

SOUTH CAROLINA GENERAL FUND REVENUE

Quarterly Review October to December, FY 2025-26

January 22, 2026



General Fund Revenues – December



REVENUES V. BEA MONTHLY ESTIMATES

DECEMBER

(\$ 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	\$1,550.0	\$1,582.4	\$32.3	1.5%	3.6%	Other Revenue Items, Sub-Total	\$125.7	\$145.4	\$19.6	14.1%	31.9%
Sales Tax	423.7	418.0	(5.8)	4.2%	2.8%	Admissions Tax	3.3	3.4	0.1	(3.5%)	(0.7%)
Individual Income Tax	743.1	754.9	11.8	3.5%	5.1%	Alcoholic Liquors Tax	8.4	8.6	0.2	1.8%	4.1%
Withholdings	692.2	720.6	28.4	2.6%	6.8%	Bank Tax	8.9	9.4	0.5	25.0%	32.1%
Non-withholdings	81.0	74.8	(6.2)	28.5%	18.6%	Beer and Wine Tax	9.0	7.8	(1.2)	1.4%	(12.3%)
Refunds	30.1	40.5	10.3	50.9%	102.6%	Corporate License Tax	26.0	31.0	5.0	54.1%	83.6%
Corporate Income Tax	165.5	176.9	11.4	(22.6%)	(17.3%)	Deed Rec. (Doc. Tax)	9.4	9.5	0.2	2.1%	3.9%
Insurance Tax	92.0	87.2	(4.7)	16.4%	10.4%	Earned on Investments	28.1	54.4	26.2	(23.6%)	47.7%
Other Revenue Items, Sub-Total	125.7	145.4	19.6	14.1%	31.9%	Residual Revenue	32.7	21.3	(11.4)	65.9%	8.2%

Forecast as of November 18, 2025

/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 ^{/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	\$7,314.4	\$7,425.5	\$111.1	2.1%	3.7%	(1.2%)	Other Revenue Items, Sub-Total	\$710.6	\$742.5	\$31.9	9.6%	14.5%	0.1%
Sales Tax	2,166.3	2,162.7	(3.5)	5.4%	5.2%	4.0%	Admissions Tax	9.4	10.0	0.5	(2.9%)	2.8%	1.1%
Individual Income Tax	3,841.0	3,919.6	78.5	3.1%	5.2%	(3.6%)	Alcoholic Liquors Tax	50.6	51.6	1.0	0.8%	2.8%	0.7%
Withholdings	3,652.8	3,680.1	27.4	2.6%	3.4%	2.5%	Bank Tax	26.7	30.6	3.8	(11.9%)	0.7%	(24.3%)
Non-withholdings	497.9	545.8	47.9	19.4%	30.9%	2.6%	Beer and Wine Tax	47.3	46.1	(1.1)	(3.0%)	(5.3%)	(1.0%)
Refunds	309.6	306.4	(3.3)	23.3%	22.0%	21.4%	Corporate License Tax	162.3	159.3	(3.0)	8.2%	6.1%	3.7%
Corporate Income Tax	397.5	405.1	7.6	(23.7%)	(22.2%)	(8.9%)	Deed Rec. (Doc. Tax)	55.4	56.2	0.8	5.5%	7.0%	3.3%
Insurance Tax	199.0	195.6	(3.4)	(5.9%)	(7.5%)	(5.7%)	Earned on Investments	271.9	297.2	25.3	17.6%	28.5%	2.6%
Other Revenue Items, Sub-Total	710.6	742.5	31.9	9.6%	14.5%	0.1%	Residual Revenue	87.0	91.6	4.6	14.9%	21.0%	(0.2%)

Forecast as of November 18, 2025

/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.

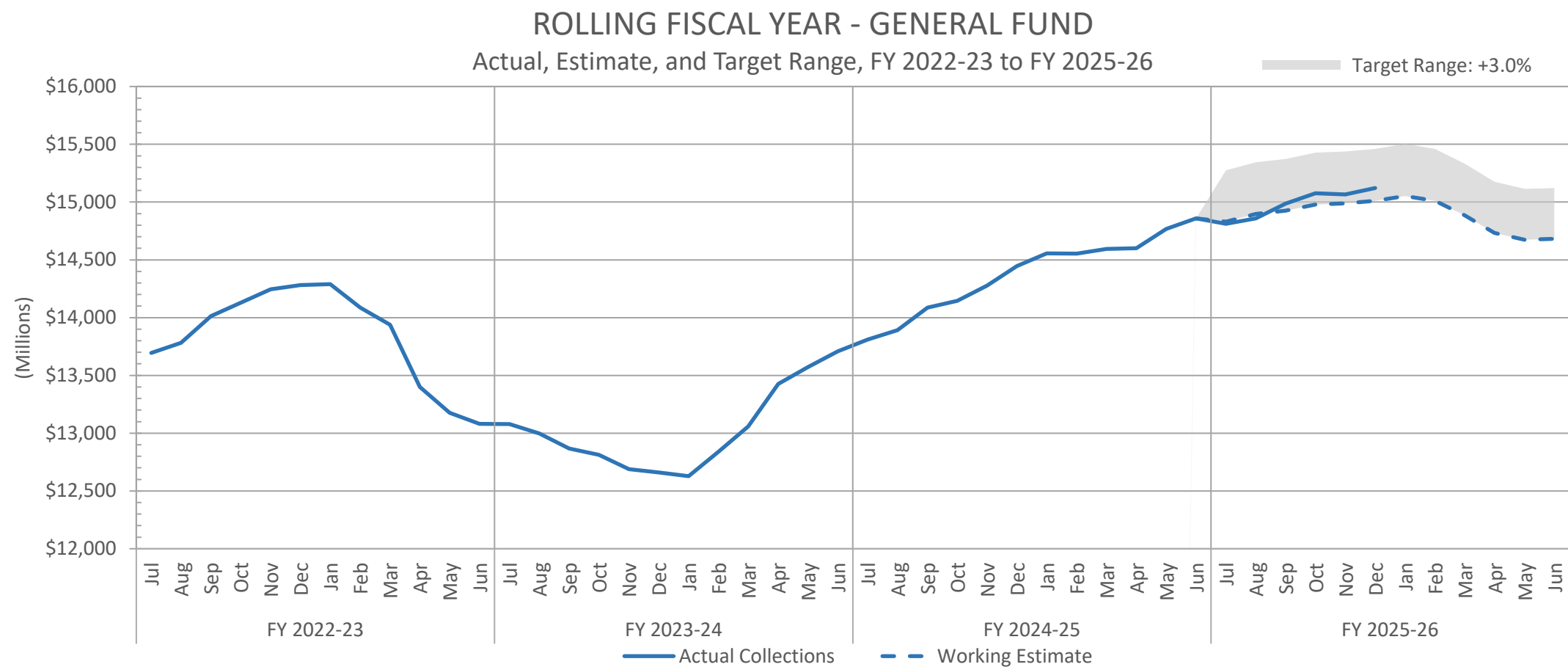


General Fund FY 2025-26 Q2 Summary (§11-9-1140)

- General Fund revenues are \$111.1 million, or 1.5%, above the year-to-date expectations
 - Individual Income tax revenues are \$78.5 million more than expected due to stronger than anticipated Withholdings and Non-withholdings
 - Sales tax revenues are \$3.5 million less than expected
 - Corporate Income tax revenues are \$7.6 million more than expected
 - Insurance tax revenues are \$3.4 million less than expected
 - Earnings on Investments are \$25.3 million more than expected
- Employment and inflation are both running close to estimates; personal income data have been delayed

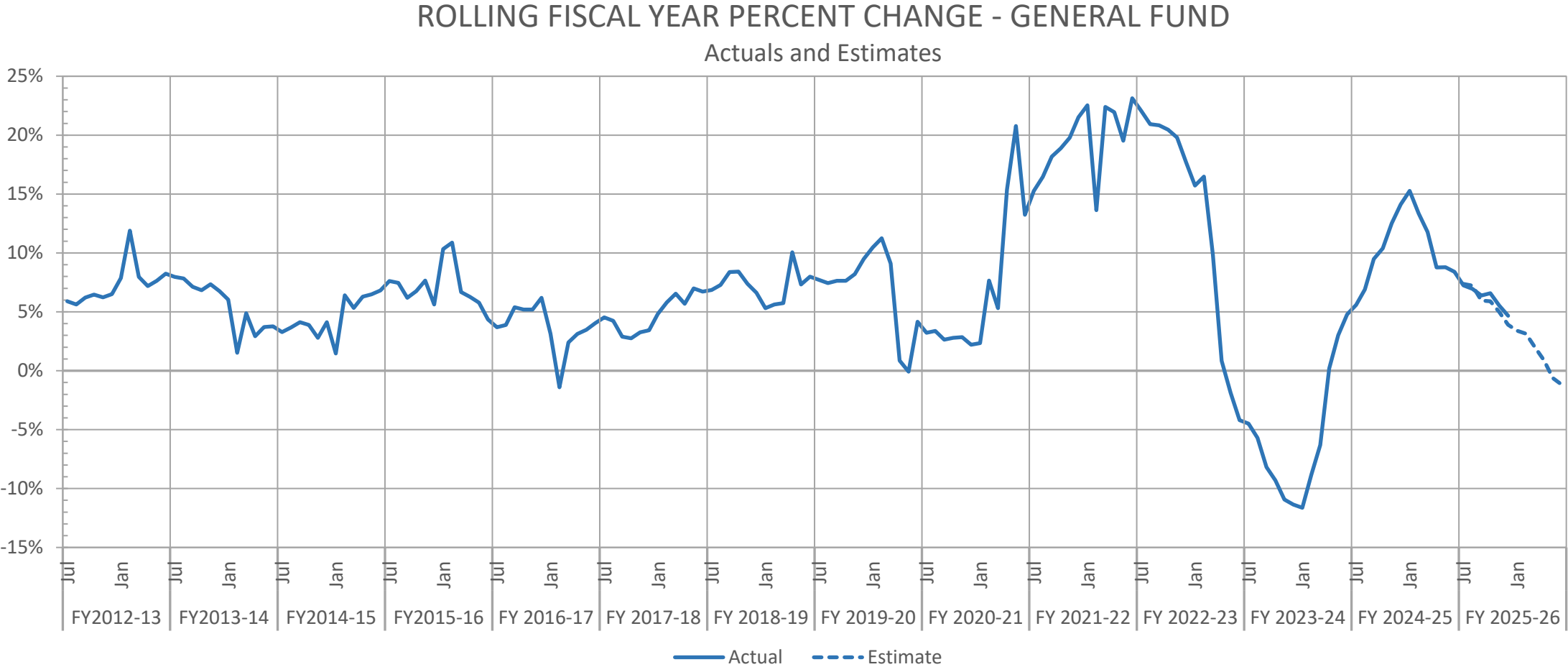
General Fund Revenue – Actual vs. November Estimate

