



## SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

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### **FY 2023-24 and FY 2024-25 General Fund Revenue Forecasts Confirmed** *Board Votes to Hold Revenue Forecasts Unchanged*

COLUMBIA – The South Carolina Board of Economic Advisors (BEA) voted today, February 15, 2024, to make no changes to the General Fund revenue forecasts adopted in November 2023. The estimate for the current fiscal year, FY 2023-24 (FY 24), remains at \$12.89 billion and following year, FY 2024-25 (FY 25), at \$13.21 billion.

During the meeting, the BEA noted that the economic conditions and expectations for the FY 24 and FY 25 forecast period have not changed significantly since the Board adopted the forecast in November 2023. Employment and personal income growth are tracking close to estimates based on the latest available data.

Although General Fund revenue is currently ahead of expectations by approximately \$388.1 million through January 2024, there are issues that may impact the rest of the fiscal year. Almost half of the excess revenue is due to corporate income tax, which could be heavily affected by tax filing season. Sales tax and individual income tax, the two largest revenue categories, are within 1.1 and 2.4 percent of year-to-date estimates, respectively. Changes to the individual income withholdings tables for 2023 in response to the tax rate reductions enacted in 2022 are expected to reduce refunds and increase payments during this tax filing season. However, individual income tax return processing for this tax season has just begun, so little information about the actual impact of income tax changes on refunds and payments is available.

Given these concerns, the Board determined that a cautious approach was warranted in waiting to have more information before making any changes to the FY 24 or FY 25 forecast. Tax season will give a better indication of final corporate income tax filings and how individual income tax changes have impacted revenue.

Additional explanation can be found in the BEA's meeting materials, which are posted on the agency's website.

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