



REVENUE DIGEST

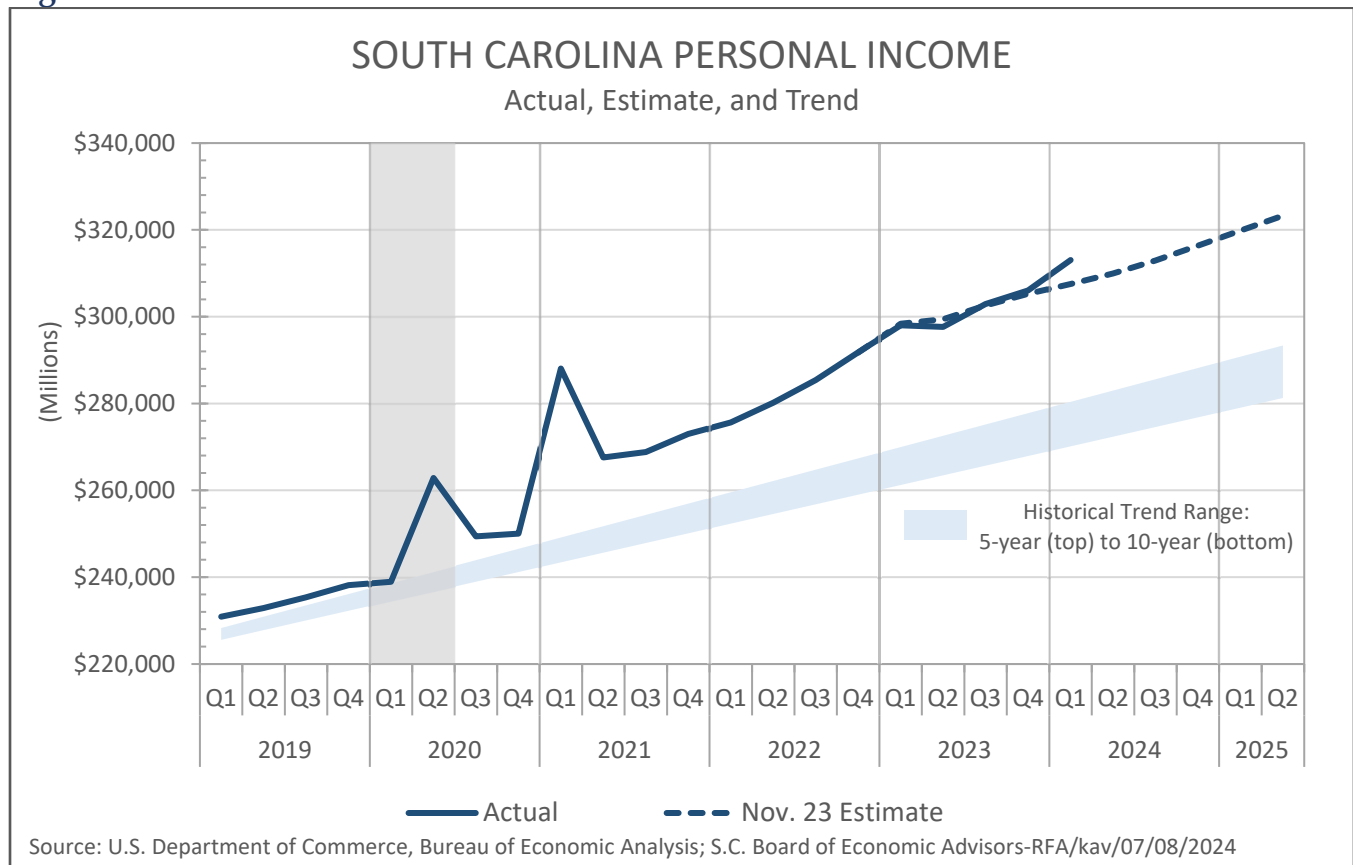
JUNE 2024, FY 2023-24

Released July 23, 2024

South Carolina Economy

According to the U.S. Bureau of Economic Analysis, personal income in South Carolina grew 5.1 percent in Q1 2024 over Q1 2023, 1.9 percentage points higher than the SC Board of Economic Advisors' November 2023 forecast of 3.2 percent. South Carolina also outperformed personal income growth in the US overall, which was 4.4 percent for Q1 2024. The increase in personal income was largely driven by wages and salaries. Although growth in wages and salaries slowed to 6.5 percent for the first quarter of 2024 compared to 7.8 percent growth on average in 2023, it still exceeded projected growth of 4.0 percent. Dividends, interest, and rent earnings grew 4.8 percent year-over-year in Q1 with strong performance in financial markets, also exceeding expectations of 3.8 percent growth.

