

South Carolina General Fund Revenue Forecast FY 2025-26 and FY 2026-27



November 18, 2025

General Fund Revenues – October



REVENUES V. BEA MONTHLY ESTIMATES

OCTOBER

(\$ in Millions)

	Expected Revenues	Actual Revenues	Over/ (Under) Expected	Expected Growth ^{/1}	Actual Growth ^{/2}		Expected Revenues	Actual Revenues	Over/ (Under) Expected	Expected Growth ^{/1}	Actual Growth ^{/2}
Total General Fund Revenue	\$1,143.8	\$1,206.5	\$62.8	2.4%	8.0%	Other Revenue Items, Sub-Total	\$155.7	\$193.4	\$37.7	(2.8%)	20.7%
Sales Tax	397.9	425.2	27.3	1.1%	8.1%	Admissions Tax	4.6	4.0	(0.6)	4.8%	(8.0%)
Individual Income Tax	603.9	649.3	45.4	4.4%	12.2%	Alcoholic Liquors Tax	10.8	11.3	0.5	0.7%	5.6%
Withholdings	617.6	614.4	(3.2)	5.5%	4.9%	Bank Tax	1.1	0.8	(0.4)	(47.2%)	(64.2%)
Non-withholdings	101.1	153.9	52.8	6.7%	62.4%	Beer and Wine Tax	9.5	9.5	0.0	3.1%	3.3%
Refunds	114.8	119.1	4.3	12.9%	17.1%	Corporate License Tax	69.5	100.1	30.5	(6.7%)	34.3%
Corporate Income Tax	(16.0)	(63.9)	(47.9)	N/A	N/A	Deed Rec. (Doc. Tax)	9.6	11.5	1.9	11.1%	32.9%
Insurance Tax	2.2	2.5	0.3	(86.2%)	(84.3%)	Earned on Investments	42.7	47.6	4.9	(1.1%)	10.4%
Other Revenue Items, Sub-Total	155.7	193.4	37.7	(2.8%)	20.7%	Residual Revenue	7.9	8.7	0.8	4.9%	15.0%

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 Revenues – Fiscal Year-to-date



REVENUES V. BEA MONTHLY ESTIMATES

JULY - OCTOBER

(\$ in Millions)

	Expected Revenues	Actual Revenues	Over/ (Under) Expected	Estimate YTD ^{/1}	Actual YTD ^{/2}	Estimate Full FY ^{/3}		Expected Revenues	Actual Revenues	Over/ (Under) Expected	Estimate YTD ^{/1}	Actual YTD ^{/2}	Estimate Full FY ^{/3}
Total General Fund Revenue	\$4,491.0	\$4,735.7	\$244.6	(0.6%)	4.8%	(4.5%)	Other Revenue Items, Sub-Total	\$406.0	\$525.4	\$119.4	(2.8%)	25.8%	(4.9%)
Sales Tax	1,239.3	1,312.3	73.0	1.2%	7.2%	1.2%	Admissions Tax	3.3	3.2	(0.2)	11.7%	5.5%	5.5%
Individual Income Tax	2,489.6	2,570.9	81.3	2.2%	5.5%	(7.2%)	Alcoholic Liquors Tax	30.8	31.9	1.1	(0.7%)	2.8%	1.1%
Withholdings	2,385.4	2,358.8	(26.6)	3.7%	2.6%	3.1%	Bank Tax	11.7	19.7	8.0	(47.9%)	(12.2%)	(39.6%)
Non-withholdings	388.8	513.4	124.6	2.3%	35.1%	(10.1%)	Beer and Wine Tax	29.9	28.7	(1.2)	0.1%	(4.0%)	1.9%
Refunds	284.6	301.3	16.7	16.8%	23.6%	23.5%	Corporate License Tax	90.4	122.5	32.2	(0.2%)	35.4%	(1.4%)
Corporate Income Tax	261.0	221.0	(40.0)	(15.3%)	(28.3%)	(8.9%)	Deed Rec. (Doc. Tax)	32.9	34.8	1.9	3.7%	9.7%	(0.8%)
Insurance Tax	95.1	106.0	10.9	(27.2%)	(18.8%)	(12.3%)	Earned on Investments	163.6	223.9	60.3	(0.2%)	36.7%	(5.8%)
Other Revenue Items, Sub-Total	406.0	525.4	119.4	(2.8%)	25.8%	(4.9%)	Residual Revenue	43.4	60.8	17.4	(4.0%)	34.5%	(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.

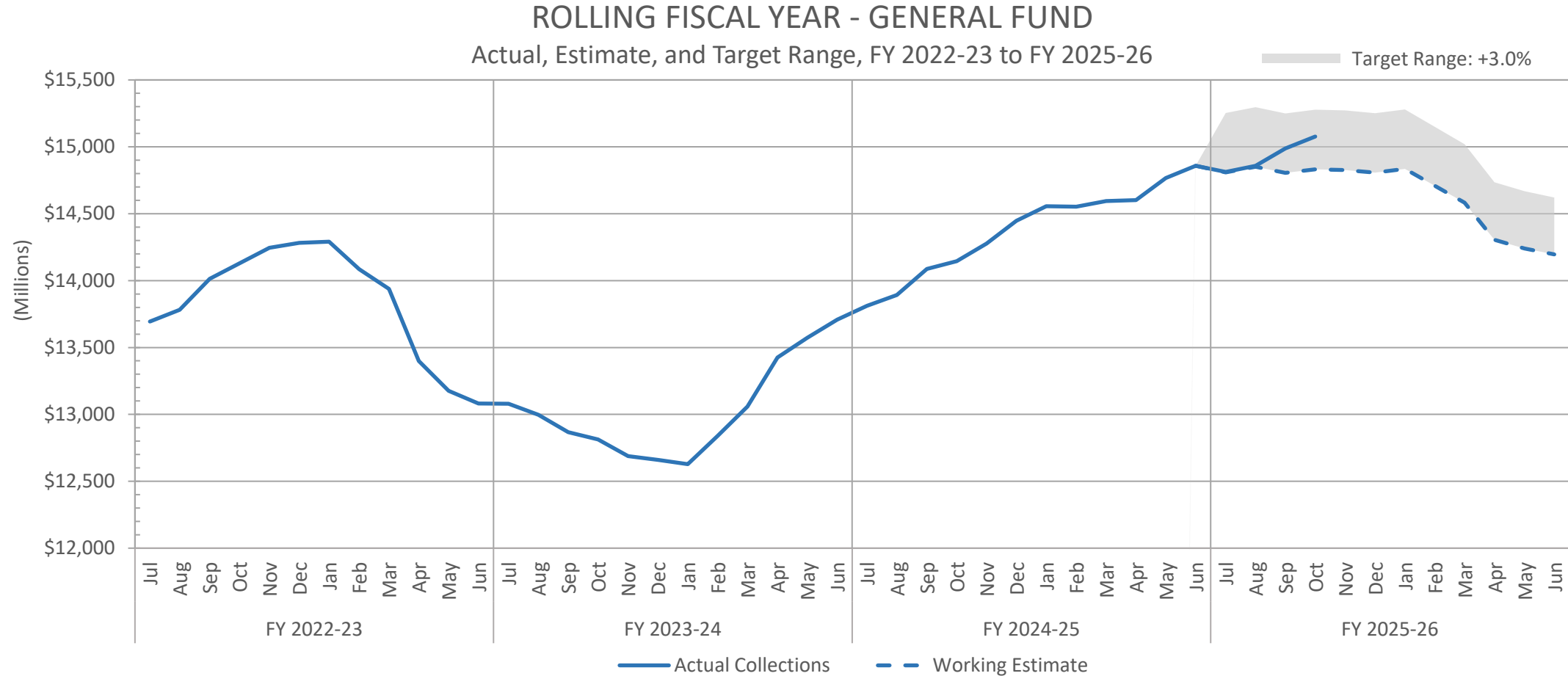
^{/2} Actual year-to-date reflects actual fiscal year-to-date growth in collections over prior fiscal year-to-date collections.

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



General Fund Revenue – May 2025 Estimate

Collections are \$244.6 million ahead of the current forecast; revenues have grown more than expected in some key categories while others are behind



Review of Revenue Estimates and Assumptions for FY 2025-26 and FY 2026-27

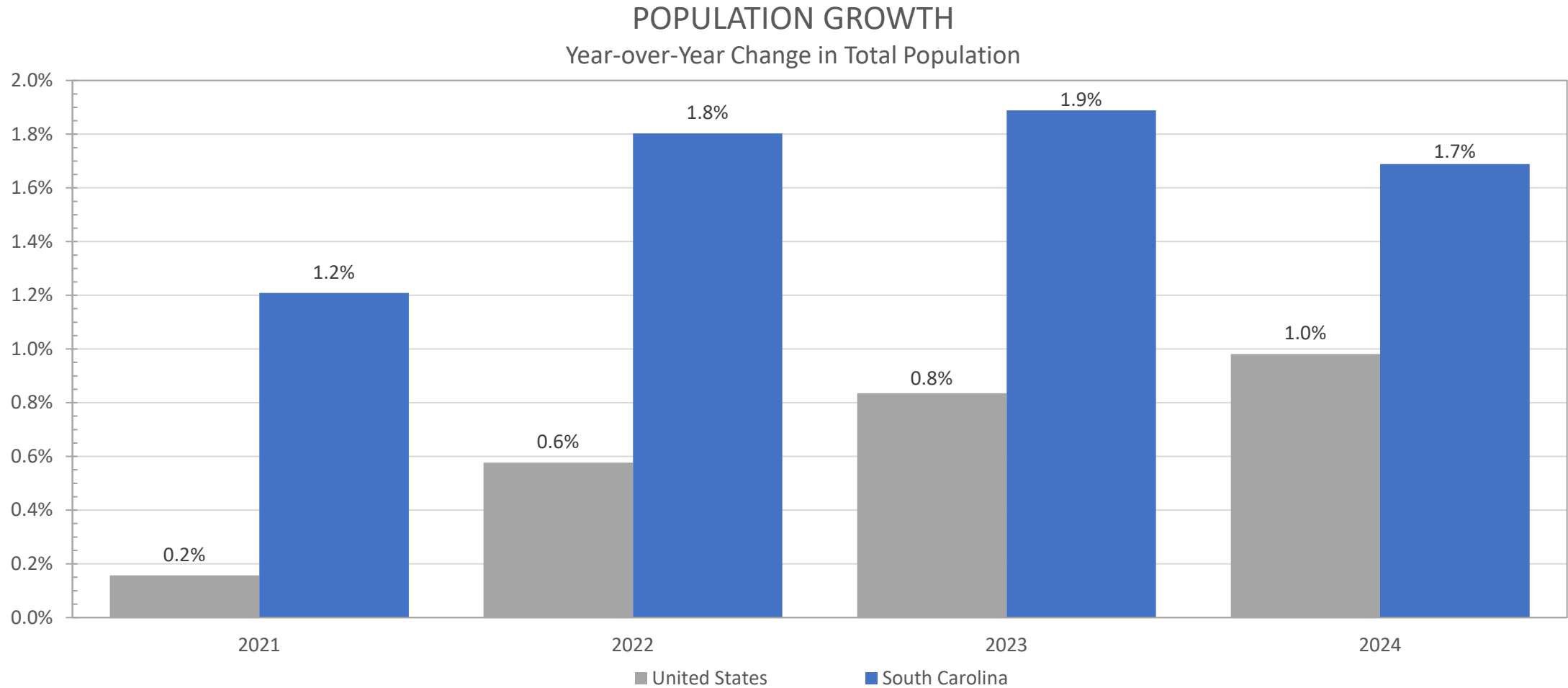


Summary – Working Estimates (Revised – Oct. 2025)

FISCAL YEAR GROWTH RATES			
Fiscal Year	Personal Income	Employment	Inflation
FY 2024-25 Actual	6.5%	2.2%	2.6%
FY 2025-26	4.8% 4.6%	1.8%	2.8%
FY 2026-27	4.3% 4.4%	1.5% 1.7%	2.5%

