

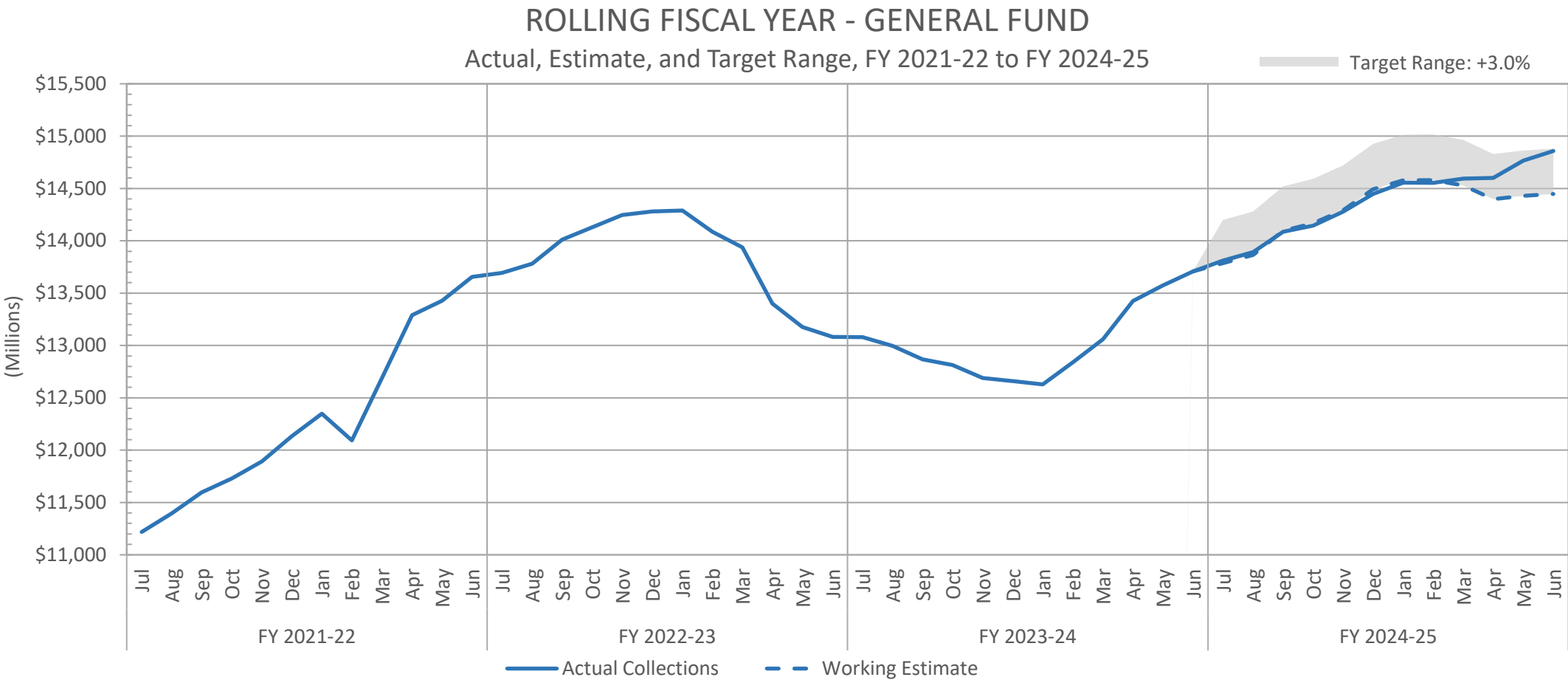
South Carolina General Fund Revenue FY 2024-25 Year-End Update

August 28, 2025



General Fund – Actuals vs. Estimates

Revenues ended \$410.7 million above the estimate for FY 2024-25, growing 8.4% compared to 5.4% estimated



FY 2024-25 Final Revenue



REVENUES V. BEA MONTHLY ESTIMATES

FINAL FY 2024-25

(\$ in Millions)

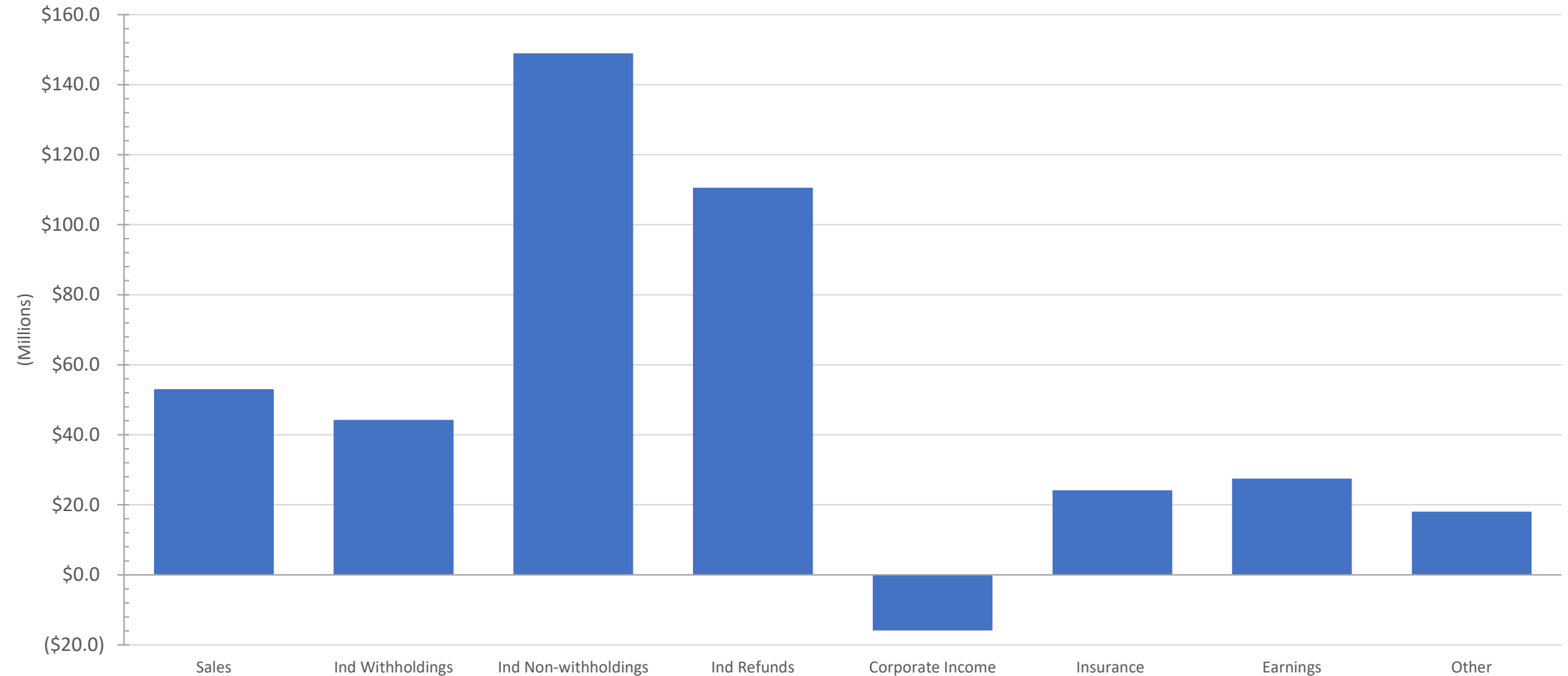
	Expected Revenues	Actual Revenues	Over/ (Under) Expected	Estimate	Actual		Expected Revenues	Actual Revenues	Over/ (Under) Expected	Estimate	Actual
Total General Fund Revenue	\$14,447.7	\$14,858.5	\$410.7	5.4%	8.4%	Other Revenue Items, Sub-Total	\$1,327.8	\$1,373.4	\$45.6	13.8%	17.7%
Sales Tax	4,974.4	5,027.4	53.0	3.9%	5.0%	Admissions Tax	39.2	40.0	0.8	(16.6%)	(15.0%)
Individual Income Tax	6,418.4	6,722.2	303.8	5.0%	10.0%	Alcoholic Liquors Tax	121.5	121.8	0.3	2.0%	2.3%
Withholdings	7,187.2	7,231.4	44.3	6.2%	6.9%	Bank Tax	86.6	90.9	4.3	57.3%	65.2%
Non-withholdings	1,614.3	1,763.2	149.0	(1.3%)	7.8%	Beer and Wine Tax	112.1	110.7	(1.5)	0.6%	(0.7%)
Refunds	2,383.0	2,272.5	(110.5)	4.2%	(0.7%)	Corporate License Tax	195.1	199.1	4.0	3.7%	5.8%
Corporate Income Tax	1,337.5	1,321.6	(15.9)	3.4%	2.2%	Deed Rec. (Doc. Tax)	122.2	126.7	4.5	4.3%	8.1%
Insurance Tax	389.6	413.8	24.2	12.0%	19.0%	Earned on Investments	450.0	477.5	27.5	39.4%	47.9%
Other Revenue Items, Sub-Total	1,327.8	1,373.4	45.6	13.8%	17.7%	Residual Revenue	201.1	206.8	5.8	(2.6%)	0.2%

