

# **SOUTH CAROLINA GENERAL FUND REVENUE**

## **Quarterly Review October to December, FY 2024-25**

January 23, 2025



# General Fund Revenues – December



## REVENUES V. BEA MONTHLY ESTIMATES

### DECEMBER

(\$ in Millions)

	Expected Revenues	Actual Revenues	Over/ (Under) Expected	Expected Growth <sup>/1</sup>	Actual Growth <sup>/2</sup>		Expected Revenues	Actual Revenues	Over/ (Under) Expected	Expected Growth <sup>/1</sup>	Actual Growth <sup>/2</sup>
<b>Total General Fund Revenue</b>	<b>\$1,404.7</b>	<b>\$1,527.5</b>	<b>\$122.8</b>	<b>3.4%</b>	<b>12.4%</b>	<b>Other Revenue Items, Sub-Total</b>	<b>\$128.2</b>	<b>\$110.1</b>	<b>(\$18.1)</b>	<b>8.1%</b>	<b>(7.2%)</b>
Sales Tax	395.1	406.6	11.5	2.3%	5.3%	Admissions Tax	4.3	3.4	(0.9)	(3.1%)	(23.4%)
Individual Income Tax	685.1	718.0	32.9	9.6%	14.8%	Alcoholic Liquors Tax	8.5	8.2	(0.3)	2.6%	(0.6%)
Withholdings	654.6	675.0	20.4	7.9%	11.2%	Bank Tax	8.1	7.1	(1.0)	70.2%	49.3%
Non-withholdings	66.4	64.5	(1.9)	23.7%	20.2%	Beer and Wine Tax	9.0	8.8	(0.2)	0.8%	(1.1%)
Refunds	35.9	21.5	(14.4)	1.8%	(39.1%)	Corporate License Tax	24.9	16.9	(8.0)	(18.0%)	(44.4%)
Corporate Income Tax	122.0	213.8	91.7	(20.5%)	39.3%	Deed Rec. (Doc. Tax)	8.9	9.2	0.3	1.9%	5.2%
Insurance Tax	74.3	79.0	4.7	(1.1%)	5.2%	Earned on Investments	26.3	36.8	10.5	28.7%	80.3%
Other Revenue Items, Sub-Total	128.2	110.1	(18.1)	8.1%	(7.2%)	Residual Revenue	38.2	19.6	(18.6)	17.2%	(39.9%)

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.

# General Fund Revenues – Fiscal Year-to-date



## REVENUES V. BEA MONTHLY ESTIMATES

### JULY - DECEMBER

(\$ in Millions)

	Expected Revenues	Actual Revenues	Over/ (Under) Expected	Estimate YTD / <sup>1</sup>	Actual YTD / <sup>2</sup>	Estimate Full FY / <sup>3</sup>		Expected Revenues	Actual Revenues	Over/ (Under) Expected	Estimate YTD / <sup>1</sup>	Actual YTD / <sup>2</sup>	Estimate Full FY / <sup>3</sup>
<b>Total General Fund Revenue</b>	<b>\$6,866.4</b>	<b>\$7,162.2</b>	<b>\$295.8</b>	<b>6.9%</b>	<b>11.5%</b>	<b>(0.4%)</b>	<b>Other Revenue Items, Sub-Total</b>	<b>\$629.4</b>	<b>\$648.4</b>	<b>\$19.0</b>	<b>13.3%</b>	<b>16.7%</b>	<b>10.4%</b>
Sales Tax	2,013.8	2,055.3	41.5	1.9%	4.0%	1.7%	Admissions Tax	11.3	9.7	(1.6)	(9.8%)	(22.6%)	(4.3%)
Individual Income Tax	3,626.5	3,726.4	99.8	8.7%	11.7%	(0.8%)	Alcoholic Liquors Tax	50.3	50.2	(0.1)	1.5%	1.2%	2.0%
Withholdings	3,500.5	3,560.7	60.2	6.1%	7.9%	4.7%	Bank Tax	26.2	30.3	4.1	3.2%	19.6%	(2.6%)
Non-withholdings	507.2	480.1	(27.1)	15.4%	9.3%	1.2%	Beer and Wine Tax	48.8	48.7	(0.0)	0.9%	0.9%	0.6%
Refunds	381.1	314.4	(66.7)	(5.6%)	(22.1%)	16.8%	Corporate License Tax	149.2	150.1	0.8	(4.2%)	(3.7%)	(0.0%)
Corporate Income Tax	393.8	520.8	127.0	0.8%	33.3%	(19.8%)	Deed Rec. (Doc. Tax)	51.6	52.5	1.0	5.8%	7.7%	4.3%
Insurance Tax	202.9	211.4	8.5	21.8%	26.9%	12.0%	Earned on Investments	201.9	231.3	29.4	53.6%	76.0%	39.4%
Other Revenue Items, Sub-Total	629.4	648.4	19.0	13.3%	16.7%	10.4%	Residual Revenue	90.2	75.5	(14.6)	7.6%	(9.8%)	(5.0%)

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.

/3 Estimate full fiscal year reflects projected growth for the full fiscal year over the prior fiscal year.

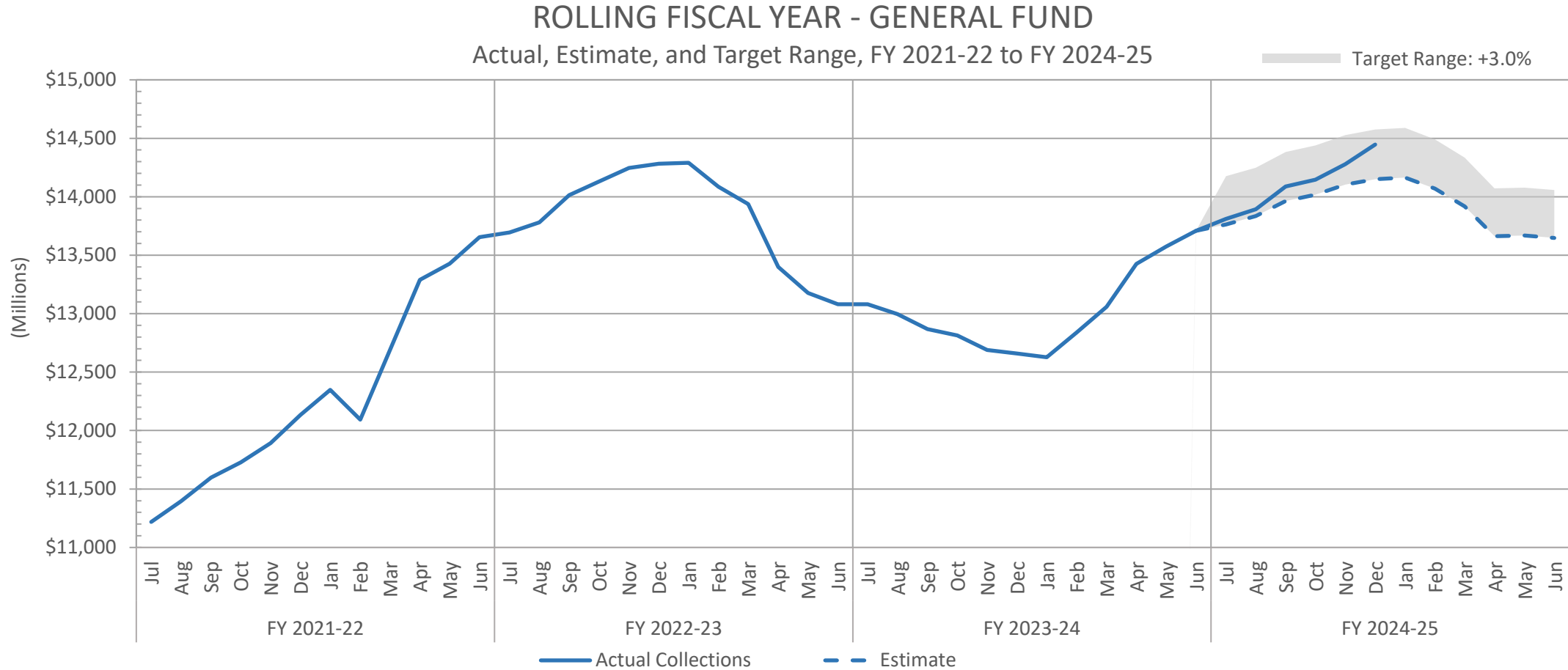


## General Fund FY 2024-25 Q2 Summary (§11-9-1140)

- General Fund revenues are \$295.8 million, or 4.3%, above the year-to-date expectations
- Individual and corporate income tax are the primary categories exceeding expectations at \$99.8 million and \$127.0 million, respectively
- Other revenue categories are performing closer to expectations
- Personal income and employment are both running close to estimates

# General Fund Revenue – Actual vs. November Estimate

Collections are **11.5%** above last year and **\$295.8 million** ahead of year-to-date expectations but within **3%** of the estimate



