South Carolina
General Fund Revenue Forecast

FY 2026-27 and FY 2027-28

November 19, 2026

SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
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Working Group Report

- The working group met in November to discuss October 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

General Fund Revenues – October

REVENUES VERSUS BEA MONTHLY ESTIMATES

OCTOBER

($ in Millions)

	Expected Revenues	Actual Revenues	Over/ (Under) Expected	Expected Growth /1	Actual Growth /2
Total General Fund Revenue	**$1,134.2**	**$1,253.1**	**$118.9**	**(6.0%)**	**3.9%**
Sales Tax	429.7	458.8	29.1	1.0%	7.9%
Individual Income Tax	528.9	652.1	123.2	(18.5%)	0.4%
Withholdings	560.4	614.7	54.3	(8.8%)	0.1%
Non-withholdings	117.7	143.4	25.7	(15.9%)	2.5%
Refunds	149.2	106.0	(43.2)	42.1%	0.9%
Corporate Income Tax	(28.9)	(33.1)	(4.3)	N/A	N/A
Insurance Tax	2.1	8.1	6.0	(16.2%)	222.8%
Other Revenue Items, Sub-Total	202.3	167.2	(35.1)	4.6%	(13.5%)

	Expected Revenues	Actual Revenues	Over/ (Under) Expected	Expected Growth /1	Actual Growth /2
Other Revenue Items, Sub-Total	$202.3	$167.2	($35.1)	4.6%	(13.5%)
Admissions Tax	4.1	4.9	0.8	3.0%	22.6%
Alcoholic Liquors Tax	11.5	12.0	0.5	1.8%	6.5%
Bank Tax	1.4	1.2	(0.1)	81.2%	62.8%
Beer and Wine Tax	9.1	9.6	0.4	(4.1%)	0.6%
Corporate License Tax	115.8	81.7	(34.1)	15.7%	(18.4%)
Deed Recording	11.2	12.4	1.2	(2.6%)	7.8%
Earned on Investments	40.5	37.1	(3.4)	(15.0%)	(22.1%)
Residual Revenue	8.8	8.4	(0.4)	1.1%	(3.3%)

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.

General Fund Revenues – Fiscal Year-to-date

REVENUES VERSUS BEA MONTHLY ESTIMATES

JULY - OCTOBER

($ in Millions)

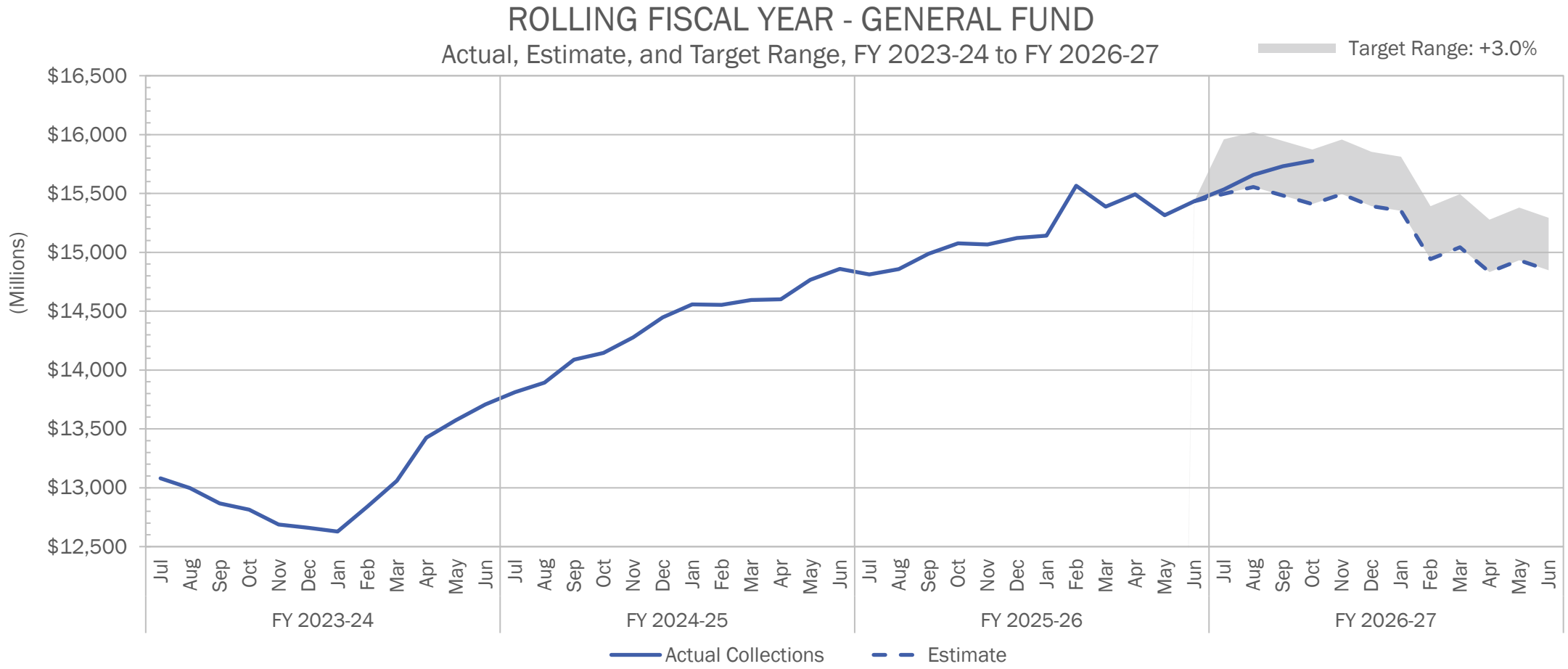
	Expected Revenues	Actual Revenues	Over/ (Under) Expected	Estimate YTD /1	Actual YTD /2	Estimate Full FY /3
Total General Fund Revenue	**$4,712.9**	**$5,080.1**	**$367.2**	**(0.5%)**	**7.3%**	**(3.8%)**
Sales Tax	1,336.4	1,403.3	66.9	1.8%	6.9%	1.9%
Individual Income Tax	2,482.4	2,702.9	220.5	(3.4%)	5.1%	(7.3%)
Withholdings	2,394.5	2,486.8	92.2	1.5%	5.4%	2.8%
Non-withholdings	356.5	434.3	77.9	(17.8%)	0.2%	(12.4%)
Refunds	268.6	218.2	(50.4)	21.4%	(1.4%)	22.0%
Corporate Income Tax	260.0	335.2	75.2	17.7%	51.7%	(5.4%)
Insurance Tax	145.2	135.2	(10.0)	36.9%	27.5%	7.5%
Other Revenue Items, Sub-Total	488.9	503.5	14.5	(6.9%)	(4.2%)	(8.7%)

	Expected Revenues	Actual Revenues	Over/ (Under) Expected	Estimate YTD /1	Actual YTD /2	Estimate Full FY /3
Other Revenue Items, Sub-Total	$488.9	$503.5	$14.5	(6.9%)	(4.2%)	(8.7%)
Admissions Tax	3.3	4.9	1.6	4.4%	56.6%	2.1%
Alcoholic Liquors Tax	32.6	33.7	1.2	2.1%	5.7%	2.4%
Bank Tax	18.0	24.1	6.0	(8.4%)	22.3%	(14.2%)
Beer and Wine Tax	28.6	28.9	0.2	(0.2%)	0.6%	(1.0%)
Corporate License Tax	137.9	117.5	(20.4)	12.6%	(4.1%)	2.6%
Deed Recording	36.0	37.8	1.9	3.3%	8.7%	1.4%
Earned on Investments	181.7	203.9	22.2	(18.8%)	(8.9%)	(19.4%)
Residual Revenue	50.8	52.6	1.7	(16.3%)	(13.4%)	(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 Revenue – May 2026 Estimate

Collections are $367.2 million ahead of the forecast with legislative adjustments; while a couple categories are behind, revenues have grown more than expected in most key categories



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

Review of Revenue Estimates and Assumptions for FY 2026-27 and FY 2027-28

Summary – Working Estimates (Revised from October)

FISCAL YEAR GROWTH RATES			
Fiscal Year	Personal Income	Employment	Inflation
FY 2025-26 Actual	5.2%	0.9%	3.1%
FY 2026-27	~~4.7%~~ 4.8%	~~1.4%~~ 1.5%	~~2.9%~~ 3.3%
FY 2027-28	~~4.6%~~ 4.7%	~~1.2%~~ 1.3%	~~2.6%~~ 2.8%

Risks and Considerations for FY 2026-27 and FY 2027-28

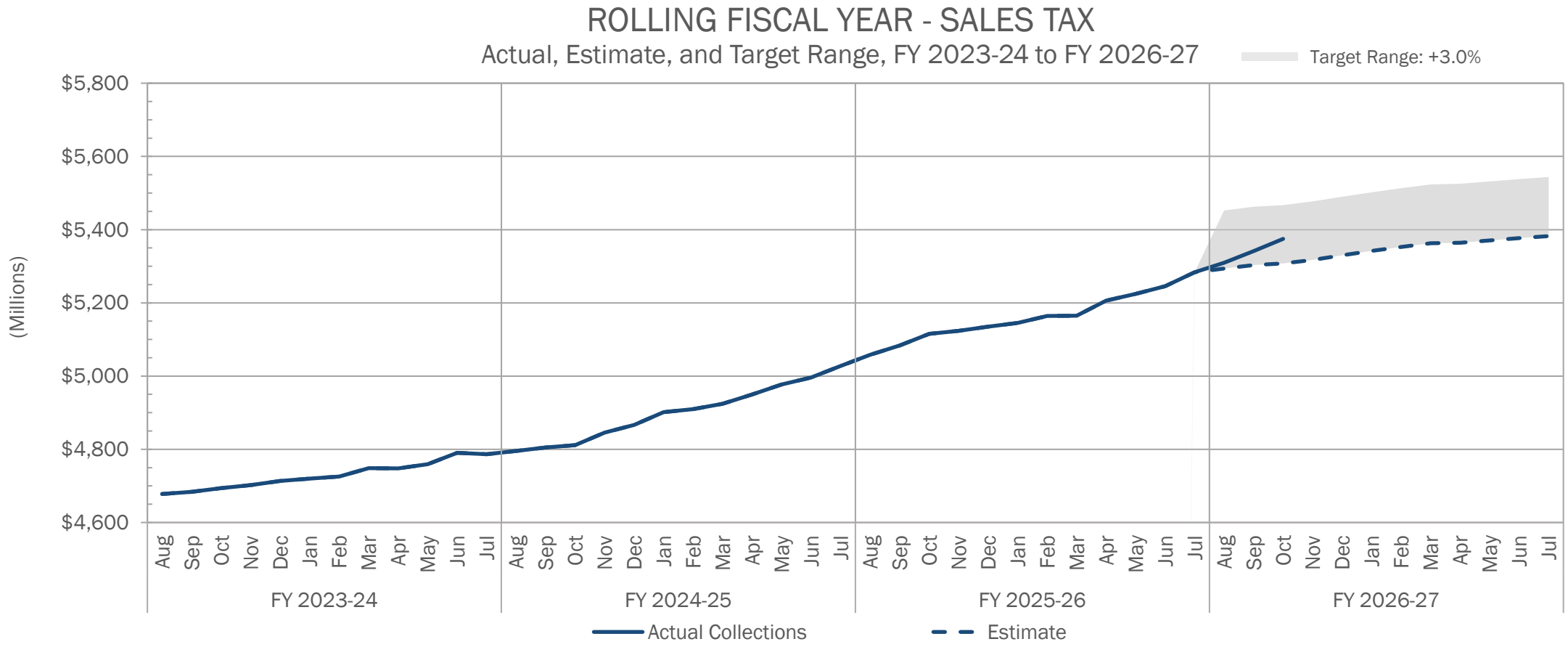
- Continued economic uncertainty is expected to result in both employment and wage growth remaining below historical averages, contributing to slower personal income growth for FY 27 and FY 28
- Growth in most major revenue categories is expected to be slightly below historical averages as a result
- 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 growth is expected to briefly slow down to below historical growth later in the fiscal year, reflecting our assumptions of below average personal income growth and elevated inflation in FY 27 and resulting in near historical growth in sales tax overall in FY 27
- Growth in Withholdings is an ongoing issue as actual growth was below the underlying economic assumptions during FY 26; while growth has improved, partly due to changes in the timing of Withholdings refunds, concerns about the relationship between income growth and Withholdings collections remain

Sales Tax – Actual versus Estimate

October collections grew by 7.9% over the same month last year; FY 27 cumulative collections are now $66.9 million ahead of the May estimate and growing 6.9% overall



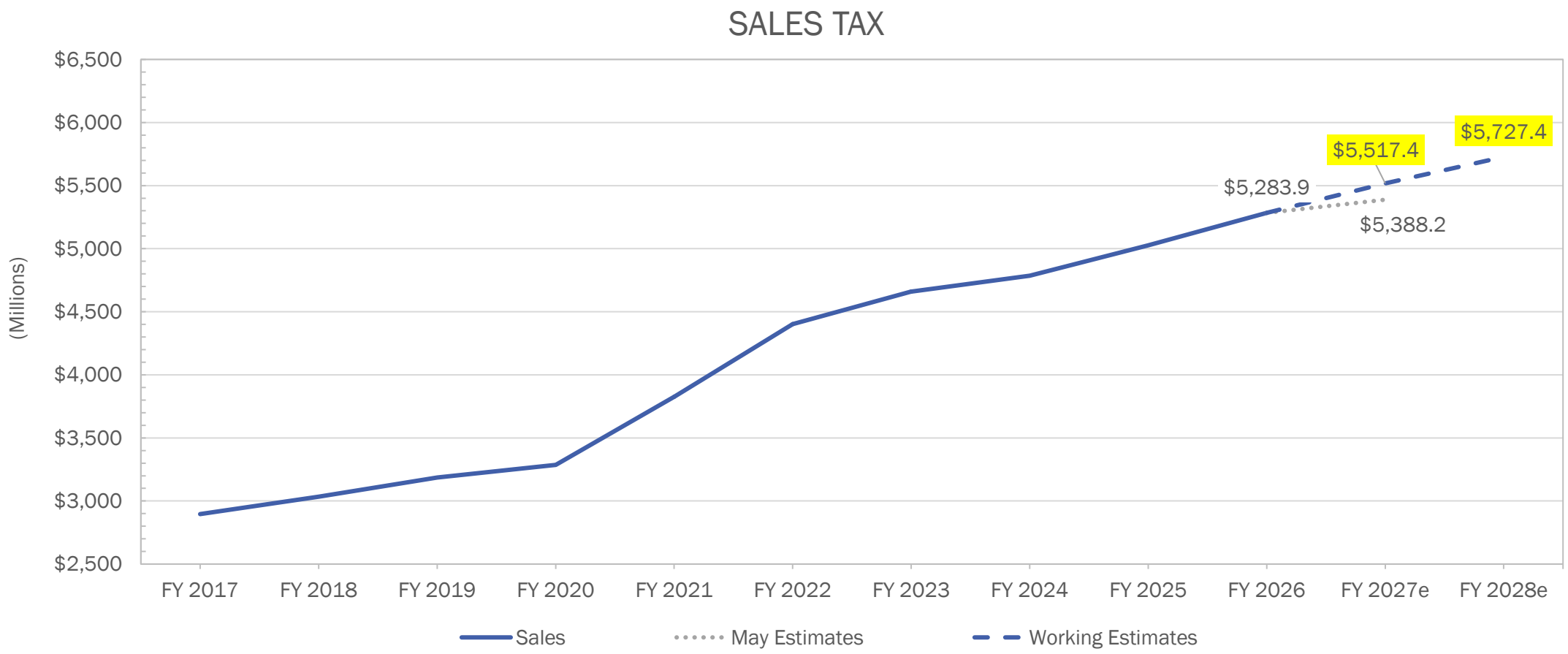
Source: SC Revenue and Fiscal Affairs, BEA Forecast as of May 19, 2026, with legislative adjustments

