



REVENUE DIGEST

NOVEMBER 2020, FY 2020-21

Released December 16, 2020

South Carolina Economy

Total nonfarm employment in South Carolina continued to grow in October 2020, adding an additional 20,100 jobs for the month. Relative to expectations, employment for the month declined 3.4 percent compared to October 2019, better than our forecast for the quarter of a 4.4 percent decline. South Carolina has recovered 75 percent of the jobs lost since COVID-19 impacted the state. Job gains are being driven by the professional and business services, education and health services, leisure and hospitality, and government sectors.

General Fund Revenue

November revenue grew 8.1 percent compared to the prior year, which resulted in a year-to-date General Fund revenue increase of 3.4 percent for FY 2020-21. Total collections are currently \$134.6 million higher than last fiscal year and \$248.4 million ahead of anticipated collections. The current trends in consumer spending are outside of the historical patterns and driving much of the growth. Growth in future months may vary if behaviors change.

Table 1. General Fund Revenue Growth Summary

Revenue Category	Growth Rates		
	Monthly	Fiscal Year to Date	FY 2020-21 Annual Forecast
Sales Tax	12.5%	7.3%	2.6%
Individual Income Tax	10.3%	1.7%	(6.5%)
Corporation Income Tax	*	25.1%	(12.4%)
Other Revenue Items	(1.6%)	0.0%	(4.8%)
Total General Fund Revenue	8.1%	3.4%	(3.5%)

*negative values result in an undefined growth rate

Revenue Categories

Sales Tax

- Sales tax revenue grew 12.5 percent in November 2020 compared to November 2019, and year-to-date collections are 7.3 percent above last year.
- Collections are currently running \$94.4 million ahead of the forecast.
- National retail sales continued to increase in October, showing the fifth straight month of year-over-year growth, while food and drinking place sales remained flat.
- Sales tax growth is being driven up by consumers spending more on goods, which are largely taxable, and less on services, which are largely non-taxable. Overall, total consumer spending in South Carolina was down 3.6 percent as of November 29, 2020





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compared to January 2020, driven by a decrease in spending in service areas. Total spending on entertainment and recreation was down 61 percent and spending at restaurants and hotels was down 19 percent. However, South Carolina also experienced growth in retail spending of 7.4 percent during the same time period.¹

Individual Income Tax

- Individual Income tax revenue grew 10.3 percent, or \$46.1 million, in November 2020 compared to November 2019. Total collections year-to-date continue ahead of the forecast by \$123.5 million.
- Withholdings grew \$46.0 million and account for almost all of the increase in individual income tax for the month. As a result, fiscal year-to-date individual income tax growth is up from a decline of 0.4 percent in October to 1.7 percent growth as of November.

Corporate Income Tax

- Corporate Income tax revenue is down \$16.2 million for November, and Corporate License tax is up \$12.6 million. Return issues delayed processing of one corporate tax return for October. This delay resulted in a transfer from Corporate Income tax to Corporate License tax of \$14.7 million in November that would normally have occurred in October.
- Despite the decline in Corporate Income tax this month, year-to-date Corporate Income tax and Corporate License tax are both ahead of expectations. Corporate Income tax is currently \$12.3 million ahead of the forecast, and Corporate License tax is \$15.3 million ahead of the estimate.

Conclusion

Revenues continue to exceed monthly estimates as consumers have shifted more of their spending to taxable items, resulting in higher than anticipated sales tax collections. Employment growth is also better than expected causing higher growth in withholdings. The pandemic has had a unique effect on the economy, and while revenue performance is much better than anticipated, the current pace of growth is likely to be unsustainable, even as the economy recovers. Uncertainty about future performance, federal stimulus, and consumers' responses to the pandemic remain a concern for the forecast.

Future Meetings

- The next scheduled meeting of the Board of Economic Advisors will be on January 21, 2021 via videoconference. The board will provide a comprehensive review of second quarter results in accordance with S.C. Code of Laws §11-9-1130.

¹ Harvard University, Brown University, and the Bill and Melinda Gates Foundation. "Opportunity Insights: Economic Tracker." Track the Recovery, 2020. <https://tracktherecovery.org/>.





