

South Carolina General Fund Revenue Forecast FY 2023-24 and FY 2024-25

November 16, 2023



General Fund Revenues



(\$ in Millions)

REVENUES V. BEA MONTHLY ESTIMATES

JULY - OCTOBER FY 2023-24

	Expected Revenues	Actual Revenues	Over/ (Under) Expected	Estimate YTD ^{/1}	Actual YTD ^{/2}	Estimate Full Yr. ^{/3}		Expected Revenues	Actual Revenues	Over/ (Under) Expected	Estimate YTD ^{/1}	Actual YTD ^{/2}	Estimate Full Yr. ^{/3}
Total General Fund Revenue	\$3,573.0	\$4,079.7	\$506.8	(17.8%)	(6.2%)	(4.9%)	Other Revenue Items, Sub-Total	\$279.9	\$351.2	\$71.3	(3.3%)	21.4%	(5.2%)
Sales Tax	1,122.6	1,199.6	77.0	(3.7%)	2.9%	(3.3%)	Admissions Tax	2.5	4.4	1.9	70.5%	70.5%	(14.7%)
Individual Income Tax	1,930.7	2,184.2	253.4	(22.5%)	(12.3%)	1.2%	Alcoholic Liquors Tax	27.1	31.0	4.0	(9.8%)	3.4%	(6.7%)
Withholdings	1,970.8	2,143.1	172.3	(15.8%)	(8.4%)	(10.5%)	Bank Tax	11.0	20.3	9.3	(27.7%)	33.7%	(33.5%)
Non-withholdings	377.6	352.5	(25.1)	(16.8%)	(22.3%)	(0.2%)	Beer and Wine Tax	31.2	29.7	(1.5)	1.1%	(3.7%)	3.8%
Refunds	417.7	311.4	(106.2)	37.7%	2.7%	(28.1%)	Corporate License Tax	72.1	95.2	23.2	1.7%	34.4%	1.7%
Corporate Income Tax	150.7	255.5	104.8	(46.4%)	(9.1%)	(38.0%)	Deed Rec. (Doc. Tax)	34.1	30.4	(3.6)	(5.1%)	(15.2%)	(4.2%)
Insurance Tax	89.0	89.2	0.2	(26.1%)	(25.9%)	(3.8%)	Earned on Investments	62.1	95.6	33.6	1.6%	56.5%	(0.3%)
Other Revenue Items, Sub-Total	279.9	351.2	71.3	(3.3%)	21.4%	(5.2%)	Residual Revenue	40.0	44.6	4.6	(6.7%)	4.0%	(4.7%)

Based on BEA Forecast as of September 21, 2023

^{/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.

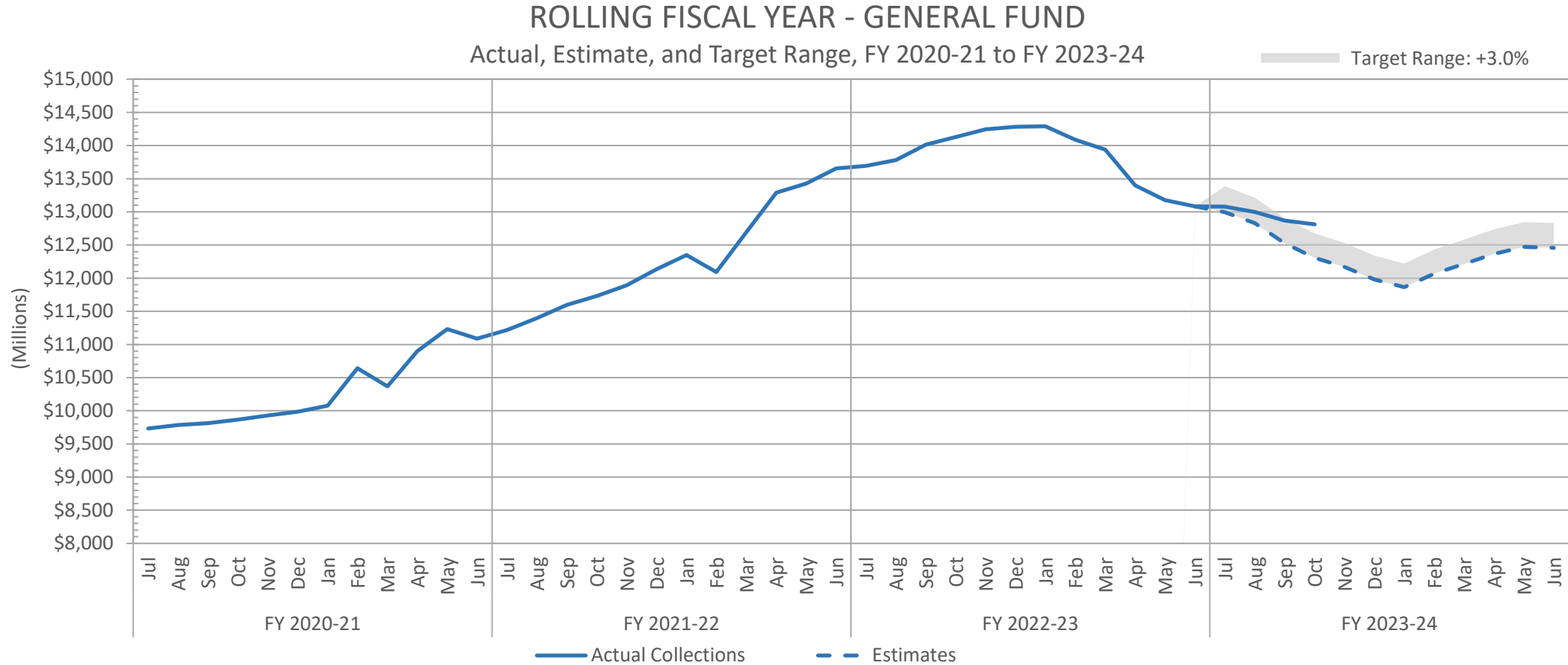
^{/3} Estimate full year reflects projected growth for the full fiscal year over the prior year.

Figures as of November 9, 2023, and subject to change with monthly final processing.



General Fund Revenue – September 2023 Estimate

Collections are \$506.8m ahead of the current forecast; anticipated slow down has been less than previously expected



Figures as of November 9, 2023, and subject to change with monthly final processing.

Review of Revenue Estimates and Assumptions for FY 2023-24 and FY 2024-25

Key Economic Assumptions for FY 2023-24 and FY 2024-25

- Personal Income
 - High interest rates and slower consumer spending are expected to slow economic and wage growth
 - SC wage growth is expected to be below normal levels in FY 24 and FY 25
- Employment
 - Employment growth is expected to slow down below the long-term trend over FY 24 and FY 25
 - Economic development and migration continue to contribute to job growth, and SC is expected to fare better than the US

Key Economic Assumptions for FY 2023-24 and FY 2024-25 (Continued)

- Other Factors
 - The assumptions used to develop the September FY 24 estimates anticipated a recessionary scenario, which has not materialized
 - As a result, stronger than expected growth has continued into FY 24 and has created a surplus
 - A slowdown is still expected, but growth will be positive and not negative

Summary of Economic Assumptions – November 2023

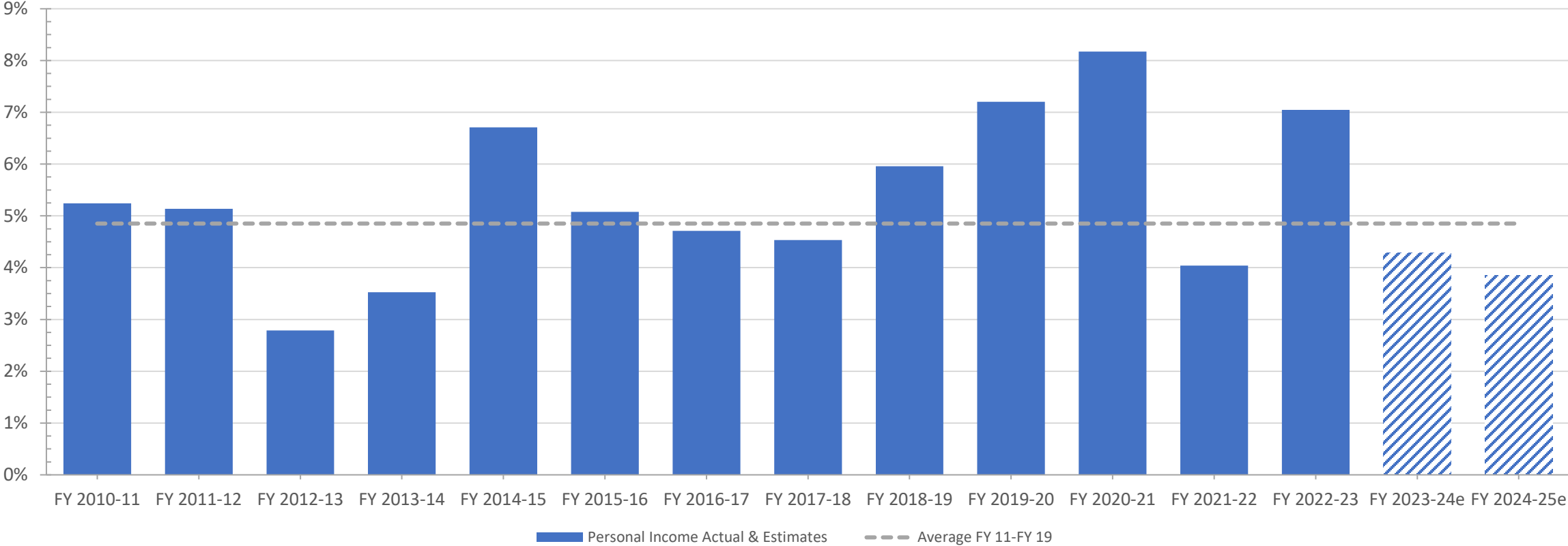
FISCAL YEAR GROWTH RATES			
Fiscal Year	Personal Income	Employment	Inflation
2023-24	4.3%	1.8%	3.0%
2024-25	3.8%	1.7%	2.4%

Personal Income Growth Rates – Actual and November Estimates

FY 24: 4.3%; FY 25: 3.8%

SOUTH CAROLINA PERSONAL INCOME ANNUAL GROWTH

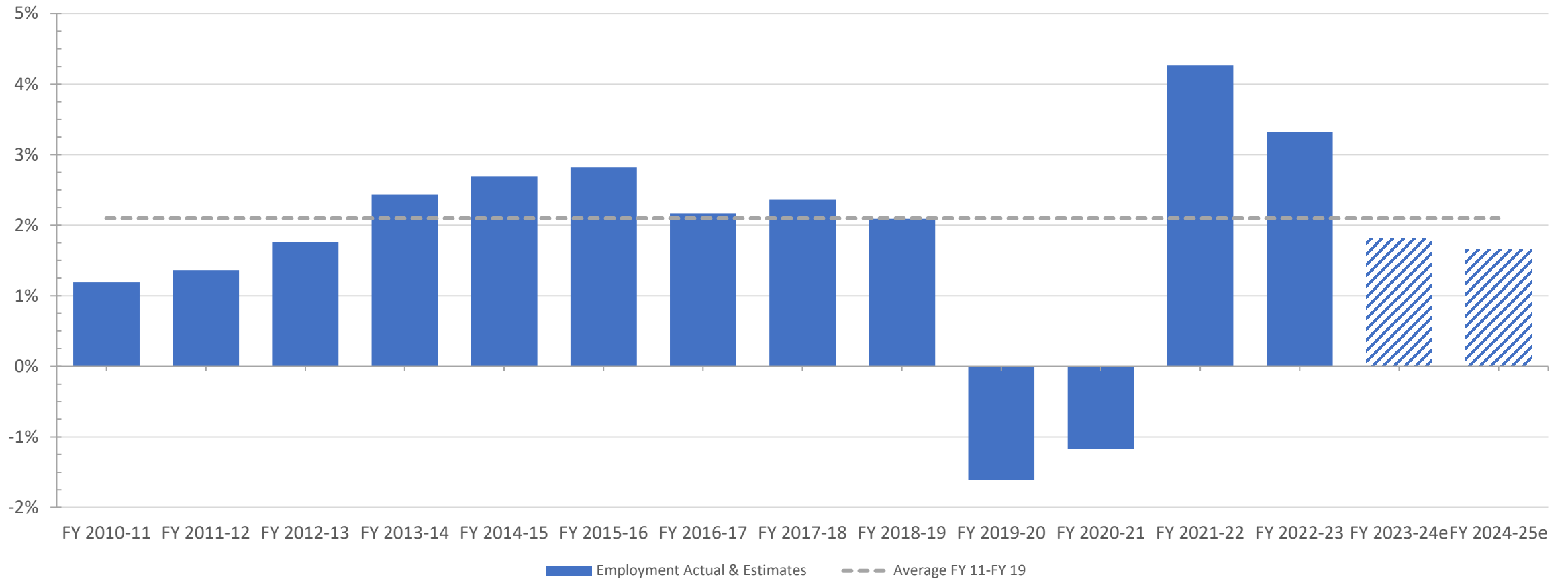
Average FY 11-FY 19: 4.9%



Employment Growth Rates– Actual and November Estimates

FY 24: 1.8%; FY 25: 1.7%

SOUTH CAROLINA EMPLOYMENT ANNUAL GROWTH
Average FY 11-FY 19: 2.1%



Risks and Considerations for FY 2023-24 and FY 2024-25

- While the state's economy and revenues are expected to continue to perform better than the nation, we anticipate slower than normal growth over the next two fiscal years
- The wars in Ukraine and Israel and looming recession concerns for other countries also present notable risks over the coming fiscal years
- Although General Fund revenues through the first four months of FY 24 continue to show stronger than expected growth, Non-withholdings and Corporate Income tax remain a concern due to the significant impact of tax filing on these two categories
- Changes to Withholdings tables and tax rates continue to present a challenge in identifying the impact of economic changes versus taxpayer behavior
- While consumer spending is expected to slow, further changes in consumer behavior could be a risk to the forecast

