

# SOUTH CAROLINA FISCAL UPDATE

Presented to

## SC Chamber of Commerce Manufacturers Steering Committee



June 6, 2023

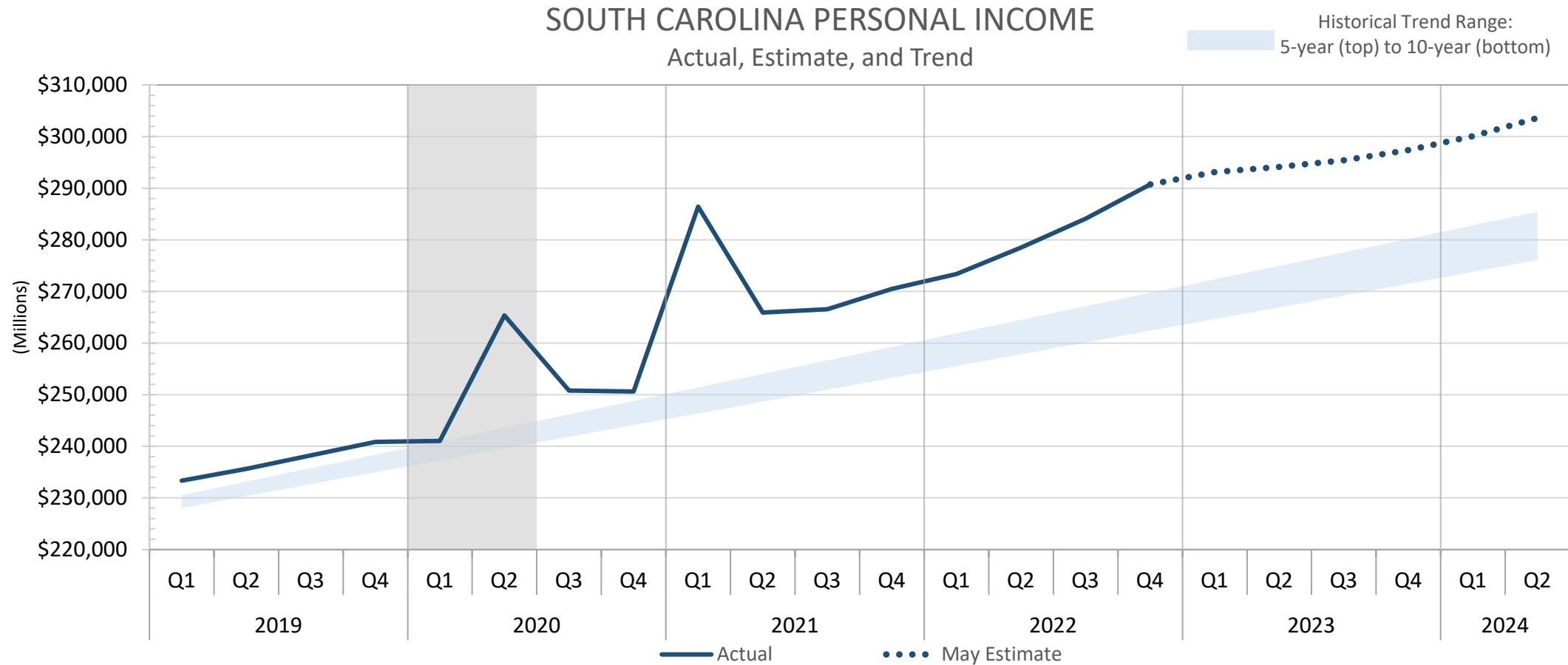
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# SC Personal Income

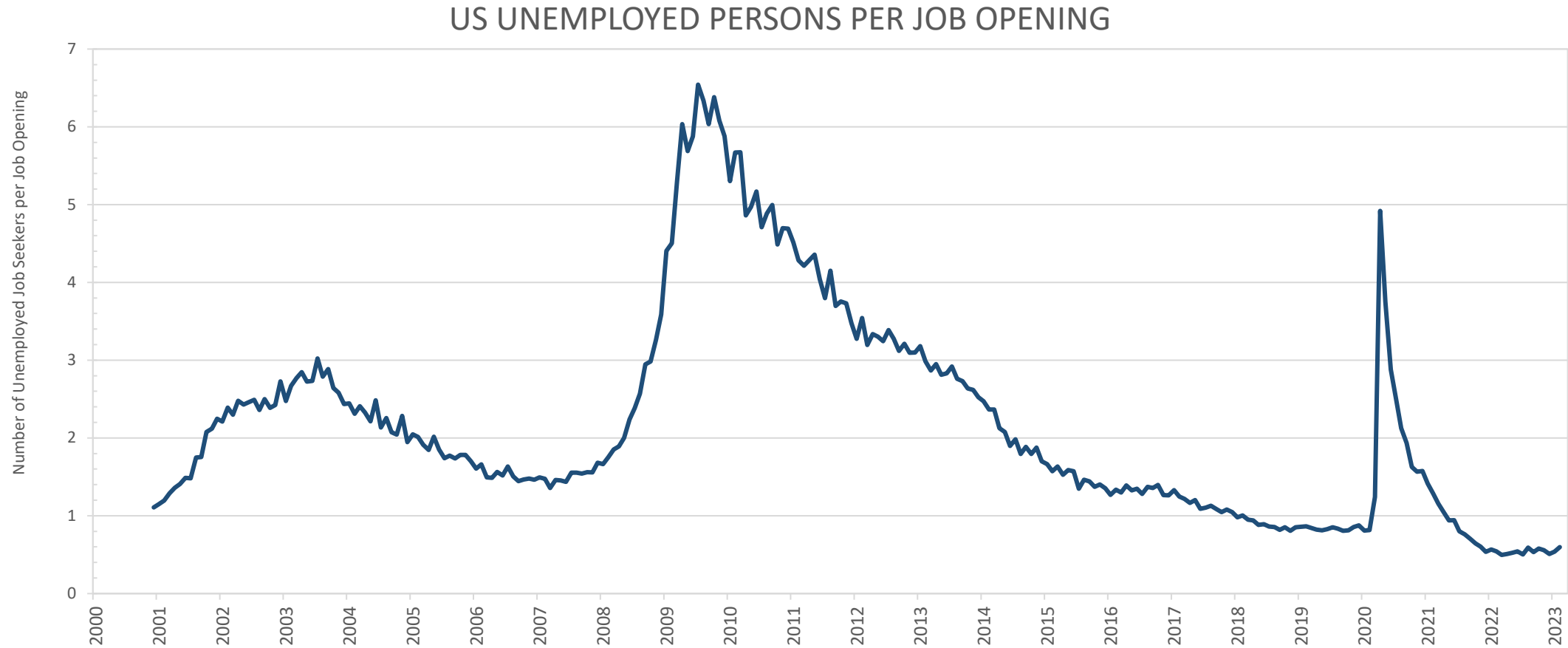
Personal Income is growing well above our historical trend, but growth is expected to slow in FY 2023-24