Based on BEA Forecast as of May 20, 2025



Final FY 2024-25 Revenue Versus May Estimate

EXCESS REVENUE BY CATEGORY COMPARED TO MAY 2025 ESTIMATE



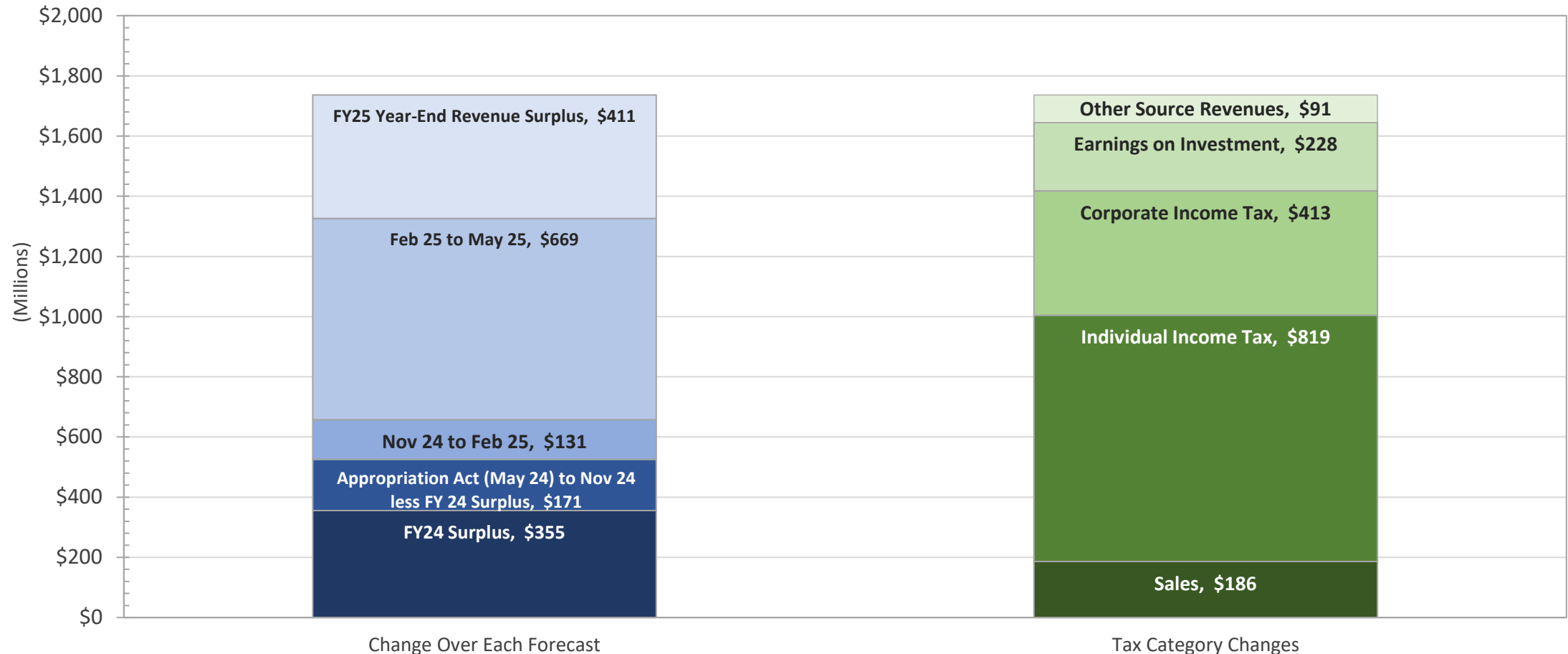
Source: SC Revenue and Fiscal Affairs Office, RFA/367/8/20/2025



