

# **SOUTH CAROLINA GENERAL FUND REVENUE**

## **Quarterly Review - July to September FY 2025-26 & Guest Economist Panel**



October 14, 2025

# General Fund Revenue – September 2025



## REVENUES V. BEA MONTHLY ESTIMATES

Revenues as of October 8, 2025 – subject to change

### SEPTEMBER

(\$ 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>\$1,546.6</b>	<b>\$1,725.3</b>	<b>\$178.7</b>	<b>(2.9%)</b>	<b>8.4%</b>	<b>Other Revenue Items, Sub-Total</b>	<b>\$105.7</b>	<b>\$190.7</b>	<b>\$85.0</b>	<b>(11.0%)</b>	<b>60.6%</b>
Sales Tax	409.9	430.7	20.8	1.1%	6.3%	Admissions Tax	5.4	4.9	(0.6)	3.6%	(7.7%)
Individual Income Tax	725.4	785.5	60.1	2.7%	11.2%	Alcoholic Liquors Tax	8.8	9.0	0.2	3.4%	5.1%
Withholdings	598.8	620.9	22.0	3.1%	6.9%	Bank Tax	10.0	16.5	6.5	(48.7%)	(15.3%)
Non-withholdings	176.1	206.3	30.2	2.7%	20.2%	Beer and Wine Tax	9.7	8.6	(1.1)	1.3%	(10.3%)
Refunds	49.6	41.6	(8.0)	8.0%	(9.3%)	Corporate License Tax	9.2	10.9	1.7	39.3%	64.8%
Corporate Income Tax	220.7	222.4	1.7	(11.8%)	(11.1%)	Deed Rec. (Doc. Tax)	11.4	11.0	(0.4)	0.9%	(2.6%)
Insurance Tax	85.0	96.0	11.1	(23.8%)	(13.8%)	Earned on Investments	38.5	90.7	52.2	(16.4%)	97.2%
Other Revenue Items, Sub-Total	105.7	190.7	85.0	(11.0%)	60.6%	Residual Revenue	12.7	39.2	26.5	5.6%	226.7%

Forecast as of May 20, 2025, with legislative adjustments

/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 Revenue – July to September 2025



## REVENUES V. BEA MONTHLY ESTIMATES

Revenues as of October 8, 2025 – subject to change

### JULY - SEPTEMBER

(\$ 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>\$3,347.3</b>	<b>\$3,533.3</b>	<b>\$186.1</b>	<b>(1.6%)</b>	<b>3.9%</b>	<b>(4.5%)</b>	<b>Other Revenue Items, Sub-Total</b>	<b>\$250.3</b>	<b>\$332.0</b>	<b>\$81.7</b>	<b>(2.7%)</b>	<b>29.0%</b>	<b>(4.9%)</b>
Sales Tax	841.4	887.1	45.7	1.2%	6.7%	1.2%	Admissions Tax	(1.2)	(0.8)	0.4	N/A	N/A	5.5%
Individual Income Tax	1,885.6	1,925.8	40.2	1.5%	3.7%	(7.2%)	Alcoholic Liquors Tax	20.0	20.6	0.6	(1.5%)	1.3%	1.1%
Withholdings	1,767.8	1,748.6	(19.2)	3.1%	2.0%	3.1%	Bank Tax	10.6	18.9	8.4	(48.0%)	(6.7%)	(39.6%)
Non-withholdings	287.7	355.2	67.6	0.8%	24.5%	(10.1%)	Beer and Wine Tax	20.5	19.2	(1.3)	(1.2%)	(7.2%)	1.9%
Refunds	169.8	178.0	8.2	19.5%	25.3%	23.5%	Corporate License Tax	20.8	22.5	1.6	30.0%	40.3%	(1.4%)
Corporate Income Tax	277.0	284.9	7.9	(18.4%)	(16.1%)	(8.9%)	Deed Rec. (Doc. Tax)	23.3	23.3	(0.0)	1.0%	1.0%	(0.8%)
Insurance Tax	92.9	103.5	10.6	(18.9%)	(9.7%)	(12.3%)	Earned on Investments	120.9	176.3	55.4	0.2%	46.1%	(5.8%)
Other Revenue Items, Sub-Total	250.3	332.0	81.7	(2.7%)	29.0%	(4.9%)	Residual Revenue	35.5	52.1	16.6	(5.8%)	38.4%	(2.8%)

Forecast as of May 20, 2025, with legislative adjustments

/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.

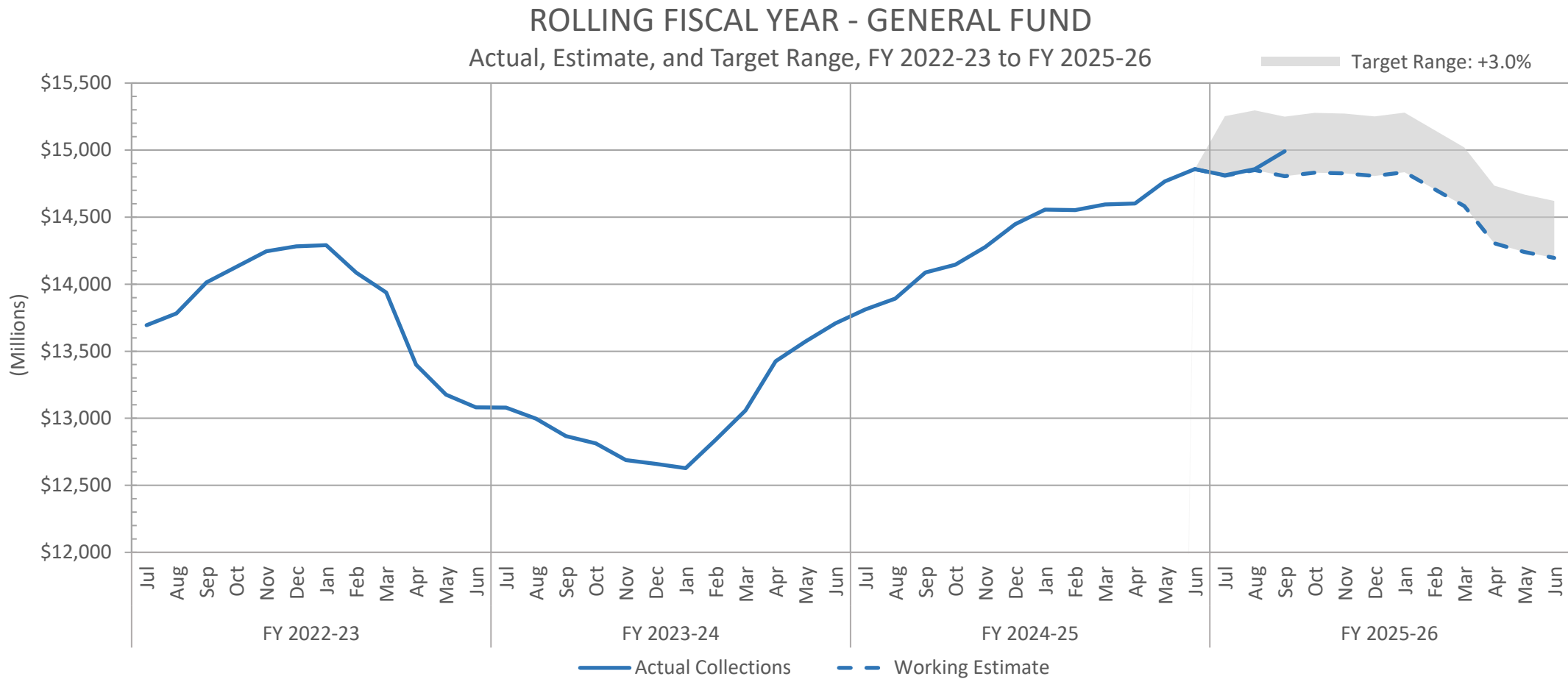
/2 Actual year-to-date reflects actual fiscal year-to-date growth in collections over prior fiscal year-to-date collections.

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



# Total General Fund - Actual vs. Estimate

Collections are running \$186.1 million ahead of expectations through September 2025



# General Fund FY 2025-26 First Quarter Summary

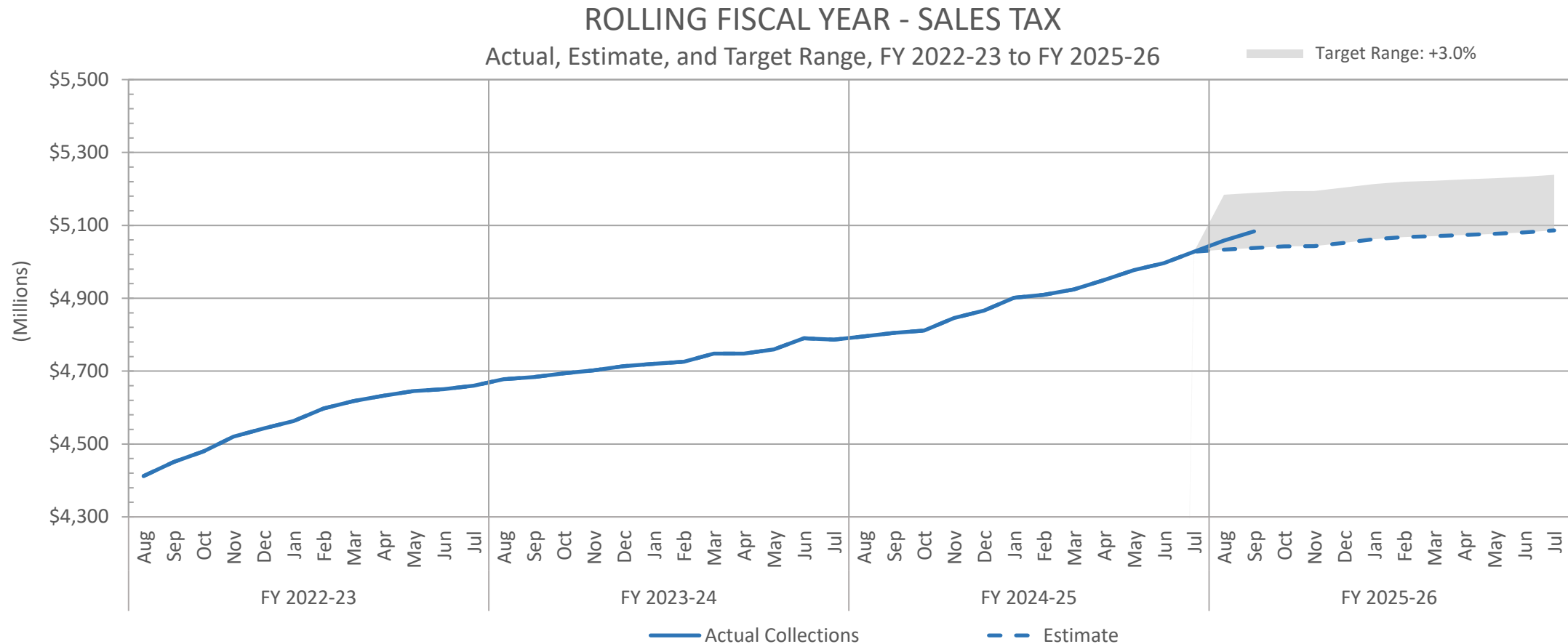
- Total General Fund revenue for FY 26 is \$186.1 million ahead of expectations through the first quarter
- Sales tax has grown 6.7% fiscal year-to-date and is running \$45.7 million ahead of the expectations
- Individual Income tax is \$40.2 million ahead of expectations:
  - Withholdings -\$19.2 million, Non-withholdings +\$67.6 million, Refunds -\$8.2 million
- Corporate Income tax is \$7.9 million ahead of expectations
- Insurance tax is \$10.6 million ahead of expectations
- Bank tax revenue and Earnings on Investments are exceeding expectations by \$8.4 million and \$55.4 million, respectively