Data Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors-RFA/lhj/05/09/2023

# US Unemployed Persons Per Job Opening

The US labor market remains at historic levels of tightness as employers compete over a smaller pool of potential workers



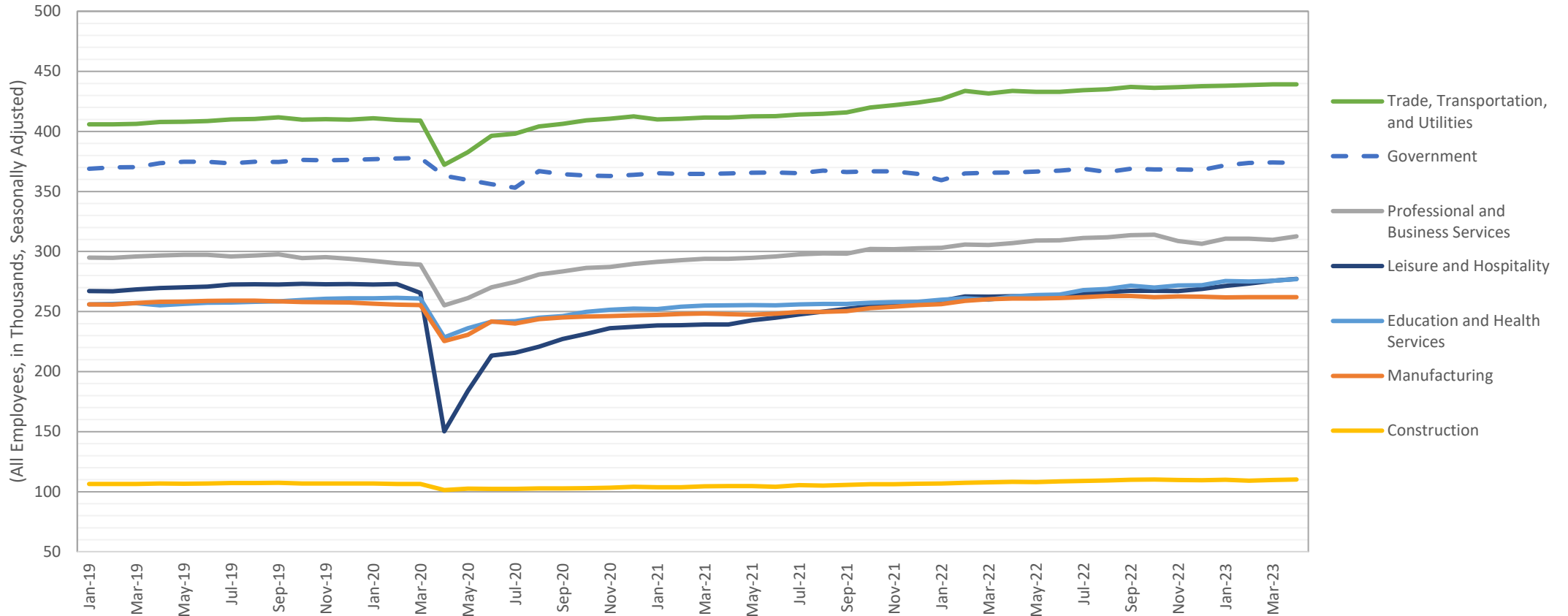
Source: U.S. Bureau of Labor Statistics, CPS and JOLTS; 259A - RFA/lhj/04/19/23



# SC Employment by Industry

While most sectors recovered by 2022, the Leisure and Hospitality sector just recently reached pre-pandemic employment; government employment is still below pre-pandemic levels