FY 2024-25 Budgetary General Fund Revenue Surplus By Forecast and Tax Category

FY 2024-25 GENERAL FUND SURPLUS BY SOURCE

Appropriation Act to Final FY 25 Revenue



Source: S.C. Revenue and Fiscal Affairs Office, RFA/367/kv/8/15/2025



Economic Updates



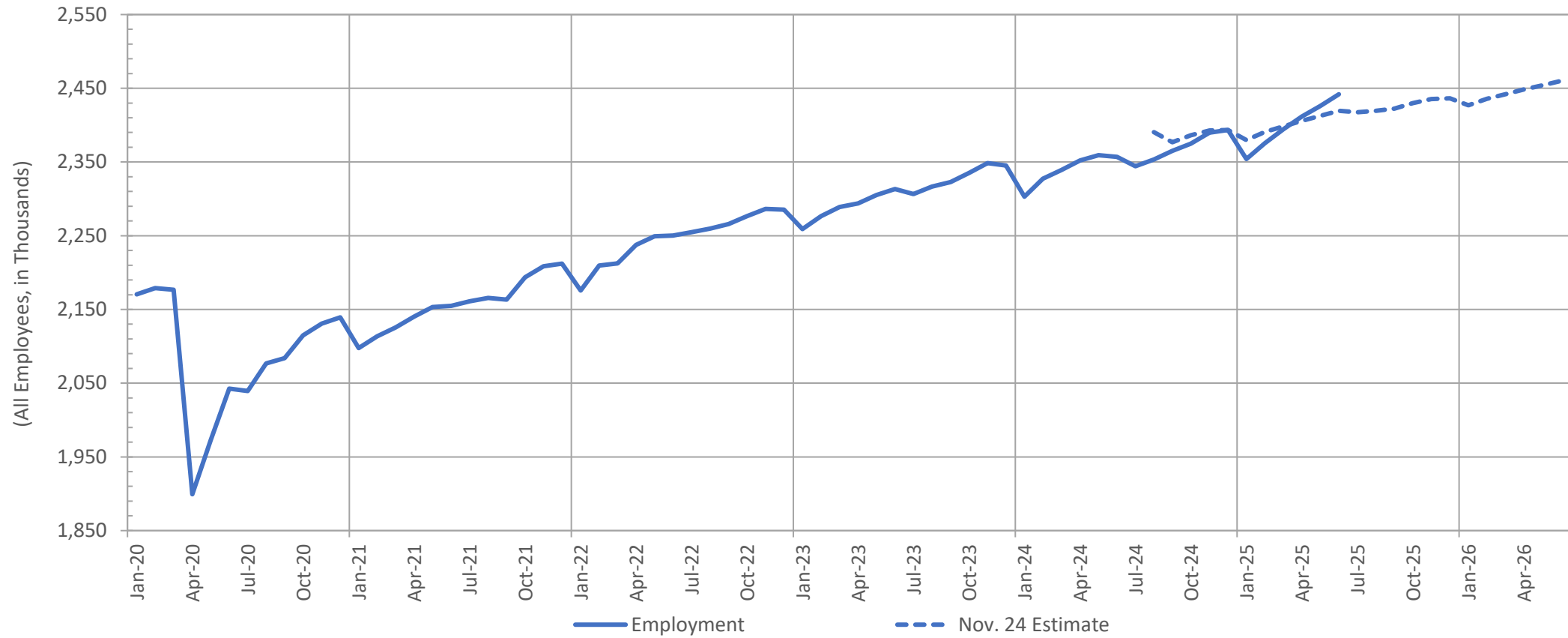
Tariffs and Uncertainty

- Tariff rates are lower than anticipated in April, but the future is still uncertain
- Yale Budget Lab estimates the effective US tariff rate is 18.6%, the highest since the 1930s
- Tariff rates for SC's largest trading partners (Germany, Canada, and China) are still under negotiation
- The European Union is in the final stages of a trade deal set to lower car, steel, and aluminum tariff rates while maintaining a 15% baseline rate
- The majority of trade with Canada is covered by the USMCA
- Chinese tariff escalation is paused until November 10th, but the tariff rate remains 30% on most goods

Employment

Despite monthly variances, employment grew an average of 2.2% over FY 25 as forecasted

TOTAL NONFARM EMPLOYMENT IN SOUTH CAROLINA

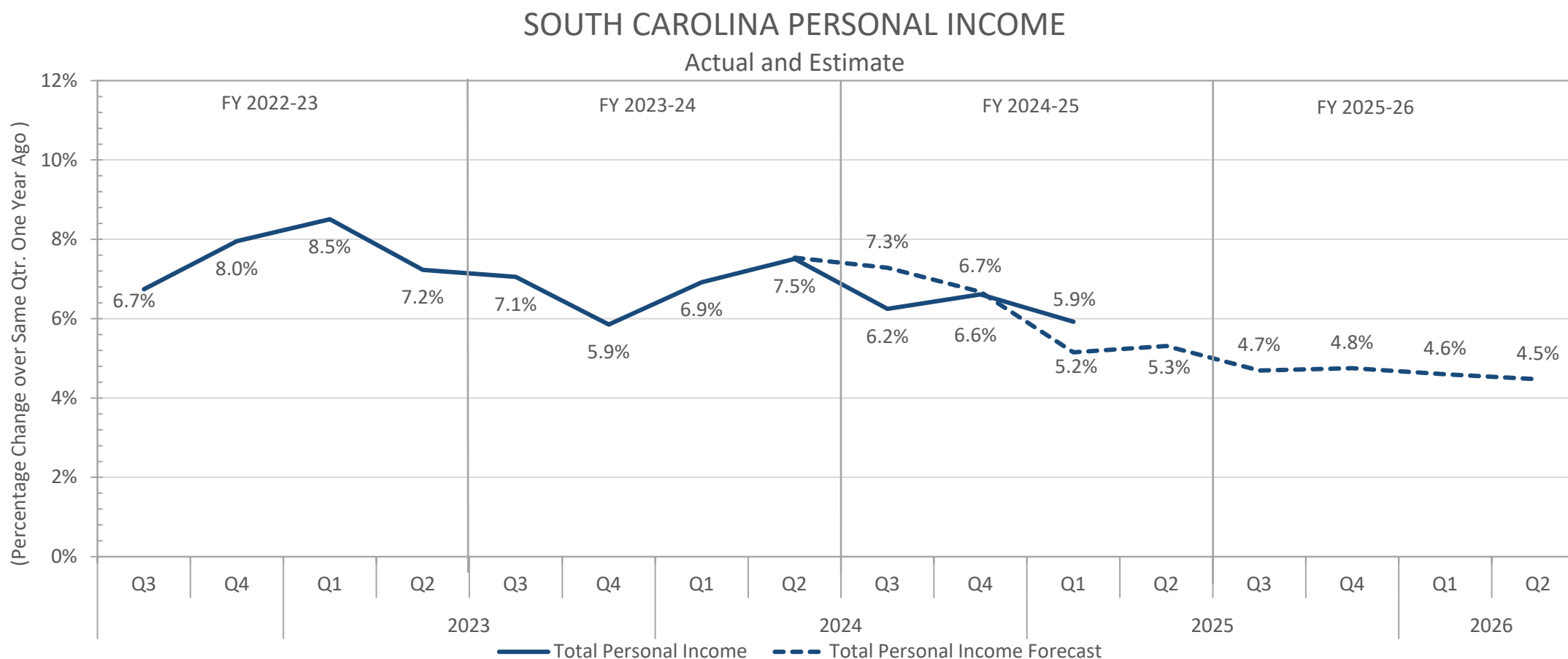


Source: U.S. Department of Labor, Bureau of Labor Statistics 60-RFA/kav/8/18/2025



