



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

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The BEA Revises FY 2022-23 and FY 2023-24 Forecasts Upward

Collections Continue to Surpass Expectations as Economic Slowdown Has Not Yet Materialized

COLUMBIA – The South Carolina Board of Economic Advisors (BEA) met today to review the revenue estimates for this fiscal year, FY 2022-23 (FY 23), and next fiscal year, FY 2023-24 (FY 24). General Fund revenues have continued to exceed expectations despite growing concerns about a possible recession.

The BEA raised its current FY 23 estimate by \$564 million, increasing the General Fund Revenue forecast from \$12.47 billion to \$13.03 billion. Continued wage growth and consumer spending have boosted collections above expectations. Tax reform changes to the personal income tax rates have lowered income tax collections as anticipated, but sales tax and corporate income tax well exceeded expectations, leading to significantly stronger collections this fiscal year.

For FY 24, the BEA raised its current estimate by \$240 million, increasing the General Fund forecast from \$12.32 billion to \$12.56 billion. While the increase is attributed to stronger tax collections in FY 23, the full estimate assumes an economic slowdown will occur and equates to a decrease of 3.6 percent from the updated forecast for FY 23.

The FY 24 forecast includes expectations for slower income growth and lower personal consumption than observed in recent years. The BEA remains concerned about persistent inflation, the effects of Federal Reserve interest rate increases, issues within the banking industry, and international conflicts, all leading to deeper concerns about the potential for a recession within the next year.

Additional explanation of the key factors affecting the major tax categories can be found in the BEA's meeting materials of May 9, 2023, which are posted on the agency's website.

With today’s actions, lawmakers will have a total of \$1.00 billion in new recurring revenue for the FY 24 budget process and forecasted surpluses totaling \$3.34 billion from last fiscal year and this year, for a total of \$4.34 billion in additional revenue available to appropriate.

FY 2023-24 Budget Outlook
(Millions of Dollars)

Net New Recurring General Fund Revenue <i>(less Tax Relief Trust Fund and Reserve Fund Contributions)</i>	\$1,004.2
Non-recurring Revenue	
FY 2021-22 Contingency Reserve Fund <i>(Prior year surplus)</i>	\$1,204.8
FY 2022-23 Capital Reserve Fund	\$209.2
Projected FY 2022-23 General Fund Surplus	\$1,923.5
Total Non-recurring Revenue	\$3,337.6
Estimated Additional Revenue for Appropriation	\$4,341.8

(Figures may not add to totals due to rounding)

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Attachment

AVAILABLE FUNDS - FY 2023-24 BUDGET PROCESS as of May 9, 2023



Source: S.C. Revenue and Fiscal Affairs 297/RFA/05/09/2023