SOUTH CAROLINA EMPLOYMENT BY INDUSTRY SECTOR

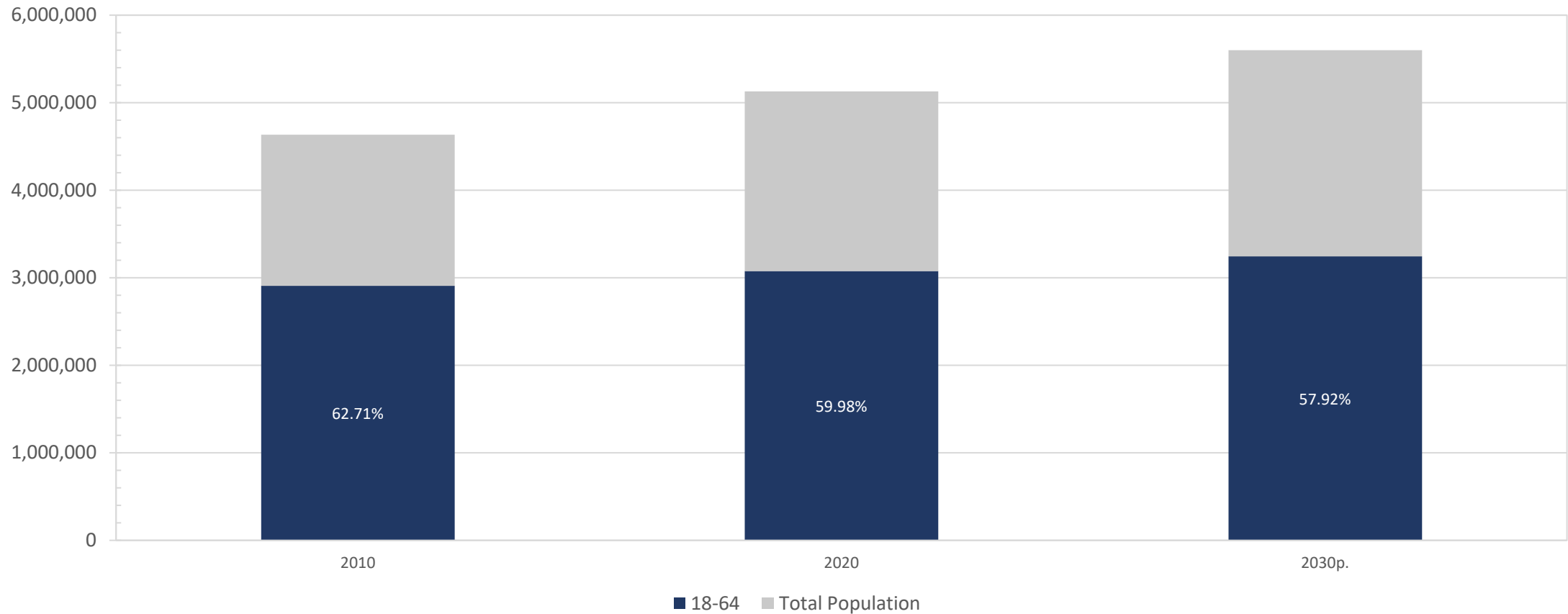


Source: U.S. Bureau of Labor Statistics 325-RFA/lhj/6/1/2023

# SC Projected Age 18 - 64 Population

Workforce age population will represent less than 60% of the state's total population in 2030

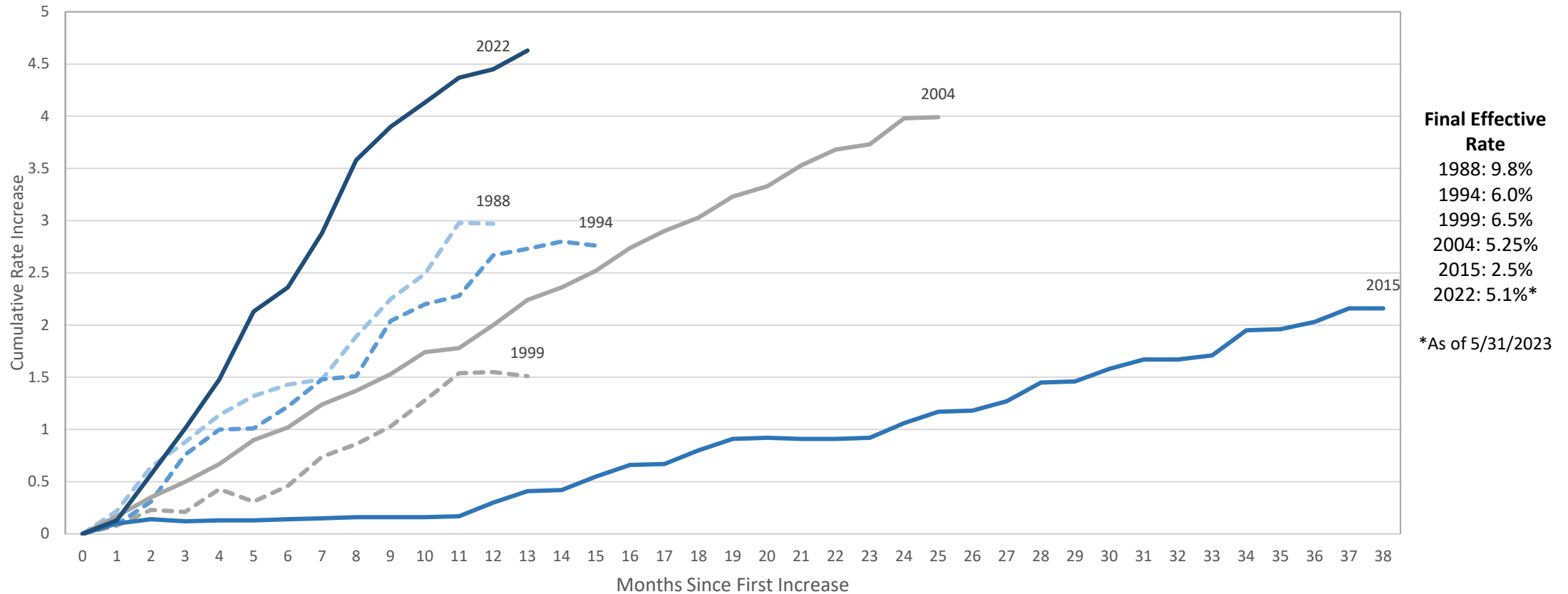
18 - 64 AS A PERCENT OF TOTAL POPULATION



# Federal Funds Interest Rate Changes – History

The current increases in the federal funds rate are faster than other periods in the last 30+ years