Collections are 3.7% above last year and \$111.1 million ahead of year-to-date expectations



General Fund Revenue – Actual vs. November Estimate

On a percentage change basis, revenue growth is declining as anticipated

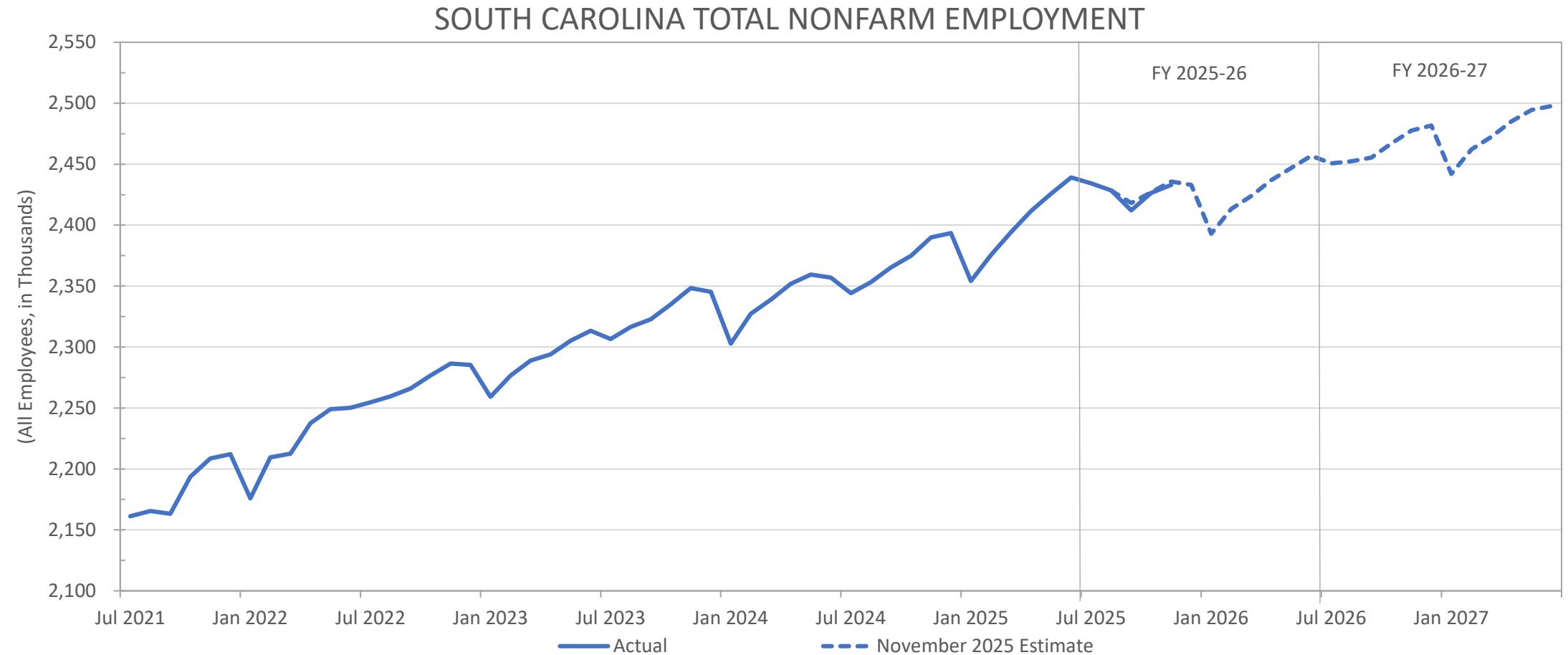


Economic Indicators



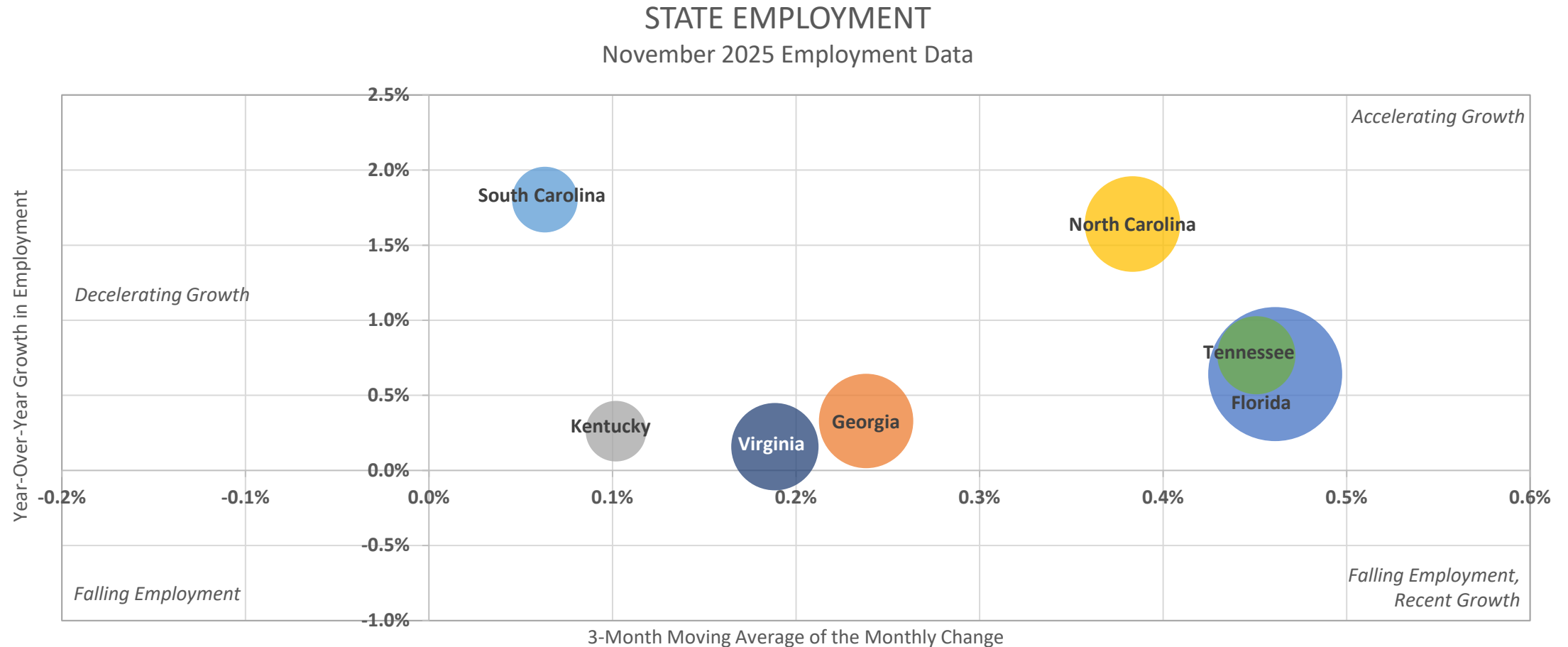
SC Employment

Employment in November 2025 was 1.8% above the November 2024 level and at our FY 26 estimate of 1.8%; our full FY 27 estimate is 1.7%



Southeastern States Employment Growth – November 2025

SC employment grew the fastest over last year, but growth has slowed more than other SE states in the last three months



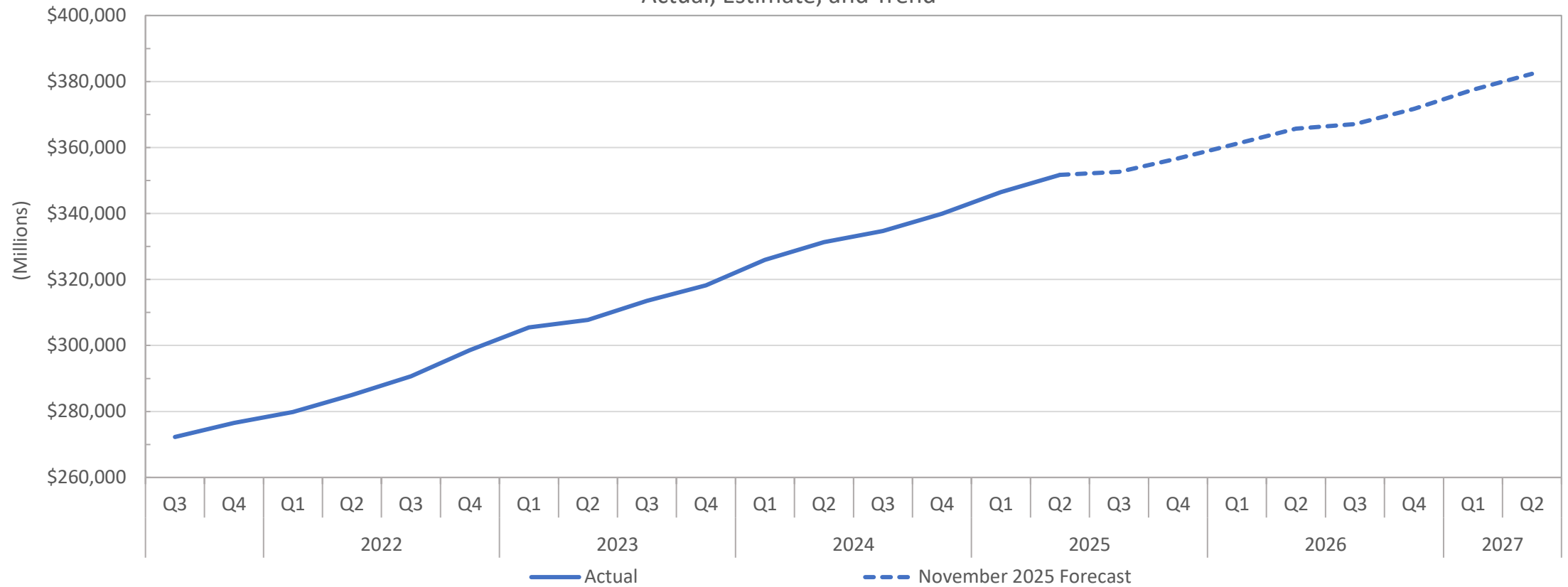
Source: U.S. Bureau of Labor Statistics kv/1/9/2026