Population Growth – US Versus SC

South Carolina continues to grow faster than the nation



Risks and Considerations for FY 2025-26 and FY 2026-27

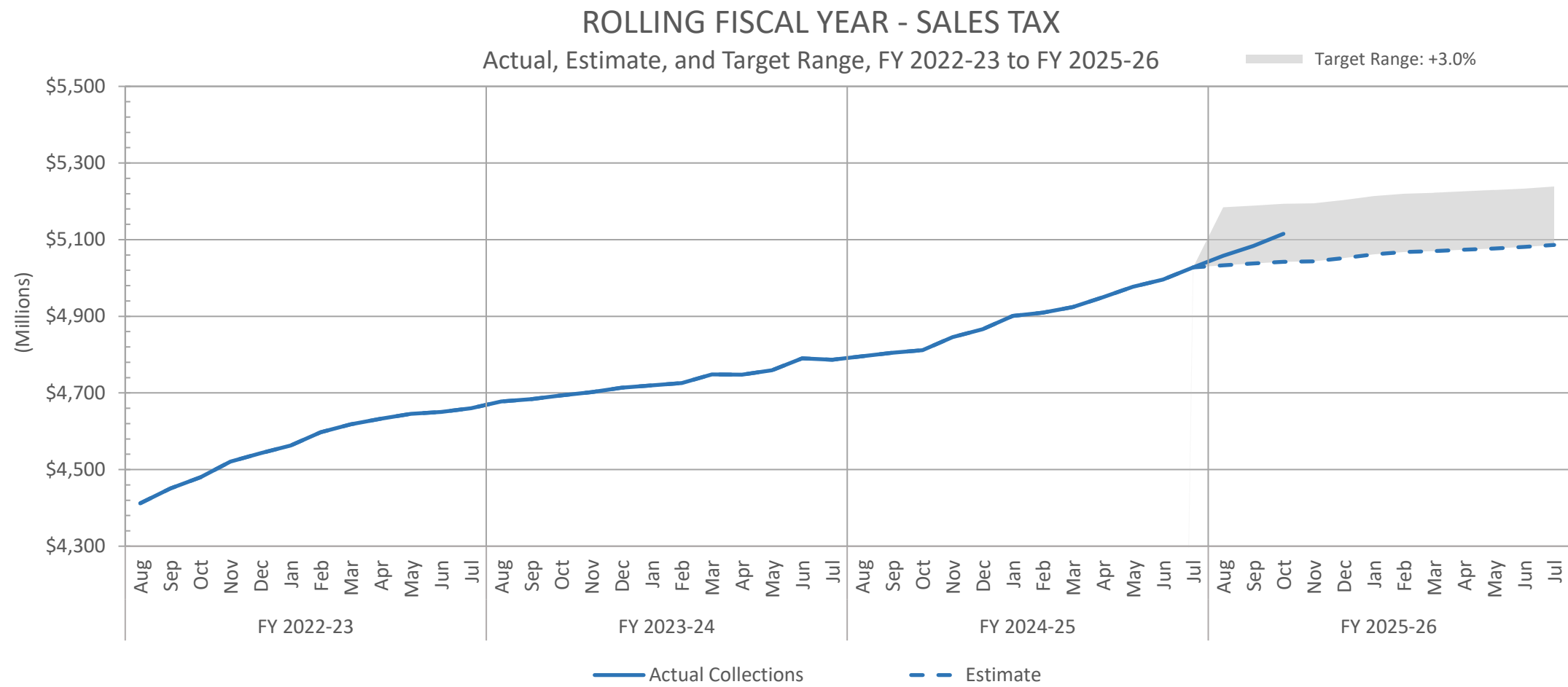
- Current economic uncertainty is expected to lead to slower growth in both employment and wages, a key component of personal income for FY 26 and FY 27
- Growth in the major revenue categories is expected to be slightly below historical averages as a result
- Continuing to monitor for potential challenges to the economy due to national and international economic conditions

General Assumptions Versus Revenue Collections

- Working estimates generally follow the economic assumptions, but current collections are also taken into account
- Sales tax is currently growing by 7.2%, significantly outpacing both the historical average growth of 4.0% and personal income growth expectations
- Sales tax growth is expected to gradually slow down to below historical growth later in the fiscal year, consistent with the assumption of below average personal income growth in FY 26
- Although economic models indicate Withholdings growth should be close to 3.8% in FY 26, actual fiscal year-to-date collections have been considerably weaker and have grown only 2.6%
- Given the current performance, working estimates recognize actual Withholdings collections and are below the levels given by the income and employment assumptions

Sales Tax - Actual vs. Estimate

October collections grew by 8.1% over last year; cumulatively, collections are growing 7.2% and are \$73.0 million above the estimate

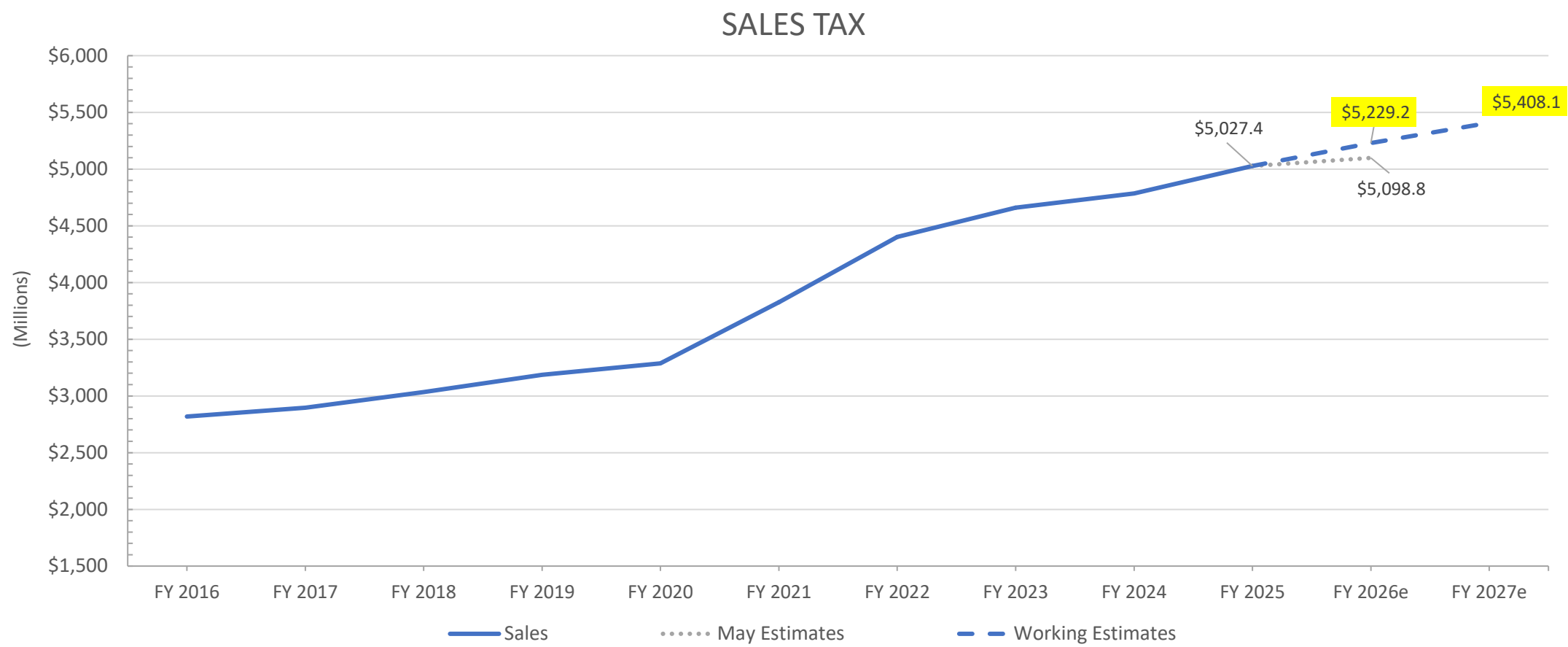


Sales Tax Forecast Assumptions

- Working estimates reflect an increase above the May estimates as collections are running ahead of expectations
- Sales tax growth is significantly outpacing the historical average, but is expected to slow to below historical average growth later in the fiscal year, in line with expectations of softer growth in consumption expenditures and retail sales in response to higher prices
- Therefore, cumulatively, growth in FY 26 is expected to end near historical growth
- Growth in FY 27 is expected to be slower than FY 26; FY 27 is more uncertain and will depend on consumer reactions to higher goods prices in FY 26

Sales Tax – Working Estimates

Collections growth is currently outpacing historical average growth of 4.0% but is expected to slow to a rate below historical growth later in the fiscal year; overall growth in FY 26 is expected to reach 4.0%, compared to the 1.4% May estimate, and 3.4% in FY 27

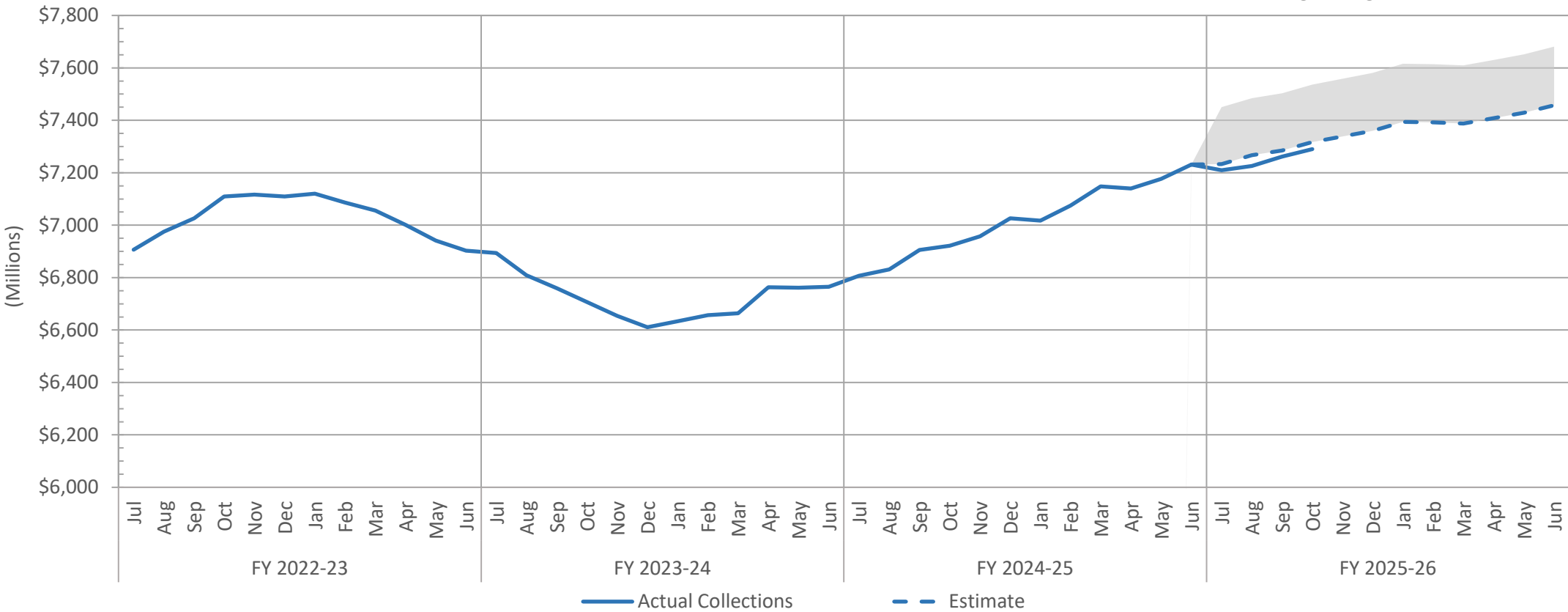


Individual Income Tax Withholdings - Actual vs. Current Estimate

October collections grew 4.9% vs. the 5.5% expected and were \$3.2 million lower than anticipated for the month; fiscal year-to-date collections are \$26.6 million behind the estimate, reflecting cumulative growth of 2.6%

ROLLING FISCAL YEAR - INDIVIDUAL INCOME WITHHOLDINGS

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

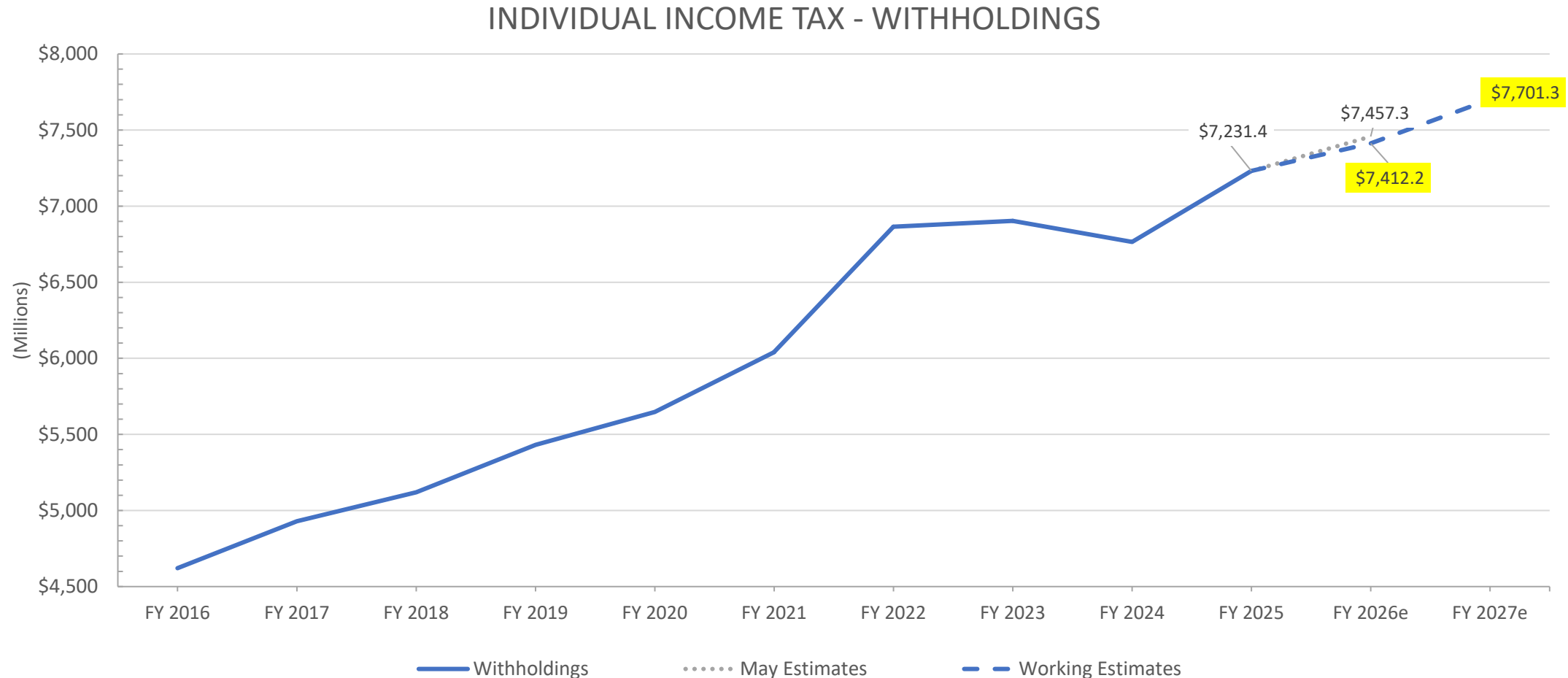


Individual Income Withholdings Tax Forecast

- Working estimate for FY 26 reflect a decrease from the May estimate due to weaker actual fiscal year-to-date collections growth
- Cumulative collections have grown 2.6% in the first four months of the fiscal year, lagging the 3.7% expected growth for the same period
- Although the modeling points to higher collections growth, the working estimate for FY 26 puts more weight on the current collections' dynamics
- Ongoing tariff policy changes, increasing labor market weakness, and the resulting decreased aggregate spending are expected to lead to lower economic activity and decreasing wage growth, which in turn could lead to softer growth in collections in FY 26 but improving dynamics in FY 27