CUMULATIVE CHANGE IN FEDERAL-FUNDS RATE SINCE START OF RATE INCREASE



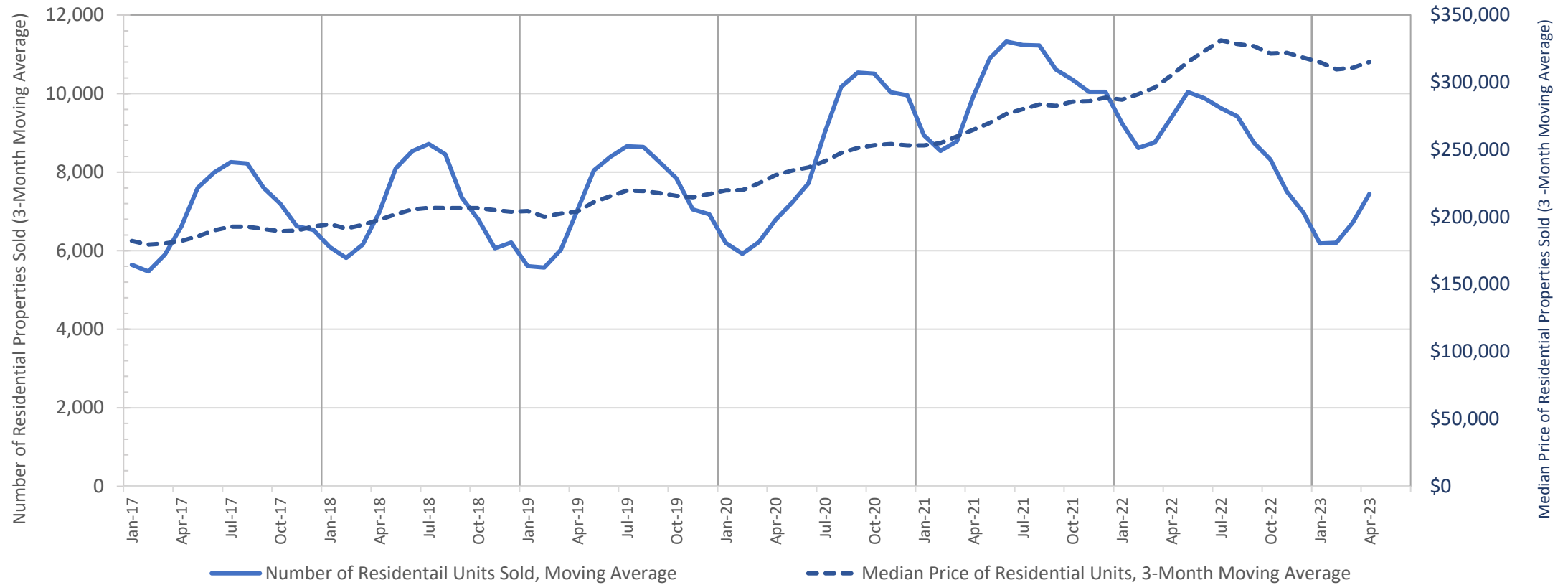
Source: Board of Governors of the Federal Reserve System via Wall Street Journal and FRED Economic Data 277C -RFA/lhj/6/01/2023

# SC Housing Market

Total home sales have declined since the start of interest rate increases

## SOUTH CAROLINA RESIDENTIAL HOME SALES

Number Sold vs. Median Sales Price



Source: S.C. Realtors, Market Activity for South Carolina 276-RFA/lhj/6/01/2023

# State Revenues and the Budget

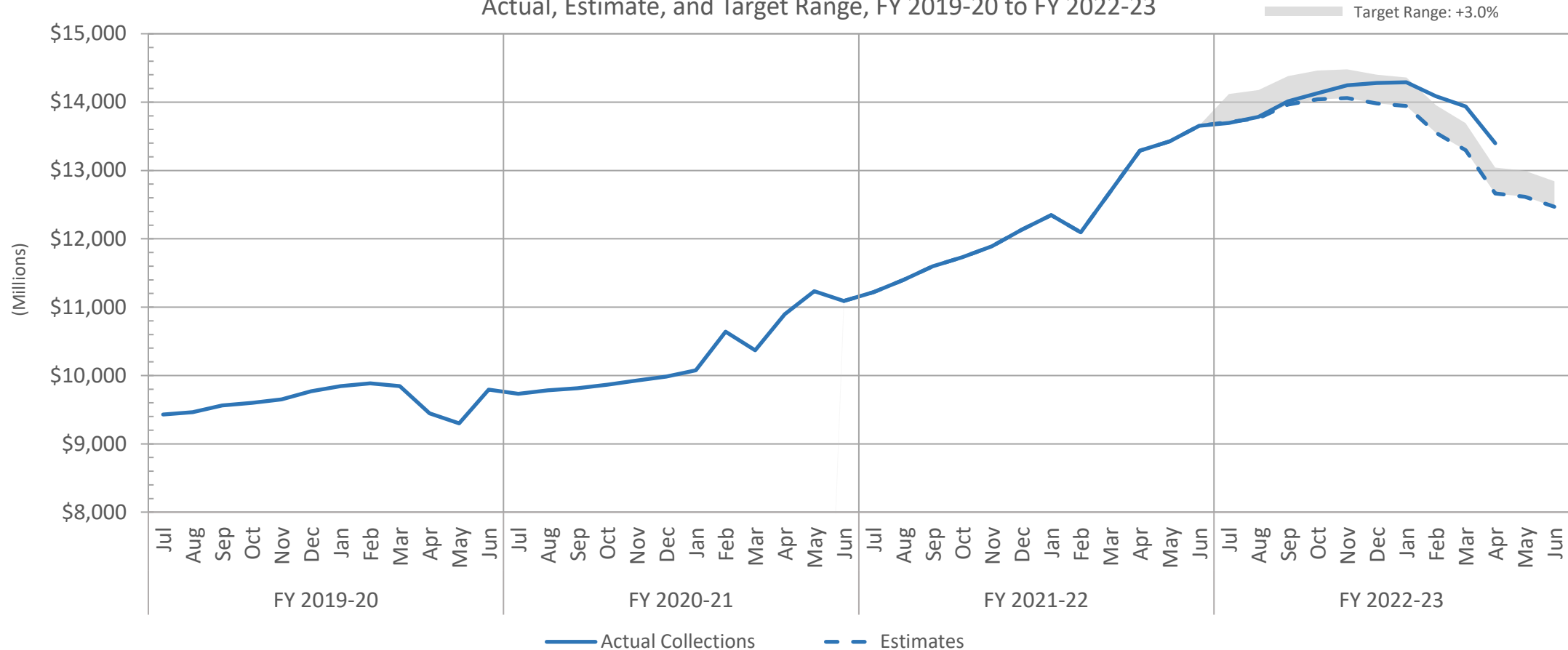




# General Fund – Actuals vs. Feb. Estimates

Revenues continue to grow faster than expected and are \$736.7 million above the estimate year-to-date

ROLLING FISCAL YEAR - GENERAL FUND  
Actual, Estimate, and Target Range, FY 2019-20 to FY 2022-23