Figure 1. South Carolina Personal Income



The U.S. Bureau of Labor Statistics reported that nonfarm employment in South Carolina added 12,600 jobs in May 2024. On an annual basis, nonfarm employment is now 3.6 percent above its level last May and continues to grow above our November estimate of 1.8 percent as seen in

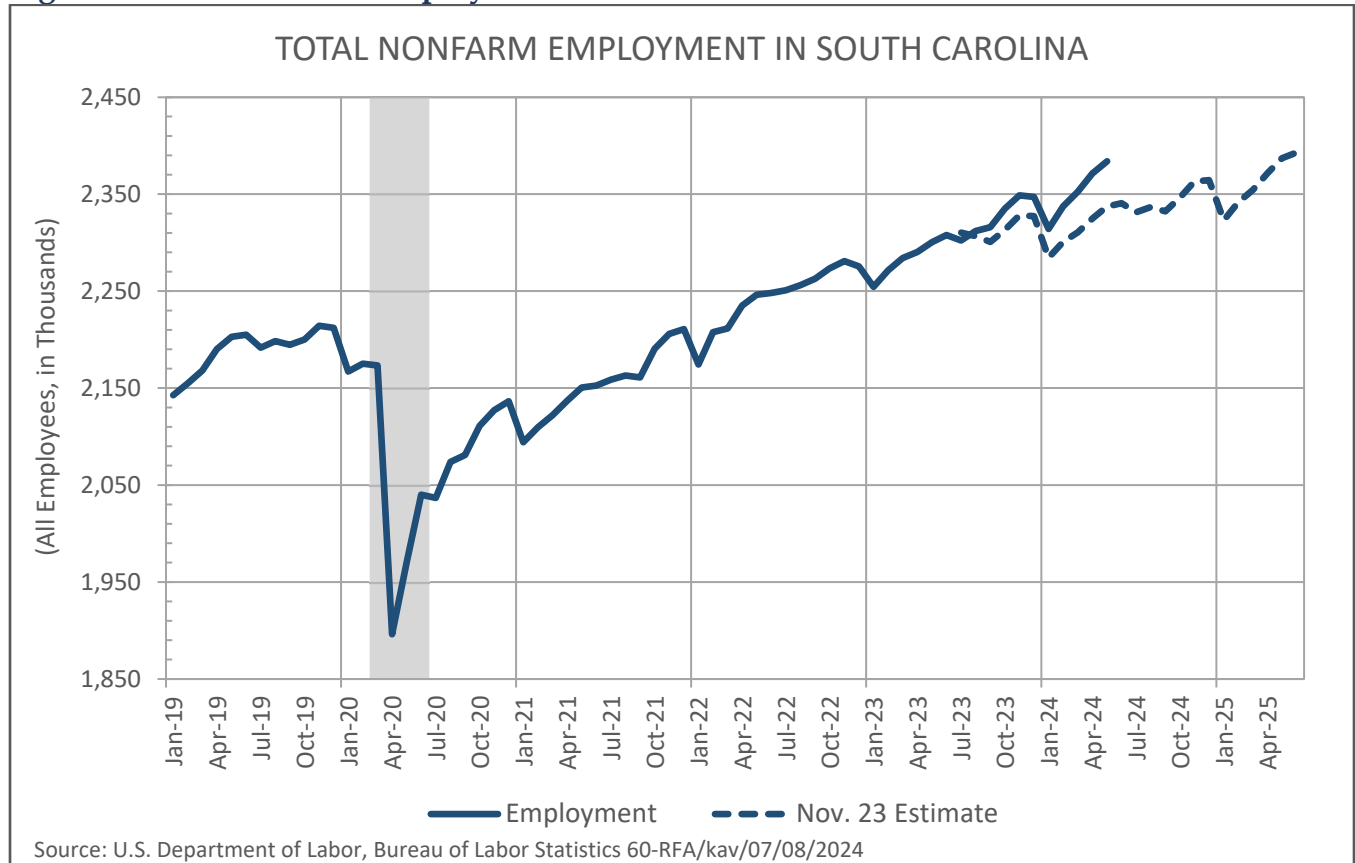


REVENUE DIGEST

JUNE 2024, FY 2023-24

Figure 2 below. The fastest growing sector over the 12-month period was the Private Education and Health Services sector, which grew 5.9 percent year-over-year for May.