Personal Income

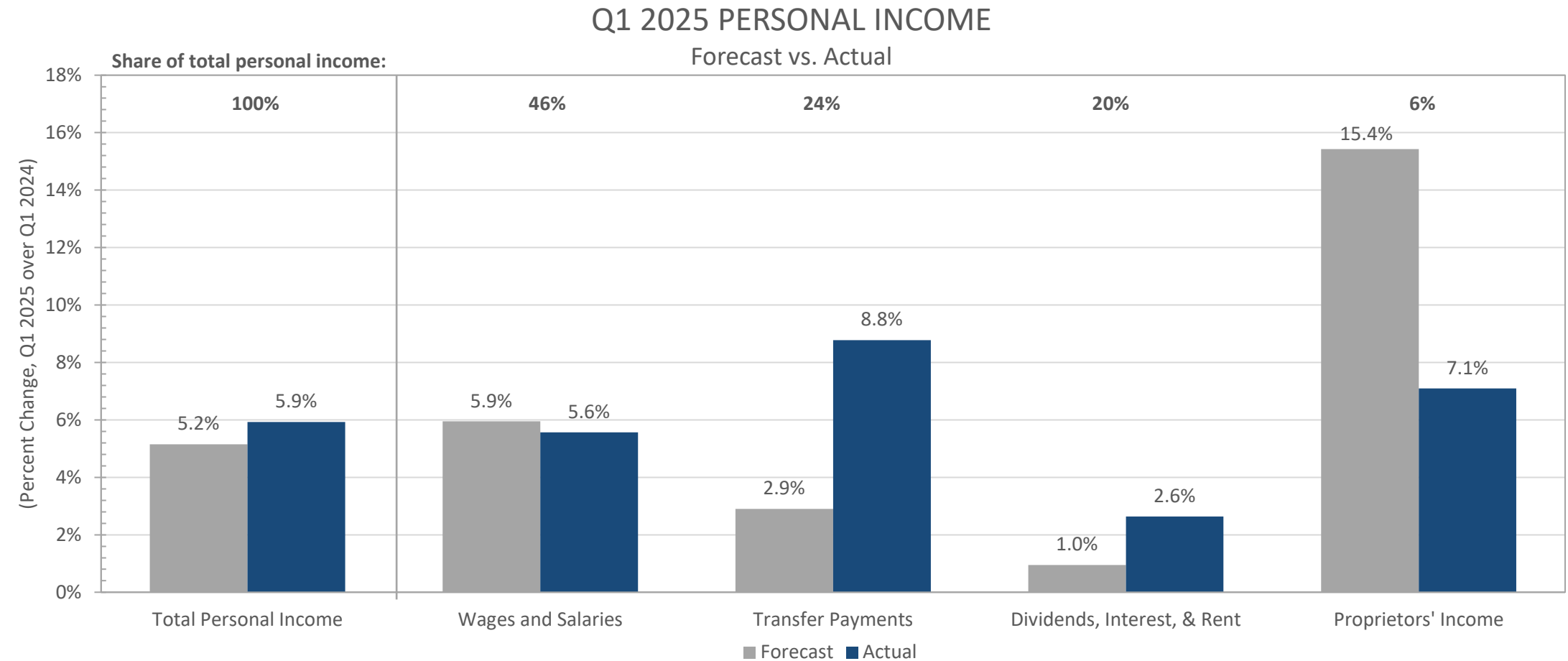
Growth slowed less than expected in Q1 2025 (5.9% versus 5.2% forecasted) and is slightly above expectations in total



Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kv/8/18/2025

Personal Income – Q1 2025

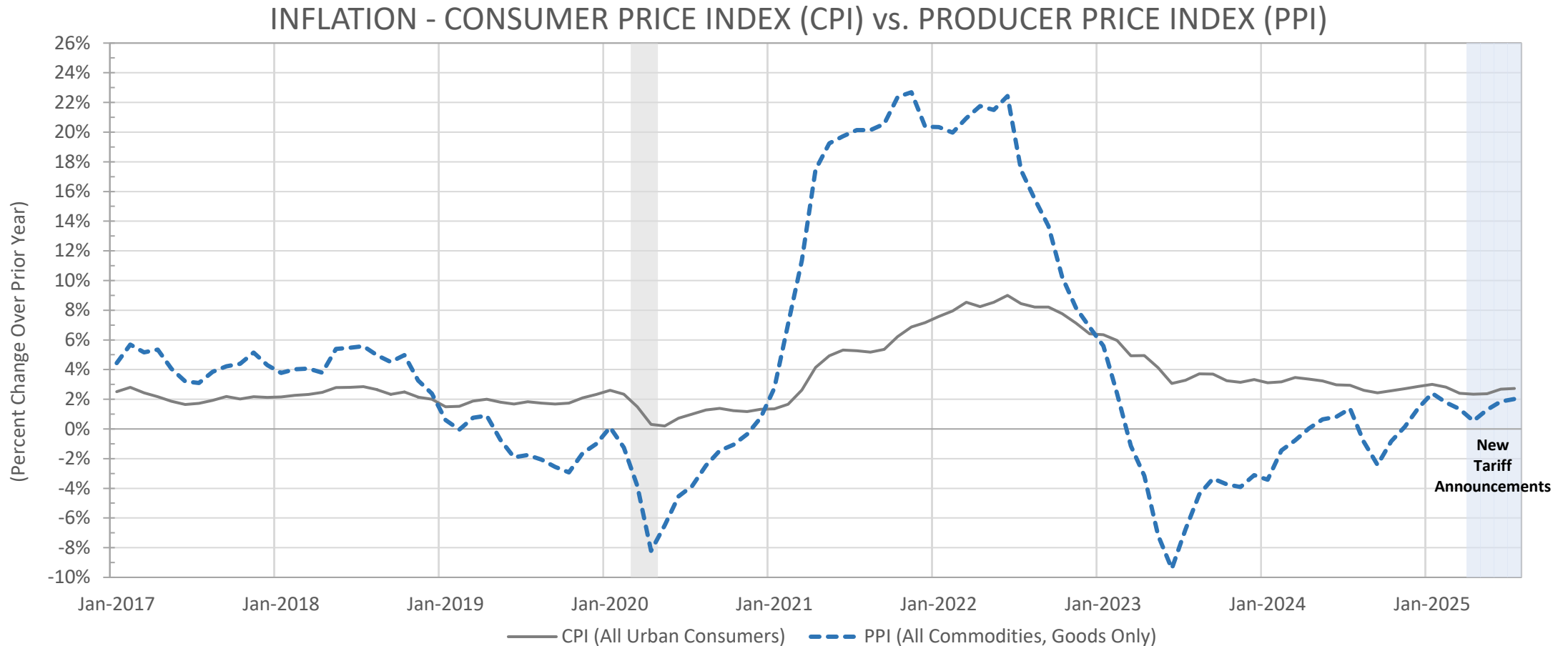
Wages and Salaries grew slightly less than expected, but total personal income grew more than anticipated due to Transfer Payments and Dividends, Interest, & Rent