SC Personal Income

Q3 2025 personal income data release has been delayed; our expectations are for 5.4% personal income growth year-over-year in Q3 and 4.9% in Q4

SOUTH CAROLINA PERSONAL INCOME

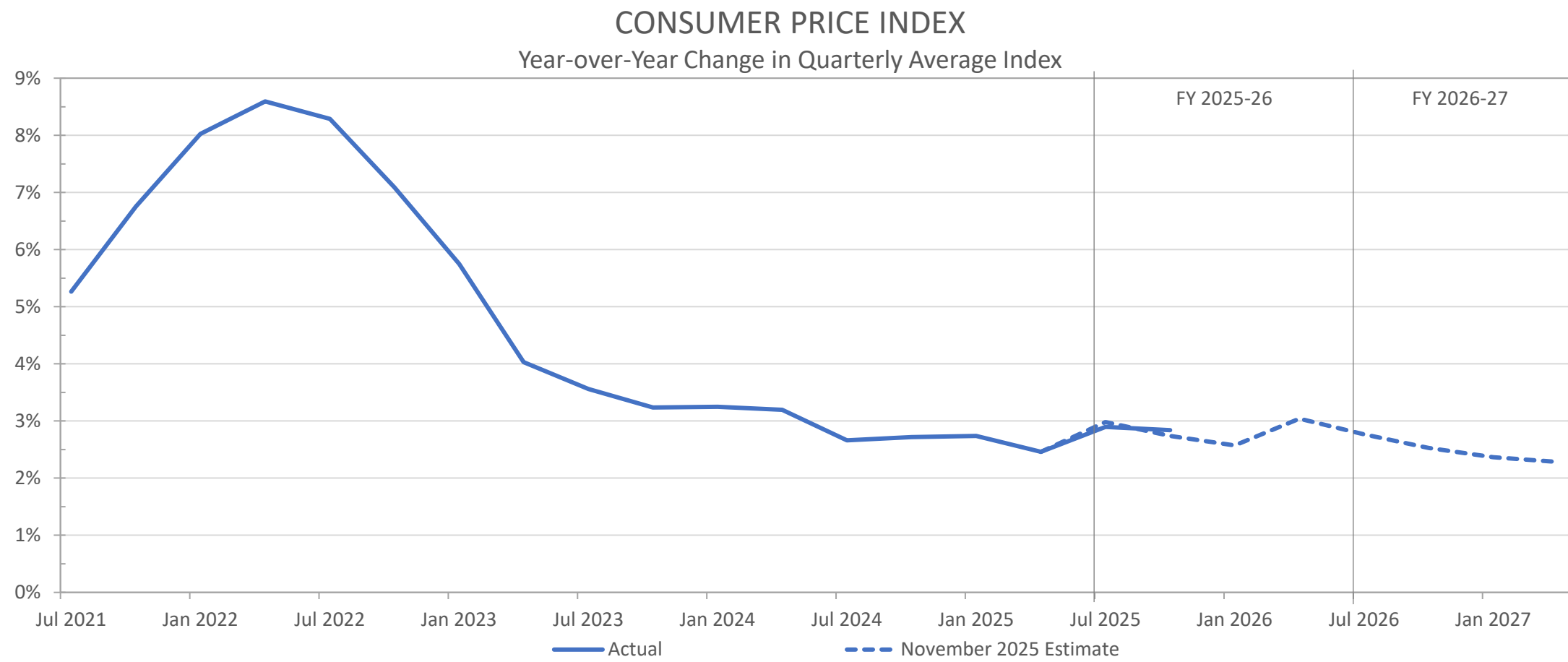
Actual, Estimate, and Trend



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

Consumer Price Index

Inflation has come down, but is expected to remain above 2.0% over FY 2025-26



Source: Bureau of Labor Statistics, U.S. Department of Labor; S&P Global; Wells Fargo Economics RFA kv/1/13/2026

General Fund Revenue

Individual Income Tax Components

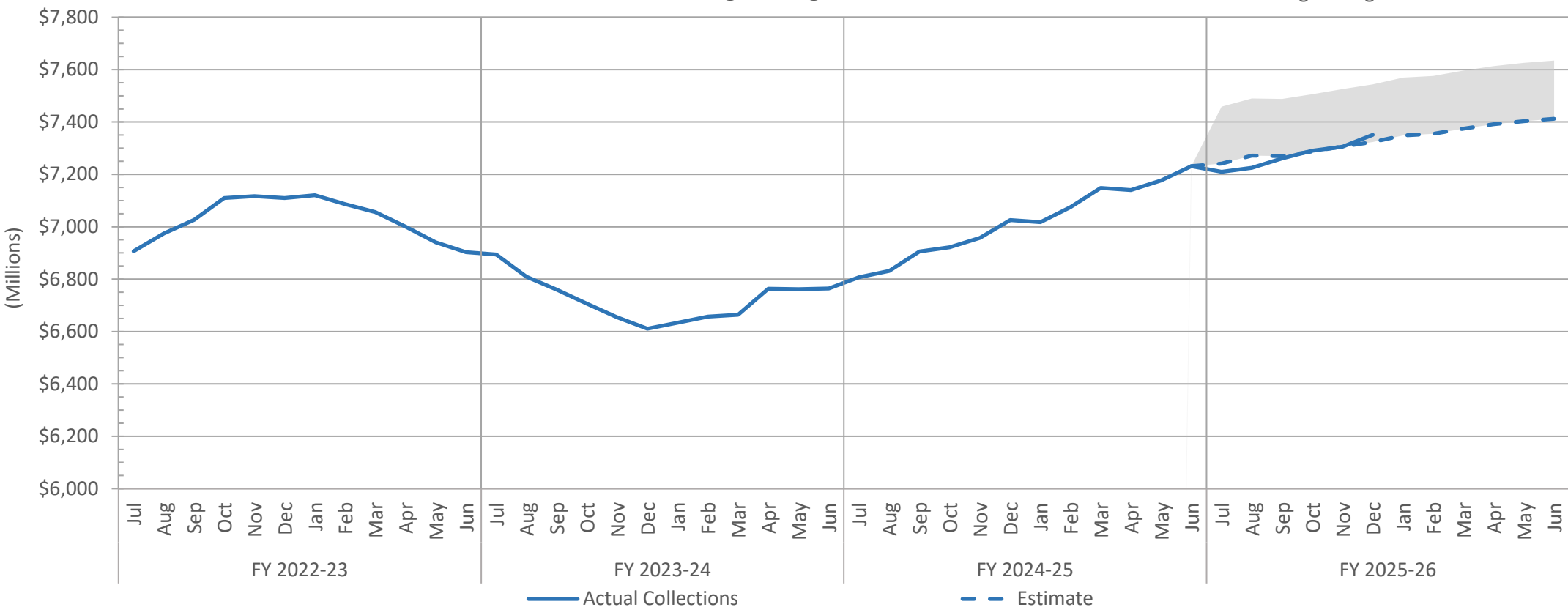


Withholdings - Actual vs. Estimate

Withholdings are \$27.4 million above the estimate after strong growth of 6.8% in December; fiscal-year-to-date collections are 3.4% higher than the same period last year, although growth for the whole year is expected to slow to 2.5%