# General Fund Revenue Consumption Taxes



# Sales Tax - Actual vs. Estimate

Strong growth in Sales tax collections continued in September, growing 6.3% over last year; cumulatively, fiscal year-to-date collections are growing 6.7% and are \$45.7 million above expectations



# Sales Tax Forecast Considerations

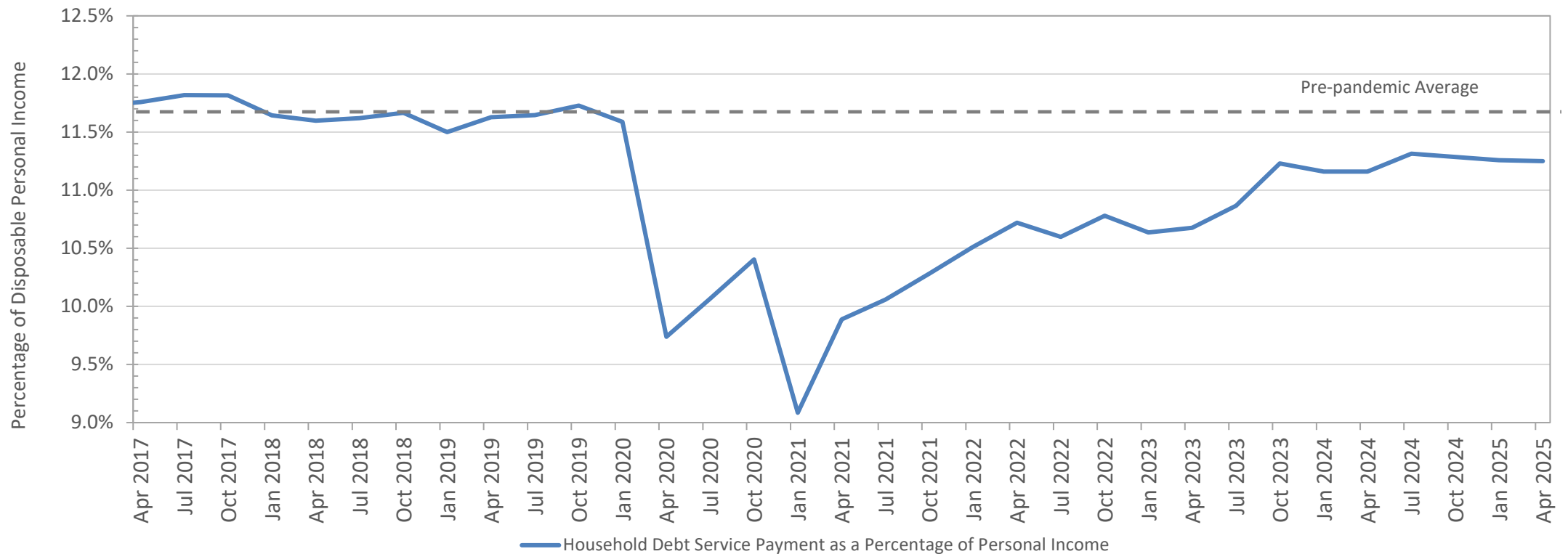
- As a whole, household finances are currently healthy, but there are signs that some groups may be feeling financially strained
- Goods prices have been mostly stable while prices of services have increased more over the past two years
- If the prices of goods rise, while growth in personal income and employment slows, some households may begin to reduce the quantity of goods and/or services they purchase, rely more heavily on credit, or cut back on savings
- Growth in retail sales is expected to slow down, but there is some variation in expectations on the timing and to what extent



# Consumer Financial Health

The percentage of disposable income that households spend on debt service payments remains below the pre-pandemic average, suggesting overall financial health, though some groups may be experiencing financial stress

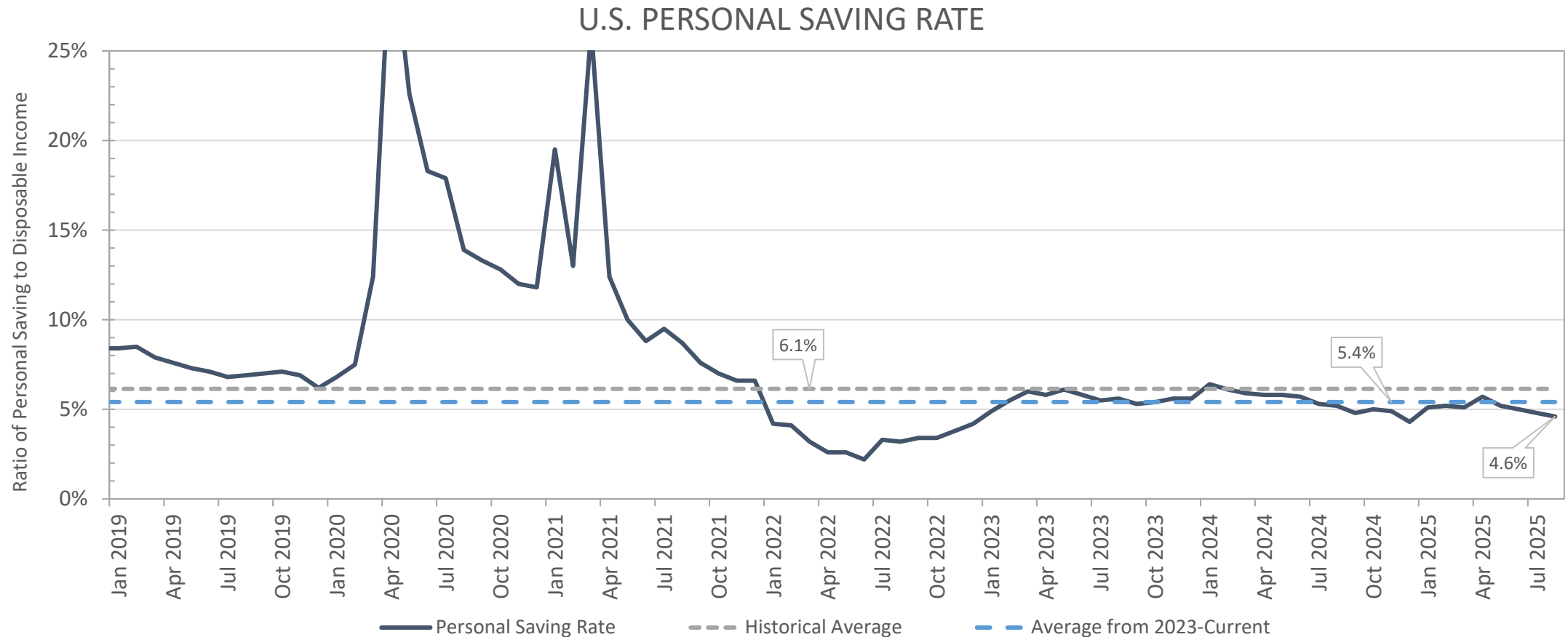
HOUSEHOLD DEBT SERVICE PAYMENTS  
as a Percentage of Disposable Personal Income



Source: Board of Governors of the Federal Reserve System (US), Household Debt Service Payments as a Percent of Disposable Personal Income [TDSP]

# U.S. Personal Saving Rate

The percentage of disposable income that households save is still slightly below the historical average but has remained relatively consistent for over two years

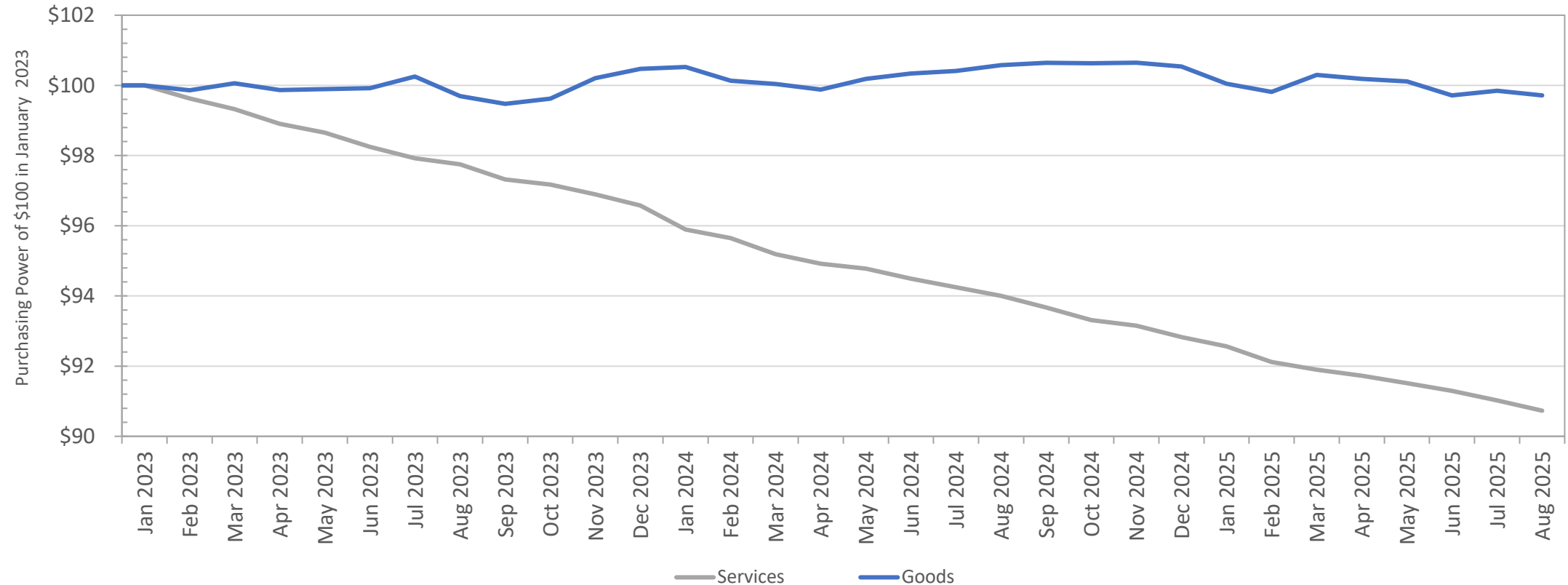


Source: U.S. Bureau of Economic Analysis. Personal Saving Rate [PSAVERT]. RFA-mad/10/7/2025

