individual Income Tax

- Total Individual Income tax for November 2024 fell below expectations for the month by approximately \$18.3 million, largely due to Non-withholdings, which were \$13.1 million below expectations.
- Fiscal year-to-date, total Individual Income tax revenue has grown 11 percent from the same period in FY 24, despite continued weak collections in Non-withholdings for the second month in a row. Fiscal year-to-date, total collections are \$66.9 million above expectations, which is mainly driven by stronger-than-expected Withholdings as well as lower-than-expected Refunds.
- Although Withholdings were approximately \$2.1 million below the estimate for November, compared with the same month last year, collections increased 6.6 percent and are 7.2 percent higher year-to-date than during the same period last year. Total fiscal-year-to-date Withholdings are \$39.8 million, ahead of our estimate for this period.

¹ NRF 2023 holiday spending forecast retrieved from: <https://nrf.com/media-center/press-releases/2023-holiday-reach-record-spending-levels>. NRF 2024 holiday spending forecast and historical holiday sales data retrieved from: <https://nrf.com/media-center/press-releases/steady-sales-growth-expected-2024-holiday-season-according-nrf>.

² The NRF defines holiday spending as retail sales for the months of November and December.





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- Stronger-than-anticipated growth in wages and salaries is likely driving most of the growth in Withholdings. Although Q3 2024 personal income data for SC have not been published yet, national average hourly earnings for production and non-supervisory employees on private nonfarm payrolls (published by the U.S. Bureau of Labor Statistics) for the quarter averaged almost 4 percent over last year, reinforcing our expectation of a gradual slowdown in Withholdings collections growth by the end of the fiscal year.
- Non-withholdings were considerably behind our monthly estimates in both October and November and are currently approximately \$25.2 million below expectations so far for FY 25. This trend is likely due to the SC Department of Revenue's Hurricane Helene tax relief provisions that extended return filing deadlines. Fiscal-year-to-date collections are 7.7 percent higher over the same period last year, but growth is expected to slow considerably to approximately 1.2 percent for the fiscal year as a whole as a result of the anticipated decrease in the top marginal tax rate from 6.4 percent for tax year 2023 (FY 24) to 6.2 percent for tax year 2024 (FY 25).
- The shortfall in collections from Non-withholdings in the last two months was offset by lower-than-expected Refunds in October 2024, which may be a result of the Hurricane Helene tax filing extension. Fiscal year-to-date, total Refunds are running approximately \$52.3 million behind expectations, increasing the net excess Individual Income tax revenue.

Corporate Income Tax and License Fees

- Corporate Income tax revenue outperformed expectations for November 2024. Although revenue for the month was negative due to transfers to Corporate License tax, revenues did not decrease as much as expected and exceeded the monthly estimate by \$18.3 million. Collections were also boosted by audit revenue totaling \$23.4 million for the month. Fiscal year-to-date collections are \$35.3 million above expectations.
- Corporate License fees have grown 6.2 percent in FY 25 through November and are currently \$8.9 million ahead of expectations.

Conclusion

Strong performance in Sales tax and Corporate Income tax for the month of November contributed a total of \$44.6 million to the monthly excess total General Fund revenue of \$45.3 million, offsetting the shortfall in Individual Income tax of \$18.3 million for the month. Other smaller revenue categories contributed to the residual excess, led by Corporate License tax, which exceeded expectations by \$8.7 million. In total, General Fund revenue is now \$173.0 million, or 3.2 percent, ahead of year-to-date expectations for FY 25.

Next month's quarter-end collections for the second quarter of the fiscal year, which will be reviewed during the January Board meeting, will give a better indication of how many





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revenue categories are performing compared to the current forecast in advance of the next forecast review by the Board of Economic Advisors in February 2025. New employment and personal income data for South Carolina will be released in late December and will be reviewed during the upcoming meeting as well.

Future Meetings

- The next scheduled meeting of the Board of Economic Advisors will be January 23, 2025, in person or via web conference.





