

South Carolina General Fund Revenue

Quarterly Review – July to September FY 2026-27
& Guest Economist Panel

October 21, 2026



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
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Working Group Report

- The working group met in October to discuss September 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 September General Fund Revenue

REVENUES VERSUS BEA MONTHLY ESTIMATES

SEPTEMBER

(\$ 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	\$1,648.7	\$1,792.8	\$144.1	(4.2%)	4.2%	Other Revenue Items, Sub-Total	\$122.5	\$129.8	\$7.2	(35.7%)	(31.9%)
Sales Tax	440.4	462.3	21.9	2.3%	7.3%	Admissions Tax	5.0	4.8	(0.2)	2.9%	(2.0%)
Individual Income Tax	723.7	769.0	45.3	(7.4%)	(1.6%)	Alcoholic Liquors Tax	9.2	9.1	(0.1)	2.5%	1.4%
Withholdings	596.4	608.1	11.7	(3.3%)	(1.4%)	Bank Tax	12.3	16.7	4.4	(25.6%)	1.1%
Non-withholdings	161.5	198.6	37.1	(19.6%)	(1.1%)	Beer and Wine Tax	9.3	8.3	(1.0)	8.5%	(3.3%)
Refunds	34.2	37.7	3.5	(5.4%)	4.4%	Corporate License Tax	9.9	8.4	(1.5)	(9.1%)	(23.0%)
Corporate Income Tax	222.1	308.0	85.8	(0.1%)	38.5%	Deed Rec. (Doc. Tax)	12.3	12.5	0.3	11.1%	13.4%
Insurance Tax	139.9	123.8	(16.1)	45.7%	28.9%	Earned on Investments	50.1	57.0	6.9	(44.8%)	(37.1%)
Other Revenue Items, Sub-Total	122.5	129.8	7.2	(35.7%)	(31.9%)	Residual Revenue	14.5	13.0	(1.5)	(62.9%)	(66.8%)

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 September

REVENUES VERSUS BEA MONTHLY ESTIMATES

JULY - SEPTEMBER

(\$ 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	\$3,578.7	\$3,827.0	\$248.3	1.4%	8.4%	(3.8%)	Other Revenue Items, Sub-Total	\$286.6	\$336.2	\$49.6	(13.7%)	1.3%	(8.7%)
Sales Tax	906.7	944.5	37.8	2.2%	6.5%	1.9%	Admissions Tax	(0.8)	0.0	0.9	N/A	N/A	2.1%
Individual Income Tax	1,953.5	2,050.8	97.3	1.7%	6.7%	(7.3%)	Alcoholic Liquors Tax	21.1	21.7	0.6	2.2%	5.2%	2.4%
Withholdings	1,834.1	1,872.0	37.9	5.1%	7.3%	2.8%	Bank Tax	16.7	22.8	6.2	(12.0%)	20.6%	(14.2%)
Non-withholdings	238.8	291.0	52.2	(18.6%)	(0.9%)	(12.4%)	Beer and Wine Tax	19.5	19.3	(0.2)	1.7%	0.5%	(1.0%)
Refunds	119.4	112.2	(7.2)	2.7%	(3.5%)	22.0%	Corporate License Tax	22.1	35.9	13.7	(1.5%)	59.7%	2.6%
Corporate Income Tax	288.9	368.3	79.5	1.4%	29.3%	(5.4%)	Deed Rec. (Doc. Tax)	24.8	25.4	0.7	6.2%	9.1%	1.4%
Insurance Tax	143.1	127.1	(16.0)	38.2%	22.8%	7.5%	Earned on Investments	141.2	166.9	25.6	(19.9%)	(5.3%)	(19.4%)
Other Revenue Items, Sub-Total	286.6	336.2	49.6	(13.7%)	1.3%	(8.7%)	Residual Revenue	42.1	44.2	2.1	(19.2%)	(15.1%)	(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.

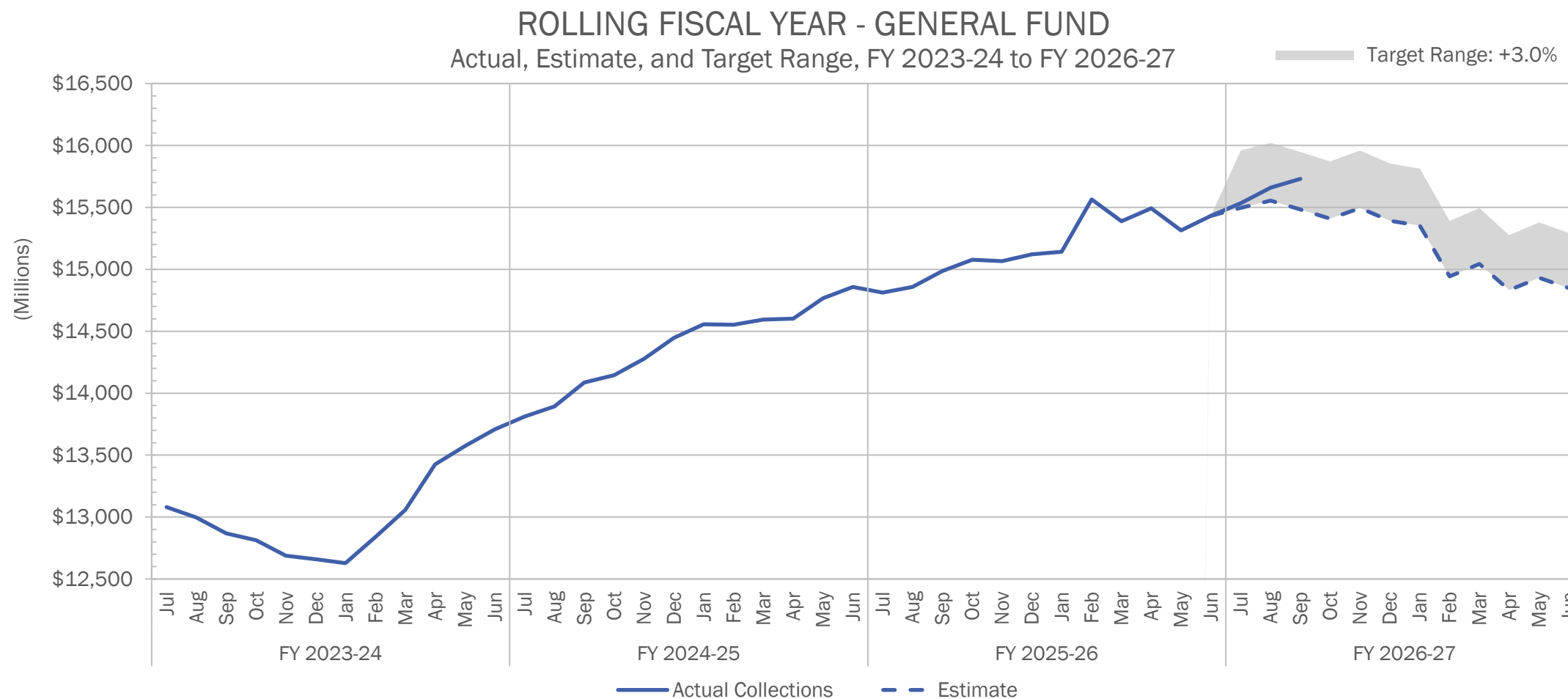
/3 Estimate full fiscal year reflects projected growth for the full fiscal year over the prior fiscal year.

General Fund FY 2026-27 First Quarter Summary

- Total General Fund revenue for FY 27 is \$248.3 million ahead of May expectations through the first quarter
- Sales tax has grown 6.5% fiscal year-to-date and is running \$37.8 million ahead of the expectations
- Individual Income tax is \$97.3 million ahead of expectations:
 - Withholdings +\$37.9 million, Non-withholdings +\$52.2 million, Refunds -\$7.2 million (positive revenue impact)
- Corporate Income tax is \$79.5 million ahead of expectations
- Insurance tax is \$16.0 million behind expectations
- Bank tax revenue and Earnings on Investments are exceeding expectations by \$6.2 million and \$25.6 million, respectively

General Fund – Actual versus Estimate

Revenues through September total \$3.83 billion, \$248.3 million above the estimate

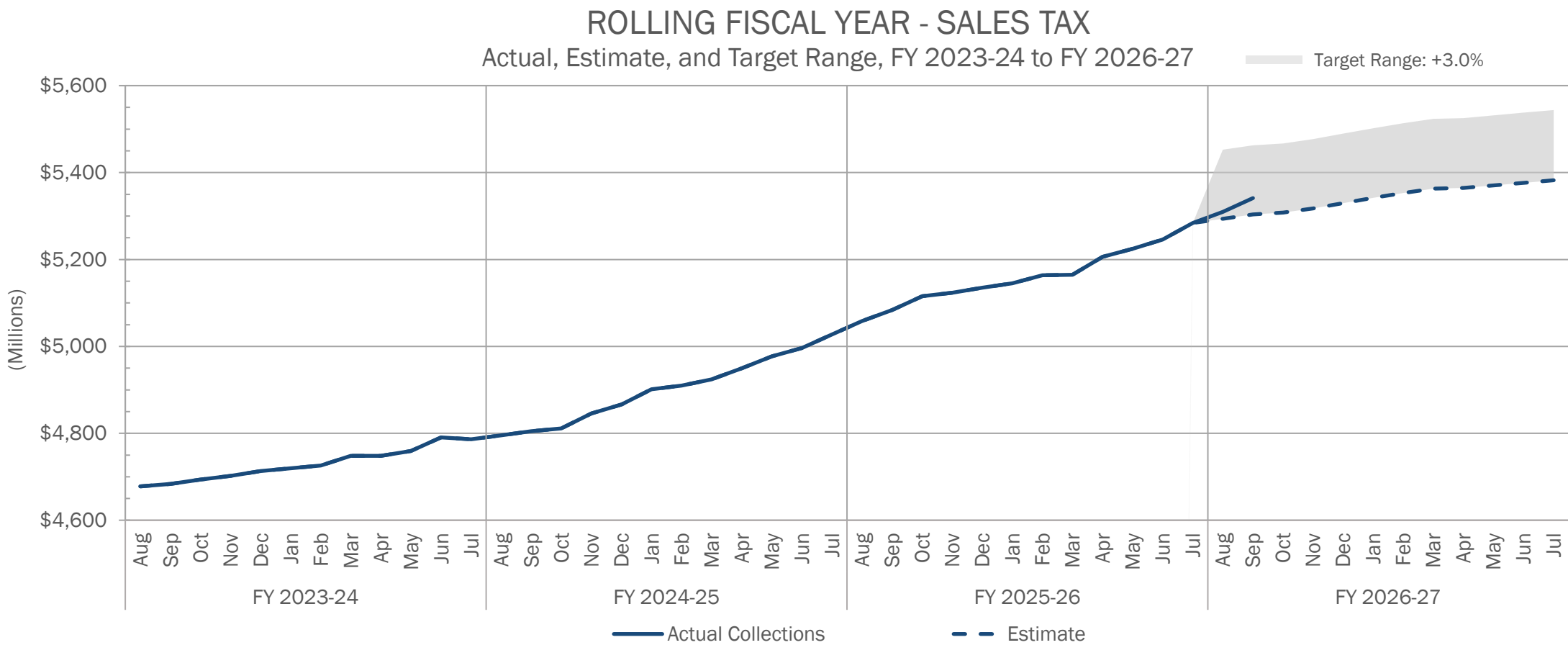


Source: SC Revenue and Fiscal Affairs, BEA Forecast as of May 19, 2026, with Legislative Adjustments

Consumption Taxes

Sales Tax – Actual versus Estimate

September collections grew by 7.3% over last year, partly due to audit revenue of \$25 million (1.5% without the audit); FY 27 collections are now \$37.8 million above the estimate and growing 3.7% in total without audit revenue