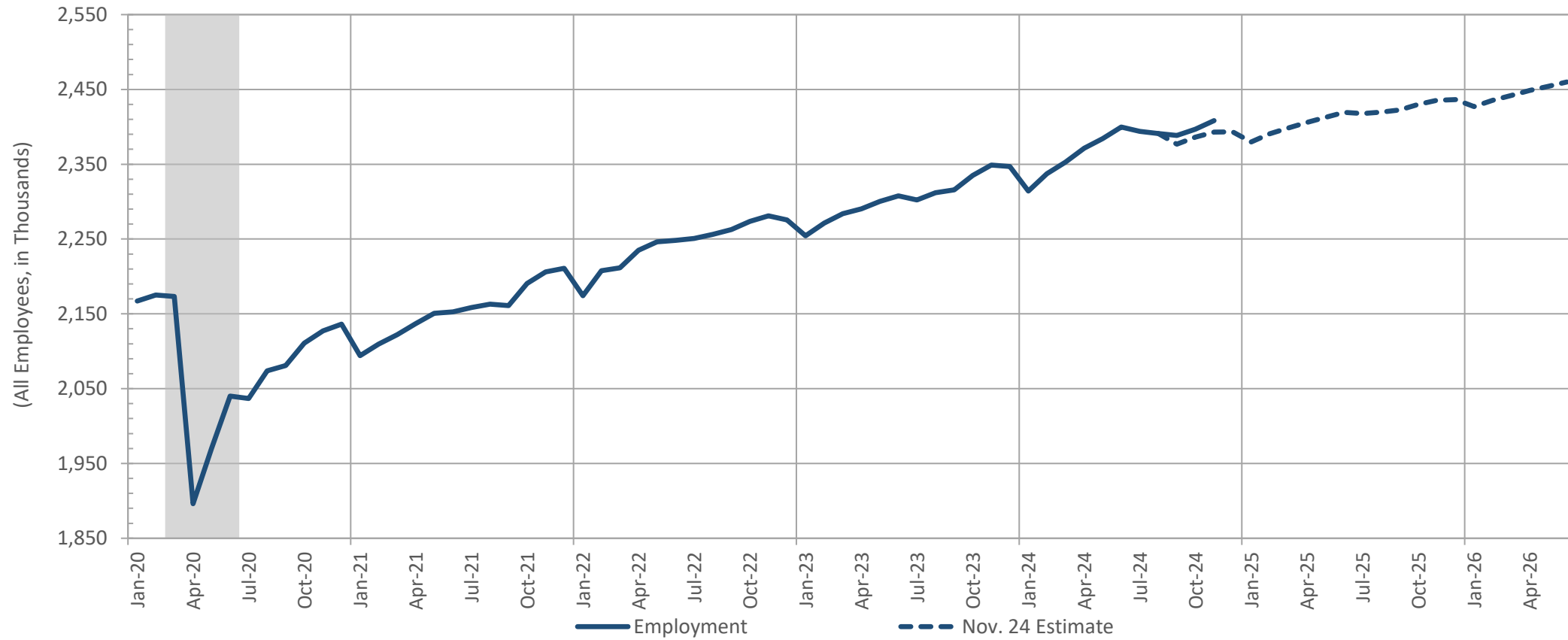
# Economic Indicators



# SC Employment

Employment in November 2024 was 2.5% above the November 2023 level and above our estimate of 1.9%; our full FY 25 estimate is 2.2%

TOTAL NONFARM EMPLOYMENT IN SOUTH CAROLINA

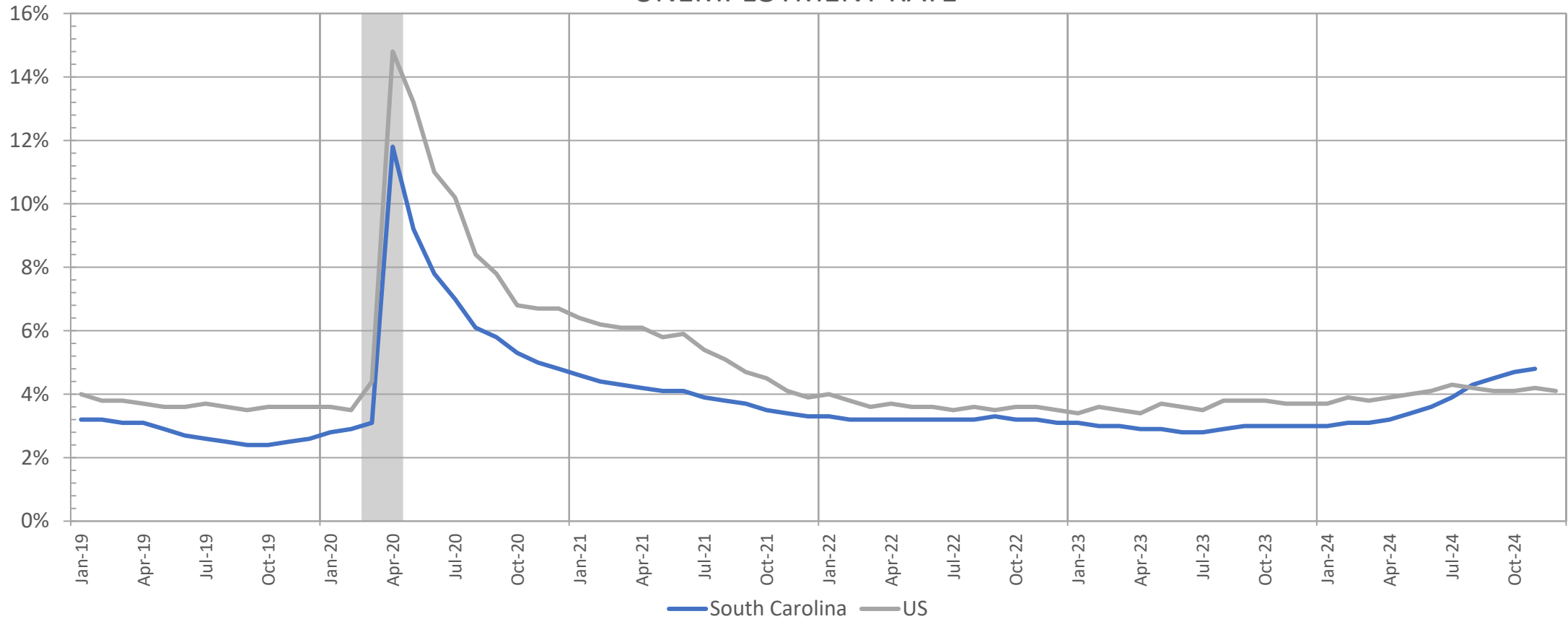


Source: U.S. Department of Labor, Bureau of Labor Statistics 60-RFA/kav/1/6/2025

# SC Unemployment

South Carolina's unemployment rate rose to 4.8% in November; most of this increase comes from rising labor force participation, though it appears that it is taking longer for labor force entrants to find jobs

UNEMPLOYMENT RATE



Source: U.S. Department of Labor, Bureau of Labor Statistics 129-RFA/kav/1/13/2025

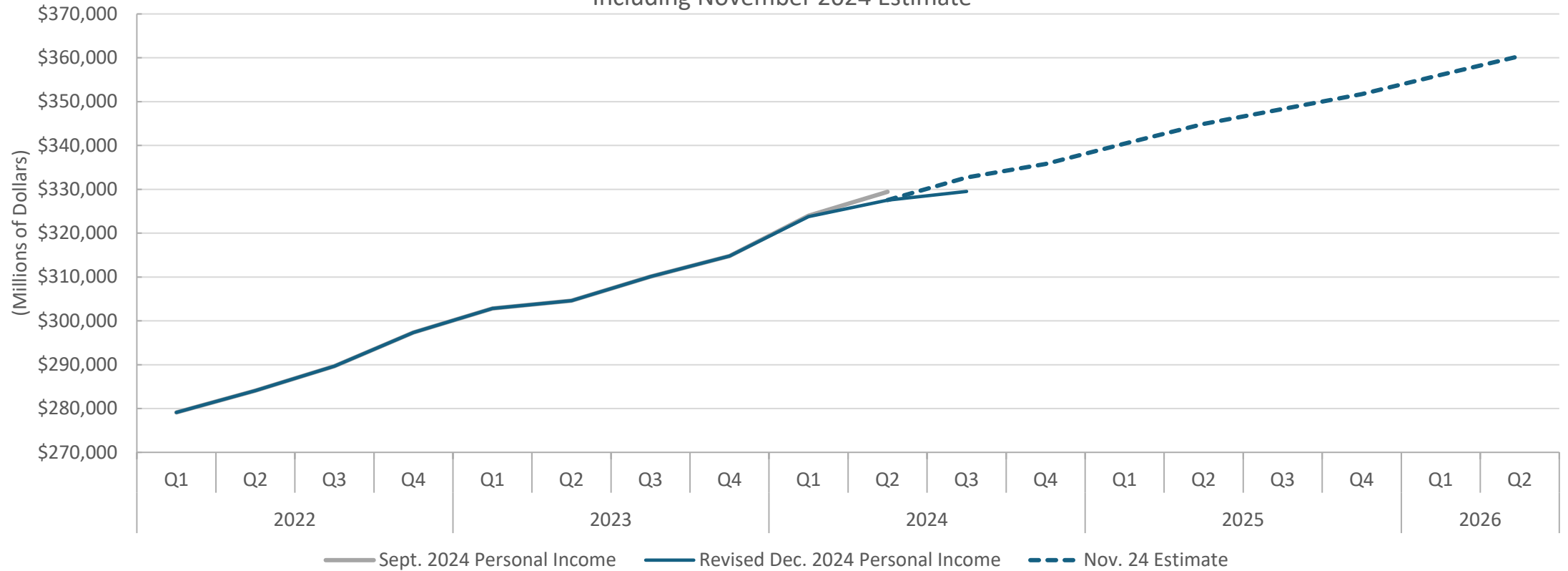


# SC Personal Income

Q3 2024 personal income data and revisions dropped personal income slightly, but it remains close to the forecasted 6.1% growth over FY 25