Figure 2. South Carolina Employment



General Fund Revenue¹

Revenue collections increased more than expected in June 2024, adding an additional \$125.7 million to the expected surplus, and growing 10.0 percent for the month compared to June 2023. Over half of the increase in the surplus for June, or \$70 million, is due to much higher-than-expected Corporate Income tax collections. Sales tax also added \$27.2 million to the excess in June, and Individual Income tax added an additional \$22.6 million. Fiscal year-to-date General Fund revenues for FY 2023-24 (FY 24) are 4.9 percent higher than last year and now \$364.3 million ahead of the revised May 2024 estimate as shown in Table 3 attached.

¹ Figures are as of July 10, 2024, and subject to change during year-end.



REVENUE DIGEST

JUNE 2024, FY 2023-24

Figure 3. General Fund Revenue Growth Summary

Revenue Category	Growth Rates		
	Monthly	Fiscal Year-to-Date	FY 2023-24 Annual Forecast
Sales Tax	8.0%	3.1%	2.0%
Individual Income Tax	8.1%	6.2%	4.4%
Corporation Income Tax	25.7%	2.4%	(7.9%)
Other Revenue Items	2.6%	7.5%	0.8%
Total General Fund Revenue	10.0%	4.9%	2.0%

For additional revenue figures, see attached tables.

Revenue Categories

Sales Tax

- Sales tax revenue grew 8.0 percent in June 2024 compared to June 2023, the largest year-over-year growth observed this fiscal year. Fiscal year-to-date growth totaled 3.1 percent as compared to the 2.0 percent projected. Excess revenue increased by \$27.2 million in June, bringing the excess for FY 24 to \$43.6 million.
- Based on national retail sales growth in May 2024, the large increase in Sales tax revenue growth for June was surprising. National retail sales slowed to about 2.0 percent growth over last May after 2.3 percent year-over-year growth in April and 3.3 percent year-over-year growth in March. This slowdown in growth prompted Wells Fargo to decrease their retail sales forecast in June to 1.9 percent growth for 2024 compared to their May forecast of 2.6 percent.
- One explanation for the increase in Sales tax revenue growth in June could be that June of 2024 consisted of five weekends compared to four in 2023. Therefore, as consumers began gearing up for the summer season, they had an extra weekend of summer spending activities. For reference, five weekends in June last occurred in 2019 when June Sales tax revenue grew 9.5 percent. Looking ahead, we may experience lower year-over-year growth next month in July relative to last year as there will be only four weekends this year compared to five in July 2023.
- While most General Fund revenues are final in June for FY 24, Sales tax and other consumption taxes will not be finalized until next month with July collections, as these taxes are accounted for on an accrual basis (August to July).





REVENUE DIGEST

JUNE 2024, FY 2023-24

Individual Income Tax

- Individual Income tax revenue finished the fiscal year \$103.3 million above expectations. Collections were expected to grow 4.4 percent, but the actual increase was slightly higher at 6.2 percent.
- Withholdings grew 0.6 percent for June 2024 over last June, falling behind expectations of 3.5 percent. June collections were \$15.0 million less than anticipated, reducing the expected surplus in this category. Actual collections for the fiscal year finished \$15.0 million ahead of expectations as the cumulative growth for FY 24 ended 2.0 percent below FY 2022-23, slightly better than the projected decline of 2.2 percent. The decrease in collections this fiscal year is a result of the change in the Withholdings tables that started in January 2023 and significantly affected Withholdings in the first six months of this fiscal year.
- January 2024 marked the full implementation of changes to Withholdings tables starting in tax year 2023 in response to the tax rate reductions enacted in 2022, and now provides a cleaner comparison of the growth.
- Growth in Withholdings from January through June of 2024, after the implementation of the tax tables change, averaged 4.7 percent over the same period last year. Although wage growth reported in personal income data grew 6.5 percent in Q1 2024 as noted previously, the slower Withholdings growth observed may indicate that wages and salaries growth is now slowing down overall as anticipated leading into next fiscal year.
- Non-withholdings revenue for FY 24 finished \$31.5 million above the estimate. The excess in this category grew by \$29.2 million due to higher-than-expected June payments. For the fiscal year, revenue declined by 3.1 percent compared to our projection of a decrease of 5.0 percent.
- Refunds finished 19.3 percent below last fiscal year as this was the first year of Refund processing that was based on the lower Withholdings tables implemented in 2023. Total Refunds finished \$56.8 million below the estimate, adding to the total surplus in Individual Income tax.