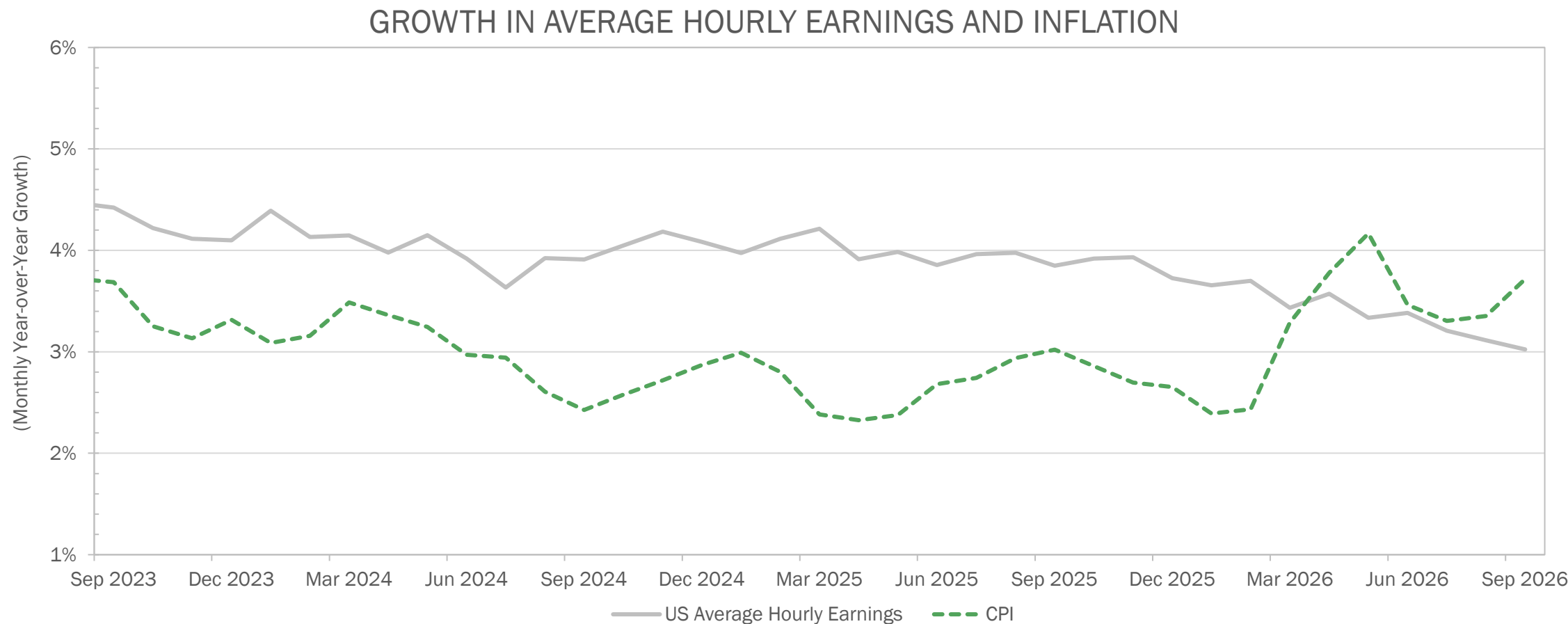
Source: SC Revenue and Fiscal Affairs, BEA Forecast as of May 19, 2026, with legislative adjustments

Sales Tax Forecast Considerations

- Spending on taxable sales is still strong despite having to compete with rising gas prices
- Nationally, rising prices are reducing the purchasing power of hourly earnings, but at the state-level, SC aggregate wage growth is still outpacing growth in both US wages and inflation
- Savings and consumer debt payments data show that, overall, consumers are not overly strained currently; however, rising prices present risks to spending
- Retail sales are still expected to grow at a steady rate, with strong growth continuing in FY 27

US Average Hourly Earnings versus Inflation

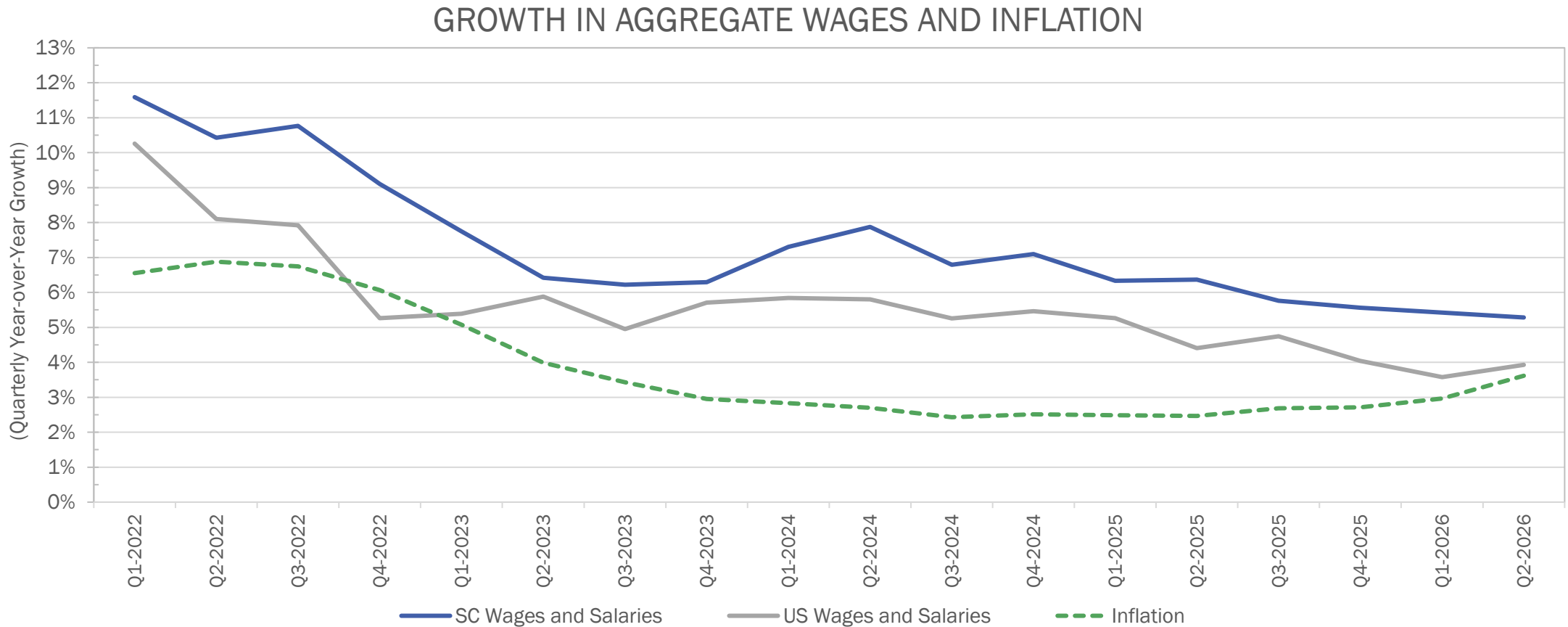
Inflation is outpacing growth in average hourly employee earnings, which erodes real gains in hourly wages and presents risks to spending



Source: US Bureau of Labor Statistics, Average Hourly Earnings of All Employees, Total Private, Consumer Price Index for All Urban Consumers: All Items in US city Average RFA-mad/10/14/2026

SC Wages and Salaries versus Inflation

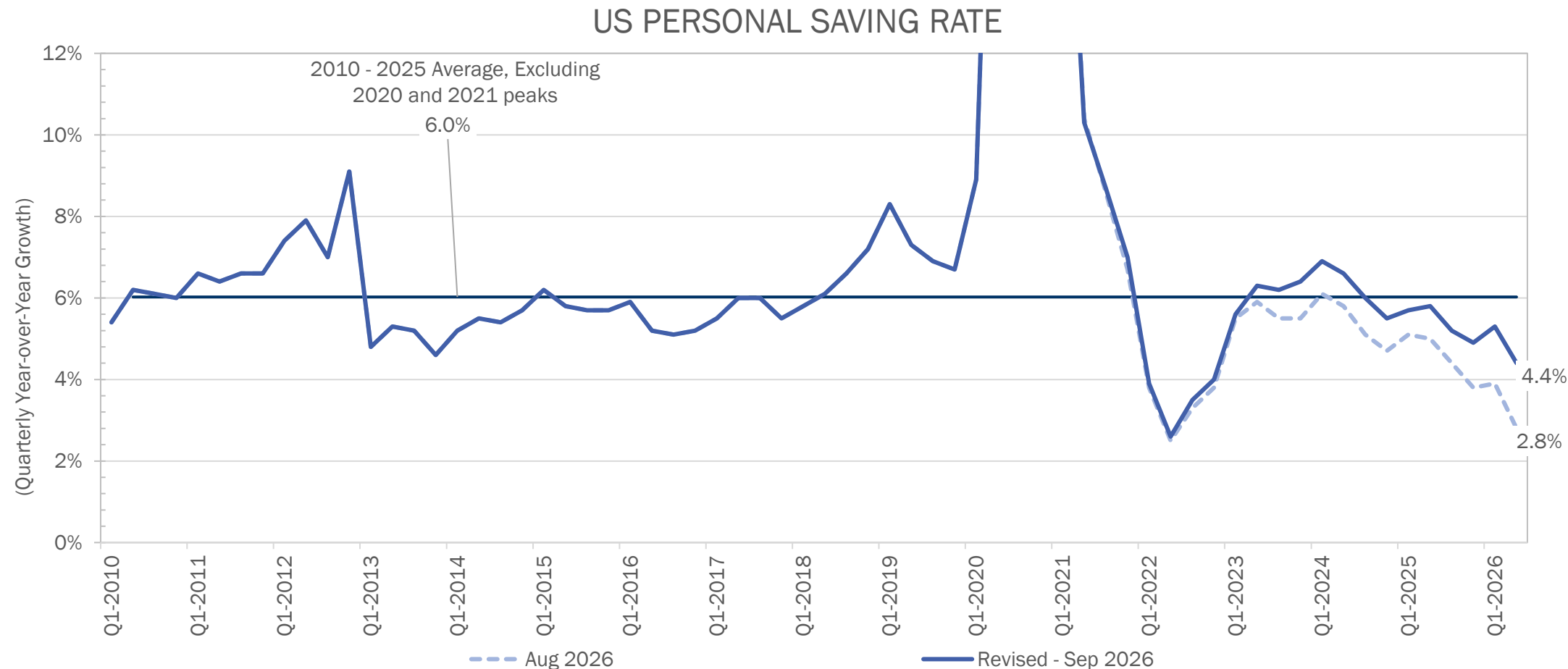
Overall, SC wages and salaries growth is outpacing growth in both US wages and salaries and inflation



Source: US Bureau of Economic Analysis, Table SQINC4 Personal Income by Major Component, Table 2.1 Personal Income and its Disposition, Personal Consumption Expenditures Price Index [PCEPI] RFA-mad/10/7/2026

US Saving Rate Data Revisions

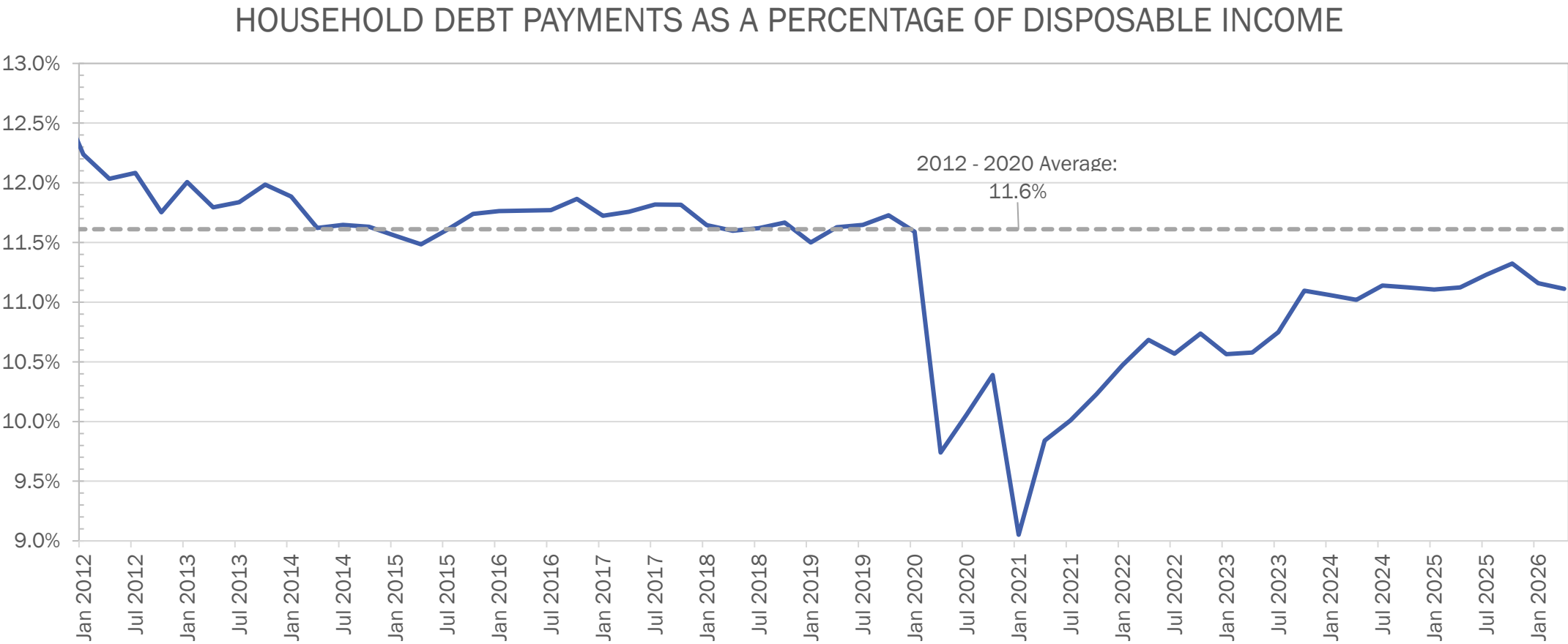
While the saving rate still hovers below the average of about 6%, September revisions revealed that consumers may be less strained than previously thought