# Purchasing Power: Goods and Services

## Inflation has eroded purchasing power of services more than goods

PURCHASING POWER OF \$100 SINCE 2023



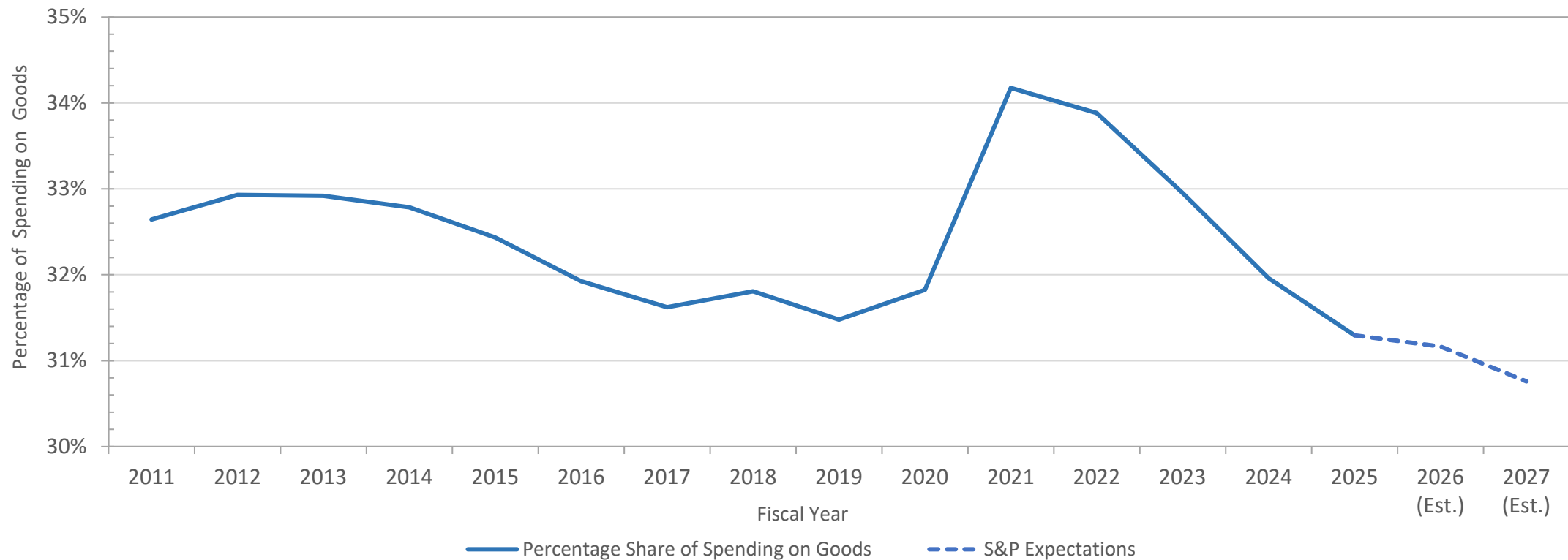
Source: U.S. Bureau of Economic Analysis, Personal consumption expenditures: Goods (chain-type price index) [DGDSRG3M086SBEA] ; Personal consumption expenditures: Services (chain-type price index) [DSERRG3M086SBEA], RFA- mad/10/7/2025

# Share of Consumer Spending on Goods

The percentage of total spending dedicated to goods is expected to fall slightly in FY 26 and further in FY 27

## SHARE OF CONSUMER SPENDING ON GOODS

Actual and Expectations from S&P



Source: U.S. Bureau of Economic Analysis, Personal Consumption Expenditures [PCE] & Personal Consumption Expenditures: Goods [DGDSRC1] ; S&P Global Connect U.S. Economy Consumer Spending on Nondurable Goods, Consumer Spending on Durable Goods, & Consumer Spending on Nondurable Goods Forecasts, RFA-mad/10/7/2025

# U.S. Retail Sales Expectations

Growth in retail sales is expected to slow down, which may lead to slower Sales tax growth, but expectations on the timing and magnitude of the slowdown vary



Source: U.S. Census Bureau, Advance Retail Sales: Retail Trade and Food Services [RSAFS] Wells Fargo US Economic Outlook, September 10, 2025; S&P U.S. Retail, Including Food Services [Accessed 10/2/2025], 2025; 323-RFA/mad/10/07/2025

## Other Consumption Taxes

- Deed Recording Fees are tracking closely with expectations; fiscal-year-to-date collections are growing by 1.0%, compared to the FY 26 estimate of a 0.8% decline
- Alcoholic Liquor collections are running ahead of fiscal year-to-date expectations by \$0.6 million, and collections are growing by 1.3%; the May estimate reflects a growth rate of 1.1% for FY 26
- Beer and Wine collections are \$1.3 million below expectations, declining 7.2% compared to this period last year; FY 26 is expected to grow by 1.9% overall

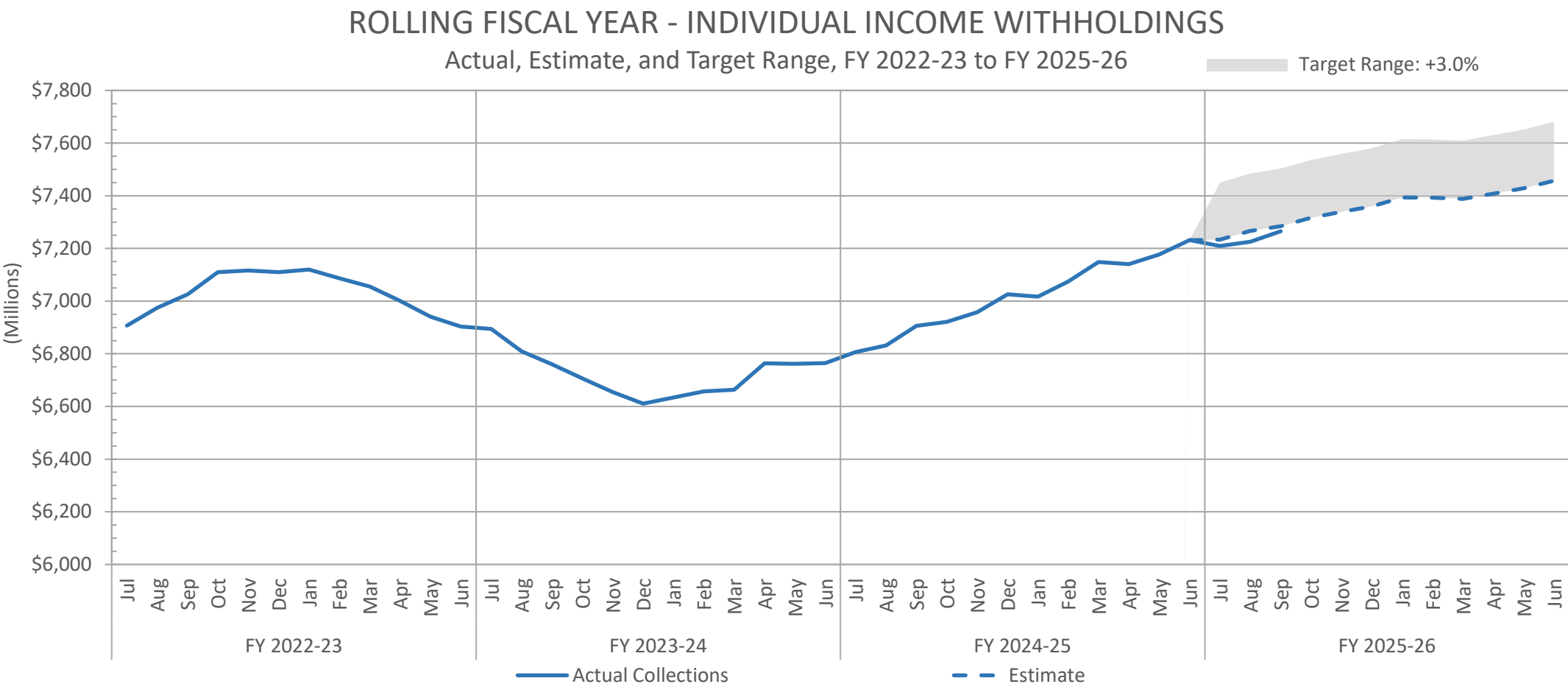
# General Fund Revenue

## Individual Income Tax Components



# Withholdings - Actual vs. Estimate

September Withholdings were better than anticipated and grew 6.9%; total collections have grown 2.0% for the first quarter, compared to 3.1% expected, and are below expectations by \$19.2 million

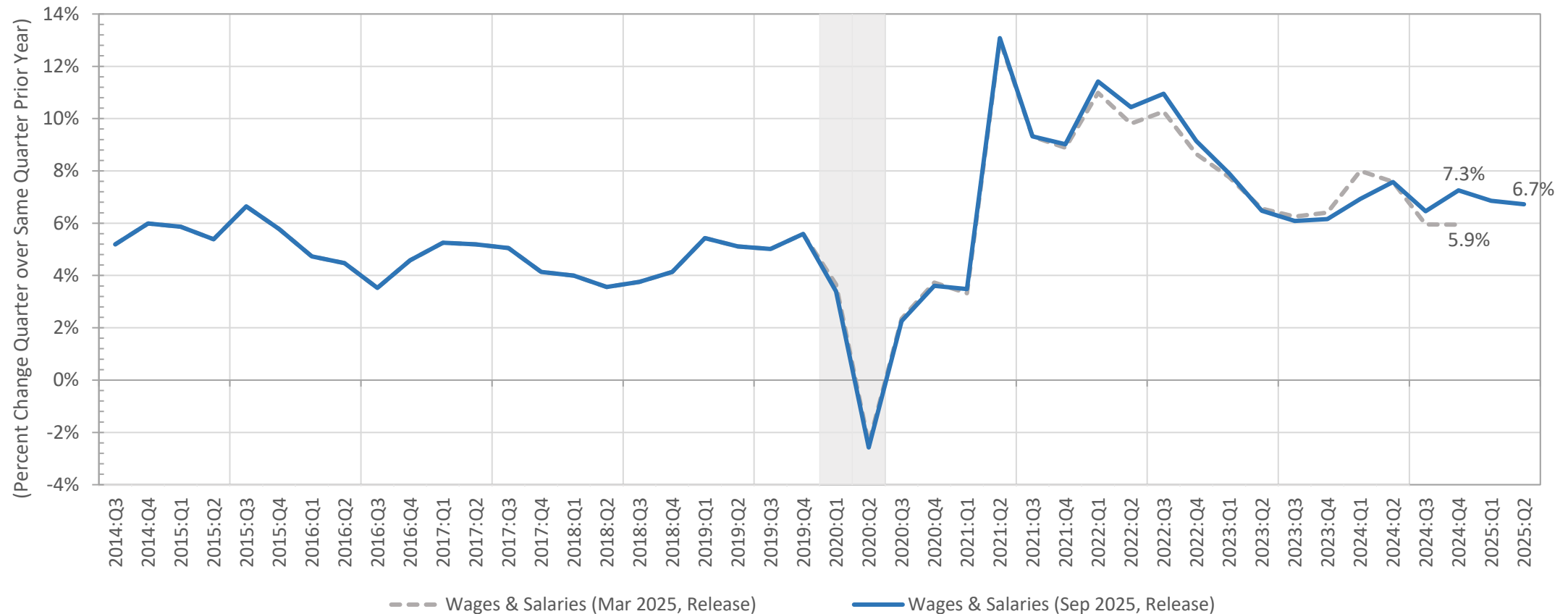




# Growth in SC Wages and Salaries

Growth in wages and salaries remained resilient through the first half of 2025, staying within the 6.7% to 6.9% range after a considerable upward revision in September

ANNUAL GROWTH RATE OF WAGES AND SALARIES IN SC



Source: U.S. Department of Commerce, Bureau of Economic Analysis; 334 - RFA/mam/10/03/2025