Corporate Income

- Corporate Income tax finished FY 24 with very strong collections in June. Payments for the final quarter of the fiscal year received during the month totaled \$263.1 million, \$70 million more than anticipated. Revenues grew 2.4 percent this fiscal year and finished \$131.0 million above the estimate, which anticipated a 7.9 percent decline.

Earnings on Investments

- Interest Earnings on Investments have performed well through the fiscal year increasing 78.9 percent for FY 24. Collections finished \$42.9 million above expectations.





REVENUE DIGEST

JUNE 2024, FY 2023-24

Conclusion

General Fund collections through June are currently running \$364.3 million ahead of the May 2024 estimate following better-than-expected collections in June, particularly for Individual and Corporate Income taxes and Earnings on Investments. Despite slow Withholdings collections in June, Individual Income tax exceeded expectations due to higher payments and lower refunds. Sales tax is also running well above expectations for FY 24, currently totaling \$43.6 million, rounding out most of the current excess revenue. While June represents the end of the fiscal year for most revenue categories, final FY 24 revenues will include the accrual period in July for Sales tax and other consumption taxes. The Comptroller General will report final revenues for the fiscal year next month. The final actual budget surplus will depend not only on final revenues, but also final expenditures.

Future Meetings

- The next scheduled meeting of the Board of Economic Advisors will be August 22, 2024, via web conference.
- For additional information, please visit www.rfa.sc.gov.





June

Table 1

General Fund Revenue	FY 2022-23	FY 2023-24	\$ Change	% Change
Sales and Use Tax	\$388,924,922	\$420,053,567	\$31,128,645	8.0%
Individual Income Tax	\$582,145,056	\$629,341,992	\$47,196,936	8.1%
Corporation Income Tax	\$209,302,404	\$263,131,767	\$53,829,363	25.7%
Insurance Taxes	\$77,370,452	\$84,536,771	\$7,166,319	9.3%
Admissions Tax	\$5,430,724	\$6,094,800	\$664,076	12.2%
Aircraft Tax	\$0	\$0	\$0	---
Alcoholic Liquor Tax	\$9,988,309	\$9,949,052	(\$39,257)	(0.4%)
Bank Tax	\$18,279,951	\$9,743,782	(\$8,536,169)	(46.7%)
Beer and Wine Tax	\$10,334,669	\$10,397,787	\$63,118	0.6%
Business Filing Fees	\$1,596,225	\$1,483,796	(\$112,429)	(7.0%)
Circuit/Family Court Fines	\$590,832	\$530,515	(\$60,317)	(10.2%)
Corporation License Tax	\$5,090,037	\$2,866,808	(\$2,223,229)	(43.7%)
Deed Recording Fees	\$11,125,634	\$11,872,758	\$747,124	6.7%
Earned on Investments	\$22,226,985	\$28,805,112	\$6,578,127	29.6%
Indirect Cost Recoveries	\$2,154,838	\$1,626,041	(\$528,797)	(24.5%)
Motor Vehicle Licenses	\$1,887,169	\$1,042,679	(\$844,490)	(44.7%)
Nursing Home Fees	\$0	\$0	\$0	---
Parole and Probation Fees	\$282,734	\$282,734	\$0	0.0%
Private Car Lines Tax	\$240	(\$8,605)	(\$8,845)	---
Public Service Authority	\$9,516,000	\$9,415,000	(\$101,000)	(1.1%)
Purchasing Card Rebates	\$0	\$0	\$0	---
Record Search Fees	\$0	\$0	\$0	---
Savings and Loan Assoc. Tax	(\$1,647,334)	\$231,900	\$1,879,234	---
Security Dealer Fees	\$876,775	\$823,804	(\$52,971)	(6.0%)
Tobacco Tax	\$2,892,347	\$2,162,453	(\$729,894)	(25.2%)
Unclaimed Property Fund	\$0	\$0	\$0	---
Workers' Comp. Insurance Tax	\$3,677,723	\$4,580,071	\$902,348	24.5%
Other Source Revenues	\$960,634	\$953,678	(\$6,956)	(0.7%)
Gross General Fund Revenue	\$1,363,007,326	\$1,499,918,262	\$136,910,936	10.0%

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.