November

Table 1

General Fund Revenue	FY 2023-24	FY 2024-25	\$ Change	% Change
Sales and Use Tax	\$389,572,895	\$424,143,099	\$34,570,204	8.9%
Individual Income Tax	\$525,584,163	\$571,900,994	\$46,316,830	8.8%
Corporation Income Tax	(\$18,299,820)	(\$1,068,335)	\$17,231,484	---
Insurance Taxes	\$2,378,117	\$1,809,220	(\$568,896)	(23.9%)
Admissions Tax	\$3,723,017	\$3,308,013	(\$415,004)	(11.1%)
Alcoholic Liquor Tax	\$10,278,041	\$10,909,797	\$631,756	6.1%
Bank Tax	\$347,200	\$797,783	\$450,583	129.8%
Beer and Wine Tax	\$9,645,358	\$9,995,888	\$350,530	3.6%
Business Filing Fees	\$525,025	\$788,783	\$263,758	50.2%
Circuit/Family Court Fines	\$564,469	\$595,808	\$31,339	5.6%
Corporation License Tax	\$30,162,811	\$42,643,495	\$12,480,684	41.4%
Deed Recording Fees	\$9,583,361	\$11,618,321	\$2,034,960	21.2%
Earned on Investments	\$15,382,856	\$30,656,914	\$15,274,058	99.3%
Indirect Cost Recoveries	\$796,120	\$426,982	(\$369,138)	(46.4%)
Motor Vehicle Licenses	\$917,462	\$983,912	\$66,450	7.2%
Nursing Home Fees	\$0	\$759,424	\$759,424	---
Parole and Probation Fees	\$282,734	\$282,734	\$0	0.0%
Private Car Lines Tax	\$377,772	\$227,526	(\$150,246)	(39.8%)
Public Service Authority	\$0	\$0	\$0	---
Purchasing Card Rebates	\$0	\$0	\$0	---
Record Search Fees	\$0	\$0	\$0	---
Savings and Loan Assoc. Tax	(\$1)	\$881	\$882	---
Security Dealer Fees	\$791,253	\$738,905	(\$52,348)	(6.6%)
Tobacco Tax	\$2,447,749	\$2,239,123	(\$208,625)	(8.5%)
Unclaimed Property Fund	\$3,750,000	\$3,750,000	\$0	0.0%
Workers' Comp. Insurance Tax	(\$799,800)	(\$782,986)	\$16,814	---
Other Source Revenues	(\$3,030,813)	\$760,756	\$3,791,570	---
Gross General Fund Revenue	\$984,979,968	\$1,117,487,038	\$132,507,070	13.5%

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



July - November

Table 2

General Fund Revenue	FY 2023-24	FY 2024-25	\$ Change	% Change
Sales and Use Tax	\$1,589,217,961	\$1,648,648,280	\$59,430,319	3.7%
Individual Income Tax	\$2,709,764,227	\$3,008,347,318	\$298,583,090	11.0%
Corporation Income Tax	\$237,166,085	\$306,998,000	\$69,831,915	29.4%
Insurance Taxes	\$91,562,581	\$132,392,722	\$40,830,140	44.6%
Admissions Tax	\$8,095,679	\$6,303,257	(\$1,792,422)	(22.1%)
Alcoholic Liquor Tax	\$41,291,847	\$41,952,316	\$660,468	1.6%
Bank Tax	\$20,605,186	\$23,218,436	\$2,613,251	12.7%
Beer and Wine Tax	\$39,370,096	\$39,883,827	\$513,731	1.3%
Business Filing Fees	\$4,123,972	\$3,969,082	(\$154,890)	(3.8%)
Circuit/Family Court Fines	\$2,726,230	\$2,716,292	(\$9,938)	(0.4%)
Corporation License Tax	\$125,407,934	\$133,158,157	\$7,750,223	6.2%
Deed Recording Fees	\$40,028,914	\$43,348,974	\$3,320,060	8.3%
Earned on Investments	\$111,002,180	\$194,484,141	\$83,481,961	75.2%
Indirect Cost Recoveries	\$5,216,323	\$3,152,795	(\$2,063,529)	(39.6%)
Motor Vehicle Licenses	\$3,895,332	\$4,012,125	\$116,793	3.0%
Nursing Home Fees	\$778,311	\$759,424	(\$18,887)	(2.4%)
Parole and Probation Fees	\$1,413,670	\$1,413,670	\$0	0.0%
Private Car Lines Tax	\$1,688,330	\$1,512,954	(\$175,377)	(10.4%)
Public Service Authority	\$0	\$0	\$0	---
Purchasing Card Rebates	\$0	\$0	\$0	---
Record Search Fees	\$0	\$0	\$0	---
Savings and Loan Assoc. Tax	\$676,731	\$258,088	(\$418,643)	(61.9%)
Security Dealer Fees	\$2,723,091	\$2,751,660	\$28,569	1.0%
Tobacco Tax	\$9,835,925	\$9,169,133	(\$666,792)	(6.8%)
Unclaimed Property Fund	\$7,500,000	\$7,500,000	\$0	0.0%
Workers' Comp. Insurance Tax	\$257,715	\$1,501,636	\$1,243,921	482.7%
Other Source Revenues	\$10,371,000	\$17,240,265	\$6,869,265	66.2%
Gross General Fund Revenue	\$5,064,719,322	\$5,634,692,549	\$569,973,227	11.3%