Sales Tax Forecast Considerations

- Spending on taxable sales is still strong despite having to compete with rising gas prices; however, rising prices present risks to spending
- 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
- Retail sales excluding gasoline are still expected to grow at a steady rate, with strong growth continuing in FY 27, above historical averages
- Working estimates are near historical average growth, driven by current strong collections growth and expectations of above-average growth in retail sales excluding gasoline, balanced by risks to consumer spending
- FY 27 working estimate reflects 4.4% growth in collections, and FY 28 reflects 3.8% growth over FY 27

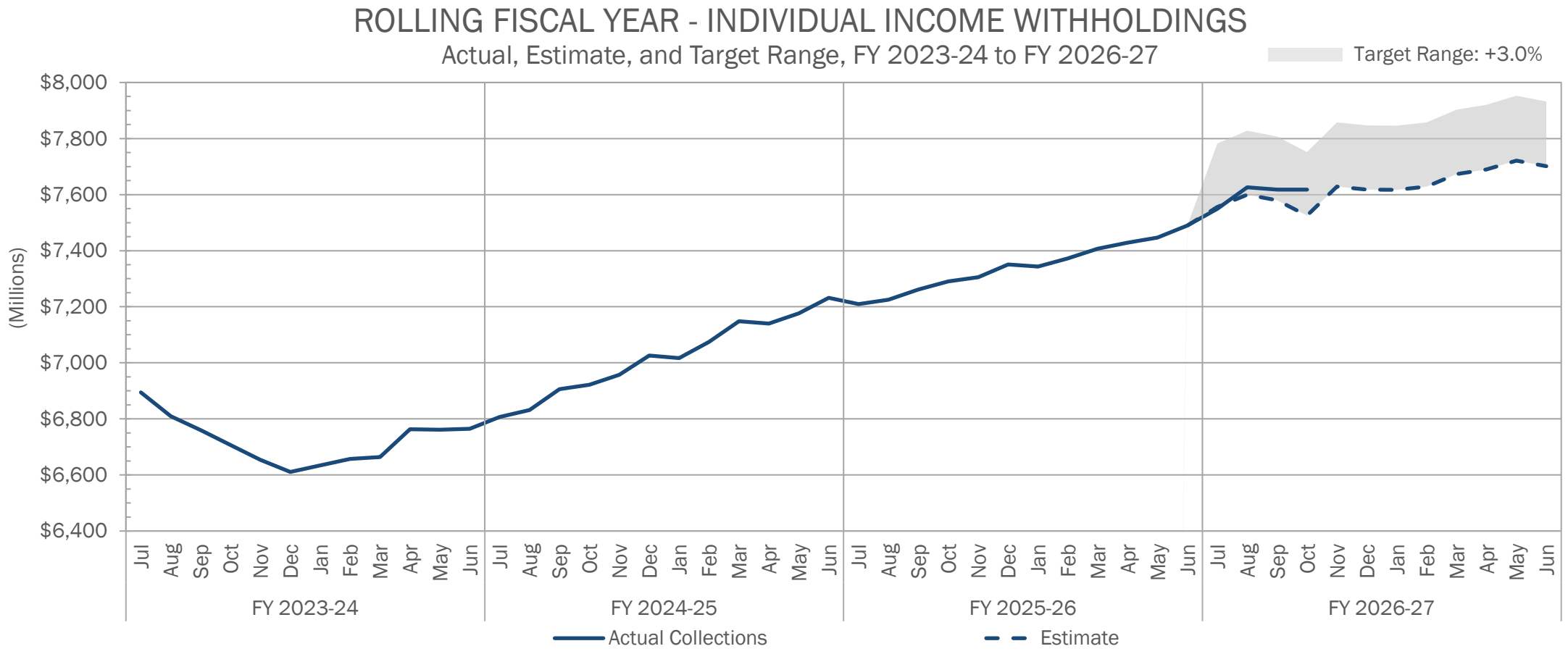
Sales Tax – Working Estimates

Overall collections growth is expected to remain near, but slightly above the historical average; FY 27 is expected to reach 4.4%, compared to the 2.0% May estimate, and 3.8% in FY 28



Withholdings – Actual versus Estimate

October Withholdings were $54.3 million ahead of the monthly estimate; FY 27 collections are $92.2 million above expectations and growing by 5.4%



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

Withholding Tables Adjustment – Act 110 of 2026 (H. 4216)

- Act 110 specified that the Department of Revenue (DOR), in consultation with Revenue and Fiscal Affairs (RFA), and in accordance with fiscal responsibility, shall adjust the withholding tables to reflect the amendments made in the Act
- Several challenges in transitioning to the new withholding tables were identified:
  - The 2026 Withholding tables were based on the previous tax rate structure with tax rates of 0%, 3%, and 6%
  - The new tables for 2027 need to transition to the revised tax rate structure with the new marginal tax rates of 1.99% and 5.21%
  - The change will need to be phased in over time as an immediate transition would have a significant budget impact

Fiscal Responsibility

- After consultation with legislative and governor's office staff, RFA and DOR developed an initial schedule to begin phasing in the new withholding tables

  Net General Fund Impact:

  - Tax Year 2027: -$400 million; FY 27 impact of -$200 million
  - Tax Year 2028: additional -$600 million; additional FY 28 net General Fund impact of -$300 million

  Long-range Forecast Preliminary Adjustments:

  - Tax Year 2029: additional -$400 million; FY 29 impact of -$200 million*

    *Growth in individual income tax would trigger a tax rate reduction
  - Tax Year 2030: additional -$400 million; FY 30 impact of -$200 million

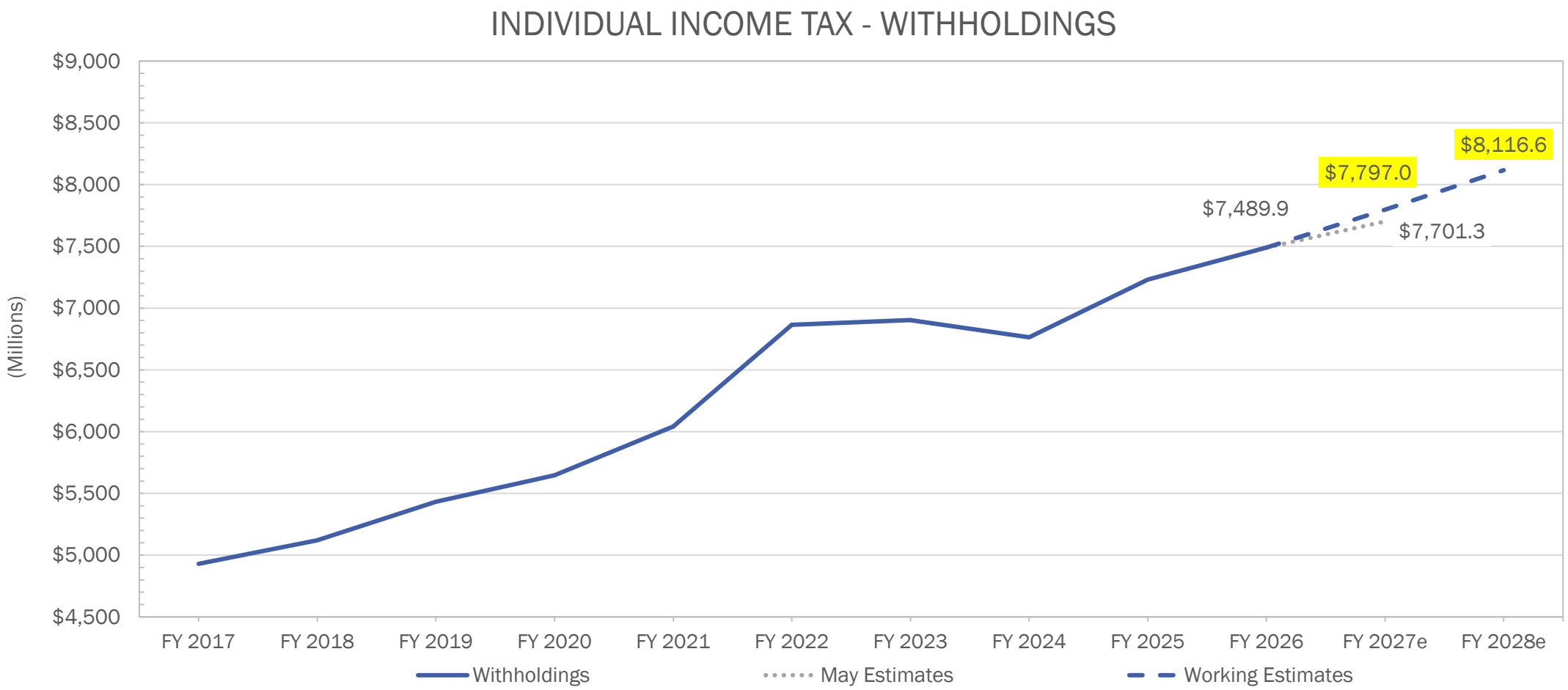
- Final adjustments for 2029 and 2030 will be determined annually in accordance with fiscal responsibility

Withholdings Forecast Considerations

- Withholdings collections finished FY 26 $77.7 million above expectations and grew 3.6%
- Growth was below wages and salaries, which grew 5.5% for FY 26; this growth difference was partly impacted by changes to historical timing of Withholdings refunds but still slower than expected
- Growth for FY 27 and FY 28 is expected to be below average and below wages & salaries growth given the recent trend (4.1% each year)
- FY 27 also incorporates the effect of the downward adjustment to the Withholding tables for calendar year 2027 (-$400 million total annual adjustment; - $200 million for FY 27)
- FY 28 incorporates a continued phase-in of the downward adjustment to the Withholding tables for 2028 (additional -$600 million annual adjustment; net General Fund additional - $300 million for FY 28)

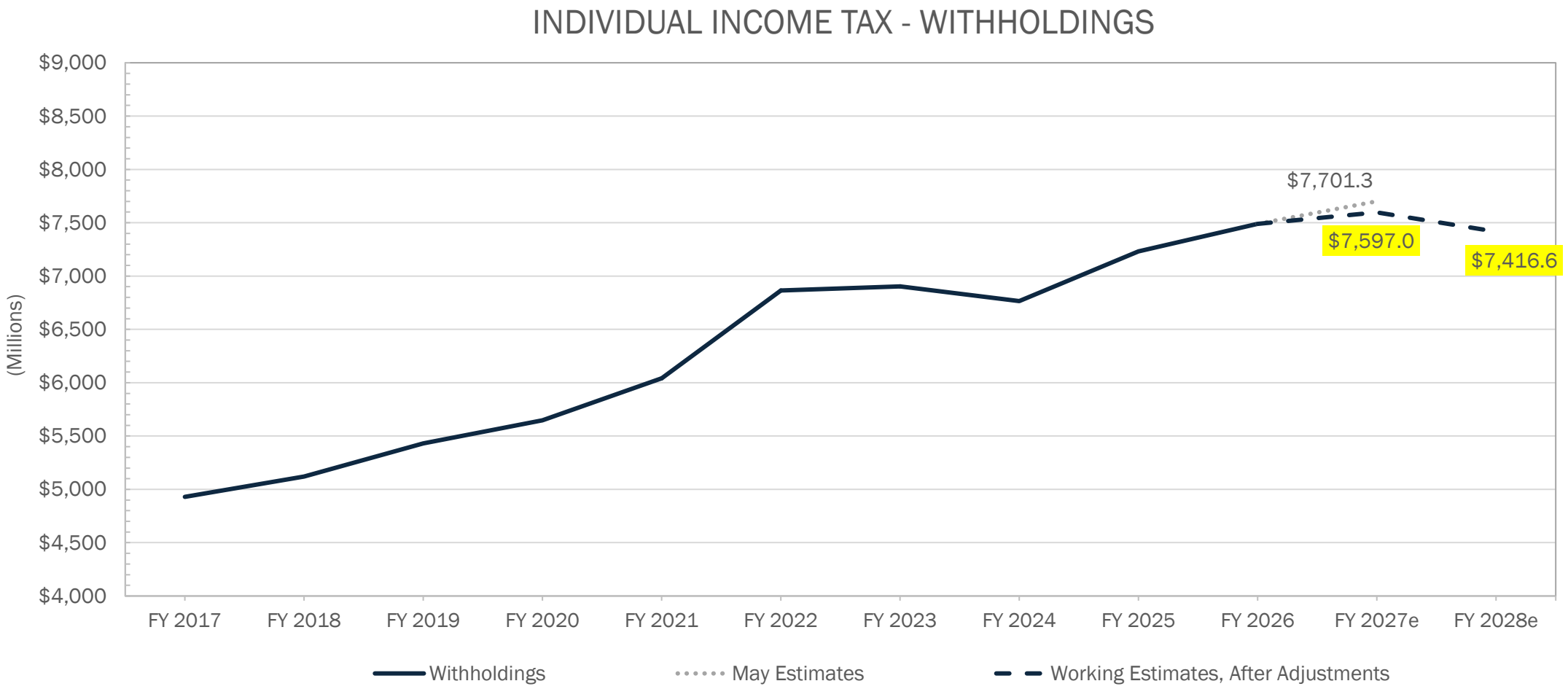
Withholdings – Working Estimates (Before Table Changes)

Based on the FY 26 trend of growth below wages and salaries, growth is expected to be slower than the historical average at 4.1% per year, before incorporating changes to the Withholding tables