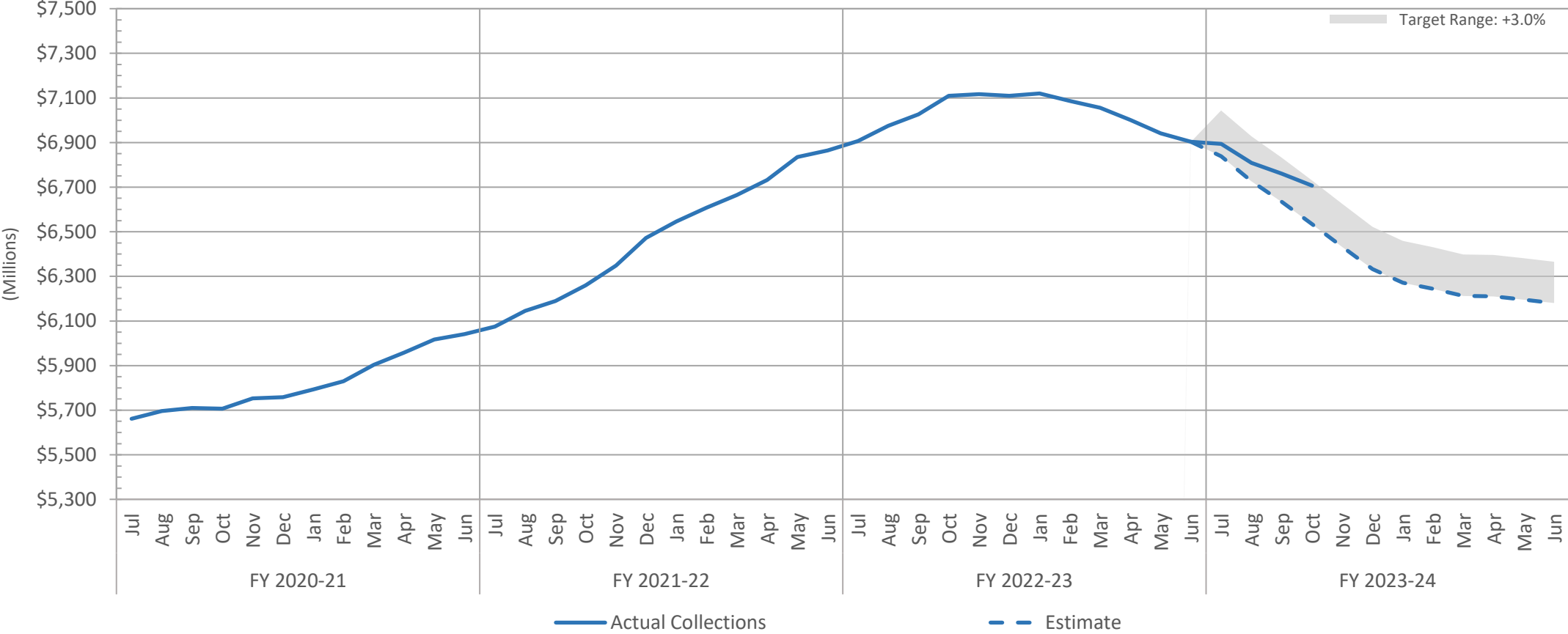
INDIVIDUAL INCOME TAX



Withholdings - Actual vs. Current Estimate

Withholdings are running ahead of the September forecast by \$172.3m, or 8.7%

ROLLING FISCAL YEAR - INDIVIDUAL INCOME WITHHOLDINGS
Actual, Estimate, and Target Range, FY 2020-21 to FY 2023-24

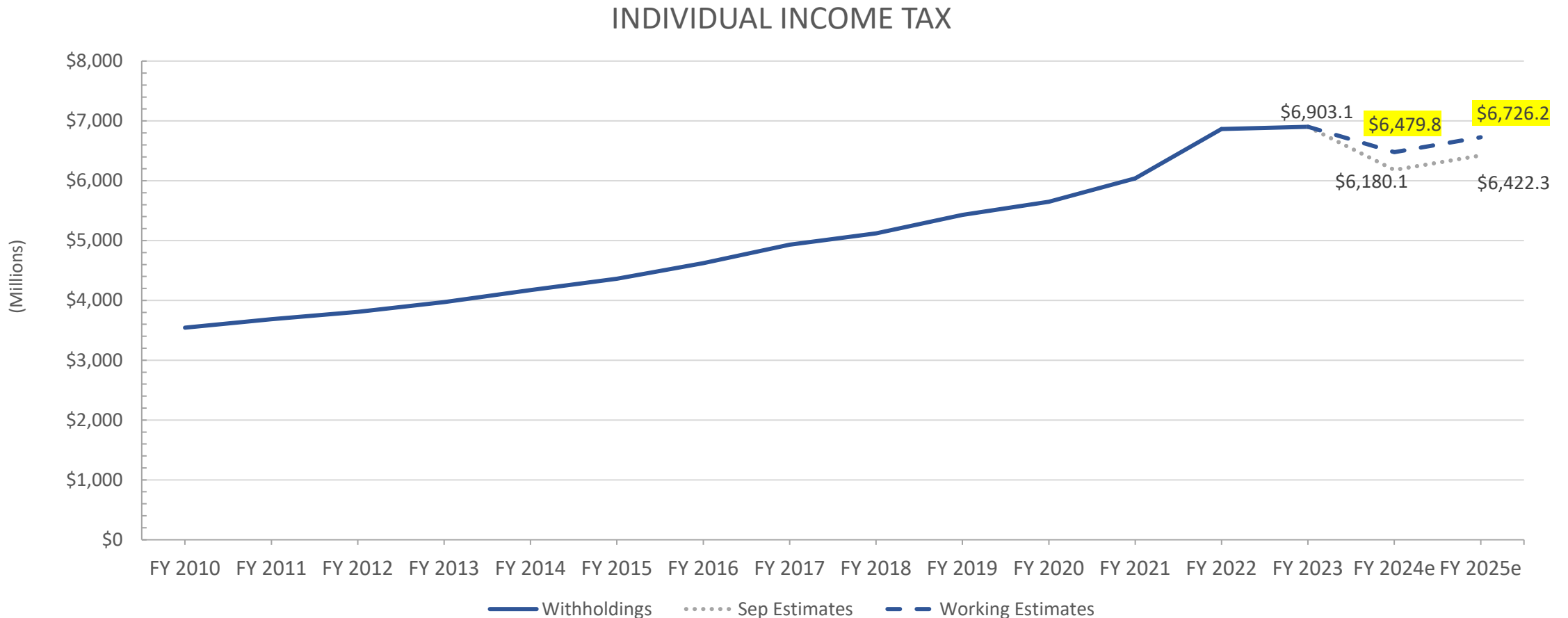


Individual Income Withholdings Tax Forecast

- Working estimates reflect stronger expected wage growth than our Sep. forecast
- The strong growth in wages and salaries (9% during the first two calendar quarters of 2023) has been driving the higher-than-expected collections level, which we expect to continue into FY 24
- Collections have been stronger than estimated to start the year, and Withholdings is one of the most stable revenue categories
- The Federal Reserve's quantitative tightening policy coupled with the potential for lingering inflation due to global geopolitical risks and restrictions in trade are expected to lead to an economic slowdown during 2024, resulting in lower-than-normal income growth and, consequently, lower growth in collections during FY 25

Individual Income Withholdings – Working Estimates

Tax table changes will continue to drive collections down in the first half of FY 24, although this decrease is lessened (-6.1% vs. -10.5%) by higher than previously expected income growth; FY 25 collections will grow by 3.8%, which is slower than normal



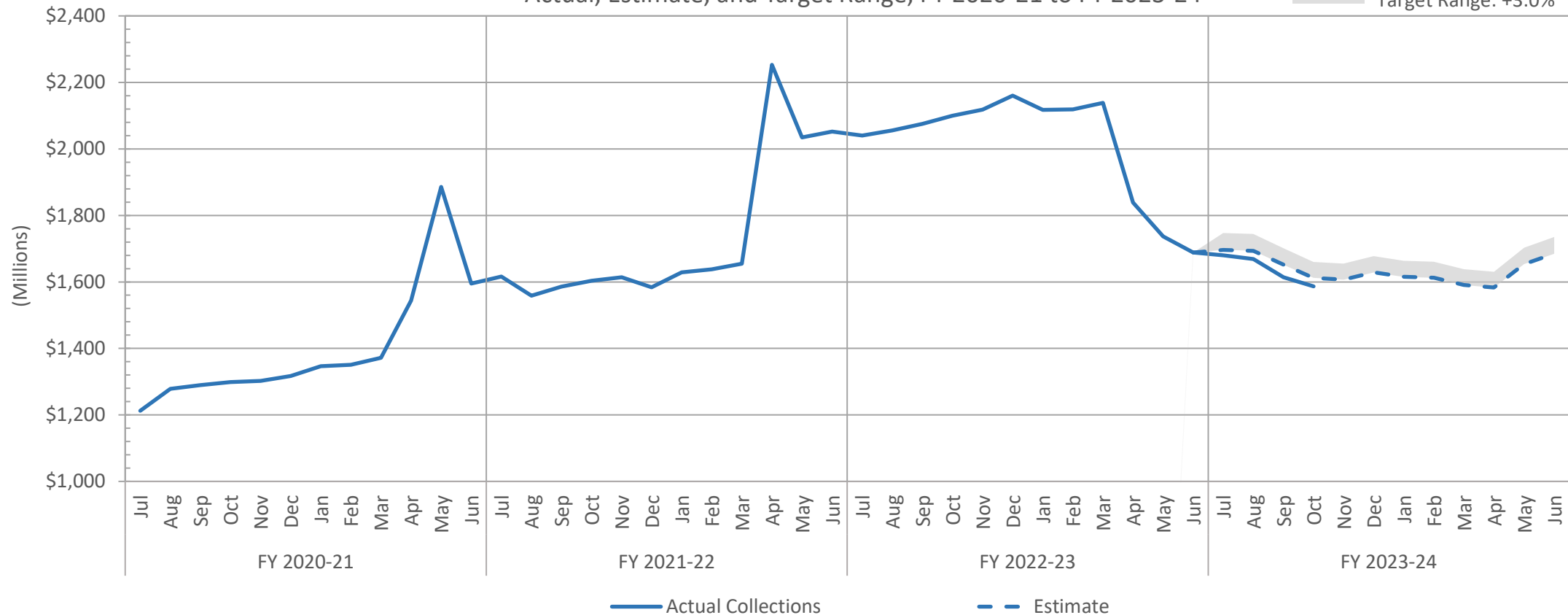
Non-Withholdings - Actual vs. Current Estimate

Collections during the first four months of the FY 24 are below the September estimate by \$25.1m

ROLLING FISCAL YEAR - INDIVIDUAL INCOME NON-WITHHOLDINGS

Actual, Estimate, and Target Range, FY 2020-21 to FY 2023-24

Target Range: +3.0%

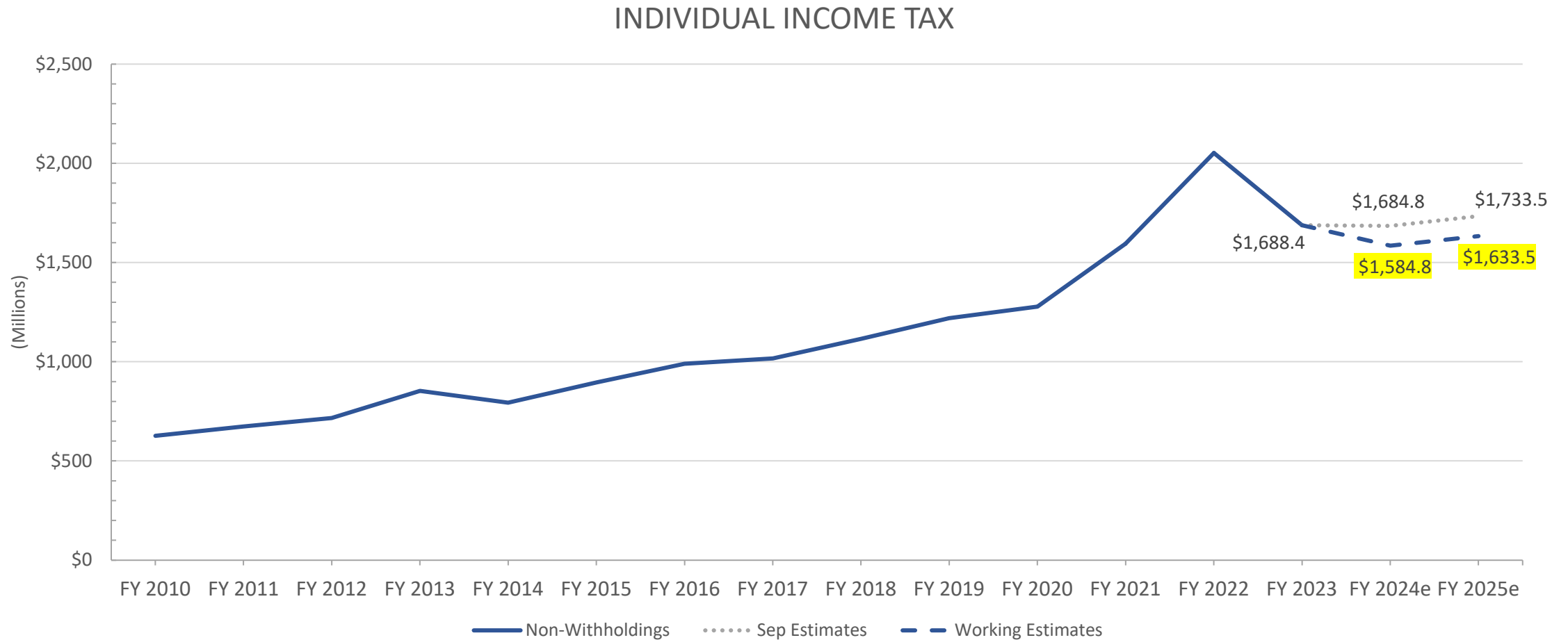


Individual Income Non-Withholdings Forecast

- Non-withholdings are running behind the Sep. forecast, and working estimates reflect the lower collections
- We believe taxpayer behavior in response to tax rate changes may continue to drive Non-withholdings down in FY 24; it is possible, however, there will be a positive surprise in tax filing season, but this is still an unknown
- In addition, financial markets have exhibited high volatility this year, which is expected to continue into the next year mostly due to the uncertainty about interest rates, inflation, the labor market, and the increasing geopolitical and economic instability abroad
- Interest income is expected to increase, while dividend income and proprietors' income are expected to grow less than normal

Non-Withholdings – Working Estimates

Collections are expected to decline largely due to tax rate changes in FY 24 and grow 3.1% in FY 25