Source: US Bureau of Economic Analysis, Personal Saving Rate [PSAVERT] RFA-mad/10/7/2026

US Debt to Disposable Income

US household debt payments as a percentage of disposable income has leveled off and remains below historical trends

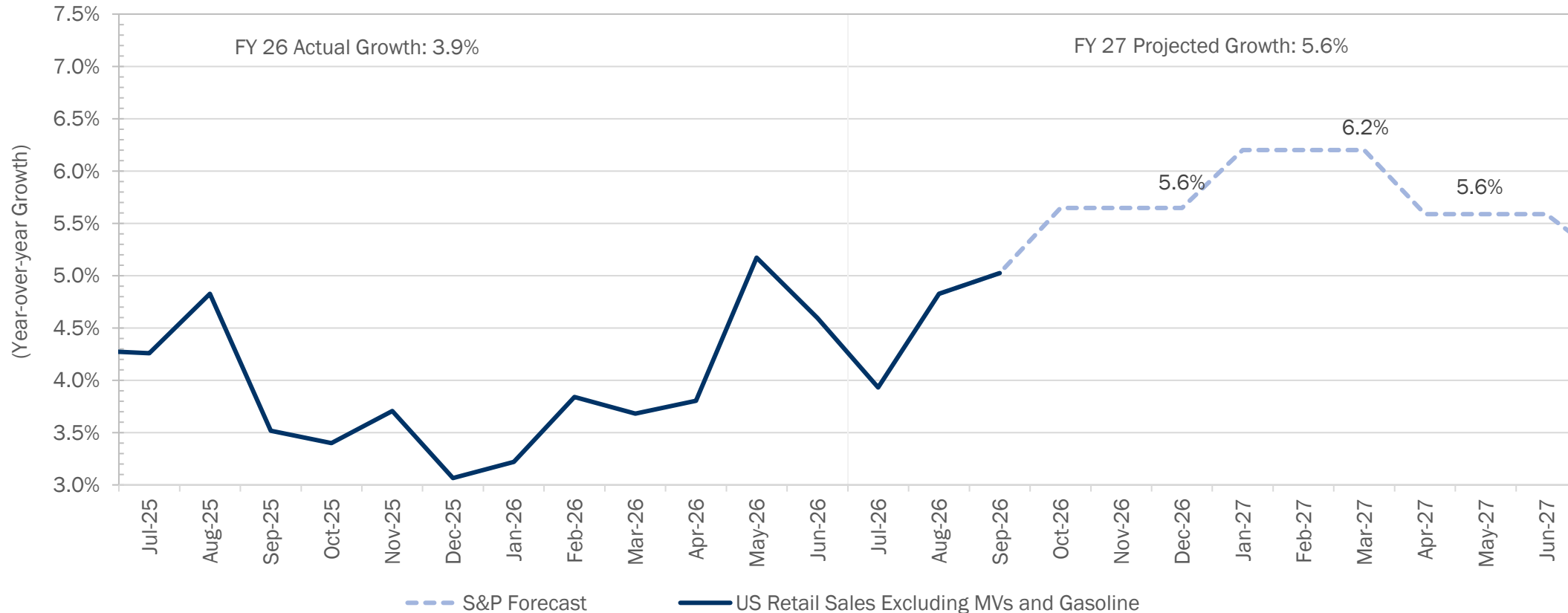


Source: Board of Governors of the Federal Reserve System, Household Debt Service Payments as a Percent of Disposable Income RFA-mad/10/7/2026

Retail Sales Expectations

S&P expectations reflect 5.6% retail sales growth overall in FY 27, up from 4.6% expected in September

EXPECTATIONS FOR US RETAIL SALES Excluding Motor Vehicles and Gasoline Stations



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 October 2026
RFA - mad/10/09/26

Other Consumption Taxes

- Deed Recording fees are above fiscal year-to-date expectations; cumulative collections are growing by 9.1%, compared to 6.2% anticipated, and are above expectations by \$700,000; the May forecast expects growth of 1.4% for FY 27 currently
- Alcoholic Liquor collections are running ahead of fiscal year-to-date expectations by \$600,000, and collections are growing by 5.2%; the May estimate reflects a growth rate of 2.4% for FY 27
- Beer and Wine collections are \$200,000 below expectations, growing 0.5% so far this year compared to the first three months of FY 26; FY 27 is expected to see a 1.0% decline

Individual Income Tax

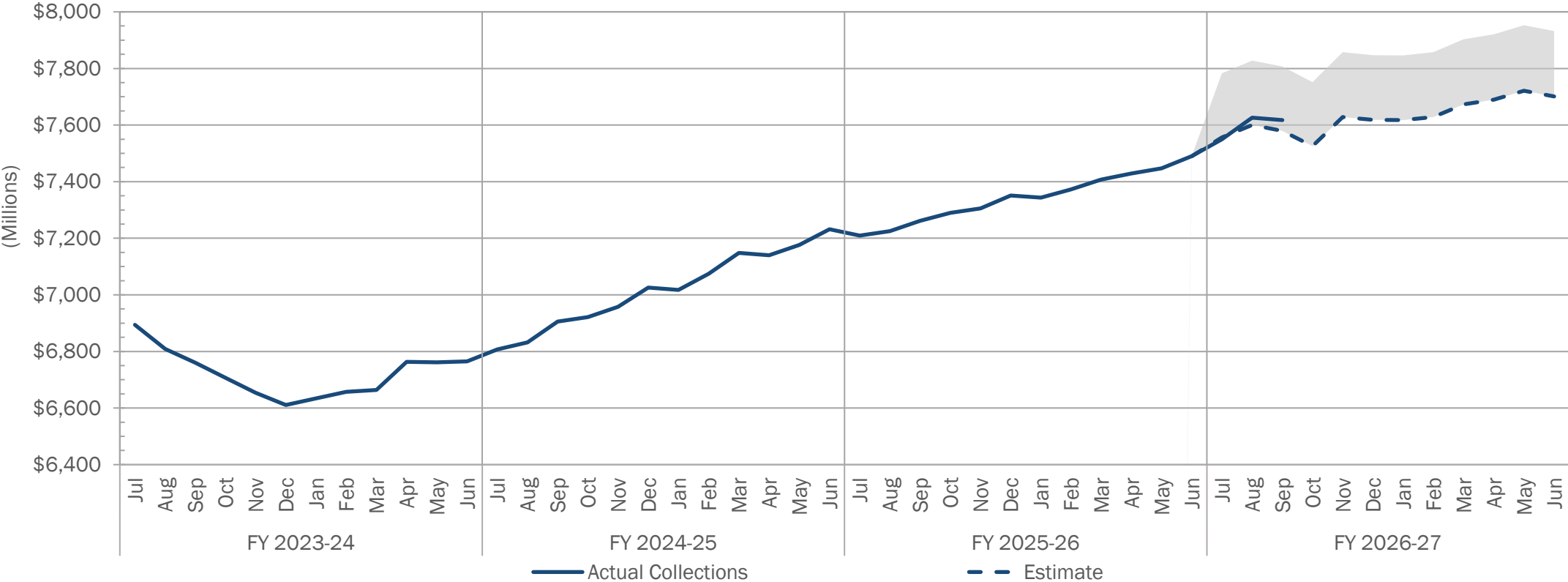
Withholdings – Actual versus Estimate

September Withholdings were \$11.7 million ahead of the monthly estimate; collections are \$37.9 million above expectations for the first three months, growing 7.3%