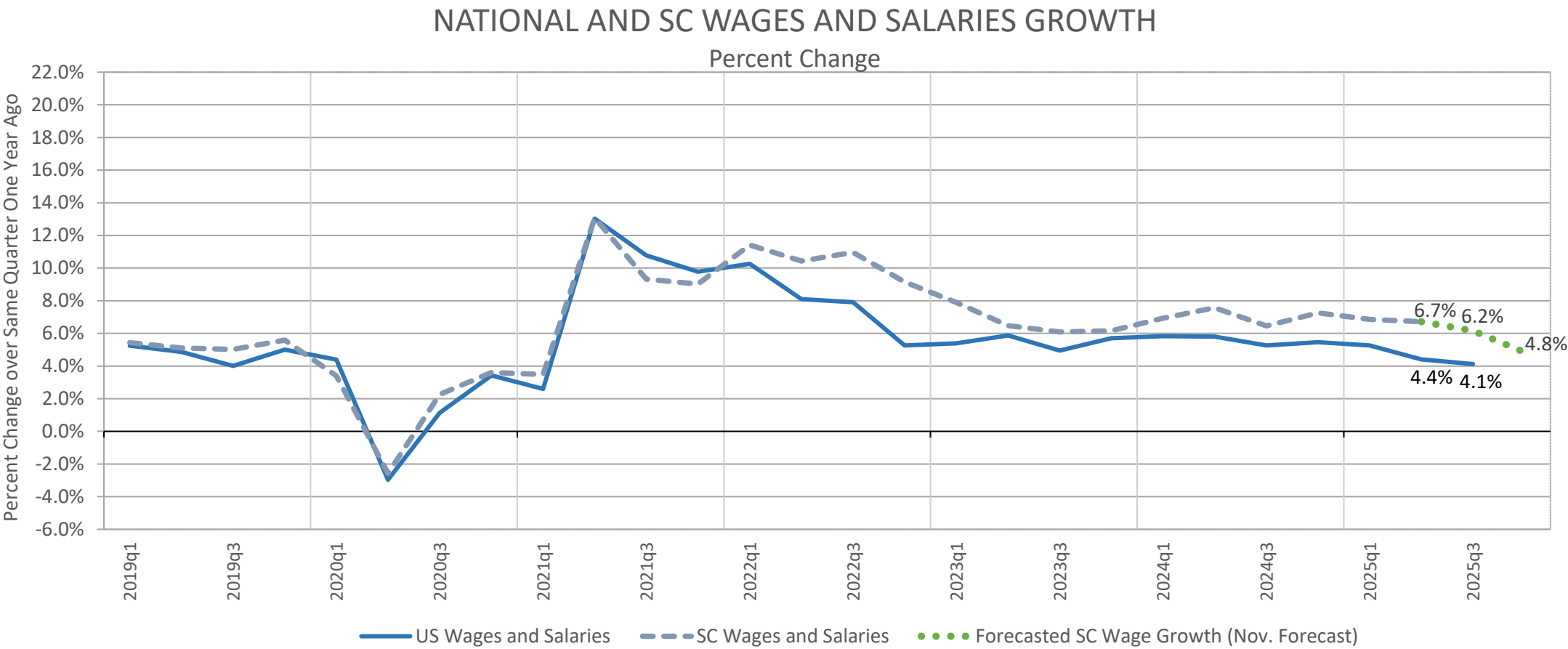
ROLLING FISCAL YEAR - INDIVIDUAL INCOME WITHHOLDINGS

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



US vs. SC Wage Growth – Percent Change

Wage growth continues to slow as expected, although withholdings has slowed faster; US wage growth declined to 4.1% in Q3 of 2025



Source: U.S. Bureau of Economic Analysis 309E - RFA/mam/01/13/2026

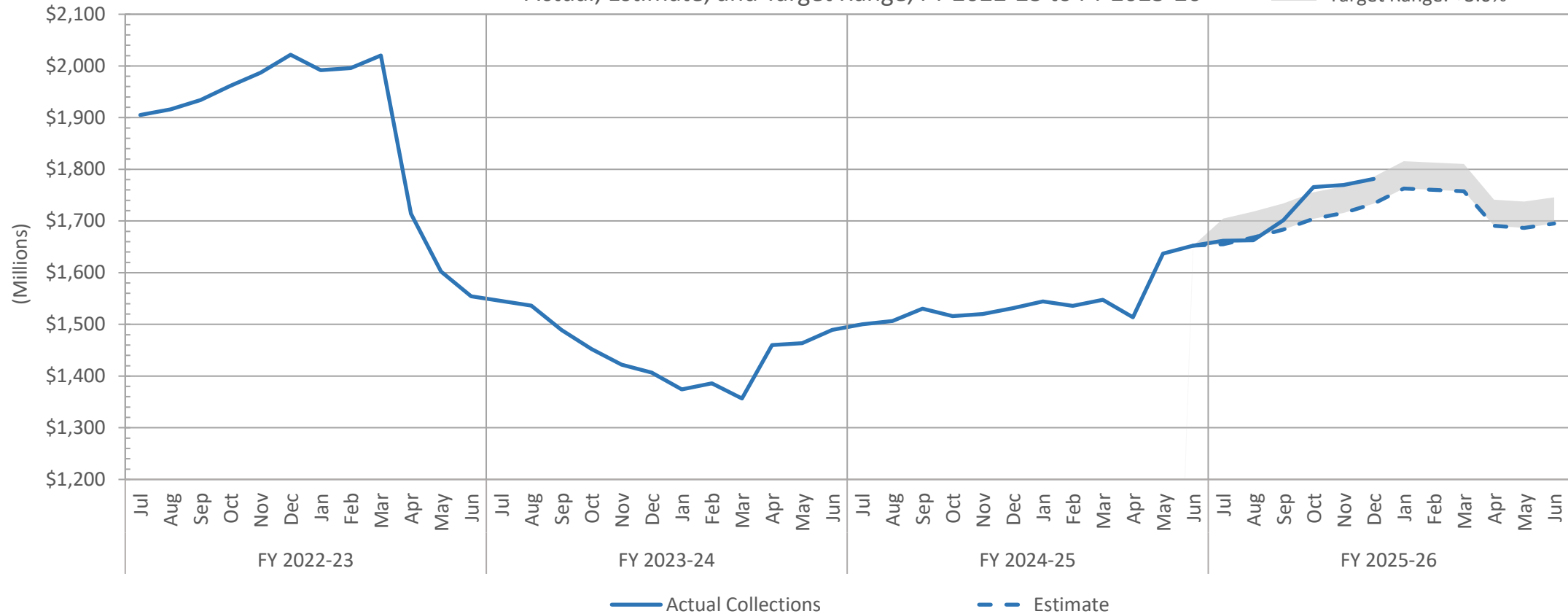
Non-withholdings - Actual vs. Estimate

Collections are \$47.9 million above expectations despite both December and November collections coming in lower than expected; fiscal year-to-date Non-withholdings are 30.9% higher than the same period last year, but growth is expected to slow to 2.6% during tax filing

ROLLING FISCAL YEAR - INDIVIDUAL INCOME NON-WITHHOLDINGS

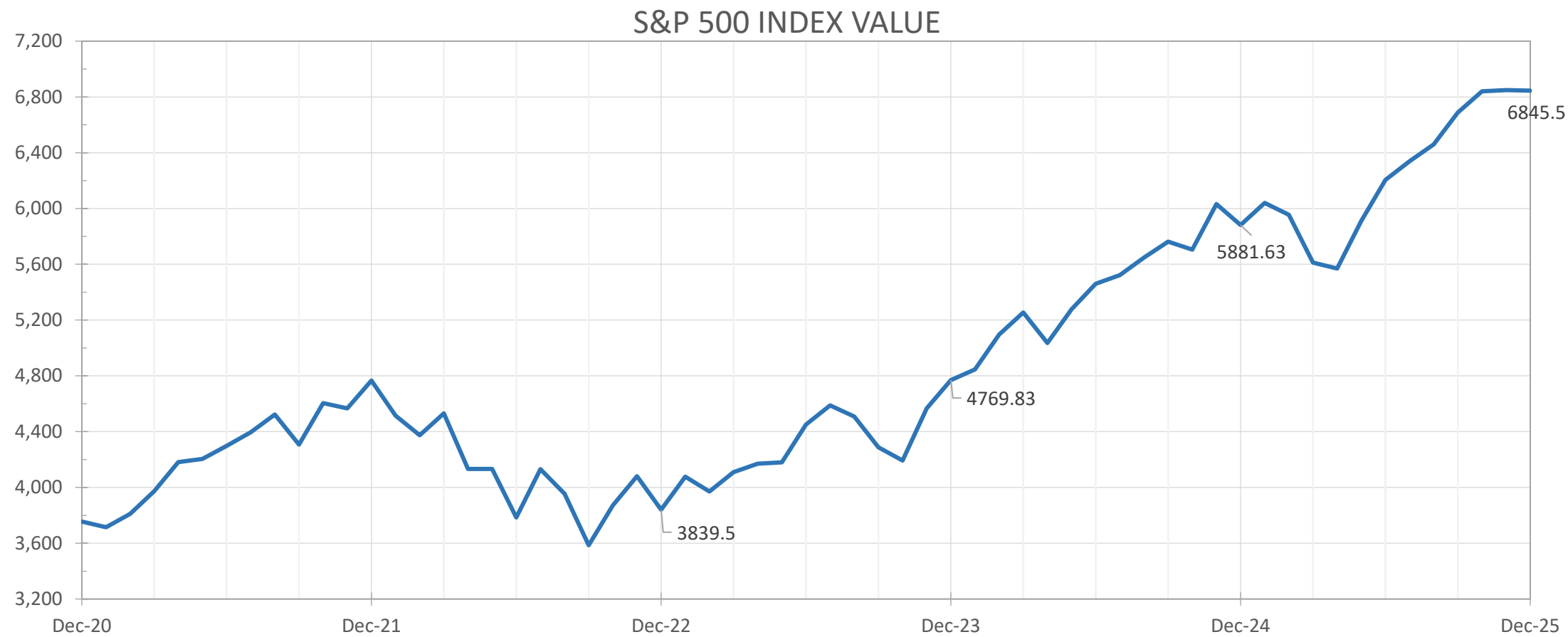
Actual, Estimate, and Target Range, FY 2022-23 to FY 2025-26