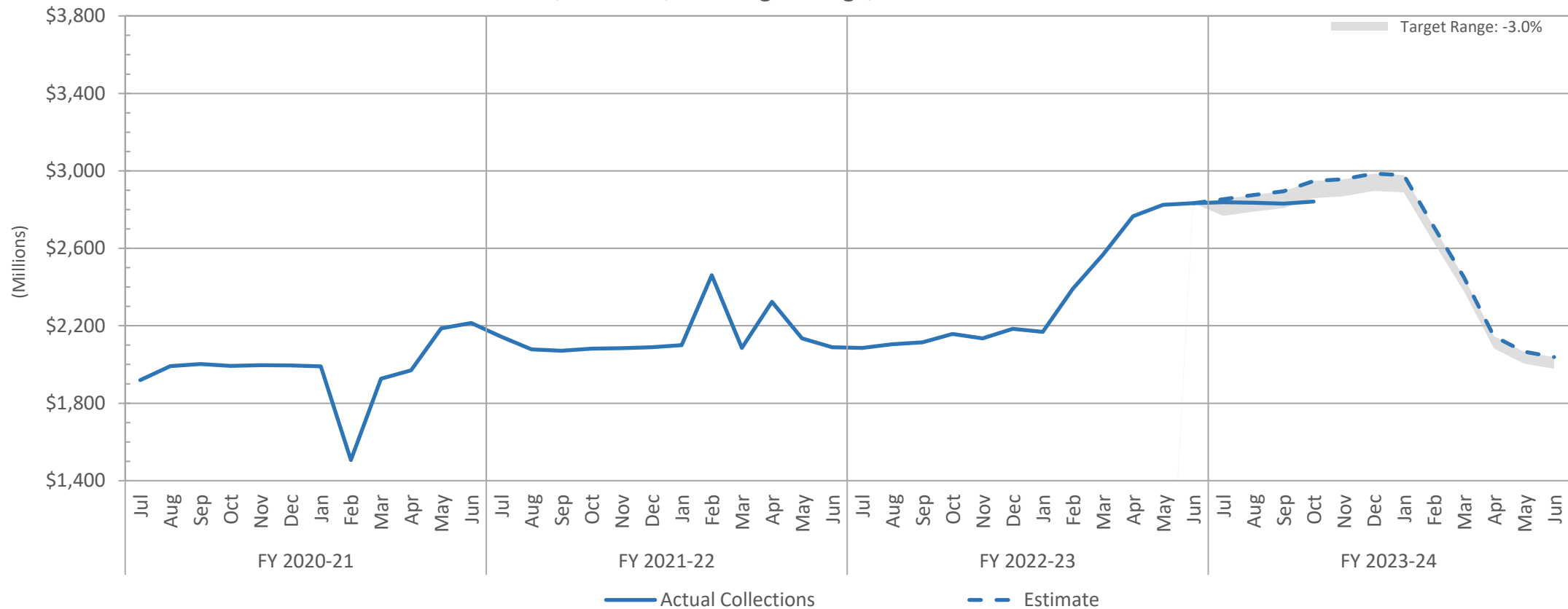


Refunds - Actual vs. Current Estimate

Refunds for the first four months of FY 24 are lower than anticipated by \$106.2m

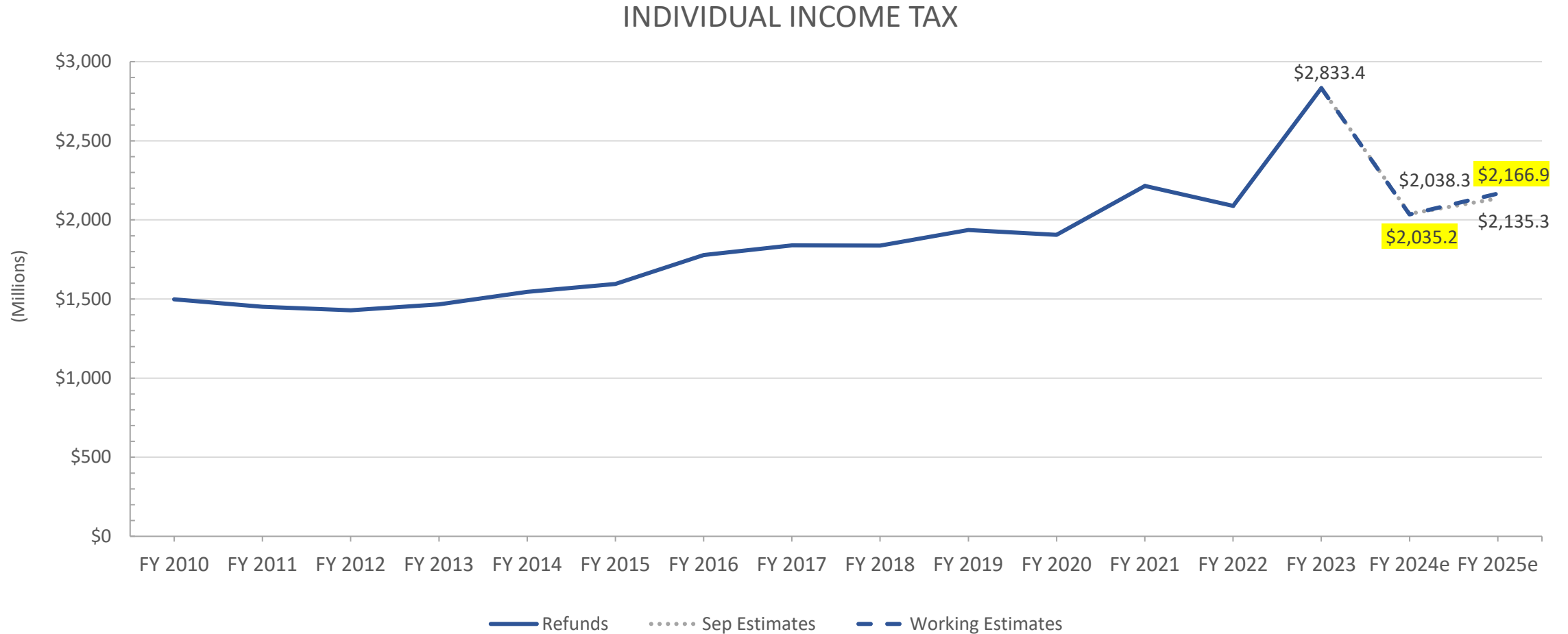
ROLLING FISCAL YEAR - INDIVIDUAL INCOME REFUNDS

Actual, Estimate, and Target Range, FY 2020-21 to FY 2023-24



Refunds – Working Estimates

Refunds are currently lower than estimated, but only minor changes are recommended at this time; Refunds are expected to decline in FY 24 due to the tax tables adjustment and grow by 6.5% in FY 25

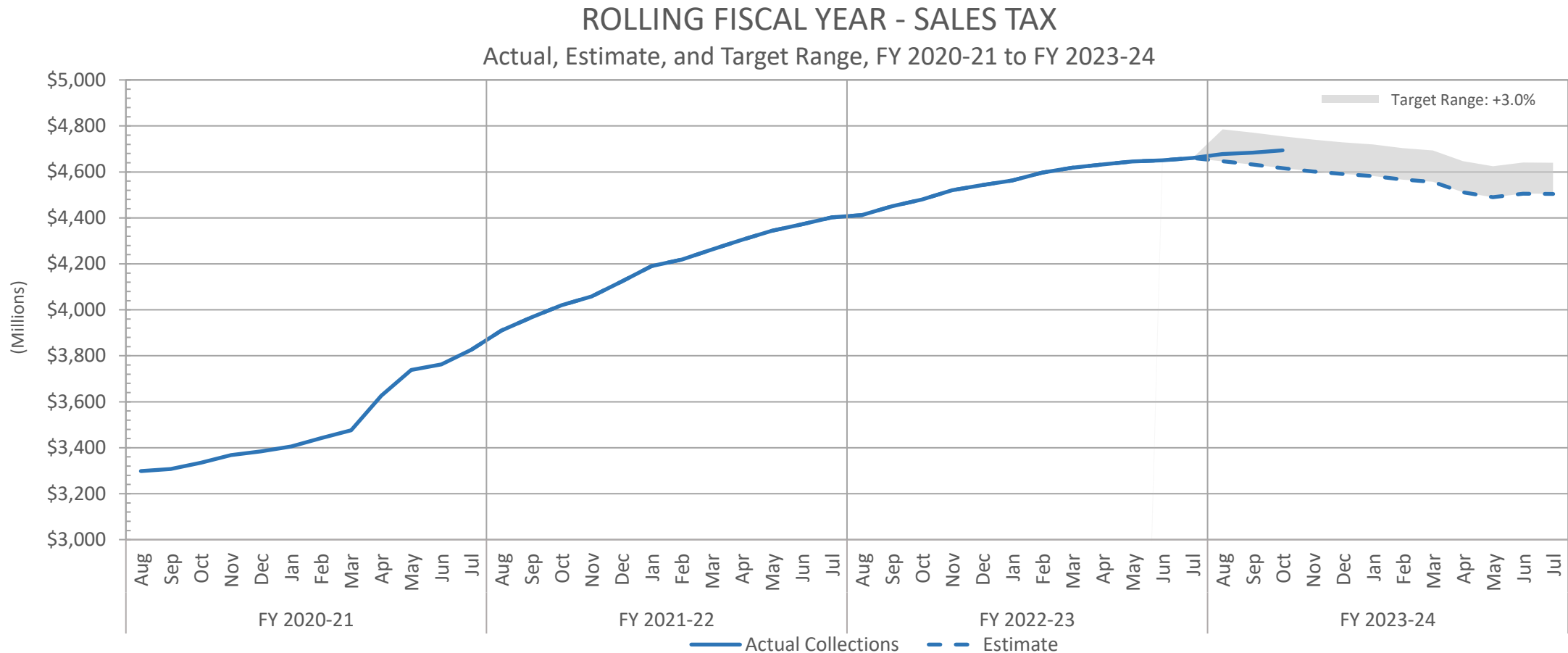


SALES TAX



Sales Tax - Actual vs. Current Estimate

Sales tax is \$77.0m ahead of the estimate; October collections increased by 2.6% from last year, bringing fiscal year-to-date growth to 2.9%

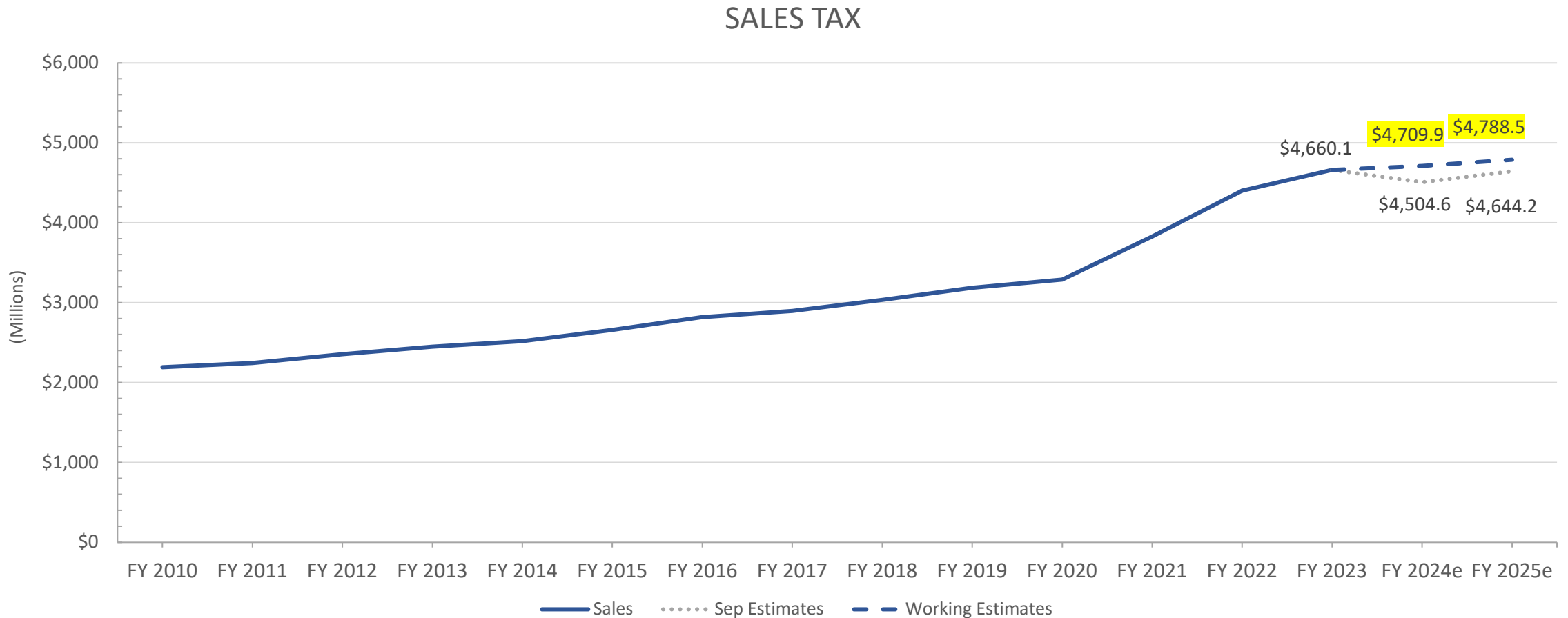


Sales Tax Forecast Assumptions

- Working estimates reflect a change from negative to positive growth in FY 24 due mostly to the improved economic outlook, but growth expectations remain well below historical levels
- Consumers shifted their spending away from services towards goods during the pandemic and have not yet returned to pre-pandemic spending patterns
- As income has grown, consumers have been able to spend more on services without significantly reducing spending on goods so far
- Consumers have continued spending even after spending down stimulus funds through higher credit utilization and saving less, but these behaviors are likely unsustainable in the long-term and are expected to begin reversing
- We expect these shifting dynamics to continue in FY 25, which is also expected to be below historical growth levels

Sales Tax – Working Estimates

Collections are no longer anticipated to decrease during the forecasted period, but revenue growth is expected to slow down considerably in FY 24 and FY 25 to a pace below historical trends



