South Carolina General Fund Revenue

FY 2026-27 Update through August

September 24, 2026

South Carolina Revenue and Fiscal Affairs Office
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FY 2026-27 General Fund Revenue

FY 2026-27 Growth Rates with Legislative Adjustments

- In the August meeting, we reported that final General Fund revenue collections for FY 26 exceeded estimates by $381.8 million; this higher revenue base lowered the growth rate needed to meet the FY 27 estimate
- Specifically, the General Fund growth rate in the May 2026 estimate for FY 27 was 1.1%, but the FY 26 surplus reduced that rate to negative 1.4%
- Additionally, the FY 27 estimate has been updated to include legislative adjustments such as the income tax rate reduction and others (-$372.8 million); the growth rate needed to meet the estimate with the updated FY 27 figures as reflected in today’s analysis is now negative 3.8%; most of this decline, however, is expected to occur during tax filing season
- Revenue collections for FY 27 through August are ahead of expectations

Working Group Report

- The working group met in September to discuss July and August revenues
- Monthly accounting reports and analysis were received from and discussed with the Comptroller General's Office, State Treasurer's Office, Executive Budget Office, Dept. of Revenue, Dept. of Insurance, and Lottery Commission
- Updates were shared with Governor's and legislative staff

FY 2026-27 August General Fund Revenue

REVENUES VERSUS BEA MONTHLY ESTIMATES

August

($ in Millions)

	Expected Revenues	Actual Revenues	Over/ (Under) Expected	Expected Growth /1	Actual Growth /2
Total General Fund Revenue	**$1,201.0**	**$1,267.1**	**$66.1**	**5.2%**	**11.0%**
Sales Tax	466.3	482.2	15.9	2.2%	5.6%
Individual Income Tax	604.6	642.9	38.3	6.4%	13.2%
Withholdings	604.4	637.2	32.8	7.8%	13.6%
Non-withholdings	38.2	44.7	6.5	(9.8%)	5.6%
Refunds	38.0	39.0	1.0	8.9%	11.6%
Corporate Income Tax	18.5	5.8	(12.7)	(28.7%)	(77.6%)
Insurance Tax	1.9	1.8	(0.0)	(37.7%)	(38.9%)
Other Revenue Items, Sub-Total	109.7	134.4	24.7	24.1%	52.0%

	Expected Revenues	Actual Revenues	Over/ (Under) Expected	Expected Growth /1	Actual Growth /2
Other Revenue Items, Sub-Total	$109.7	$134.4	$24.7	24.1%	52.0%
Admissions Tax	(5.8)	(4.7)	1.1	N/A	N/A
Alcoholic Liquors Tax	11.4	12.1	0.7	0.5%	6.3%
Bank Tax	0.1	1.5	1.4	(92.0%)	16.8%
Beer and Wine Tax	9.6	10.2	0.7	(4.9%)	1.9%
Corporate License Tax	5.7	13.4	7.7	26.5%	195.8%
Deed Rec. (Doc. Tax)	12.5	12.9	0.4	1.8%	5.2%
Earned on Investments	50.5	60.6	10.1	17.4%	41.0%
Residual Revenue	25.7	28.3	2.6	122.8%	145.0%

Forecast as of May 19, 2026, 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.

FY 2026-27 General Fund Revenue through August

REVENUES VERSUS BEA MONTHLY ESTIMATES

JULY - AUGUST

($ in Millions)

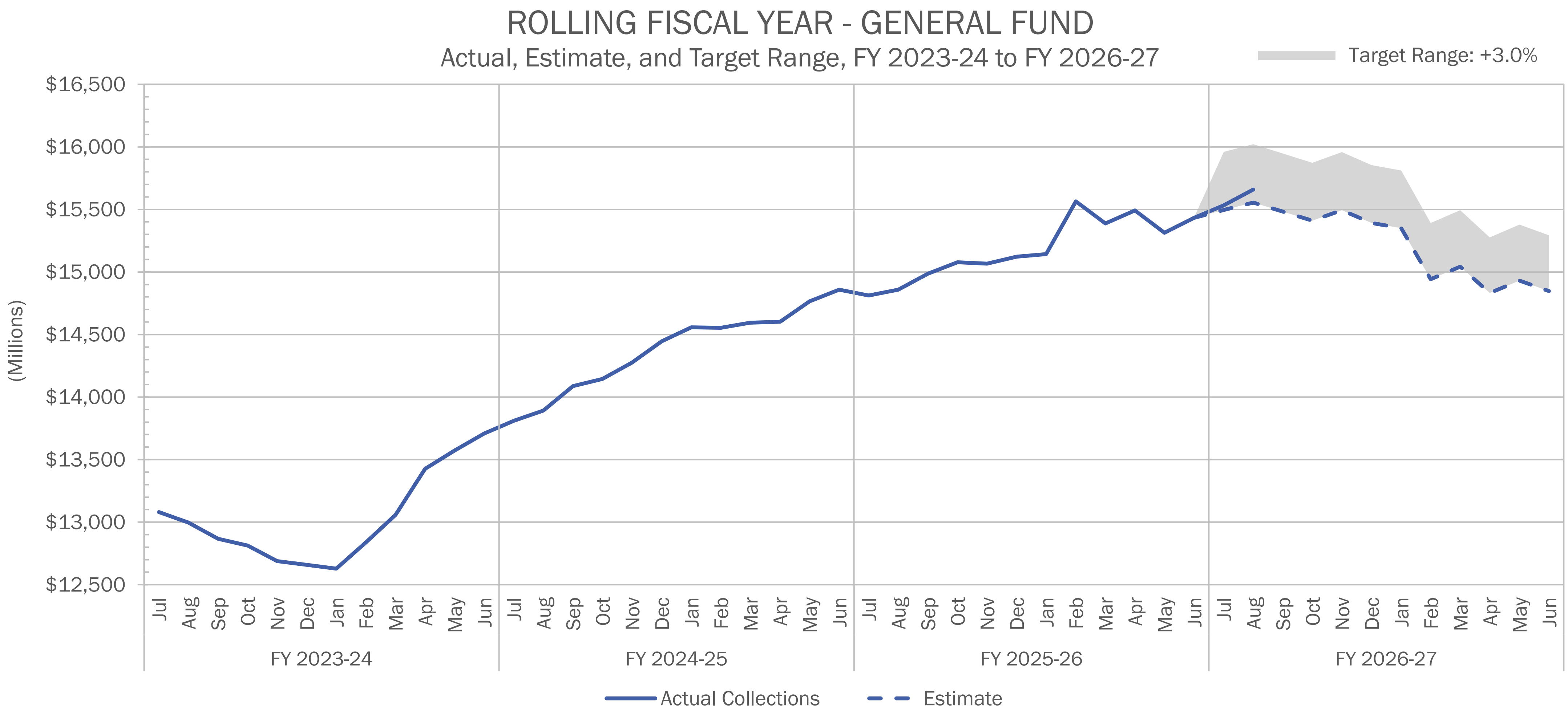
	Expected Revenues	Actual Revenues	Over/ (Under) Expected	Estimate YTD /1	Actual YTD /2	Estimate Full FY /3
Total General Fund Revenue	**$1,930.0**	**$2,034.2**	**$104.2**	**5.3%**	**11.0%**	**(3.8%)**
Sales Tax	466.3	482.2	15.9	2.2%	5.6%	1.9%
Individual Income Tax	1,229.8	1,281.9	52.0	8.6%	13.2%	(7.3%)
Withholdings	1,237.7	1,263.9	26.2	11.3%	13.6%	2.8%
Non-withholdings	77.3	92.4	15.1	(11.6%)	5.6%	(12.4%)
Refunds	85.2	74.5	(10.8)	27.8%	11.6%	22.0%
Corporate Income Tax	66.7	60.4	(6.4)	(75.3%)	(77.6%)	(5.4%)
Insurance Tax	3.2	3.3	0.2	(42.0%)	(38.9%)	7.5%
Other Revenue Items, Sub-Total	164.1	206.5	42.4	20.8%	52.0%	(8.7%)