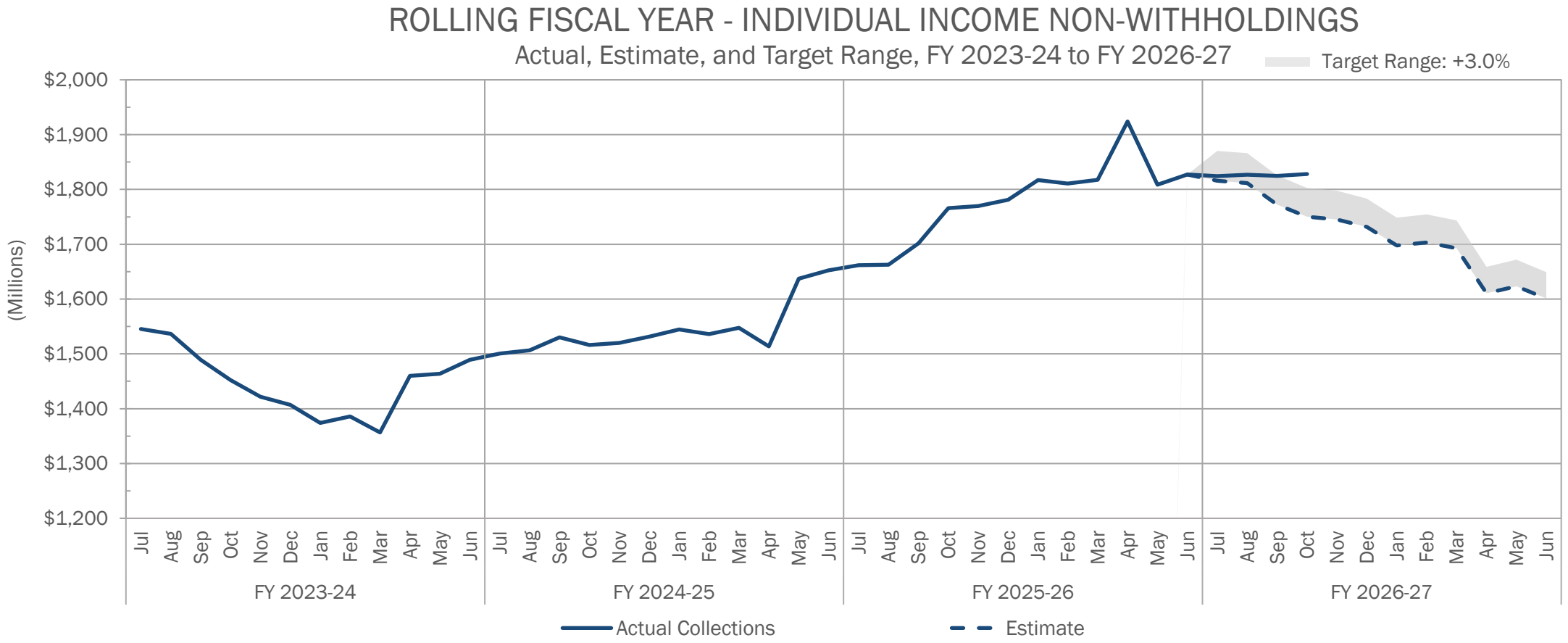
Withholdings – Working Estimates (After Table Changes)

Changes to the Withholding tables will lower actual revenues for FY 27 and FY 28



Non-Withholdings– Actual versus Estimate

October collections were $25.7 million above monthly expectations and grew by 2.5% over last year; cumulative FY 27 collections are growing by 0.2% and are $77.9 million above expectations



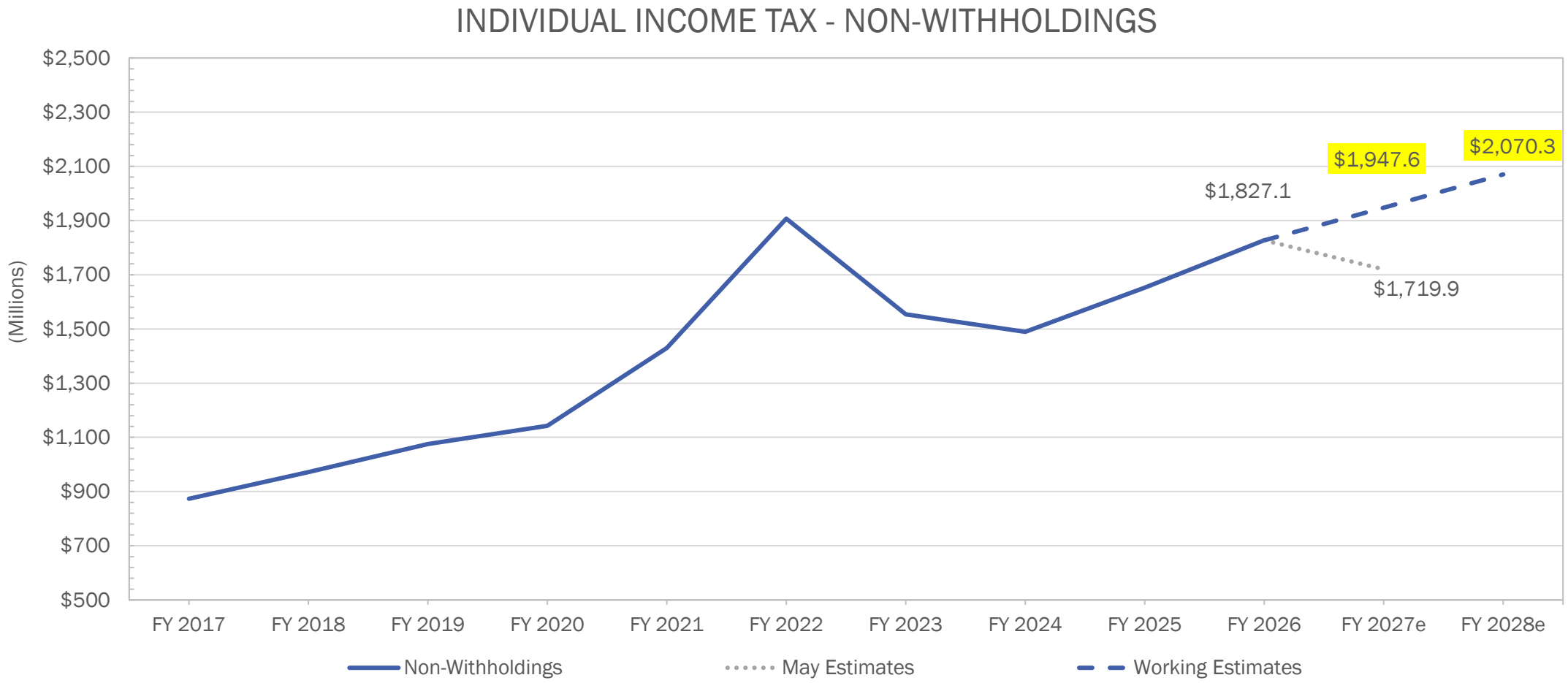
Source: SC Revenue and Fiscal Affairs; SC Board of Economic Advisors, BEA Forecast as of May 19, 2026 with legislative adjustments

Non-withholdings Forecast Considerations

- Non-withholdings working estimate for FY 27 is higher than the May estimate, as FY 26 ended $88.6 million above expectations
- The Individual Income tax rate changes will lower collections, but most of the reduction is expected later in FY 27 at tax filing
- Dividends, interest, and rent income and proprietor's income are expected to grow below historical averages in FY 27 and FY 28, but up slightly from last year
- Financial markets have remained resilient so far in 2026 and are expected to continue growing at a healthy rate through FY 27; however, increased uncertainty due to the continuously changing tariff policy, the volatile global geopolitical environment, and rising prices present risks to collections, primarily in FY 28
- Models are forecasting steady growth in FY 27 and FY 28, moderately stronger than FY 26 (FY 27: 6.6%, FY 28: 6.3%)

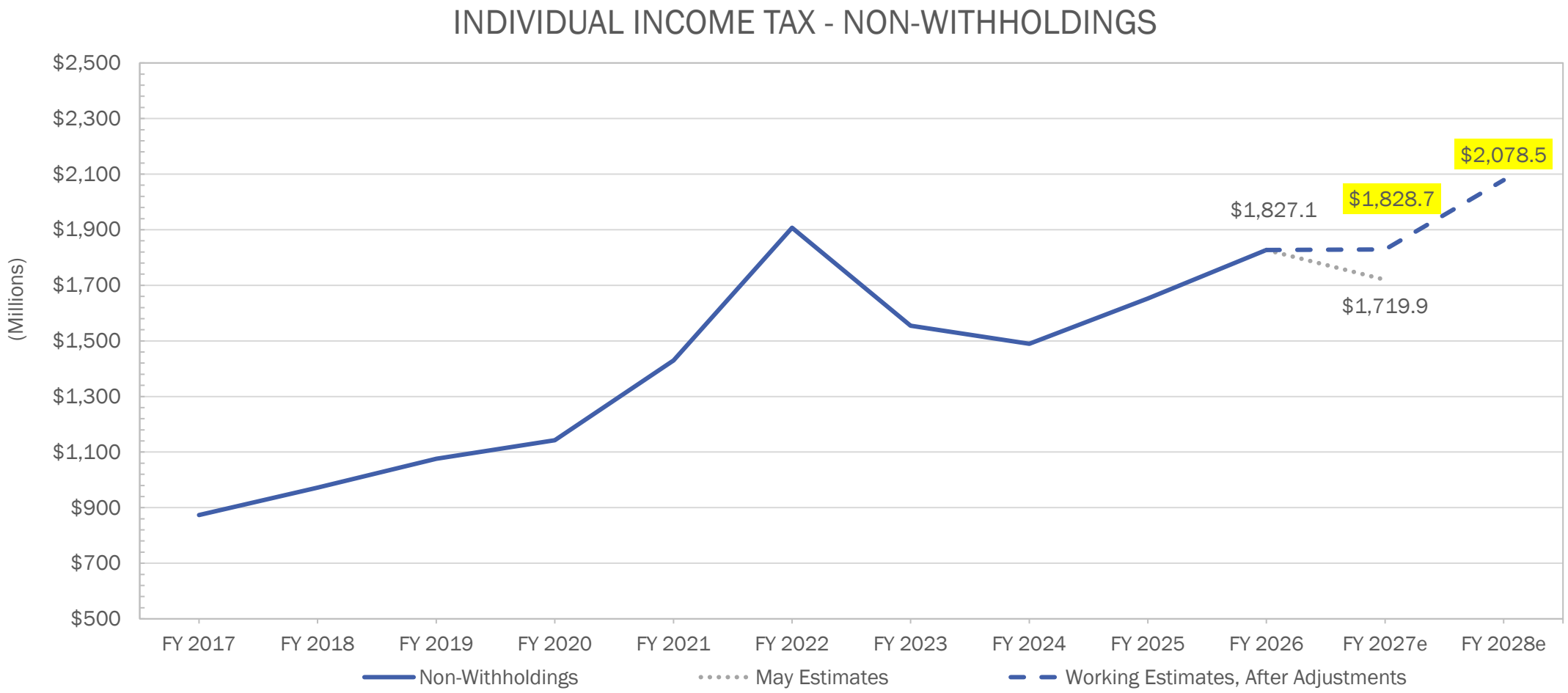
Non-withholdings – Working Estimates (Before Tax Cut)

Underlying growth in Non-withholdings is expected to be better than previously estimated due to stronger growth in interest and investment income before accounting for the rate cut and Withholding table changes



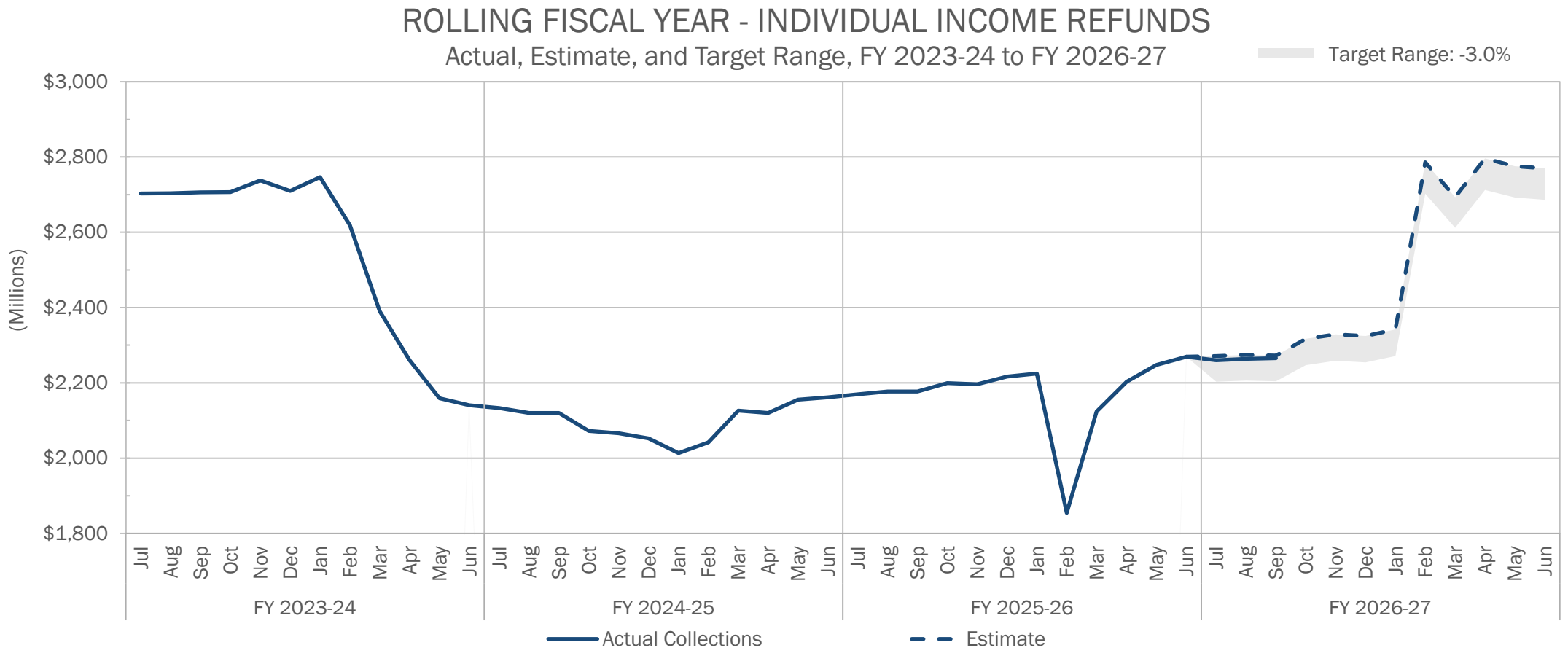
Non-withholdings – Working Estimates (After Tax Cut)

Non-withholdings will be reduced in FY 27 due to the tax rate cut but will increase in FY 28 due to the Withholding table changes for 2027