ROLLING FISCAL YEAR - INDIVIDUAL INCOME WITHHOLDINGS

Actual, Estimate, and Target Range, FY 2023-24 to FY 2026-27

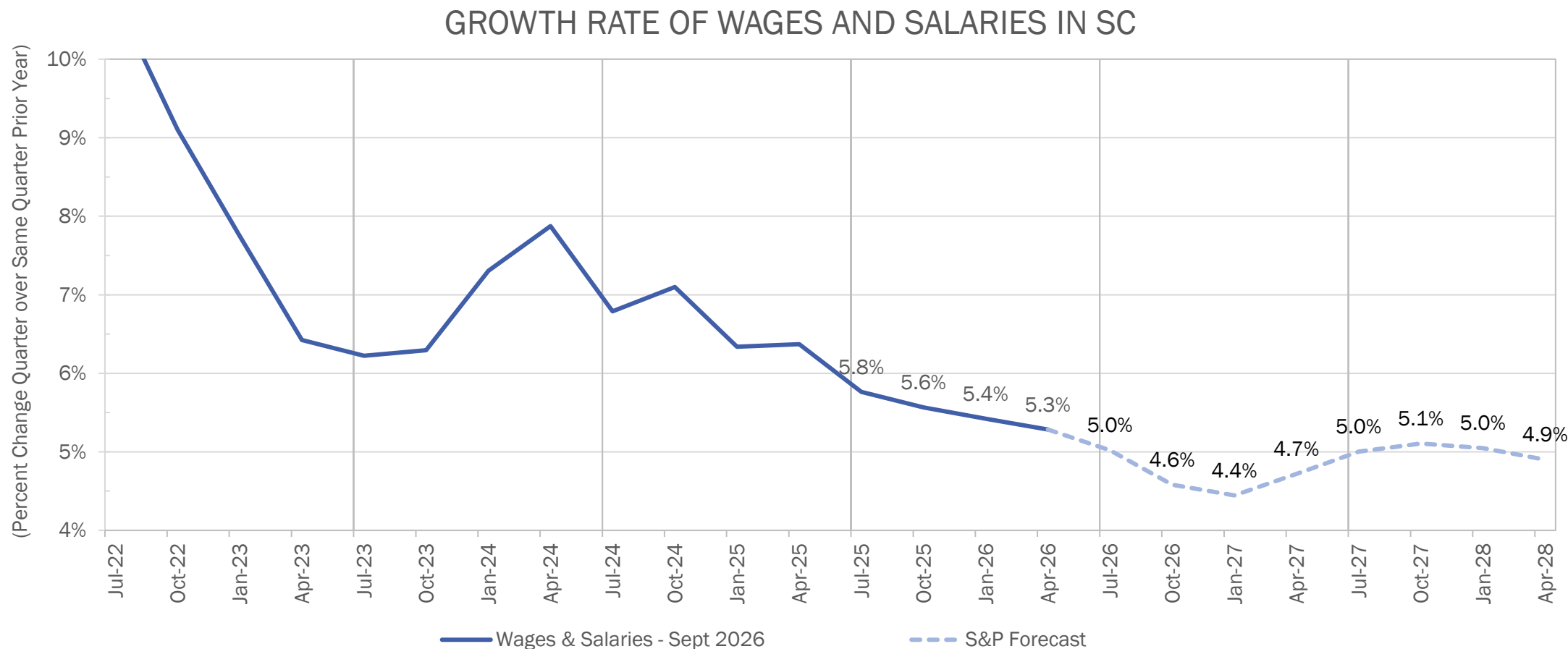
Target Range: +3.0%



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

Growth in SC Wages and Salaries

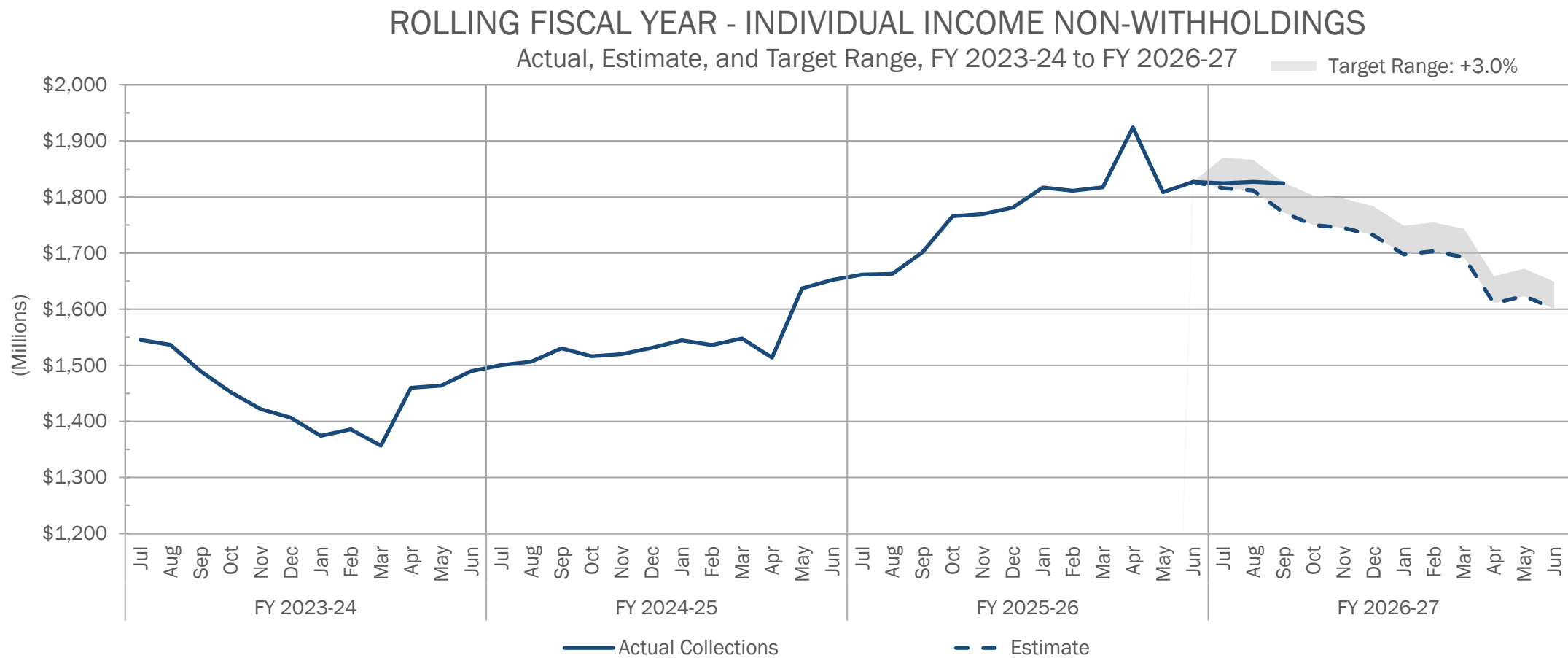
Wages and salaries growth slowed during FY 26 from 5.8% to 5.3%; S&P's expectations show growth declining until Q1 2027 (FY 27: 4.7%, FY 28: 5.0%)



Source: U.S. Department of Commerce, Bureau of Economic Analysis; 334 - RFA/Ihj/10/13/2026

Non-withholdings – Actual versus Estimate

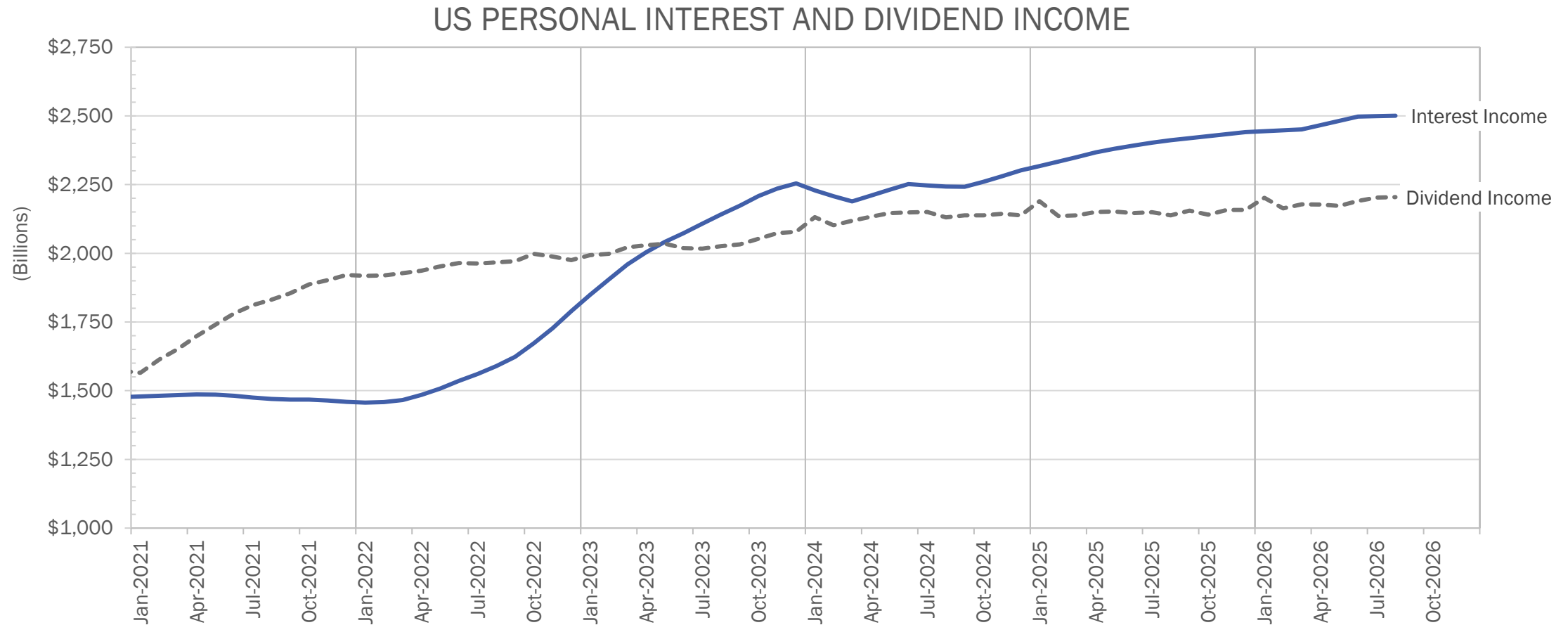
Although total growth through September is 0.9% below last year, Non-withholdings are ahead of expectations by \$52.2 million as the forecast currently anticipates a decline of 12.4% this year



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

US Personal Income, Select Components

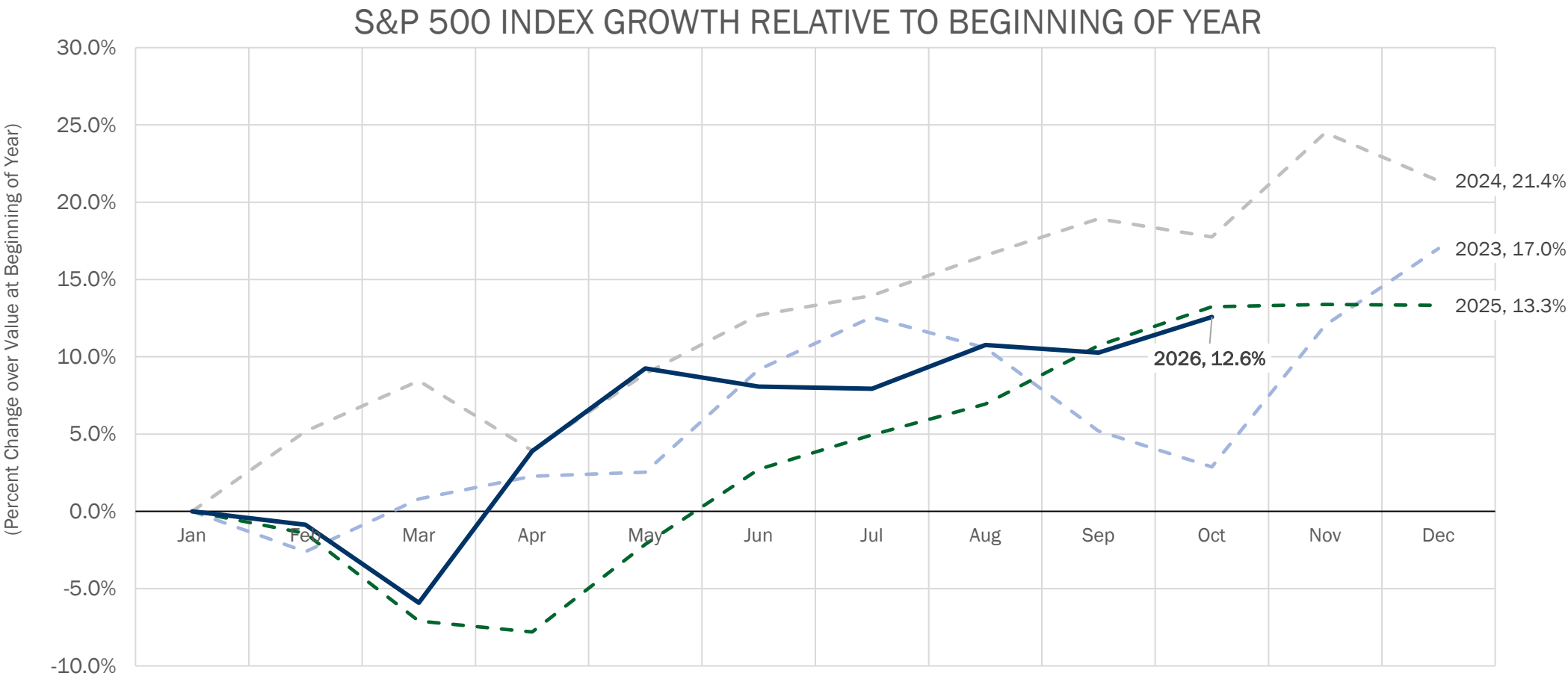
As of August, interest income has grown 4.4% in 2026 when compared to the same 8 months last year, while dividend income has grown 1.7%



Source: U.S. Bureau of Economic Analysis, Personal Income and Outlays - 311C RFA/lhj/10/14/2026

S&P 500 – Growth by Year

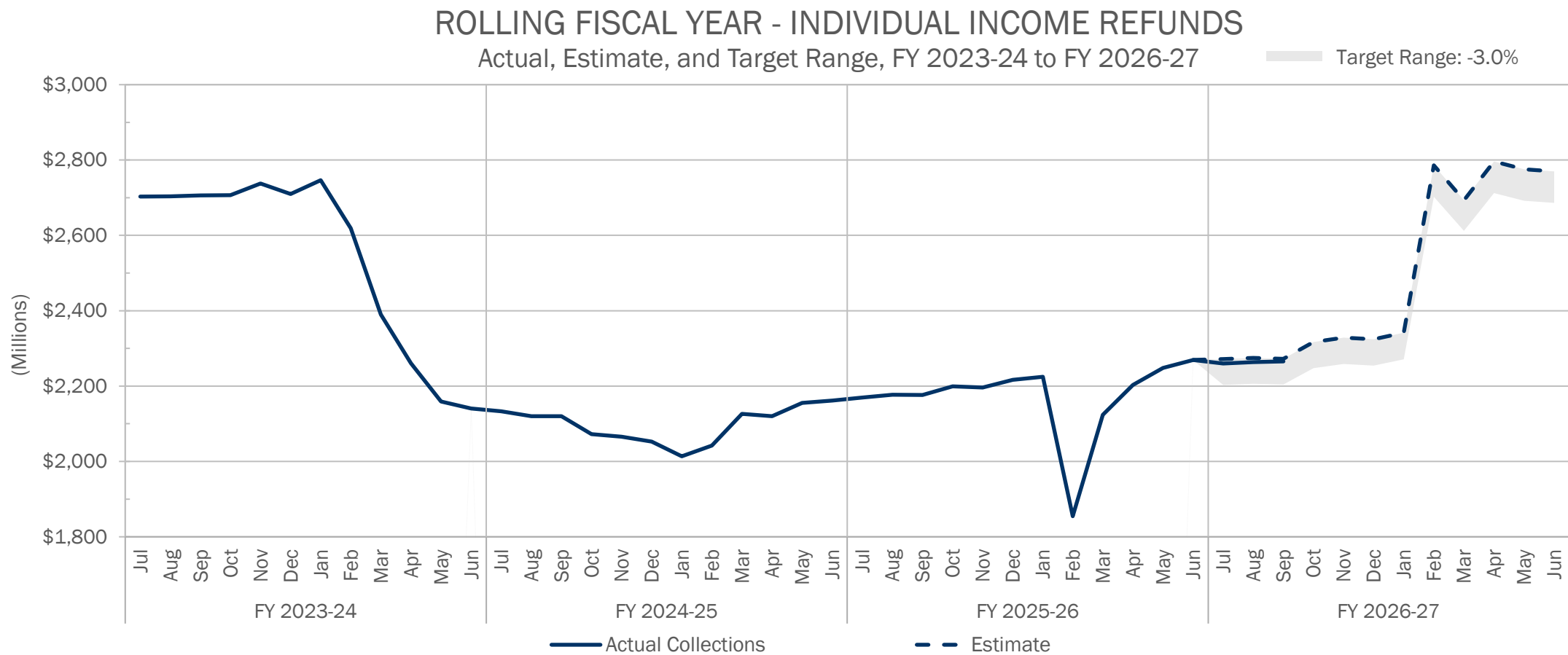
The S&P 500 continues to grow and is currently up 12.6% since the beginning of the year; FY 27 Non-withholdings may be better than previously anticipated