## SOUTH CAROLINA PERSONAL INCOME

Including November 2024 Estimate



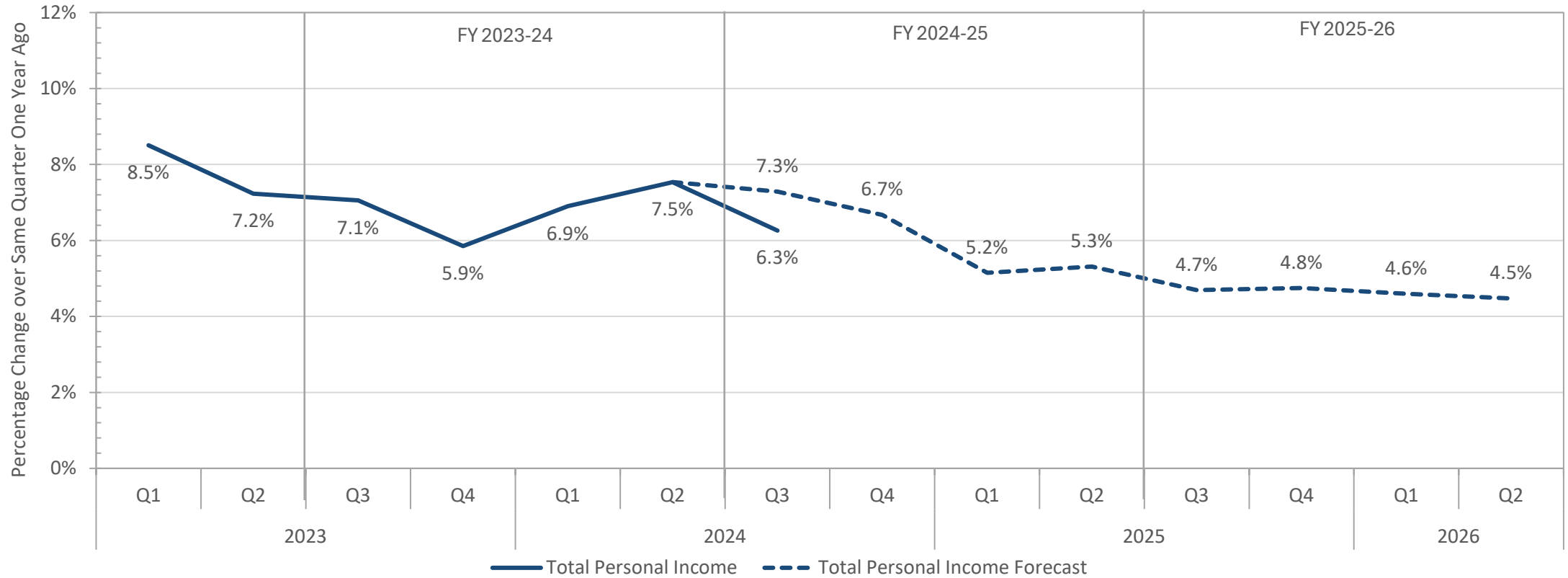
Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kav/1/6/2025



# SC Personal Income Growth

Personal income growth is expected to continue to slow over the forecast horizon  
FY 25: 5.7% FY 26: 4.6%

SOUTH CAROLINA PERSONAL INCOME  
Actual and November 2024 Estimate

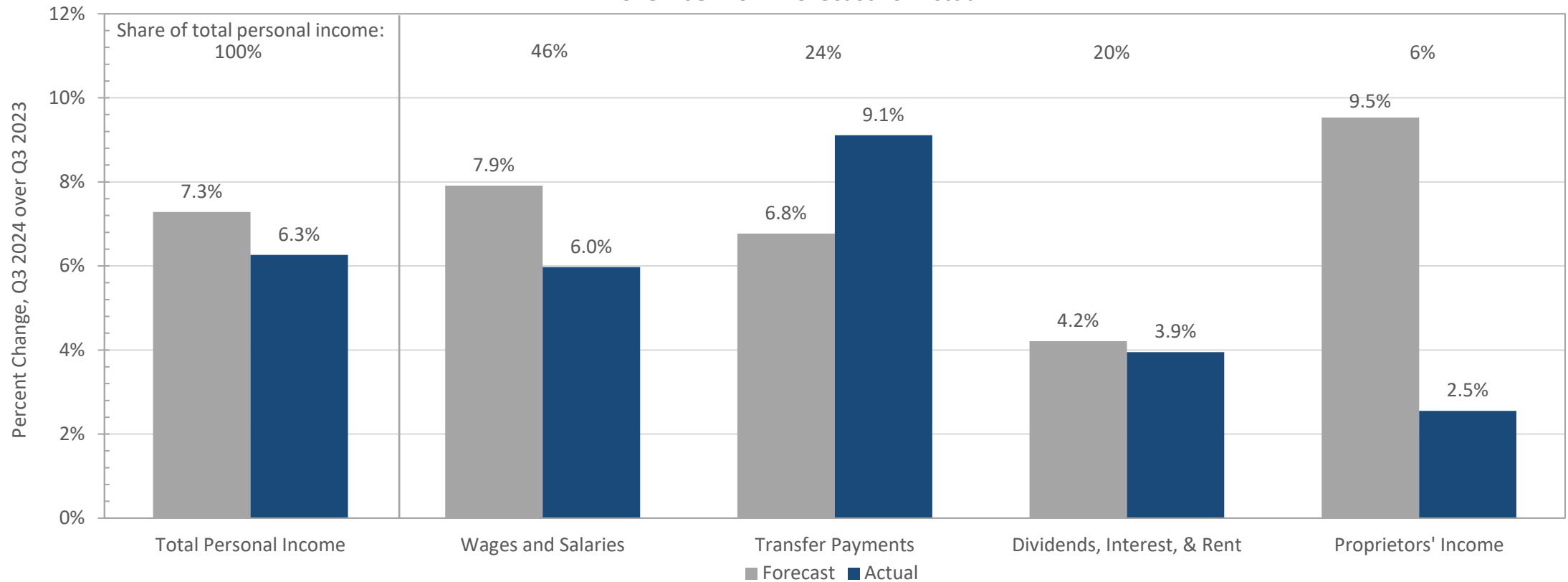


Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kv/1/15/2025

# SC Personal Income Growth – Components

Q3 2024 personal income growth varied by component; wages and salaries, the largest component, grew 6.0%, which was below our estimate of 7.9% for the quarter

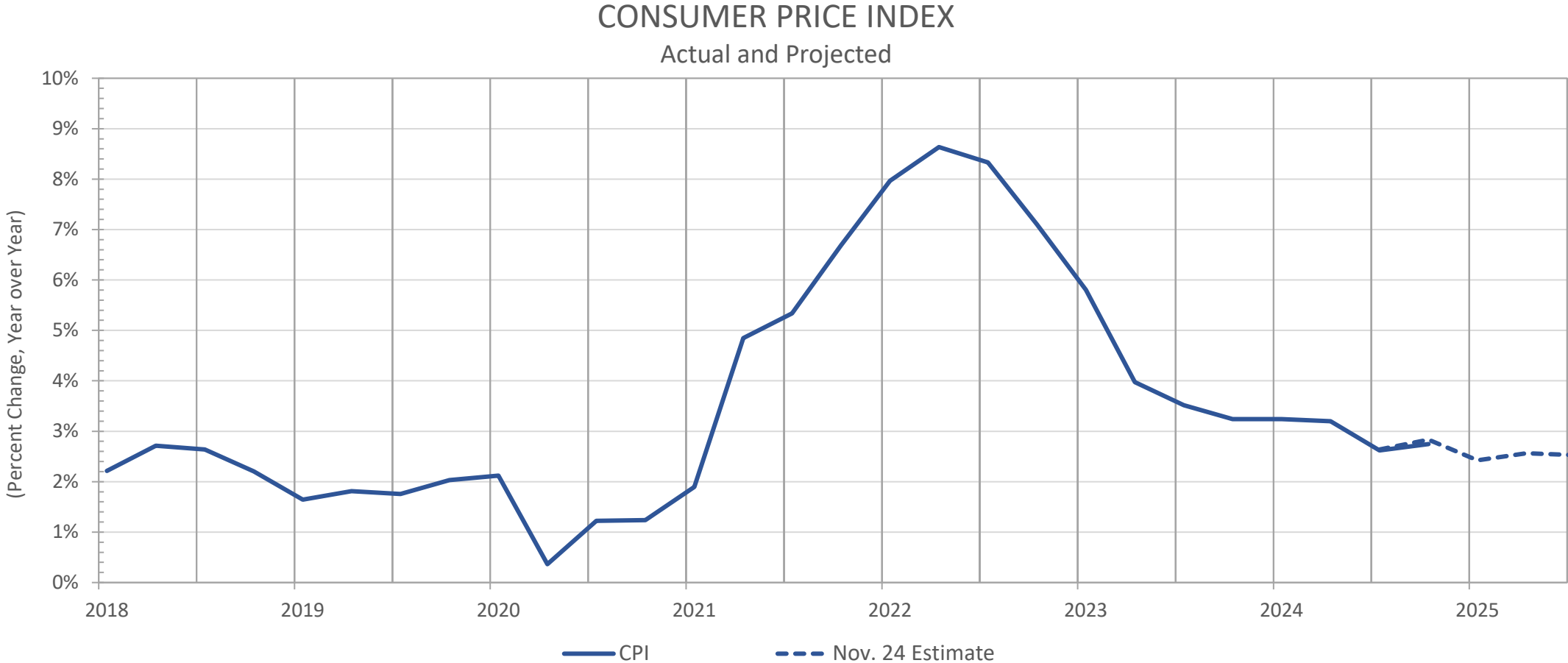
Q3 2024 PERSONAL INCOME  
November 2024 Forecast vs. Actual



Source: U.S. Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kv/1/15/2025

# Consumer Price Index

Inflation has come down, but is expected to remain above 2.0% over FY 2024-25



Source: US Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers 216-RFA/kav/1/15/2025