Refunds – Actual versus Estimate

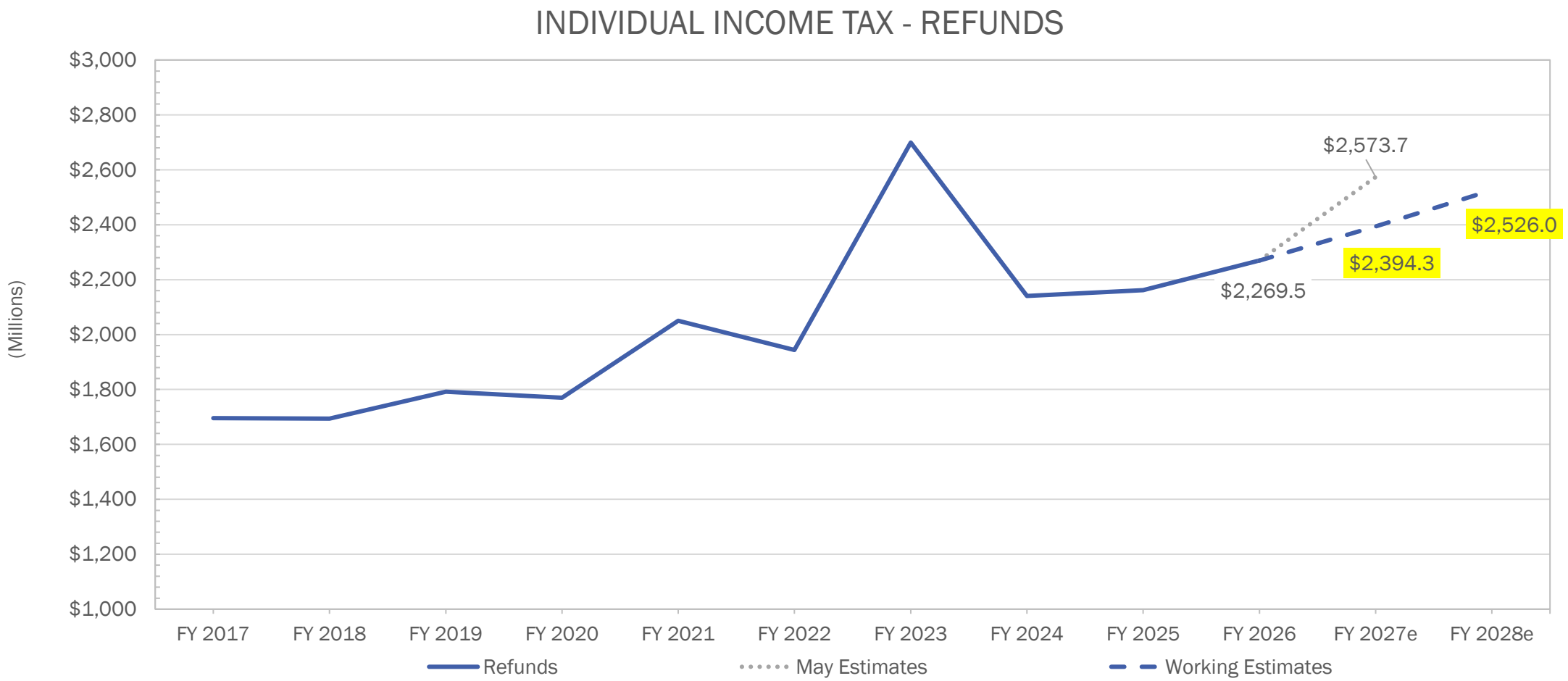
Refunds are currently $50.4 million behind expectations through October; the majority of Refunds are expected in the spring due to the income tax rate reduction



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

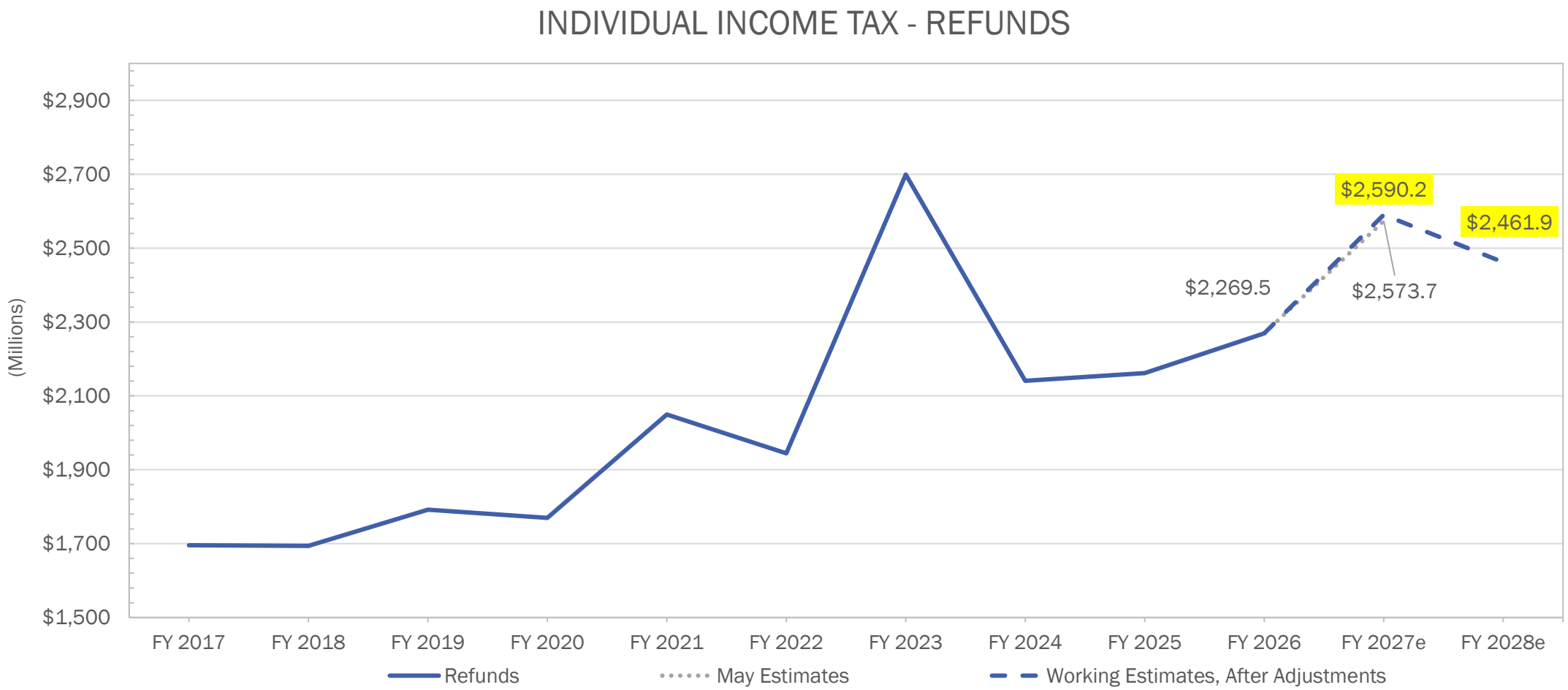
Refunds – Working Estimates (Before Tax Cut)

Refunds finished FY 26 below expectations, and the revised estimates for underlying growth reflect this adjustment



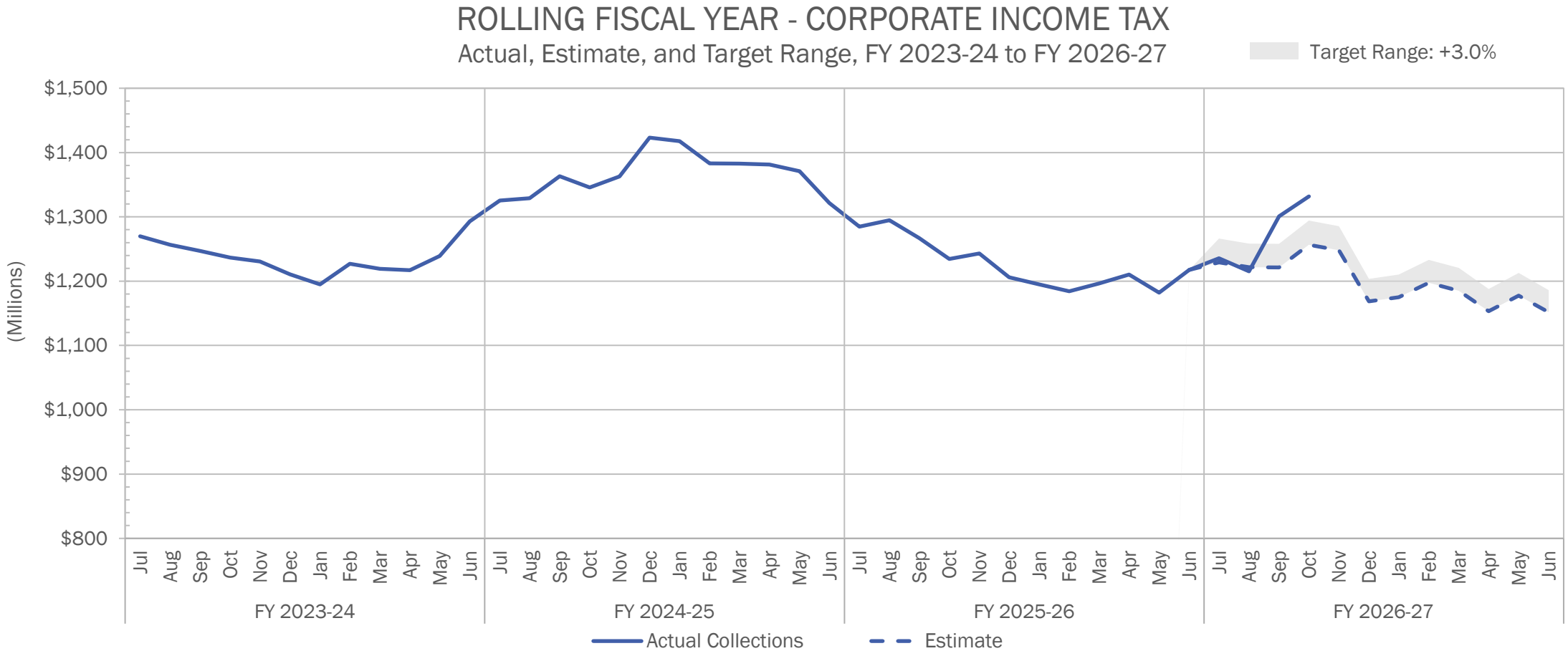
Refunds – Working Estimates (After Tax Cut)

Refunds will be higher in FY 27 due to the tax rate cut but lower in FY 28 because of the Withholding table adjustment in calendar year 2027



Corporate – Actual versus Estimate

Corporate Income tax collections are running ahead of expectations by $75.2 million and growing 51.7% over last year, largely due to quarterly payments



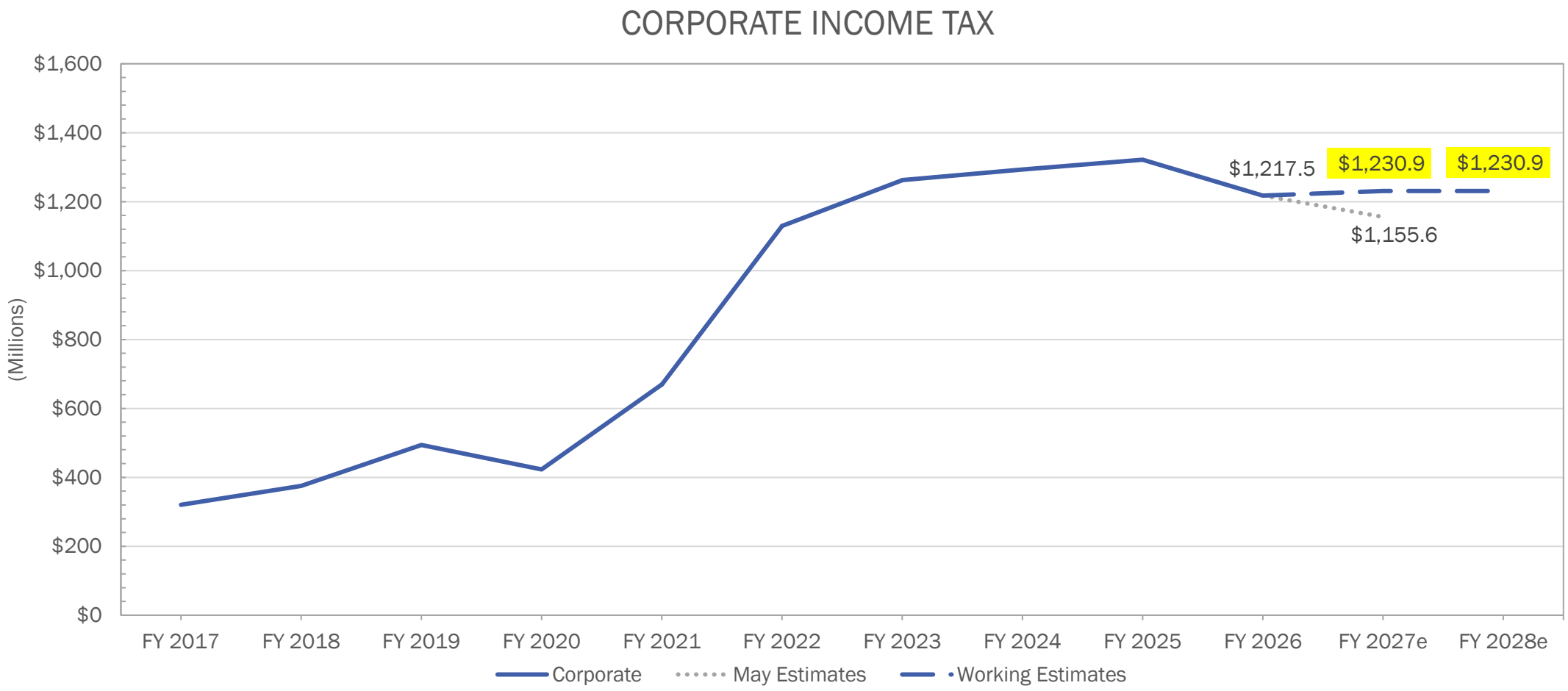
Source: SC Revenue and Fiscal Affairs; SC Board of Economic Advisors May 19, 2026 Forecast with legislative adjustments

Corporate Income Tax Forecast Considerations

- Corporate Income tax finished FY 26 slightly better than expected and is currently growing much faster than expected for the first quarter of FY 27
- Corporate Income tax revenue can vary widely during the year and relies heavily on the final quarter of the fiscal year
- After a strong decline in growth to start FY 26 (Q1 and Q2), revenue growth was 14.3% in the most recent 3 quarters excluding tax filing (Q3 & Q4 FY 26 and Q1 FY 27)
- Growth in retail sales is expected to remain above historical averages and is a primary driver for Corporate Income tax
- Given these factors, the FY 27 working estimate reflects modest growth of 1.1% over FY 26, incorporating better performance but remaining cautious
- FY 28, however, is more uncertain, and the working estimate reflects no growth

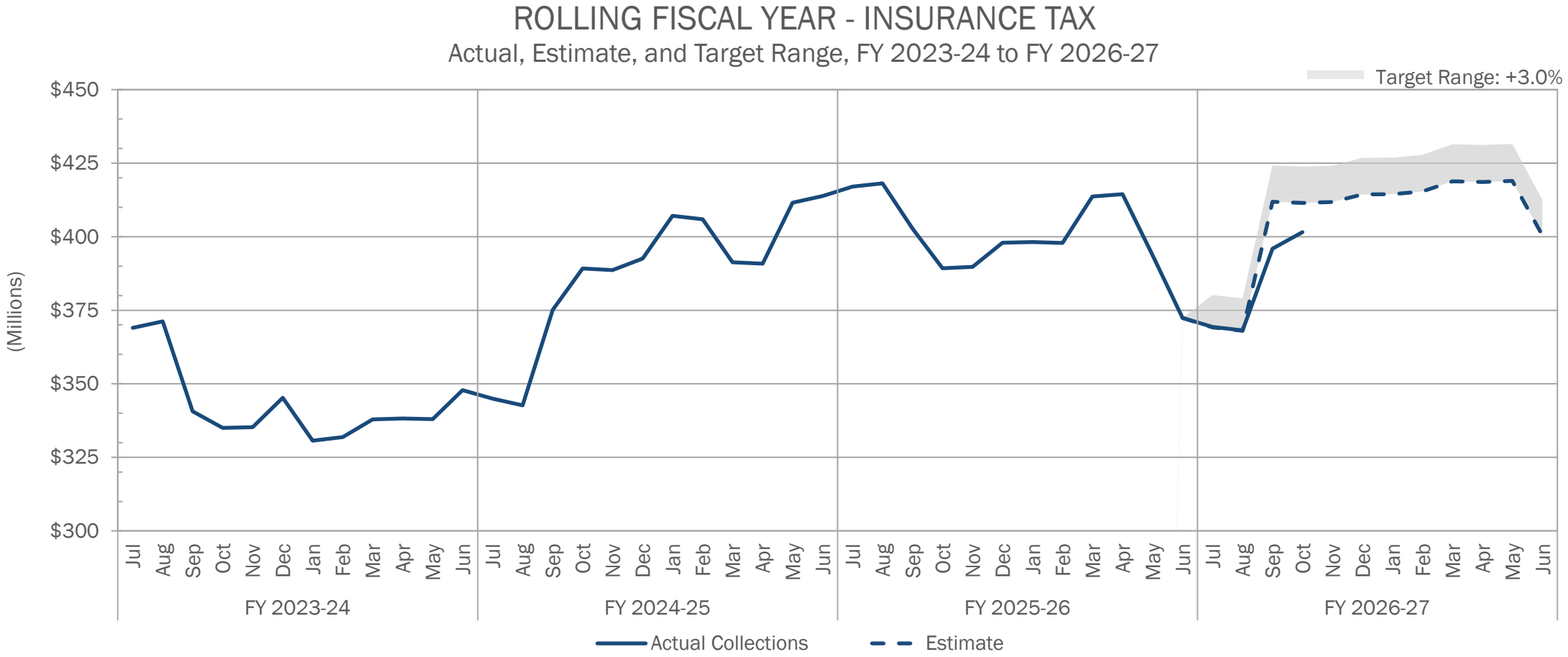
Corporate Income Tax – Working Estimates