Source: Yahoo Finance, S&P 500 Index - 337C RFA/Ihj/10/14/2026

Refunds – Actual versus Estimate

Refunds are currently \$7.2 million behind expectations through September; the majority of Refunds are expected in the spring due to the income tax rate reduction

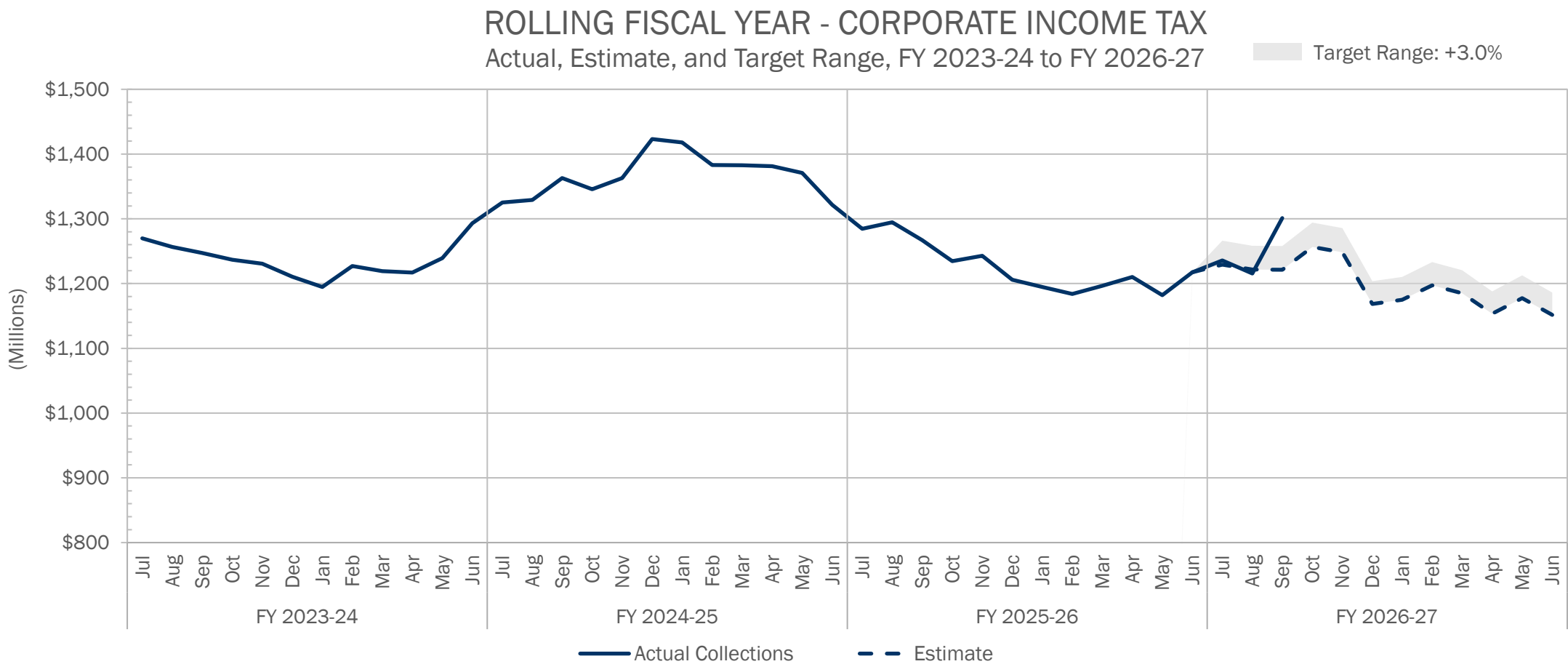


Source: SC Revenue and Fiscal Affairs; SC Board of Economic Advisors, BEA Forecast as of May 19, 2026 with legislative adjustments

Business Taxes

Corporate Income – Actual versus Estimate

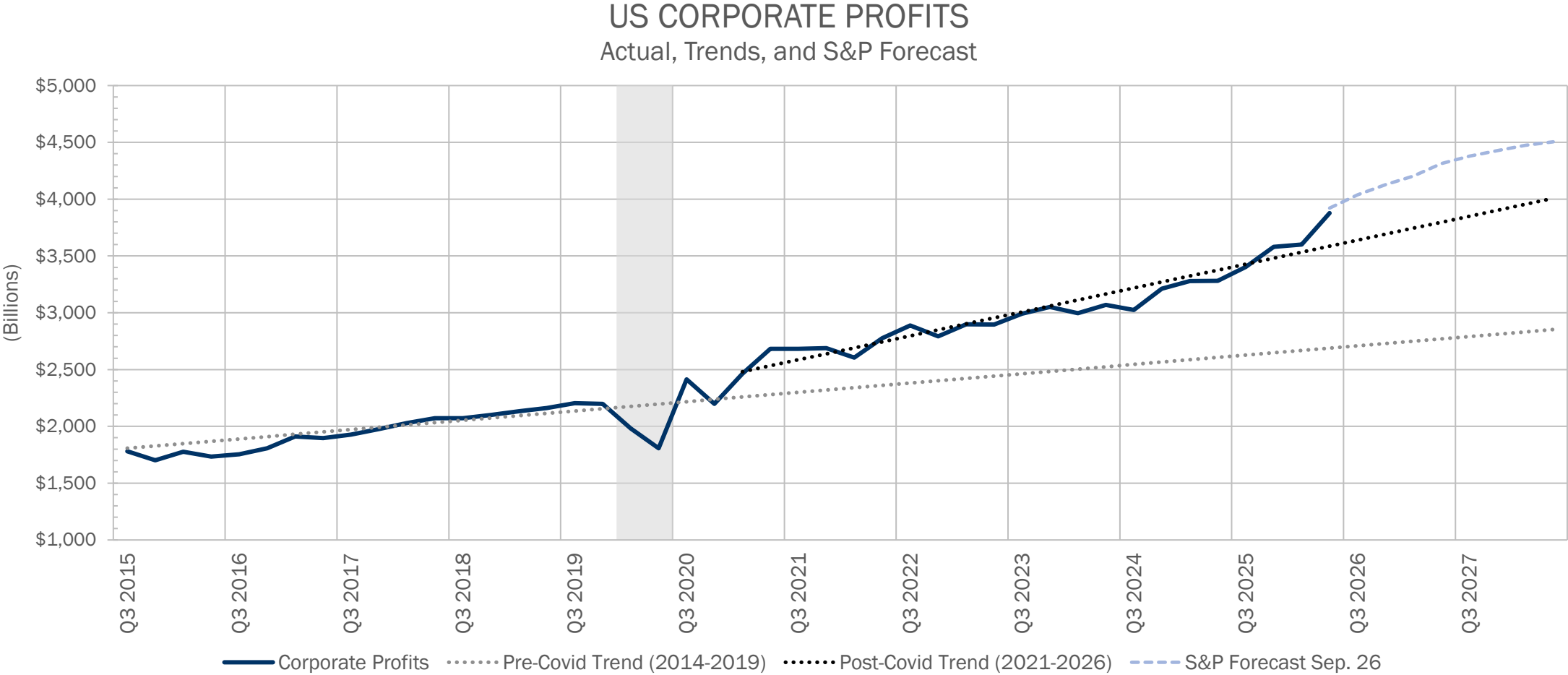
Corporate Income tax collections currently total \$368.3 million and are running ahead of expectations by \$79.5 million due to strong growth in quarterly payments in September



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

US Corporate Profits – Trends and Expectations

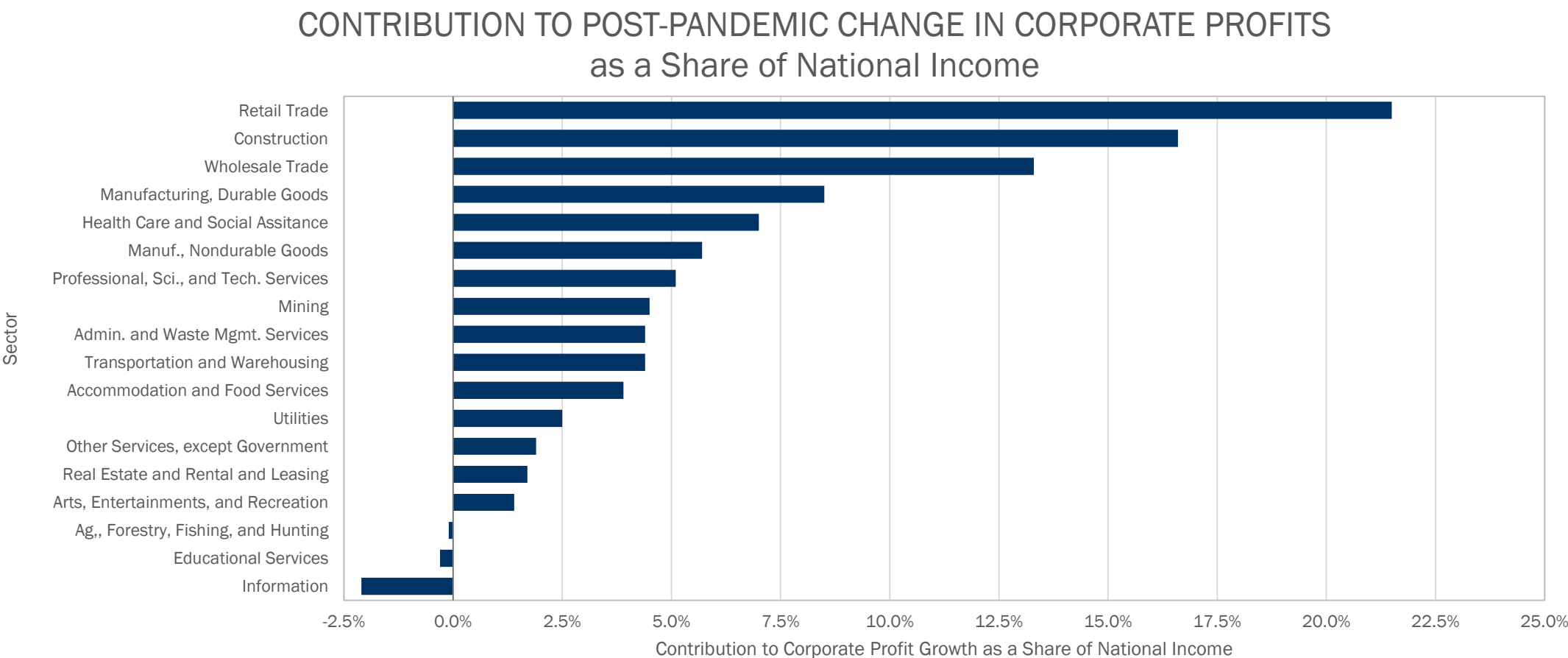
Corporate profits have steadily grown, and S&P expects them to remain elevated through FY 28



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; S&P forecast as of Sep. 2026; 293-RFA/lhj/10/13/2026