CORPORATE INCOME TAX

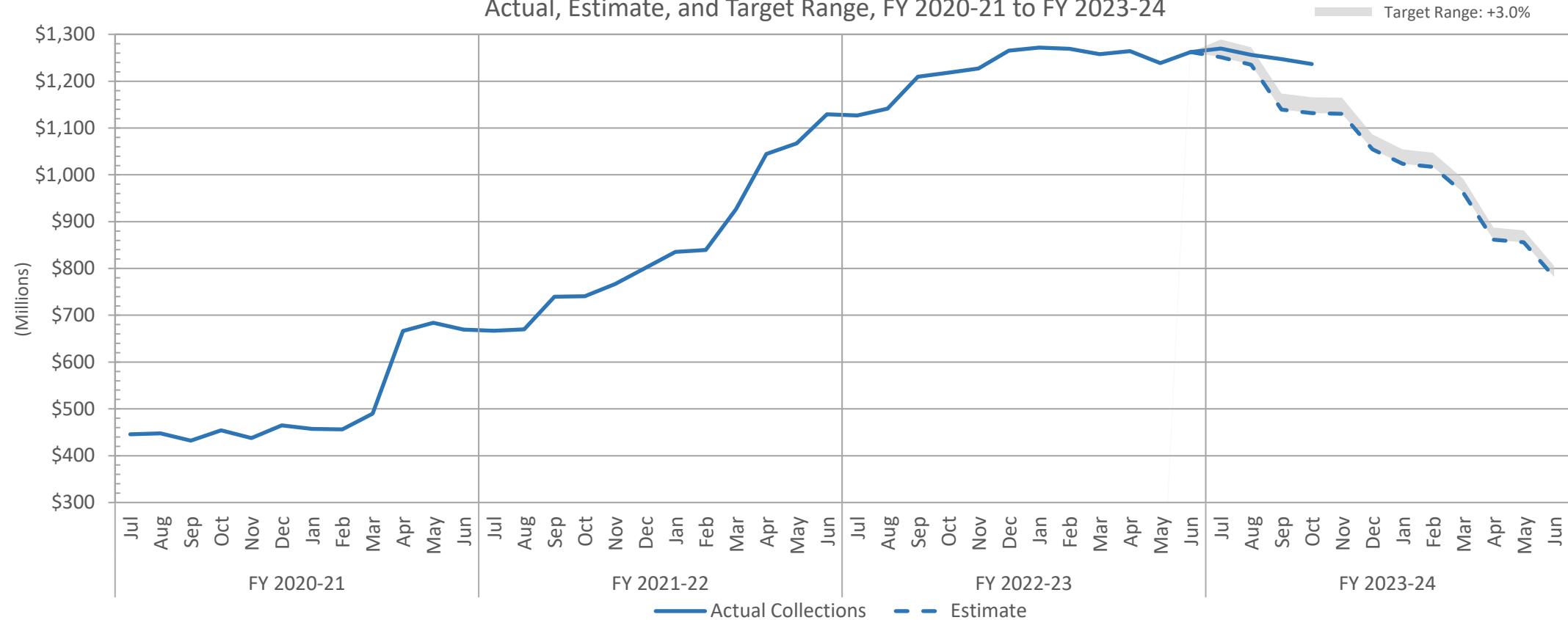


Corporate Income Tax – Actual vs. Estimate

Corporate income tax is \$104.8m above the forecast; collections are running behind last year but still well above estimates

ROLLING FISCAL YEAR - CORPORATE INCOME TAX

Actual, Estimate, and Target Range, FY 2020-21 to FY 2023-24



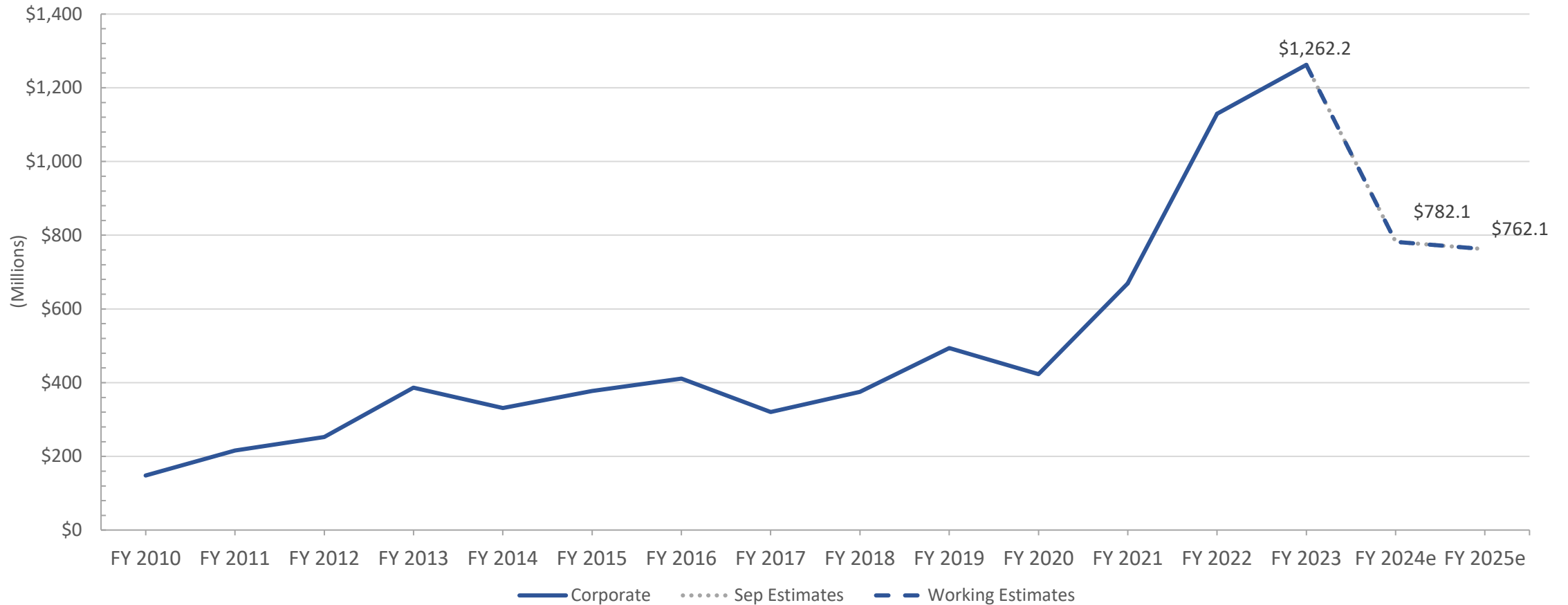
Corporate Income Tax Forecast

- Corporate Income tax is the most volatile of the major tax categories, and therefore, the most difficult to estimate; the largest swings often occur during tax filing season
- The economic modeling captures approximately 90% of historical variation but with a considerable error margin in some years (20-30%)
- Modeling indicates FY 24 and FY 25 will be below the \$1.26 billion in FY 23 (approximately \$1.02 billion in FY 24 and \$900 million in FY 25)
- Retail sales growth has translated into increased Corporate Income tax collections in recent years, but expectations for a decline in retail and increased business costs from higher wages and interest rates may decrease profit margins
- Any change in profitability may not be observed until tax filing
- Based on these concerns, staff would recommend a more cautious approach and no change to the estimates at this time

Corporate Income Tax – Working Estimates

No change recommended at this time

CORPORATE INCOME TAX

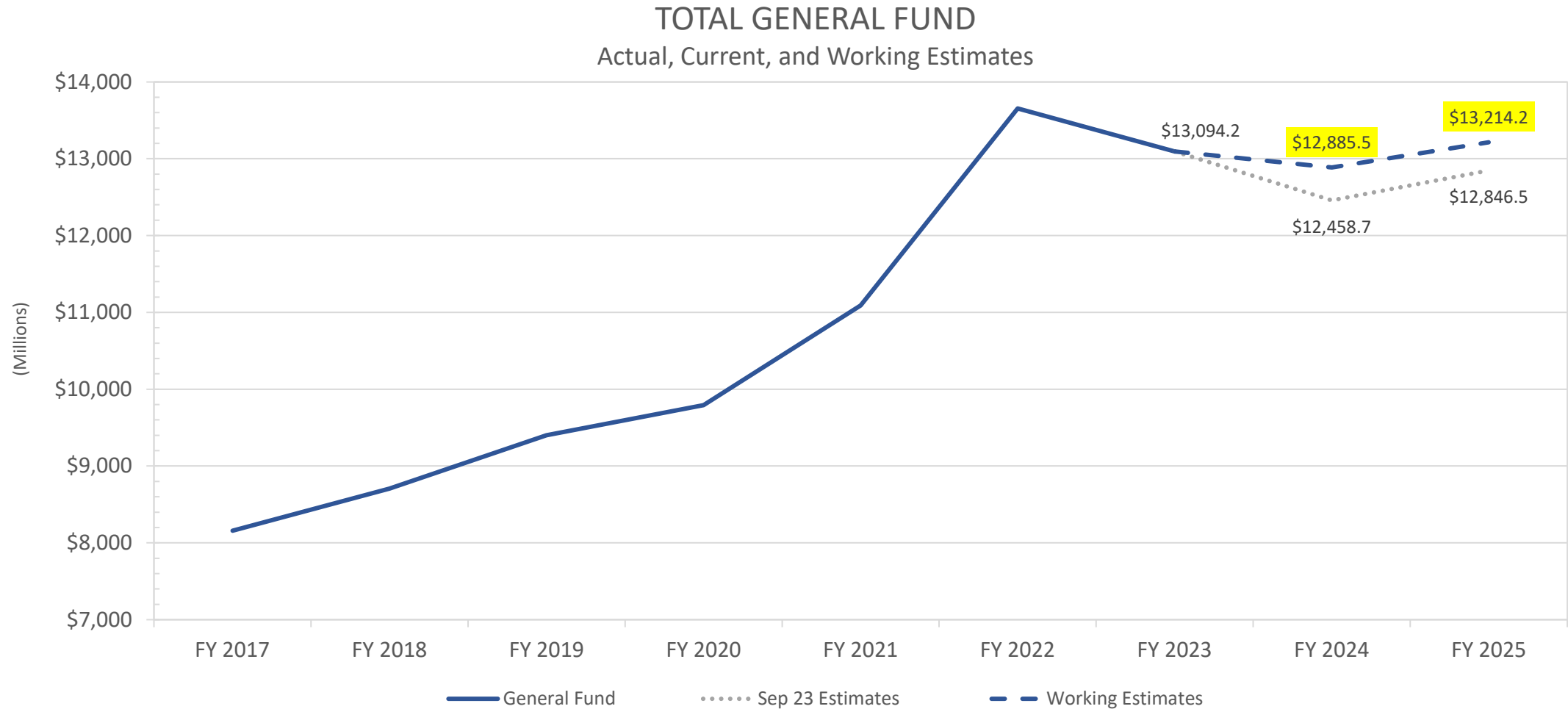


Consideration of Revenue Forecasts for FY 2023-24 and FY 2024-25



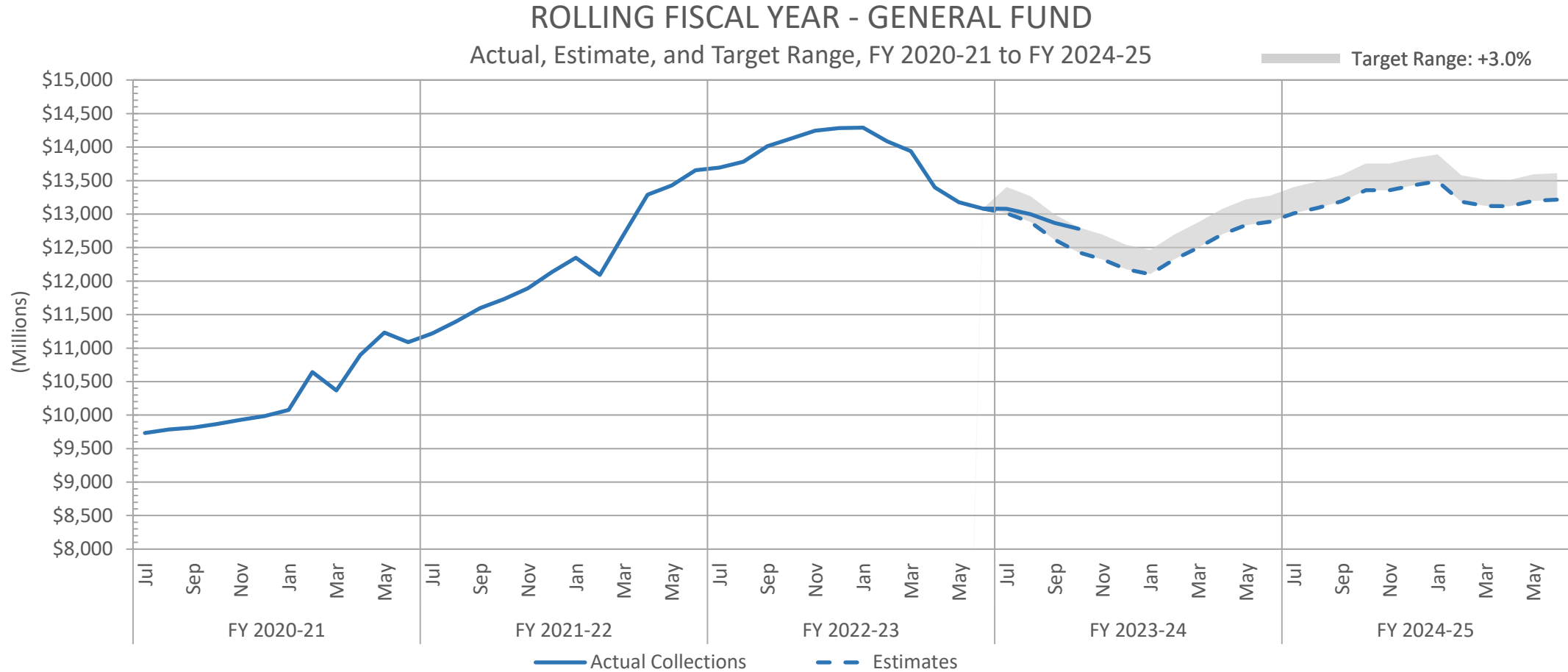
General Fund Revenue - Working Estimates

Increase from September Estimates - FY 24: +\$426.8m FY 25: +\$367.7m



General Fund Revenue - Working Estimate

Estimates reflect continued effects of tax table changes and potential slow down later in FY 24, extending into slower than normal growth in FY 25



Figures as of November 9, 2023, and subject to change with monthly final processing.