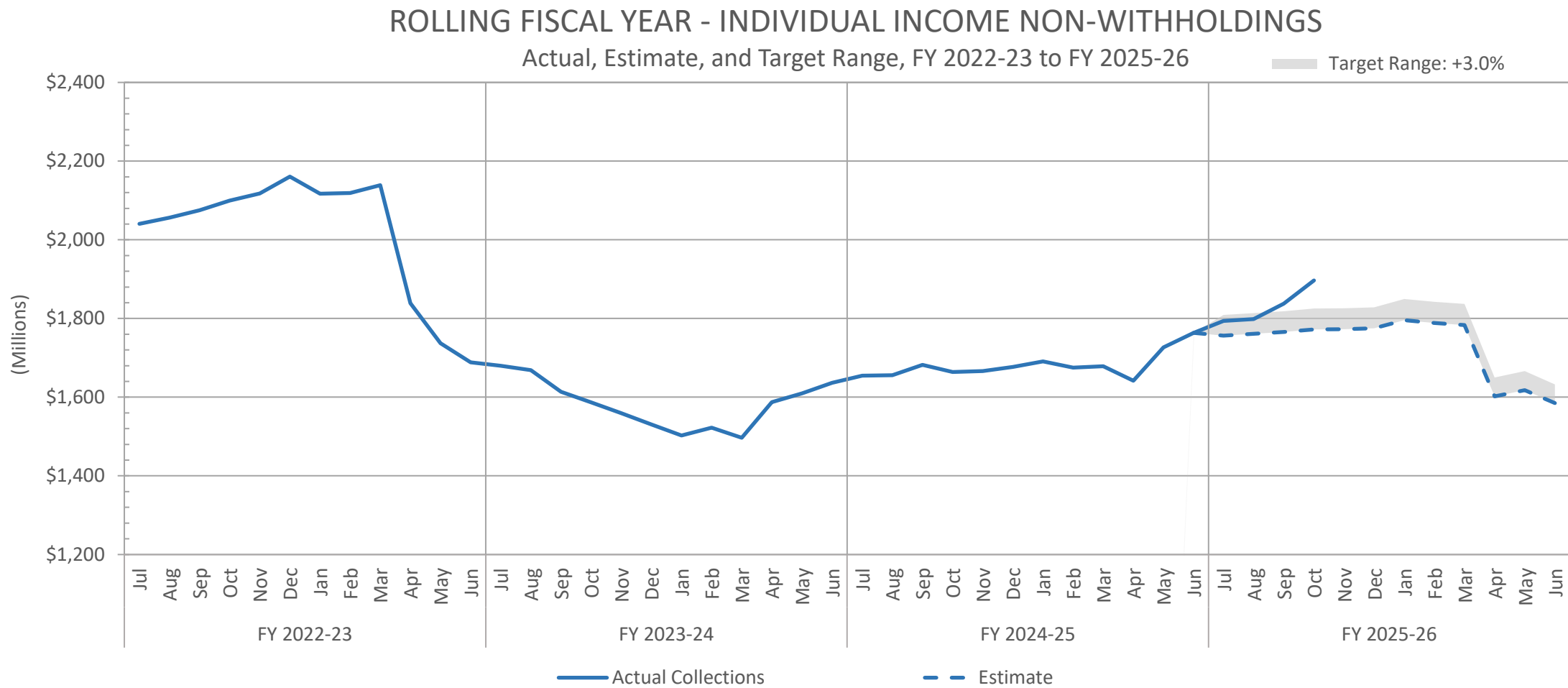
Individual Income Withholdings – Working Estimates

Total collections slowed down considerably in the first four months of FY 26 to 2.6% versus 3.7% expected for this period; in FY 26, collections are now expected to grow 2.5%, below the May estimate of 3.1%, with an improvement in growth to 3.9% in FY 27



Non-Withholdings - Actual vs. Estimate

Collections are exceeding expectations by \$124.6 million due to continued strong tax filing in October resulting in Non-Withholdings growth of 62.4% compared to last October



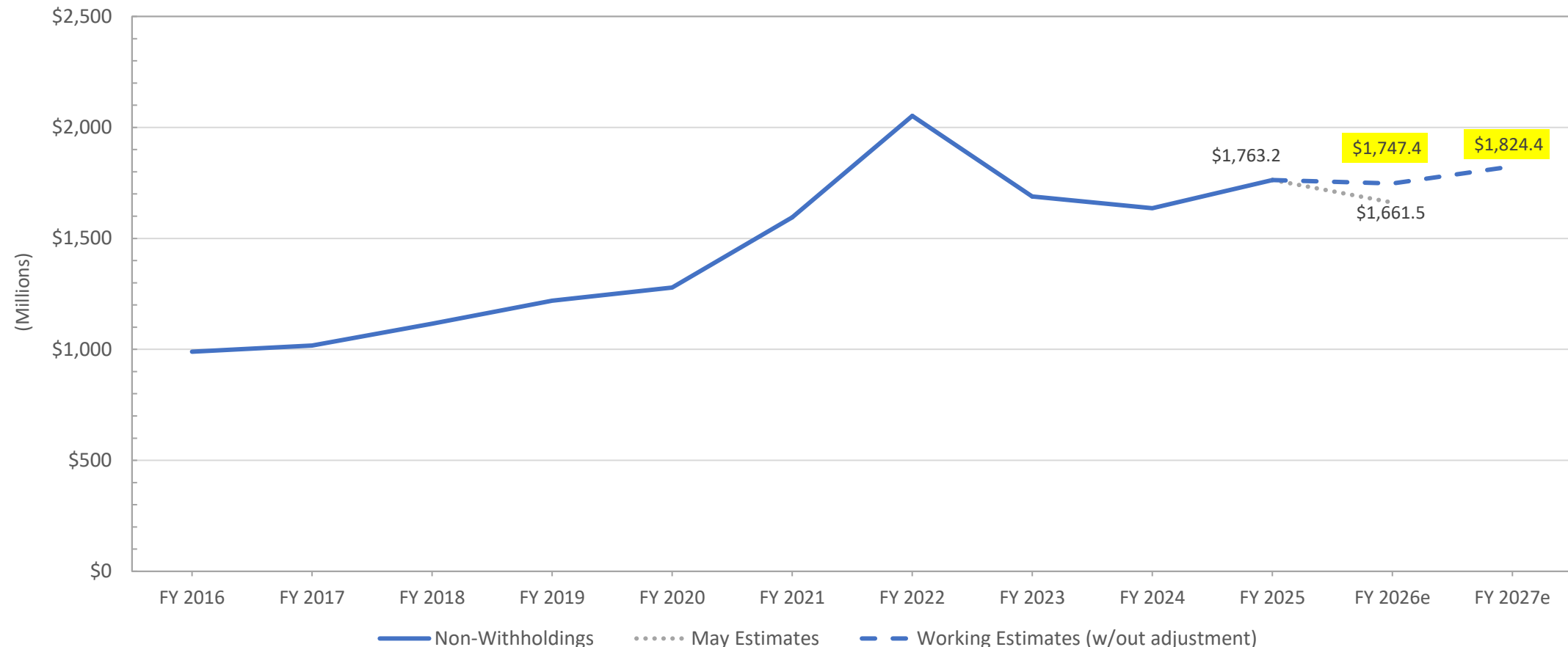
Individual Income Non-Withholdings Forecast

- Non-Withholdings working estimate for FY 26 is higher than the May estimate, as collections are running ahead of expectations
- The marginal tax rate decrease to 6.0% for tax year 2025 will reduce collections but most of the impact is expected late in FY 26 at tax filing
- Due to interest rate cuts that resumed in September and are expected to continue in FY 26, interest income is anticipated to decrease; also, dividend income and proprietors' income are expected to exhibit limited growth, as firm activity and profitability decrease
- Financial markets have remained resilient so far in 2025; however, increased uncertainty and reduced business activity due to the continuously changing tariff policy, the federal government shutdown, the slowing labor market, and the volatile global geopolitical environment are expected to impact collections in both FY 26 and FY 27

Non-Withholdings – Working Estimates (Before Tax Cuts)

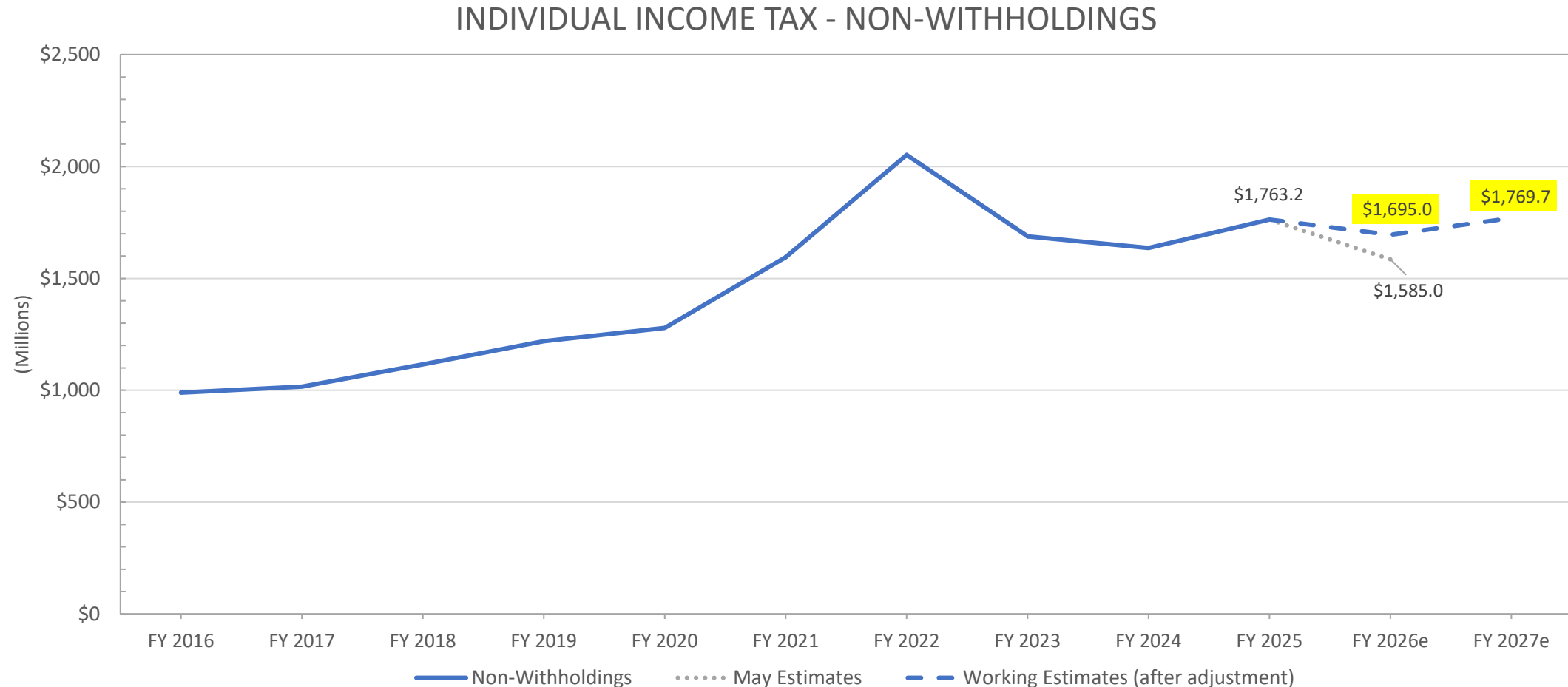
With anticipated decreases in interest income and limited growth in dividend and proprietors' income, collections are expected to decrease slightly by approximately 0.9% in FY 26 and resume close to normal growth of 4.4% in FY 27