Impact on Corporate Profits as a Share of National Income

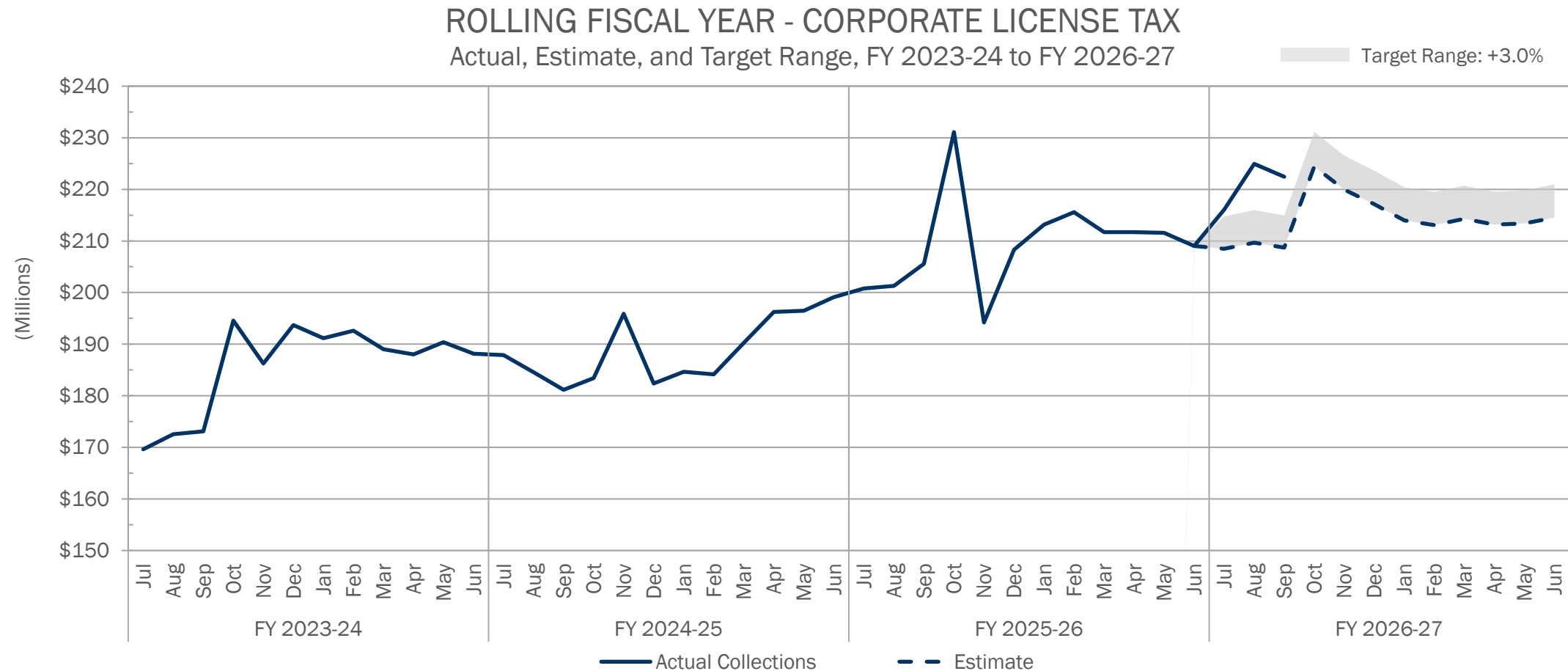
Since the pandemic, the retail trade sector has had the largest impact on growth in corporate profits as a share of national income; given the strong relationship between retail sales and state Corporate Income tax revenue, this change may be part of the increase in revenues



Source: Bureau of Economic Analysis, Federal Reserve Bank of St. Louis
<https://www.stlouisfed.org/on-the-economy/2025/apr/whats-driving-surge-us-corporate-profits>

Corporate License Tax – Actual versus Estimate

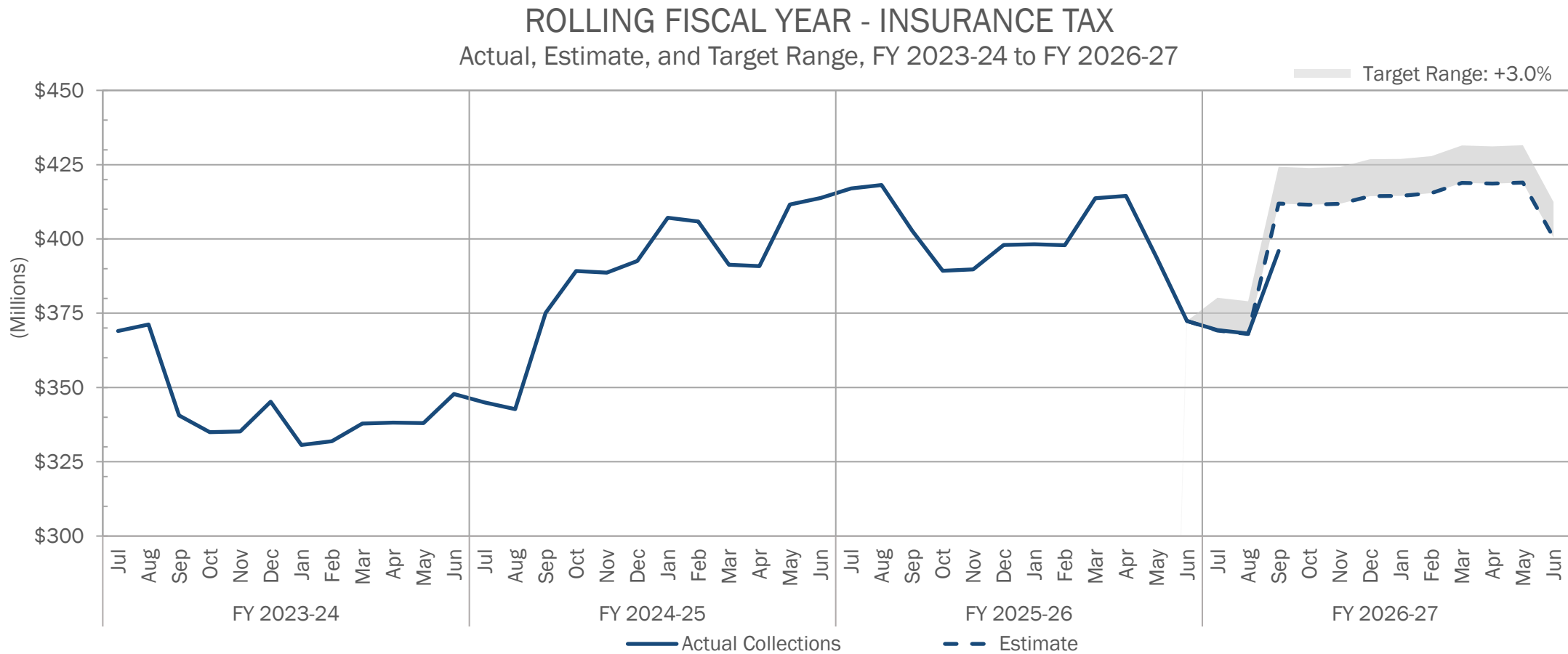
Corporate License revenue is \$13.7 million ahead of expectations; however, most of the revenue will be collected in the next three months



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

Insurance Tax – Actual versus Estimate

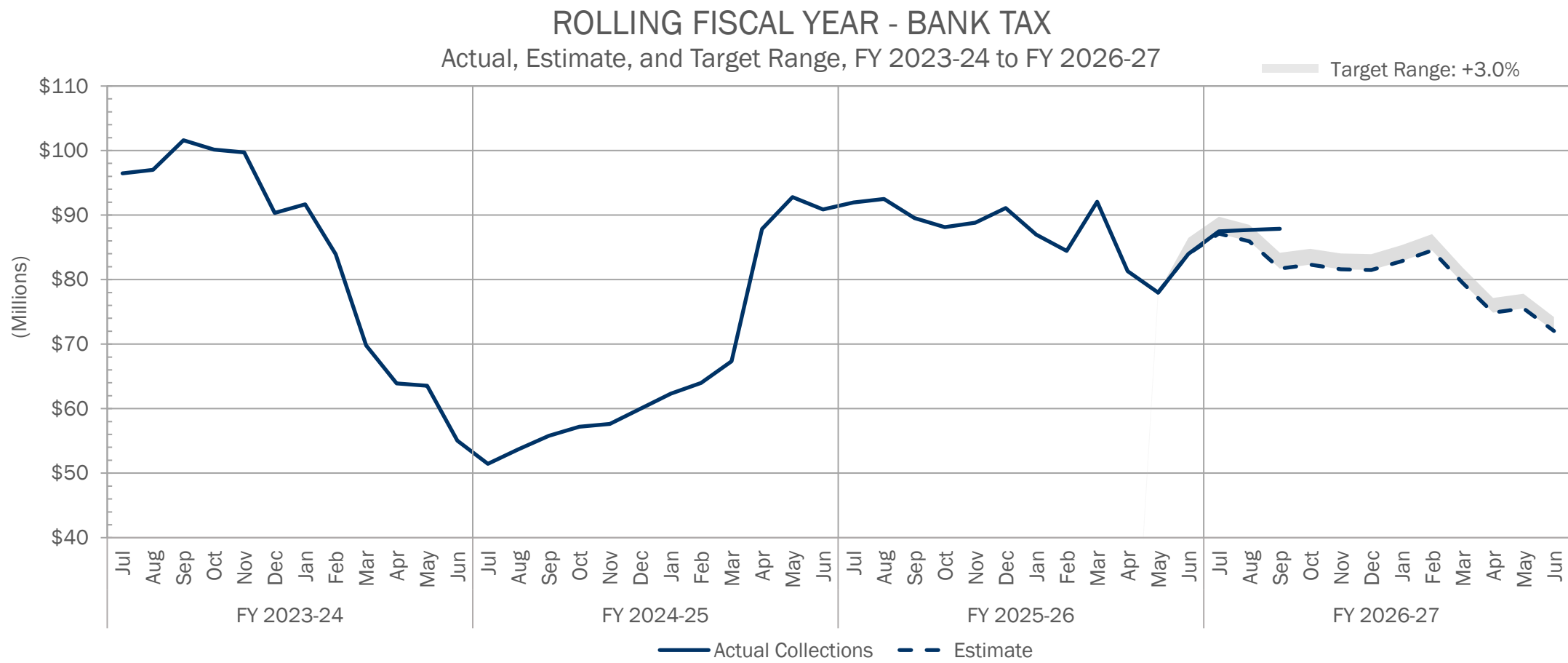
Insurance premiums taxes were \$13.1 million less than anticipated, and Insurance license revenues were \$2.2 million less than anticipated in September; overall, revenues are behind by \$16.0 million; the May estimate is a 7.5% increase in FY 27



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

Bank Tax – Actual versus Estimate

Bank tax revenues are up 20.6% year-to-date compared to this time last year and \$6.2 million ahead of expectations



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

South Carolina Economic Indicators

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

Working Estimates

- Personal Income

- Personal income growth, including wages & salaries, has been better than anticipated in the November 2025 estimate, which was unchanged in May
- Ongoing geopolitical issues and rising interest rates could impact income growth