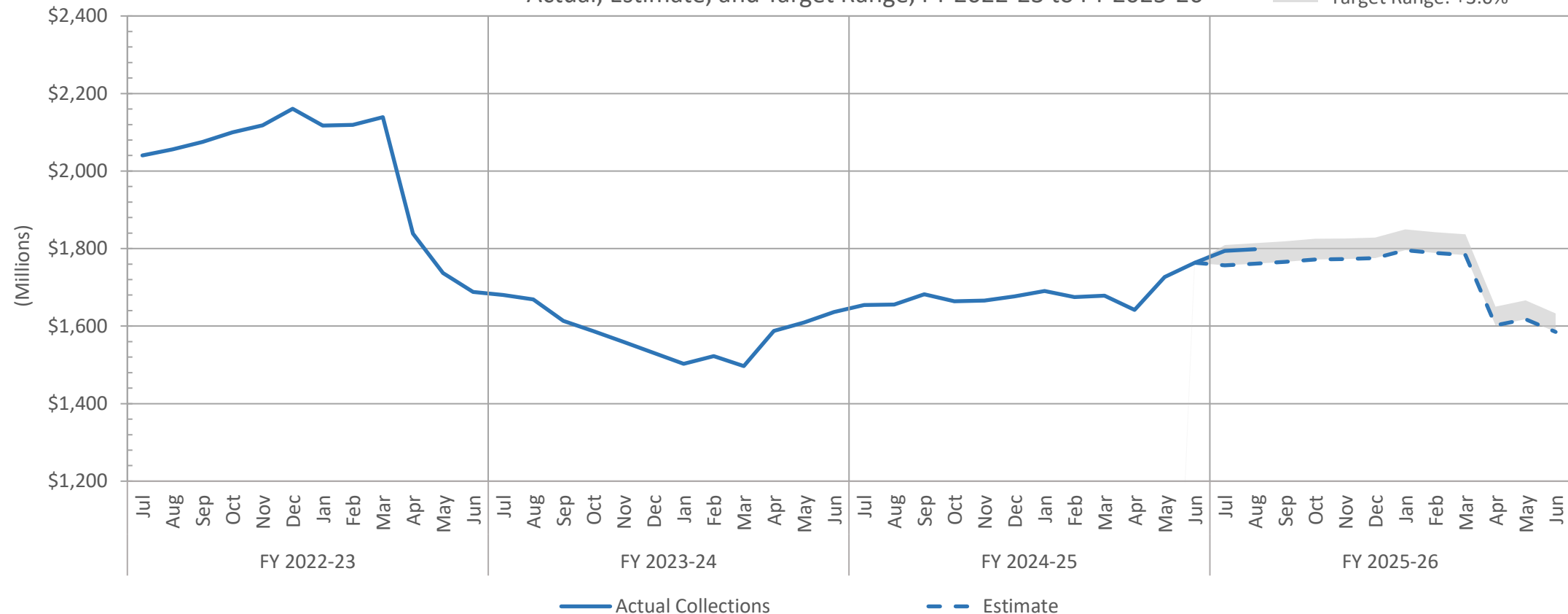
# Non-Withholdings - Actual vs. Estimate

Collections are exceeding expectations by \$67.6 million after a strong September when Non-Withholdings grew 20.2% compared to the same month in the prior year

## ROLLING FISCAL YEAR - INDIVIDUAL INCOME NON-WITHHOLDINGS

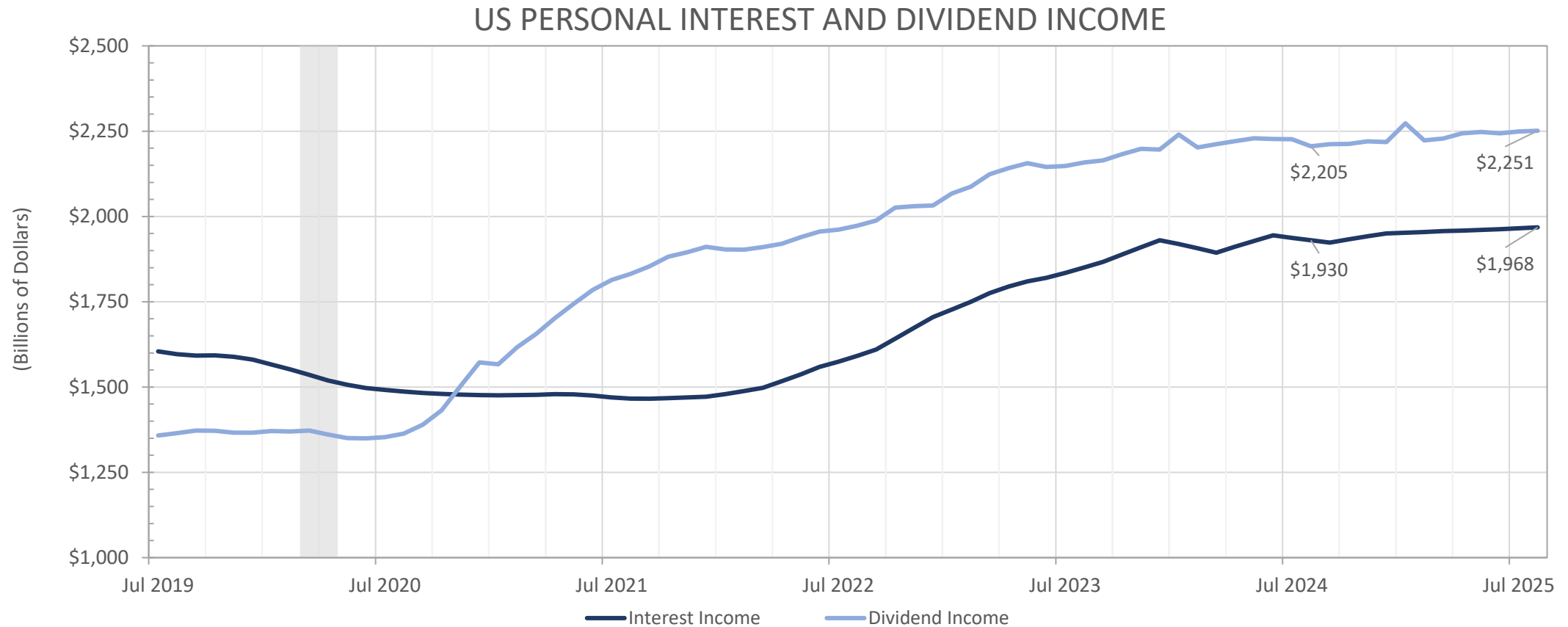
Actual, Estimate, and Target Range, FY 2022-23 to FY 2025-26

Target Range: +3.0%



# US Personal Income, Select Components

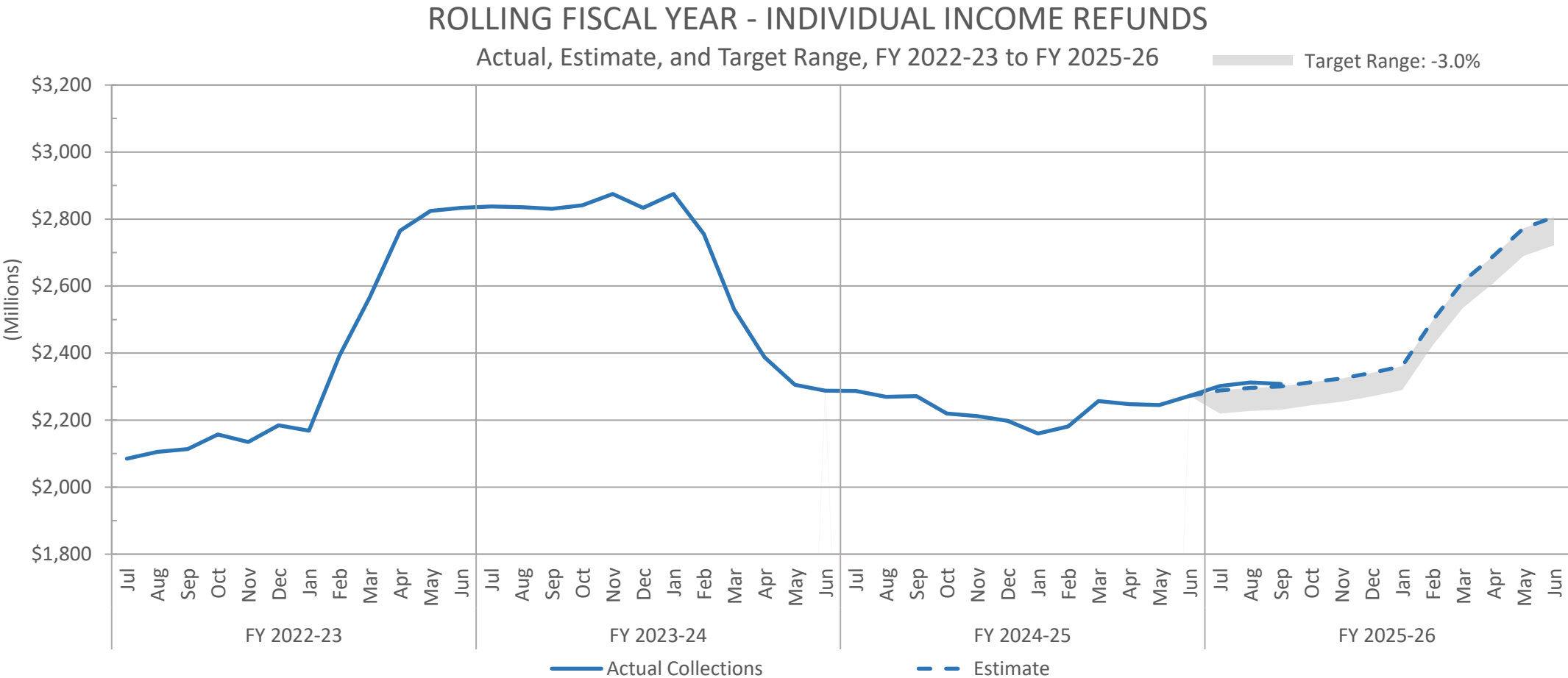
Interest and dividend income each grew by approximately 2% in August over the same month last year, but growth has generally moderated compared to August 2024; interest income is expected to start declining in 2026 as the Federal Reserve continues its expansionary policy



U.S. Bureau of Economic Analysis, Personal Income and Outlays - 311C RFA/mam/10/03/2025

# Refunds - Actual vs. Estimate

Refunds are tracking very closely to expectations and are only \$8.2 million above the monthly estimates; however, Refunds are expected to grow by 23.5% in FY 26 due to stronger-than-expected Withholdings in FY 25 as well as the marginal tax rate reduction