INDIVIDUAL INCOME TAX - NON-WITHHOLDINGS



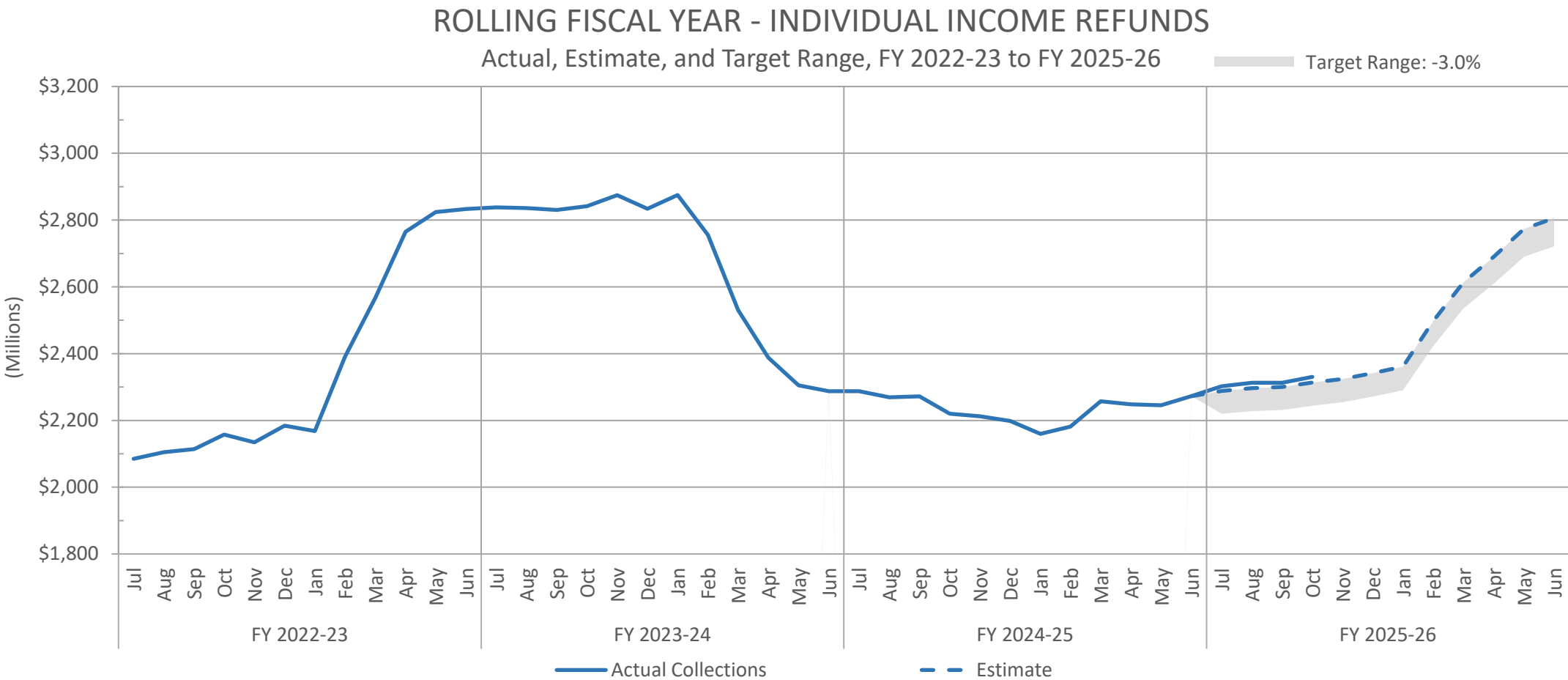
Non-Withholdings – Working Estimates (After Tax Cuts)

Accounting for the marginal tax rate cut, collections are expected to decrease by 3.9% in FY 26 and revert to close to normal growth of 4.4% in FY 27
(The tax rate change is from 6.2% in 2024 to 6.0% in 2025)



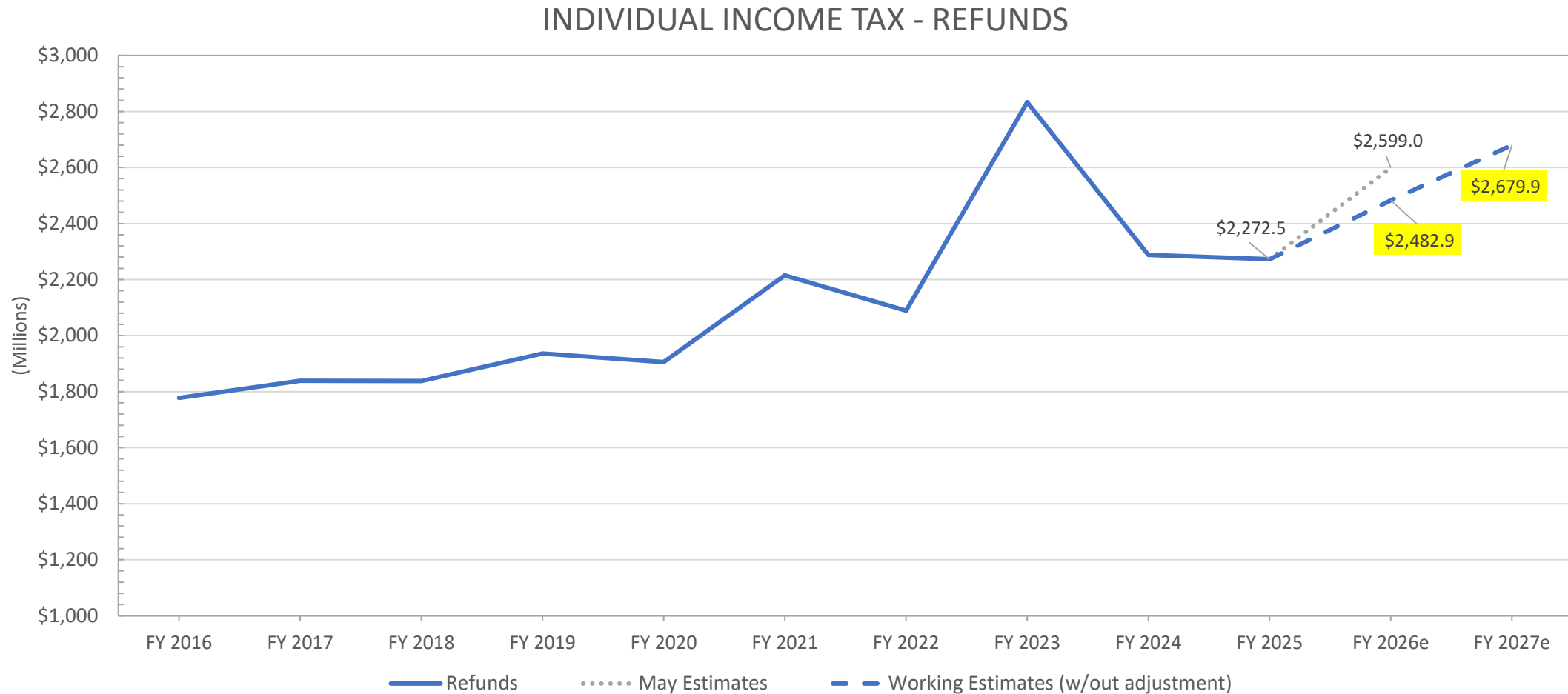
Refunds - Actual vs. Estimate

Refunds are tracking very closely to expectations and are \$16.7 million above the monthly estimates; tax cuts are expected to increase Refunds late in the fiscal year



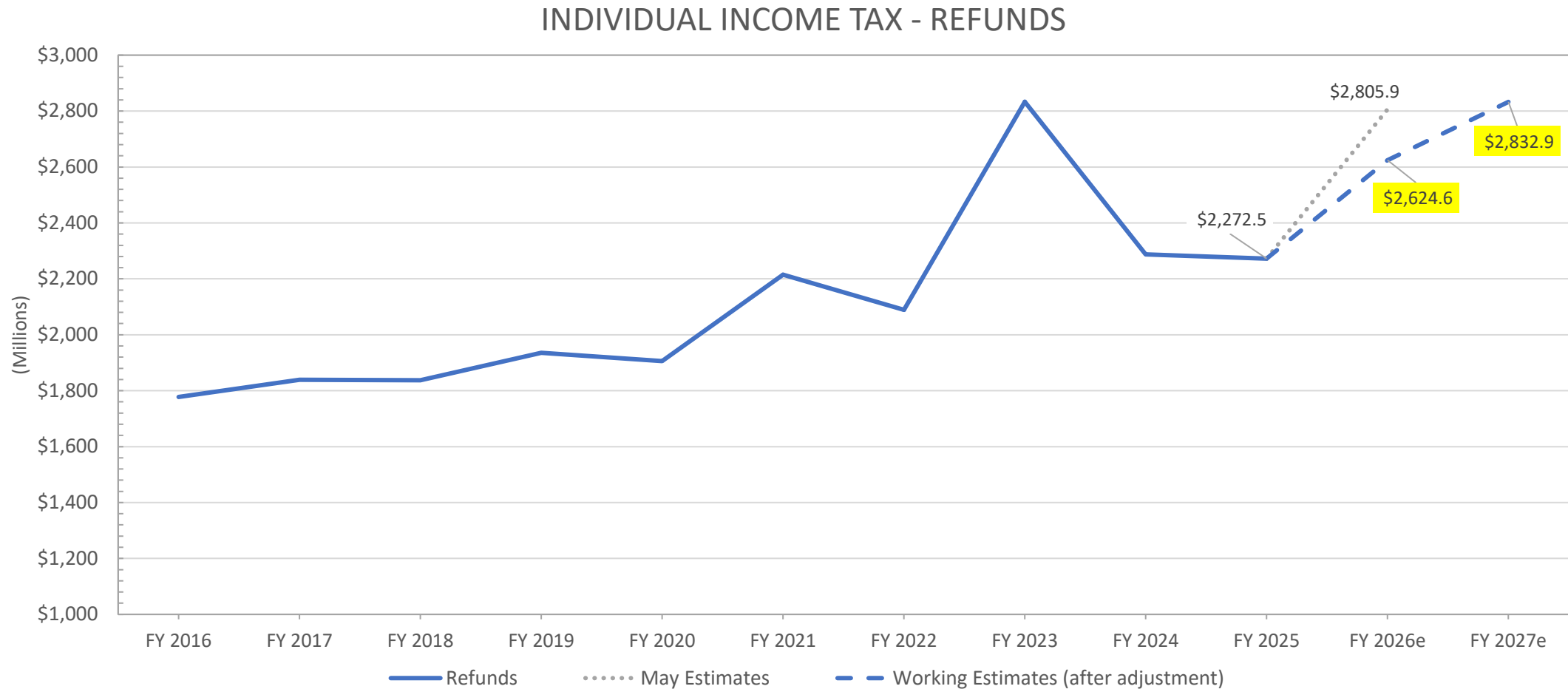
Refunds – Working Estimates (Before Tax Cuts)

Without taking into account the effect of the marginal tax rate cut, Refunds are expected to grow 9.3% in FY 26 (instead of the 14.4% May estimate) and slow to 7.9% growth in FY 27



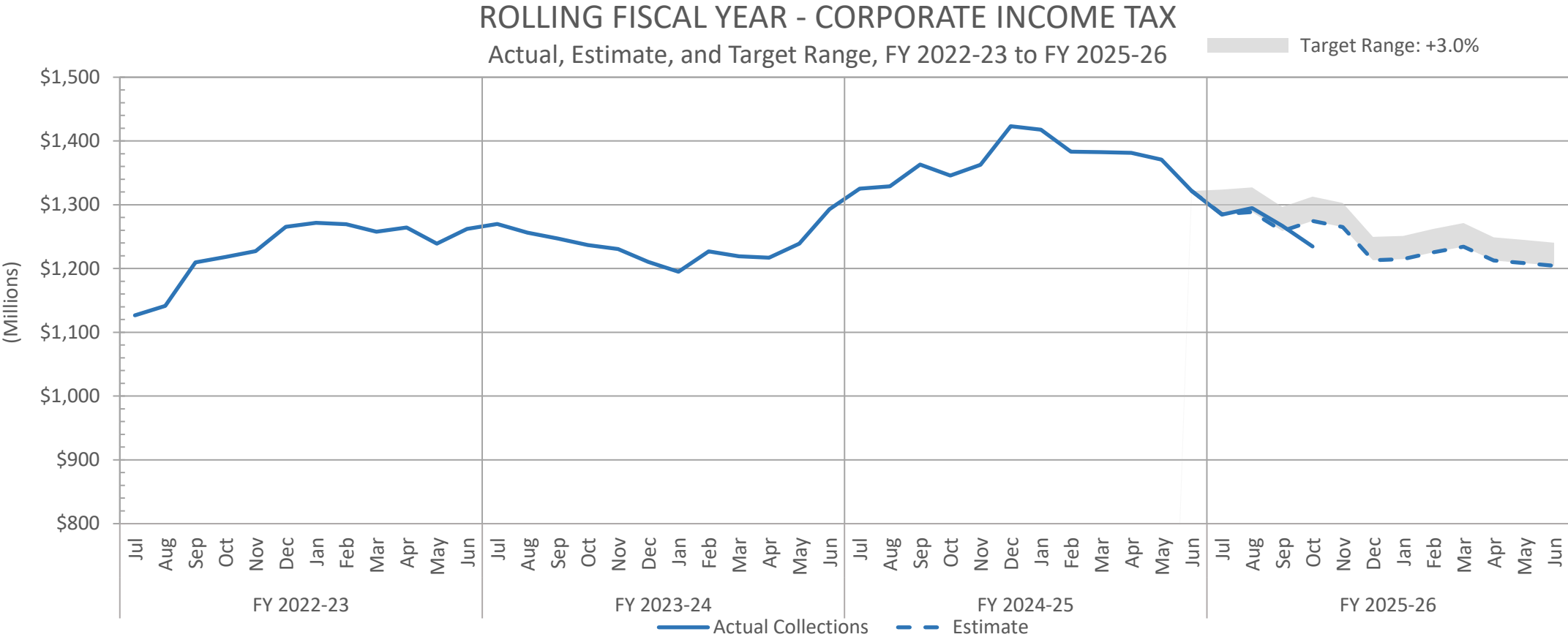
Refunds – Working Estimates (After Tax Cuts)

After adjusting for the effect of the marginal tax rate decrease, Refunds are expected to grow 15.5% in FY 26 followed by growth of 7.9% in FY 27