Source: U.S. Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kv/7/9/2025

Inflation

PPI usually moves faster and can anticipate movements in CPI; PPI inflation reached the lowest point of 2025 in April at 0.5% but has increased considerably to 2% since then, while CPI had experienced slower growth from 2.3% to 2.7% in July



Source: U.S. Bureau of Labor Statistics - 216 RFA/mam/8/15/2025

General Fund Revenue Categories

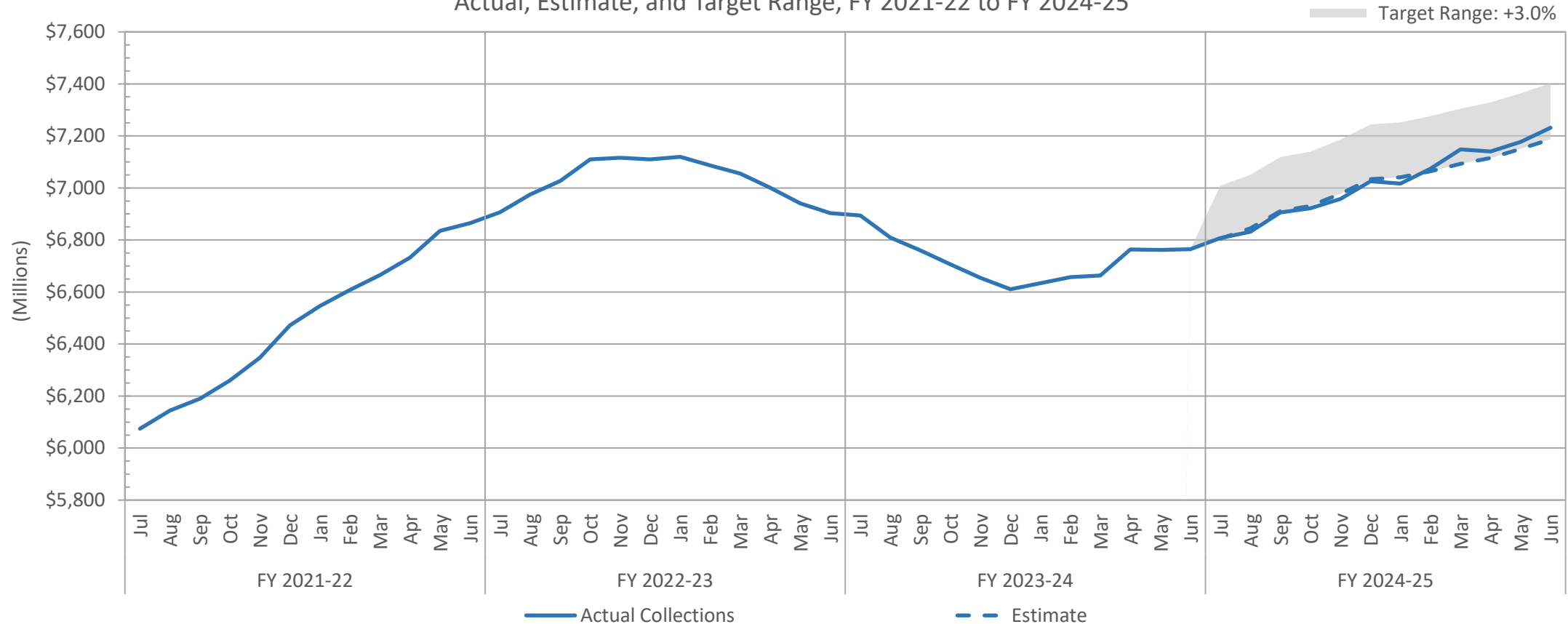


Withholdings – Actuals vs. Estimates

June collections were \$17.3 million ahead of expectations and \$44.3 million above the estimate for FY 25, representing slightly higher growth of 6.9% versus the 6.2% expected for the fiscal year