# General Fund Revenue Individual Income Tax Components

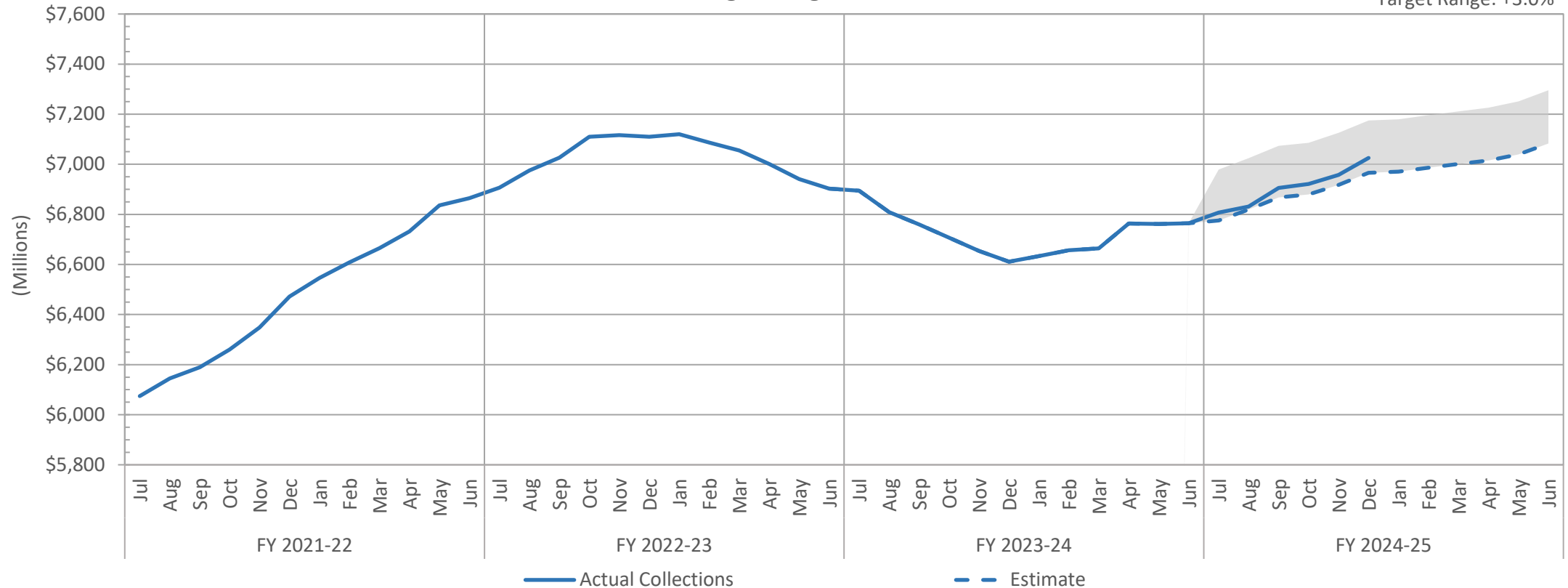


# Withholdings - Actual vs. Estimate

Withholdings are \$60.2 million above the estimate after strong growth of 11.2% in December; fiscal-year-to-date collections are 7.9% higher than the same period last year, but growth is expected to moderate in the second half of the fiscal year

## ROLLING FISCAL YEAR - INDIVIDUAL INCOME WITHHOLDINGS

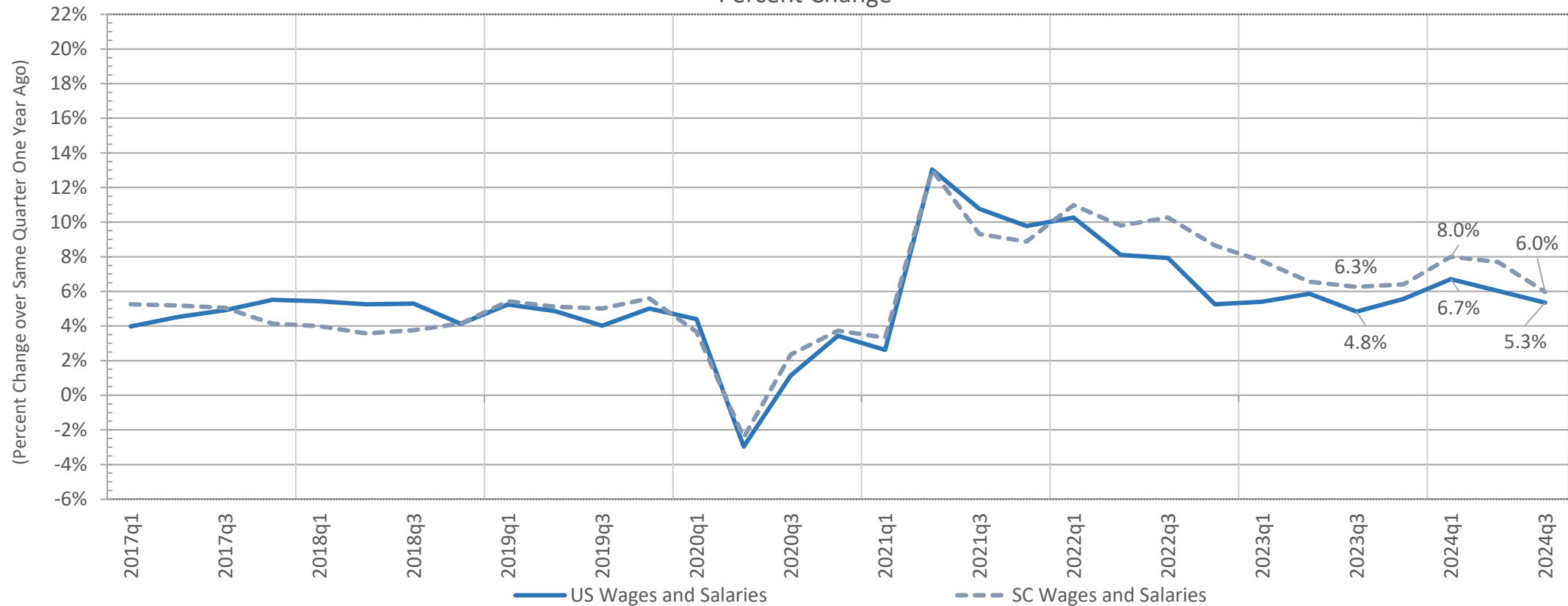
Actual, Estimate, and Target Range, FY 2021-22 to FY 2024-25



# US vs. SC Wage Growth – Percent Change

Wage growth continues to slow; US wage growth declined to 5.3% in Q3 of 2024; SC wage growth declined from 8% in Q1 to 6% in Q3 of 2024, but is still above US levels

NATIONAL AND SC EARNINGS GROWTH  
Percent Change



Source: U.S. Bureau of Economic Analysis 309E - RFA/mam/01/09/2025

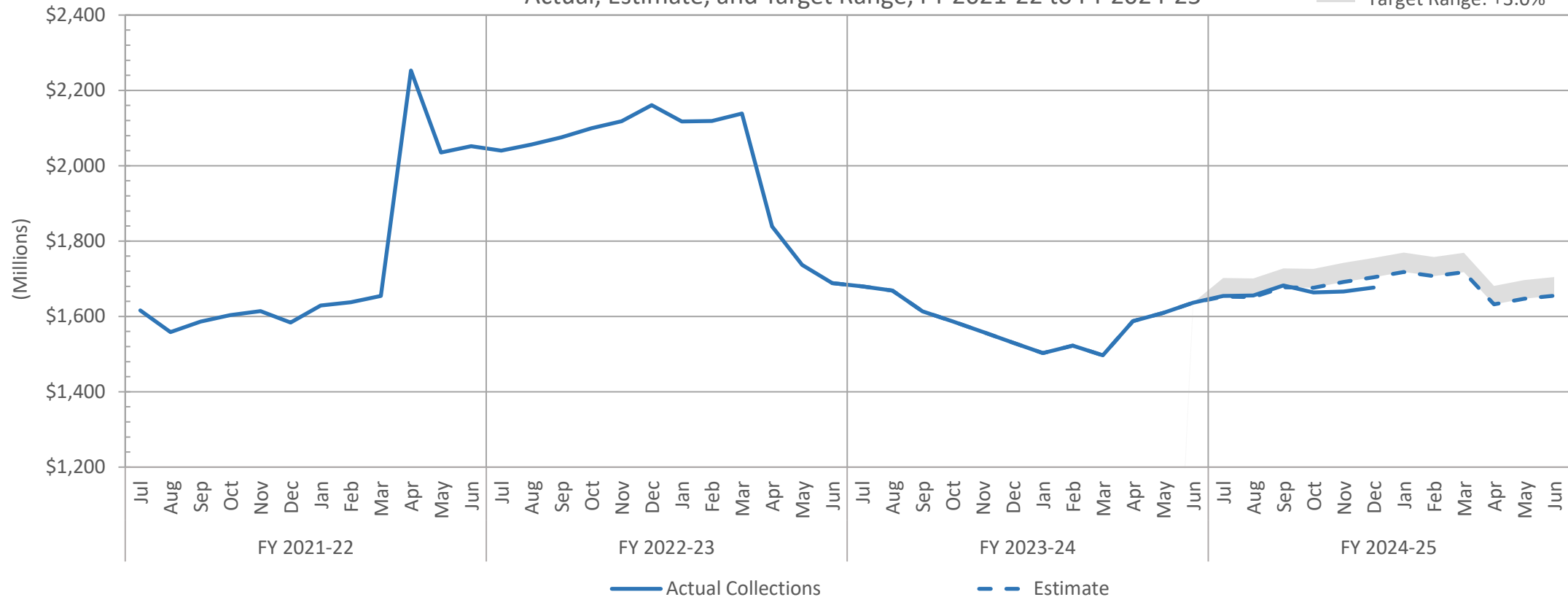
# Non-Withholdings - Actual vs. Estimate

Collections are \$27.1 million below expectations, although December quarterly collections were closer to expectations than October and November tax filings, which may have been impacted by Hurricane Helene tax filing deadline extensions