General Fund Revenue Forecast – Proposed

Revenue Category	Final	9/21/2023	11/16/2023	9/21 vs 11/16	9/21/2023	11/16/2023	9/21 vs 11/16	FY 24		9/21/2023	11/16/2023	9/21/2023	11/16/2023
	FY 2022-23	Estimate FY 2023-24	Estimate FY 2023-24	Estimate Change	Estimate FY 2024-25	Estimate FY 2024-25	Estimate Change	to FY 25 Change	Pct. Chg. FY 2022-23	Pct. Chg. FY 2023-24	Pct. Chg. FY 2023-24	Pct. Chg. FY 2024-25	Pct. Chg. FY 2024-25
Sales and Use Tax	\$4,660,078,785	\$4,504,576,000	\$4,709,850,000	\$205,274,000	\$4,644,218,000	\$4,788,504,000	\$144,286,000	\$78,654,000	5.9	(3.3)	1.1	3.1	1.7
Individual Income Tax	5,758,211,861	5,826,539,000	6,029,335,000	202,796,000	6,020,540,000	6,192,739,000	172,199,000	163,404,000	(15.7)	1.2	4.7	3.3	2.7
<i>Withholdings</i>	6,903,102,011	6,180,099,000	6,479,787,000	299,688,000	6,422,303,000	6,726,166,000	303,863,000	246,379,000	0.6	(10.5)	(6.1)	3.9	3.8
<i>Non-Withholdings</i>	1,688,383,644	1,684,753,000	1,584,753,000	(100,000,000)	1,733,495,000	1,633,495,000	(100,000,000)	48,742,000	(17.7)	(0.2)	(6.1)	2.9	3.1
<i>Refunds</i>	2,833,273,794	2,038,313,000	2,035,205,000	(3,108,000)	2,135,258,000	2,166,922,000	31,664,000	131,717,000	35.6	(28.1)	(28.2)	4.8	6.5
Corporation Income Tax	1,262,221,843	782,083,000	782,083,000	0	762,083,000	762,083,000	0	(20,000,000)	11.8	(38.0)	(38.0)	(2.6)	(2.6)
Insurance Taxes	366,245,865	352,379,000	348,530,000	(3,849,000)	400,164,000	410,636,000	10,472,000	62,106,000	29.2	(3.8)	(4.8)	13.6	17.8
Admissions Tax	45,380,765	38,729,000	42,617,000	3,888,000	39,438,000	44,315,000	4,877,000	1,698,000	(0.8)	(14.7)	(6.1)	1.8	4.0
Aircraft Tax	0	0	0	0	0	0	0	0	--	--	--	--	--
Alcoholic Liquor Tax	118,068,732	110,143,000	120,633,000	10,490,000	115,485,000	123,253,000	7,768,000	2,620,000	5.0	(6.7)	2.2	4.9	2.2
Bank Tax	95,031,726	63,187,000	78,894,000	15,707,000	65,958,000	80,454,000	14,496,000	1,560,000	31.3	(33.5)	(17.0)	4.4	2.0
Beer and Wine Tax	113,360,549	117,630,000	112,713,000	(4,917,000)	119,239,000	113,739,000	(5,500,000)	1,026,000	(3.1)	3.8	(0.6)	1.4	0.9
Business Filing Fees	12,608,349	12,315,000	12,345,000	30,000	12,743,000	12,203,000	(540,000)	(142,000)	(0.1)	(2.3)	(2.1)	3.5	(1.2)
Circuit/Family Court Fines	6,371,579	4,992,000	6,702,000	1,710,000	4,768,000	6,191,000	1,423,000	(511,000)	4.6	(21.7)	5.2	(4.5)	(7.6)
Corporation License Tax	170,145,615	173,120,000	175,120,000	2,000,000	184,536,000	180,218,000	(4,318,000)	5,098,000	4.3	1.7	2.9	6.6	2.9
Deed Recording Fees	123,218,197	118,042,000	102,380,000	(15,662,000)	126,266,000	102,380,000	(23,886,000)	0	(21.4)	(4.2)	(16.9)	7.0	0.0
Earned on Investments	180,526,831	180,000,000	190,000,000	10,000,000	175,000,000	220,000,000	45,000,000	30,000,000	159.2	(0.3)	5.2	(2.8)	15.8
Indirect Cost Recoveries	18,499,211	20,212,000	17,515,000	(2,697,000)	19,201,000	17,984,000	(1,217,000)	469,000	(16.3)	9.3	(5.3)	(5.0)	2.7
Motor Vehicle Licenses	10,947,724	11,836,000	11,255,000	(581,000)	12,125,000	11,472,000	(653,000)	217,000	(2.1)	8.1	2.8	2.4	1.9
Nursing Home Fees	3,129,343	3,092,000	3,055,000	(37,000)	3,083,000	3,000,000	(83,000)	(55,000)	(3.1)	(1.2)	(2.4)	(0.3)	(1.8)
Parole and Probation Fees	3,392,808	3,393,000	3,393,000	0	3,393,000	3,393,000	0	0	0.0	0.0	0.0	0.0	0.0
Private Car Lines Tax	6,620,681	6,616,000	6,392,000	(224,000)	7,026,000	6,278,000	(748,000)	(114,000)	(3.8)	(0.1)	(3.5)	6.2	(1.8)
Public Service Authority	18,961,000	17,807,000	17,807,000	0	17,807,000	17,807,000	0	0	7.3	(6.1)	(6.1)	0.0	0.0
Purchasing Card Rebates	3,845,627	3,940,000	3,824,000	(116,000)	4,105,000	4,034,000	(71,000)	210,000	8.6	2.5	(0.6)	4.2	5.5
Record Search Fees	4,461,000	4,461,000	4,461,000	0	4,461,000	4,461,000	0	0	0.0	0.0	0.0	0.0	0.0
Savings and Loan Assoc. Tax	(326,189)	1,223,000	1,157,000	(66,000)	1,223,000	1,215,000	(8,000)	58,000	--	--	--	0.0	5.0
Security Dealer Fees	34,123,362	32,782,000	35,744,000	2,962,000	33,487,000	37,904,000	4,417,000	2,160,000	7.0	(3.9)	4.7	2.2	6.0
Tobacco Tax	27,765,477	29,070,000	27,704,000	(1,366,000)	29,701,000	27,477,000	(2,224,000)	(227,000)	(4.0)	4.7	(0.2)	2.2	(0.8)
Unclaimed Property Fund	15,000,000	15,000,000	15,000,000	0	15,000,000	15,000,000	0	0	0.0	0.0	0.0	0.0	0.0
Workers' Comp. Insurance Tax	10,638,461	10,138,000	11,315,000	1,177,000	10,180,000	11,758,000	1,578,000	443,000	8.6	(4.7)	6.4	0.4	3.9
Other Source Revenues	25,672,830	15,383,000	15,664,000	281,000	15,276,000	15,677,000	401,000	13,000	(72.8)	(40.1)	(39.0)	(0.7)	0.1
Gross General Fund Revenue	\$13,094,202,032	\$12,458,688,000	\$12,885,488,000	\$426,800,000	\$12,846,506,000	\$13,214,175,000	\$367,669,000	\$328,687,000	(4.1)	(4.9)	(1.6)	3.1	2.6

General Fund Revenue Forecast - Proposed (Continued)

Revenue Category	Final FY 2022-23	9/21/2023 Estimate FY 2023-24	11/16/2023 Estimate FY 2023-24	9/21 vs 11/16 Estimate Change	9/21/2023 Estimate FY 2024-25	11/16/2023 Estimate FY 2024-25	9/21 vs 11/16 Estimate Change	FY 24 to FY 25 Change	Pct. Chg. FY 2022-23	9/21/2023 Pct. Chg. FY 2023-24	11/16/2023 Pct. Chg. FY 2023-24	9/21/2023 Pct. Chg. FY 2024-25	11/16/2023 Pct. Chg. FY 2024-25
Gross General Fund Revenue	\$13,094,202,032	\$12,458,688,000	\$12,885,488,000	\$426,800,000	\$12,846,506,000	\$13,214,175,000	\$367,669,000	\$328,687,000	(4.1)	(4.9)	(1.6)	3.1	2.6
Less: Tax Relief Trust Fund (Act)	768,072,631	795,942,732	795,942,732	0	807,396,783	800,815,175	(6,581,608)	4,872,443	18.2	3.6	3.6	1.4	0.6
Net General Fund Revenue	\$12,326,129,401	\$11,662,745,268	\$12,089,545,268	\$426,800,000	\$12,039,109,217	\$12,413,359,825	\$374,250,608	\$323,814,557	(5.2)	(5.4)	(1.9)	3.2	2.7
Education Improvement Act (EIA)	1,222,942,713	1,181,170,000	1,232,690,000	51,520,000	1,212,317,000	1,253,231,000	40,914,000	20,541,000	7.4	(3.4)	0.8	2.6	1.7
EIA Fund	1,207,299,808	1,165,370,000	1,216,890,000	51,520,000	1,200,417,000	1,236,631,000	36,214,000	19,741,000	6.1	(3.5)	0.8	3.0	1.6
EIA Interest	15,642,904	15,800,000	15,800,000	0	11,900,000	16,600,000	4,700,000	800,000	2383.5	1.0	1.0	(24.7)	5.1
S.C. Education Lottery Fund	605,424,005	534,100,000	547,100,000	13,000,000	532,400,000	534,200,000	1,800,000	(12,900,000)	6.5	(11.8)	(9.6)	(0.3)	(2.4)
Lottery Proceeds	563,500,000	507,200,000	514,200,000	7,000,000	507,200,000	507,200,000	0	(7,000,000)	5.6	(10.0)	(8.7)	0.0	(1.4)
Unclaimed Prizes	34,758,556	20,000,000	26,000,000	6,000,000	20,000,000	20,000,000	0	(6,000,000)	14.0	(42.5)	(25.2)	0.0	(23.1)
Lottery Interest	7,165,449	6,900,000	6,900,000	0	5,200,000	7,000,000	1,800,000	100,000	53.0	(3.7)	(3.7)	(24.6)	1.4
Homestead Exemption Fund (HEX)	1,112,078,145	1,064,907,000	1,127,296,000	62,389,000	1,094,362,000	1,147,036,000	52,674,000	19,740,000	7.6	(4.2)	1.4	2.8	1.8
HEX Revenue	1,102,225,350	1,054,807,000	1,117,196,000	62,389,000	1,086,762,000	1,136,436,000	49,674,000	19,240,000	7.1	(4.3)	1.4	3.0	1.7
HEX Interest	9,852,795	10,100,000	10,100,000	0	7,600,000	10,600,000	3,000,000	500,000	152.4	2.5	2.5	(24.8)	5.0
Expenditure Estimate	912,883,295	1,004,624,152	1,004,624,152	0	1,049,177,310	1,065,163,814	15,986,504	60,539,662	6.0	10.0	10.0	4.4	6.0
HEX Fund Excess/ (Shortfall)	199,194,850	60,282,848	122,671,848	62,389,000	45,184,690	81,872,186	36,687,496	(40,799,662)	15.6	(69.7)	(38.4)	(25.0)	(33.3)
Tax Relief Trust Fund (Act)	768,072,631	795,942,732	795,942,732	0	807,396,783	800,815,175	(6,581,608)	4,872,443	18.2	3.6	3.6	1.4	0.6
Revised Estimate/ Actual	751,304,933	795,942,732	774,924,176	(21,018,556)	807,396,783	800,815,175	(6,581,608)	25,890,999	16.7	5.9	3.1	1.4	3.3
Excess/ (Shortfall) (Excl. Fund Balance)	16,767,698	0	21,018,556	21,018,556	0	0	0	(21,018,556)	176.3	n/a	25.4	n/a	n/a
Budgetary Estimates													
Gross Appropriation Act Revenue	11,270,143,415	12,458,688,000	12,458,688,000	0	12,846,506,000	13,214,175,000	367,669,000	755,487,000	13.5	10.5	10.5	3.1	6.1
Less: Tax Relief Trust Fund (Act)	768,072,631	795,942,732	795,942,732	0	807,396,783	800,815,175	(6,581,608)	4,872,443	18.2	3.6	3.6	1.4	0.6
Appropriation Act Excluding Trust Fund	10,502,070,784	11,662,745,268	11,662,745,268	0	12,039,109,217	12,413,359,825	374,250,608	750,614,557	13.2	11.1	11.1	3.2	6.4
Capital Reserve Fund	209,194,431	390,131,763	390,131,763	0	369,783,882	369,783,882	0	(20,347,881)	13.9	86.5	86.5	(5.2)	(5.2)
General Reserve Fund	575,284,684	715,241,566	715,241,566	0	739,567,764	739,567,764	0	24,326,198	25.3	24.3	24.3	3.4	3.4
Total Reserve Funds	784,479,115	1,105,373,329	1,105,373,329	0	1,109,351,646	1,109,351,646	0	3,978,317	22.1	40.9	40.9	0.4	0.4

Source: South Carolina Board of Economic Advisors/BEA/11/16/2023; Updated for final EIA revenue for FY 23.