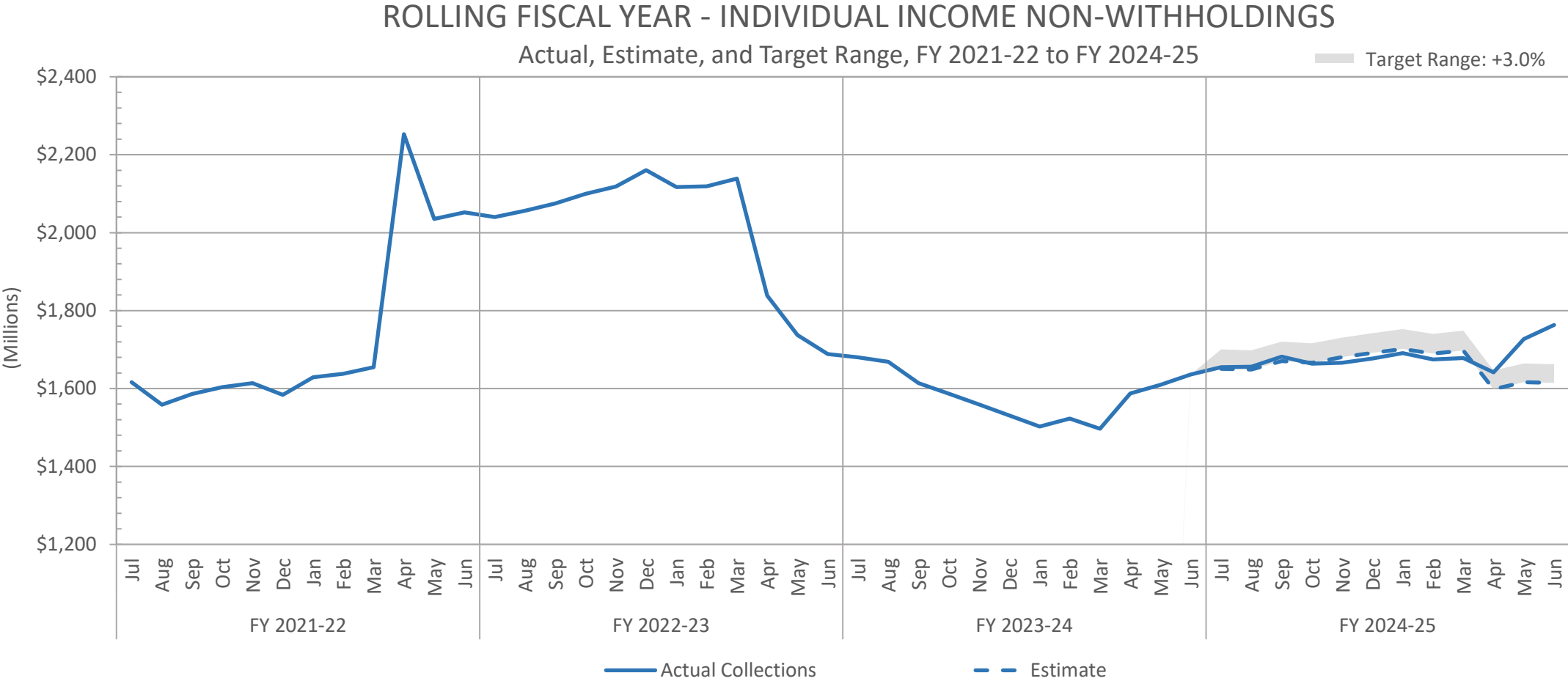
ROLLING FISCAL YEAR - INDIVIDUAL INCOME WITHHOLDINGS

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



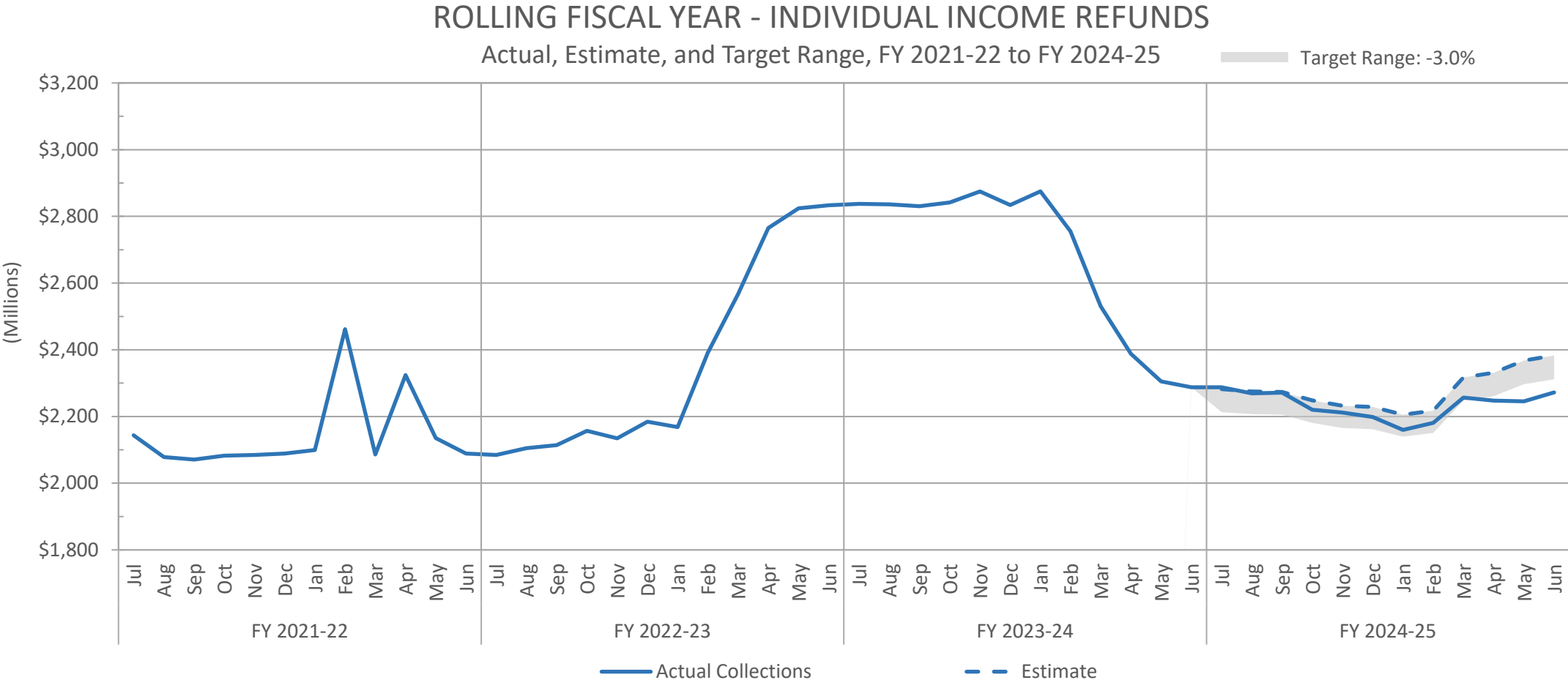
Non-withholdings – Actuals vs. Estimates

FY 25 revenues ended \$149 million ahead of expectations due to strong collections in May and June, which account for 71% of the excess; total collections grew by 7.8% in FY 25, compared with an expected decrease of 1.3%