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



Revenues and BEA Monthly Estimates

Table 3

November

(\$ in Millions)

	Expected Revenues	Actual Revenues	Over/ (Under) Expected	Expected Growth /1	Actual Growth /2
Total General Fund Revenue	\$1,072.2	\$1,117.5	\$45.3	8.9%	13.5%
Sales Tax	397.9	424.1	26.3	2.1%	8.9%
Individual Income Tax	590.2	571.9	(18.3)	12.3%	8.8%
Withholdings	587.7	585.6	(2.1)	7.0%	6.6%
Non-withholdings	48.6	35.5	(13.1)	46.4%	6.9%
Refunds	46.1	49.2	3.1	(19.1%)	(13.8%)
Corporate Income Tax	(19.4)	(1.1)	18.3	N/A	N/A
Insurance Tax	2.5	1.8	(0.6)	3.3%	(23.9%)
Admissions Tax	3.7	3.3	(0.4)	(0.1%)	(11.1%)
Alcoholic Liquors Tax	10.5	10.9	0.4	2.0%	6.1%
Bank Tax	(2.7)	0.8	3.5	(884.9%)	129.8%
Beer and Wine Tax	9.8	10.0	0.2	1.6%	3.6%
Corporate License Tax	34.0	42.6	8.7	12.7%	41.4%
Deed Rec. (Doc. Tax)	9.9	11.6	1.7	3.8%	21.2%
Earned on Investments	26.9	30.7	3.8	74.8%	99.3%
Residual Revenue	9.0	10.8	1.8	36.0%	62.7%

Based on BEA Forecast as of November 19, 2024

/1 Expected growth reflects expected growth in collections for the month over same month prior fiscal based on anticipated monthly collection patterns.

/2 Actual growth reflects actual growth in collections for the month over same month prior fiscal year collections.



Revenues and BEA Monthly Estimates

Table 4

July - November

(\$ in Millions)

	Expected Revenues	Actual Revenues	Over/ (Under) Expected	Estimate YTD Growth /1	Actual YTD Growth /2
Total General Fund Revenue	\$5,461.7	\$5,634.7	\$173.0	7.8%	11.3%
Sales Tax	1,618.7	1,648.6	30.0	1.9%	3.7%
Individual Income Tax	2,941.5	3,008.3	66.9	8.6%	11.0%
Withholdings	2,845.9	2,885.7	39.8	5.7%	7.2%
Non-withholdings	440.8	415.5	(25.2)	14.3%	7.7%
Refunds	345.2	292.9	(52.3)	(6.3%)	(20.5%)
Corporate Income Tax	271.7	307.0	35.3	14.6%	29.4%
Insurance Tax	128.6	132.4	3.8	40.5%	44.6%
Admissions Tax	7.0	6.3	(0.7)	(13.5%)	(22.1%)
Alcoholic Liquors Tax	41.8	42.0	0.2	1.2%	1.6%
Bank Tax	18.1	23.2	5.1	(12.3%)	12.7%
Beer and Wine Tax	39.7	39.9	0.1	1.0%	1.3%
Corporate License Tax	124.3	133.2	8.9	(0.9%)	6.2%
Deed Rec. (Doc. Tax)	42.7	43.3	0.7	6.6%	8.3%
Earned on Investments	175.6	194.5	18.9	58.2%	75.2%
Residual Revenue	52.0	56.0	4.0	1.5%	9.3%

Based on BEA Forecast as of November 19, 2024

/1 Estimate year-to-date reflects expected growth in collections fiscal year-to-date over prior fiscal year-to-date based on anticipated monthly collection patterns.

/2 Actual year-to-date reflects actual fiscal year-to-date growth in collections over prior fiscal year-to-date collections.