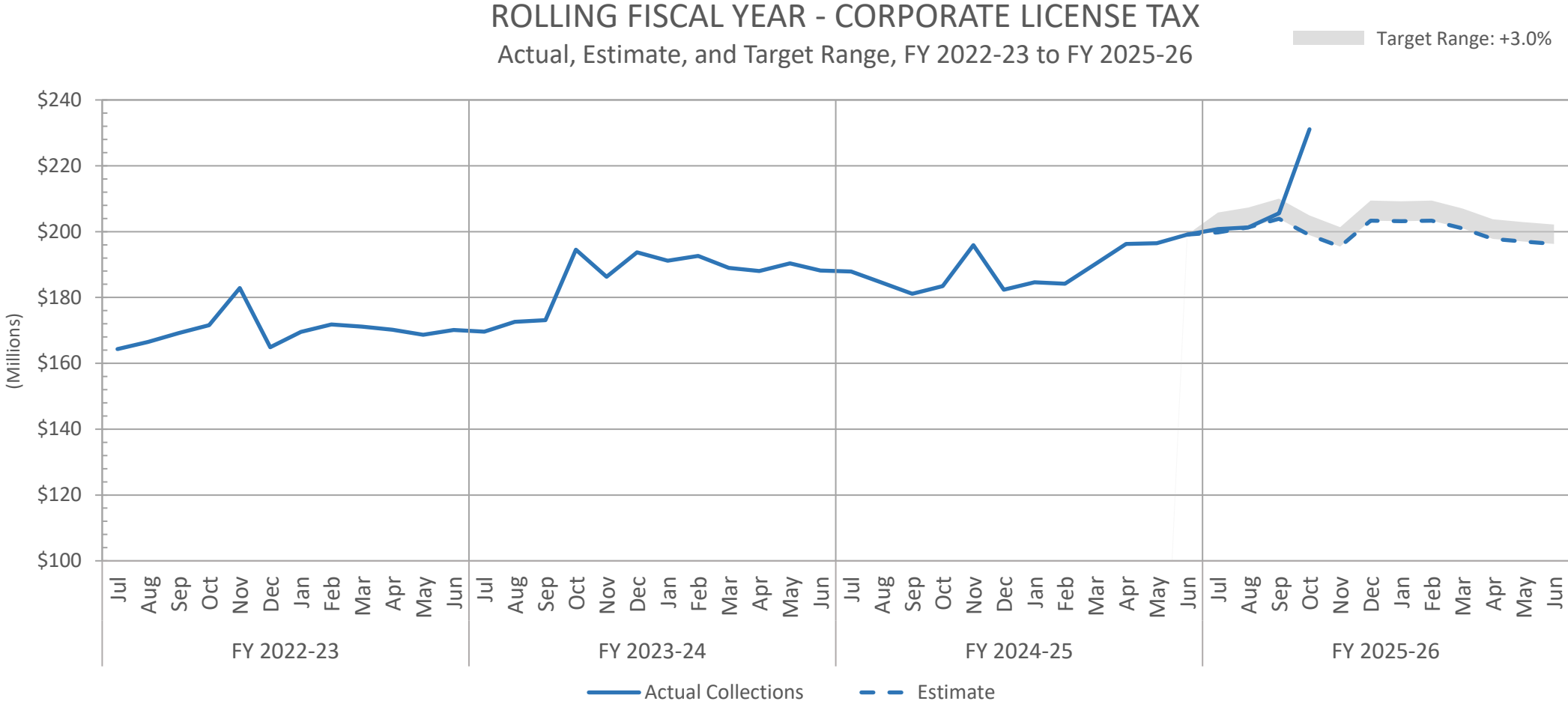
Corporate Income Tax – Actual vs. Estimate

October collections were \$47.9 million below expectations as some corporations filed returns earlier this fiscal year than last year, which accelerated the transfer to Corporate License tax; in total, collections are \$40.0 million below expectations



Corporate License Tax – Actual vs. Estimate

Because some corporations filed returns earlier this fiscal year than last year, Corporate License tax collections are running \$32.2 million ahead of expectations through October but are expected to stabilize in November



Corporate Income Tax Forecast

- Corporate Income tax is the most volatile of the major tax categories and remains the most difficult to estimate; tax filing at fiscal year-end also remains a concern
- Retail sales growth and increases in profits have translated into increased Corporate Income tax collections in recent years, but expectations for a decline in retail growth and increased business costs from tariffs and other factors may decrease profit margins
- The revenue trend for the last 2 quarters excluding audit revenue has been a decline of about 9.5% from the same 2 quarters of the prior year (consistent with the current forecast)
- Based on these factors, staff would recommend no change to the current FY 26 estimate and to maintain the same level for FY 27

Corporate Income Tax – Working Estimates

Collections are expected to decline due to slower retail sales growth and lower profit margins

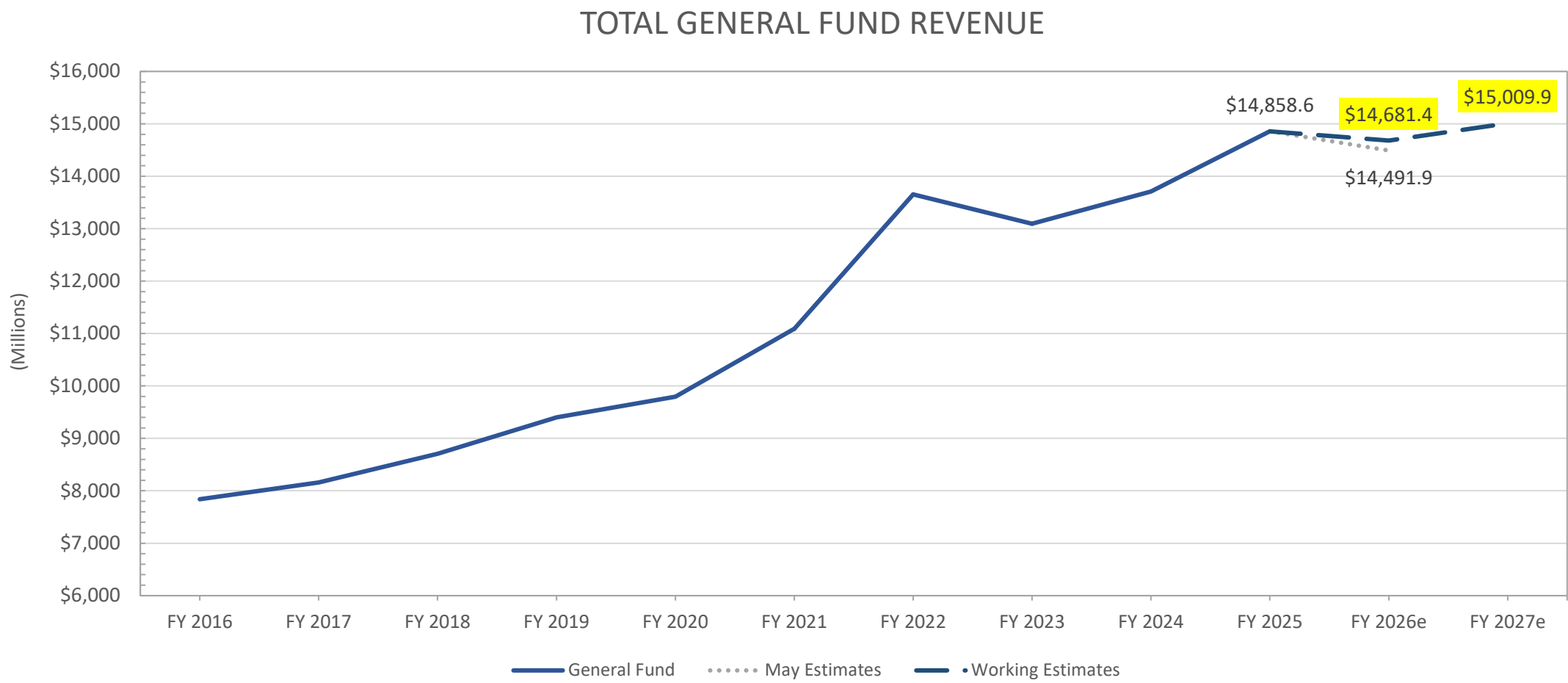


Consideration of Revenue Forecasts for FY 2025-26 and FY 2026-27



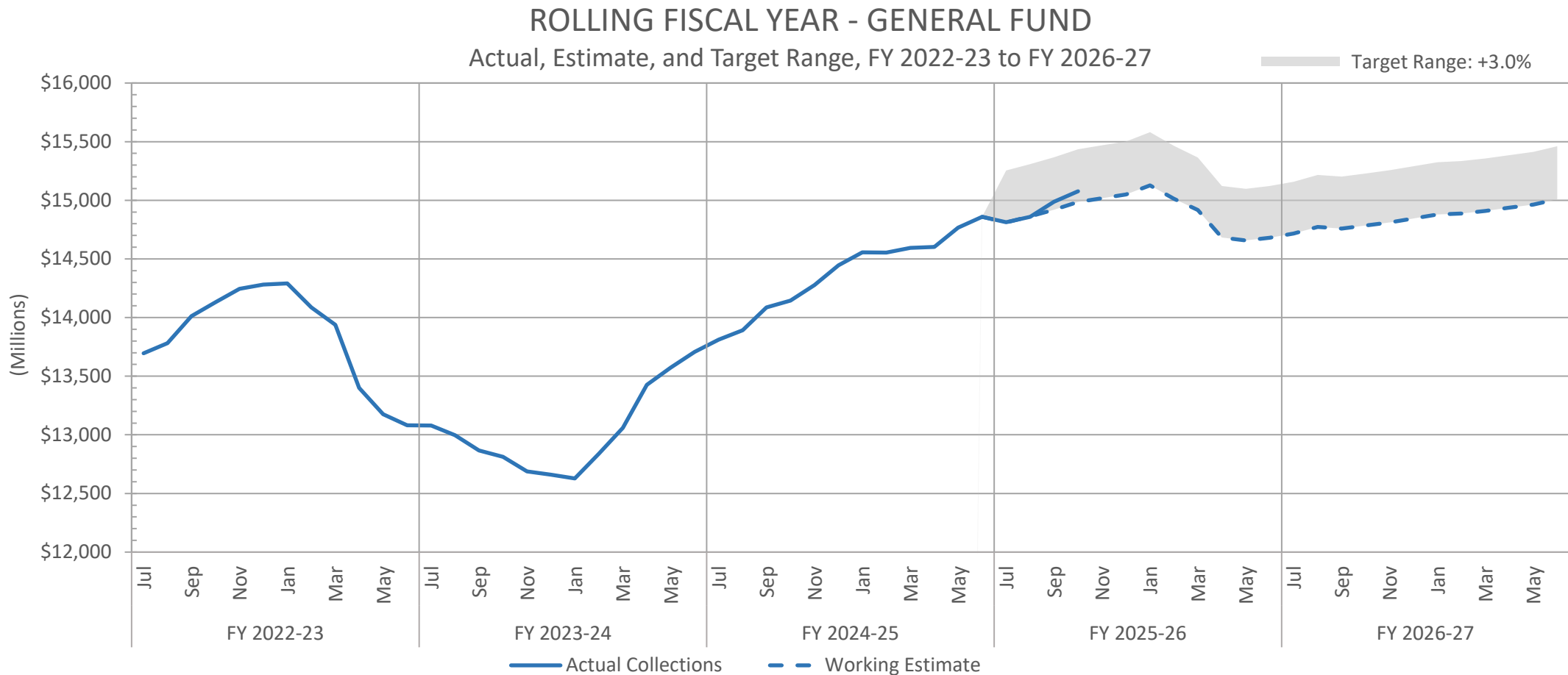
General Fund Revenue - Working Estimates

FY 26: +\$189.5 million versus May 2025 estimate; FY 27: +\$328.5 million
(FY 26: -\$177.1 million versus FY 25 due to tax cuts)