	Expected Revenues	Actual Revenues	Over/ (Under) Expected	Estimate YTD /1	Actual YTD /2	Estimate Full FY /3
Other Revenue Items, Sub-Total	$164.1	$206.5	$42.4	20.8%	52.0%	(8.7%)
Admissions Tax	(5.8)	(4.7)	1.1	N/A	N/A	2.1%
Alcoholic Liquors Tax	11.9	12.6	0.7	0.3%	6.3%	2.4%
Bank Tax	4.4	6.1	1.8	(16.8%)	16.8%	(14.2%)
Beer and Wine Tax	10.2	11.0	0.8	(5.5%)	1.9%	(1.0%)
Corporate License Tax	12.2	27.5	15.3	31.6%	195.8%	2.6%
Deed Rec. (Doc. Tax)	12.5	12.9	0.4	1.8%	5.2%	1.4%
Earned on Investments	91.1	109.8	18.7	17.0%	41.0%	(19.4%)
Residual Revenue	27.5	31.2	3.6	116.4%	145.0%	(7.5%)

Forecast as of May 19, 2026, 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 – Actuals versus Estimate

Revenues through August total $2,034.2 million, $104.2 million above the estimate

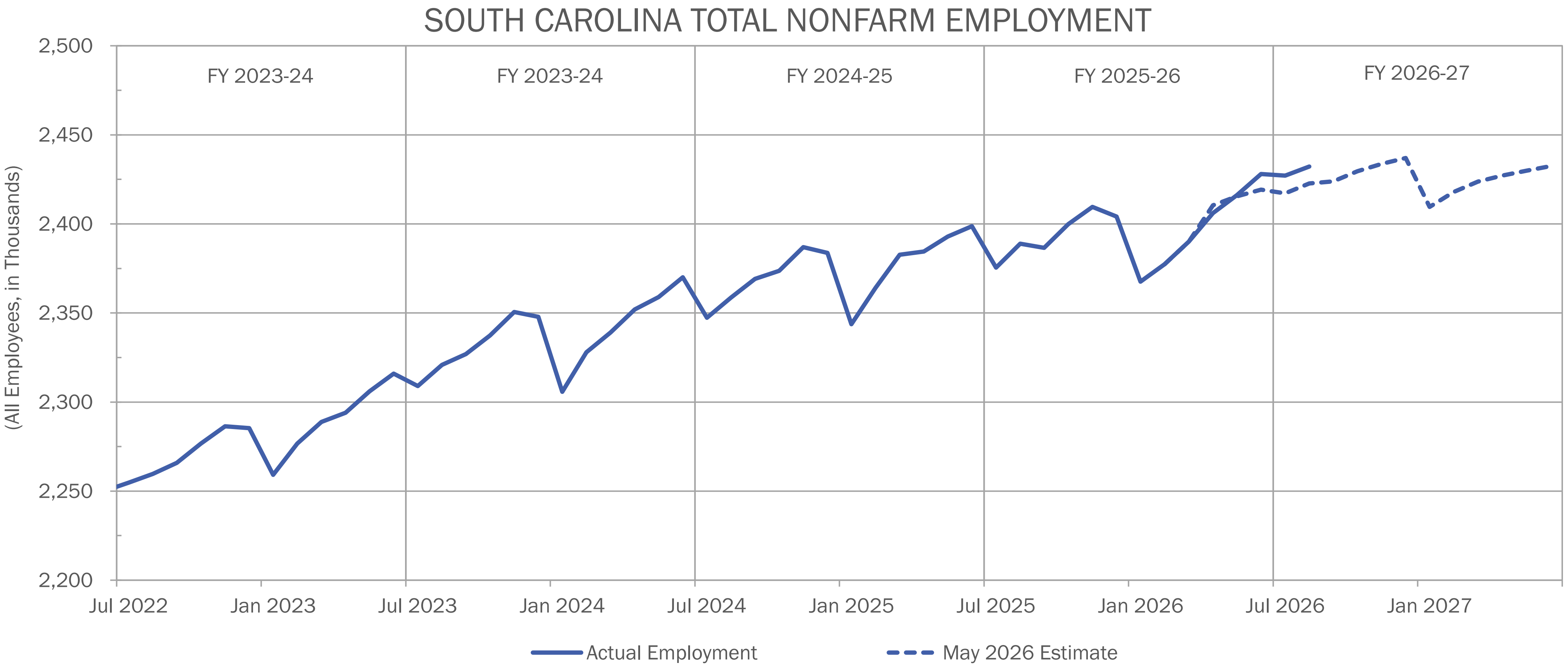


Source: SC Revenue and Fiscal Affairs, BEA Forecast as of May 19, 2026, with Legislative Adjustments

Economic Indicators

SC Employment

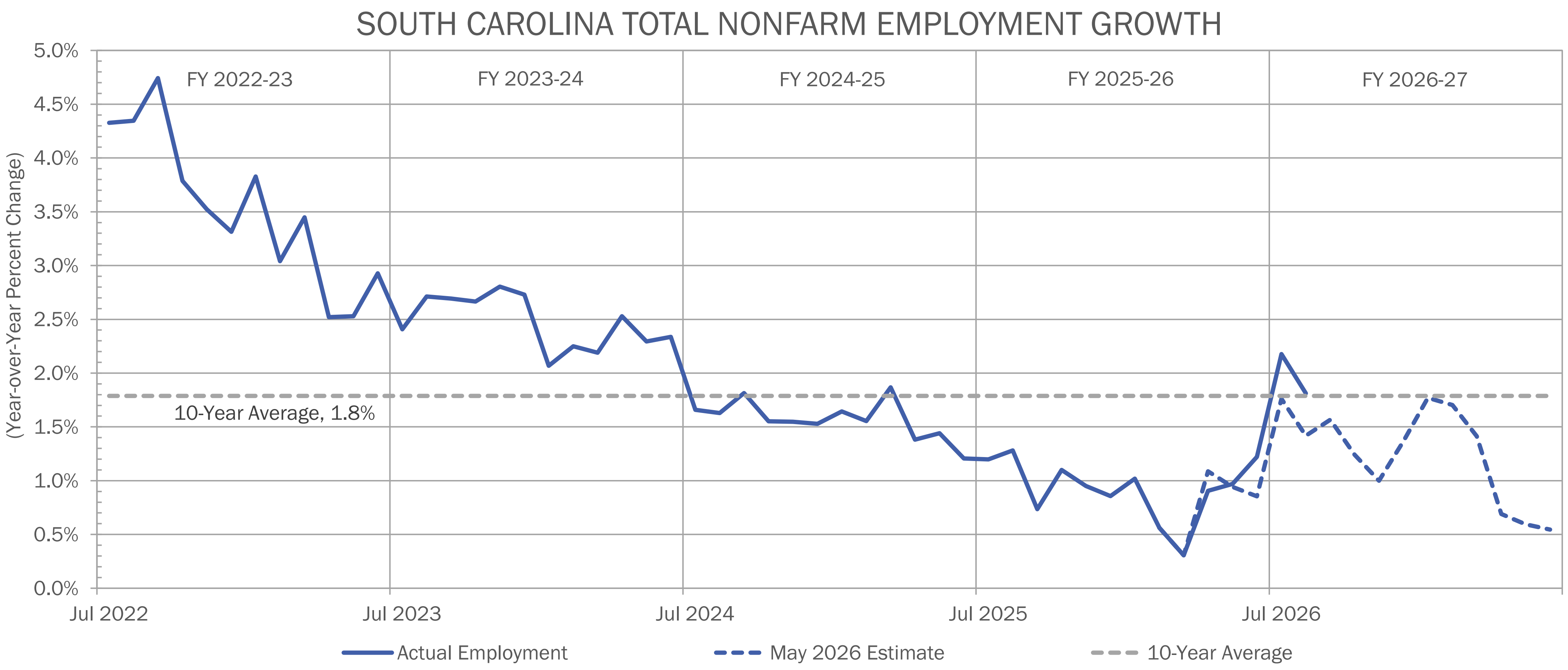
Employment was up 1.8% on a year-over-year basis in August 2026 versus 1.4% expected; employment is expected to grow 1.3% overall in FY 27



