



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

EDWARD B. GRIMBALL, Chairman
C. CURTIS HUTTO
G. MICHAEL MIKOTA, Ph.D.

FRANK A. RAINWATER
Executive Director

For Immediate Release

May 19, 2026

For further information, please contact Frank Rainwater at (803) 734-3793.

The BEA Increases FY 2025-26 and FY 2026-27 Revenue Forecasts *Strong Tax Filing Seasons in Two Revenue Sources Resulting in the Bulk of the Change*

COLUMBIA – Following numerous fiscal years of above average growth and significant forecast revisions, the South Carolina Board of Economic Advisors (BEA) announced its first revenue adjustments since November 2025 as revenues from tax filing season pushed actual revenues significantly above expectations for FY 2025-26 (FY 26). This change also led to a corresponding, but smaller, adjustment for FY 2026-27 (FY 27).

General Fund revenues through April 2026 exceeded expectations by \$643.1 million, but the majority of the excess is limited to a few categories. Both withholdings and sales tax, the two largest revenue categories, are within 1 percent of the November 2025 estimates and warranted no change. Similarly, corporate income tax had been running behind expectations but rebounded in April due to stronger-than-anticipated tax payments and is also within 1 percent of the November estimate.

Given the results of the April tax filing season, the BEA increased its estimate for FY 26 by \$369.4 million, from \$14,681.4 million to \$15,050.8 million, of which \$280 million, or 76 percent, of the change was in two tax filing categories alone: individual income tax non-withholdings and refunds. Earnings on investments accounted for another \$70 million change. Modest changes were made to smaller revenue categories to align final expectations with recent collections.

This revision for FY 26 increases the one-time (or non-recurring) funds that will be available to the budget conference committee in preparing final recommendations for the General Assembly to consider by \$369.4 million.

Although revenue for FY 26 is now expected to finish stronger than previously expected, the slow growth in employment and withholdings to start 2026 and the increased economic uncertainty regarding the conflict in Iran are expected to lower revenue growth below previous expectations for next fiscal year. The BEA increased its FY 27 estimate by \$210.7 million from \$15,009.9 million to \$15,220.5 million, largely in

the non-withholdings and refund categories. This increase of \$210.7 million to the FY 27 forecast provides additional funds for the recurring budget. Overall, slower growth is forecasted in many revenue categories for next year, including sales and individual income taxes. The revised forecast now reflects total growth of 1.1 percent over the FY 26 forecast, down from the 2.2 percent estimate in November.

In summary, growth in population, employment, and income is still expected to continue in South Carolina, though at levels below historical averages through next fiscal year. Additional explanation of the key factors affecting the major tax categories can be found in the BEA's meeting materials of May 19, 2026, which are posted on the agency's website (www.rfa.sc.gov). Notably, these figures do not include the individual income tax reduction enacted by Act 110 of 2026 or other legislative adjustments, which will be accounted for by the budget committees in the FY 27 Appropriation Act.

###