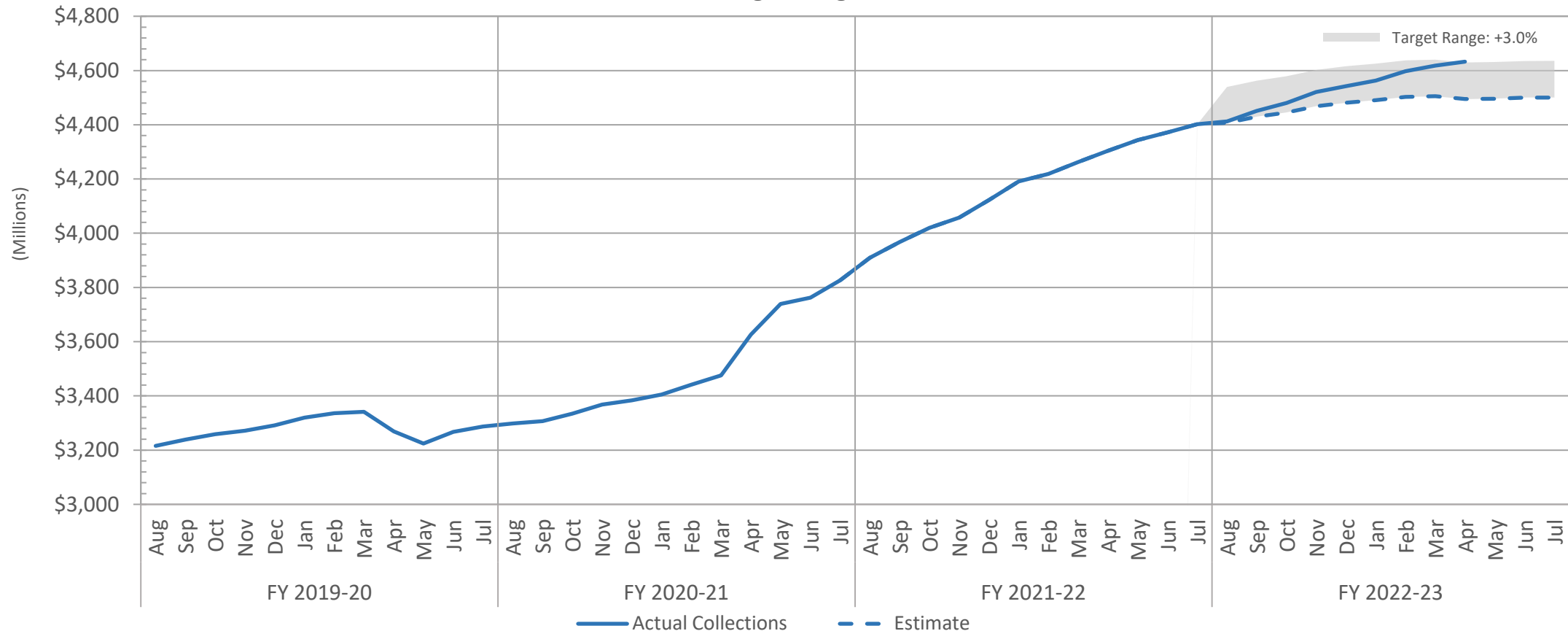


# Sales Tax - Actual vs. Feb. Estimate

Collections are \$137.9 million above the estimate although growth slowed in April

## ROLLING FISCAL YEAR - SALES TAX

Actual, Estimate, and Target Range, FY 2019-20 to FY 2022-23

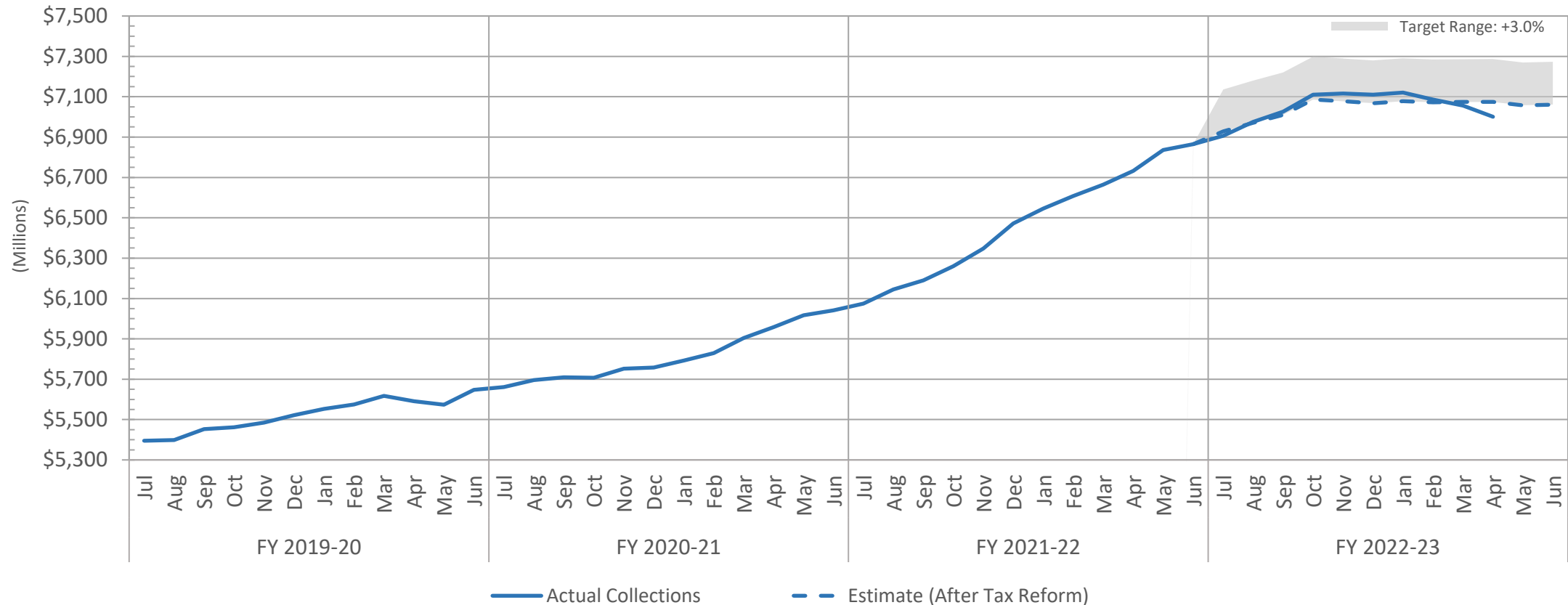


# Withholdings - Actual vs. Feb. Estimate

Withholdings are running \$73.8 million below the estimate; adjustments to the tax tables are reducing Withholdings more than anticipated