## ROLLING FISCAL YEAR - INDIVIDUAL INCOME NON-WITHHOLDINGS

Actual, Estimate, and Target Range, FY 2021-22 to FY 2024-25

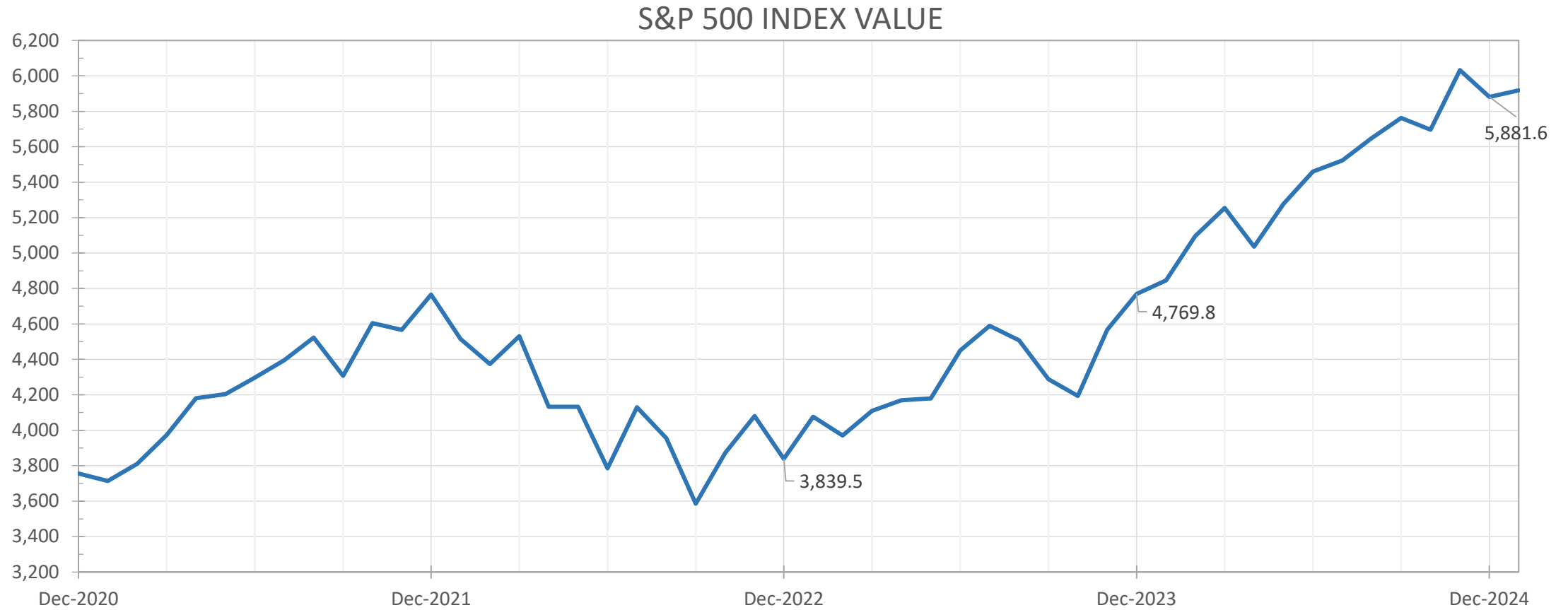
Target Range: +3.0%





# US Stock Market

In 2024, financial markets had a similarly strong performance as in 2023



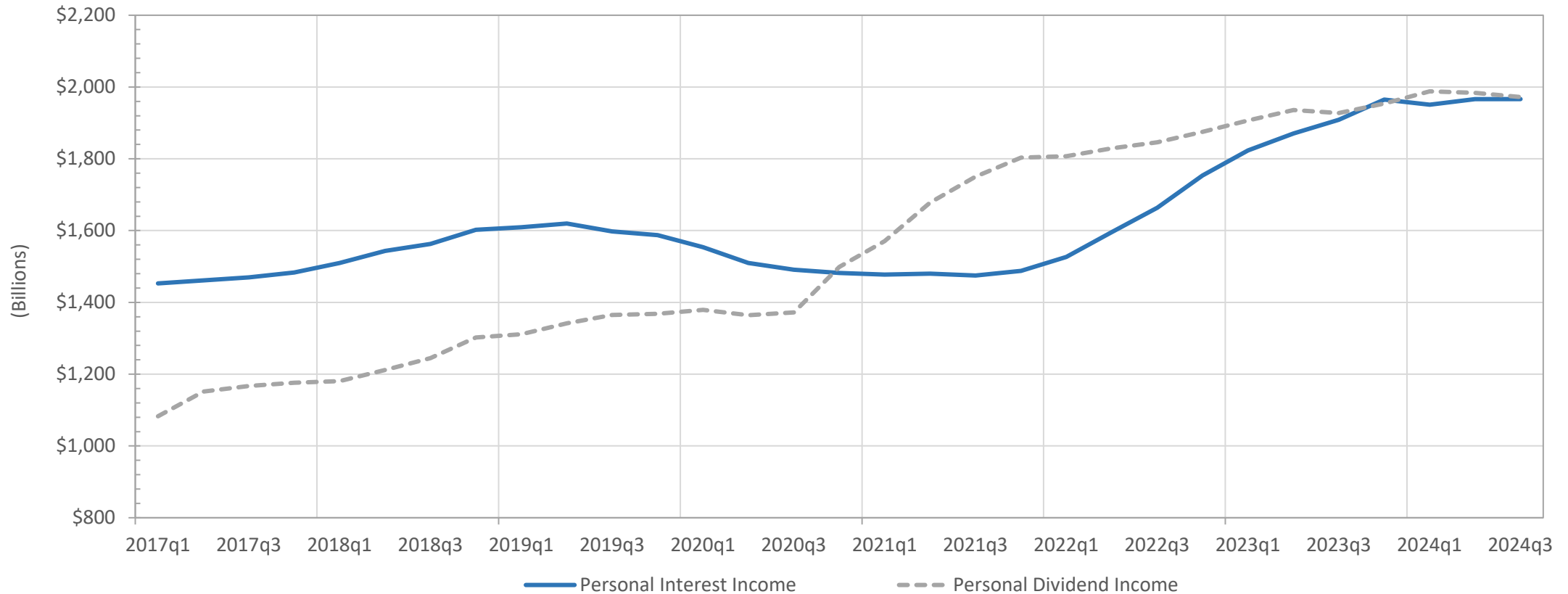
Source: Yahoo Finance, S&P 500 Index 337 - RFA/mam/01/10/2025



# US Personal Interest and Dividend Income

Dividend income dominated personal income receipts on assets from 2021 through Q3 of 2023; interest income caught up with dividend income after the increase in interest rates that started in 2022, remained flat in 2024, and is expected to dip again in 2025

US PERSONAL INTEREST AND DIVIDEND INCOME

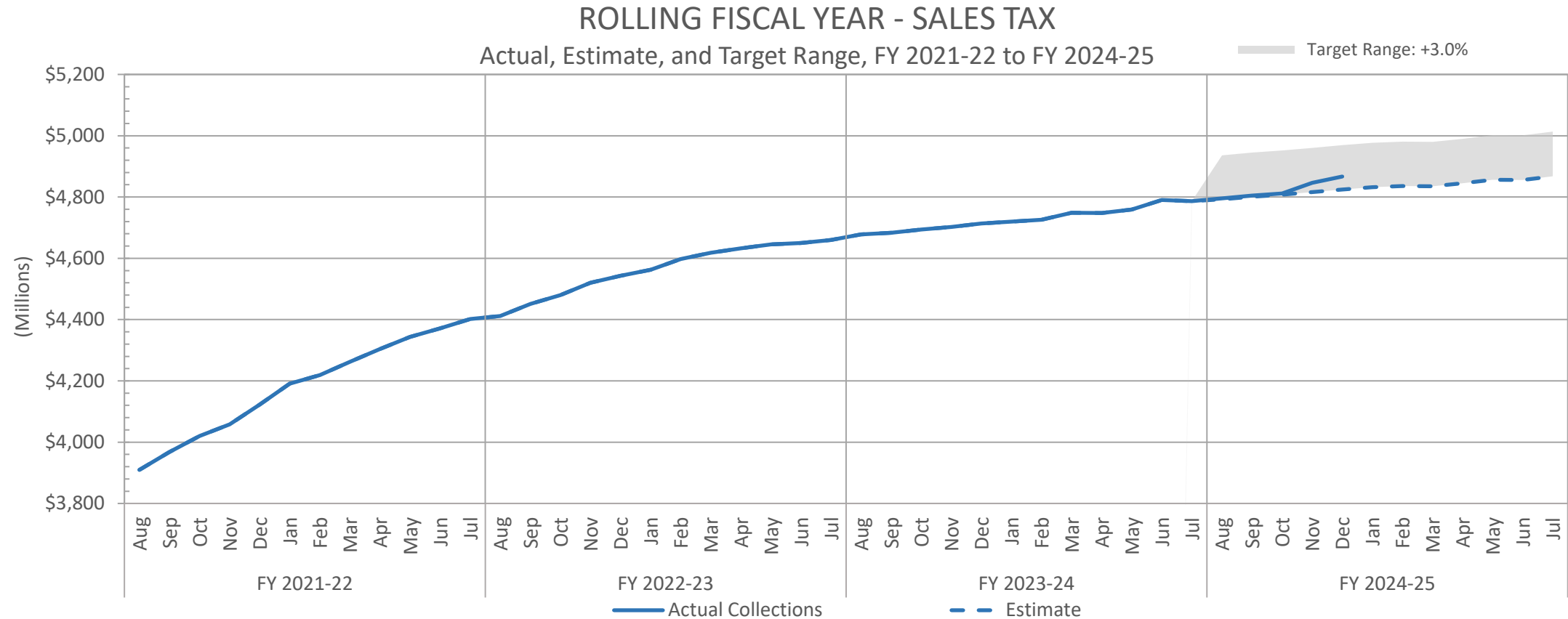


Source: U.S. Bureau of Economic Analysis (retrieved from FRED) 338 - RFA/mam/01/10/2025