Target Range: +3.0%



US Stock Market

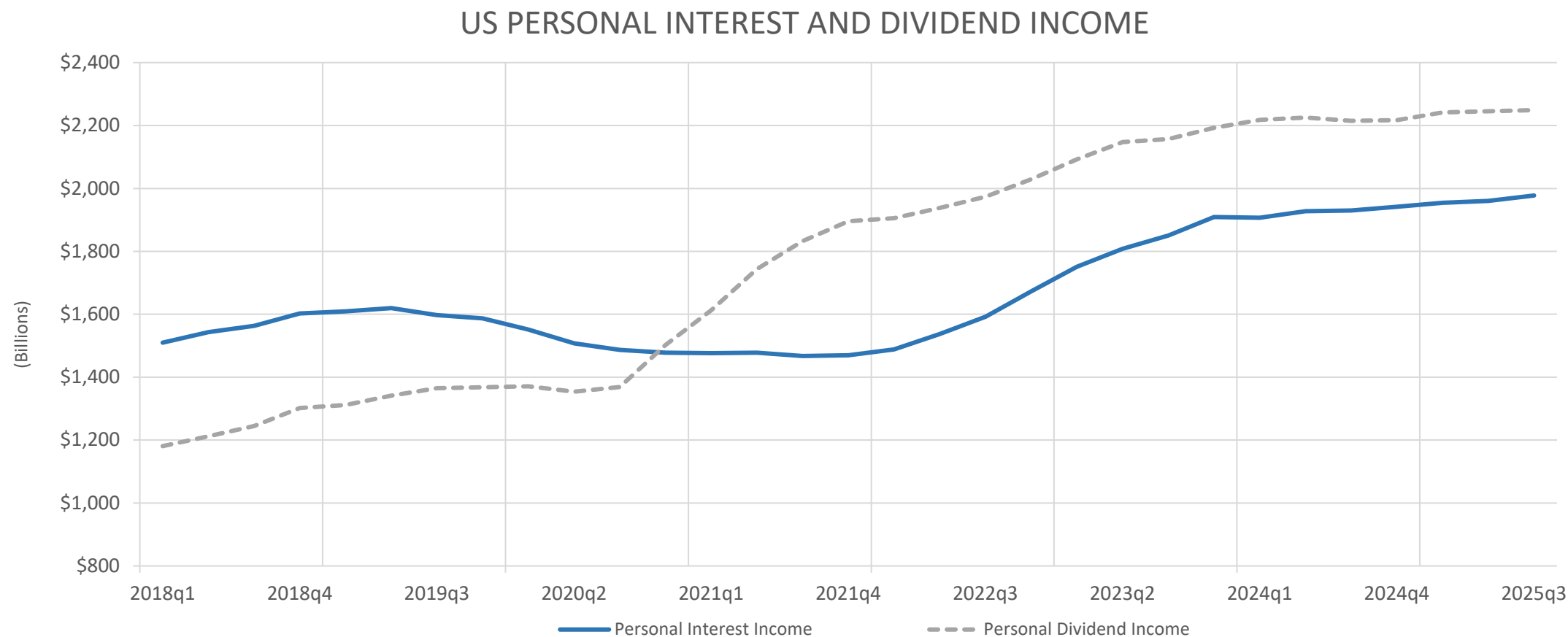
In 2025, financial markets were slightly weaker than in 2024 and exhibited more volatility due to economic uncertainty



Source: Yahoo Finance, S&P 500 Index 337A - RFA/mam/1/13/2026

US Personal Interest and Dividend Income

Interest income growth averaged 2.2% during the first three quarters of 2025, which was more than a percentage point higher than dividend income growth for the same period; growth in both dividend and interest income is expected to moderate in 2026



Source: U.S. Bureau of Economic Analysis (retrieved from FRED) 338 - RFA/mam/01/13/2026

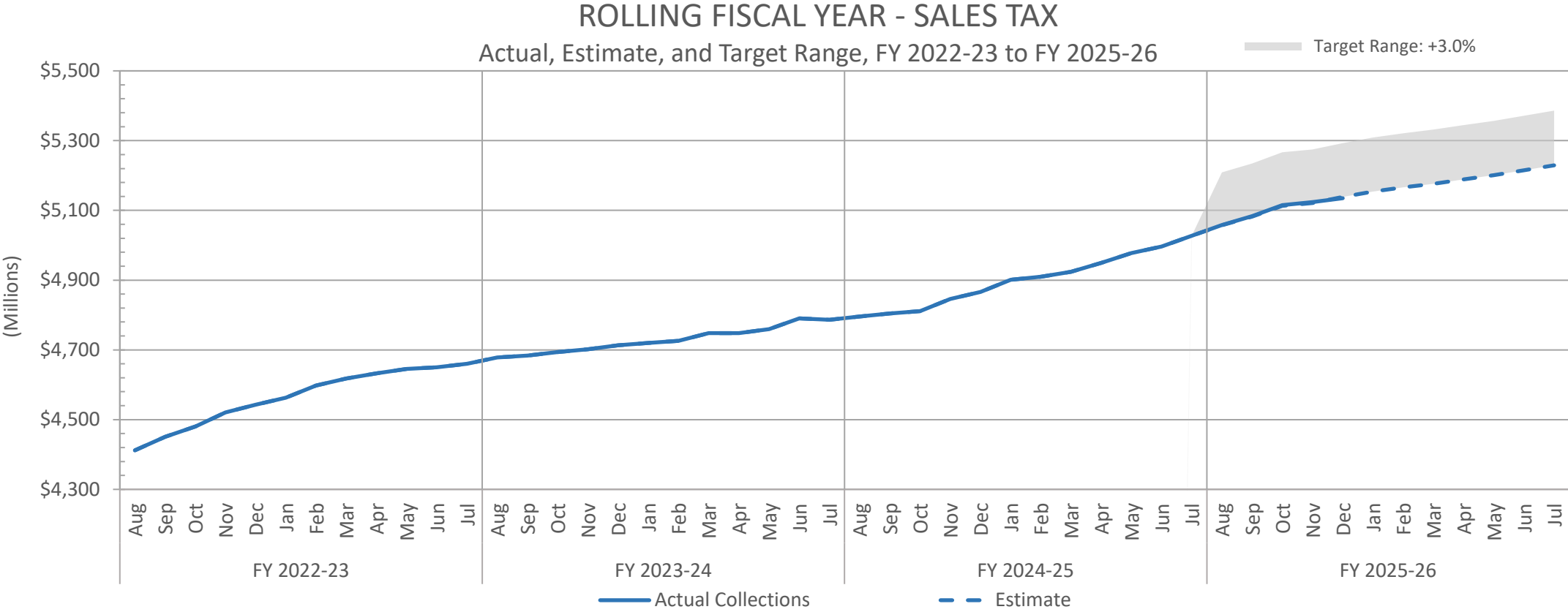


General Fund Revenue Consumption Taxes



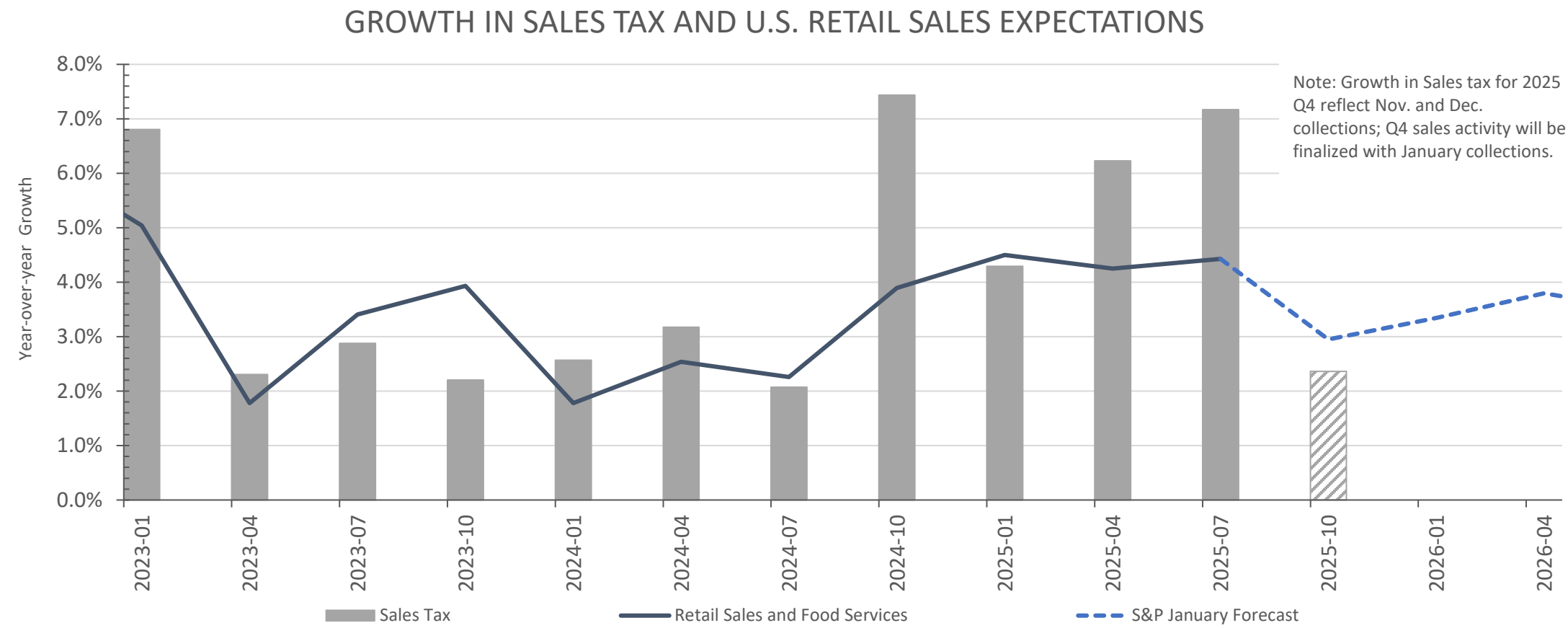
Sales Tax - Actual vs. Estimate

December collections are \$5.8 million below expectations and grew by 2.8% over last year; fiscal year-to-date revenues are up 5.2% and are \$3.5 million below monthly estimates due to slower-than-expected collections in November and December; holiday sales results will be finalized next month with January collections