Working estimate for FY 27 reflects stronger recent growth than previously expected, but FY 28 is flat due to uncertainty



Insurance Tax – Actual versus Estimate

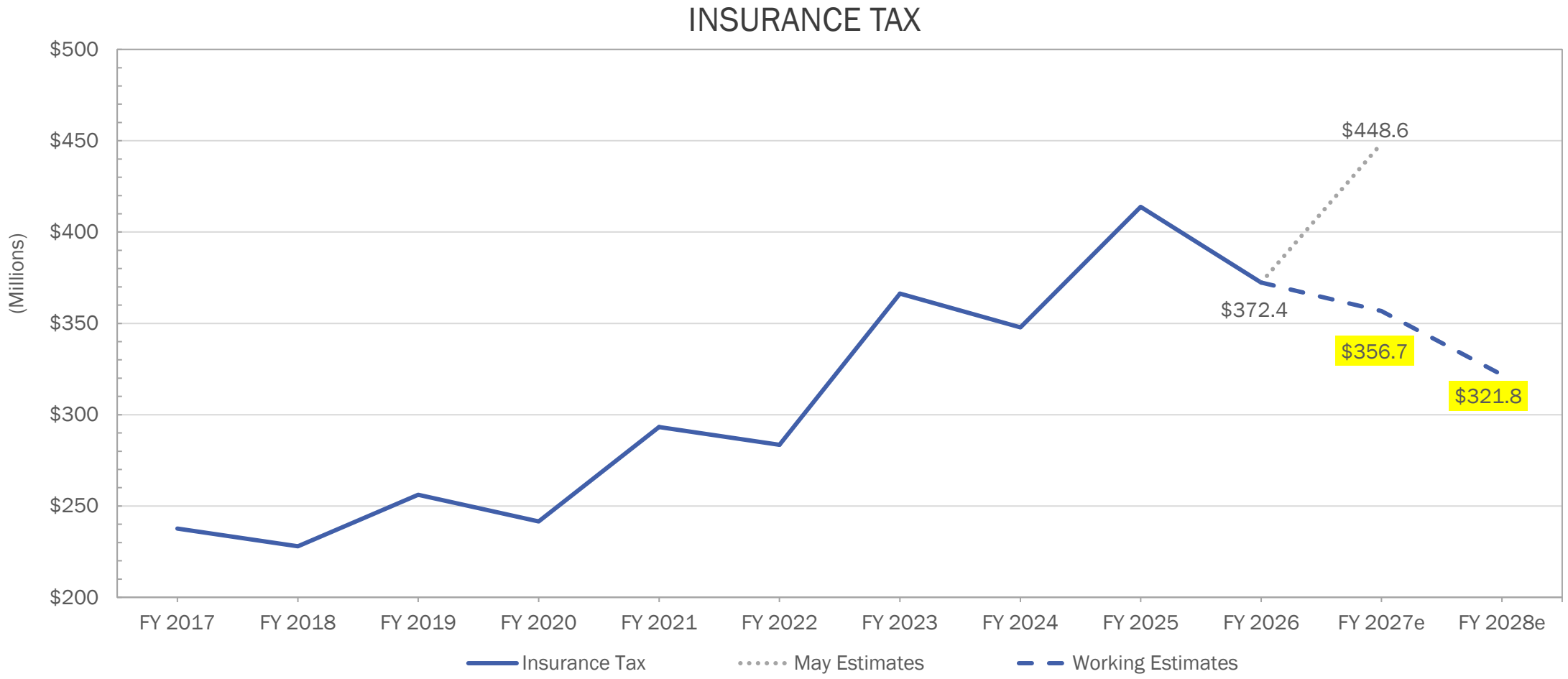
Insurance tax is $10 million below the May estimate through October largely due to negative growth in September quarterly payments and one-time refunds



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

Insurance Tax – Working Estimate

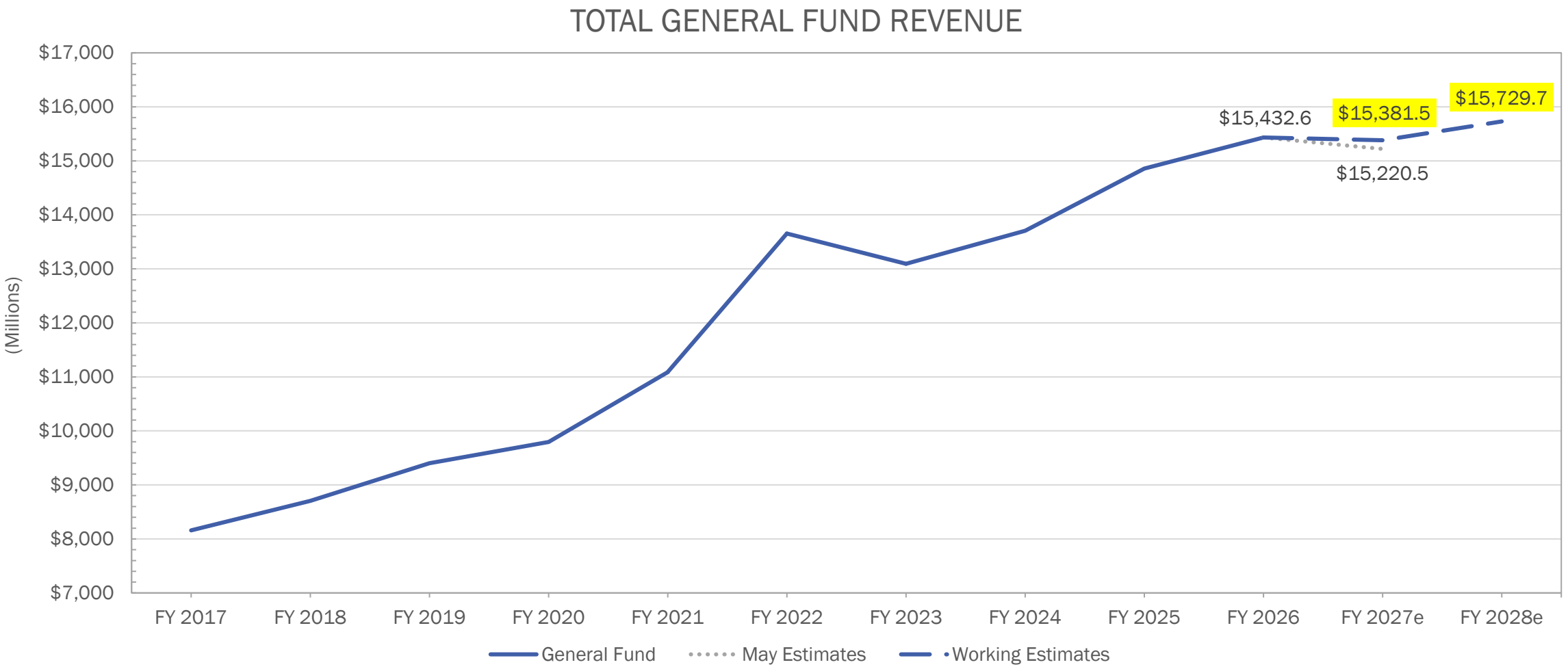
Insurance tax ended FY 26 $17.7 million below expectations; working estimate incorporates updated base revenue, legislative adjustments (-$48 million), and revenues through the first quarter of FY 27



Summary

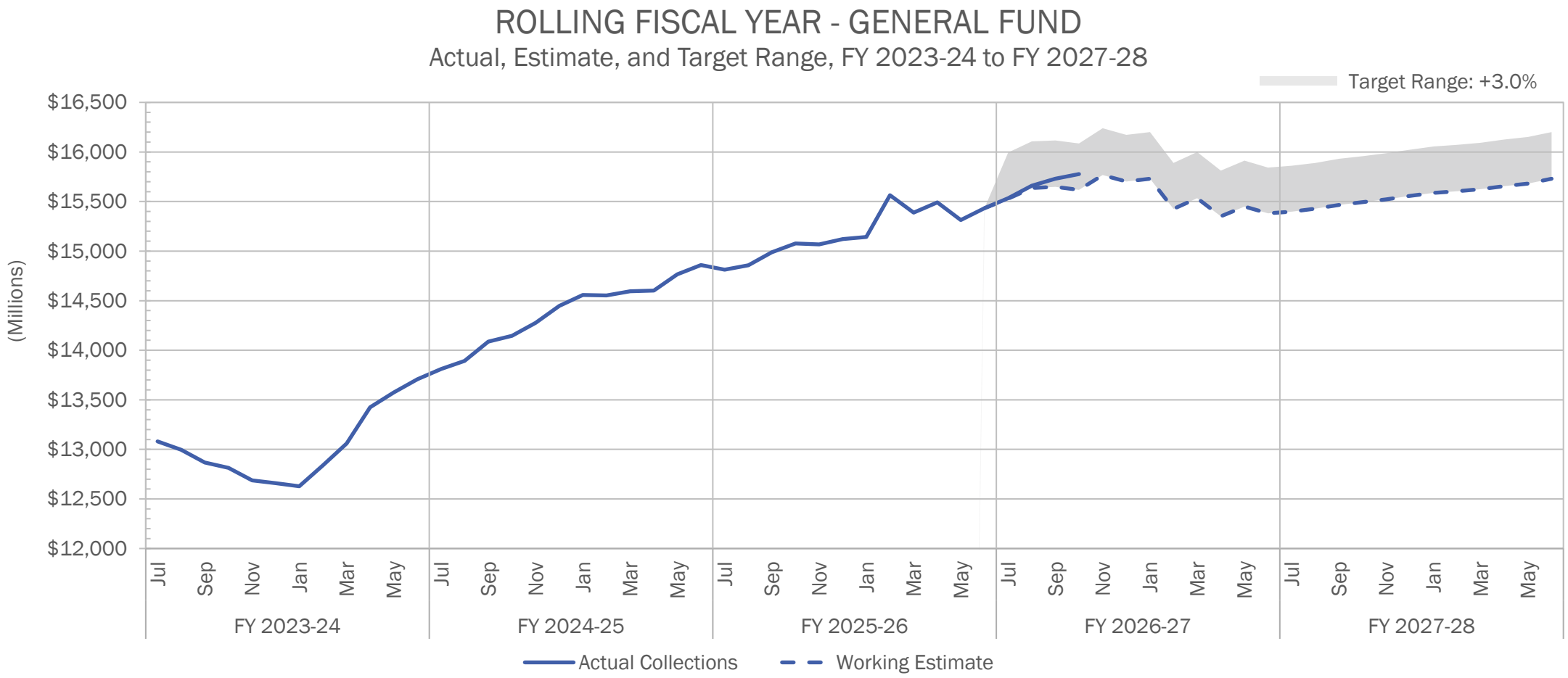
General Fund Revenue – Working Estimates

FY 27: +$160.9 million versus May 2026 estimate; FY 28: +$348.3 million



General Fund Revenue - Actual versus Working Estimate

Estimates reflect a slight decline of 0.3% in FY 27 and 2.3% growth in FY 28



Source: SC Revenue and Fiscal Affairs, BEA Working Estimate as of November 19, 2026

General Fund Working Estimates - Summary

- Before the tax rate reduction and Withholding tables adjustments, the FY 27 working estimate is an increase of $734.5 million over the May estimate and an increase of $522.4 million from final FY 26
- With the tax rate and table changes, the FY 27 working estimate is an increase of $160.9 million over the May estimate and a decline of $51.1 million from final FY 26
- Key factors driving the increase are stronger-than-expected Sales, Non-Withholdings, and Corporate Income tax growth
- The FY 28 working estimate is an increase of $348.3 million, or 2.3%, over the FY 27 working estimate; the increase is due to Sales tax and Individual Income tax