# General Fund Revenue Consumption Taxes

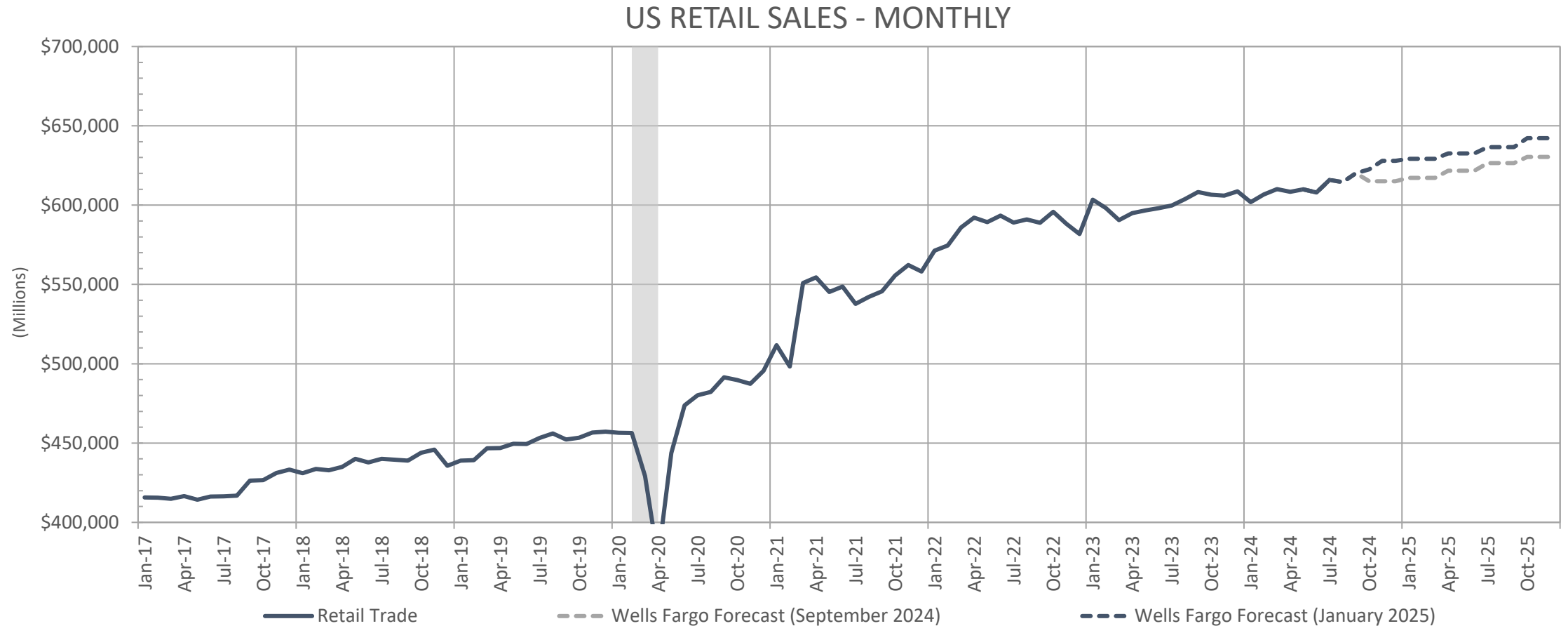
# Sales Tax - Actual vs. Estimate

December collections are \$11.5 million above expectations and grew by 5.3% over last year; fiscal year-to-date revenues are up 4.0% and are \$41.5 million above monthly estimates; the large increase in growth is likely due to Hurricane Helene relief efforts and holiday spending and may settle back toward expectations



# U.S. Retail Sales

Retail sales expectations have been revised up since September; Wells Fargo is now anticipating that 2024 will end 2.5% over 2023 and grow by 3.4% in 2025 compared to September forecasts of 1.9% growth in 2024 and 2.0% growth in 2025

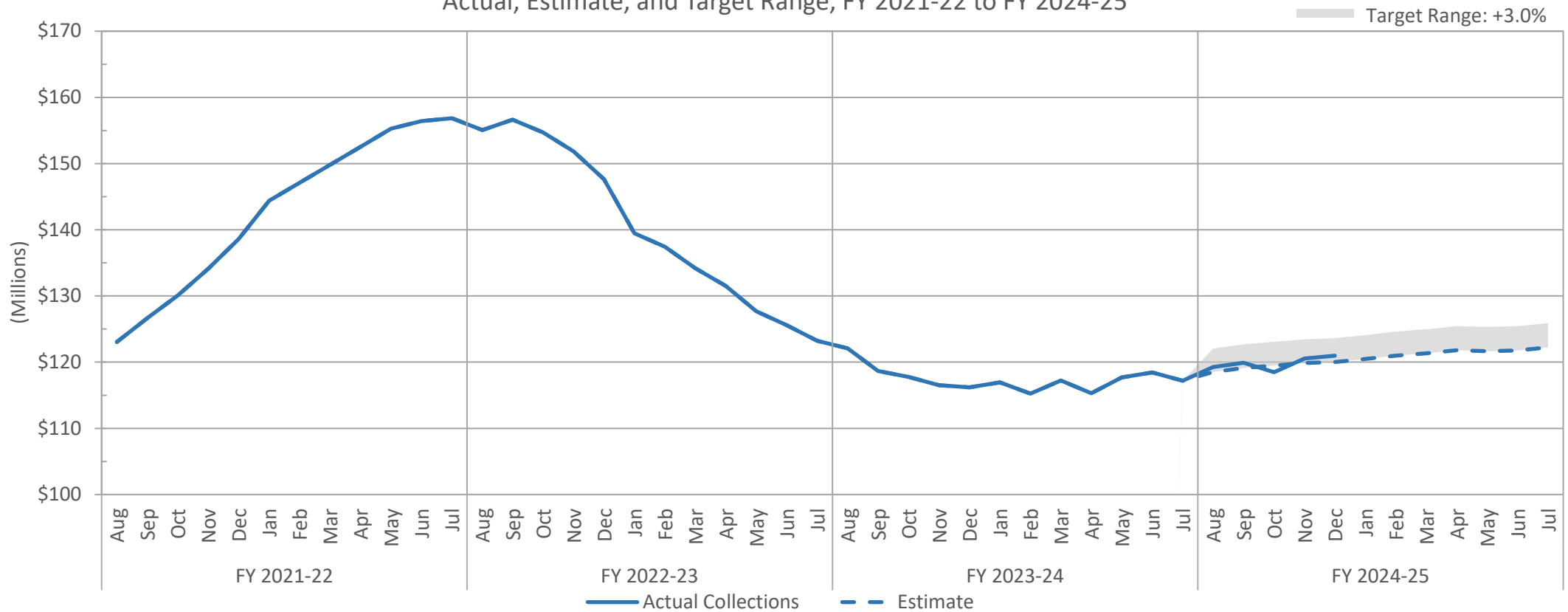


Source: U.S. Census Bureau, Advance Retail Sales: Retail Trade [RSXFS], retrieved from FRED, Federal Reserve Bank of St. Louis; Wells Fargo US Economic Outlook, September 12, 2024 & January 16, 2025; 323-RFA/mad/01/16/2025

# Deed Recording Fees - Actual vs. Estimate

December collections are \$0.3 million above the estimate; fiscal year-to-date collections are growing by 7.7% over last year and are \$1.0 million above expectations

ROLLING FISCAL YEAR - DEED RECORDING FEES  
Actual, Estimate, and Target Range, FY 2021-22 to FY 2024-25



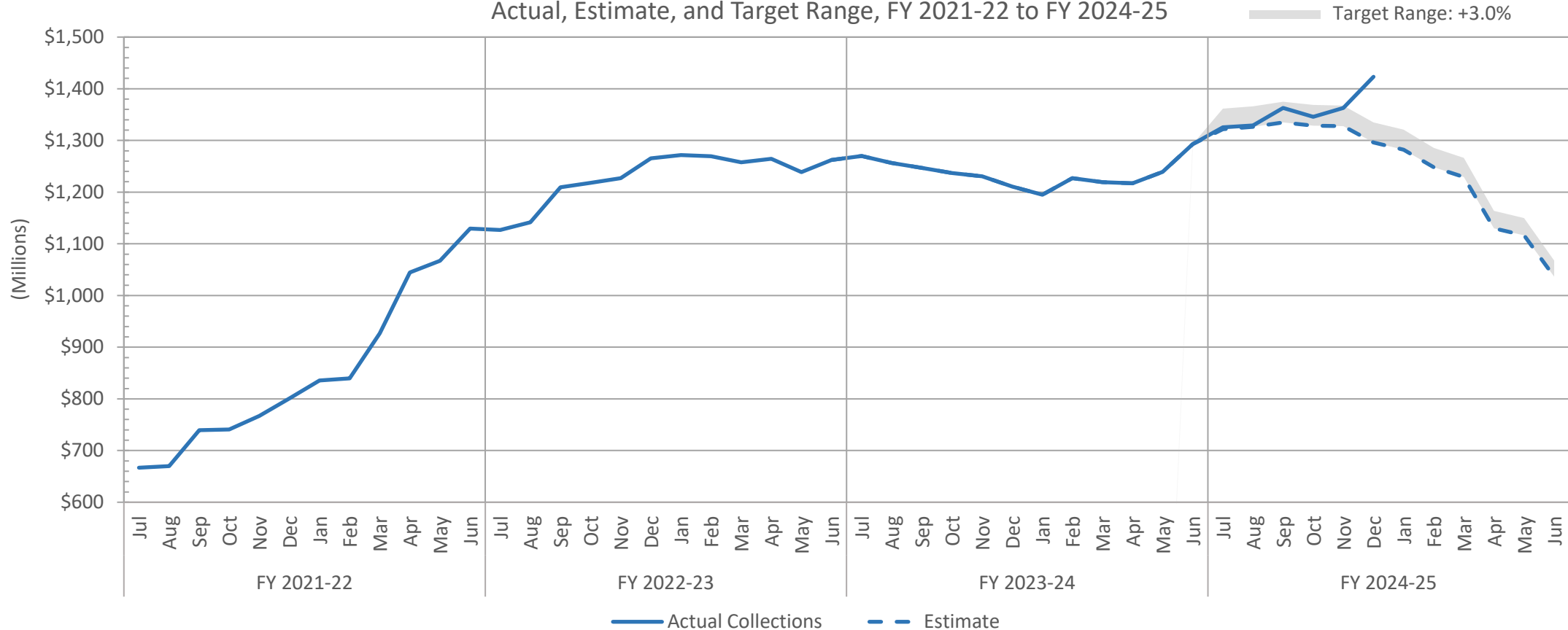
# General Fund Revenue Business Taxes

# Corporate Income Tax – Actual vs. Estimate

December collections from quarterly payments exceeded expectations by \$91.7 million, significantly boosting collections year-to-date; in total, revenues are now above the November estimate by \$127.0 million