Figures are as of July 10, 2024 and are subject to change.



July - June

Table 2

General Fund Revenue	FY 2022-23	FY 2023-24	\$ Change	% Change
Sales and Use Tax	\$4,238,575,871	\$4,368,887,113	\$130,311,242	3.1%
Individual Income Tax	\$5,758,211,861	\$6,113,199,122	\$354,987,261	6.2%
Corporation Income Tax	\$1,262,221,843	\$1,293,063,733	\$30,841,890	2.4%
Insurance Taxes	\$366,245,865	\$345,152,506	(\$21,093,359)	(5.8%)
Admissions Tax	\$38,763,518	\$40,914,636	\$2,151,118	5.5%
Aircraft Tax	\$0	\$0	\$0	---
Alcoholic Liquor Tax	\$106,508,515	\$108,043,754	\$1,535,239	1.4%
Bank Tax	\$95,031,726	\$55,024,069	(\$40,007,657)	(42.1%)
Beer and Wine Tax	\$103,234,891	\$102,465,027	(\$769,864)	(0.7%)
Business Filing Fees	\$12,608,349	\$12,138,535	(\$469,814)	(3.7%)
Circuit/Family Court Fines	\$6,371,579	\$6,743,557	\$371,978	5.8%
Corporation License Tax	\$170,145,615	\$188,147,591	\$18,001,976	10.6%
Deed Recording Fees	\$111,040,333	\$106,253,196	(\$4,787,137)	(4.3%)
Earned on Investments	\$180,512,536	\$322,856,624	\$142,344,088	78.9%
Indirect Cost Recoveries	\$16,078,306	\$15,797,136	(\$281,170)	(1.7%)
Motor Vehicle Licenses	\$10,940,914	\$10,720,912	(\$220,002)	(2.0%)
Nursing Home Fees	\$2,361,317	\$2,303,186	(\$58,131)	(2.5%)
Parole and Probation Fees	\$3,392,808	\$3,392,808	\$0	0.0%
Private Car Lines Tax	\$6,620,681	\$6,435,645	(\$185,036)	(2.8%)
Public Service Authority	\$18,961,000	\$19,420,000	\$459,000	2.4%
Purchasing Card Rebates	\$3,845,627	\$4,169,474	\$323,847	8.4%
Record Search Fees	\$4,461,000	\$4,461,000	\$0	0.0%
Savings and Loan Assoc. Tax	(\$326,189)	\$3,073,094	\$3,399,283	---
Security Dealer Fees	\$34,123,362	\$34,446,267	\$322,905	0.9%
Tobacco Tax	\$25,669,087	\$25,412,368	(\$256,719)	(1.0%)
Unclaimed Property Fund	\$15,000,000	\$15,000,000	\$0	0.0%
Workers' Comp. Insurance Tax	\$8,053,333	\$9,259,612	\$1,206,279	15.0%
Other Source Revenues	\$24,354,522	\$24,130,961	(\$223,561)	(0.9%)
Gross General Fund Revenue	\$12,623,008,269	\$13,240,911,926	\$617,903,657	4.9%

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.

Figures are as of July 10, 2024 and are subject to change.



Revenues and BEA Monthly Estimates

Table 3

July - June

(\$ in Millions)

	Expected Revenues	Actual Revenues	Over/ (Under) Expected
Total General Fund Revenue	\$12,876.6	\$13,240.9	\$364.3
Sales Tax	4,325.3	4,368.9	43.6
Individual Income Tax	6,009.9	6,113.2	103.3
Withholdings	6,749.6	6,764.5	15.0
Non-withholdings	1,604.8	1,636.3	31.5
Refunds	2,344.4	2,287.6	(56.8)
Corporate Income Tax	1,162.1	1,293.1	131.0
Insurance Tax	330.7	345.2	14.4
Admissions Tax	36.8	40.9	4.1
Alcoholic Liquors Tax	109.1	108.0	(1.0)
Bank Tax	51.1	55.0	3.9
Beer and Wine Tax	102.5	102.5	(0.1)
Corporate License Tax	184.4	188.1	3.7
Deed Rec. (Doc. Tax)	97.7	106.3	8.6
Earned on Investments	280.0	322.9	42.9
Residual Revenue	187.0	196.9	9.9