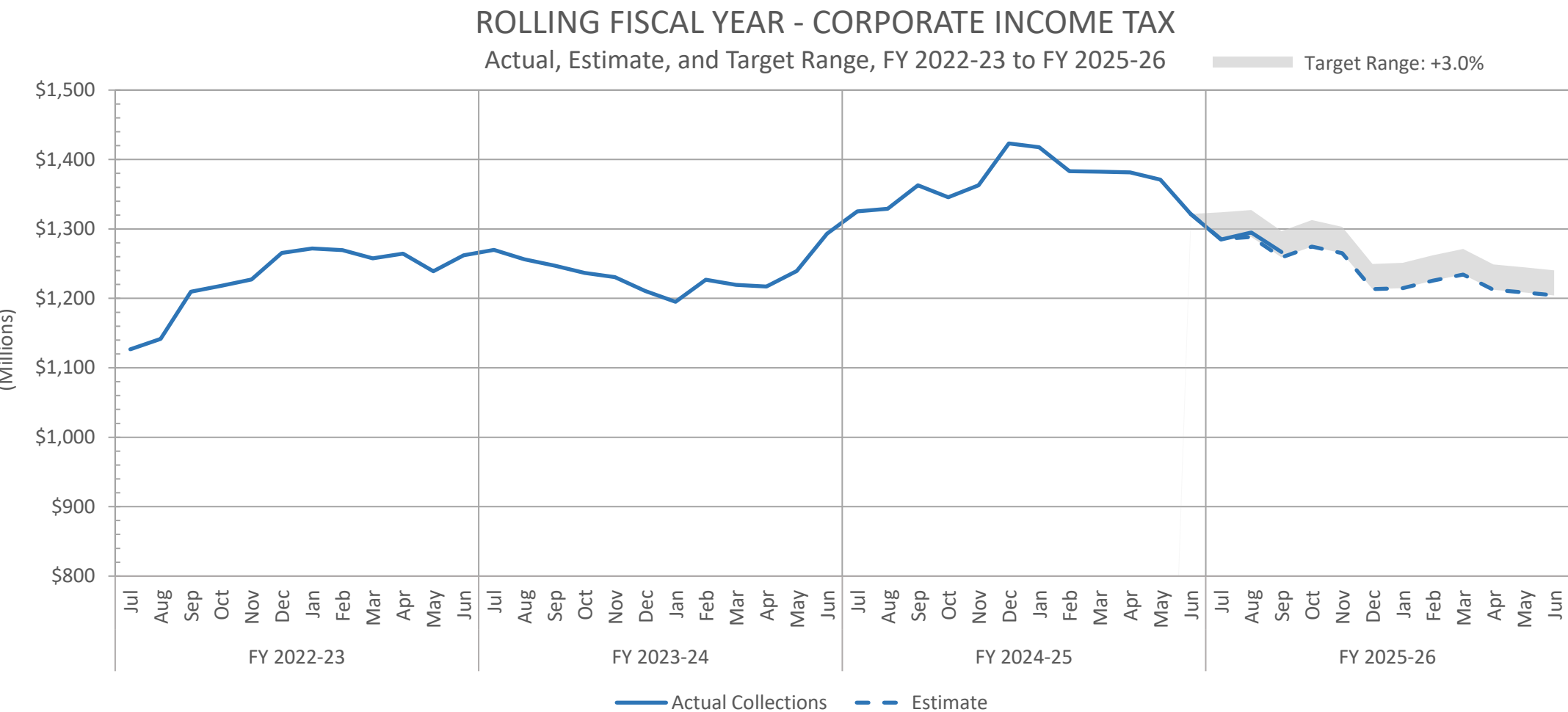
# General Fund Revenue

## Business Taxes



# Corporate Income Tax – Actual vs. Estimate

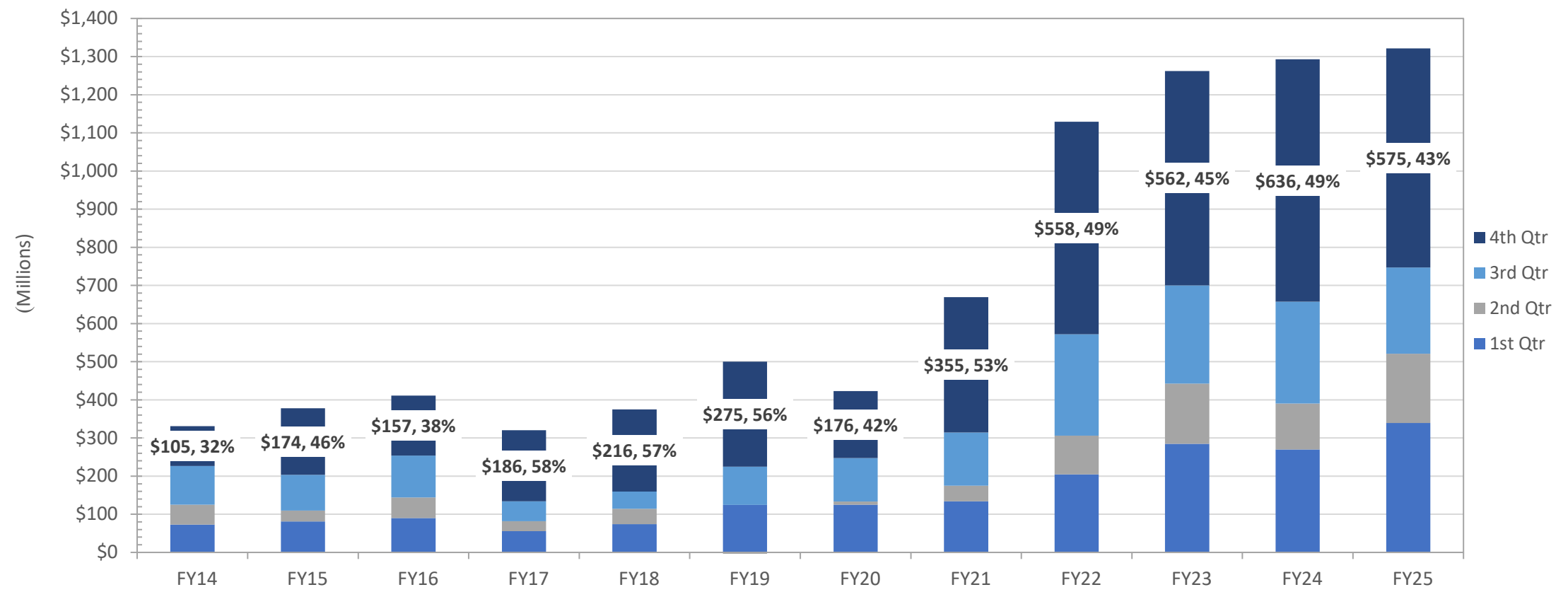
September revenues were below last year’s collections but in line with expectations; first quarter collections are \$7.9 million above expectations in total



# Corporate Income Tax Collections – History

Collections in the last quarter of the fiscal year are typically close to half of the fiscal year total, demonstrating the importance of tax filing and final payments in Corporate Income tax revenue

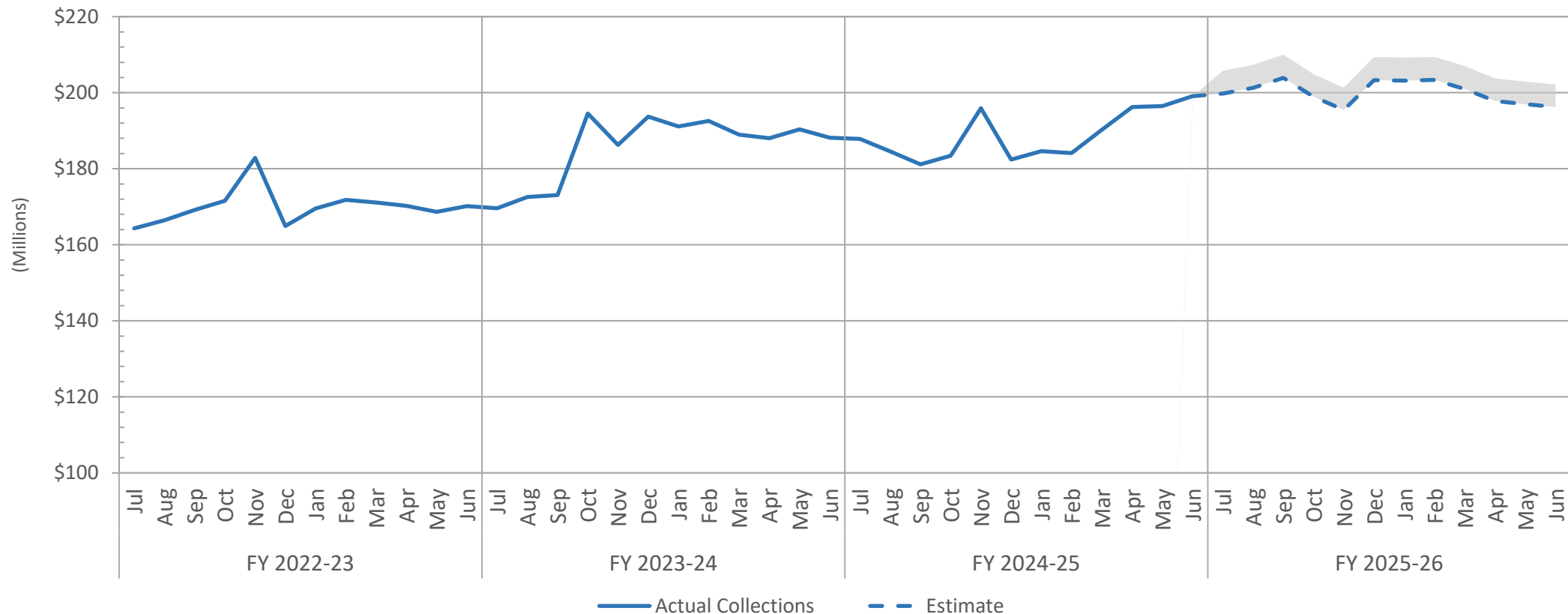
CORPORATE INCOME TAX COLLECTIONS BY FISCAL YEAR QUARTER



# Corporate License Tax – Actual vs. Estimate

Collections are \$1.6 million ahead of expectations through September; however, over half of the annual collections are typically received in the next two months

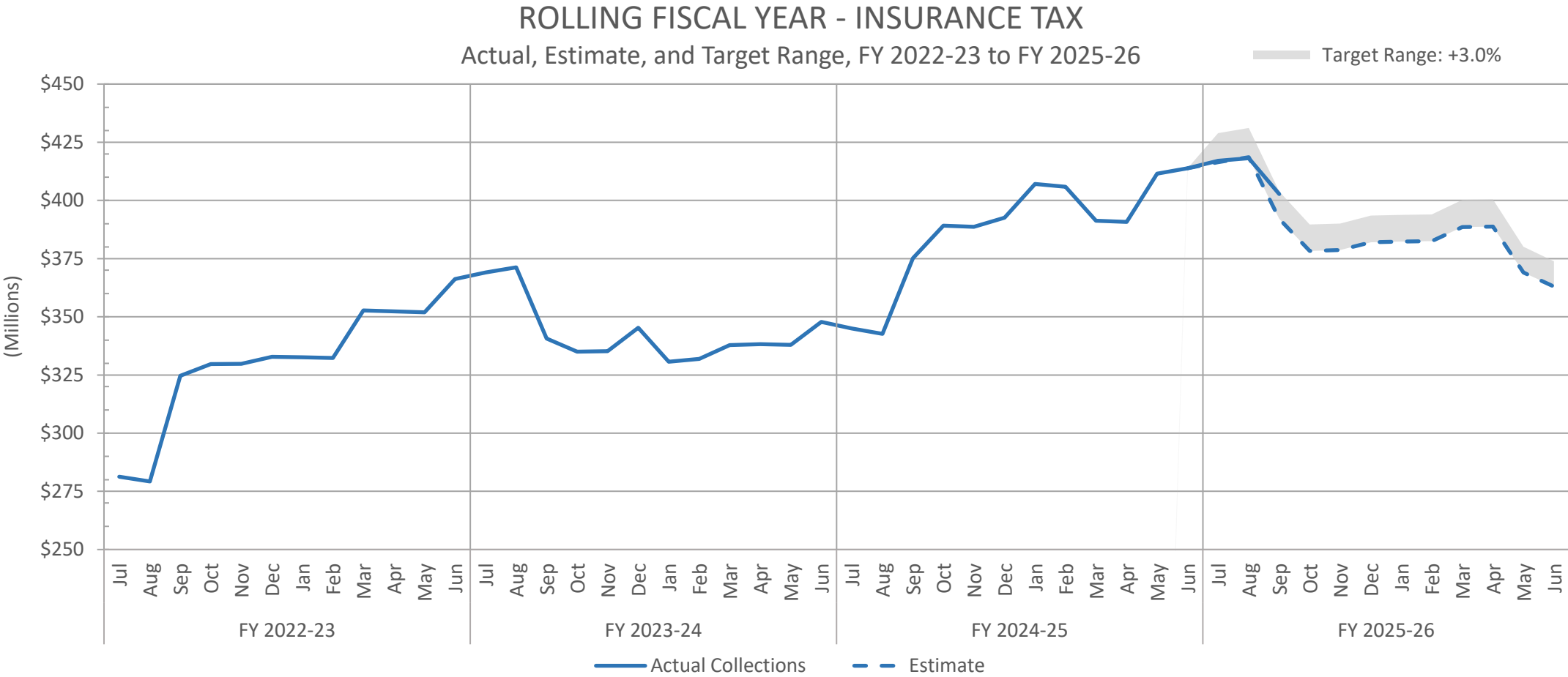
ROLLING FISCAL YEAR - CORPORATE LICENSE TAX  
Actual, Estimate, and Target Range, FY 2022-23 to FY 2025-26