Source: Bureau of Labor Statistics, U.S. Department of Labor RFA/kv/9/18/2026

SC Employment – Percent Change

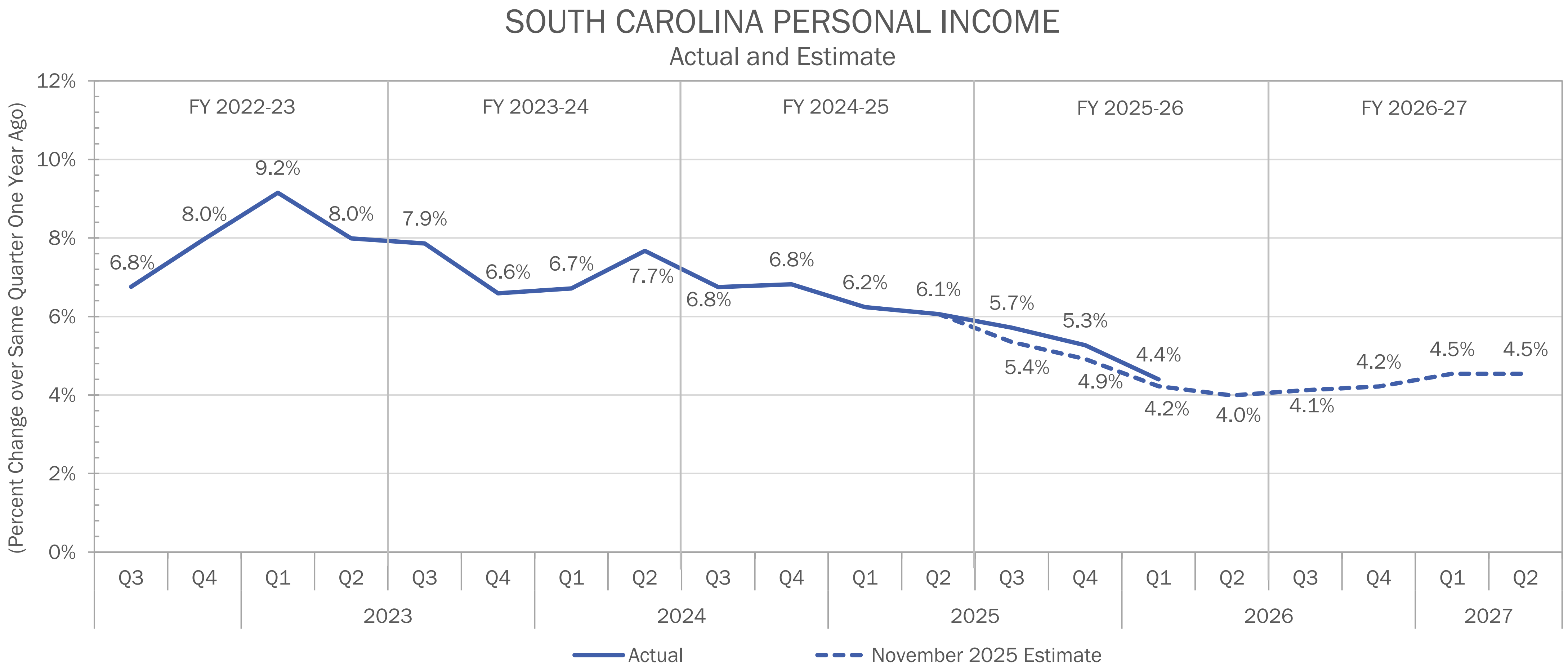
Employment growth is expected to slow down below the historical average rate of 1.8%



Source: Bureau of Labor Statistics, U.S. Department of Labor RFA/kv/9/18/2026

Personal Income Growth

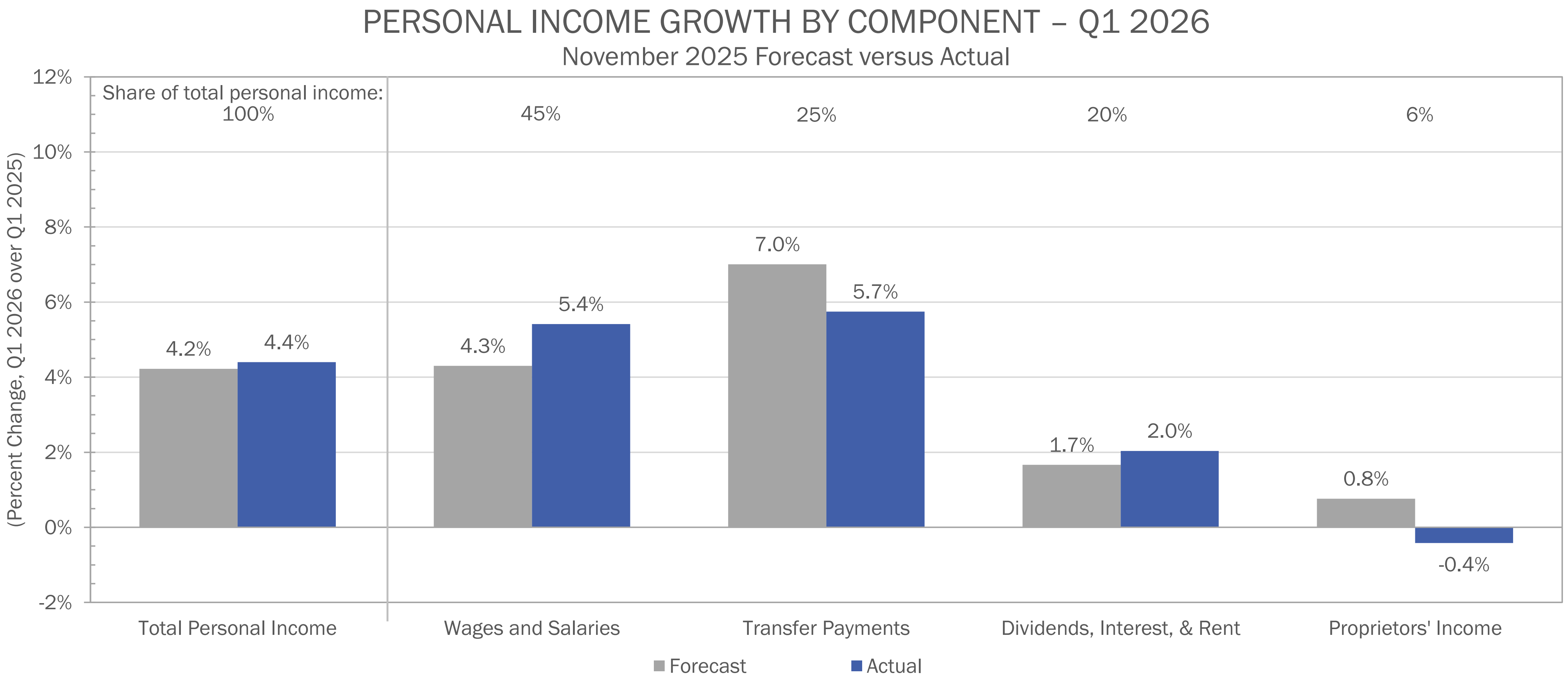
Growth slowed less than expected in Q1 2025 (4.4% versus 4.2% forecasted) and remains slightly more than anticipated in November 2025



Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kv/9/15/2026

Personal Income – Q1 2026

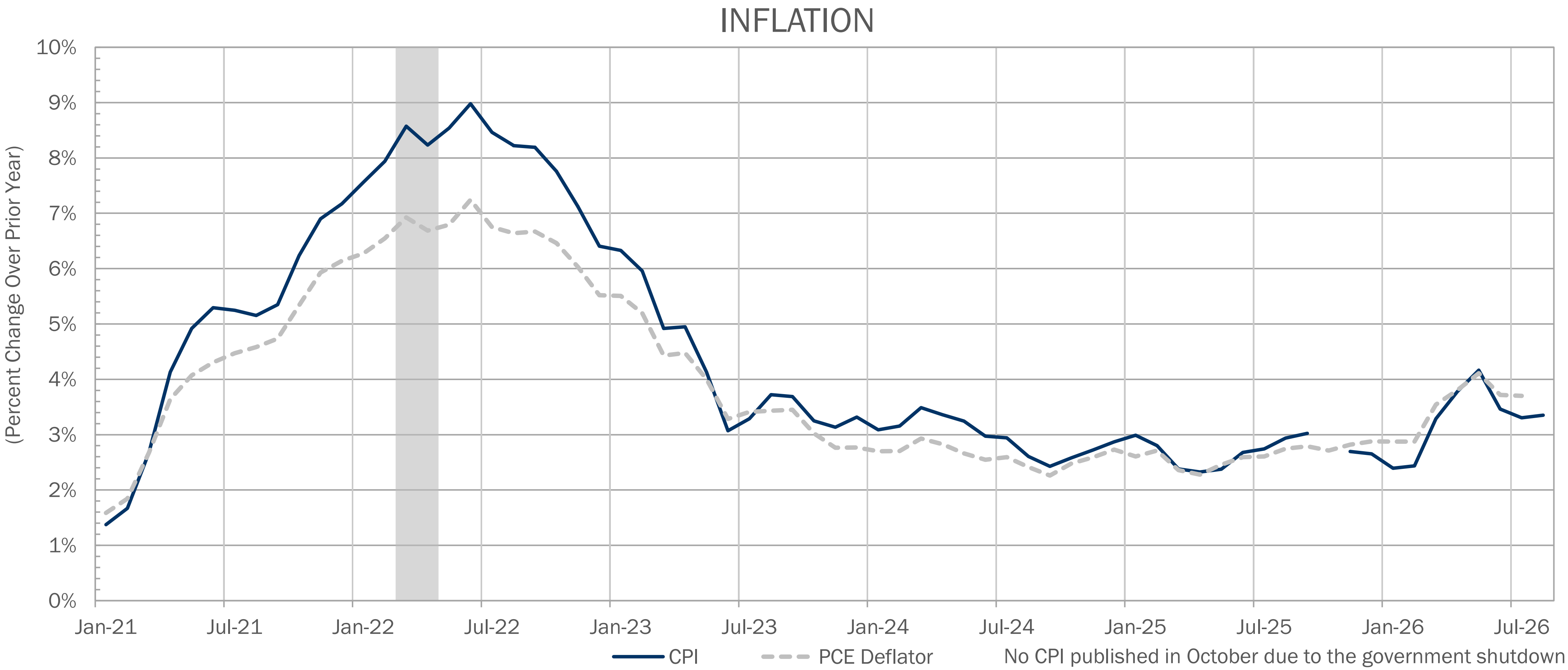
Wages and Salaries and Dividends, Interest, and Rent grew more than expected; transfer payments grew slower than expected



Source: U.S. Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kv/9/15/2026

Inflation – CPI and PCE Deflator

Inflation spiked in May 2026 and remains above 3%; however, these rates do not include recent increases in gas prices

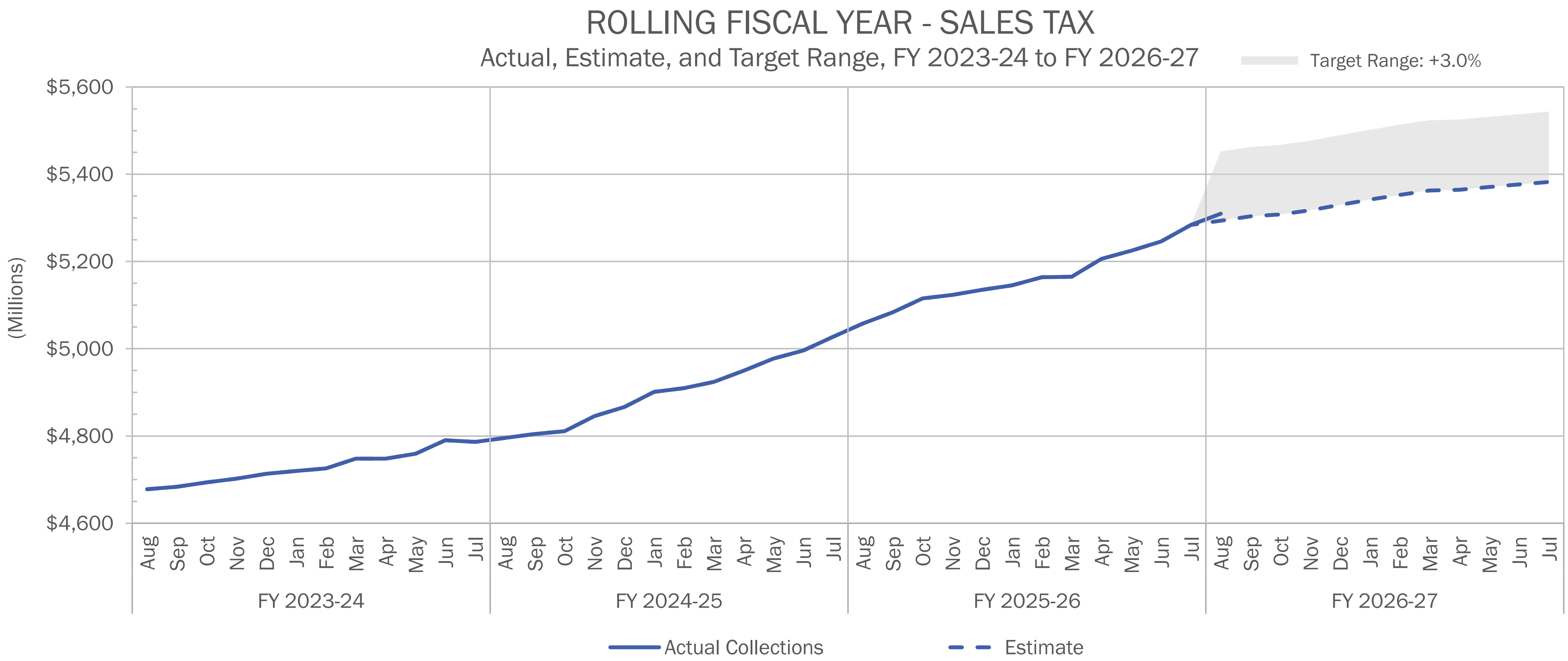


Source: U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis - 216 RFA/kv/9/15/2026

Sales Tax

Sales Tax – Actuals versus Estimate

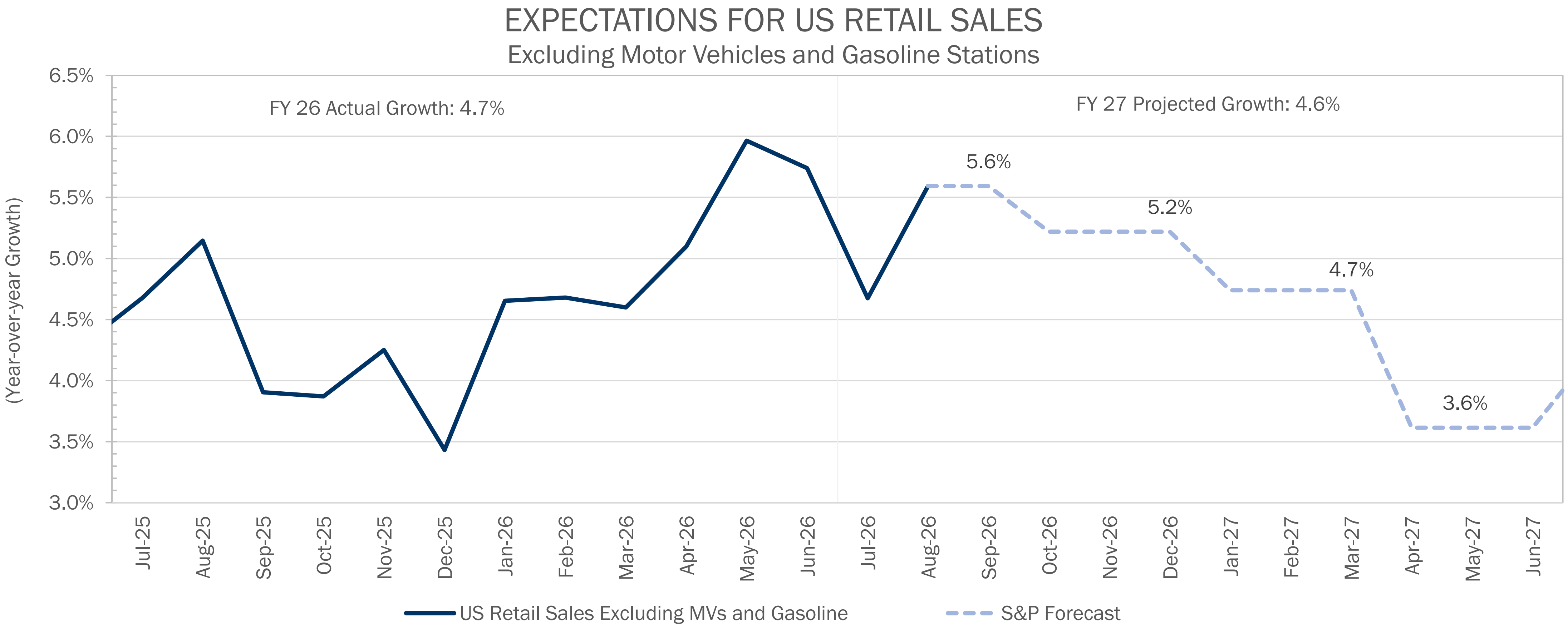
August collections grew by 5.6% over the same month last year; FY 27 collections are now $15.9 million above the May estimate primarily due to the stronger FY 26 base that has not yet been incorporated in the forecast