General Fund Revenue - Working Estimate

Estimates reflect shift to below historical growth in FY 26 and FY 27



General Fund Revenue Forecast – Working Estimates

Revenue Category	Final FY 2024-25	5/20/2025 Estimate FY 2025-26	11/18/2025 Estimate FY 2025-26	5/20 v 11/18 Estimate Change	FY 25 to FY 26 Change	11/18/2025 Estimate FY 2026-27	FY 26 to FY 27 Change	Pct. Chg. FY 2024-25	5/20/2025 Pct. Chg. FY 2025-26	11/18/2025 Pct. Chg. FY 2025-26	11/18/2025 Pct. Chg. FY 2026-27
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Sales and Use Tax	5,027,440,427	5,098,774,000	5,229,200,000	130,426,000	201,759,573	5,408,120,000	178,920,000	5.0	1.4	4.0	3.4
Individual Income Tax	6,722,186,938	6,519,820,000	6,482,631,000	(37,189,000)	(239,555,938)	6,638,154,000	155,523,000	10.0	(3.0)	(3.6)	2.4
Withholdings	7,231,433,542	7,457,310,000	7,412,219,000	(45,091,000)	180,785,458	7,701,296,000	289,077,000	6.9	3.1	2.5	3.9
Non-Withholdings	1,763,208,413	1,661,510,000	1,694,971,000	33,461,000	(68,237,413)	1,769,724,000	74,753,000	7.8	(5.8)	(3.9)	4.4
Refunds	2,272,455,017	2,599,000,000	2,624,559,000	25,559,000	352,103,983	2,832,866,000	208,307,000	(0.7)	14.4	15.5	7.9
Corporation Income Tax	1,321,628,460	1,204,382,000	1,204,382,000	0	(117,246,460)	1,204,382,000	0	2.2	(8.9)	(8.9)	0.0
Insurance Taxes	413,800,577	362,995,000	390,039,000	27,044,000	(23,761,577)	448,569,000	58,530,000	19.0	(12.3)	(5.7)	15.0
Admissions Tax	39,964,393	42,170,000	40,393,000	(1,777,000)	428,607	43,304,000	2,911,000	(15.0)	5.5	1.1	7.2
Alcoholic Liquor Tax	121,759,241	123,052,000	122,656,000	(396,000)	896,759	125,223,000	2,567,000	2.3	1.1	0.7	2.1
Bank Tax	90,873,576	54,911,000	68,806,000	13,895,000	(22,067,576)	71,105,000	2,299,000	65.2	(39.6)	(24.3)	3.3
Beer and Wine Tax	110,671,374	112,737,000	109,558,000	(3,179,000)	(1,113,374)	109,020,000	(538,000)	(0.7)	1.9	(1.0)	(0.5)
Business Filing Fees	11,777,178	11,604,000	11,690,000	86,000	(87,178)	12,296,000	606,000	(2.3)	(1.5)	(0.7)	5.2
Circuit/Family Court Fines	6,813,526	6,013,000	7,067,000	1,054,000	253,474	7,208,000	141,000	1.0	(11.7)	3.7	2.0
Corporation License Tax	199,095,857	196,255,000	206,506,000	10,251,000	7,410,143	213,627,000	7,121,000	5.8	(1.4)	3.7	3.4
Deed Recording Fees	126,683,894	125,713,000	130,866,000	5,153,000	4,182,107	134,767,000	3,901,000	8.1	(0.8)	3.3	3.0
Earned on Investments	477,512,013	450,000,000	490,000,000	40,000,000	12,487,987	405,000,000	(85,000,000)	47.9	(5.8)	2.6	(17.3)
Indirect Cost Recoveries	15,772,642	16,542,000	14,565,000	(1,977,000)	(1,207,642)	15,025,000	460,000	(8.6)	4.9	(7.7)	3.2
Motor Vehicle Licenses	11,749,299	12,010,000	11,843,000	(167,000)	93,701	11,832,000	(11,000)	0.5	2.2	0.8	(0.1)
Nursing Home Fees	2,980,449	2,923,000	2,889,000	(34,000)	(91,449)	2,801,000	(88,000)	(2.5)	(1.9)	(3.1)	(3.0)
Parole and Probation Fees	3,392,808	3,393,000	3,393,000	0	192	3,393,000	0	0.0	0.0	0.0	0.0
Private Car Lines Tax	7,147,252	7,280,000	8,148,000	868,000	1,000,748	8,461,000	313,000	11.1	1.9	14.0	3.8
Public Service Authority	20,865,000	19,985,000	21,225,000	1,240,000	360,000	21,936,000	711,000	7.4	(4.2)	1.7	3.3
Purchasing Card Rebates	4,366,750	4,411,000	4,647,000	236,000	280,250	4,946,000	299,000	4.7	1.0	6.4	6.4
Record Search Fees	4,461,000	4,461,000	4,461,000	0	0	4,461,000	0	0.0	0.0	0.0	0.0
Savings and Loan Assoc. Tax	730,853	1,005,000	580,000	(425,000)	(150,853)	997,000	417,000	(76.2)	37.5	(20.6)	71.9
Security Dealer Fees	35,469,671	36,684,000	36,382,000	(302,000)	912,329	37,693,000	1,311,000	3.0	3.4	2.6	3.6
Tobacco Tax	26,572,104	27,055,000	25,983,000	(1,072,000)	(589,104)	25,777,000	(206,000)	(3.9)	1.8	(2.2)	(0.8)
Unclaimed Property Fund	15,000,000	15,000,000	15,000,000	0	0	15,000,000	0	0.0	0.0	0.0	0.0
Workers' Comp. Insurance Tax	13,812,761	13,698,000	14,089,000	391,000	276,239	14,371,000	282,000	13.1	(0.8)	2.0	2.0
Other Source Revenues	26,030,651	19,057,000	24,411,000	5,354,000	(1,619,651)	22,411,000	(2,000,000)	2.6	(26.8)	(6.2)	(8.2)
Gross General Fund Revenue	\$14,858,558,693	\$14,491,930,000	\$14,681,410,000	\$189,480,000	(177,148,693)	\$15,009,879,000	\$328,469,000	8.4	(2.5)	(1.2)	2.2



General Fund Revenue Forecast – Working Estimates (Continued)

Revenue Category	Final FY 2024-25	5/20/2025 Estimate FY 2025-26	11/18/2025 Estimate FY 2025-26	5/20 v 11/18 Estimate Change	FY 25 to FY 26 Change	11/18/2025 Estimate FY 2026-27	FY 26 to FY 27 Change	Pct. Chg. FY 2024-25	5/20/2025 Pct. Chg. FY 2025-26	11/18/2025 Pct. Chg. FY 2025-26	11/18/2025 Pct. Chg. FY 2026-27
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Gross General Fund Revenue	\$14,858,558,693	\$14,491,930,000	\$14,681,410,000	\$189,480,000	(\$177,148,693)	\$15,009,879,000	\$328,469,000	8.4	(2.5)	(1.2)	2.2
Less: Tax Relief Trust Fund (Act)	800,815,175	814,021,523	814,021,523	0	13,206,348	824,641,979	10,620,456	0.6	1.6	1.6	1.3
Net General Fund Revenue	\$14,057,743,518	\$13,677,908,477	\$13,867,388,477	\$189,480,000	(\$190,355,041)	\$14,185,237,021	\$317,848,544	8.9	(2.7)	(1.4)	2.3
Education Improvement Act (EIA)	1,324,569,670	1,335,237,000	1,368,854,000	33,617,000	44,284,330	1,410,011,000	41,157,000	4.4	0.8	3.3	3.0
EIA Fund	1,302,079,365	1,318,237,000	1,353,054,000	34,817,000	50,974,635	1,398,511,000	45,457,000	4.9	1.2	3.9	3.4
EIA Interest	22,490,305	17,000,000	15,800,000	(1,200,000)	(6,690,305)	11,500,000	(4,300,000)	(18.9)	(24.4)	(29.7)	(27.2)
S.C. Education Lottery Fund	559,756,304	502,700,000	529,173,000	26,473,000	(30,583,304)	503,200,000	(25,973,000)	(7.1)	(10.2)	(5.5)	(4.9)
Lottery Proceeds	518,000,000	468,200,000	494,673,000	26,473,000	(23,327,000)	473,200,000	(21,473,000)	(6.9)	(9.6)	(4.5)	(4.3)
Unclaimed Prizes	28,841,212	23,500,000	23,500,000	0	(5,341,212)	22,000,000	(1,500,000)	(18.9)	(18.5)	(18.5)	(6.4)
Lottery Interest	12,915,092	11,000,000	11,000,000	0	(1,915,092)	8,000,000	(3,000,000)	21.7	(14.8)	(14.8)	(27.3)
Homestead Exemption Fund (HEX)	1,201,834,214	1,224,930,000	1,246,016,000	21,086,000	44,181,786	1,283,918,000	37,902,000	3.9	1.9	3.7	3.0
HEX Revenue	1,183,916,948	1,204,930,000	1,230,516,000	25,586,000	46,599,052	1,272,618,000	42,102,000	4.0	1.8	3.9	3.4
HEX Interest	17,917,265	20,000,000	15,500,000	(4,500,000)	(2,417,265)	11,300,000	(4,200,000)	(3.8)	11.6	(13.5)	(27.1)
Expenditure Estimate	1,066,194,100	1,115,089,670	1,115,089,670	0	48,895,570	1,164,578,346	49,488,676	6.1	4.6	4.6	4.4
HEX Fund Excess/(Shortfall)	135,640,114	109,840,330	130,926,330	21,086,000	(4,713,784)	119,339,654	(11,586,676)	(10.8)	(19.0)	(3.5)	(8.8)
Tax Relief Trust Fund (Act)	800,815,175	814,021,523	814,021,523	0	13,206,348	824,641,979	10,620,456	0.6	1.6	1.6	1.3
Revised Estimate/ Actual	788,325,913	814,021,523	809,415,534	(4,605,989)	21,089,621	824,641,979	15,226,445	2.1	3.3	2.7	1.9
Excess/(Shortfall) (Excl. Fund Balance)	12,489,262	0	4,605,989	4,605,989	(7,883,273)	0	(4,605,989)	(47.6)	n/a	(63.1)	n/a
Reserve Funds											
Capital Reserve Fund	369,783,882	387,352,137	387,352,137	0	17,568,255	421,732,306	34,380,168	(5.2)	4.8	4.8	8.9
General Reserve Fund	739,567,764	839,262,964	839,262,964	0	99,695,200	984,042,046	144,779,083	3.4	13.5	13.5	17.3
Total Reserve Funds	1,109,351,646	1,226,615,101	1,226,615,101	0	117,263,455	1,405,774,352	179,159,251	0.4	10.6	10.6	14.6



Budget Outlook



General Fund Budget Considerations

Individual Income Tax Rate

- In the FY 26 budget, the top marginal individual income tax rate was lowered from 6.2% to 6.0% for tax year 2025
 - The rate has now achieved the marginal tax rate goal enacted in 2022 two years earlier than originally anticipated
 - Therefore, there is no additional statutory tax rate reduction

Aid to Fire Districts

- The Aid to Fire Districts distribution has exceeded the appropriation in recent years, reducing the year-end revenue surplus
 - This year, the available budgetary revenue figure recognizes the anticipated year-end shortfall in the Aid to Fire Districts appropriation in advance

FY 2026-27 Budget Outlook

Recurring General Fund Revenue

(Millions)

FY 2026-27 Revenue Estimate (11/18/25)	\$15,009.9
General Fund Appropriation Base	(\$13,246.2)
Tax Relief Trust Fund	(\$824.6)
Aid to Fire Districts Shortfall	<u>(\$26.0)</u>
Estimated “New” General Fund Revenue	\$913.0*
Reserve Fund Contributions	
Incremental General Reserve Fund	(\$144.8)
Incremental Capital Reserve Fund	<u>(\$34.4)</u>
Estimated “New” General Fund Revenue Available for Appropriation (after Reserve Fund Contributions)	\$733.9

*Budgetary growth is larger than the revenue increase because \$249 million of projected revenue was not appropriated in FY 26



FY 2026-27 Budget Outlook

Non-recurring Revenue

(Millions)

FY 2025-26 Revised Revenue Estimate (11/18/25)	\$14,681.4
General Fund Appropriation Base	(\$13,246.2)
Tax Relief Trust Fund (Act)	(\$814.0)
Aid to Fire Districts Shortfall	<u>(\$20.4)</u>
Total FY 2025-26 Projected Surplus	\$600.8*
FY 2025-26 Capital Reserve Fund	\$387.4
FY 2024-25 Contingency Reserve Fund	<u>\$725.9</u>
Total Non-recurring Revenue	\$1,714.0

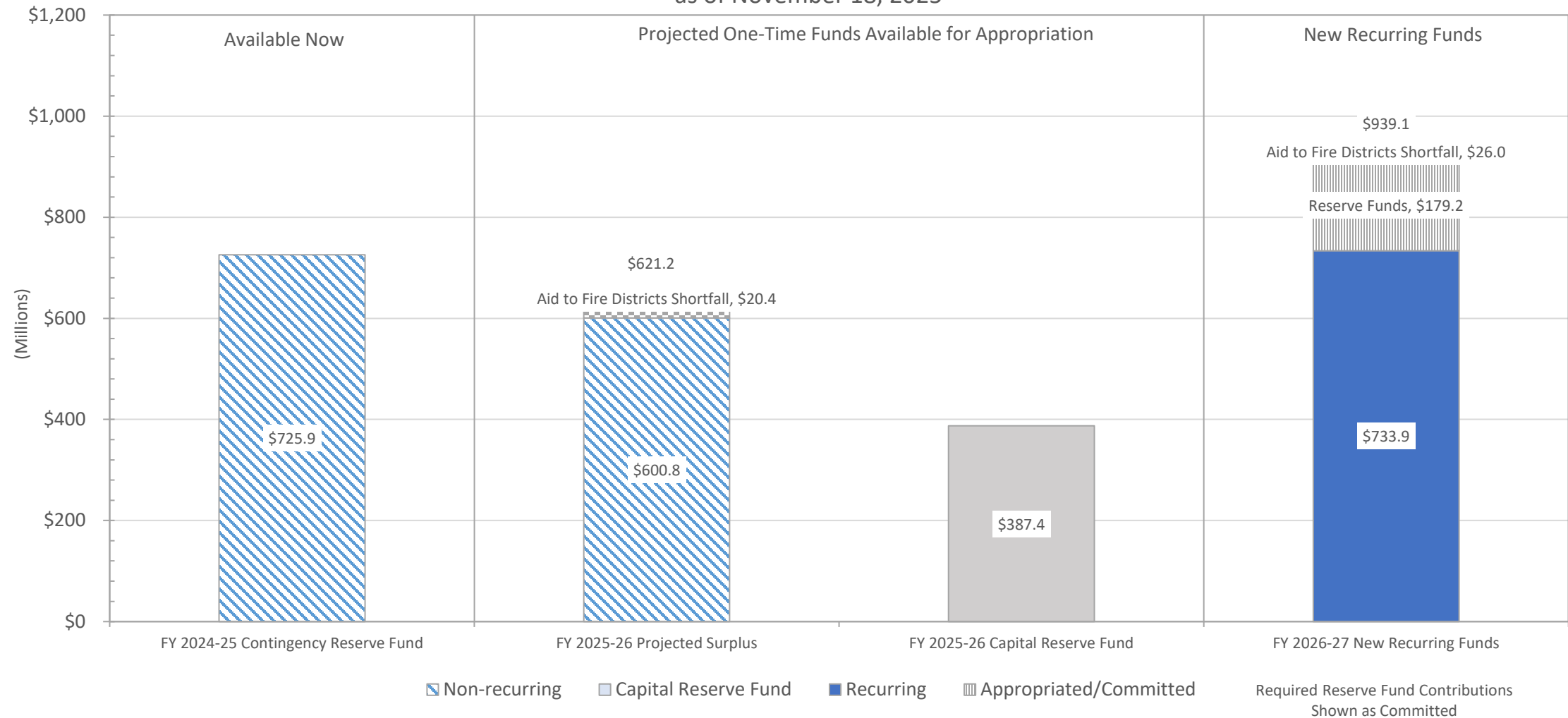
Other Non-recurring Revenue

Litigation Recovery (preliminary)	\$2.4
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*Budgetary growth is larger than the revenue increase because \$249 million of projected revenue was not appropriated in FY 26

FY 2026-27 Available Funds

AVAILABLE FUNDS - FY 2026-27 BUDGET PROCESS
as of November 18, 2025



Source: S.C. Revenue and Fiscal Affairs 297/RFA/11/18/2025

Adoption of Long-Range Forecast (Pursuant to §11-11-350)