## ROLLING FISCAL YEAR - INDIVIDUAL INCOME WITHHOLDINGS

Actual, Estimate, and Target Range, FY 2019-20 to FY 2022-23

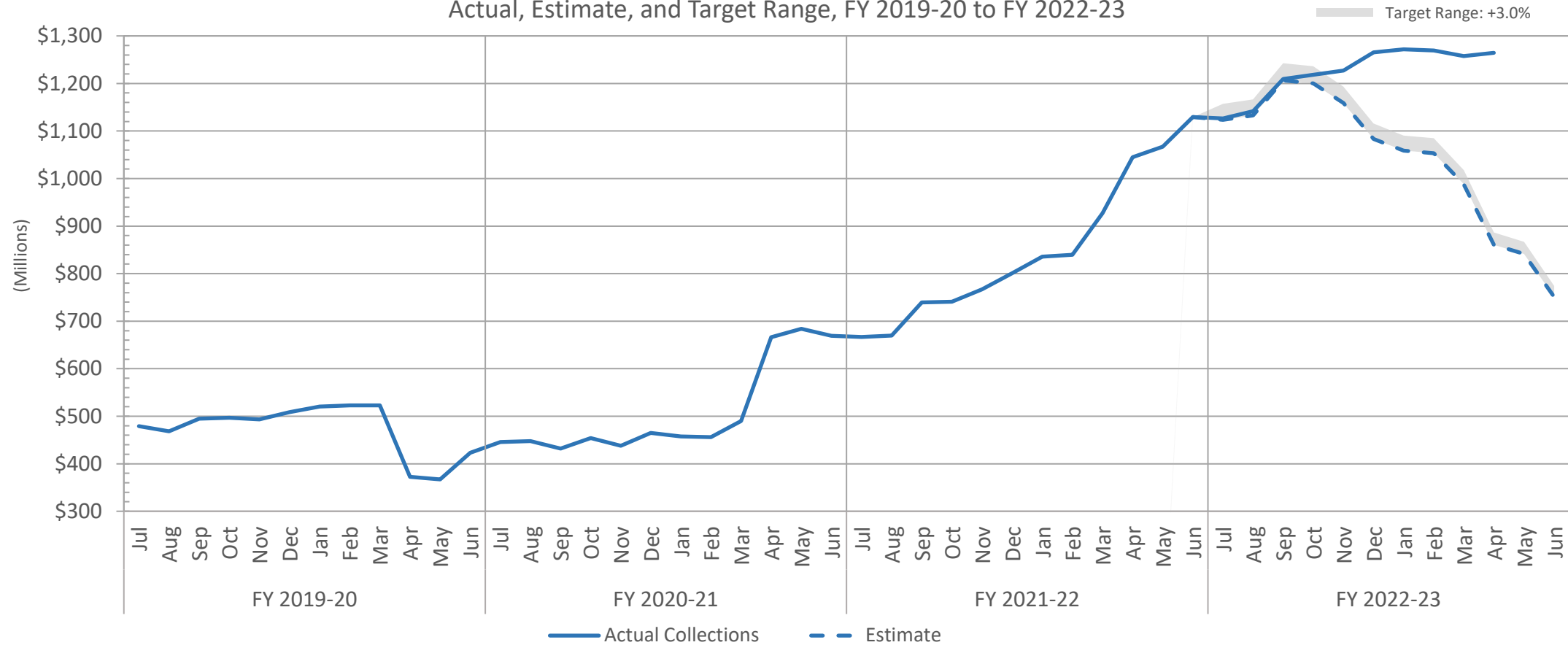


# Corporate Income Tax – Actual vs. Feb. Estimate

Collections are above the estimate by \$403.8 million year-to-date following strong tax filings

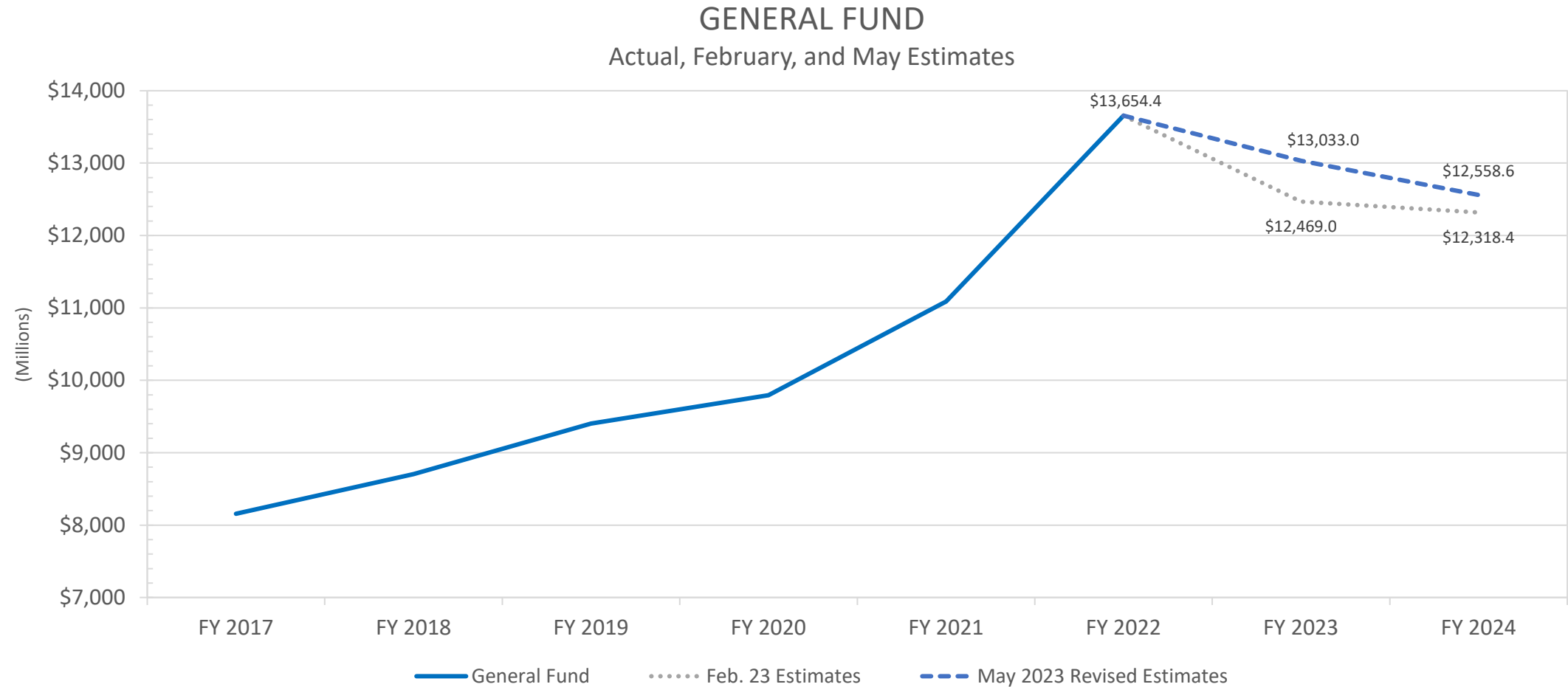
## ROLLING FISCAL YEAR - CORPORATE INCOME TAX