## ROLLING FISCAL YEAR - CORPORATE INCOME TAX

Actual, Estimate, and Target Range, FY 2021-22 to FY 2024-25

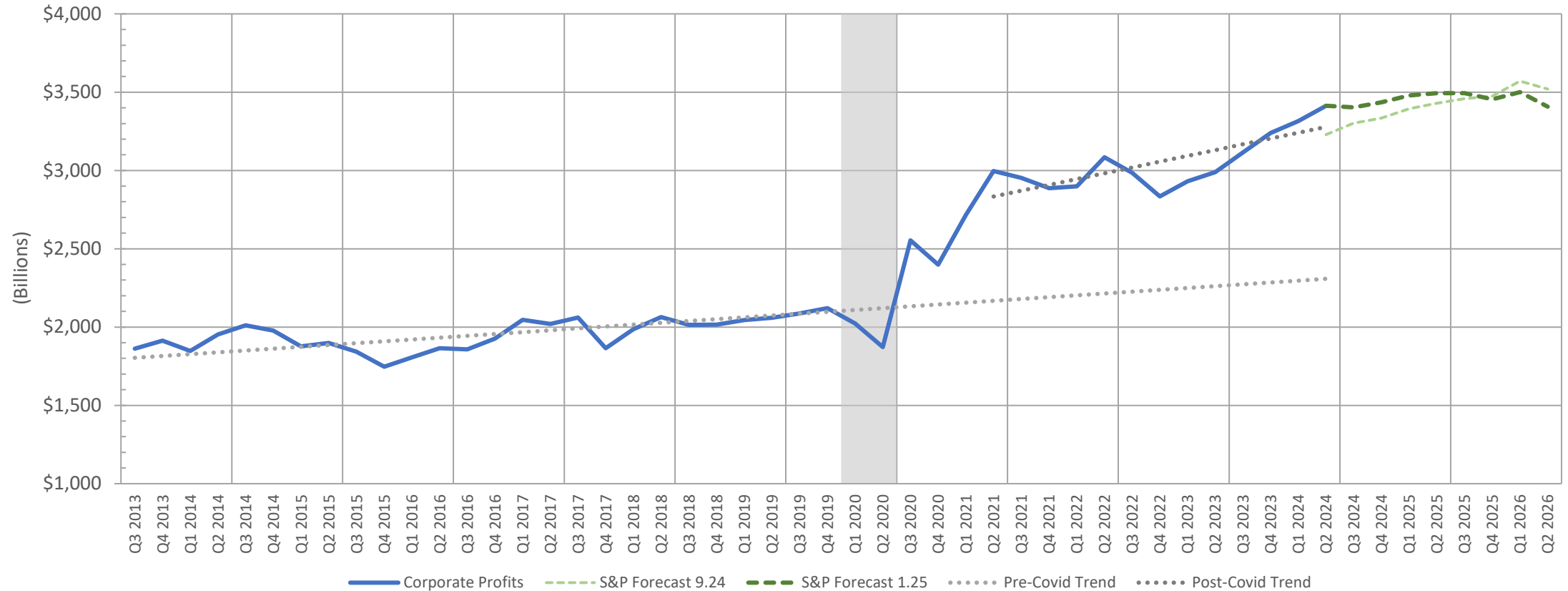




# US Corporate Profits

Q3 profits for 2024 were better than anticipated in September; S&P is now expecting profits to remain elevated through FY 25 and FY 26, but growth will be relatively flat

U.S. CORPORATE PROFITS



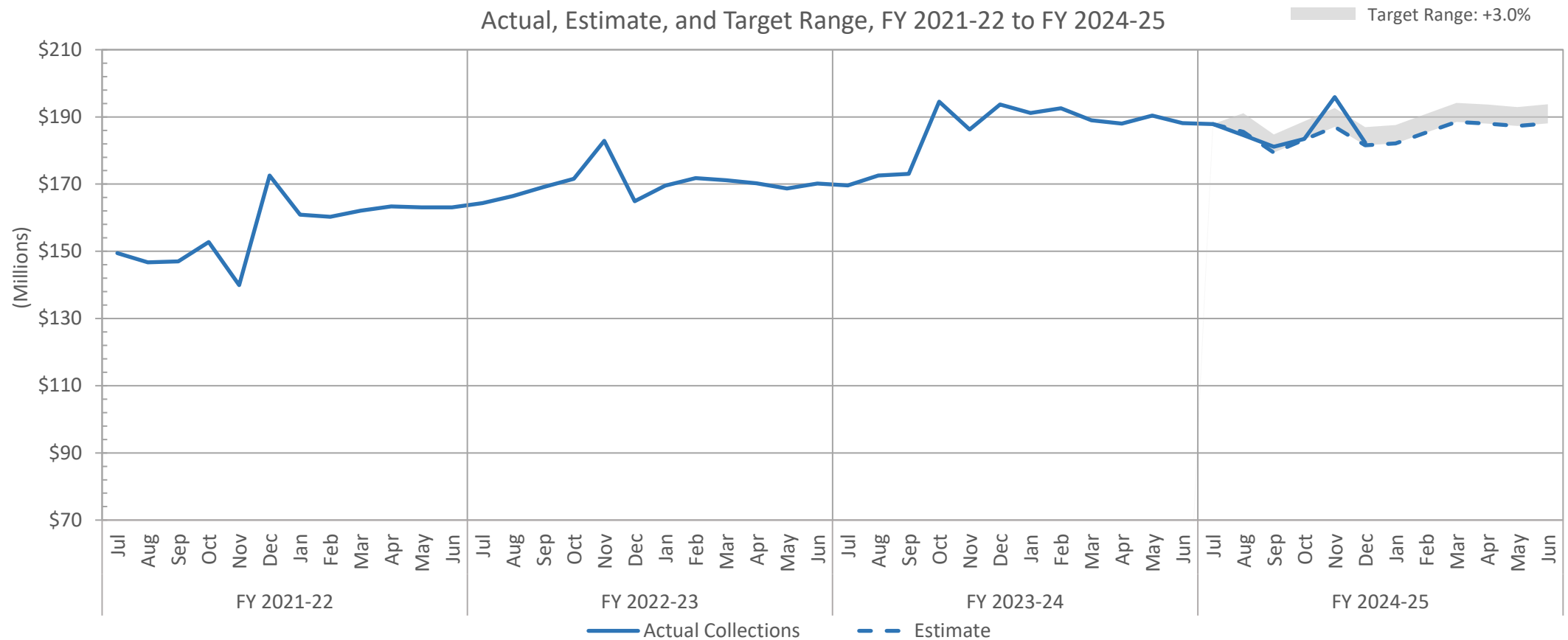
Source: U.S. Bureau of Economic Analysis, National income: Corporate profits after tax (without IVA and CCAdj) [CP], retrieved from FRED, Federal Reserve Bank of St. Louis; 293-RFA/lhj/01/14/2025

# Corporate License Tax – Actual vs. Estimate

Corporate License tax is \$0.8 million above the November estimate fiscal year-to-date

## ROLLING FISCAL YEAR - CORPORATE LICENSE TAX

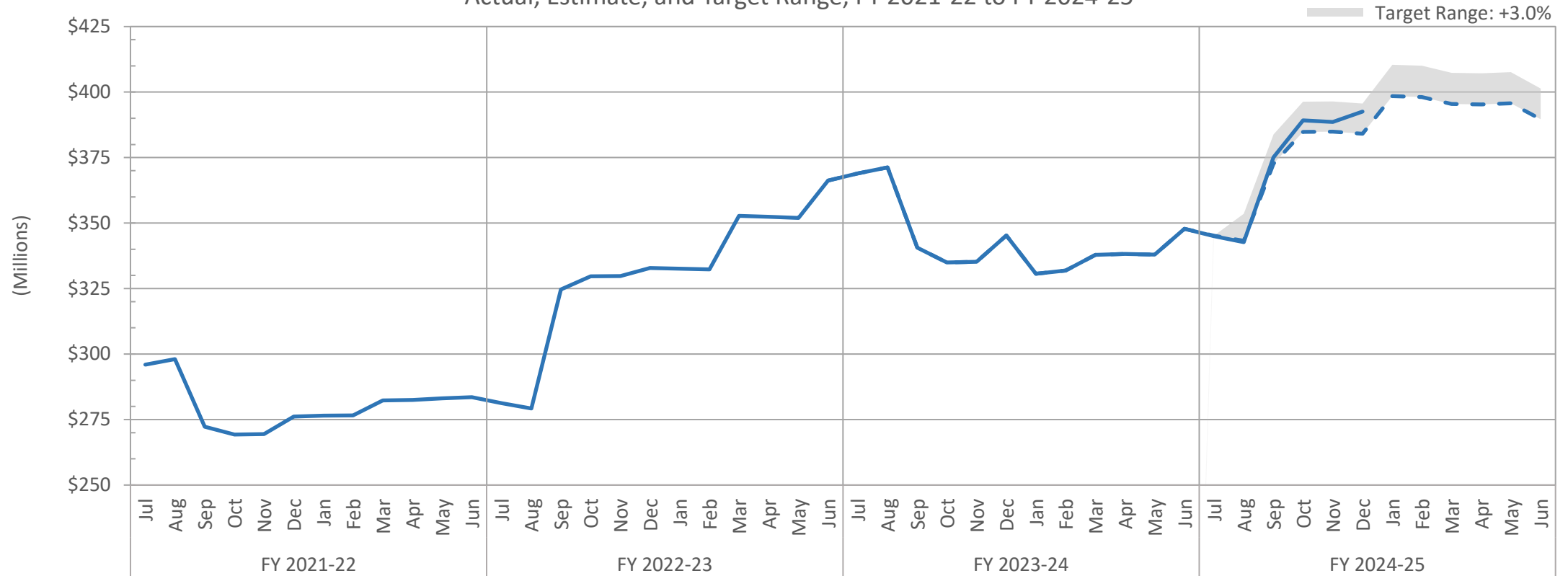
Actual, Estimate, and Target Range, FY 2021-22 to FY 2024-25



