



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

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FY 2024-25 and FY 2025-26 General Fund Revenue Forecasts *Revenue Performance Prompts Upward Forecast Revisions*

COLUMBIA – The South Carolina Board of Economic Advisors (BEA) issued an updated forecast for the current fiscal year, FY 2024-25 (FY 25), and for the following year, FY 2025-26 (FY 26), at its meeting Thursday, February 13, 2025.

In November 2024, the BEA issued its estimates based on income and employment growth in South Carolina. At its January 2025 meeting, the BEA noted recent economic and revenue performance through the first half of the fiscal year was slightly better than anticipated. These general trends continued through January, which led to the BEA increasing its revenue forecast for FY 2024-25 by \$131.2 million to \$13,778.7 million and its FY 2025-26 estimate by a similar amount totaling \$132.5 million to \$14,114.7 million.

Through January, total General Fund revenues were ahead of expectations by \$396.9 million, though there was notable variance in the performance among the various revenue categories. The BEA still expects continued but slower growth and given the usual uncertainties about the tax filing season, chose to limit the amount of the increase until better information on final tax filing activity is known.

With the updated forecast, the outlook for the current legislative budgeting process is similarly improved. The new estimate for FY 25 increases the anticipated revenue surplus (one-time funds) to \$552.5 million and the base budget (recurring funds) by \$666.0 million. Available additional funds for appropriations for the FY 2025-26 budget process are as follows:

FY 2025-26 Budget Outlook
(Millions of Dollars)

Net New Recurring General Fund Revenue - FY 2025-26 <i>(Less Tax Relief Trust Fund, General Reserve Fund, and Capital Reserve Fund contributions and incremental income tax rate reduction)</i>	\$666.0
Non-Recurring Revenue	
FY 2023-24 Contingency Reserve Fund <i>(prior year surplus and lapsed funds)</i>	\$332.3
FY 2024-25 Capital Reserve Fund	\$369.8
Projected FY 2024-25 General Fund Surplus	\$552.5
Total Non-Recurring Revenue	\$1,254.5
Estimated Additional Revenue for Appropriation	\$1,920.5

(Figures may not add to totals due to rounding)

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