Budget Outlook



FY 2024-25 Budget Outlook

- FY 23 finished close to estimates with a surplus of \$57.9 million
- Although base revenue finished close to estimates, FY 24 is projected to be better than the budget forecast, which expected a recessionary scenario that has not materialized
- With these updated estimates, the budget outlook for next session remains positive, although surpluses will be substantially less than in recent years
- The growth in the FY 25 revenue estimate over the base budget is sufficient to trigger the next reduction in the individual income tax rates for tax year 2024, which affects expected payments in FY 24 and total collections in FY 25

FY 2024-25 Budget Outlook

Recurring General Fund Revenue

(Dollars in Millions)

FY 2024-25 Revenue Estimate (11/16/23)	\$13,214.2
FY 2023-24 Appropriation Act Revenue	(\$11,636.5)
Tax Relief Trust Fund	(\$800.8)
Incremental Income Tax Rate Reduction	<u>(\$99.8)</u>
Estimated “New” General Fund Revenue	\$677.1
Reserve Fund Contributions	
Incremental General Reserve Fund (6%)	(\$24.3)
Incremental Capital Reserve Fund (3%) <i>(Fund balance exceeds required contribution)</i>	<u>\$20.3</u>
Estimated “New” General Fund Revenue Available for Appropriation (less Reserve Fund Contributions)	\$673.1

FY 2023-24 Budget Outlook

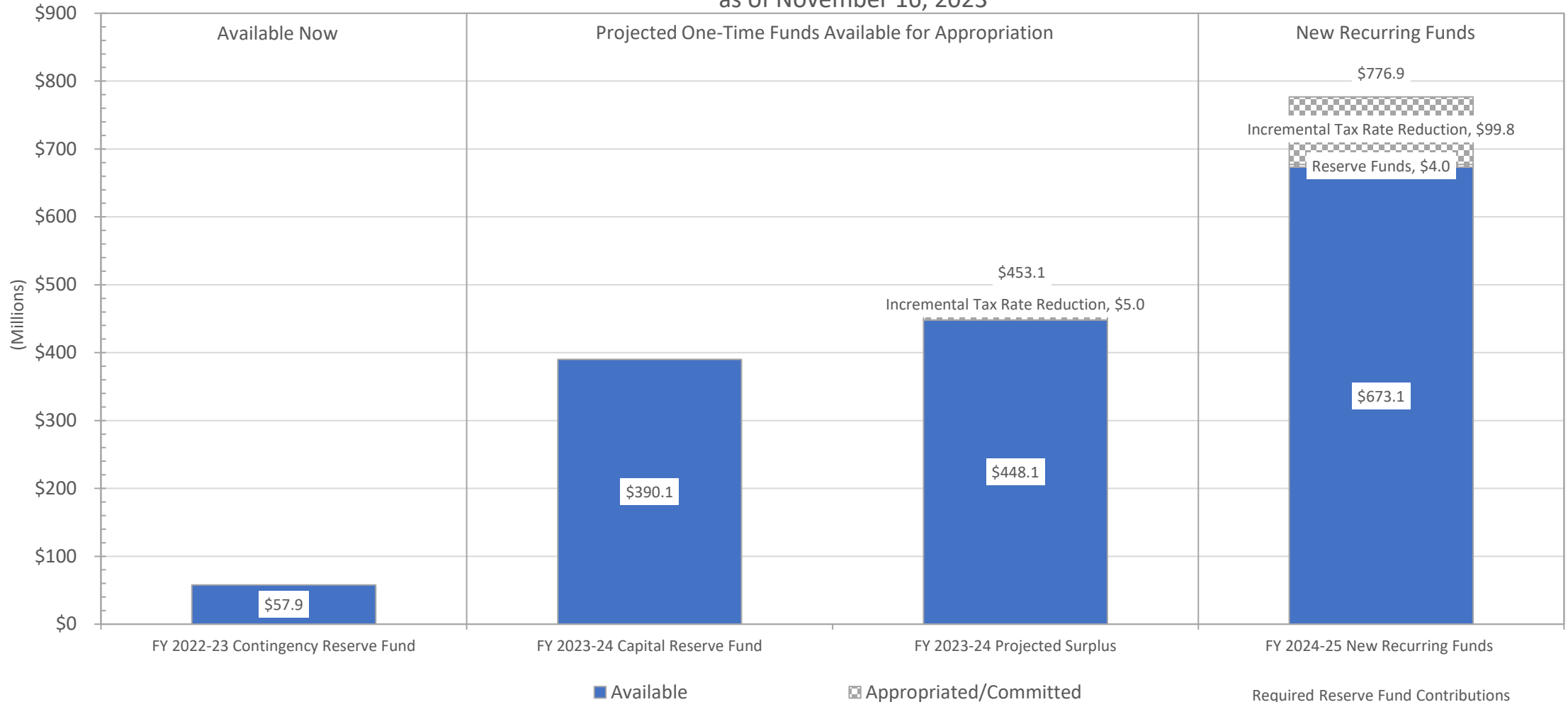
Nonrecurring Revenue

(Dollars in Millions)

FY 2023-24 Revised Revenue Estimate (11/16/23)	\$12,885.5
FY 2023-24 General Fund Appropriations	(\$11,636.5)
FY 2023-24 Tax Relief Trust Fund (Act)	(\$795.9)
Incremental Income Tax Rate Reduction	<u>(\$5.0)</u>
Total FY 2023-24 Projected Surplus	\$448.1
FY 2023-24 Capital Reserve Fund	\$390.1
FY 2022-23 Contingency Reserve Fund	<u>\$57.9</u>
Total Non-Recurring Revenue	\$896.1
Other Non-Recurring Revenue	
Litigation Recovery (preliminary)	\$1.2

FY 2024-25 Available Funds

AVAILABLE FUNDS - FY 2024-25 BUDGET PROCESS
as of November 16, 2023



Source: S.C. Revenue and Fiscal Affairs 297/RFA/11/16/2023

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

Long-Range Forecast

Revenue Category	Final FY 2022-23	Long-Range Estimates										
		11/16/2023 Estimate FY 2023-24	11/16/2023 Estimate FY 2024-25	11/16/2023 Estimate		11/16/2023 Estimate		11/16/2023 Pct. Chg. FY 2022-23	11/16/2023 Pct. Chg. FY 2023-24	11/16/2023 Pct. Chg. FY 2024-25	Long-Range Estimates	
				11/16/2023 Estimate FY 2025-26	11/16/2023 Estimate FY 2026-27						11/16/2023 Pct. Chg. FY 2025-26	11/16/2023 Pct. Chg. FY 2026-27
Sales and Use Tax	\$4,660,078,785	\$4,709,850,000	\$4,788,504,000	\$5,001,359,000	\$5,223,795,000	5.9	1.1	1.7			4.4	4.4
Individual Income Tax	5,758,211,861	6,029,335,000	6,192,739,000	6,496,122,000	6,813,918,000	(15.7)	4.7	2.7			4.9	4.9
<i>Withholdings</i>	6,903,102,011	6,479,787,000	6,726,166,000	7,022,117,000	7,331,090,000	0.6	(6.1)	3.8			4.4	4.4
<i>Non-Withholdings</i>	1,688,383,644	1,584,753,000	1,633,495,000	1,710,269,000	1,790,652,000	(17.7)	(6.1)	3.1			4.7	4.7
<i>Refunds</i>	2,833,273,794	2,035,205,000	2,166,922,000	2,236,264,000	2,307,824,000	35.6	(28.2)	6.5			3.2	3.2
Corporation Income Tax	1,262,221,843	782,083,000	762,083,000	762,083,000	762,083,000	11.8	(38.0)	(2.6)			0.0	0.0
Insurance Taxes	366,245,865	348,530,000	410,636,000	372,745,000	446,130,000	29.2	(4.8)	17.8			(9.2)	19.7
Admissions Tax	45,380,765	42,617,000	44,315,000	45,940,000	47,661,000	(0.8)	(6.1)	4.0			3.7	3.7
Aircraft Tax	0	0	0	0	0	--	--	--			--	--
Alcoholic Liquor Tax	118,068,732	120,633,000	123,253,000	125,930,000	128,575,000	5.0	2.2	2.2			2.2	2.1
Bank Tax	95,031,726	78,894,000	80,454,000	84,909,000	87,909,000	31.3	(17.0)	2.0			5.5	3.5
Beer and Wine Tax	113,360,549	112,713,000	113,739,000	114,894,000	116,427,000	(3.1)	(0.6)	0.9			1.0	1.3
Business Filing Fees	12,608,349	12,345,000	12,203,000	12,062,000	12,303,000	(0.1)	(2.1)	(1.2)			(1.2)	2.0
Circuit/Family Court Fines	6,371,579	6,702,000	6,191,000	5,737,000	5,737,000	4.6	5.2	(7.6)			(7.3)	0.0
Corporation License Tax	170,145,615	175,120,000	180,218,000	188,007,000	194,850,000	4.3	2.9	2.9			4.3	3.6
Deed Recording Fees	123,218,197	102,380,000	102,380,000	112,577,000	123,799,000	(21.4)	(16.9)	0.0			10.0	10.0
Earned on Investments	180,526,831	190,000,000	220,000,000	125,000,000	125,000,000	159.2	5.2	15.8			(43.2)	0.0
Indirect Cost Recoveries	18,499,211	17,515,000	17,984,000	18,467,000	18,962,000	(16.3)	(5.3)	2.7			2.7	2.7
Motor Vehicle Licenses	10,947,724	11,255,000	11,472,000	11,838,000	12,170,000	(2.1)	2.8	1.9			3.2	2.8
Nursing Home Fees	3,129,343	3,055,000	3,000,000	2,960,000	2,921,000	(3.1)	(2.4)	(1.8)			(1.3)	(1.3)
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	6,620,681	6,392,000	6,278,000	6,561,000	6,856,000	(3.8)	(3.5)	(1.8)			4.5	4.5
Public Service Authority	18,961,000	17,807,000	17,807,000	17,807,000	17,807,000	7.3	(6.1)	0.0			0.0	0.0
Purchasing Card Rebates	3,845,627	3,824,000	4,034,000	4,236,000	4,448,000	8.6	(0.6)	5.5			5.0	5.0
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	(326,189)	1,157,000	1,215,000	1,282,000	1,352,000	--	--	5.0			5.5	5.5
Security Dealer Fees	34,123,362	35,744,000	37,904,000	39,917,000	42,037,000	7.0	4.7	6.0			5.3	5.3
Tobacco Tax	27,765,477	27,704,000	27,477,000	27,236,000	26,979,000	(4.0)	(0.2)	(0.8)			(0.9)	(0.9)
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	10,638,461	11,315,000	11,758,000	12,064,000	12,284,000	8.6	6.4	3.9			2.6	1.8
Other Source Revenues	25,672,830	15,664,000	15,677,000	15,677,000	15,677,000	(72.8)	(39.0)	0.1			0.0	0.0
Gross General Fund Revenue	\$13,094,202,032	\$12,885,488,000	\$13,214,175,000	\$13,628,264,000	\$14,272,534,000	(4.1)	(1.6)	2.6			3.1	4.7

Long-Range Forecast

Revenue Category	Final FY 2022-23	11/16/2023 Estimate FY 2023-24	11/16/2023 Estimate FY 2024-25	Long-Range Estimates		Pct. Chg. FY 2022-23	11/16/2023 Pct. Chg. FY 2023-24	11/16/2023 Pct. Chg. FY 2024-25	Long-Range Estimates	
				11/16/2023 Estimate FY 2025-26	11/16/2023 Estimate FY 2026-27				11/16/2023 Estimate FY 2025-26	11/16/2023 Estimate FY 2026-27
Gross General Fund Revenue	\$13,094,202,032	\$12,885,488,000	\$13,214,175,000	\$13,628,264,000	\$14,272,534,000	(4.1)	(1.6)	2.6	3.1	4.7
Less: Tax Relief Trust Fund (Act)	768,072,631	795,942,732	800,815,175	814,882,188	825,125,582	18.2	3.6	0.6	1.8	1.3
Net General Fund Revenue	\$12,326,129,401	\$12,089,545,268	\$12,413,359,825	\$12,813,381,812	\$13,447,408,418	(5.2)	(1.9)	2.7	3.2	4.9
Education Improvement Act (EIA)	1,222,942,713	1,232,690,000	1,253,231,000	1,295,155,000	1,350,983,000	7.4	0.8	1.7	3.3	4.3
EIA Fund	1,207,299,808	1,216,890,000	1,236,631,000	1,290,055,000	1,345,883,000	6.1	0.8	1.6	4.3	4.3
EIA Interest	15,642,904	15,800,000	16,600,000	5,100,000	5,100,000	2383.5	1.0	5.1	(69.3)	0.0
S.C. Education Lottery Fund	605,424,005	547,100,000	534,200,000	531,200,000	531,200,000	6.5	(9.6)	(2.4)	(0.6)	0.0
Lottery Proceeds	563,500,000	514,200,000	507,200,000	507,200,000	507,200,000	5.6	(8.7)	(1.4)	0.0	0.0
Unclaimed Prizes	34,758,556	26,000,000	20,000,000	20,000,000	20,000,000	14.0	(25.2)	(23.1)	0.0	0.0
Lottery Interest	7,165,449	6,900,000	7,000,000	4,000,000	4,000,000	53.0	(3.7)	1.4	(42.9)	0.0
Homestead Exemption Fund (HEX)	1,112,078,145	1,127,296,000	1,147,036,000	1,193,002,000	1,247,412,000	7.6	1.4	1.8	4.0	4.6
HEX Revenue	1,102,225,350	1,117,196,000	1,136,436,000	1,188,502,000	1,242,912,000	7.1	1.4	1.7	4.6	4.6
HEX Interest	9,852,795	10,100,000	10,600,000	4,500,000	4,500,000	152.4	2.5	5.0	(57.5)	0.0
Expenditure Estimate	912,883,295	1,004,624,152	1,065,163,814	1,107,231,412	1,150,981,714	6.0	10.0	6.0	3.9	4.0
HEX Fund Excess/(Shortfall)	199,194,850	122,671,848	81,872,186	(45,184,690)	(81,872,186)	15.6	(38.4)	(33.3)	n/a	n/a
Tax Relief Trust Fund (Act)	768,072,631	795,942,732	800,815,175	814,882,188	825,125,582	18.2	3.6	0.6	1.8	1.3
Revised Estimate/ Actual	751,304,933	774,924,176	800,815,175	814,882,188	825,125,582	16.7	3.1	3.3	1.8	1.3
Excess/ (Shortfall) (Excl. Fund Balance)	16,767,698	21,018,556	0	0	0	176.3	25.4	n/a	n/a	n/a
Budgetary Estimates										
Gross Appropriation Act Revenue	11,270,143,415	12,458,688,000	13,214,175,000	13,628,264,000	14,272,534,000	13.5	10.5	6.1	3.1	4.7
Less: Tax Relief Trust Fund (Act)	768,072,631	795,942,732	800,815,175	814,882,188	825,125,582	18.2	3.6	0.6	1.8	1.3
Appropriation Act Excluding Trust Fund	10,502,070,784	11,662,745,268	12,413,359,825	12,813,381,812	13,447,408,418	13.2	11.1	6.4	3.2	4.9
Capital Reserve Fund	209,194,431	390,131,763	369,783,882	362,686,358	372,400,795	13.9	86.5	(5.2)	(1.9)	2.7
General Reserve Fund	575,284,684	715,241,566	739,567,764	785,820,442	868,935,188	25.3	24.3	3.4	6.3	10.6
Total Reserve Funds	784,479,115	1,105,373,329	1,109,351,646	1,148,506,800	1,241,335,983	22.1	40.9	0.4	3.5	8.1