- Employment

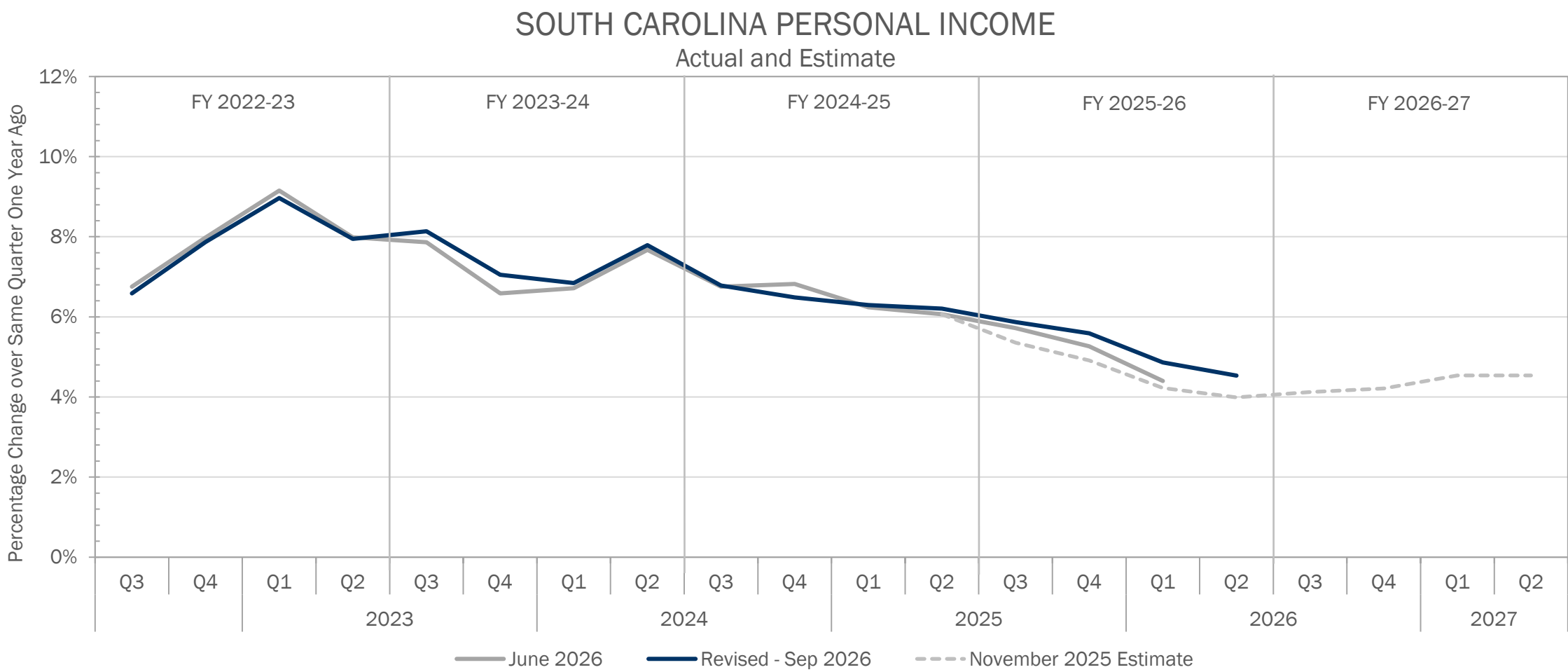
- Employment growth has slowed to below the historical average
- However, migration and economic development are expected to keep employment growth higher in SC than the nation as a whole

- Working Estimates

- Estimates reflect upward revisions to personal income and employment; however, we anticipate growth will remain under historical averages

Personal Income – Actual versus November 2025 Estimate

Income grew 5.2% in FY 26 versus 4.6% estimated; data revisions boosted growth across FY 26

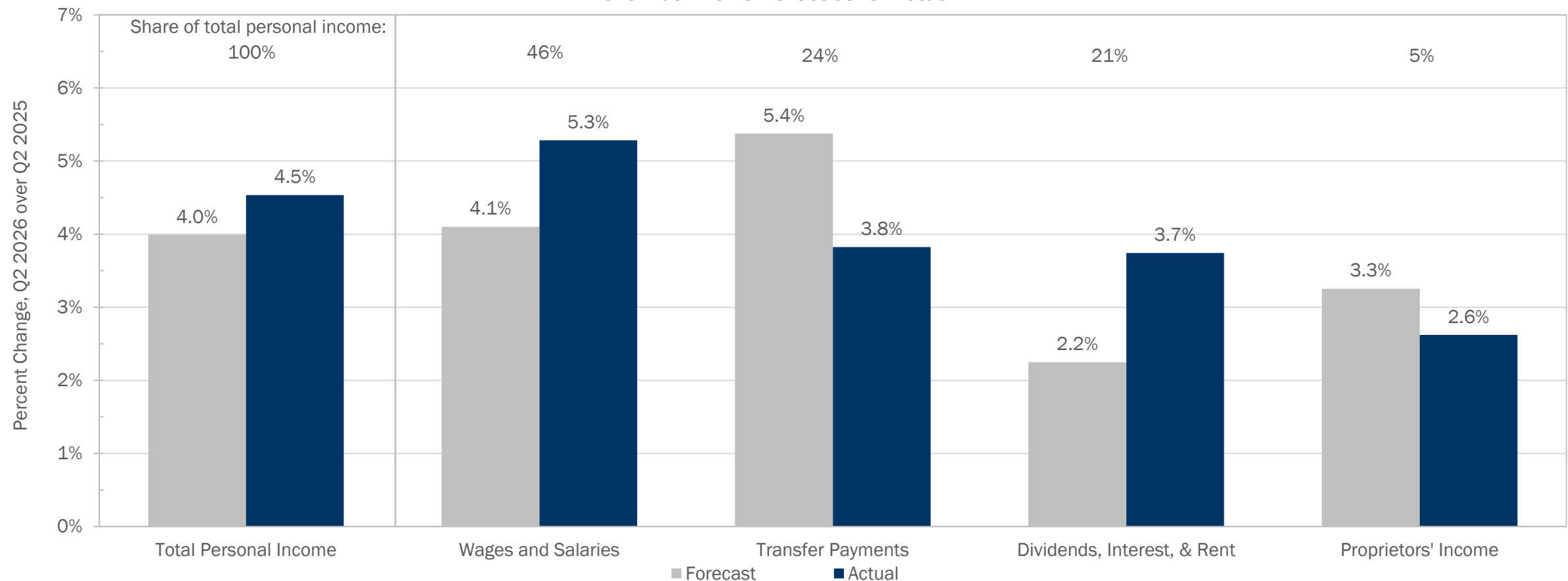


Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kv/9/30/2026

Personal Income – Components

Wages and Salaries grew 5.3% versus 4.1% expected, Dividends, Interest, & Rent grew 3.7% versus 2.2% expected; transfer payments grew less than expected

PERSONAL INCOME GROWTH - Q2 2026
November 2025 Forecast vs. Actual



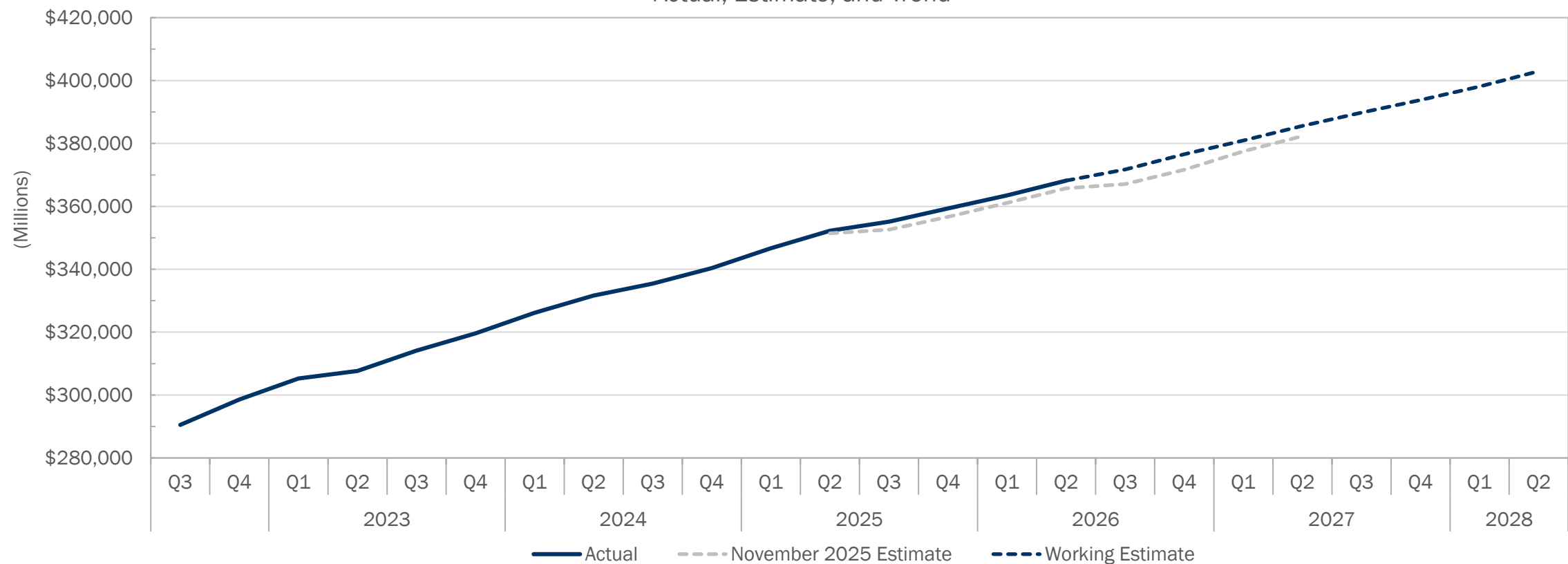
Source: U.S. Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kv/9/30/2026

Personal Income Level – Working Estimate

Working estimate assumes a boost in the level due to revisions, and steady but below historical average growth through forecast horizon