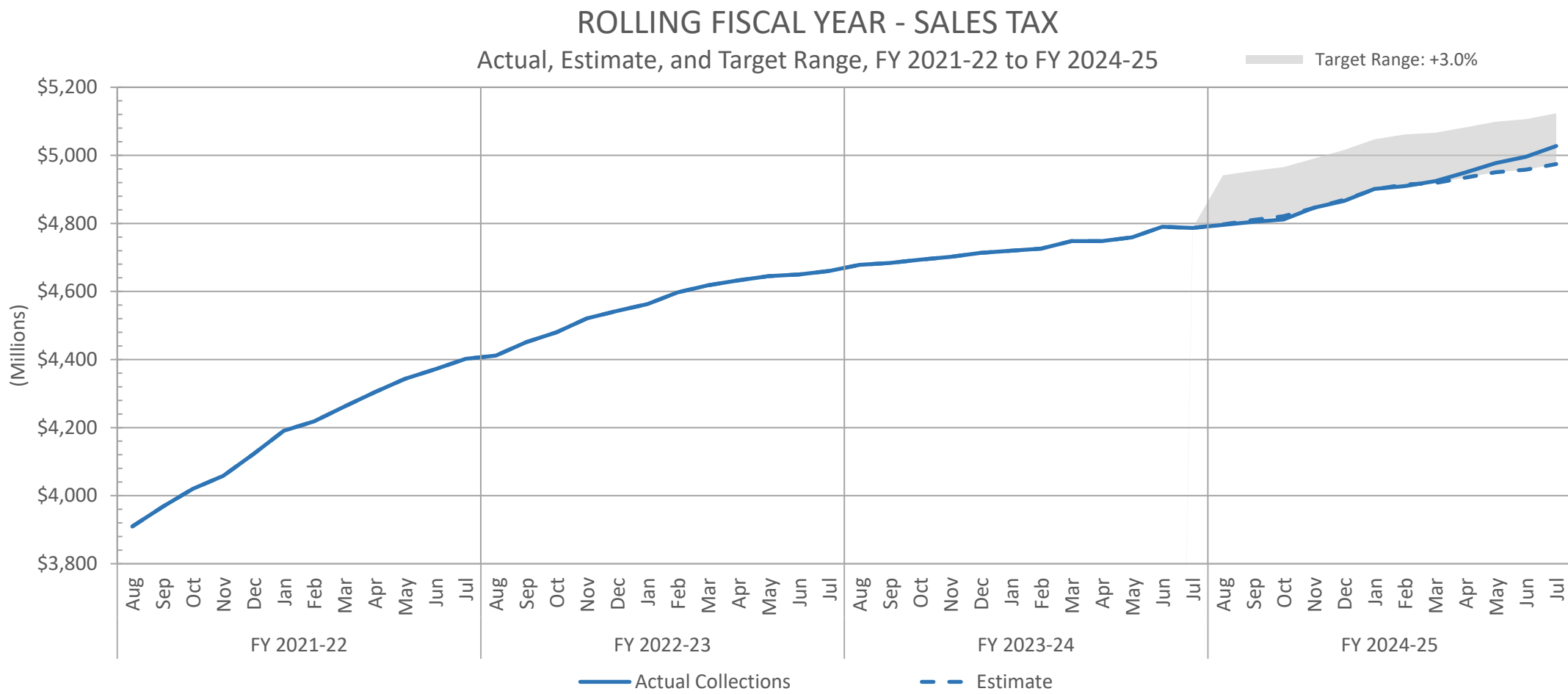
Refunds – Actuals vs. Estimates

Although June Refunds were \$11.9 million above expectations, total FY 25 Refunds amounted to approximately \$2.273 billion, or \$110.5 million below the estimate, representing a decrease of 0.7% from the previous fiscal year



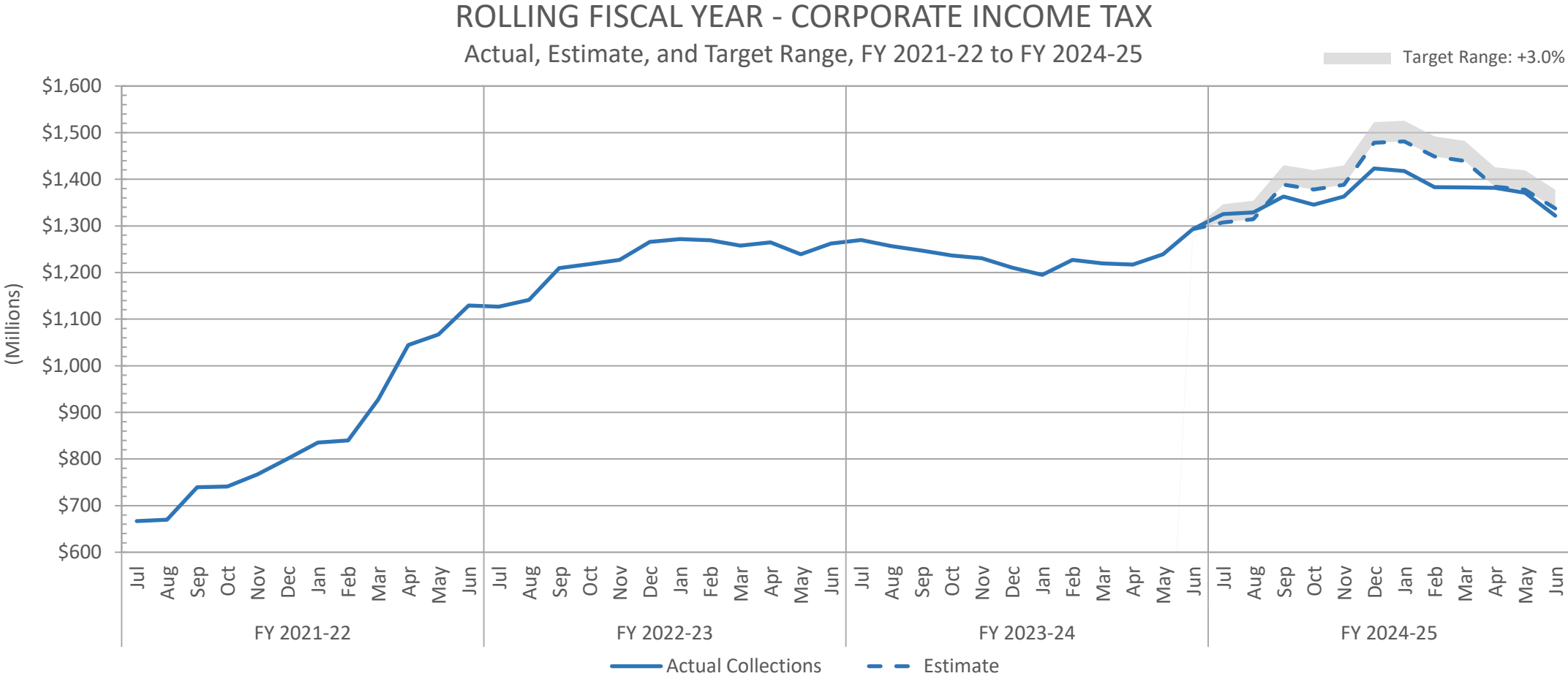
Sales Tax – Actuals vs. Estimates

Revenues ended \$53.0 million above the estimate for FY 2024-25, growing at 5.0% compared to 3.9% estimated