General Fund Revenue – Working Estimates

Revenue Category	Final FY 2025-26	5/19/2026 Estimate FY 2026-27	11/19/2026 Estimate FY 2026-27	5/19 v 11/19 Estimate Change	FY 26 to FY 27 Change	11/19/2026 Estimate FY 2027-28	FY 27 to FY 28 Change	Pct. Chg. FY 2025-26	5/19/2026 Pct. Chg. FY 2026-27	11/19/2026 Pct. Chg. FY 2026-27	11/19/2026 Pct. Chg. FY 2027-28
1	2	3	4	5	6	7	8	9	10	11	12
Sales and Use Tax	5,283,851,377	5,388,206,000	5,517,441,000	129,235,000	233,589,623	5,727,409,000	209,968,000	5.1	2.0	4.4	3.8
Individual Income Tax	7,047,424,711	6,847,487,000	6,835,461,000	(12,026,000)	(211,963,711)	7,033,239,000	197,778,000	4.8	(2.8)	(3.0)	2.9
Withholdings	*7,489,872,347*	*7,701,296,000*	*7,596,957,000*	*(104,339,000)*	*107,084,653*	*7,416,632,000*	*(180,325,000)*	*3.6*	*2.8*	*1.4*	*(2.4)*
Non-Withholdings	*1,827,053,568*	*1,719,924,000*	*1,828,721,000*	*108,797,000*	*1,667,432*	*2,078,544,000*	*249,823,000*	*10.6*	*(5.9)*	*0.1*	*13.7*
Refunds	*2,269,501,204*	*2,573,733,000*	*2,590,217,000*	*16,484,000*	*320,715,796*	*2,461,937,000*	*(128,280,000)*	*5.0*	*13.4*	*14.1*	*(5.0)*
Corporation Income Tax	1,217,486,212	1,155,550,000	1,230,912,000	75,362,000	13,425,788	1,230,912,000	0	(7.9)	(5.1)	1.1	0.0
Insurance Taxes	372,362,769	448,569,000	356,693,000	(91,876,000)	(15,669,769)	321,824,000	(34,869,000)	(10.0)	20.5	(4.2)	(9.8)
Admissions Tax	42,413,985	43,304,000	42,873,000	(431,000)	459,015	44,591,000	1,718,000	6.1	2.1	1.1	4.0
Alcoholic Liquor Tax	124,167,022	127,095,000	126,986,000	(109,000)	2,818,978	128,898,000	1,912,000	2.0	2.4	2.3	1.5
Bank Tax	83,960,667	72,038,000	79,448,000	7,410,000	(4,512,667)	82,505,000	3,057,000	(7.6)	(14.2)	(5.4)	3.8
Beer and Wine Tax	107,335,814	106,304,000	106,215,000	(89,000)	(1,120,814)	104,707,000	(1,508,000)	(3.0)	(1.0)	(1.0)	(1.4)
Business Filing Fees	13,362,159	12,296,000	12,681,000	385,000	(681,159)	12,748,000	67,000	13.5	(8.0)	(5.1)	0.5
Circuit/Family Court Fines	7,115,146	7,208,000	7,310,000	102,000	194,854	7,510,000	200,000	4.4	1.3	2.7	2.7
Corporation License Tax	209,031,858	215,404,000	218,223,000	2,819,000	9,191,142	227,621,000	9,398,000	5.0	3.0	4.4	4.3
Deed Recording Fees	138,431,813	140,317,000	146,287,000	5,970,000	7,855,187	153,579,000	7,292,000	9.3	1.4	5.7	5.0
Earned on Investments	576,868,925	465,000,000	500,000,000	35,000,000	(76,868,925)	450,000,000	(50,000,000)	20.8	(19.4)	(13.3)	(10.0)
Indirect Cost Recoveries	16,327,996	13,329,000	15,850,000	2,521,000	(477,996)	15,372,000	(478,000)	3.5	(18.4)	(2.9)	(3.0)
Motor Vehicle Licenses	11,642,606	11,832,000	11,543,000	(289,000)	(99,606)	11,617,000	74,000	(0.9)	1.6	(0.9)	0.6
Nursing Home Fees	2,904,025	2,801,000	2,827,000	26,000	(77,025)	2,751,000	(76,000)	(2.6)	(3.5)	(2.7)	(2.7)
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	7,732,807	8,025,000	7,765,000	(260,000)	32,193	8,077,000	312,000	8.2	3.8	0.4	4.0
Public Service Authority	24,421,446	23,334,000	25,090,000	1,756,000	668,554	25,725,000	635,000	17.0	(4.5)	2.7	2.5
Purchasing Card Rebates	4,454,574	4,741,000	4,458,000	(283,000)	3,426	4,357,000	(101,000)	2.0	6.4	0.1	(2.3)
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	3,124,701	1,273,000	1,700,000	427,000	(1,424,701)	2,012,000	312,000	327.5	(59.3)	(45.6)	18.4
Security Dealer Fees	36,926,615	38,185,000	37,744,000	(441,000)	817,385	38,835,000	1,091,000	4.1	3.4	2.2	2.9
Tobacco Tax	26,000,370	26,043,000	25,485,000	(558,000)	(515,370)	25,102,000	(383,000)	(2.2)	0.2	(2.0)	(1.5)
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	16,597,972	14,936,000	17,757,000	2,821,000	1,159,028	18,650,000	893,000	20.2	(10.0)	7.0	5.0
Other Source Revenues	35,795,914	24,411,000	27,878,000	3,467,000	(7,917,914)	28,851,000	973,000	37.5	(31.8)	(22.1)	3.5
Gross General Fund Revenue	**$15,432,595,288**	**$15,220,542,000**	**$15,381,481,000**	**$160,939,000**	**($51,114,288)**	**$15,729,746,000**	**$348,265,000**	**3.9**	**(1.4)**	**(0.3)**	**2.3**

Gross General Fund Revenue includes Individual Income and Corporate Income tax revenue that is transferred for Property Tax Relief Trust Fund pursuant to §11-11-150.
Source: South Carolina Board of Economic Advisors/BEA/11/19/2026

General Fund Revenue – Working Estimates (Continued)

Revenue Category	Final FY 2025-26	5/19/2026 Estimate FY 2026-27	11/19/2026 Estimate FY 2026-27	5/19 v 11/19 Estimate Change	FY 26 to FY 27 Change	11/19/2026 Estimate FY 2027-28	FY 27 to FY 28 Change	Pct. Chg. FY 2025-26	5/19/2026 Pct. Chg. FY 2026-27	11/19/2026 Pct. Chg. FY 2026-27	11/19/2026 Pct. Chg. FY 2027-28
1	2	3	4	5	6	7	8	9	10	11	12
Gross General Fund Revenue	**$15,432,595,288**	**$15,220,542,000**	**$15,381,481,000**	**$160,939,000**	**($51,114,288)**	**$15,729,746,000**	**$348,265,000**	**3.9**	**(1.4)**	**(0.3)**	**2.3**
Less: Tax Relief Trust Fund (Act)	814,021,523	824,641,979	905,676,979	81,035,000	91,655,456	944,527,611	38,850,632	1.6	1.3	11.3	4.3
Net General Fund Revenue	$14,618,573,765	$14,395,900,021	$14,475,804,021	$79,904,000	($142,769,744)	$14,785,218,389	$309,414,368	4.0	(1.5)	(1.0)	2.1
Education Improvement Act (EIA)	1,378,935,361	1,401,452,000	1,436,589,000	35,137,000	57,653,639	1,487,670,000	51,081,000	4.1	1.6	4.2	3.6
EIA Fund	1,367,653,641	1,393,452,000	1,426,571,000	33,119,000	58,917,359	1,479,947,000	53,376,000	5.0	1.9	4.3	3.7
EIA Interest	11,281,720	8,000,000	10,018,000	2,018,000	(1,263,720)	7,723,000	(2,295,000)	(49.8)	(29.1)	(11.2)	(22.9)
S.C. Education Lottery Fund	618,867,838	503,200,000	504,739,000	1,539,000	(114,128,838)	504,666,000	(73,000)	10.6	(18.7)	(18.4)	(0.0)
Lottery Proceeds	576,000,000	473,200,000	473,200,000	0	(102,800,000)	473,200,000	0	11.2	(17.8)	(17.8)	0.0
Unclaimed Prizes	30,774,041	22,000,000	22,000,000	0	(8,774,041)	22,000,000	0	6.7	(28.5)	(28.5)	0.0
Lottery Interest	12,093,797	8,000,000	9,539,000	1,539,000	(2,554,797)	9,466,000	(73,000)	(6.4)	(33.9)	(21.1)	(0.8)
Homestead Exemption Fund (HEX)	1,258,164,812	1,285,873,000	1,310,507,000	24,634,000	52,342,188	1,358,139,000	47,632,000	4.7	2.2	4.2	3.6
HEX Revenue	1,248,409,692	1,275,873,000	1,303,690,000	27,817,000	55,280,308	1,353,211,000	49,521,000	5.4	2.2	4.4	3.8
HEX Interest	9,755,120	10,000,000	6,817,000	(3,183,000)	(2,938,120)	4,928,000		(45.6)	2.5	(30.1)	(27.7)
Expenditure Estimate	1,115,137,626	1,159,176,996	1,159,234,085	57,089	44,096,459	1,214,241,903	55,007,818	4.6	3.9	4.0	4.7
HEX Fund Excess/(Shortfall)	143,027,186	126,696,004	151,272,915	24,576,911	8,245,729	143,897,097	(7,375,818)	5.4	(11.4)	5.8	(4.9)
Tax Relief Trust Fund (Act)	814,021,523	824,641,979	905,676,979	81,035,000	91,655,456	944,527,611	38,850,632	1.6	1.3	11.3	4.3
Revised Estimate/Actual	809,303,997	824,641,979	916,084,102	91,442,123	106,780,105	944,527,611	28,443,509	2.7	1.9	13.2	3.1
Excess/(Shortfall) (Excl. Fund Balance)	4,717,526	0	(10,407,123)	(10,407,123)	(15,124,649)	0	10,407,123	(62.2)	n/a	n/a	n/a
Reserve Funds											
Capital Reserve Fund	387,352,137	421,732,306	421,732,306	0	34,380,168	438,557,213	16,824,907	4.8	8.9	8.9	4.0
General Reserve Fund	839,262,964	984,042,046	984,042,046	0	144,779,083	1,023,300,164	39,258,117	13.5	17.3	17.3	4.0
Total Reserve Funds	1,226,615,101	1,405,774,352	1,405,774,352	0	179,159,251	1,461,857,377	56,083,025	10.6	14.6	14.6	4.0

Note: Figures do not include any legislative adjustments enacted in 2026.
Source: South Carolina Board of Economic Advisors/BEA/11/19/2026

Budget Outlook

FY 2027-28 Budget Outlook

- The revised FY 27 forecast and initial FY 28 forecast will provide additional revenue for the upcoming budget process
- Act 110 of 2026 specified that the top marginal income tax rate must be decreased if individual income tax revenues minus amounts credited to the Trust Fund for Tax Relief are projected to increase by at least 5 percent from the projection for the current fiscal year to the projections for the next fiscal year
- The growth in the FY 28 individual income tax revenue estimate less the Trust Fund for Tax Relief over the projected estimate for FY 27 is not sufficient to enact a reduction in the top marginal individual income tax rate for tax year 2027

FY 2027-28 Budget Outlook

Recurring General Fund Revenue

	(Dollars in Millions)
FY 2027-28 Revenue Estimate	$15,729.7
FY 2026-27 General Fund Appropriations	($13,989.2)
FY 2027-28 Tax Relief Trust Fund	($944.5)
Estimated “New” General Fund Revenue	$796.0
Reserve Fund Contributions	
Incremental General Reserve Fund	($39.3)
Incremental Capital Reserve Fund	($16.8)
Estimated “New” General Fund Revenue Available for Appropriation (after Reserve Fund Contributions)	**$740.0**

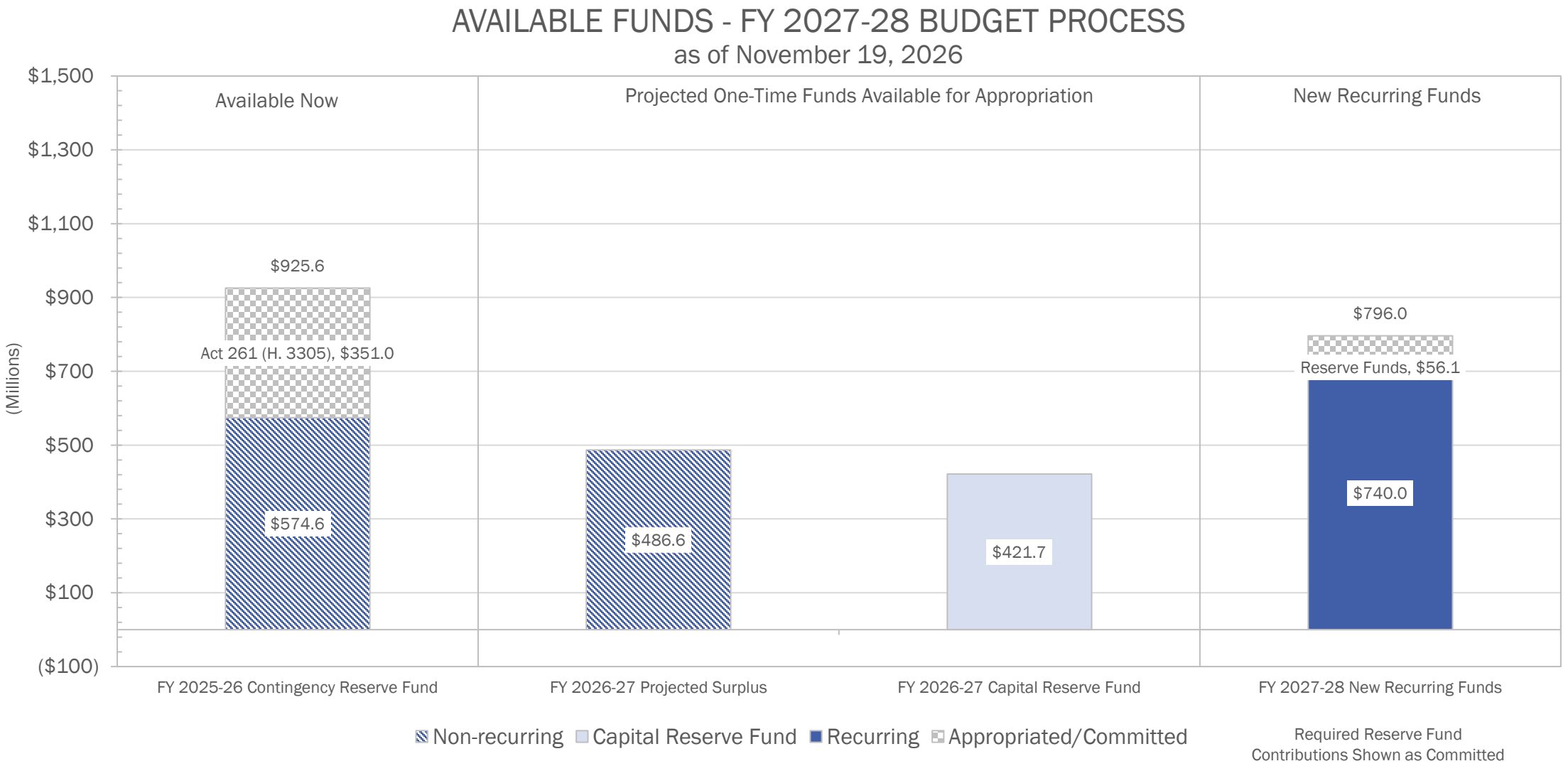
FY 2027-28 Budget Outlook

Non-recurring Revenue

	(Dollars in Millions)
FY 2026-27 Revised Revenue Estimate	$15,381.5
FY 2026-27 General Fund Appropriations	($13,989.2)
FY 2026-27 Tax Relief Trust Fund (Act)	($905.7)
Total FY 2026-27 Projected Surplus	$486.6
FY 2026-27 Capital Reserve Fund	$421.7
FY 2025-26 Contingency Reserve Fund*	$574.6
Total Non-recurring Revenue	**$1,483.0**

*Net of appropriations in Act 261 of 2026 (H. 3305)

FY 2027-28 Available Funds



Source: S.C. Revenue and Fiscal Affairs 297/RFA/11/19/2026

Other Budget Issues

- Tax Relief Trust Fund
  - Proviso 117.220 in FY 2026-27 increased the homestead exemption for homeowners over age 65
  - The estimate for FY 2027-28 assumes that this proviso remains in effect

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

Long-Range Working Estimates - Summary

- Long-range working estimates are based on a return to near historical growth for FY 29 and FY 30
- Preliminary adjustments to withholdings tables are included as follows:
  - Tax Year 2029: - $400 million; FY 29 impact of -$200 million*

    *Projected growth in individual income tax would trigger a tax rate reduction
  - Tax Year 2030: - $400 million; FY 30 impact of -$200 million