Long-Range General Fund Working Estimates

Revenue Category	Long-Range Estimates						Long-Range Estimates			
	Final FY 2024-25	11/18/2025 Estimate FY 2025-26	11/18/2025 Estimate FY 2026-27	11/18/2025 Estimate FY 2027-28	11/18/2025 Estimate FY 2028-29	Pct. Chg. FY 2024-25	11/18/2025 Pct. Chg. FY 2025-26	11/18/2025 Pct. Chg. FY 2026-27	11/18/2025 Pct. Chg. FY 2027-28	11/18/2025 Pct. Chg. FY 2028-29
	2	3	4	5	6	7	8	9	10	11
Sales and Use Tax	5,027,440,427	5,229,200,000	5,408,120,000	5,626,608,000	5,853,923,000	5.0	4.0	3.4	4.0	4.0
Individual Income Tax	6,722,186,938	6,482,631,000	6,638,154,000	6,922,209,000	7,218,394,000	10.0	(3.6)	2.4	4.3	4.3
Withholdings	7,231,433,542	7,412,219,000	7,701,296,000	8,036,754,000	8,386,826,000	6.9	2.5	3.9	4.4	4.4
Non-Withholdings	1,763,208,413	1,694,971,000	1,769,724,000	1,856,816,000	1,948,195,000	7.8	(3.9)	4.4	4.9	4.9
Refunds	2,272,455,017	2,624,559,000	2,832,866,000	2,971,361,000	3,116,627,000	(0.7)	15.5	7.9	4.9	4.9
Corporation Income Tax	1,321,628,460	1,204,382,000	1,204,382,000	1,120,964,000	1,136,153,000	2.2	(8.9)	0.0	(6.9)	1.4
Insurance Taxes	413,800,577	390,039,000	448,569,000	427,644,000	503,028,000	19.0	(5.7)	15.0	(4.7)	17.6
Admissions Tax	39,964,393	40,393,000	43,304,000	44,192,000	45,656,000	(15.0)	1.1	7.2	2.1	3.3
Alcoholic Liquor Tax	121,759,241	122,656,000	125,223,000	125,599,000	128,224,000	2.3	0.7	2.1	0.3	2.1
Bank Tax	90,873,576	68,806,000	71,105,000	72,883,000	74,705,000	65.2	(24.3)	3.3	2.5	2.5
Beer and Wine Tax	110,671,374	109,558,000	109,020,000	108,124,000	107,571,000	(0.7)	(1.0)	(0.5)	(0.8)	(0.5)
Business Filing Fees	11,777,178	11,690,000	12,296,000	12,901,000	13,507,000	(2.3)	(0.7)	5.2	4.9	4.7
Circuit/Family Court Fines	6,813,526	7,067,000	7,208,000	7,352,000	7,499,000	1.0	3.7	2.0	2.0	2.0
Corporation License Tax	199,095,857	206,506,000	213,627,000	220,987,000	228,674,000	5.8	3.7	3.4	3.4	3.5
Deed Recording Fees	126,683,894	130,866,000	134,767,000	148,026,000	162,589,000	8.1	3.3	3.0	9.8	9.8
Earned on Investments	477,512,013	490,000,000	405,000,000	300,000,000	300,000,000	47.9	2.6	(17.3)	(25.9)	0.0
Indirect Cost Recoveries	15,772,642	14,565,000	15,025,000	15,401,000	15,786,000	(8.6)	(7.7)	3.2	2.5	2.5
Motor Vehicle Licenses	11,749,299	11,843,000	11,832,000	12,192,000	12,376,000	0.5	0.8	(0.1)	3.0	1.5
Nursing Home Fees	2,980,449	2,889,000	2,801,000	2,715,000	2,632,000	(2.5)	(3.1)	(3.0)	(3.1)	(3.1)
Parole and Probation Fees	3,392,808	3,393,000	3,393,000	3,393,000	3,393,000	0.0	0.0	0.0	0.0	0.0
Private Car Lines Tax	7,147,252	8,148,000	8,461,000	8,774,000	9,227,000	11.1	14.0	3.8	3.7	5.2
Public Service Authority	20,865,000	21,225,000	21,936,000	22,955,000	23,899,000	7.4	1.7	3.3	4.6	4.1
Purchasing Card Rebates	4,366,750	4,647,000	4,946,000	5,070,000	5,197,000	4.7	6.4	6.4	2.5	2.5
Record Search Fees	4,461,000	4,461,000	4,461,000	4,461,000	4,461,000	0.0	0.0	0.0	0.0	0.0
Savings and Loan Assoc. Tax	730,853	580,000	997,000	1,415,000	1,415,000	(76.2)	(20.6)	71.9	41.9	0.0
Security Dealer Fees	35,469,671	36,382,000	37,693,000	38,886,000	40,000,000	3.0	2.6	3.6	3.2	2.9
Tobacco Tax	26,572,104	25,983,000	25,777,000	25,548,000	25,315,000	(3.9)	(2.2)	(0.8)	(0.9)	(0.9)
Unclaimed Property Fund	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	0.0	0.0	0.0	0.0	0.0
Workers' Comp. Insurance Tax	13,812,761	14,089,000	14,371,000	14,659,000	14,952,000	13.1	2.0	2.0	2.0	2.0
Other Source Revenues	26,030,651	24,411,000	22,411,000	22,411,000	22,411,000	2.6	(6.2)	(8.2)	0.0	0.0
Gross General Fund Revenue	\$14,858,558,693	\$14,681,410,000	\$15,009,879,000	\$15,330,369,000	\$15,975,987,000	8.4	(1.2)	2.2	2.1	4.2



Long-Range General Fund Working Estimates (Continued)

Revenue Category	Long-Range Estimates						Long-Range Estimates			
	Final FY 2024-25	11/18/2025 Estimate FY 2025-26	11/18/2025 Estimate FY 2026-27	11/18/2025 Estimate FY 2027-28	11/18/2025 Estimate FY 2028-29	Pct. Chg. FY 2024-25	11/18/2025 Pct. Chg. FY 2025-26	11/18/2025 Pct. Chg. FY 2026-27	11/18/2025 Pct. Chg. FY 2027-28	11/18/2025 Pct. Chg. FY 2028-29
1	2	3	4	5	6	7	8	9	10	11
Gross General Fund Revenue	\$14,858,558,693	\$14,681,410,000	\$15,009,879,000	\$15,330,369,000	\$15,975,987,000	8.4	(1.2)	2.2	2.1	4.2
Less: Tax Relief Trust Fund (Act)	800,815,175	814,021,523	824,641,979	834,444,321	844,591,907	0.6	1.6	1.3	1.2	1.2
Net General Fund Revenue	\$14,057,743,518	\$13,867,388,477	\$14,185,237,021	\$14,495,924,679	\$15,131,395,093	8.9	(1.4)	2.3	2.2	4.4
Education Improvement Act (EIA)	1,324,569,670	1,368,854,000	1,410,011,000	1,462,522,000	1,520,275,000	4.4	3.3	3.0	3.7	3.9
EIA Fund	1,302,079,365	1,353,054,000	1,398,511,000	1,454,022,000	1,511,775,000	4.9	3.9	3.4	4.0	4.0
EIA Interest	22,490,305	15,800,000	11,500,000	8,500,000	8,500,000	(18.9)	(29.7)	(27.2)	(26.1)	0.0
S.C. Education Lottery Fund	559,756,304	529,173,000	503,200,000	500,700,000	500,700,000	(7.1)	(5.5)	(4.9)	(0.5)	0.0
Lottery Proceeds	518,000,000	494,673,000	473,200,000	473,200,000	473,200,000	(6.9)	(4.5)	(4.3)	0.0	0.0
Unclaimed Prizes	28,841,212	23,500,000	22,000,000	22,000,000	22,000,000	(18.9)	(18.5)	(6.4)	0.0	0.0
Lottery Interest	12,915,092	11,000,000	8,000,000	5,500,000	5,500,000	21.7	(14.8)	(27.3)	(31.3)	0.0
Homestead Exemption Fund (HEX)	1,201,834,214	1,246,016,000	1,283,918,000	1,331,032,000	1,384,523,000	3.9	3.7	3.0	3.7	4.0
HEX Revenue	1,183,916,948	1,230,516,000	1,272,618,000	1,324,032,000	1,377,523,000	4.0	3.9	3.4	4.0	4.0
HEX Interest	17,917,265	15,500,000	11,300,000	7,000,000	7,000,000	(3.8)	(13.5)	(27.1)	(38.1)	0.0
Expenditure Estimate	1,066,194,100	1,115,089,670	1,164,578,346	1,211,902,965	1,261,183,535	6.1	4.6	4.4	4.1	4.1
HEX Fund Excess/(Shortfall)	135,640,114	130,926,330	119,339,654	119,129,035	123,339,465	(10.8)	(3.5)	(8.8)	(0.2)	3.5
Tax Relief Trust Fund (Act)	800,815,175	814,021,523	824,641,979	834,444,321	844,591,907	0.6	1.6	1.3	1.2	1.2
Revised Estimate/ Actual	788,325,913	809,415,534	824,641,979	834,444,321	844,591,907	2.1	2.7	1.9	1.2	1.2
Excess/(Shortfall) (Excl. Fund Balance)	12,489,262	4,605,989	0	0	0	(47.6)	(63.1)	n/a	n/a	n/a
Reserve Funds										
Capital Reserve Fund	369,783,882	387,352,137	421,732,306	416,021,654	425,557,111	(5.2)	4.8	8.9	(1.4)	2.3
General Reserve Fund	739,567,764	839,262,964	984,042,046	970,717,193	992,966,591	3.4	13.5	17.3	(1.4)	2.3
Total Reserve Funds	1,109,351,646	1,226,615,101	1,405,774,352	1,386,738,848	1,418,523,702	0.4	10.6	14.6	(1.4)	2.3

Reports from Working Group Members



Other Items for Discussion



Appendix



Economic Indicators

Fiscal Year Growth Rates

Fiscal Year	South Carolina Employment	South Carolina Personal Income	U.S. Inflation	U.S. Employment	U.S. Personal Income
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%	4.6%	2.8%		
FY 2026-27 Est.	1.7%	4.4%	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 non-seasonally 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.



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

Guest Economist Panel General Expectations

- The US economy is expected to continue to grow at a steady rate, but at a slightly slower pace than average; recession risks are low, as there are no warning signs impacting the next two years.
- The uncertainty in the economy, primarily tariffs and Federal Reserve policy, is more likely having a temporary impact but no long-term impact; uncertainty is holding back growth opportunities but not stopping growth
- Consumer spending, income, and employment will continue to grow at a slower rate in 2026 and 2027 than in 2025; unemployment may increase slightly but will remain at basically full employment levels
- SC (and the South) should continue to outperform the nation
 - Growing population with retirees and economic development
 - Maintaining cost of living advantages
 - Areas of growth (metropolitan areas, service jobs) will continue

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

Revised Working Estimates

- Based on comments from the panel, the economic outlook over the next two years is slightly different than our original expectations
 - slowdown occurring more quickly than previously estimated
 - growth slightly better than originally estimated, but still below average, for FY 27
- The working estimate for FY 26 personal income was revised down from 4.8% to 4.6%, while FY 27 personal income was revised up from 4.3% to 4.4%
- The working estimate for FY 26 employment growth was unchanged at 1.8%, however, FY 27 employment growth was revised up from 1.5% to 1.7%
- Inflation assumptions were consistent with the panel's general expectations, and no change to the original estimates is recommended

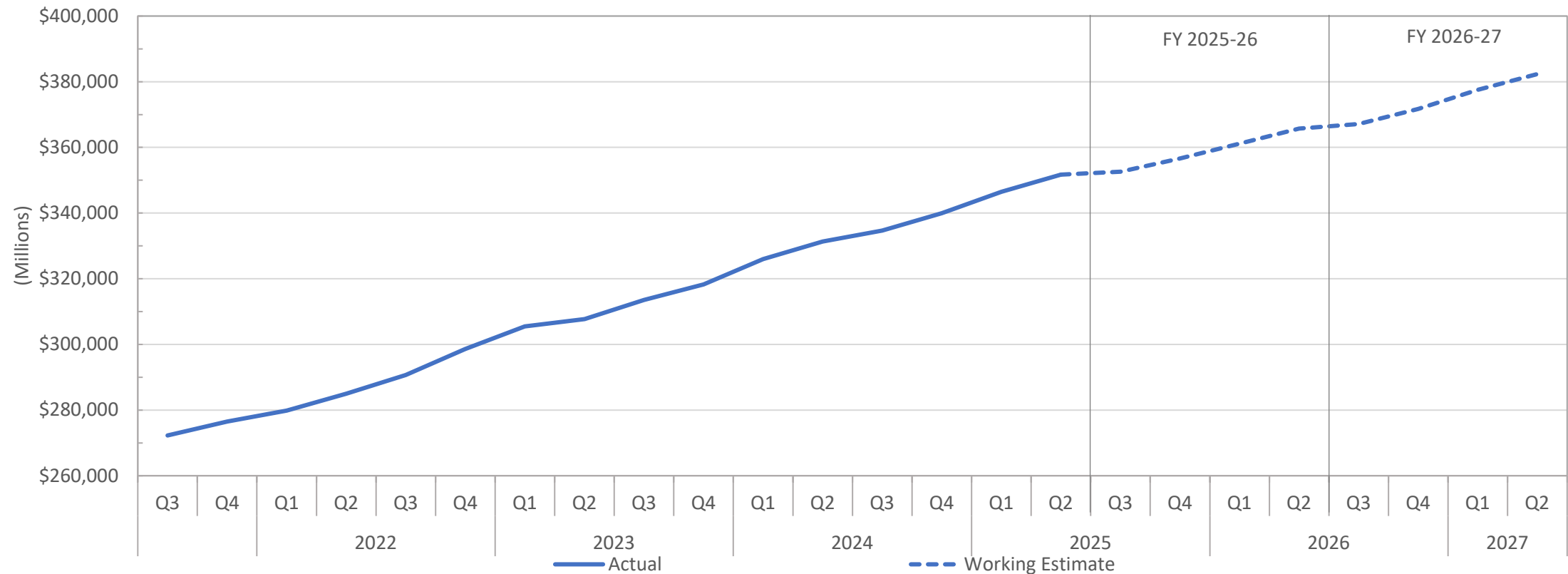
Personal Income - Working Estimates (Revised – Oct. 2025)