Sales Tax versus U.S. Retail Sales

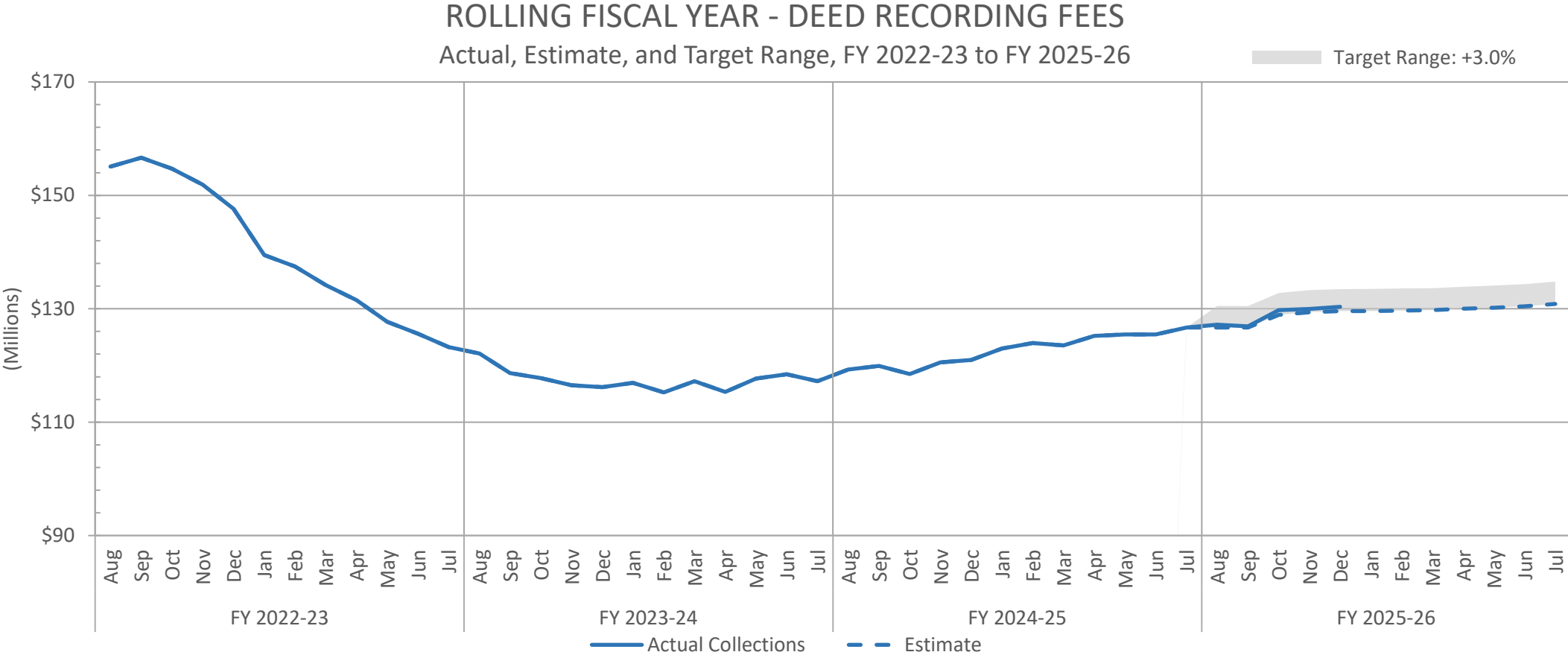
Sales tax revenue was growing faster than national retail sales through September but is now below retail sales for October and November sales (Nov. and Dec. revenue)



Source: U.S. Census Bureau, Advanced Retail Sales: Retail Trade and Food Services [RSAFS] ; S&P U.S. Retail, Including Food Services September and January Forecasts - RFA/mad/01/14/2026

Deed Recording Fees - Actual vs. Estimate

December collections are \$0.2 million above expectations; fiscal year-to-date collections are growing by 7.0% over last year and are \$0.8 million above expectations



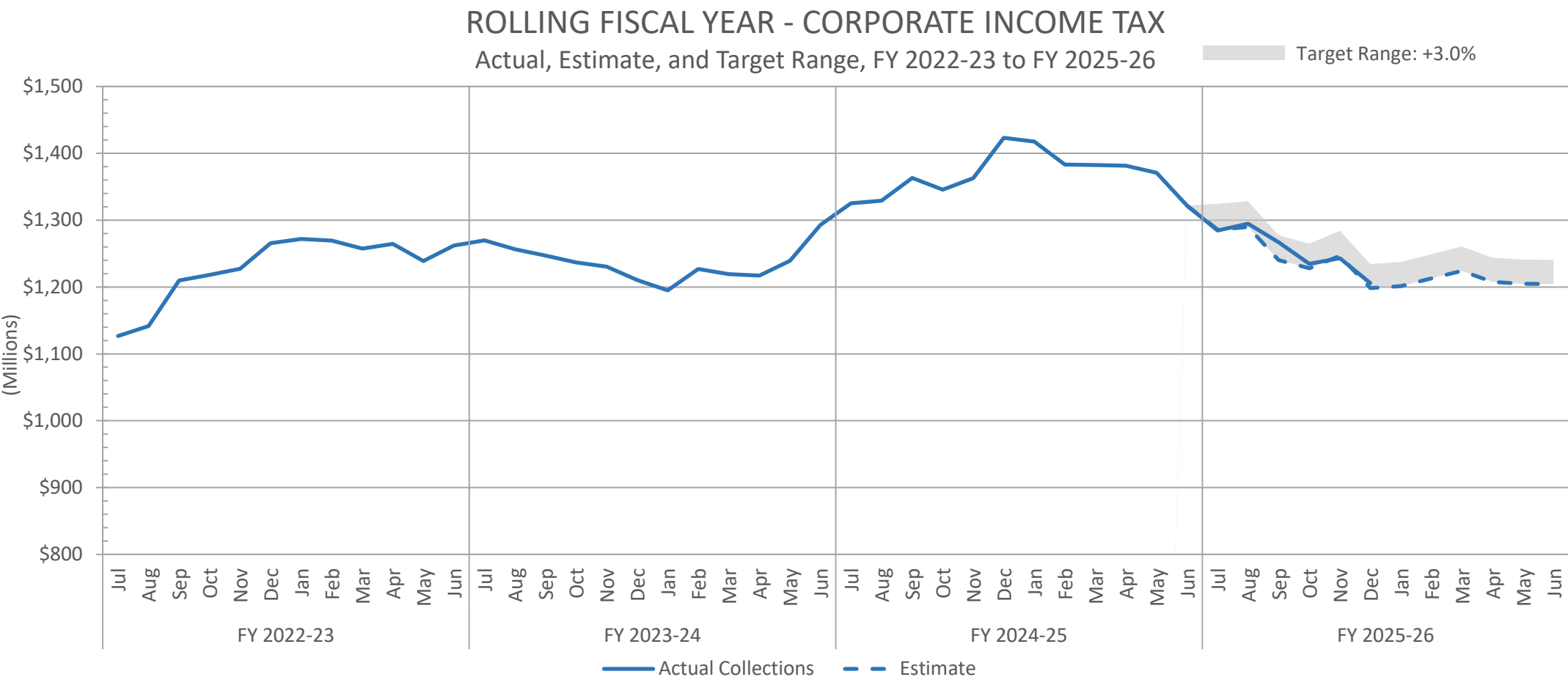
General Fund Revenue

Business Taxes



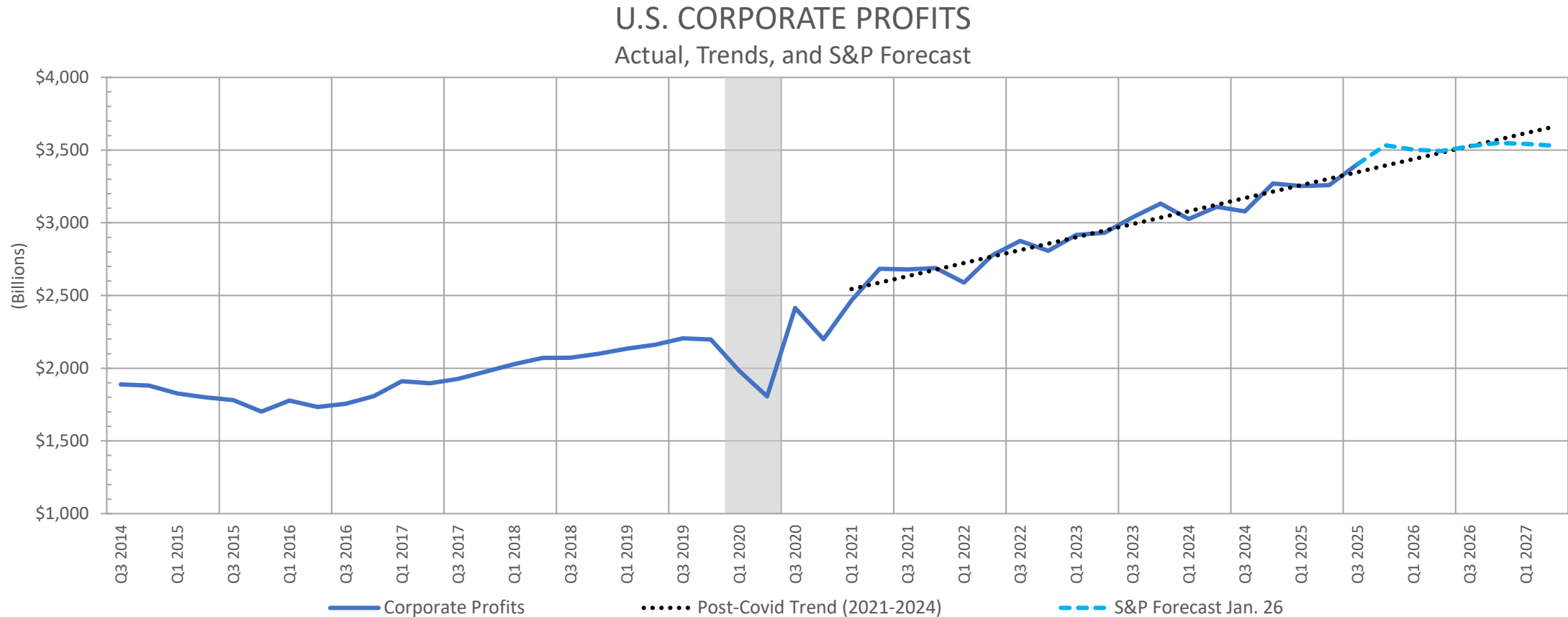
Corporate Income Tax – Actual vs. Estimate