Source: SC Revenue and Fiscal Affairs, BEA Forecast as of May 19, 2026, with legislative adjustments

Retail Sales Expectations

S&P expectations reflect 4.6% retail sales growth overall in FY 27, with growth moderating in the second half of the fiscal year

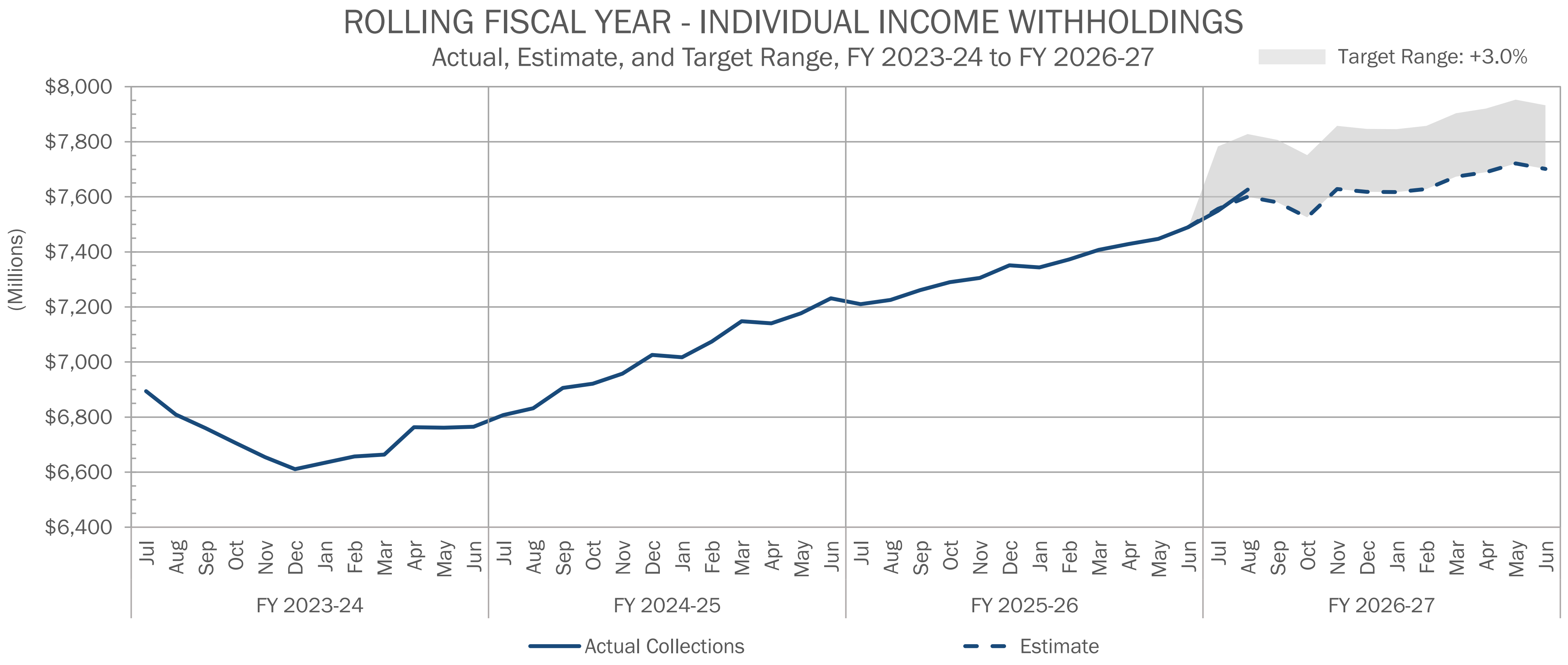


Source: U.S. Census Bureau, Advance Retail Sales: Retail Trade and Food Services, Excluding Motor Vehicle and Parts Dealers and Gasoline Stations ; S&P Global Connect Forecasts as of September 2026 RFA - mad/9/16/26

Individual and Corporate Income Tax

Withholdings – Actuals versus Estimate

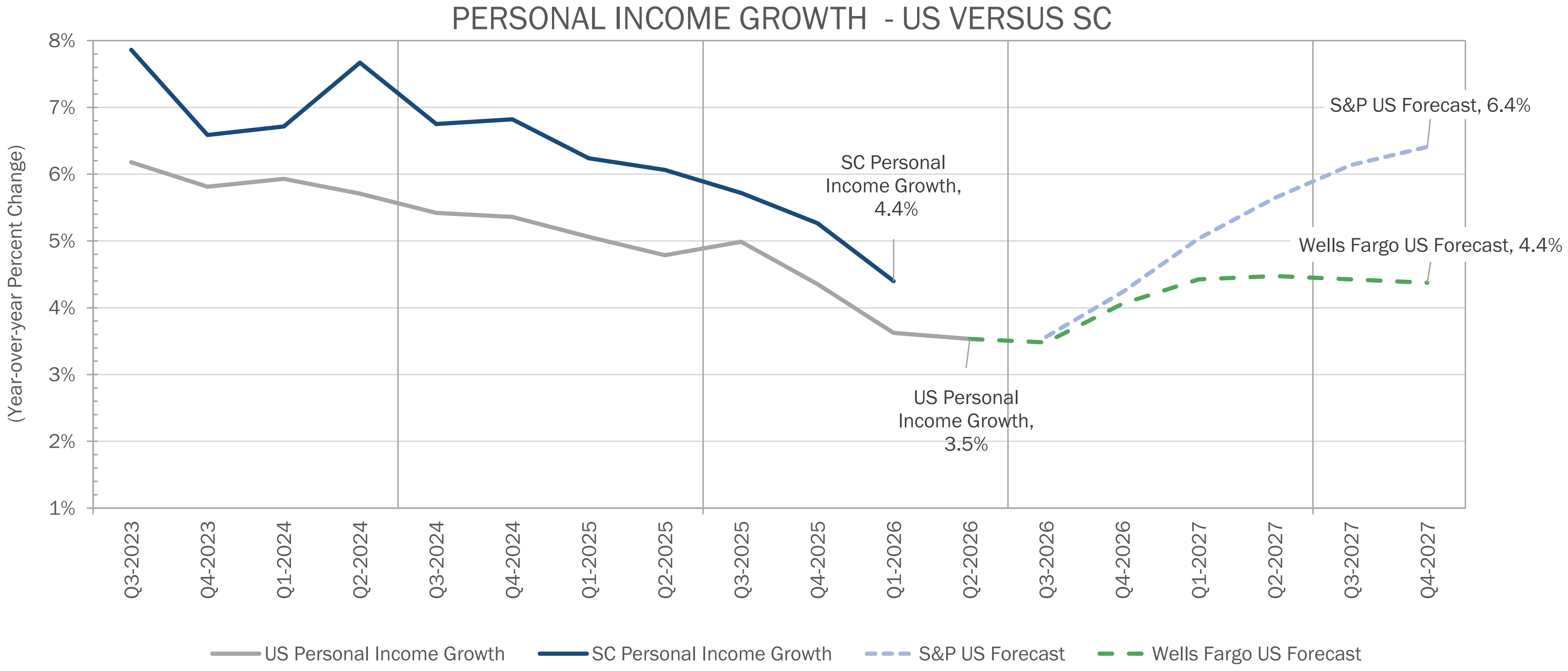
August Withholdings were $32.8 million ahead of the monthly estimate; collections are $26.2 million above expectations for the first two months, growing 12.1% on average