Long-Range General Fund Revenue – Working Estimates

Revenue Category	Final FY 2025-26	11/19/2026 Estimate FY 2026-27	11/19/2026 Estimate FY 2027-28	Long-Range Estimates 11/19/2026 Estimate FY 2028-29	Long-Range Estimates 11/19/2026 Estimate FY 2029-30	Pct. Chg. FY 2025-26	11/19/2026 Pct. Chg. FY 2026-27	11/19/2026 Pct. Chg. FY 2027-28	Long-Range Estimates 11/19/2026 Pct. Chg. FY 2028-29	Long-Range Estimates 11/19/2026 Pct. Chg. FY 2029-30
1	2	3	4	5	6	7	8	9	10	11
Sales and Use Tax	5,283,851,377	5,517,441,000	5,727,409,000	5,962,233,000	6,206,685,000	5.1	4.4	3.8	4.1	4.1
Individual Income Tax	7,047,424,711	6,835,461,000	7,033,239,000	7,454,535,000	7,789,780,000	4.8	(3.0)	2.9	6.0	4.5
Withholdings	*7,489,872,347*	*7,596,957,000*	*7,416,632,000*	*7,281,880,000*	*7,263,565,000*	*3.6*	*1.4*	*(2.4)*	*(1.8)*	(0.3)
Non-Withholdings	*1,827,053,568*	*1,828,721,000*	*2,078,544,000*	*2,380,700,000*	*2,622,422,000*	*10.6*	*0.1*	*13.7*	*14.5*	10.2
Refunds	*2,269,501,204*	*2,590,217,000*	*2,461,937,000*	*2,208,045,000*	*2,096,207,000*	*5.0*	*14.1*	*(5.0)*	*(10.3)*	(5.1)
Corporation Income Tax	1,217,486,212	1,230,912,000	1,230,912,000	1,260,012,000	1,260,012,000	(7.9)	1.1	0.0	2.4	0.0
Insurance Taxes	372,362,769	356,693,000	321,824,000	383,676,000	355,207,000	(10.0)	(4.2)	(9.8)	19.2	(7.4)
Admissions Tax	42,413,985	42,873,000	44,591,000	45,972,000	47,501,000	6.1	1.1	4.0	3.1	3.3
Alcoholic Liquor Tax	124,167,022	126,986,000	128,898,000	131,904,000	133,089,000	2.0	2.3	1.5	2.3	0.9
Bank Tax	83,960,667	79,448,000	82,505,000	85,618,000	88,783,000	(7.6)	(5.4)	3.8	3.8	3.7
Beer and Wine Tax	107,335,814	106,215,000	104,707,000	103,738,000	102,534,000	(3.0)	(1.0)	(1.4)	(0.9)	(1.2)
Business Filing Fees	13,362,159	12,681,000	12,748,000	12,814,000	12,880,000	13.5	(5.1)	0.5	0.5	0.5
Circuit/Family Court Fines	7,115,146	7,310,000	7,510,000	7,798,000	8,097,000	4.4	2.7	2.7	3.8	3.8
Corporation License Tax	209,031,858	218,223,000	227,621,000	239,425,000	249,509,000	5.0	4.4	4.3	5.2	4.2
Deed Recording Fees	138,431,813	146,287,000	153,579,000	168,630,000	185,156,000	9.3	5.7	5.0	9.8	9.8
Earned on Investments	576,868,925	500,000,000	450,000,000	400,000,000	400,000,000	20.8	(13.3)	(10.0)	(11.1)	0.0
Indirect Cost Recoveries	16,327,996	15,850,000	15,372,000	15,148,000	14,927,000	3.5	(2.9)	(3.0)	(1.5)	(1.5)
Motor Vehicle Licenses	11,642,606	11,543,000	11,617,000	11,536,000	11,455,000	(0.9)	(0.9)	0.6	(0.7)	(0.7)
Nursing Home Fees	2,904,025	2,827,000	2,751,000	2,674,000	2,598,000	(2.6)	(2.7)	(2.7)	(2.8)	(2.8)
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	7,732,807	7,765,000	8,077,000	8,389,000	8,630,000	8.2	0.4	4.0	3.9	2.9
Public Service Authority	24,421,446	25,090,000	25,725,000	26,739,000	28,599,000	17.0	2.7	2.5	3.9	7.0
Purchasing Card Rebates	4,454,574	4,458,000	4,357,000	4,615,000	4,891,000	2.0	0.1	(2.3)	5.9	6.0
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	3,124,701	1,700,000	2,012,000	2,277,000	2,757,000	327.5	(45.6)	18.4	13.2	21.1
Security Dealer Fees	36,926,615	37,744,000	38,835,000	39,925,000	41,066,000	4.1	2.2	2.9	2.8	2.9
Tobacco Tax	26,000,370	25,485,000	25,102,000	24,871,000	24,815,000	(2.2)	(2.0)	(1.5)	(0.9)	(0.2)
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	16,597,972	17,757,000	18,650,000	19,119,000	19,600,000	20.2	7.0	5.0	2.5	2.5
Other Source Revenues	35,795,914	27,878,000	28,851,000	25,851,000	25,851,000	37.5	(22.1)	3.5	(10.4)	0.0
Gross General Fund Revenue	**$15,432,595,288**	**$15,381,481,000**	**$15,729,746,000**	**$16,460,353,000**	**$17,047,276,000**	**3.9**	**(0.3)**	**2.3**	**4.6**	**3.6**

Source: South Carolina Board of Economic Advisors/BEA/11/19/2026

Long-Range General Fund Revenue – Working Estimates (Continued)

Revenue Category	Final FY 2025-26	11/19/2026 Estimate FY 2026-27	11/19/2026 Estimate FY 2027-28	Long-Range Estimates 11/19/2026 Estimate FY 2028-29	Long-Range Estimates 11/19/2026 Estimate FY 2029-30	Pct. Chg. FY 2025-26	11/19/2026 Pct. Chg. FY 2026-27	11/19/2026 Pct. Chg. FY 2027-28	Long-Range Estimates 11/19/2026 Pct. Chg. FY 2028-29	Long-Range Estimates 11/19/2026 Pct. Chg. FY 2029-30
1	2	3	4	5	6	7	8	9	10	11
Gross General Fund Revenue	**$15,432,595,288**	**$15,381,481,000**	**$15,729,746,000**	**$16,460,353,000**	**$17,047,276,000**	**3.9**	**(0.3)**	**2.3**	**4.6**	**3.6**
Less: Tax Relief Trust Fund (Act)	814,021,523	905,676,979	944,527,611	975,468,235	1,008,625,282	1.6	11.3	4.3	**3.3**	**3.4**
Net General Fund Revenue	$14,618,573,765	$14,475,804,021	$14,785,218,389	$15,484,884,765	$16,038,650,718	4.0	(1.0)	2.1	**4.7**	**3.6**
Education Improvement Act (EIA)	1,378,935,361	1,436,589,000	1,487,670,000	1,547,141,000	1,609,283,000	4.1	4.2	3.6	**4.0**	**4.0**
EIA Fund	1,367,653,641	1,426,571,000	1,479,947,000	1,539,641,000	1,601,783,000	5.0	4.3	3.7	**4.0**	**4.0**
EIA Interest	11,281,720	10,018,000	7,723,000	7,500,000	7,500,000	(49.8)	(11.2)	(22.9)	**(2.9)**	**0.0**
S.C. Education Lottery Fund	618,867,838	504,739,000	504,666,000	503,200,000	503,200,000	10.6	(18.4)	(0.0)	**(0.3)**	**0.0**
Lottery Proceeds	576,000,000	473,200,000	473,200,000	473,200,000	473,200,000	11.2	(17.8)	0.0	**0.0**	**0.0**
Unclaimed Prizes	30,774,041	22,000,000	22,000,000	22,000,000	22,000,000	6.7	(28.5)	0.0	**0.0**	**0.0**
Lottery Interest	12,093,797	9,539,000	9,466,000	8,000,000	8,000,000	(6.4)	(21.1)	(0.8)	**(15.5)**	**0.0**
Homestead Exemption Fund (HEX)	1,258,164,812	1,310,507,000	1,358,139,000	1,411,593,000	1,469,246,000	4.7	4.2	3.6	**3.9**	**4.1**
HEX Revenue	1,248,409,692	1,303,690,000	1,353,211,000	1,408,593,000	1,466,246,000	5.4	4.4	3.8	**4.1**	**4.1**
HEX Interest	9,755,120	6,817,000	4,928,000	3,000,000	3,000,000	(45.6)	(30.1)	(27.7)	**(39.1)**	**0.0**
Expenditure Estimate	1,115,137,626	1,159,234,085	1,214,241,903	1,262,412,229	1,312,515,815	4.6	4.0	4.7	**4.0**	**4.0**
HEX Fund Excess/(Shortfall)	143,027,186	151,272,915	143,897,097	149,180,771	156,730,185	5.4	5.8	(4.9)	**3.7**	**5.1**
Tax Relief Trust Fund (Act)	814,021,523	905,676,979	944,527,611	975,468,235	1,008,625,282	1.6	11.3	4.3	**3.3**	**3.4**
Revised Estimate/Actual	809,303,997	916,084,102	944,527,611	975,468,235	1,008,625,282	2.7	13.2	3.1	**3.3**	**3.4**
Excess/(Shortfall) (Excl. Fund Balance)	4,717,526	(10,407,123)	0	0	0	(62.2)	n/a	n/a	**n/a**	**n/a**
Reserve Funds										
Capital Reserve Fund	387,352,137	421,732,306	438,557,213	434,274,121	443,556,552	4.8	8.9	4.0	**(1.0)**	**2.1**
General Reserve Fund	839,262,964	984,042,046	1,023,300,164	1,013,306,281	1,034,965,287	13.5	17.3	4.0	**(1.0)**	**2.1**
Total Reserve Funds	1,226,615,101	1,405,774,352	1,461,857,377	1,447,580,402	1,478,521,839	10.6	14.6	4.0	**(1.0)**	**2.1**

Source: South Carolina Board of Economic Advisors/BEA/11/19/2026

Other Items for Discussion

Appendix

Trust Fund for Property Tax Relief

		$100,000 Residential Property Tax Exemption (Tier I)	Homestead Exemption County/City (Tier II part 1)	School Operations (Tier II part 2)	(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 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 2026	(TY 2025)	$249,069,750	$166,792,469	$80,892,729	$247,685,198	$105,589,736	$166,402,056	$40,557,257	$809,303,997
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	Surplus/(Shortfall)	$0	$3,310,978	$0	$3,310,978	($2,191,396)	$3,597,944	$0	$4,717,526
GROWTH RATES									
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	(TY 2022)	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%
FY 2026	(TY 2025)	0.00%	1.23%	0.00%	0.83%	4.37%	9.56%	0.00%	2.66%
	10 Year Growth Rate	0.00%	2.74%	0.00%	1.75%	4.12%	n/a	0.00%	3.60%
	5 Year Growth Rate	0.00%	2.43%	0.00%	1.60%	4.12%	n/a	0.00%	5.27%
	3 Year Growth Rate	0.00%	2.49%	0.00%	1.65%	4.28%	n/a	0.00%	2.52%
PROJECTIONS									
FY 27 & FY 28	Applied Growth Rates	0.00%	2.49%	0.00%	n/a	4.28%	9.56%	0.00%	n/a
FY 2027	Appropriation Act Est.	$249,069,750	$255,037,551	$80,892,729	$335,930,280	$110,119,692	$170,000,000	$40,557,257	$905,676,979
FY 2027 (e)	Revised Estimate	$249,069,750	$253,135,765	$80,892,729	$334,028,493	$110,114,111	$182,314,491	$40,557,257	$916,084,102
FY 2027 (e)	Projected Surplus/(Shortfall)	$0	$1,901,787	$0	$1,901,787	$5,581	($12,314,491)	$0	($10,407,123)
FY 2028 (e)	Projection	$249,069,750	$259,426,951	$80,892,729	$340,319,680	$114,832,349	$199,748,575	$40,557,257	$944,527,611
FY 2029 (e)	Long-range Projection	$249,069,750	$266,529,791	$80,892,729	$347,422,520	$119,568,889	$218,849,819	$40,557,257	$975,468,235
FY 2030 (e)	Long-range Projection	$249,069,750	$273,827,099	$80,892,729	$354,719,828	$124,500,800	$239,777,647	$40,557,257	$1,008,625,282

*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. As of FY 2026, this reimbursement is capped at $300,000,000.

*** Proviso 117.220 establishes an additional $25,000 exemption for properties that qualified for the homestead exemption in tax year 2025; reimbursed in Tier II.

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%	3.2%	0.2%	4.8%
FY 2026-27 Est.	1.5%	4.8%	3.3%		
FY 2027-28 Est.	1.3%	4.7%	2.8%		
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 November 2, 2026

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

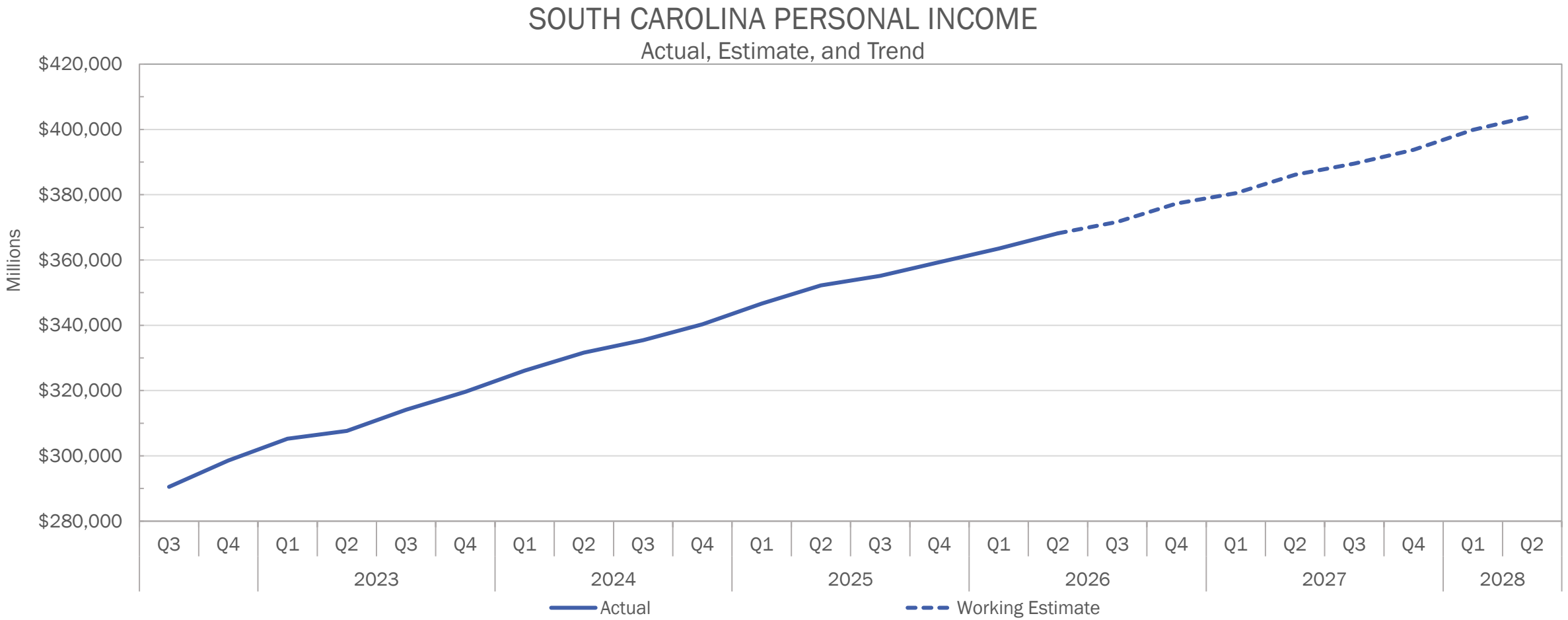
Revised Working Estimates

- Based on comments from the panel, the economic outlook over the next two years is slightly different than our original expectations:
  - Growth in employment and personal income will be better than originally estimated, but still below historical averages
  - Elevated inflation will be higher and last longer than previously anticipated
- The working estimate for FY 27 personal income was revised up from 4.7% to 4.8%, while FY 28 personal income was revised up from 4.6% to 4.7%
- The working estimate for FY 27 employment growth was revised up from 1.4% to 1.5%, while FY 28 employment was revised up from 1.2% to 1.3%
- The working estimate for FY 27 inflation was revised up from 2.9% to 3.3%, while FY 28 inflation was revised up from 2.6% to 2.8%