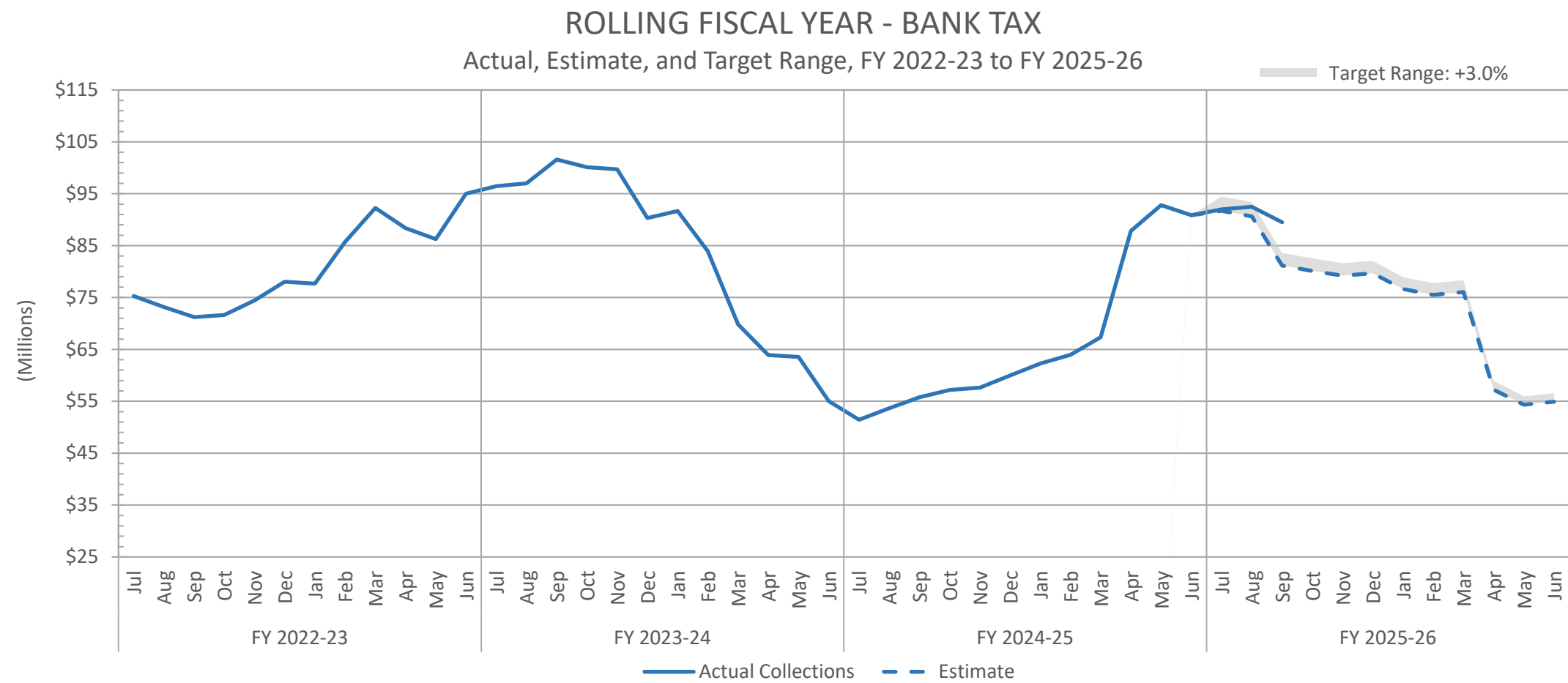
# Insurance Tax – Actual vs. Estimate

Collections are currently \$10.6 million above expectations for the first fiscal quarter due to higher premiums tax collections; premiums growth is up 19.6% year-to-date



# Bank Tax – Actual vs. Estimate

Bank tax revenue for September was ahead of expectations by \$6.5 million; quarterly revenue is \$8.4 million ahead of estimates overall



# South Carolina Economic Indicators



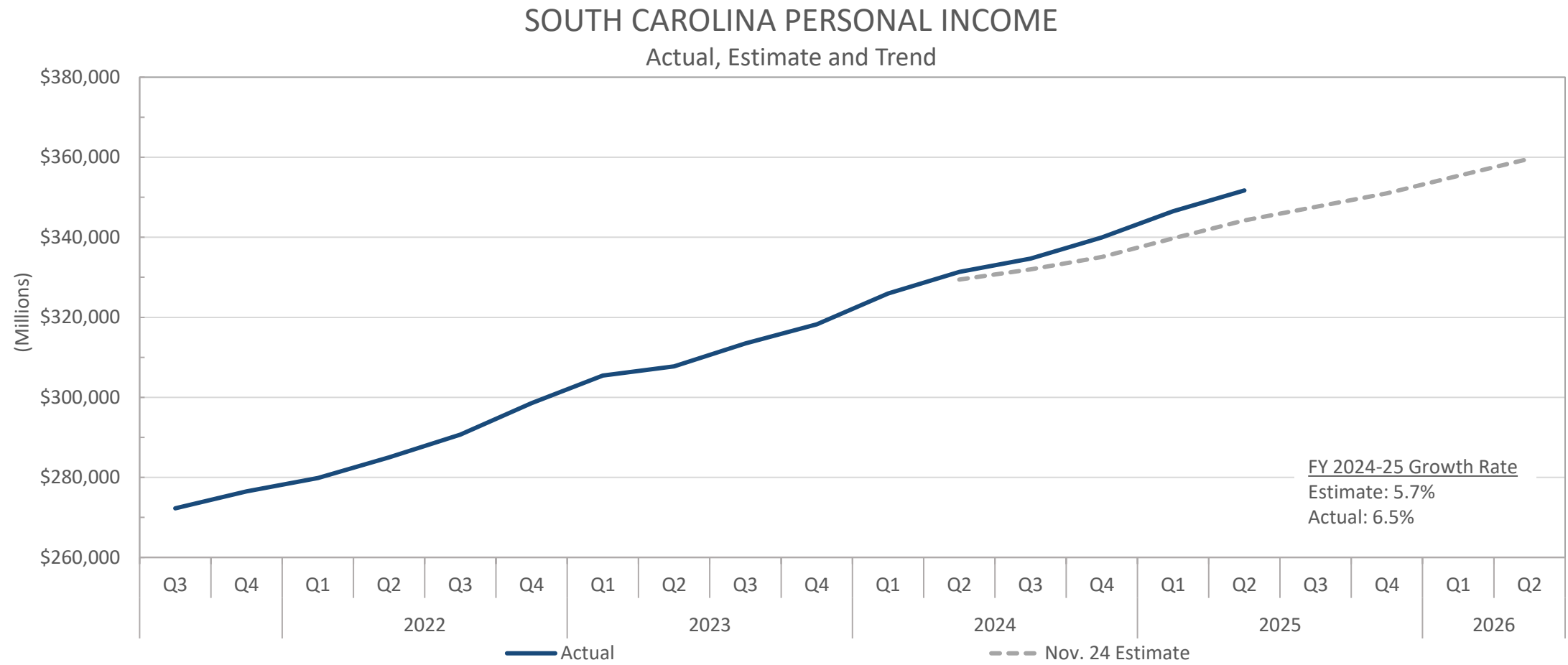
# Key Assumptions for FY 2025-26 and FY 2026-27

## Working Estimates

- Personal Income
  - Both the Wages & Salaries component and the Interest & Dividends component of Personal Income are expected to slow down closer to historic trends in response to:
    - Inflation and tariffs
    - Interest Rates
    - Labor market dynamics
    - Global geopolitical issues
- Employment
  - Migration and economic development are expected to keep employment growth higher in SC than the nation as a whole
  - However, lower employment growth is expected over the next two fiscal years compared to last fiscal year as labor demand slows

# Personal Income - Actual versus Nov. 2024 Estimate

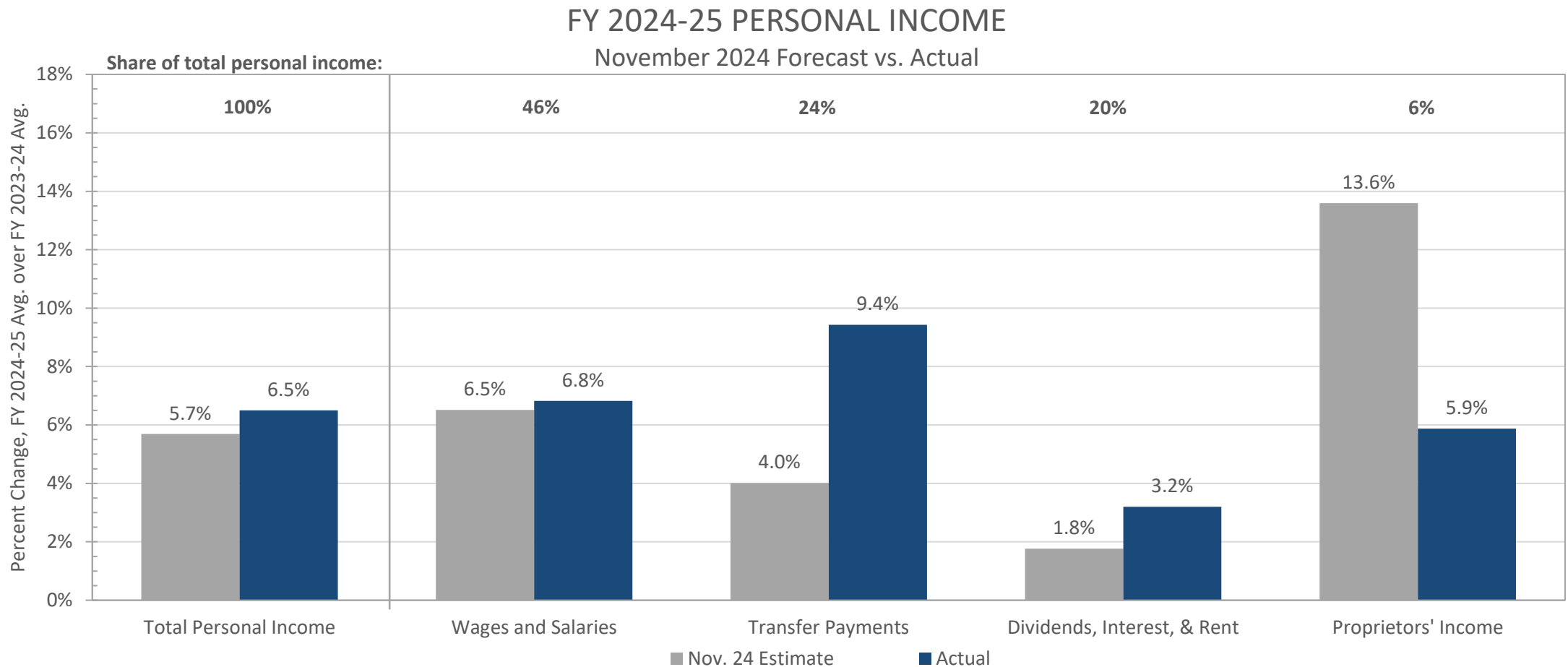
Income grew 6.5% in FY 25 compared to our estimate of 5.7%