Corporate Income – Actuals vs. Estimates

June collections were lower than expected, and revenue ended \$15.9 million below the estimate for FY 2024-25, growing 2.2% compared to the estimate of 3.4%



May 2025 Estimated Growth based on Actual FY 25 Revenue

Category	FY 2024-25 May Estimate	FY 2024-25 Actual		FY 2025-26 May Estimate Over FY 25 Estimate	FY 2025-26 May Estimate Over FY 25 Actual
General Fund	5.4%	8.4%		0.3%	(2.5%)
Sales Tax	3.9%	5.0%		2.5%	1.4%
Individual Income Tax	5.0%	10.0%		1.6%	(3.0%)
Withholdings	6.2%	6.9%		3.8%	3.2%
Non-withholdings	(1.3%)	7.8%		2.9%	(5.8%)
Refunds	4.2%	(0.7%)		9.1%	14.4%
Corporate Income Tax	3.4%	2.2%		(10.0%)	(8.9%)

*Growth rates do not include legislative adjustments from the FY 2025-26 budget.

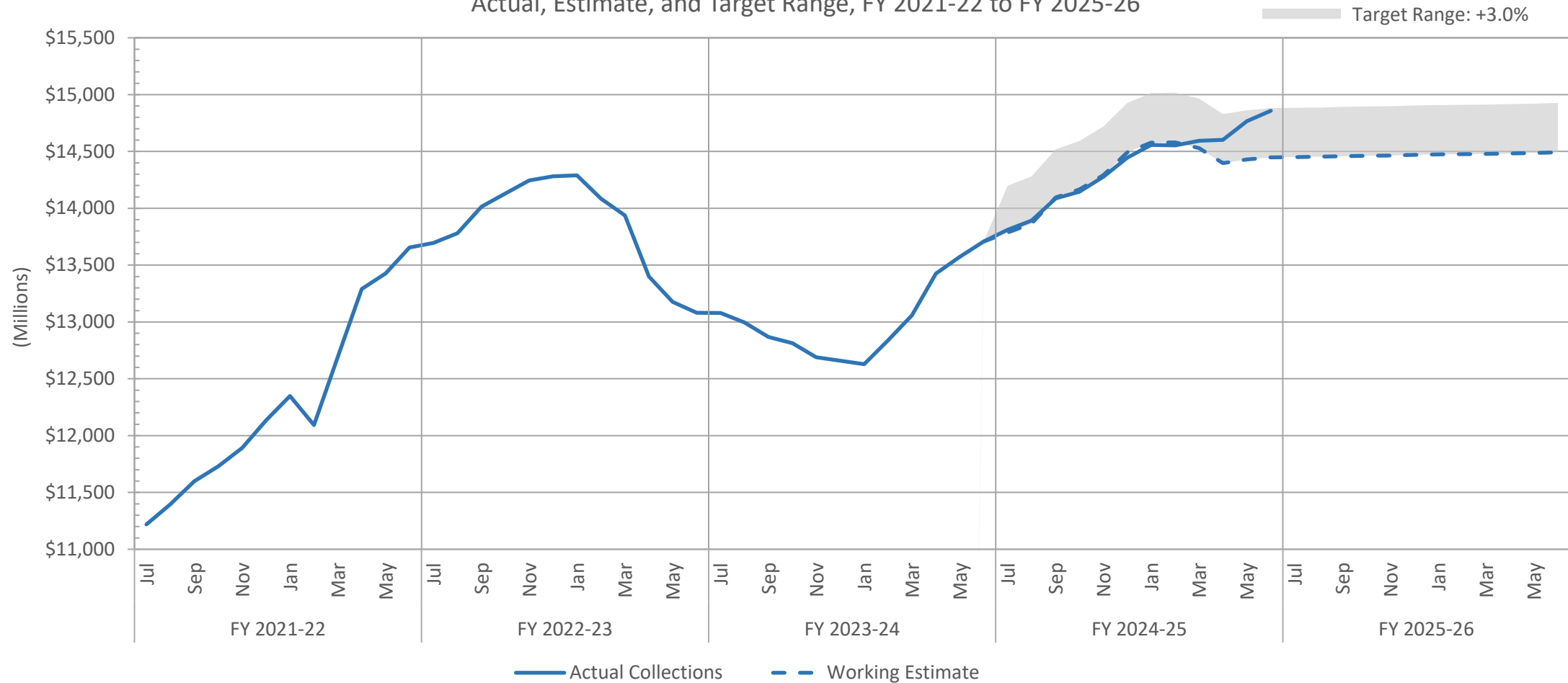


Summary of FY 2024-25 Results

- Total General Fund revenue finished \$410.7 million above expectations, or within 2.8% of estimates
- Actual collections were slightly better than estimated in Withholdings and Sales tax, the two largest categories
- However, the majority of the excess is due to Individual Income tax payments and declarations (Non-withholdings) and lower than expected Refunds in the final quarter
- After final accounting adjustments, FY 25 finished with a budgetary excess balance of \$725.9 million, which will be transferred to the Contingency Reserve Fund; \$225 million of the excess is from projected FY 25 surplus funds that were not appropriated
- Based on an initial review, the FY 25 excess will likely result in a base revenue adjustment for FY 26, before accounting for legislative changes (tax rate cut)

General Fund - FY 2025-26 May Estimate

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



Issues Affecting FY 2025-26 and FY 2026-27

- Impact of accelerated income tax rate reduction in FY 26 budget
- Legislative adjustment for durable medical equipment sales tax exemption (-\$12.6 million in GF sales tax; -\$3.2 million for both EIA and HEX funds)
- Aid to Fire Districts open-ended appropriation

Reports from Working Group Members



Other Business



Future Meetings

- September 25, 2025
 - Review of July and August FY 2025-26 revenue
 - Presentation by NC Legislative Fiscal Research Division
- October 14, 2025
 - Review of FY 2025-26 first quarter revenue and performance
 - Initial consideration of economic assumptions for FY 2025-26 and FY 2026-27
 - Annual Economic Advisory Meeting – discussion of SC economy with guest economists
- November 18, 2025
 - Adoption of revised forecast for FY 2025-26 and initial forecast for FY 2026-27 based on comments and assumptions