APPENDIX



Trust Fund for Property Tax Relief

		\$100,000 Residential Property Tax Exemption (Tier I)	Homestead Exemption County/City (Tier II part1)	School Operations (Tier II part 2)	65 and Over \$50,000 Homestead Exemption (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 2018	(TY 2017)	\$249,069,750	\$136,140,414	\$80,892,729	\$217,033,143	\$75,373,252	n/a	\$40,557,257	\$582,033,401
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 2023	Appropriation Act Est.	\$249,069,750	\$157,065,580	\$80,892,729	\$237,958,309	\$93,552,054	\$146,935,261	\$40,557,257	\$768,072,630
FY 2023	Surplus/(Shortfall)	\$0	\$2,115,541	\$0	\$2,115,541	\$450,295	\$14,340,190	\$0	\$16,906,026
GROWTH RATES									
FY 2018	(TY 2017)	0.00%	3.65%	0.00%	2.26%	2.68%	n/a	0.00%	1.18%
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	(TY2022)	0.00%	2.07%	0.00%	1.35%	4.51%	155.90%	0.00%	13.26%
	10 Year Growth Rate	0.00%	3.37%	0.00%	2.07%	4.31%	n/a	0.00%	3.30%
	5 Year Growth Rate	0.00%	2.62%	0.00%	1.68%	4.32%	n/a	0.00%	5.23%
	3 Year Growth Rate	0.00%	1.55%	0.00%	1.01%	4.18%	n/a	0.00%	6.96%
PROJECTIONS									
FY24 & FY25	Applied Growth Rates	0.00%	2.62%	0.00%	n/a	4.32%	11.82%	0.00%	n/a
FY 2024	Appropriation Act Est.	\$249,069,750	\$160,860,102	\$80,892,729	\$241,752,831	\$96,257,259	\$168,305,635	\$40,557,257	\$795,942,732
FY 2024 (e)	Revised Estimate	\$249,069,750	\$159,012,994	\$80,892,729	\$239,905,723	\$97,119,405	\$148,272,041	\$40,557,257	\$774,924,176
FY 2024 (e)	Projected Surplus/(Shortfall)	\$0	\$1,847,108	\$0	\$1,847,108	(\$862,146)	\$20,033,594	\$0	\$21,018,556
FY 2025 (e)	Projection	\$249,069,750	\$163,182,484	\$80,892,729	\$244,075,213	\$101,310,426	\$165,802,529	\$40,557,257	\$800,815,175
FY 2026 (e)	Long-range Projection	\$249,069,750	\$168,681,589	\$80,892,729	\$249,574,318	\$105,680,863	\$170,000,000	\$40,557,257	\$814,882,188
FY 2027 (e)	Long-range Projection	\$249,069,750	\$174,366,010	\$80,892,729	\$255,258,738	\$110,239,837	\$170,000,000	\$40,557,257	\$825,125,582

*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. This reimbursement is capped at \$170,000,000. The FY 2023 Appropriations Act estimate for the Manufacturers' Exemption reimbursement reflects this increased percentage. The estimate includes the \$40,815,261 initial exemption and an additional \$106,120,000 that was reflected as a reduction from gross individual income tax revenue in the Statement of Revenues.

Personal Income, Employment, and Inflation History

Fiscal Year Growth Rates

Fiscal Year	South Carolina Employment ¹	South Carolina Personal Income ²	U.S. Inflation ³	U.S. Employment ¹	U.S. Personal Income ²
FY 2000-01	(0.62%)	5.72%	3.41%	1.26%	7.17%
FY 2001-02	(2.07%)	2.36%	1.78%	(1.00%)	1.79%
FY 2002-03	0.02%	3.41%	2.20%	(0.56%)	2.77%
FY 2003-04	0.47%	4.48%	2.21%	0.30%	4.75%
FY 2004-05	2.11%	6.35%	3.00%	1.53%	5.63%
FY 2005-06	2.21%	6.81%	3.78%	1.90%	6.54%
FY 2006-07	2.20%	7.14%	2.60%	1.46%	6.13%
FY 2007-08	1.00%	6.34%	3.71%	0.59%	5.36%
FY 2008-09	(3.96%)	0.48%	1.43%	(2.70%)	(0.09%)
FY 2009-10	(3.66%)	0.29%	1.01%	(3.12%)	0.05%
FY 2010-11	1.19%	5.24%	1.98%	0.61%	5.84%
FY 2011-12	1.36%	5.14%	2.94%	1.59%	5.04%
FY 2012-13	1.76%	2.79%	1.69%	1.60%	2.97%
FY 2013-14	2.43%	3.53%	1.56%	1.74%	2.58%
FY 2014-15	2.69%	6.71%	0.72%	2.09%	5.60%
FY 2015-16	2.82%	5.08%	0.67%	1.91%	3.24%
FY 2016-17	2.17%	4.71%	1.86%	1.68%	3.66%
FY 2017-18	2.36%	4.53%	2.25%	1.53%	5.22%
FY 2018-19	2.09%	5.96%	2.07%	1.48%	5.23%
FY 2019-20	(1.61%)	7.20%	1.59%	(1.90%)	5.60%
FY 2020-21	(1.18%)	8.17%	2.28%	(2.77%)	8.97%
FY 2021-22	4.27%	4.04%	7.15%	4.75%	3.29%
FY 2022-23	3.32%	7.05%	6.31%	3.24%	5.06%
FY 2023-24 Est.	1.81%	4.28%	3.03%		
FY 2024-25 Est.	1.66%	3.85%	2.39%		
Avg. 2010-2019	2.10%	4.85%	1.75%	1.58%	4.38%
Avg. 2015-2019	2.36%	5.07%	1.71%	1.65%	4.34%

1. Employment is calculated as the change in non-seasonally adjusted nonfarm payrolls average over the fiscal year from the average over the prior fiscal year.

2. Personal income is calculated as the average of total personal income over the fiscal year.

3. Inflation is calculated as the average of the year-over-year rate of CPI inflation over the fiscal year.

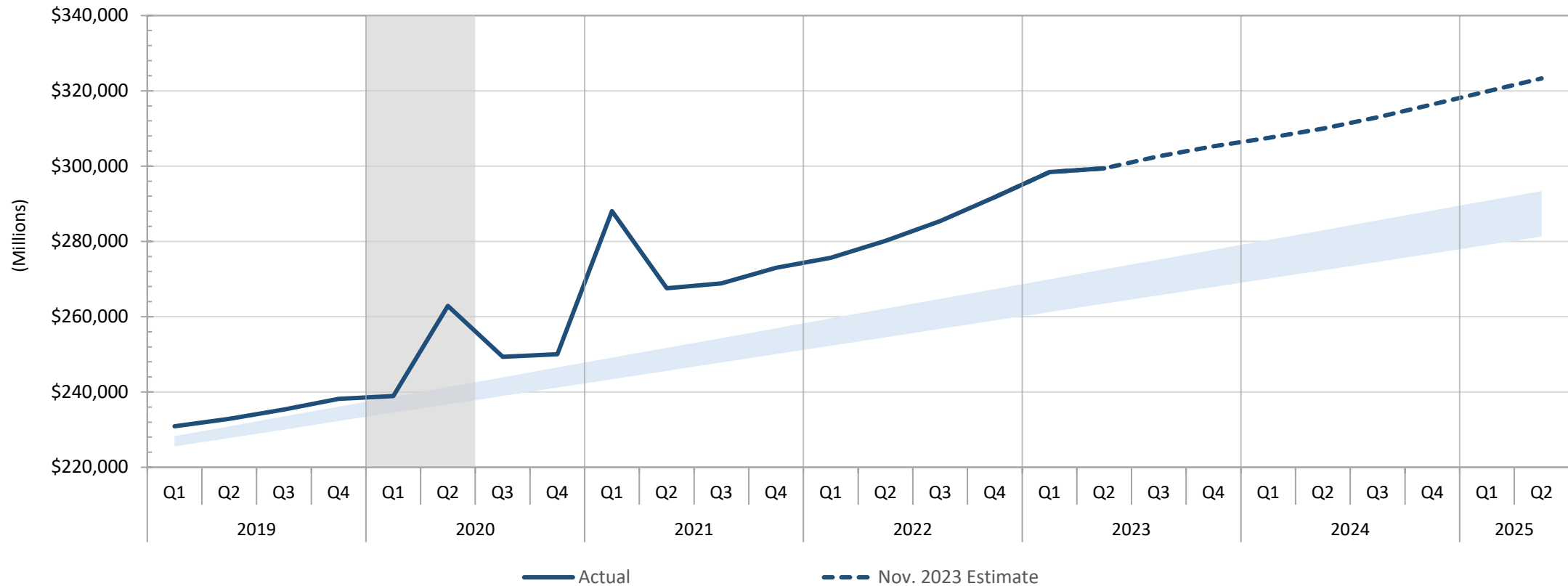
Data as of: October 25, 2023

Personal Income - Actual and November Estimates

FY 24: 4.3%; FY 25: 3.8%

SOUTH CAROLINA PERSONAL INCOME
Actual, Estimate, and Trend

Historical Trend Range:
5-year (top) to 10-year (bottom)

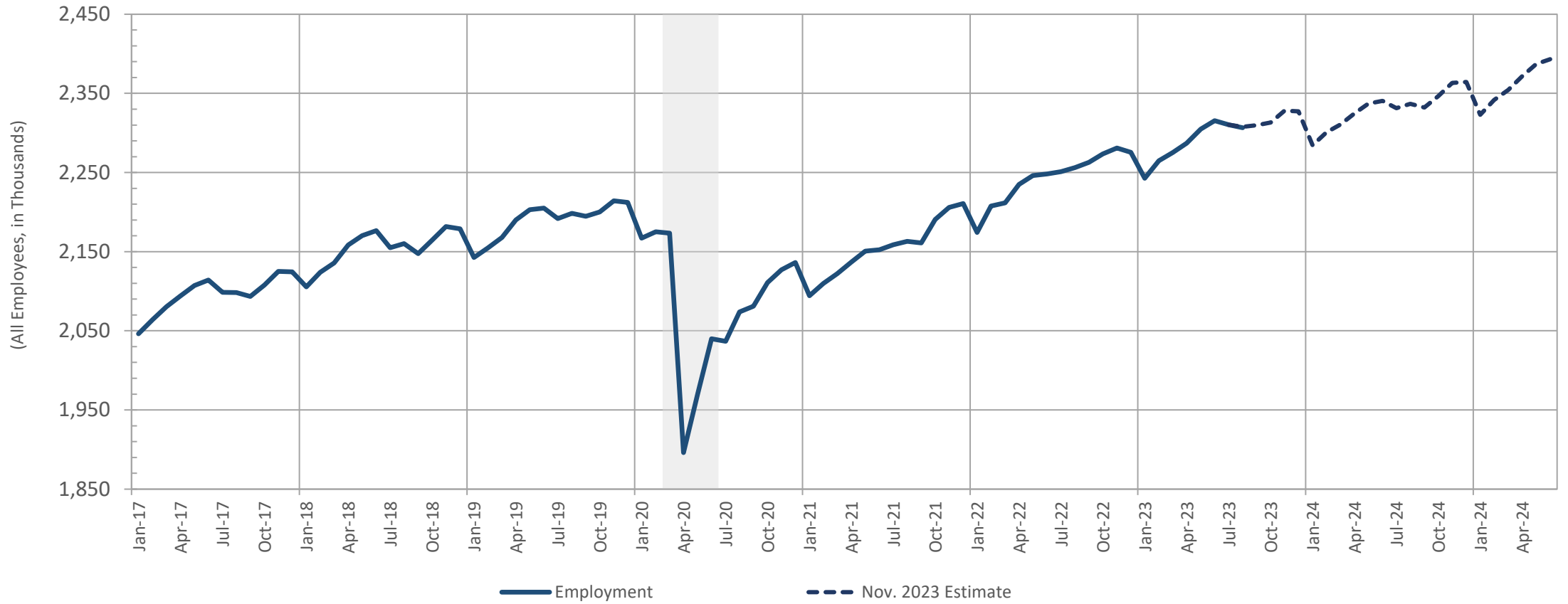


Data Source: U.S. Department of Commerce, Bureau of Economic Analysis; S.C. Board of Economic Advisors-RFA/lhj/11/16/2023

Employment – Actual and November Estimates

FY 24: 1.8% ; FY 25: 1.7%

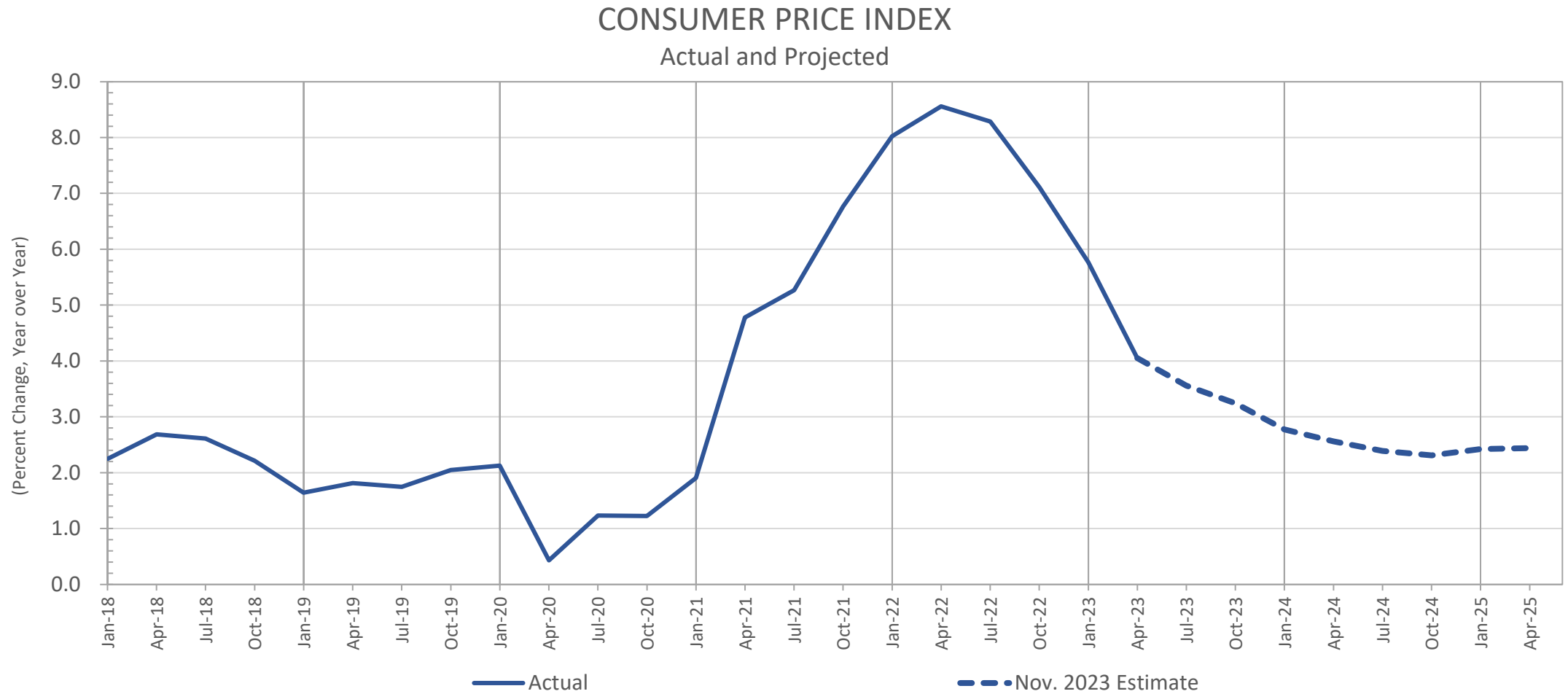
TOTAL NONFARM EMPLOYMENT IN SOUTH CAROLINA



Source: U.S. Department of Labor, Bureau of Labor Statistics 60-RFA/kav/11/16/2023