Source: SC Revenue and Fiscal Affairs, BEA Forecast as of May 19, 2026 with legislative adjustments

US vs SC Personal Income Growth Forecasts

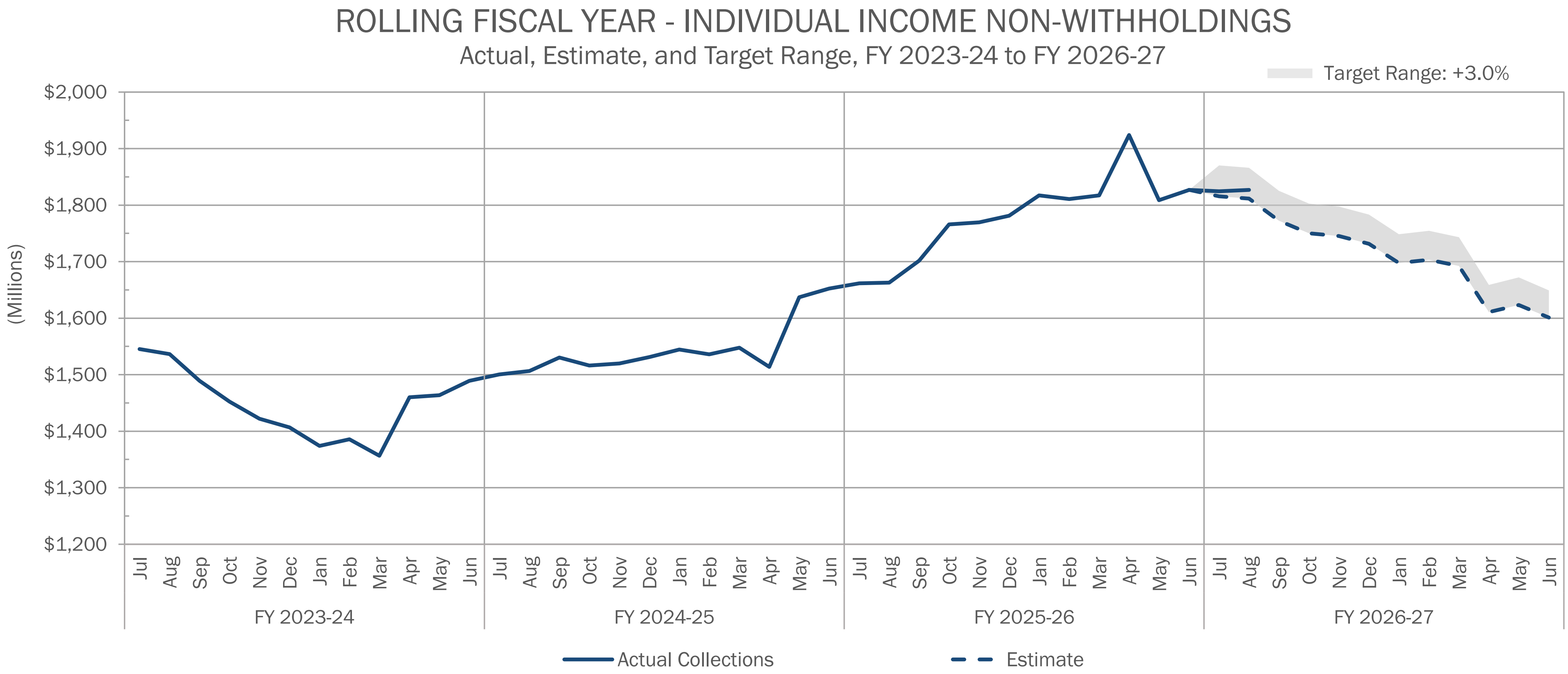
Growth expectations for US personal income vary widely between S&P and Wells Fargo's latest estimates



Source: U.S. Bureau of Economic Analysis (retrieved from FRED); long-term growth is 20-year growth rate as of 2024 352 - RFA/lhj/09/17/2026

Non-withholdings – Actuals versus Estimate

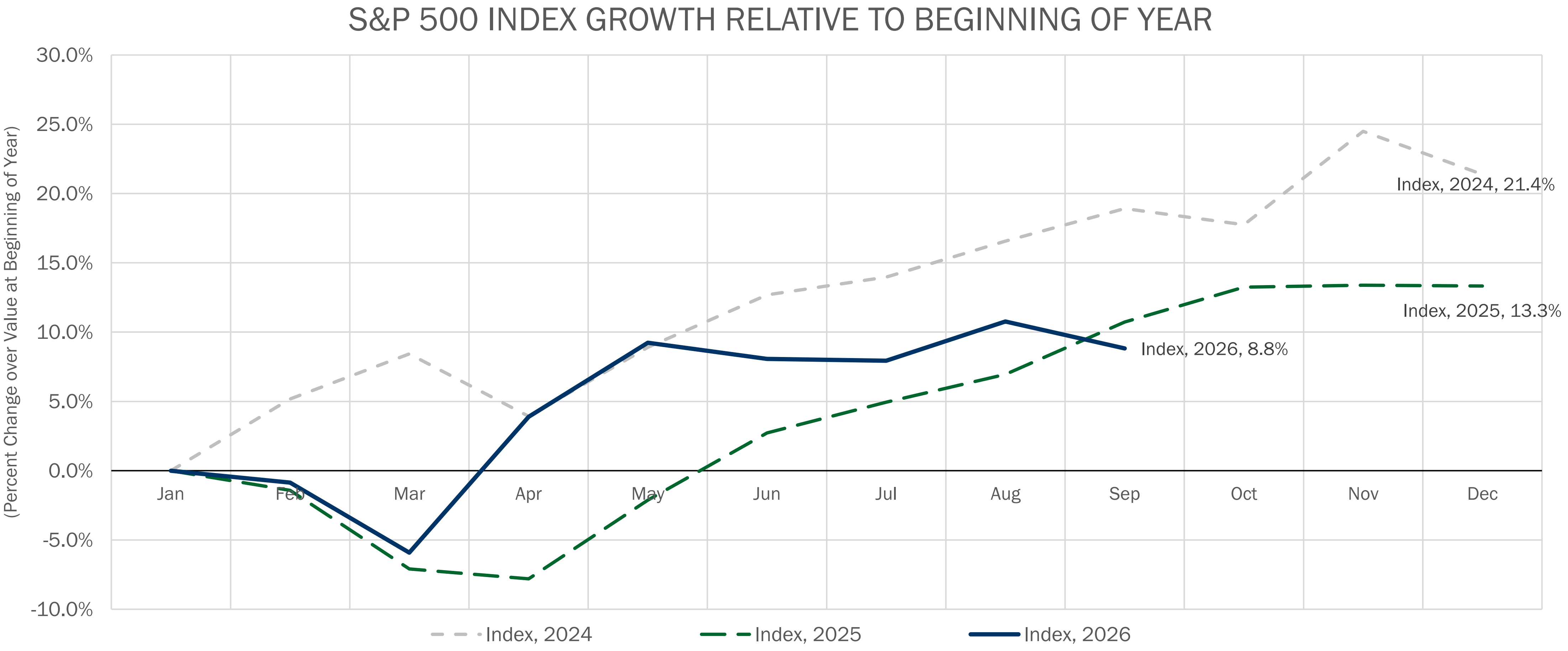
Although total growth through August is 0.3% below last year, Non-withholdings are ahead of expectations by $15.1 million as the forecast currently anticipates a decline of 12.4% this year



Source: SC Revenue and Fiscal Affairs; SC Board of Economic Advisors, BEA Forecast as of May 19, 2026 with legislative adjustments

