



## SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

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### **The BEA Revises FY 2021-22 and FY 2022-23 Forecasts Upward** *Collections Expected to Reach a Higher Peak Before Trending Back to Normal*

COLUMBIA – In light of the exceptional collections during tax filing season in April 2022, the South Carolina Board of Economic Advisors (BEA) met today to review the revenue estimates for this fiscal year, FY 2021-22 (FY22), and next fiscal year, FY 2022-23 (FY 23). Given that double-digit revenue growth has continued longer than expected, the BEA adopted a revised forecast for both fiscal years, adding to both the recurring base and the expected surplus and providing lawmakers with a total of \$5.98 billion in additional funds to appropriate in the FY 2022-23 budget process.

The forecast revisions reflect the higher actual collections for FY 22 but maintain the previous expectation that this fiscal year represents a peak in revenues, and collections are expected to trend back down closer to a historical level in FY 23.

The BEA raised its current FY 22 estimate by \$952.1 million, increasing the General Fund Revenue forecast from \$11.82 billion to \$12.77 billion. With this estimate, revenues are forecasted to grow 15.2 percent for the year.

The BEA, however, remained cautious against assuming that current growth would continue into FY 23, given the increased economic concerns regarding a recession as the Federal Reserve attempts to control inflation. The Board increased the FY 23 estimate from \$11.54 billion to \$11.88 billion, an increase of \$335.7 million, as the labor shortage is expected to continue pushing wages and income tax withholdings higher. Notably, the updated FY 23 forecast is 7.0 percent lower than the revised FY 22 estimate and reflects the expected return to historical levels.

Additional explanation of the key factors affecting the major tax categories can be found in the BEA's [meeting materials](#) of May 24, 2022, which are posted on the agency's website.

With today’s actions, lawmakers will have a total of \$1.92 billion in new recurring revenue for the FY 23 budget process and forecasted surpluses totaling \$4.06 billion from last fiscal year and this year, for a total of \$5.98 billion in additional revenue available to appropriate.

**FY 2022-23 Budget Outlook**  
(Millions of Dollars)

<b>Net New Recurring General Fund Revenue</b> <i>(Less Tax Relief Trust Fund and Capital Reserve Fund Contribution)</i>	<b>\$1,918.7</b>
<b>Non-recurring Revenue</b>	
FY 2020-21 Contingency Reserve Fund <i>(Prior year surplus)</i>	\$1,023.8
FY 2021-22 Capital Reserve Fund	\$183.6
Projected FY 2021-22 General Fund Surplus	\$2,853.6
<b>Total Non-recurring Revenue</b>	<b>\$4,061.0</b>
<b>Estimated Additional Revenue for Appropriation</b>	<b>\$5,979.7</b>

*(Figures may not add to totals due to rounding; General Reserve Fund contribution appropriated from non-recurring funds – not shown)*

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Attachment