November

Table 1

General Fund Revenue	FY 2019-20	FY 2020-21	\$ Change	% Change
Sales and Use Tax	\$269,113,216	\$302,863,752	\$33,750,536	12.5%
Individual Income Tax	448,904,452	495,028,856	46,124,404	10.3%
Corporation Income Tax	(31,063,669)	(47,269,308)	(16,205,639)	---
Insurance Taxes	1,368,037	1,928,720	560,683	41.0%
Admissions Tax	3,210,558	2,709,818	(500,740)	(15.6%)
Aircraft Tax	0	2,121,741	2,121,741	---
Alcoholic Liquor Tax	8,634,088	8,402,143	(231,945)	(2.7%)
Bank Tax	7,571,995	(5,539,893)	(13,111,888)	---
Beer and Wine Tax	9,712,380	10,093,837	381,457	3.9%
Bingo Tax	(14,351)	(99,933)	(85,582)	---
Business Filing Fees	707,644	830,581	122,937	17.4%
Circuit/Family Court Fines	614,653	388,186	(226,467)	(36.8%)
Corporation License Tax	27,387,639	39,955,916	12,568,277	45.9%
Documentary Tax	7,734,385	9,618,443	1,884,058	24.4%
Earned on Investments	8,544,580	4,097,860	(4,446,720)	(52.0%)
Indirect Cost Recoveries	555,177	529,909	(25,268)	(4.6%)
Motor Vehicle Licenses	1,213,485	903,214	(310,271)	(25.6%)
Nursing Home Fees	0	0	0	---
Parole and Probation Fees	14,260	282,734	268,474	1,882.7%
Private Car Lines Tax	103,664	1,375,303	1,271,639	1,226.7%
Public Service Authority	0	0	0	---
Purchasing Card Rebates	0	0	0	---
Record Search Fees	0	0	0	---
Savings and Loan Assoc. Tax	1,517	(184,340)	(185,857)	---
Security Dealer Fees	709,214	725,831	16,617	2.3%
Surcharge on Vehicle Rentals	(2,450,805)	(10,592)	2,440,213	---
Tobacco Tax	2,174,406	2,219,571	45,165	2.1%
Uncashed Checks	(113,231)	(42,723)	70,508	---
Unclaimed Property Fund	3,750,000	0	(3,750,000)	---
Workers' Comp. Insurance Tax	(399,925)	(399,950)	(25)	---
Other Source Revenues	501,672	347,612	(154,060)	(30.7%)
Gross General Fund Revenue	\$768,485,041	\$830,877,288	\$62,392,247	8.1%

Note: Gross General Fund Revenue includes Individual Income and Corporate Income tax revenue that is transferred to the Property Tax Relief Trust Fund pursuant to §11-11-150.



July - November

Table 2

General Fund Revenue	FY 2019-20	FY 2020-21	\$ Change	% Change
Sales and Use Tax	\$1,115,889,136	\$1,196,902,945	\$81,013,809	7.3%
Individual Income Tax	2,361,549,849	2,400,567,384	39,017,535	1.7%
Corporation Income Tax	58,575,394	73,273,502	14,698,108	25.1%
Insurance Taxes	64,332,948	100,161,362	35,828,414	55.7%
Admissions Tax	5,820,148	4,749,470	(1,070,678)	(18.4%)
Aircraft Tax	2,500,000	2,268,864	(231,136)	(9.2%)
Alcoholic Liquor Tax	27,831,607	32,338,940	4,507,333	16.2%
Bank Tax	23,863,268	2,526,516	(21,336,752)	(89.4%)
Beer and Wine Tax	39,594,316	40,861,046	1,266,730	3.2%
Bingo Tax	(4,437)	63,597	68,034	---
Business Filing Fees	2,739,717	4,269,076	1,529,359	55.8%
Circuit/Family Court Fines	2,597,604	2,014,404	(583,200)	(22.5%)
Corporation License Tax	100,595,011	97,715,420	(2,879,591)	(2.9%)
Documentary Tax	29,718,682	36,502,758	6,784,076	22.8%
Earned on Investments	46,823,395	26,556,878	(20,266,517)	(43.3%)
Indirect Cost Recoveries	4,146,306	4,495,364	349,058	8.4%
Motor Vehicle Licenses	3,274,769	3,679,395	404,626	12.4%
Nursing Home Fees	879,019	857,557	(21,462)	(2.4%)
Parole and Probation Fees	1,130,936	1,413,670	282,734	25.0%
Private Car Lines Tax	645,923	2,121,030	1,475,107	228.4%
Public Service Authority	0	0	0	---
Purchasing Card Rebates	3,226,732	3,088,613	(138,119)	(4.3%)
Record Search Fees	0	0	0	---
Savings and Loan Assoc. Tax	5,257,131	451,096	(4,806,035)	(91.4%)
Security Dealer Fees	2,325,268	2,213,014	(112,254)	(4.8%)
Surcharge on Vehicle Rentals	(821,933)	4,425	826,358	---
Tobacco Tax	8,672,432	9,376,782	704,350	8.1%
Uncashed Checks	3,394,397	4,711,997	1,317,600	38.8%
Unclaimed Property Fund	7,500,000	7,500,000	0	0.0%
Workers' Comp. Insurance Tax	74,482	(330,403)	(404,885)	---
Other Source Revenues	6,461,378	2,897,686	(3,563,692)	(55.2%)
Gross General Fund Revenue	\$3,928,593,478	\$4,063,252,388	\$134,658,910	3.4%

Note: Gross General Fund Revenue includes Individual Income and Corporate Income tax revenue that is transferred for Property Tax Relief Trust Fund pursuant to §11-11-150.