S&P 500 – Growth by Year

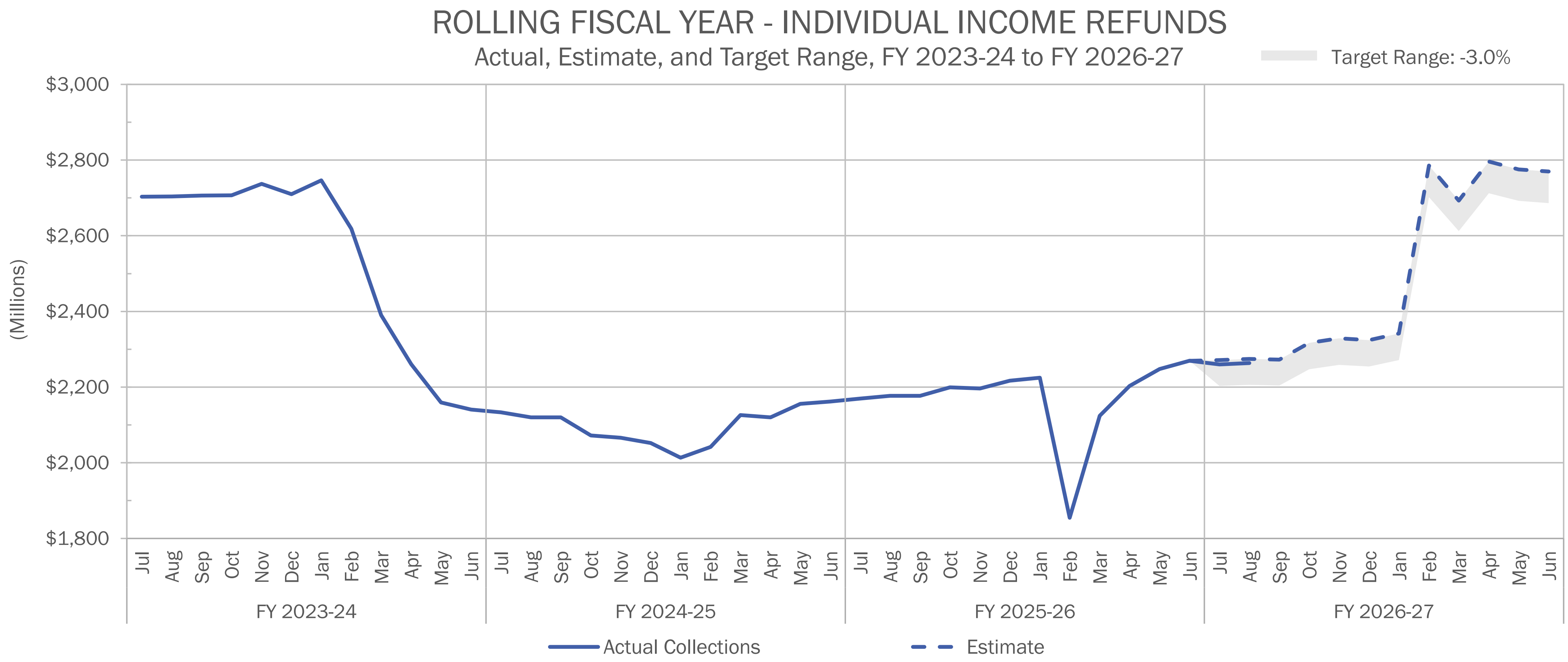
The S&P 500 is currently up 8.8% since the beginning of the year; FY 27 Nonwithholdings may be better than previously anticipated



Source: Yahoo Finance, S&P 500 Index - 337C RFA/lhj/09/17/2026

Refunds – Actuals versus Estimate

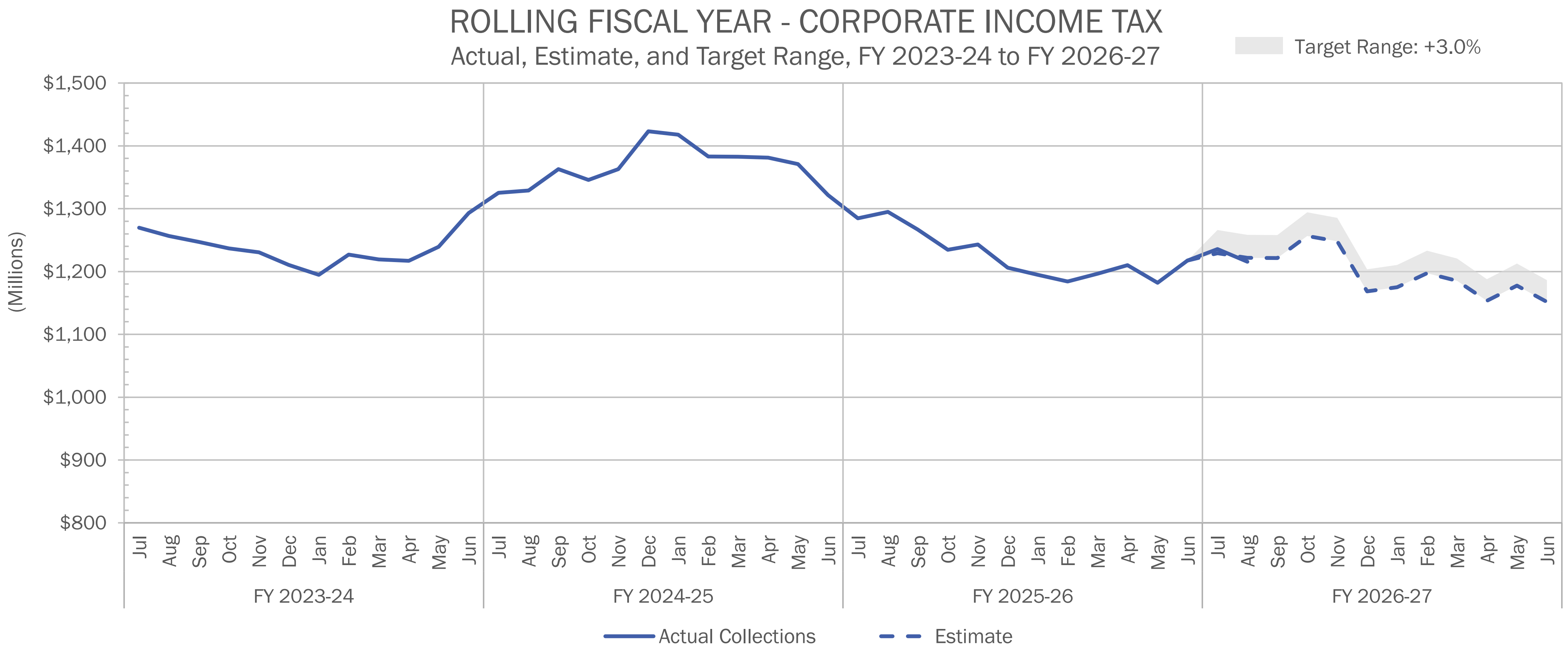
Refunds are currently $10.8 million behind expectations in total through August; the majority of Refunds are expected in the spring due to the income tax rate reduction



Source: SC Revenue and Fiscal Affairs; SC Board of Economic Advisors, BEA Forecast as of May 19, 2026 with legislative adjustments

Corporate Income – Actuals versus Estimate

Corporate Income tax collections currently total $60.4 million and are running behind expectations by $6.4 million; transfers to Corporate License tax, which is $15.3 million ahead of expectations, reduced Corporate Income tax