Source: U.S. Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kv/10/10/2025

# Personal Income – Components

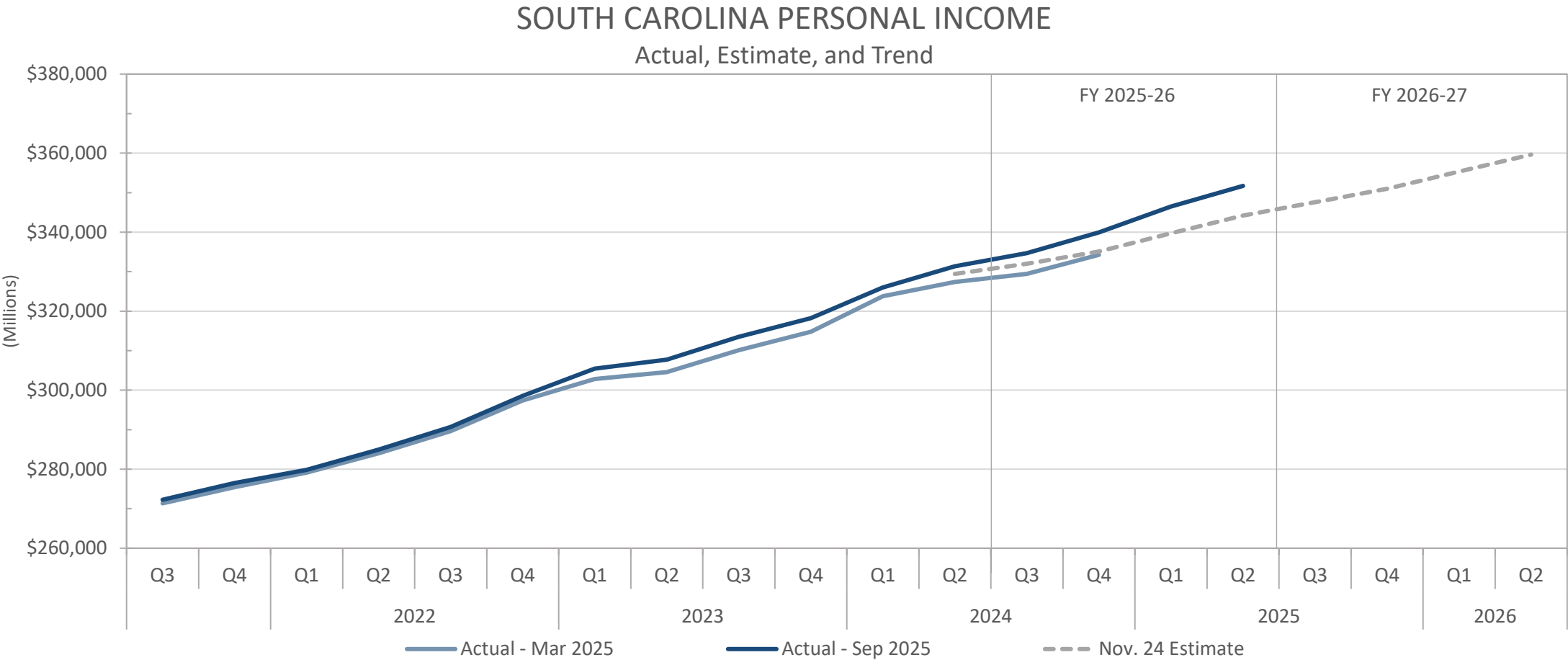
Wages and salaries growth was close to the estimate while transfers and proprietors' income varied more



Source: U.S. Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kv/10/10/2025

# Personal Income - Working Estimates

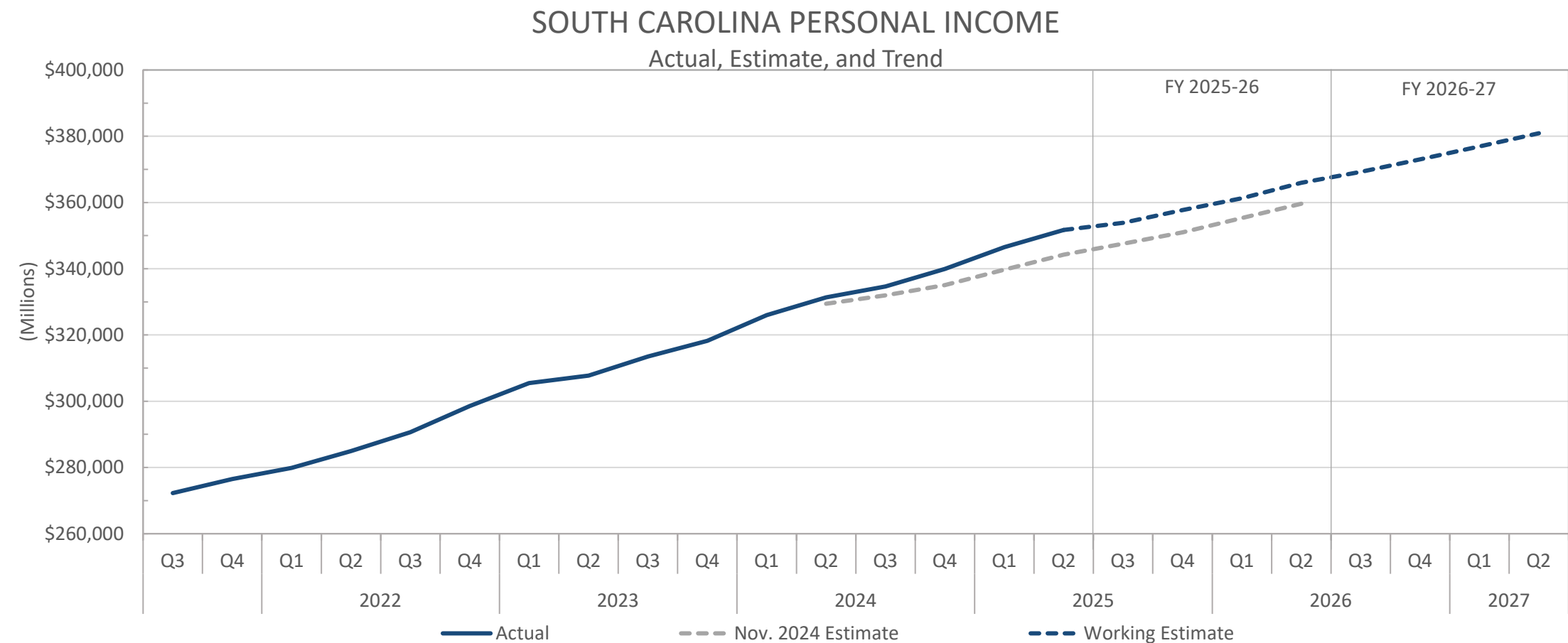
Revisions to personal income are significant and increased the level of personal income for prior years



Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kav/10/10/2025

# Personal Income - Working Estimate

Working estimate assumes growth in FY 26 will be slightly higher than previously anticipated; growth in FY 27 is expected to be lower  
FY 26: ~~4.6%~~ 4.8%; FY 27: 4.3%



Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kav/10/10/2025



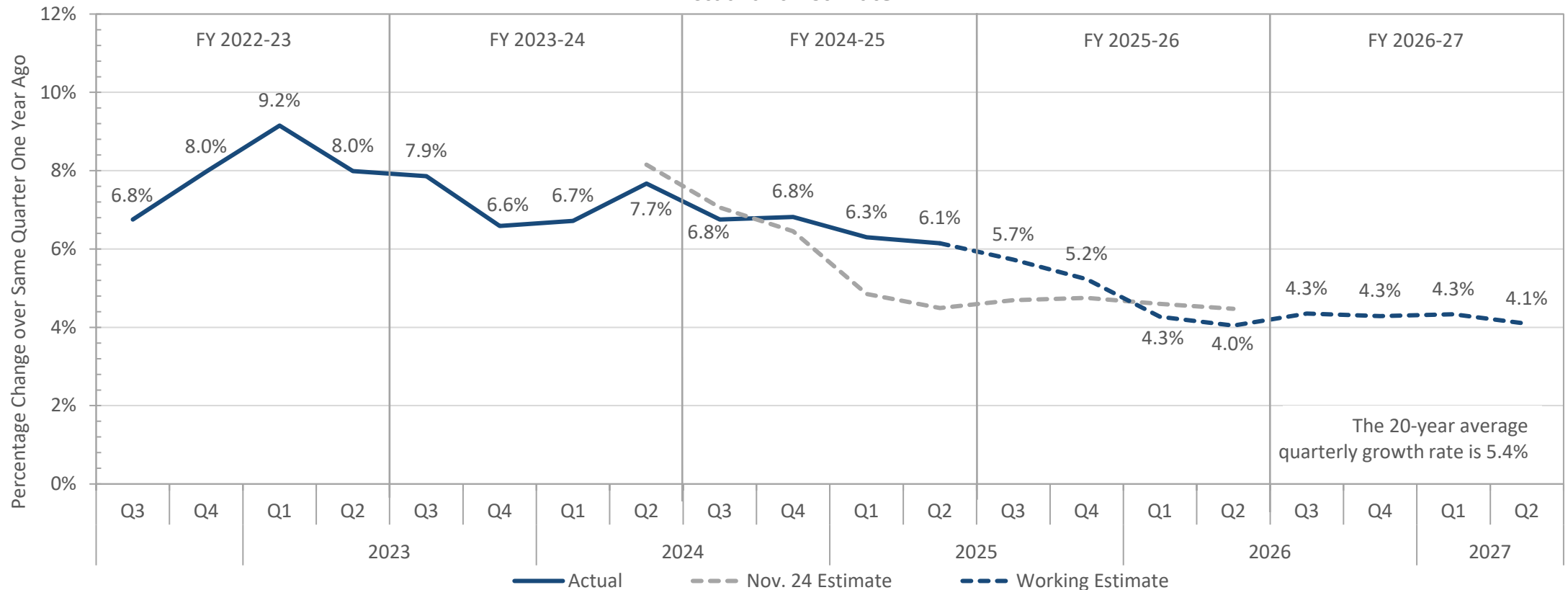


# Personal Income Quarterly Growth – Working Estimates

Growth on a quarterly basis is expected to fall to 4.0% at the end of FY 26 and remain below average in FY 27 (long-term average: 5.4%)