December collections from quarterly payments exceeded expectations by \$11.4 million; in total, revenues are above the November estimate by \$7.6 million



US Corporate Profits

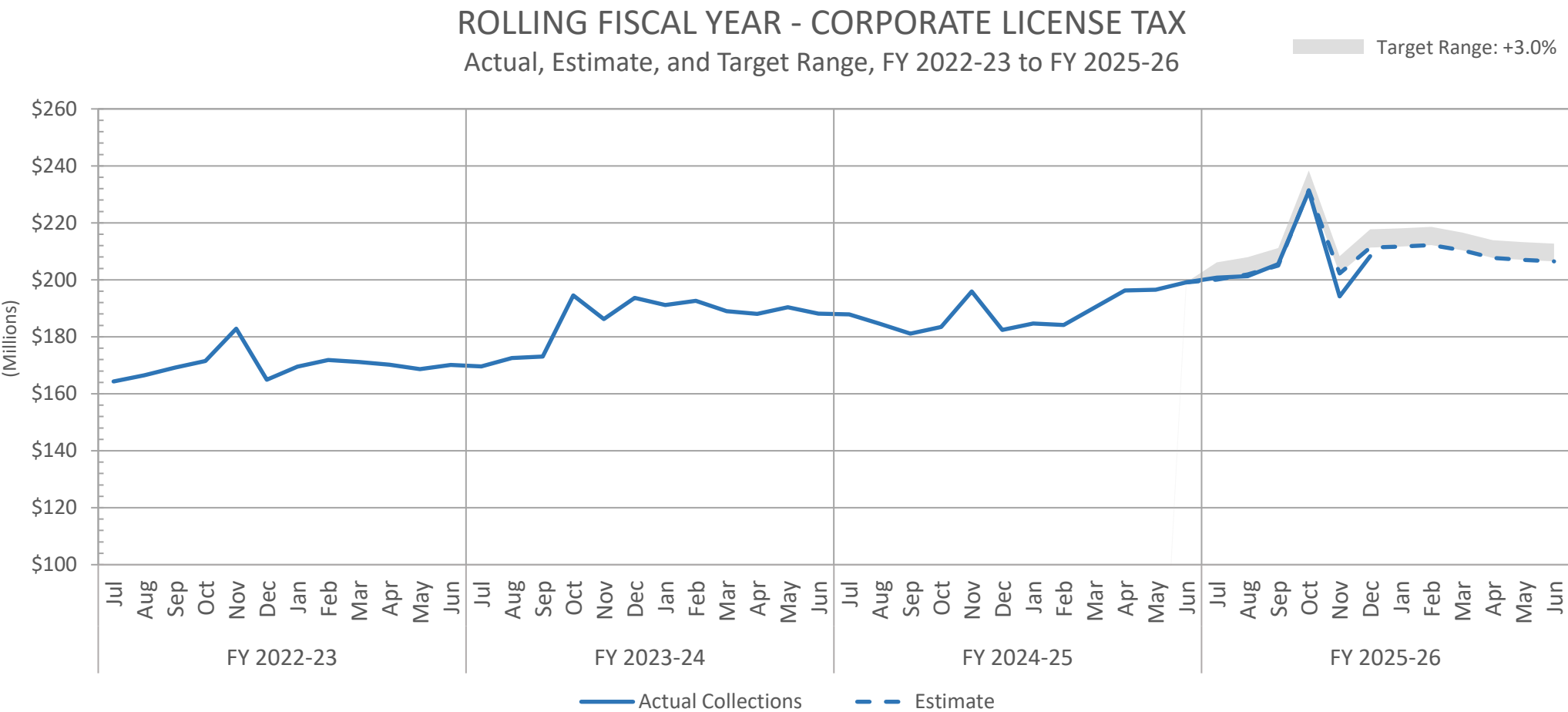
Corporate profits are continuing to follow the recent growth trends; however, S&P expects growth will be relatively flat in the second half of FY 2025-26 and into FY 2026-27



Source: U.S. Bureau of Economic Analysis, National income: Corporate Profits After Tax with Inventory Valuation Adjustment (IVA) and Capital Consumption Adjustment (CCAdj) [CPATAX], retrieved from FRED, Federal Reserve Bank of St. Louis; 293-RFA/lhj/01/13/2026

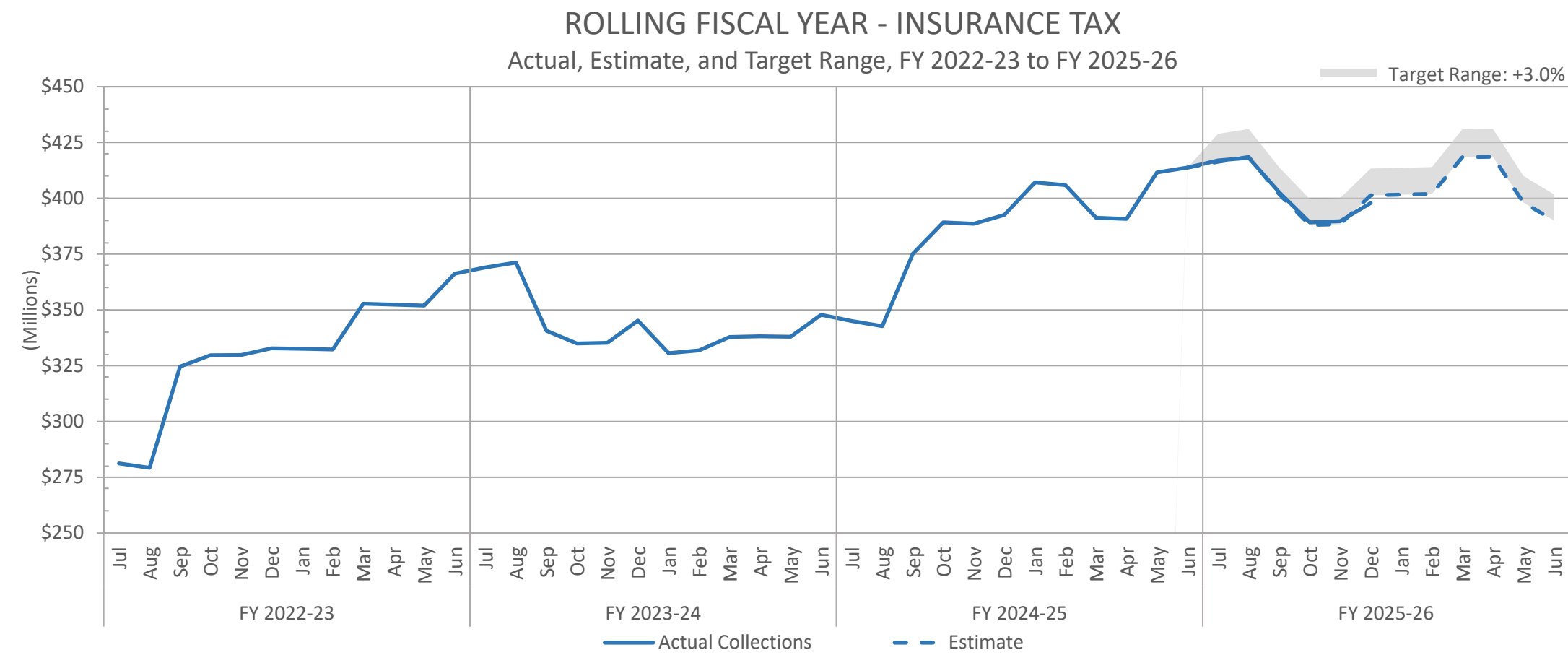
Corporate License Tax – Actual vs. Estimate

Although Corporate License tax collections for December were \$5.0 million more than anticipated, fiscal year-to-date revenue is \$3.0 million behind the November estimate