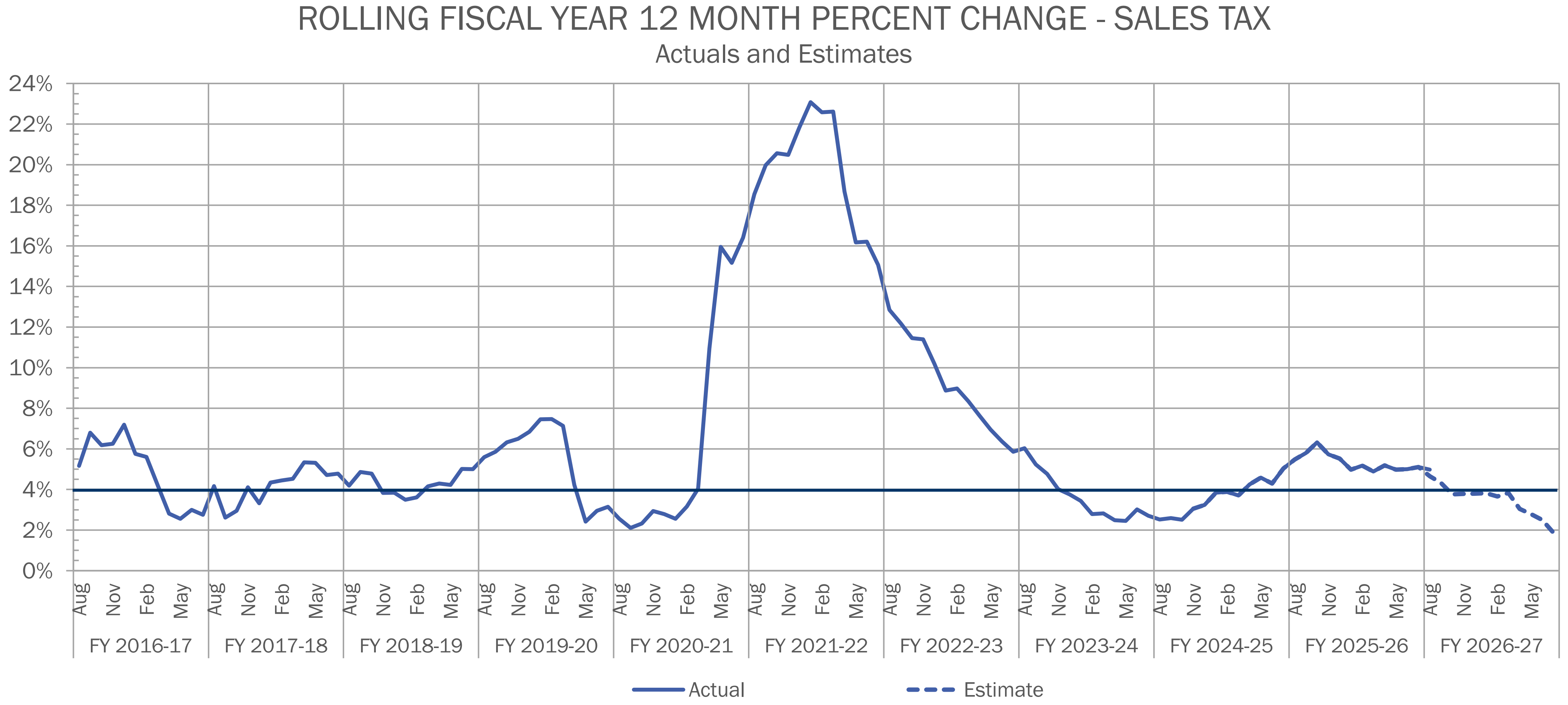


Source: SC Revenue and Fiscal Affairs; SC Board of Economic Advisors May 19, 2026 Forecast with legislative adjustments

FY 2026-27 and FY 2027-28 Expectations

Sales Tax – Rolling Fiscal Year Percent Change

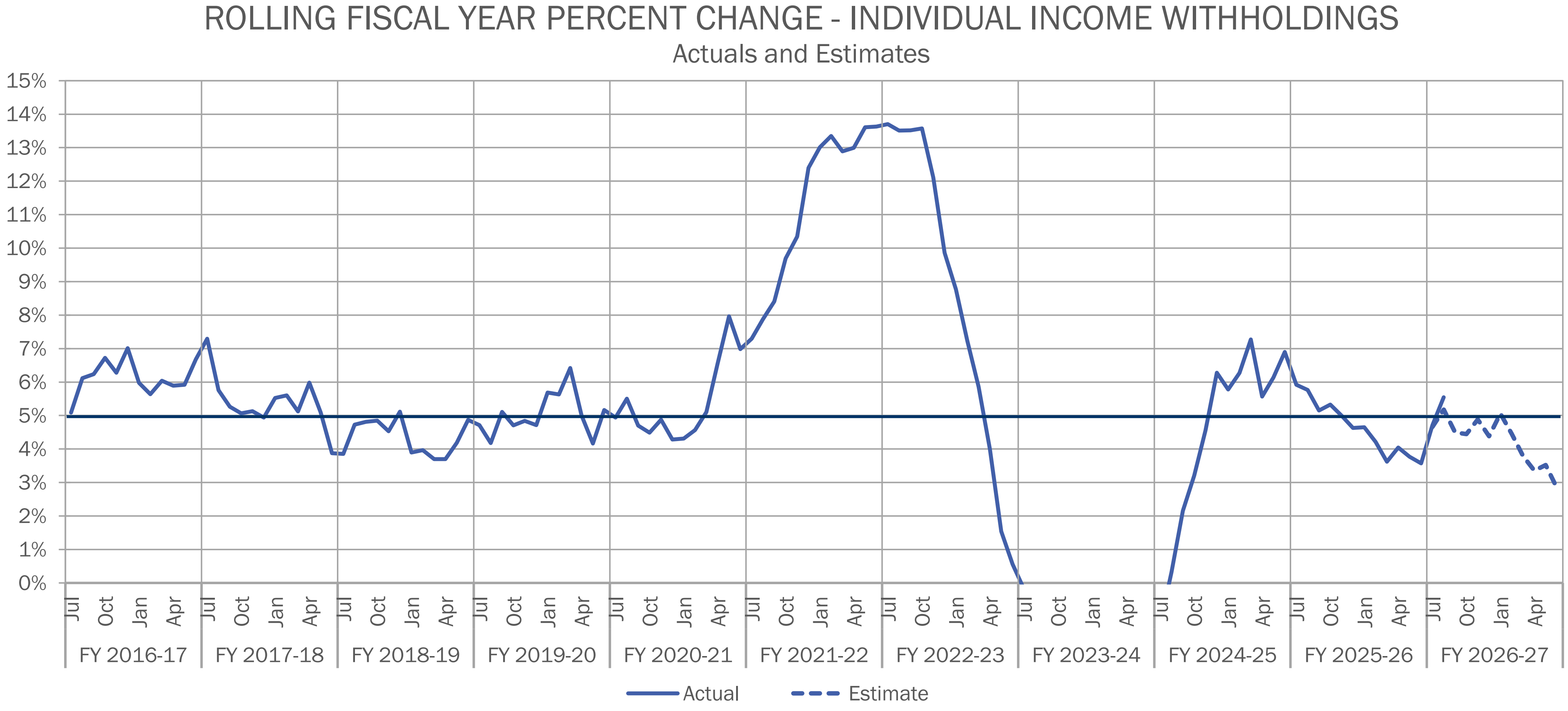
While recent growth is above 4%, the current FY 27 forecast is 1.9%



Source: SC Revenue and Fiscal Affairs, BEA Forecast as of May 19, 2026, with legislative adjustments

Withholdings – Rolling Fiscal Year Percent Change

Growth in Withholdings is above 5% but the current forecast for FY 27 is 2.8%



Key Questions for FY 2026-27 and FY 2027-28

- Personal Income
  - How will income and wage growth change from current growth rates?
  - How will global and/or national economic issues affect South Carolina?
- Employment
  - How will growth in the labor market change?
  - How is South Carolina going to change as compared to the US as a whole?
- Inflation
  - What will inflation be and how will it impact consumer behavior?
- How will the next 12 and 24 months compare to last year?

Future Meetings

- October 21, 2026
  - Review of FY 2026-27 first quarter revenue and performance
  - Initial consideration of economic assumptions for FY 2026-27 and FY 2027-28
  - Annual Economic Advisory Meeting – discussion of SC economy with guest economists
- November 19, 2026
  - Adoption of revised forecast for FY 2026-27 and initial forecast for FY 2027-28 based on comments and assumptions

Presentations

Nick Clerkin, Legislative Economist
Alannah Knight, PhD, Economist
North Carolina General Assembly

Mark Vitner, President and Chief Economist
Piedmont Crescent Consulting

Other Business