# Insurance Tax – Actual vs. Estimate

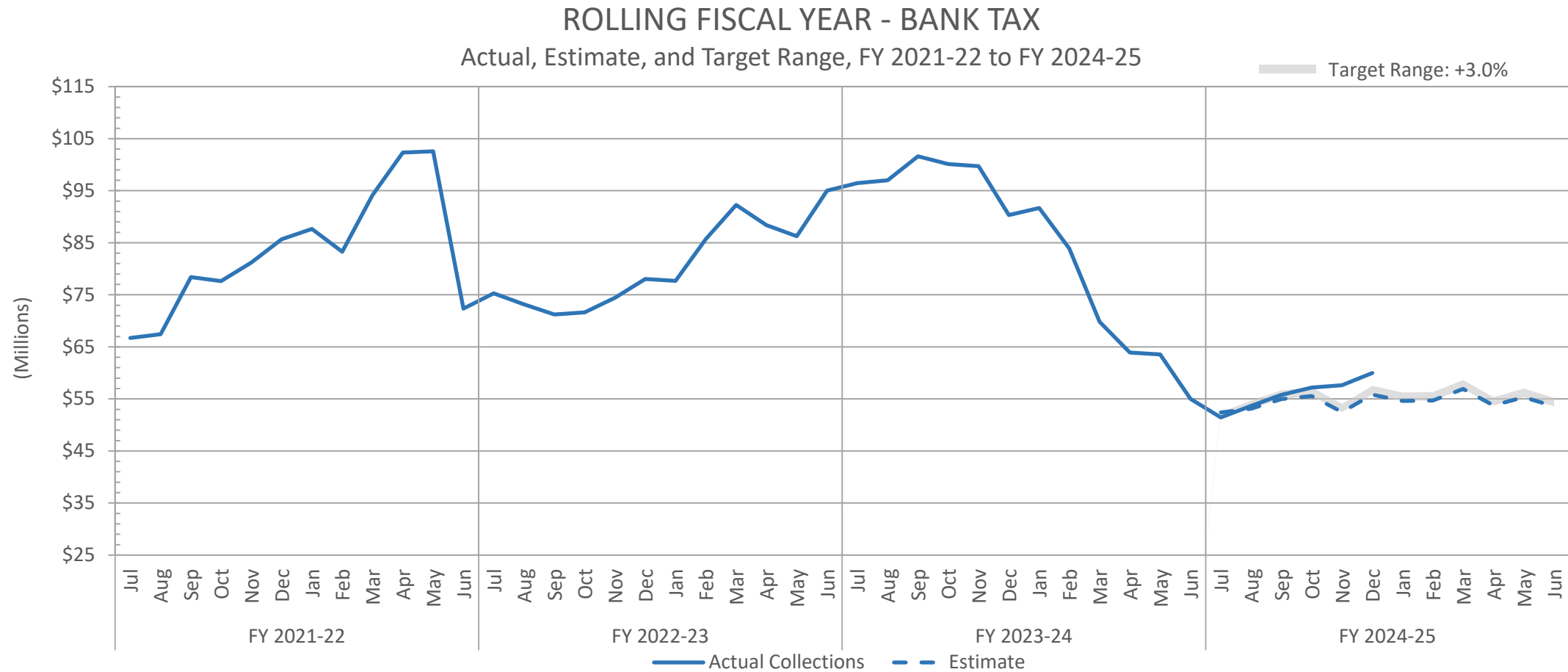
Insurance tax is \$8.5 million above the November estimate; premiums revenue is now up 3.1% compared to last fiscal year

ROLLING FISCAL YEAR - INSURANCE TAX  
Actual, Estimate, and Target Range, FY 2021-22 to FY 2024-25



# Bank Tax – Actual vs. Estimate

Collections through December are above the forecast by \$4.1 million due to slightly stronger collections in November and December



# Considerations for February Forecast



## FY 2024-25 Forecast Considerations

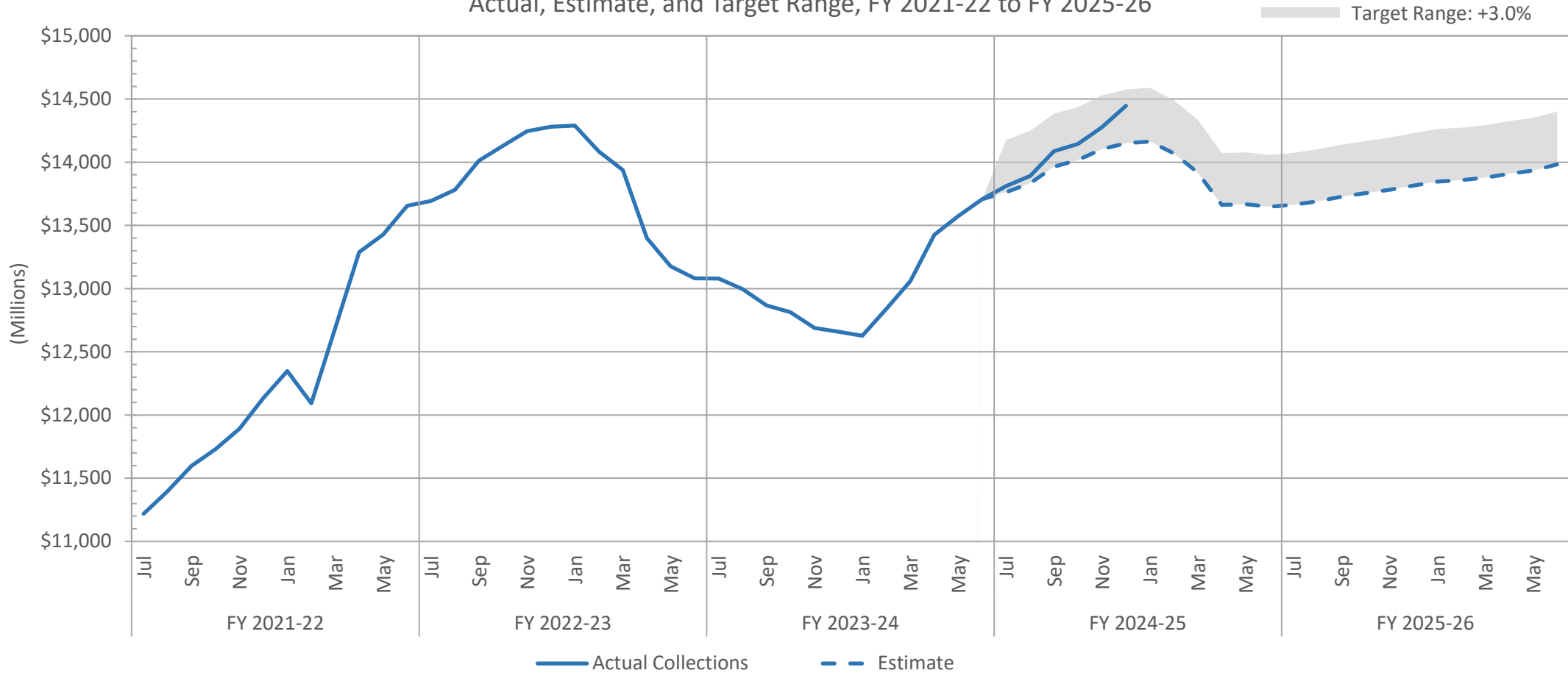
- Key economic factors are tracking closely to estimates
  - We are surveying the regional panel and will share their responses
- Slow-down in growth rates appears to be happening as anticipated
- While revenues are running ahead of expectations, most of the excess revenue is in Corporate Income tax while Sales and Individual income tax are within the 3% margin
- Changes to each component of the forecast need to be considered individually to determine if there is sufficient support to revise the forecast
- With the filing deadline extensions for Hurricane Helene, timing of collections is expected to be delayed but the amount of the impact is unknown
- Tax filing season remains the biggest factor that is likely to impact collections this year

# FY 2025-26 Forecast Considerations

- National economic expectations have not changed significantly since our November forecast
  - Fed interest rate reductions have proceeded largely as expected
  - Tariffs and federal tax changes remain an unknown
- The revenue outlook for FY 2025-26 is largely unchanged from November
  - Wage growth is expected to be below historical levels
  - Sales tax growth will remain below historical levels as well
  - Long-term corporate profits remain uncertain
- Except for Corporate Income tax, FY 2024-25 collections are close to expectations in the major categories
- If changes are made to the FY 2024-25 forecast, do those changes affect the base or expectations for FY 2025-26

# General Fund – November 2024 Estimate

ROLLING FISCAL YEAR - GENERAL FUND  
Actual, Estimate, and Target Range, FY 2021-22 to FY 2025-26





# Reports from Working Group Members

# Other Business

# Appendix

# Quarterly Review Requirements

- SC Code of Laws §11-9-1130 requires a review of revenue collections relative to the estimates
- If any quarter shows a shortfall over 1.5 percent of projected collections a synopsis must be prepared indicating the factors contributing to the shortfall; and is similarly required for a shortfall of 1.5 percent in sales, individual income tax, corporate income tax, insurance tax, and earnings on investments
- SC Code of Laws §11-9-1140 requires a quarterly review of estimated and actual revenues
- If, at the end of the first (Jul – Sep), second (Oct – Dec), or third (Jan – Mar) quarter, the BEA reduces the estimate by
  - 3.0 percent or less, the Director of the Executive Budget Office must reduce appropriations
  - More than 3.0 percent, the General Assembly may take action; otherwise, the Director of the Executive Budget Office must reduce appropriations