Personal income is expected to slow over the next two years

(FY 25: 6.5% FY 26: ~~4.8%~~ 4.6%; FY 27: ~~4.3%~~ 4.4%)

SOUTH CAROLINA PERSONAL INCOME

Actual, Estimate, and Trend

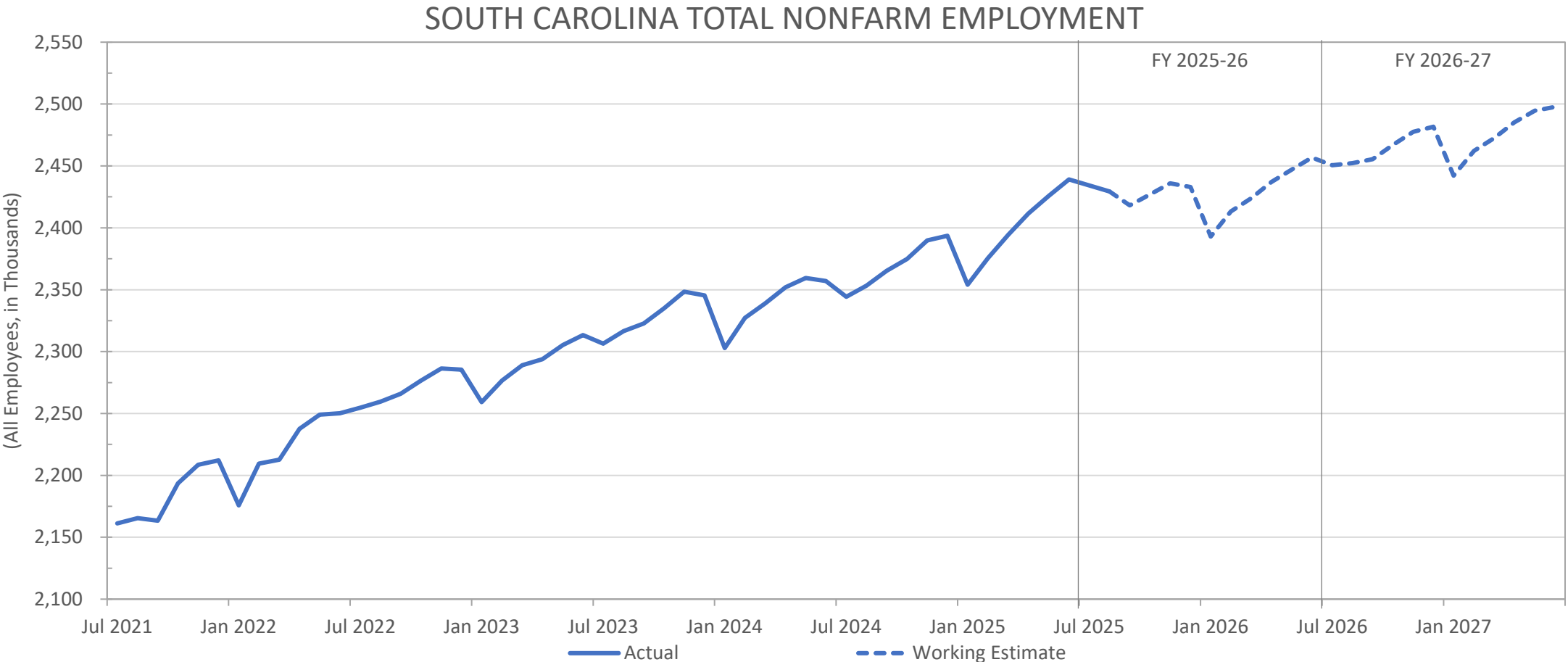


Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kav/10/20/2025

Employment - Working Estimates (Revised – Oct. 2025)

Estimates assume employment growth will continue to slow to below the long-term trend over our two-year forecast period

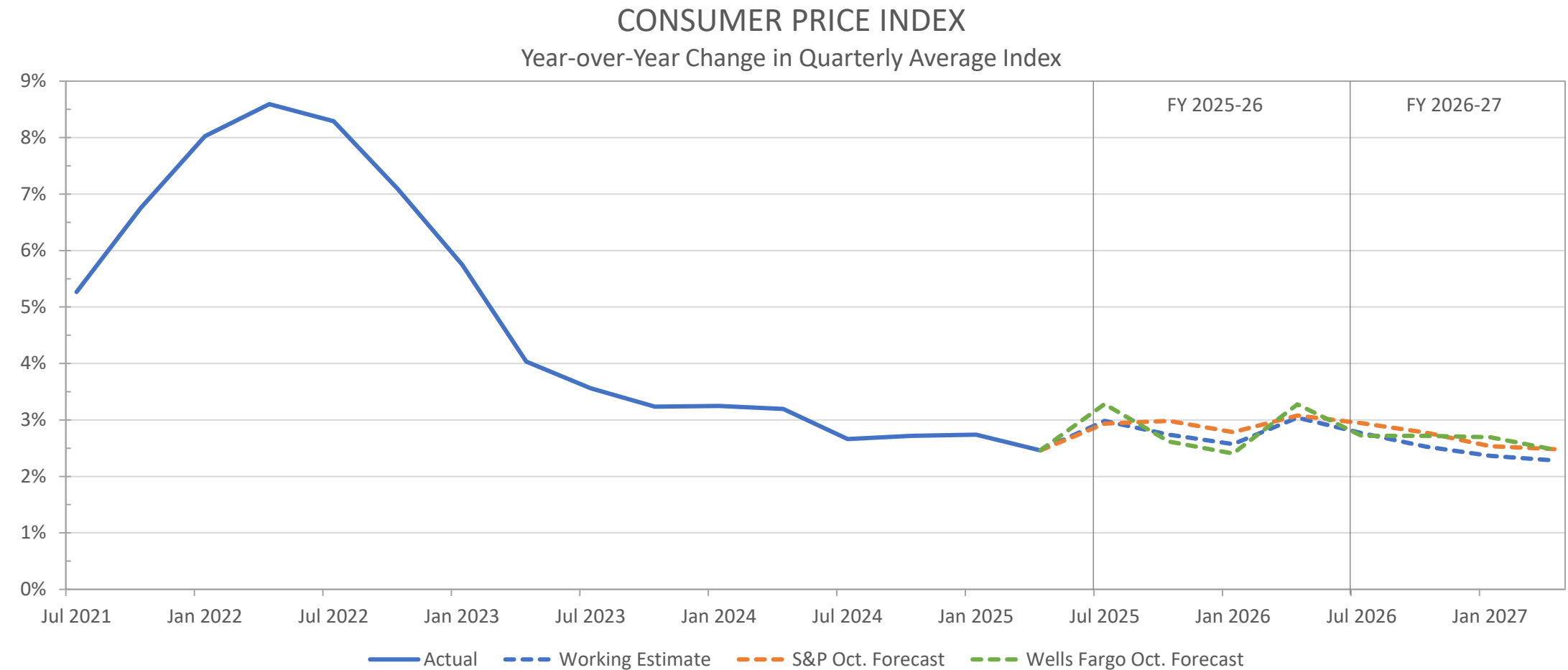
FY 25: 2.2% FY 26: 1.8%; FY 27: ~~1.5%~~ 1.7%



Inflation – Working Estimates (No Change – Oct. 2025)

FY 25: 2.6% FY 26: 2.8% FY 27: 2.5%

(Updated comparison forecasts: S&P: 2.9%, 2.7%; Wells Fargo: 2.9%, 2.7%)



Source: Bureau of Labor Statistics, U.S. Department of Labor; S&P Global; Wells Fargo Economics RFA/kv/10/20/2025

Trust Fund for Property Tax Relief

		\$100,000 Residential Property Tax Exemption (Tier I)	Homestead Exemption County/City (Tier II part1)	School Operations (Tier II part 2)	65 and Over \$50,000 Homestead Exemption (Total Tier II)	Manufacturer's Depreciation Reimbursement from 20% to 10%	Manufacturer's Percentage Exemption of Assessed Value*/**	Merchants Inventory Tax Exemption (originally passed 1984)	Total
		1	2	3	4	5	6	7	8
DOLLARS									
FY 2018	(TY 2017)	\$249,069,750	\$136,140,414	\$80,892,729	\$217,033,143	\$75,373,252	n/a	\$40,557,257	\$582,033,401
FY 2019	(TY 2018)	\$249,069,750	\$140,693,810	\$80,892,729	\$221,586,539	\$83,927,859	\$6,476,615	\$40,557,257	\$601,618,020
FY 2020	(TY 2019)	\$249,069,750	\$147,955,837	\$80,892,729	\$228,848,565	\$82,342,990	\$12,968,848	\$40,557,257	\$613,787,410
FY 2021	(TY 2020)	\$249,069,750	\$147,917,877	\$80,892,729	\$228,810,606	\$86,281,708	\$21,324,579	\$40,557,257	\$626,043,899
FY 2022	(TY 2021)	\$249,069,750	\$151,808,797	\$80,892,729	\$232,701,526	\$89,085,272	\$51,815,376	\$40,557,257	\$663,229,181
FY 2023	(TY 2022)	\$249,069,750	\$154,950,039	\$80,892,729	\$235,842,768	\$93,101,759	\$132,595,071	\$40,557,257	\$751,166,605
FY 2024	(TY 2023)	\$249,069,750	\$161,123,677	\$80,892,729	\$242,016,406	\$97,414,977	\$143,043,898	\$40,557,257	\$772,102,288
FY 2025	(TY 2024)	\$249,069,750	\$164,760,137	\$80,892,729	\$245,652,866	\$101,167,579	\$151,878,461	\$40,557,257	\$788,325,913
FY 2025	Appropriation Act Est.	\$249,069,750	\$163,182,484	\$80,892,729	\$244,075,213	\$101,310,426	\$165,802,529	\$40,557,257	\$800,815,174
FY 2025	Surplus/(Shortfall)	\$0	(\$1,577,653)	\$0	(\$1,577,654)	\$142,847	\$13,924,068	\$0	\$12,489,262
GROWTH RATES									
FY 2018	(TY 2017)	0.00%	3.65%	0.00%	2.26%	2.68%	n/a	0.00%	1.18%
FY 2019	(TY 2018)	0.00%	3.34%	0.00%	2.10%	11.35%	n/a	0.00%	3.36%
FY 2020	(TY 2019)	0.00%	5.16%	0.00%	3.28%	(1.89%)	100.24%	0.00%	2.02%
FY 2021	(TY 2020)	0.00%	(0.03%)	0.00%	(0.02%)	4.78%	64.43%	0.00%	2.00%
FY 2022	(TY 2021)	0.00%	2.63%	0.00%	1.70%	3.25%	142.98%	0.00%	5.94%
FY 2023	(TY2022)	0.00%	2.07%	0.00%	1.35%	4.51%	155.90%	0.00%	13.26%
FY 2024	(TY 2023)	0.00%	3.98%	0.00%	2.62%	4.63%	7.88%	0.00%	2.79%
FY 2025	(TY 2024)	0.00%	2.26%	0.00%	1.50%	3.85%	6.18%	0.00%	2.10%
10 Year Growth Rate		0.00%	3.05%	0.00%	1.93%	4.08%	n/a	0.00%	3.47%
5 Year Growth Rate		0.00%	2.17%	0.00%	1.43%	4.20%	n/a	0.00%	5.13%
3 Year Growth Rate		0.00%	2.77%	0.00%	1.82%	4.33%	n/a	0.00%	5.93%
PROJECTIONS									
FY26 & FY27	Applied Growth Rates	0.00%	2.77%	0.00%	n/a	4.33%	8.00%	0.00%	n/a
FY 2026	Appropriation Act Est.	\$249,069,750	\$170,103,447	\$80,892,729	\$250,996,176	\$103,398,340	\$170,000,000	\$40,557,257	\$814,021,523
FY 2026 (e)	Revised Estimate	\$249,069,750	\$169,318,293	\$80,892,729	\$250,211,021	\$105,548,769	\$164,028,737	\$40,557,257	\$809,415,534
FY 2026 (e)	Projected Surplus/(Shortfall)	\$0	\$785,154	\$0	\$785,154	(\$2,150,429)	\$5,971,263	\$0	\$4,605,989
FY 2027 (e)	Projection	\$249,069,750	\$174,002,551	\$80,892,729	\$254,895,280	\$110,119,692	\$170,000,000	\$40,557,257	\$824,641,979

*In FY 2022 the Manufacturers' Exemption reimbursements includes \$21,529,244 for the utilities settlement for TYs 2018, 2019, and 2020; Act 39 of 2021 transferred \$67,055,000 from the Contingency Reserve Fund to the Trust Fund for Tax Relief to cover the utilities settlements.

**Beginning in FY 2023 (TY 2022) the Manufacturers' Exemption reimbursement percentage is 42.8571 percent. This reimbursement is capped at \$170,000,000. The FY 2023 Appropriations Act estimate for the Manufacturers' Exemption reimbursement reflects this increased percentage. The estimate includes the \$40,815,261 initial exemption and an additional \$106,120,000 that was reflected as a reduction from gross individual income tax revenue in the Statement of Revenues.

Other Budget Issues

- Tax Relief Trust Fund
 - Fund balance is currently projected to be \$114.7 million at the end of FY 26
 - Manufacturer's Value Exemption is projected to reach the \$170 million cap in FY 27
- Homestead Exemption Fund
 - Fund balance is currently projected to be \$194.4 million at the end of FY 26