## SOUTH CAROLINA PERSONAL INCOME

Actual and Estimate

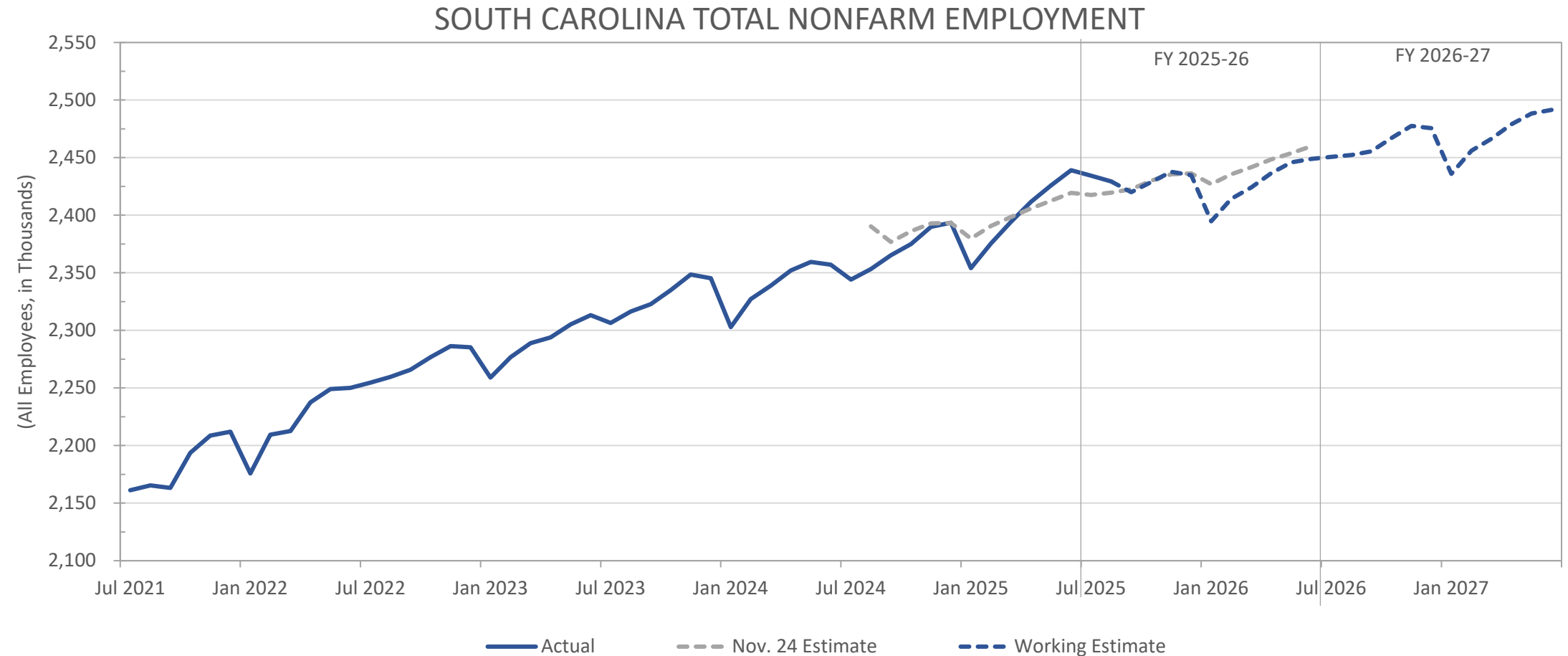


Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kv/10/10/2025

# Employment - Working Estimates

Working estimate for FY 26 assumes slower growth than last fiscal year and for growth to slow further in FY 27

(FY 26: ~~1.7%~~ 1.8%; FY 27: 1.5%)

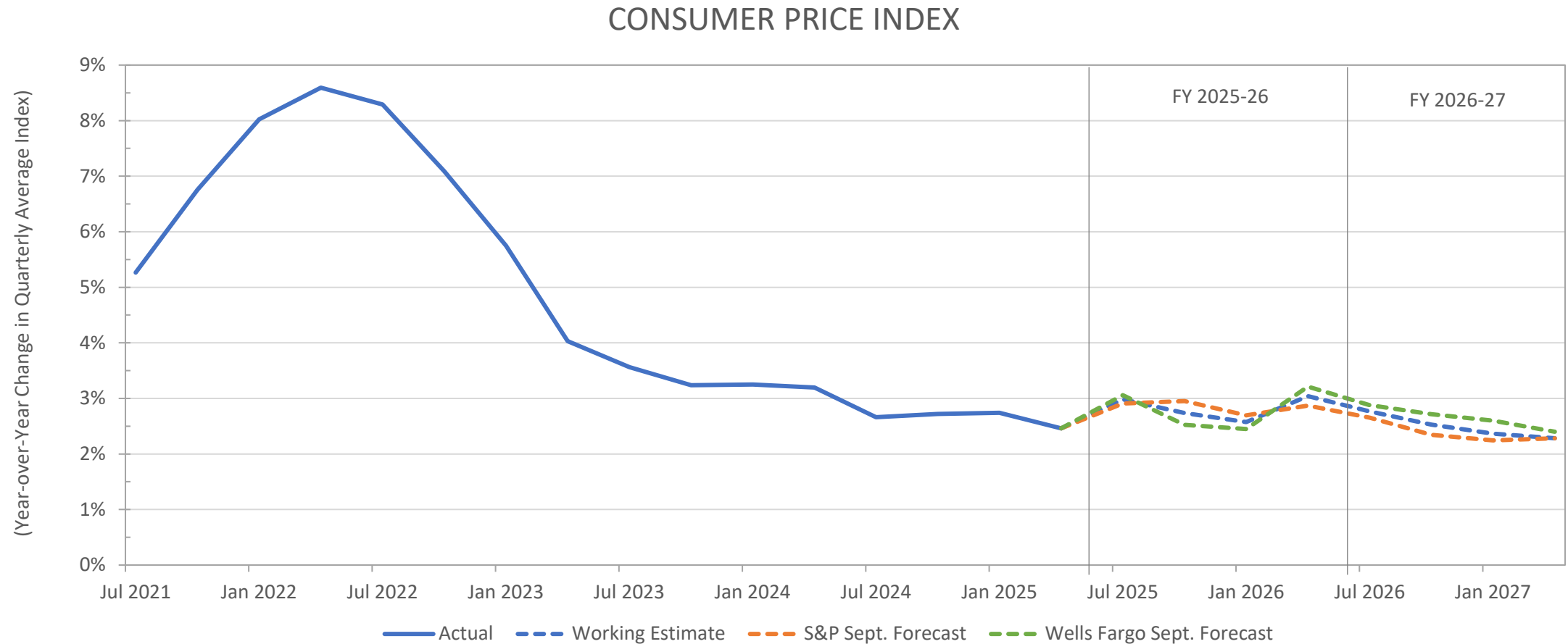


Source: Bureau of Labor Statistics, U.S. Department of Labor RFA/kav/10/1/2025

# Inflation – Working Estimates

FY 26: ~~2.5%~~ 2.8%; FY 27: 2.5%

(Comparison forecasts: S&P: 2.8%, 2.4%; Wells Fargo: 2.8%, 2.6%)



Source: Bureau of Labor Statistics, U.S. Department of Labor; S&P Global; Wells Fargo Economics rfa/kv/10/2/2025

# Summary – Working Estimates

FISCAL YEAR GROWTH RATES			
Fiscal Year	Personal Income	Employment	Inflation
FY 2024-25 Actual	6.5%	2.2%	2.6%
FY 2025-26	<del>4.6%</del> 4.8%	<del>1.7%</del> 1.8%	<del>2.5%</del> 2.8%
FY 2026-27	4.3%	1.5%	2.5%



# Break for Lunch



# **Forecast Outlook for FY 2025-26 and FY 2026-27**



# Key Assumptions for FY 2025-26 and FY 2026-27

## Working Estimates

- Personal Income
  - Both the Wages & Salaries component and the Interest & Dividends component of Personal Income are expected to slow down closer to historic trends in response to:
    - Inflation and tariffs
    - Interest Rates
    - Labor market dynamics
    - Global geopolitical issues
- Employment
  - Migration and economic development are expected to keep employment growth higher in SC than the nation as a whole
  - However, lower employment growth is expected over the next two fiscal years compared to last fiscal year as labor demand slows

# Summary – Working Estimates

FISCAL YEAR GROWTH RATES			
Fiscal Year	Personal Income	Employment	Inflation
FY 2024-25 Actual	6.5%	2.2%	2.6%
FY 2025-26	<del>4.6%</del> 4.8%	<del>1.7%</del> 1.8%	<del>2.5%</del> 2.8%
FY 2026-27	4.3%	1.5%	2.5%





# Key Questions for FY 2025-26 and FY 2026-27

- Personal Income and Spending
  - Will the US enter a recession or a significant slowdown, and what level of impact will we see?
  - What will monetary and tariff policies look like over the next two years?
  - How will global economic issues affect SC's economy?
  - How will income and wage growth change?
- Employment
  - How will the labor market change?
  - How is South Carolina going to change as compared to the US as a whole?
- How will the next 12 and 24 months compare to the last year?

## Guest Economist Panel

- Ms. Jackie Benson, Vice President and Economist, Wells Fargo Corporate & Investment Banking
- Dr. Robert Carey, Senior Lecturer, Department of Political Science, Clemson University
- Ms. Bethany Greene, Regional Economist, Federal Reserve Bank of Richmond, Charlotte Branch
- Dr. Frank Hefner, Professor of Economics, College of Charleston
- Dr. Russell S. Sobel, Distinguished Professor of Economics and Entrepreneurship, Baker School of Business, The Citadel
- Dr. Joseph Von Nessen, Research Economist, Darla Moore School of Business, University of South Carolina

# Appendix



**Economic Indicators**  
**Fiscal Year Growth Rates**

<b>Fiscal Year</b>	<b>South Carolina Employment</b>	<b>South Carolina Personal Income</b>	<b>U.S. Inflation</b>	<b>U.S. Employment</b>	<b>U.S. Personal Income</b>
FY 2010-11	1.2%	5.2%	2.0%	0.6%	5.8%
FY 2011-12	1.4%	5.1%	2.9%	1.6%	5.0%
FY 2012-13	1.8%	2.8%	1.7%	1.6%	3.0%
FY 2013-14	2.4%	3.5%	1.6%	1.7%	2.6%
FY 2014-15	2.7%	6.7%	0.7%	2.1%	5.6%
FY 2015-16	2.8%	5.1%	0.7%	1.9%	3.2%
FY 2016-17	2.2%	4.7%	1.8%	1.7%	3.7%
FY 2017-18	2.4%	4.5%	2.3%	1.5%	5.2%
FY 2018-19	2.1%	6.0%	2.1%	1.5%	5.3%
FY 2019-20	(1.6%)	7.0%	1.6%	(1.9%)	5.6%
FY 2020-21	(1.2%)	8.9%	2.3%	(2.8%)	9.1%
FY 2021-22	4.2%	5.0%	7.2%	4.7%	4.0%
FY 2022-23	3.5%	8.0%	6.3%	3.2%	6.3%
FY 2023-24	2.4%	7.2%	3.3%	1.6%	5.9%
FY 2024-25	2.2%	6.5%	2.6%	1.2%	5.2%
FY 2025-26 Est.	1.8%	4.8%	2.8%		
FY 2026-27 Est.	1.5%	4.3%	2.5%		
Avg. 2010-2019	2.1%	4.9%	1.7%	1.6%	4.4%
Avg. 2015-2019	2.4%	5.1%	1.7%	1.6%	4.3%

1. Employment is calculated as the change in nonseasonally adjusted nonfarm payrolls average over the fiscal year from the average over the prior fiscal year.

2. Personal income is calculated as the average over the fiscal year over the average of the prior fiscal year.

3. Inflation is calculated as the average of the CPI over the fiscal year over the average of the prior fiscal year.

Data as of: October 8, 2025