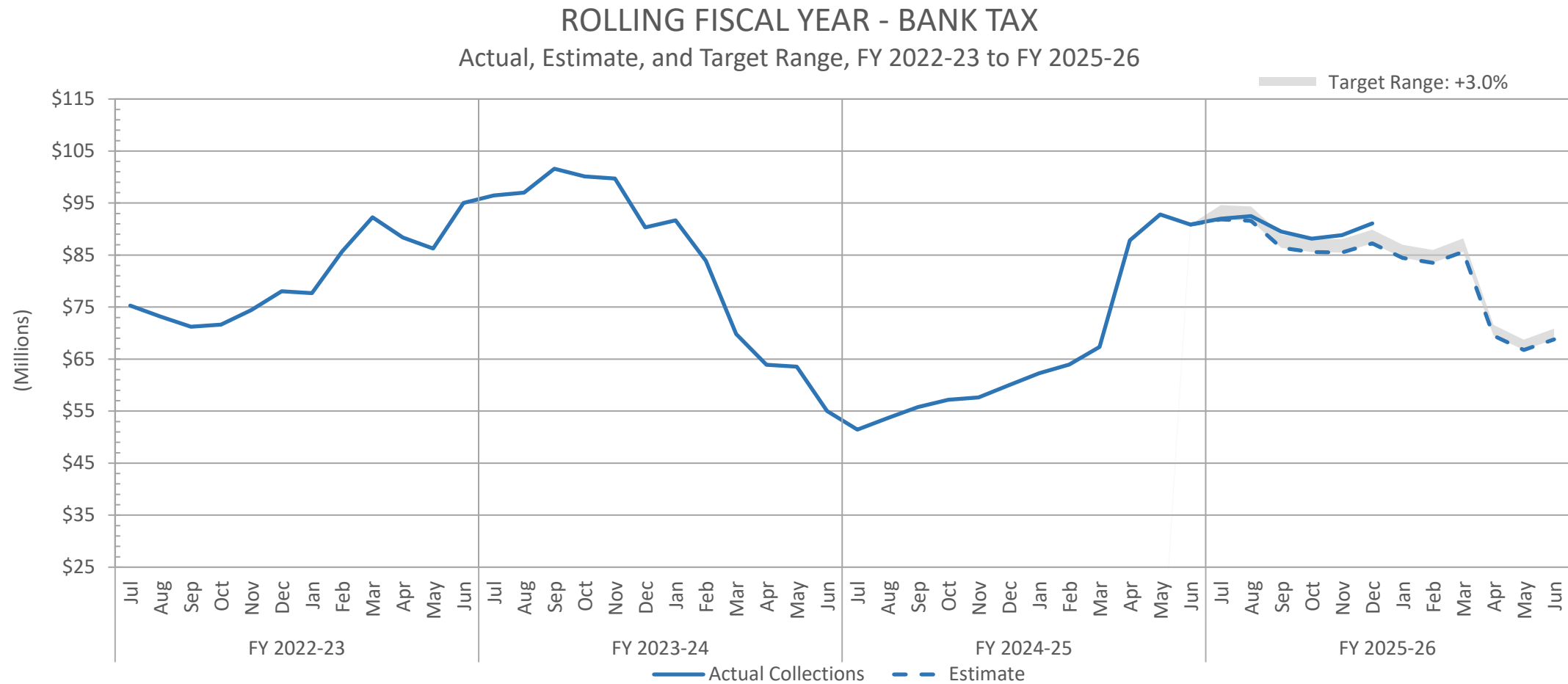
Insurance Tax – Actual vs. Estimate

Insurance tax is \$3.4 million below anticipated revenue overall; premiums revenue is now up 15.6% compared to last fiscal year but is 2.3% below expectations



Bank Tax – Actual vs. Estimate

Collections through December are above the forecast by \$3.8 million due to slightly stronger quarter-end collections



Considerations for February Forecast



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

November 2025 Forecast

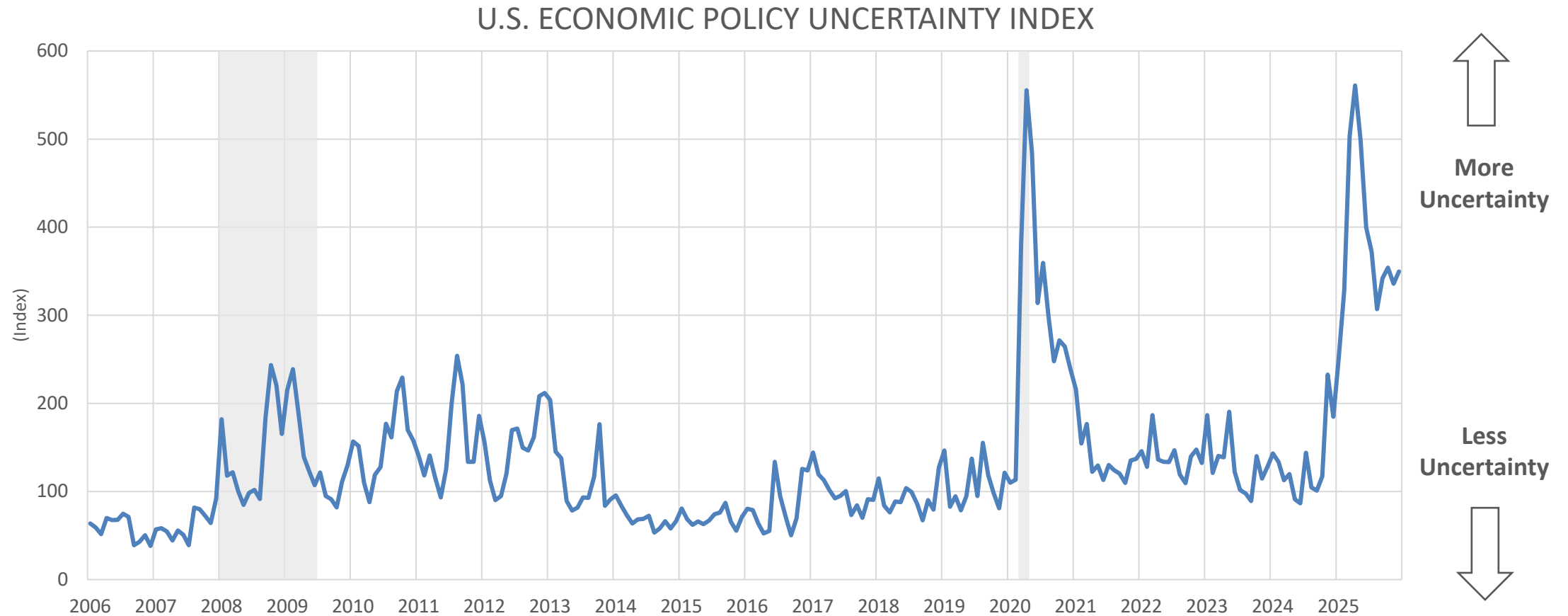
- Personal Income
 - Both the Wages & Salaries component and the Interest & Dividends component of Personal Income are expected to slow down closer to historic trends in response to:
 - Inflation and tariffs
 - Interest Rates
 - Labor market dynamics
 - Global geopolitical issues
- Employment
 - Migration 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

FY 2025-26 Forecast Considerations

- Employment is tracking closely to estimate
- The personal income release for Q3 2025, which typically occurs in December, has been delayed, and no additional data have been released since the November forecast
- Slow-down in revenue growth appears to be happening slightly faster than anticipated in some categories
- Revenues are running ahead of expectations in Individual Income tax and Earned on Investments, whereas Sales and Corporate Income taxes are very close to expectations

Economic Policy Uncertainty Index

Uncertainty remains elevated

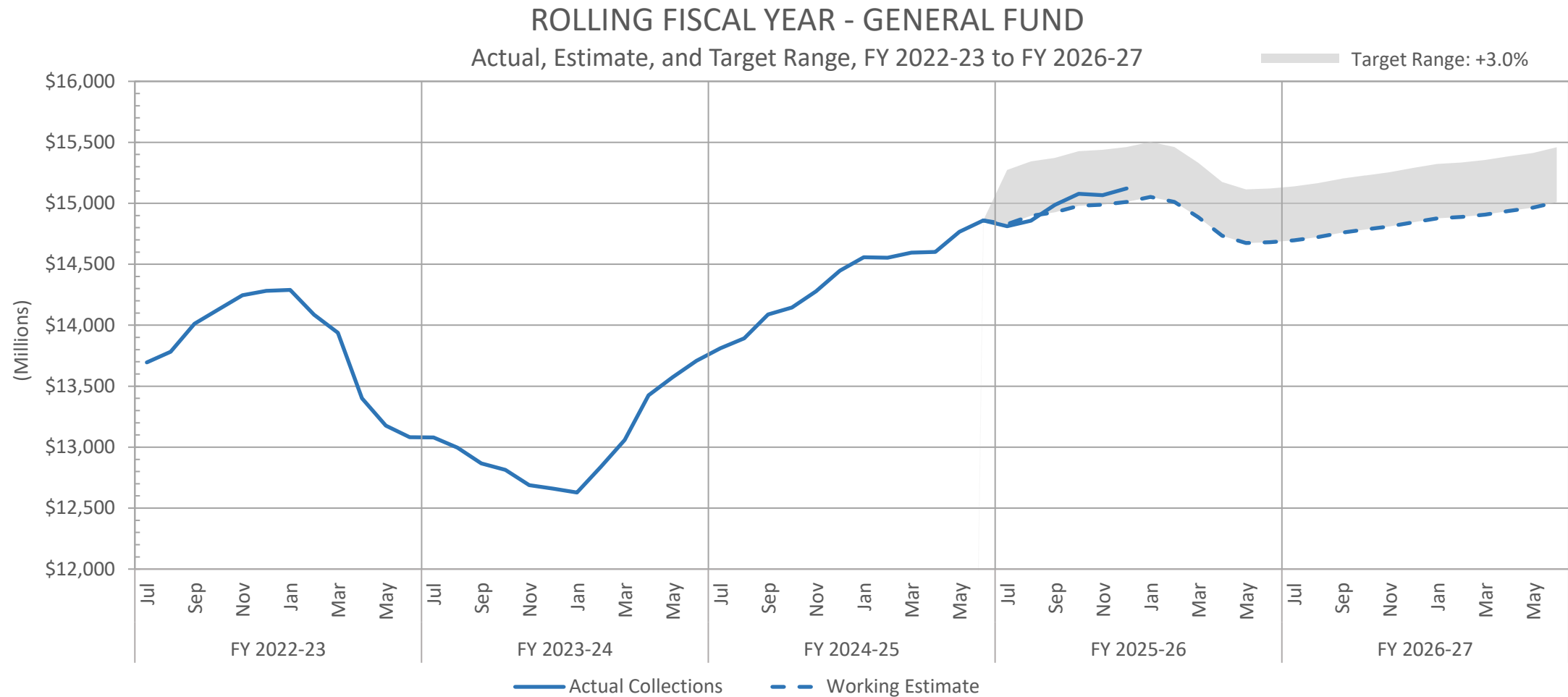


Source: Baker, S. R., Bloom, N. and Davis, S. J., Economic Policy Uncertainty Index for United States, retrieved from FRED, 374 - RFA/mam/1/14/2026

FY 2026-27 Forecast Considerations

- National economic expectations have not changed significantly since our November forecast
- The revenue outlook for FY 2026-27 is largely unchanged from November
 - Wage growth is expected to be below historical levels
 - Sales tax growth will likely remain below historical levels
 - Long-term corporate profits remain uncertain
- Since FY 2025-26 revenues are close to expectations and there are no significant changes in the economic outlook, there are no clear reasons to change the FY 2026-27 estimates

General Fund – November 2025 Estimate



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

Quarterly Review - Insurance Tax

- Insurance tax revenue is running behind expectations (-\$3.4 million) due to slightly slower than expected insurance premiums tax revenue (-\$4.2 million)