Actual, Estimate, and Target Range, FY 2019-20 to FY 2022-23



# General Fund – May 2023 Forecast Revision

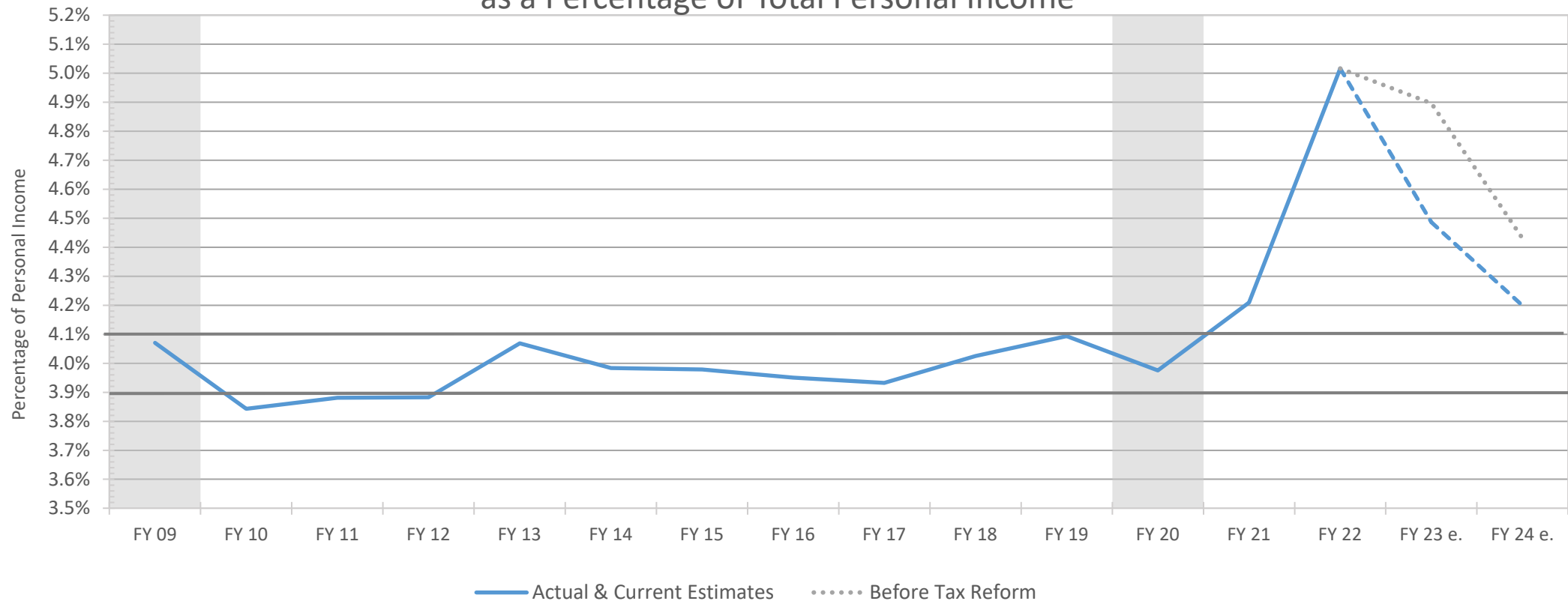
Increase FY 2022-23: \$564 million; FY 2023-24: \$240 million



# General Fund Revenue as a Percentage of Personal Income

Revenue has historically remained around 4% of income but has been well above that range since FY 22; tax reform will bring revenue closer to this range, but estimates are still higher than normal