Personal Income Level – Revised Working Estimate

Working estimate assumes steady but below historical average growth through forecast horizon

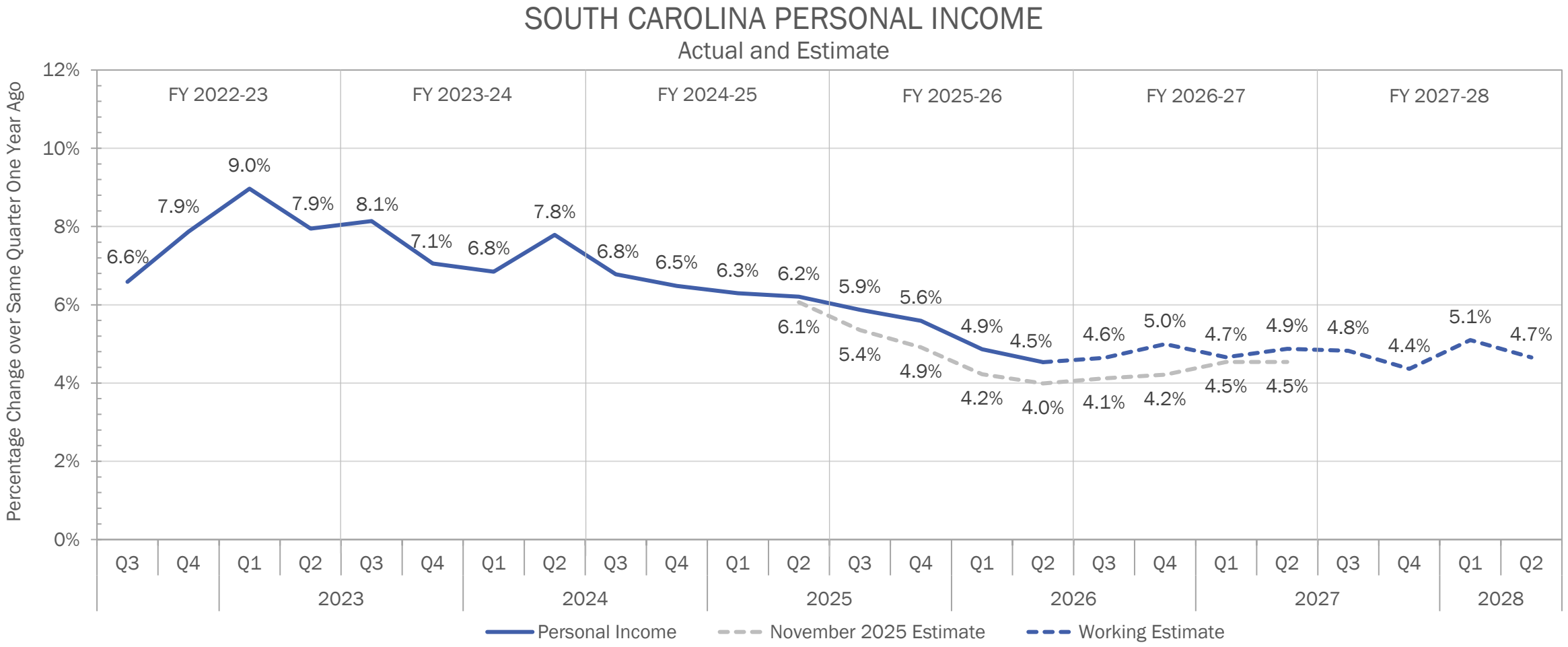
FY 27: ~~4.7%~~ 4.8%; FY 28: ~~4.6%~~ 4.7%



Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kv/10/22/2026

Personal Income Quarterly Growth – Revised Working Estimate

FY 27 and 28 growth is expected to stabilize at 4.8% and 4.7% respectively

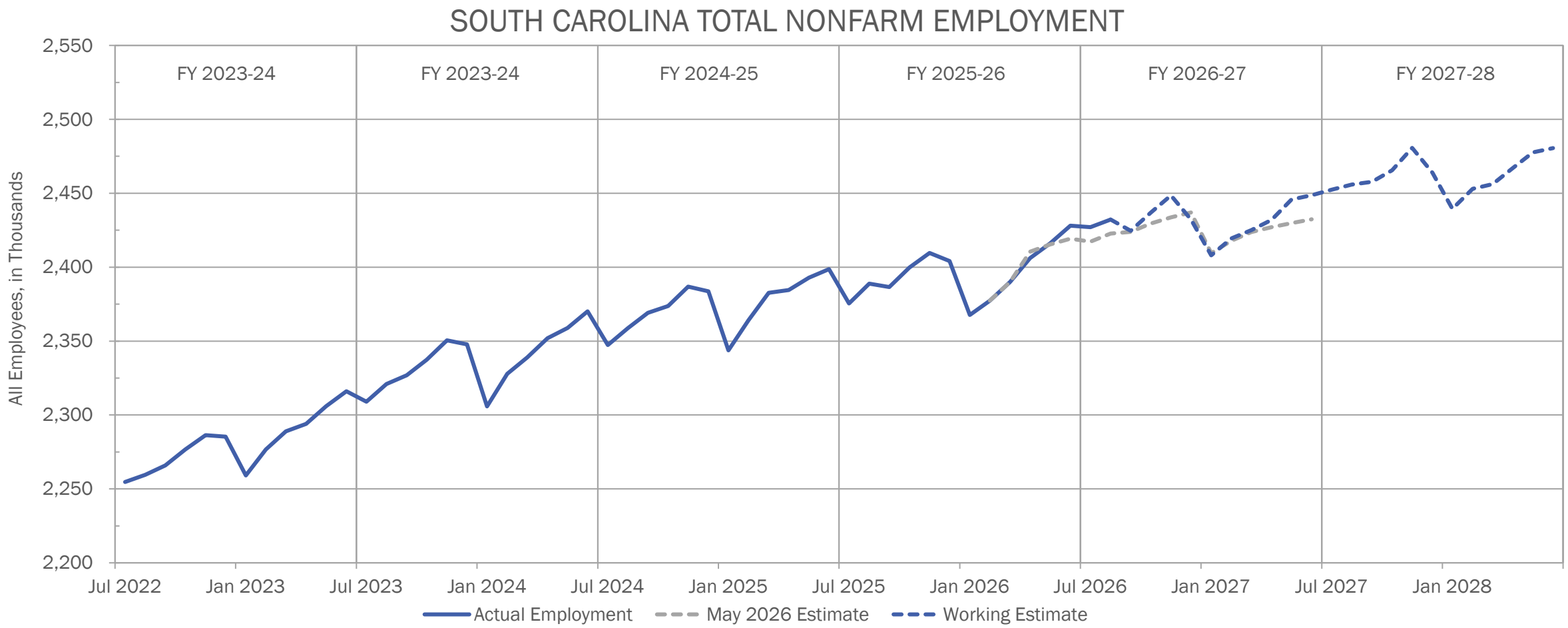


Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors - RFA/kv/10/22/2026

Employment – Revised Working Estimate

Employment is expected to grow more than previously anticipated

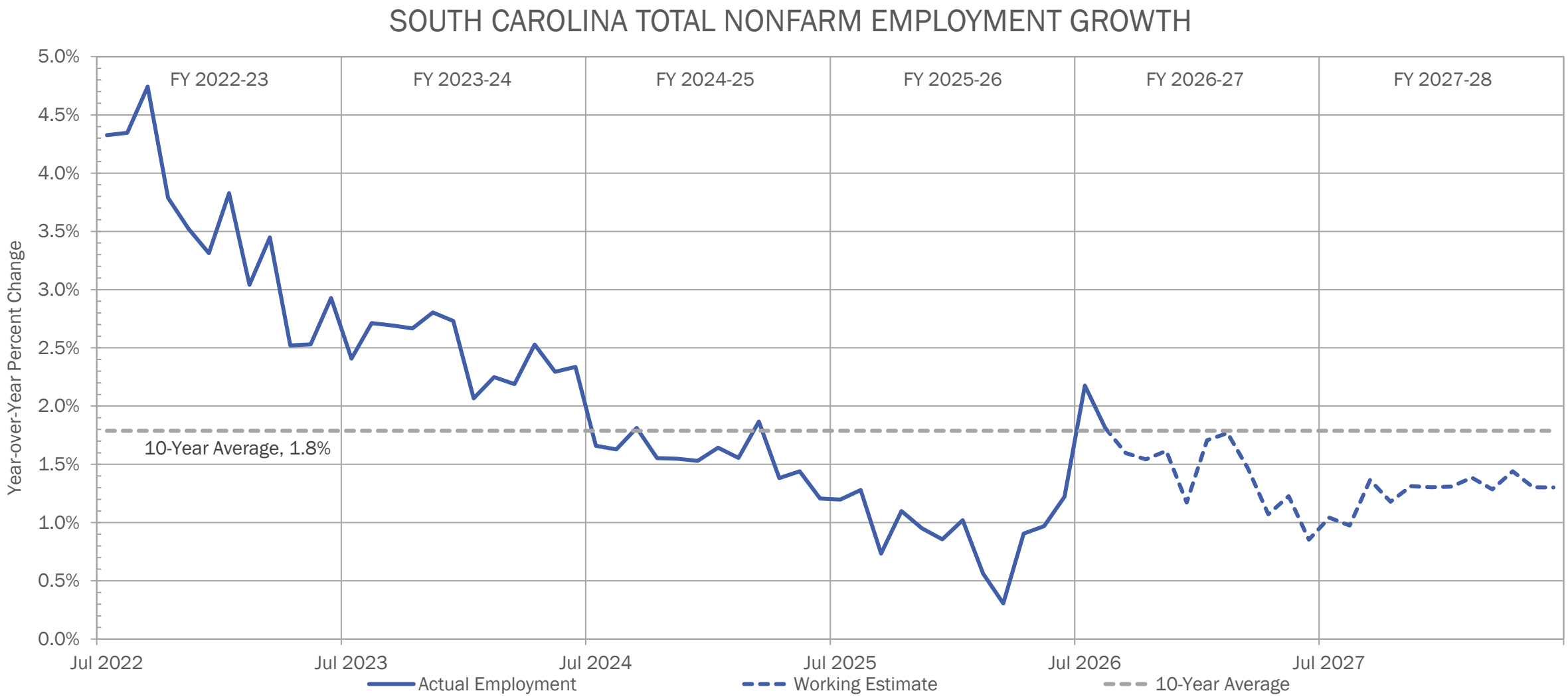
FY 27: ~~1.4%~~ 1.5%; FY 28: ~~1.2%~~ 1.3%



Source: Bureau of Labor Statistics, U.S. Department of Labor RFA/kv/10/22/2026

Employment Growth – Revised Working Estimate

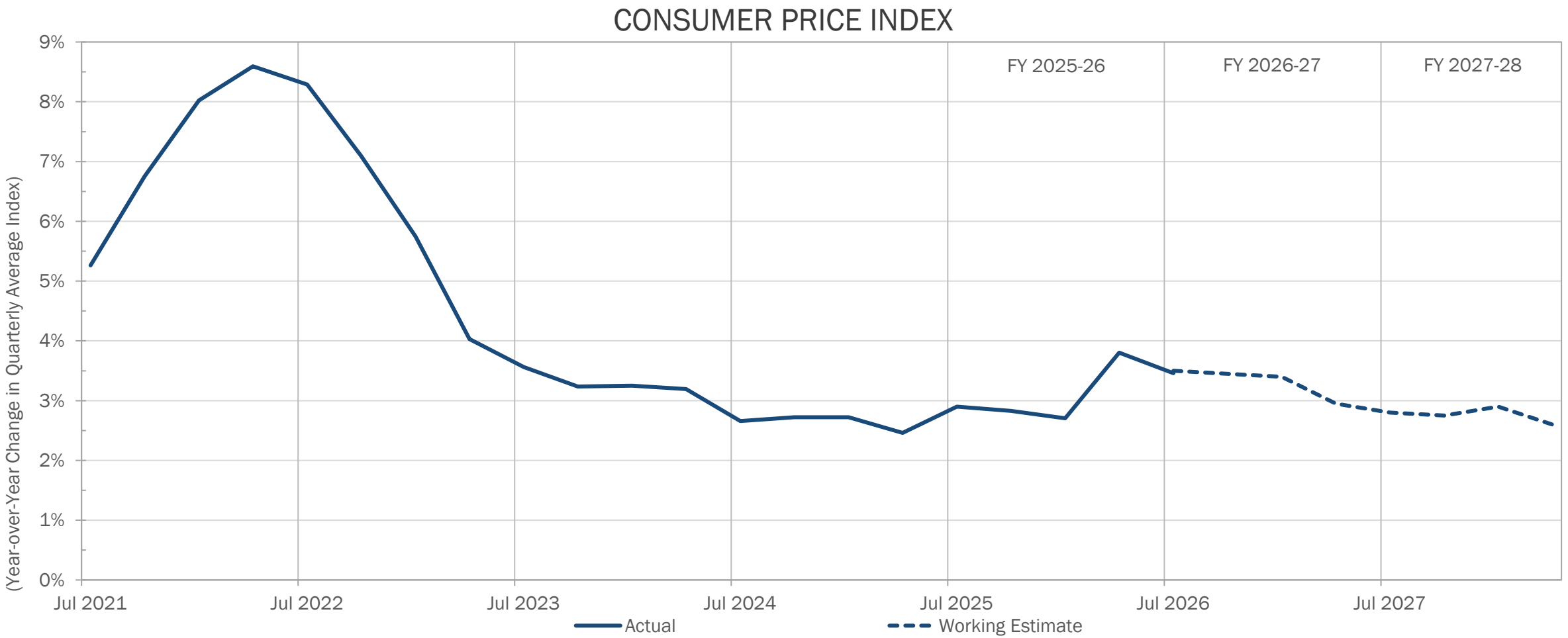
Growth is expected to be below the 10-year average



Source: Bureau of Labor Statistics, U.S. Department of Labor RFA/kv/10/22/2026

Inflation – Working Estimates

CPI inflation estimates: FY 27: ~~2.9%~~ 3.3%; FY 28: ~~2.6%~~ 2.8%



Source: Bureau of Labor Statistics, U.S. Department of Labor RFA/kv/10/22/2026