FY 27: ~~4.4%~~ 4.7%; FY 28: 4.6%

SOUTH CAROLINA PERSONAL INCOME
Actual, Estimate, and Trend

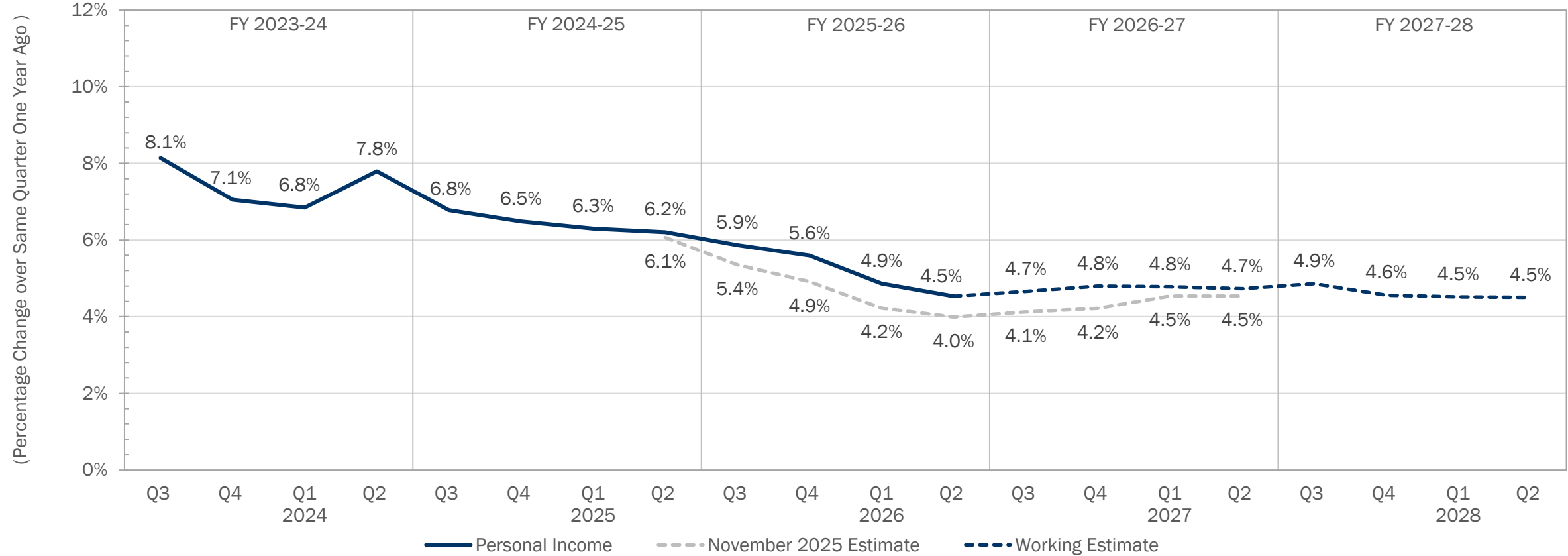


Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kv/10/6/2026

Personal Income Quarterly Growth – Working Estimate

Growth is expected to remain relatively stable over FY 27 and FY 28

SOUTH CAROLINA PERSONAL INCOME
Actual and Estimate

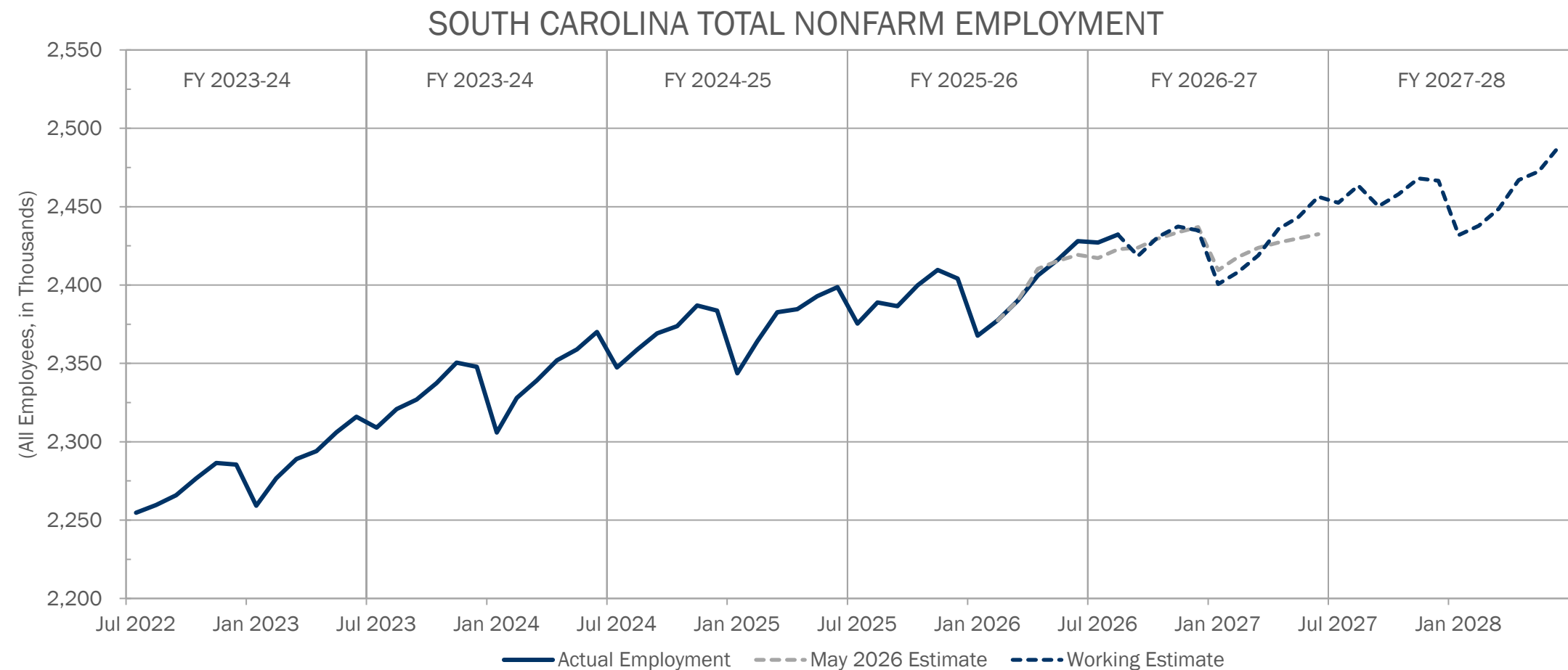


Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kv/10/6/2026

Employment – Working Estimate

Working estimate for FY 27 assumes faster growth than last fiscal year but for growth to slow in FY 28

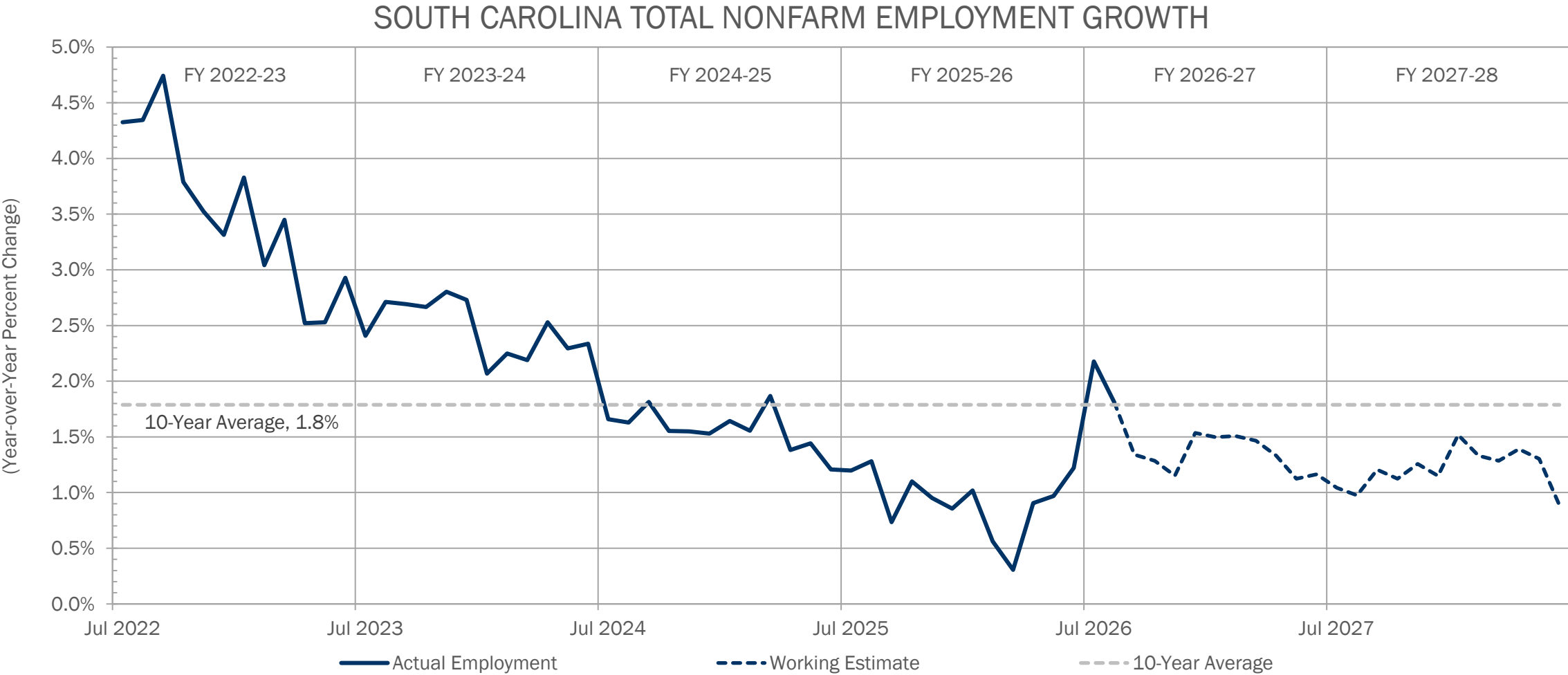
FY 27: ~~1.3%~~ 1.4%; FY 28: 1.2%



Source: Bureau of Labor Statistics, U.S. Department of Labor RFA/kv/10/5/2026

Employment Growth – Working Estimate

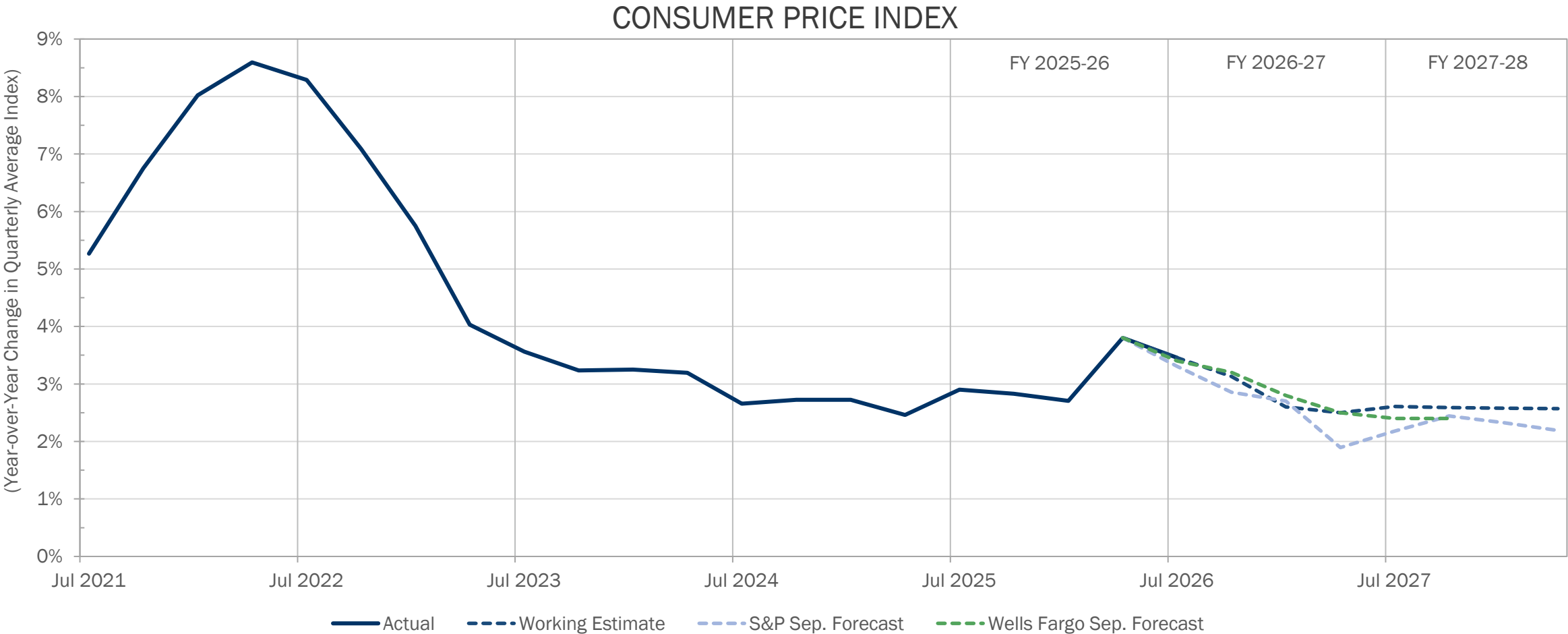
Growth is expected to be below the 10-year average



Source: Bureau of Labor Statistics, U.S. Department of Labor RFA/kv/10/5/2026

Inflation – Working Estimates

CPI inflation estimates: FY 27: ~~2.5%~~ 2.9%; FY 28: 2.6%
(Comparison forecasts: S&P: 2.7%, 2.3%; Wells Fargo: 3.0%, n/a)



Source: Bureau of Labor Statistics, U.S. Department of Labor RFA/kv/10/14/2026

Summary – Working Estimates

FISCAL YEAR GROWTH RATES			
Fiscal Year	Personal Income	Employment	Inflation
FY 2025-26 Actual	5.2%	0.9%	3.1%
FY 2026-27	~~4.4%~~ 4.7%	~~1.3%~~ 1.4%	~~2.5%~~ 2.9%
FY 2027-28	4.6%	1.2%	2.6%

Break for Lunch

Forecast Outlook for FY 2026-27 and FY 2027-28

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

Working Estimates

- Personal Income
 - Personal income growth, including wages & salaries, has been better than anticipated in the November 2025 estimate, which was unchanged in May
 - Ongoing geopolitical issues and rising interest rates could impact income growth
- Employment
 - Employment growth has slowed to below the historical average
 - However, migration and economic development are expected to keep employment growth higher in SC than the nation as a whole
- Working Estimates
 - Estimates reflect upward revisions to personal income and employment; however, we anticipate growth will remain under historical averages

Summary – Working Estimates

FISCAL YEAR GROWTH RATES			
Fiscal Year	Personal Income	Employment	Inflation
FY 2025-26 Actual	5.2%	0.9%	3.1%
FY 2026-27	~~4.4%~~ 4.7%	~~1.3%~~ 1.4%	~~2.5%~~ 2.9%
FY 2027-28	4.6%	1.2%	2.6%

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 and business decisions?
- How will the next 12 and 24 months compare to last year?

Guest Economist Panel

- Ms. Jackie Benson, Vice President and Economist, Wells Fargo Corporate & Investment Banking
- Dr. Robert T. Carey, Senior Lecturer, Department of Political Science; Director of Regional Economic Analysis Laboratory, College of Behavioral, Social and Health Sciences, Clemson University
- Dr. Frank Hefner, Professor of Economics, Director of Office of Economic Analysis, 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

Fiscal Year	South Carolina Employment	South Carolina Personal Income	U.S. Inflation	U.S. Employment	U.S. Personal Income
FY 2010-11	1.2%	5.3%	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%	5.1%	7.2%	4.7%	4.1%
FY 2022-23	3.5%	7.9%	6.3%	3.2%	6.2%
FY 2023-24	2.5%	7.5%	3.3%	1.6%	6.4%
FY 2024-25	1.6%	6.4%	2.6%	0.8%	5.4%
FY 2025-26	0.9%	5.2%	3.1%	0.2%	4.8%
FY 2026-27 Est.	1.4%	4.7%	2.9%		
FY 2027-28 Est.	1.2%	4.6%	2.6%		
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 14, 2026