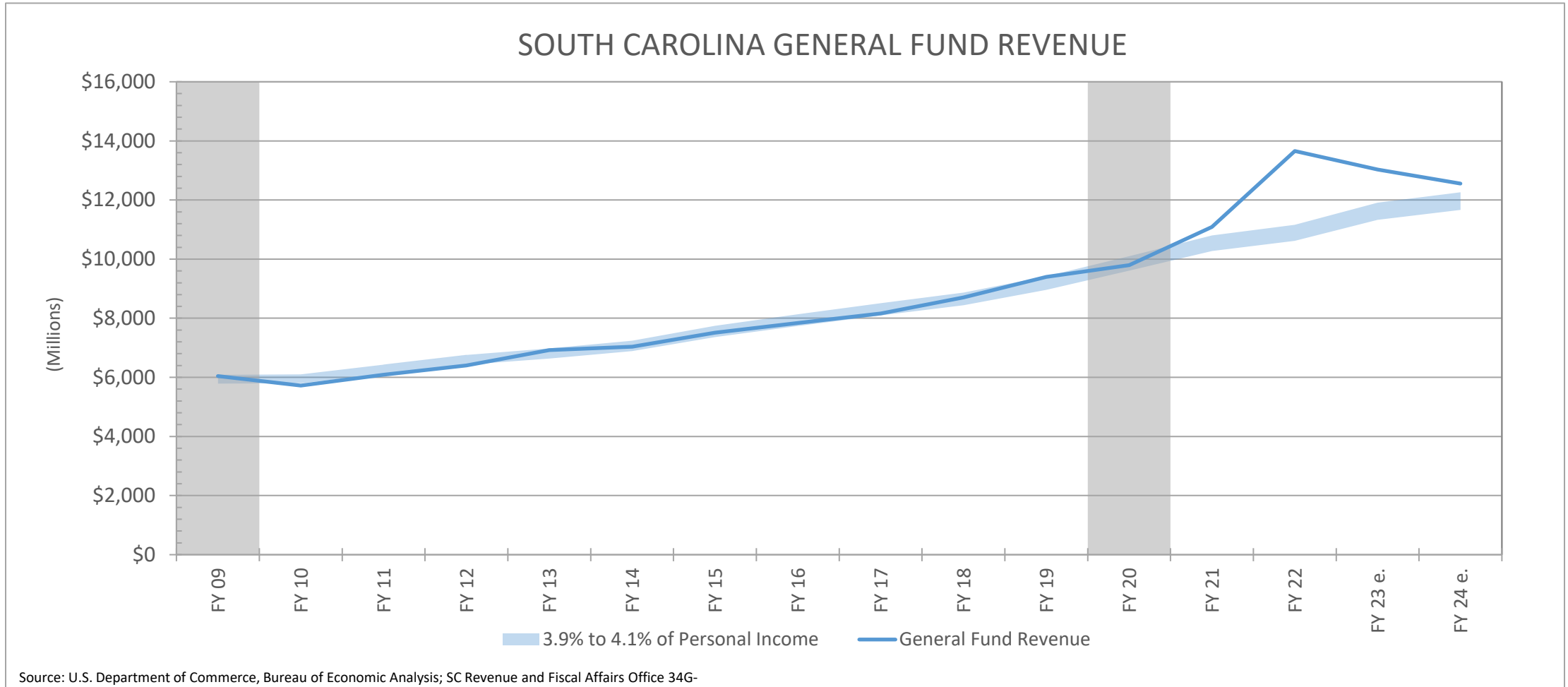
SOUTH CAROLINA GENERAL FUND REVENUE  
as a Percentage of Total Personal Income



Source: U.S. Department of Commerce, Bureau of Economic Analysis; SC Revenue and Fiscal Affairs Office 34F-LHI/5/10/23

# General Fund Revenue – Relative to Personal Income

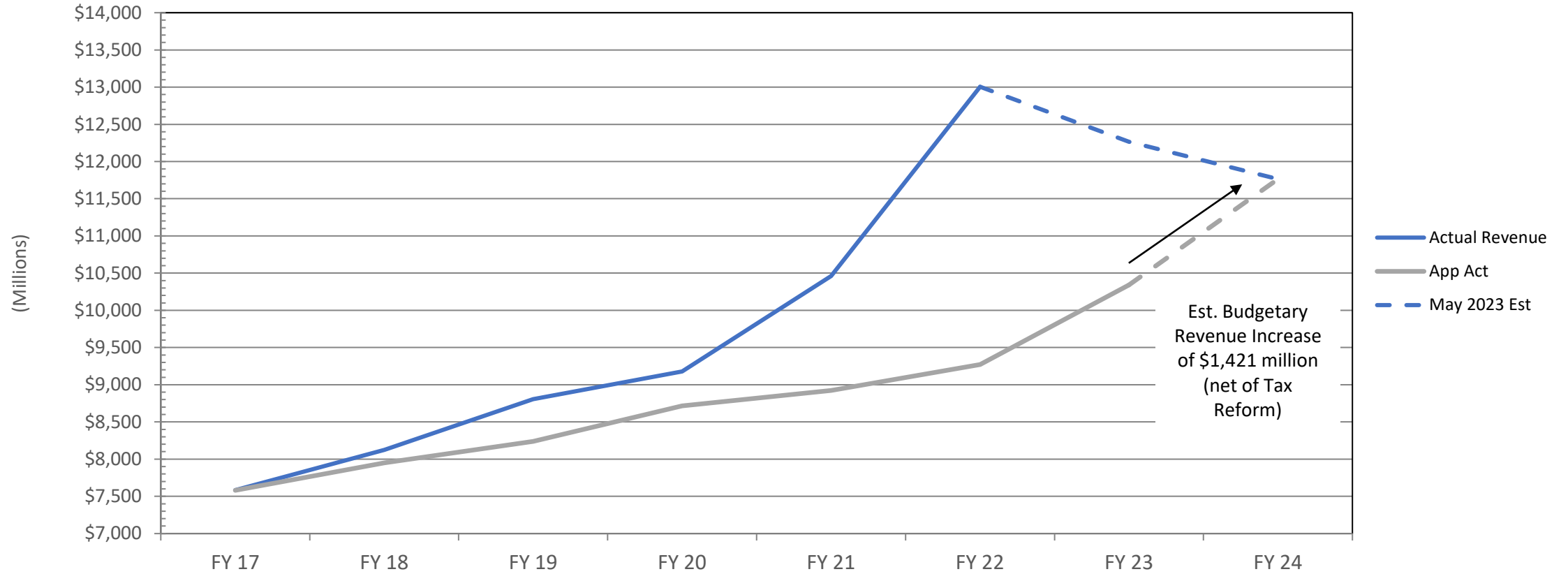
In dollars, revenue exceeded the 4% of personal income range by \$2.5 billion in FY 2021-22



# FY 2023-24 General Fund Appropriations - May 2023

Even with an expected decline in revenues, the base budget is still playing “catch-up”

FY 2023-24 BUDGET OUTLOOK, MAY 2023  
Actual and Estimated Revenue vs Appropriation Act Expenses



Note: Includes incremental income tax rate reduction for tax year 2023



# Final Thoughts ... Questions?