Inflation – Actual and November Estimates

FY 24: 3.0%; FY 25: 2.4%

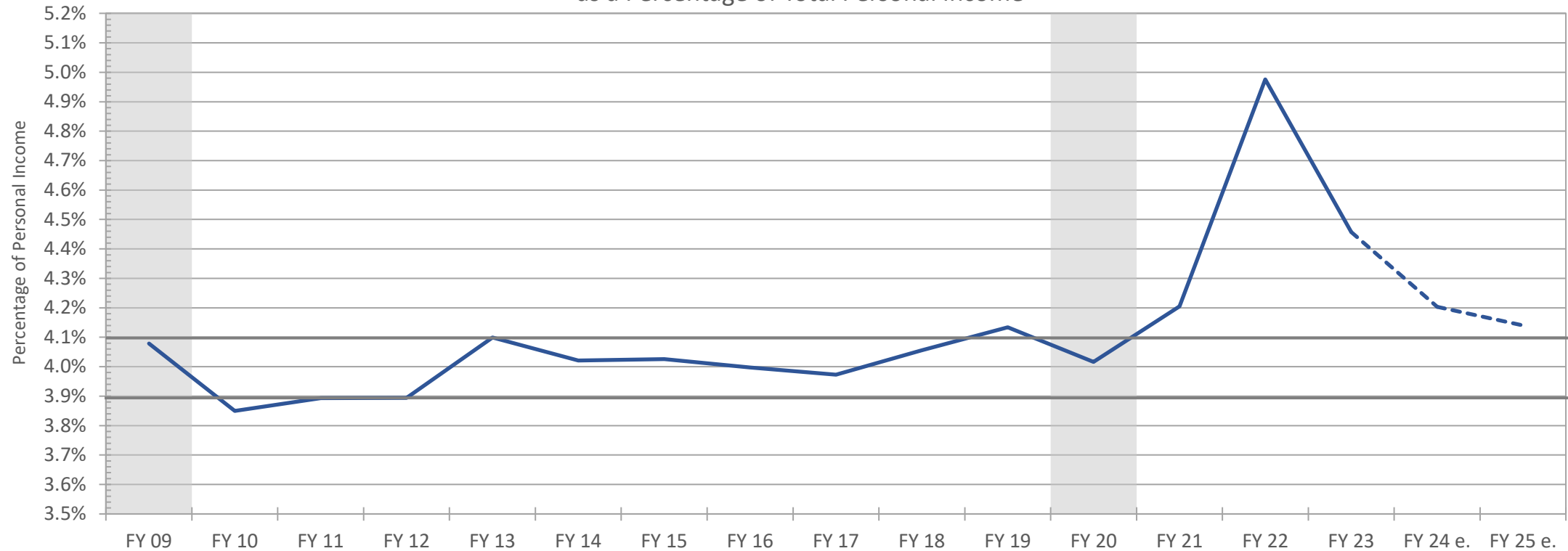


Source: US Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers 216-RFA/kav/11/16/2023

General Fund as a Percentage of Personal Income – Nov. Forecast

Relationship moves closer to historical range in FY 24 and FY25

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

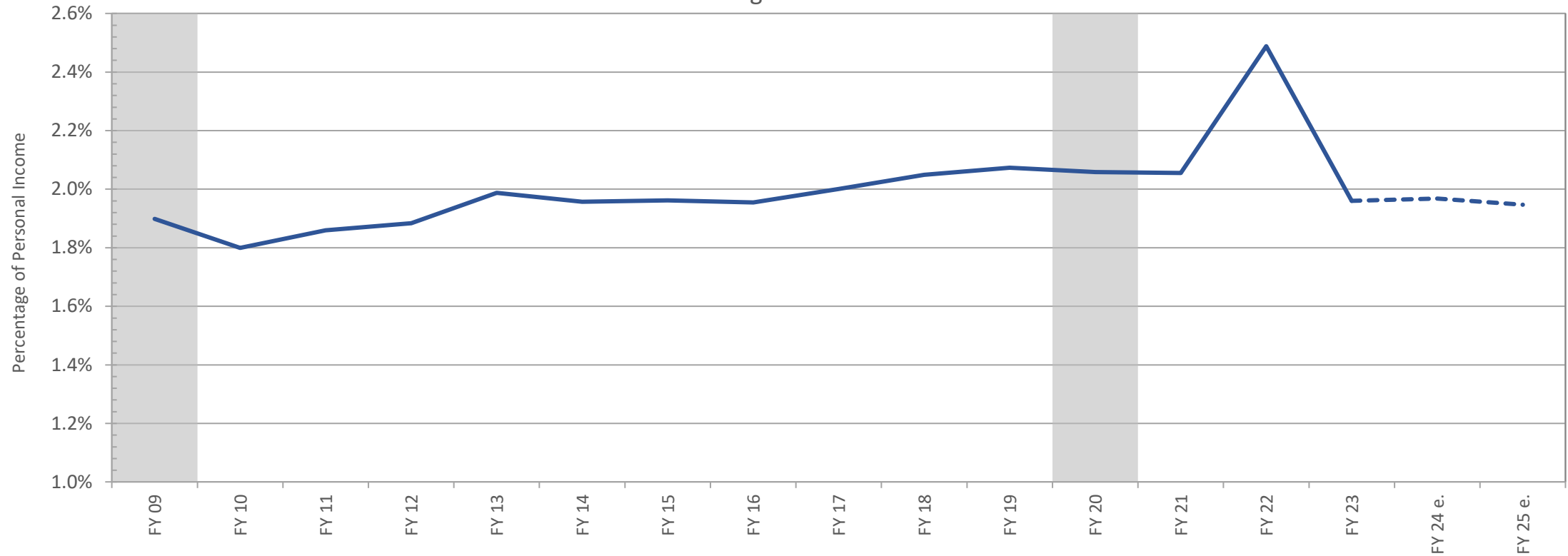


Source: U.S. Department of Commerce, Bureau of Economic Analysis; SC Revenue and Fiscal Affairs Office 34F-kav/11/16/2023

Individual Income Tax as a Percentage of Personal Income - Nov. Forecast

Relationship set to continue to be close to the 2.0% average of the past 15 years

SOUTH CAROLINA INCOME TAX COLLECTIONS
as a Percentage of Total Personal Income



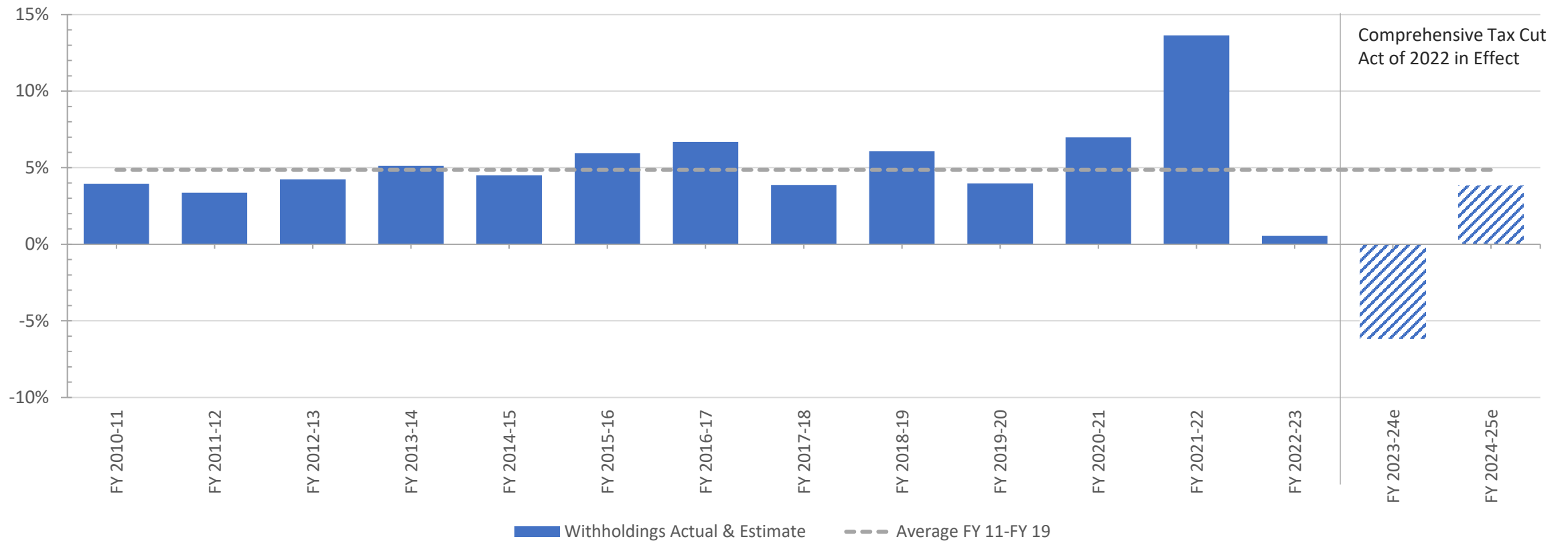
Source: U.S. Department of Commerce, Bureau of Economic Analysis; SC Revenue and Fiscal Affairs Office 34-kav/11/16/2023

Income Tax Withholdings Growth Rates – November Estimates

FY 24: -6.1%; FY 25: 3.8%

SOUTH CAROLINA INCOME TAX WITHHOLDINGS

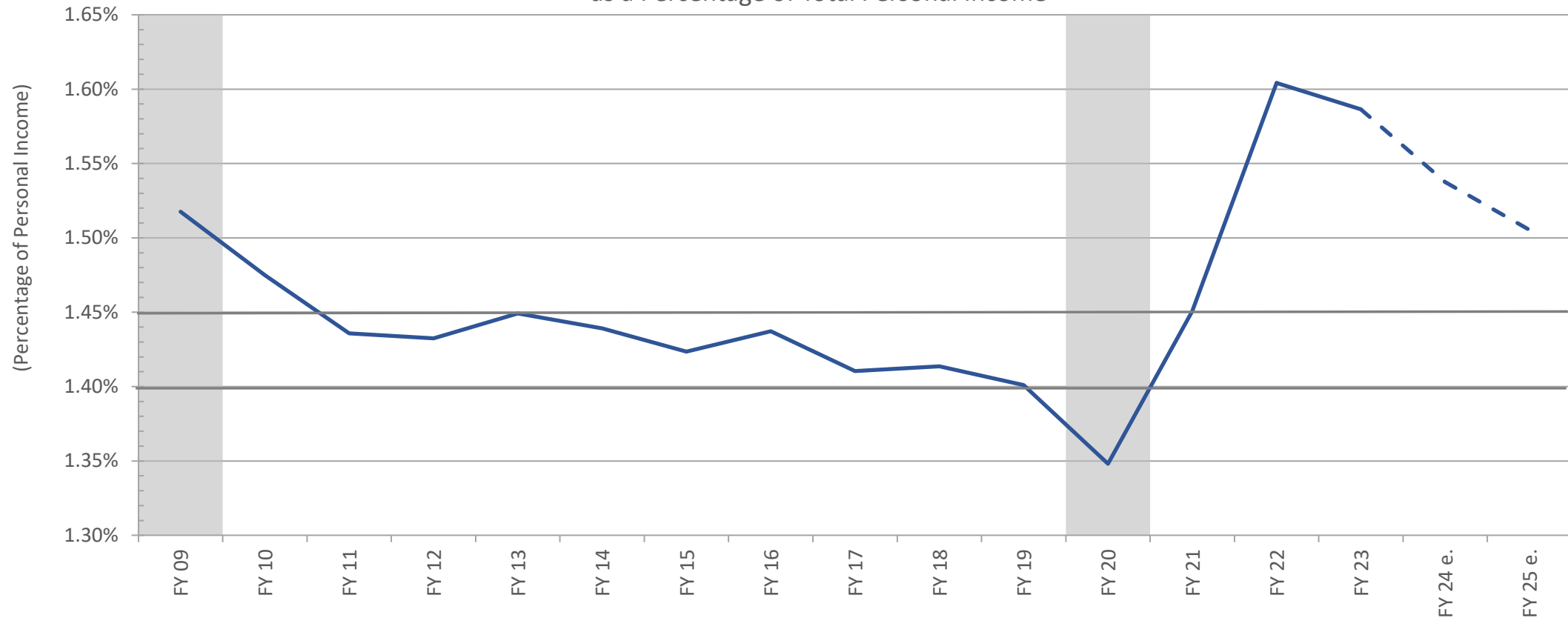
Average FY 11-FY 19: 4.9%



Sales Tax as a Percentage of Personal Income – Nov. Forecast

Relationship remains well above normal range of about 1.40% - 1.45% but is trending down

SOUTH CAROLINA GENERAL FUND SALES TAX COLLECTIONS
as a Percentage of Total Personal Income



Source: U.S. Department of Commerce, Bureau of Economic Analysis; SC Revenue and Fiscal Affairs Office 32-kav/11/16/2023



Sales Tax Revenue Growth Rates – November Estimates

FY 24: 1.1%; FY 25: 1.7%

SOUTH CAROLINA SALES TAX REVENUE
Average FY 11-FY 19: 4.3%

