



REVENUE DIGEST

APRIL 2021, FY 2020-21

Released May 20, 2021

South Carolina Economy

Total nonfarm employment in South Carolina grew in February and March, adding 19,400 and 16,400 jobs, respectively. South Carolina has recovered 76 percent of the nonfarm jobs lost since COVID-19 impacted the state. Employment in the Leisure and Hospitality and Other Services sectors remains notably below pre-pandemic levels.

General Fund Revenue

April revenues reflected abnormally high growth for the month. Collections for April last year were low due to decreased sales as a result of business closures and the tax filing extensions instituted at the start of the pandemic. Last year's filing delays combined with low sales resulted in exceptionally high growth rates for this month. Revenues grew 99.1 percent for April compared to the prior year, resulting in a year-to-date General Fund revenue increase of 15.1 percent for FY 2020-21. Total collections are currently \$1,103.8 million higher than last fiscal year with collections being \$421.8 million ahead of expectations. Additional monthly abnormalities are expected throughout the rest of the fiscal year due to both the filing extensions allowed last year for income, sales, and other taxes and significantly decreased sales as a result of business closures.

Table 1. General Fund Revenue Growth Summary

Revenue Category	Growth Rates		
	Monthly	Fiscal Year to Date	FY 2020-21 Annual Forecast
Sales Tax	72.7%	14.2%	10.4%
Individual Income Tax	76.5%	13.6%	(1.4%)
Corporation Income Tax	620.7%	88.2%	10.1%
Other Revenue Items	30.9%	1.0%	(4.5%)
Total General Fund Revenue	99.1%	15.1%	2.7%

Revenue Categories

Sales Tax

- Sales tax revenue grew 72.7 percent in April 2021 compared to April 2020, and year-to-date collections are 14.2 percent above last year. April 2020 collections were heavily impacted by business closures resulting from COVID-19 and delays in submission of receipts due to the filing extension to June 1.
- Collections are currently running \$55.6 million ahead of the forecast.





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- Changes in consumer behavior as a result of COVID-19 continue. Consumers have maintained higher spending on taxable goods and lower spending on non-taxable services since March 2020. Overall, total consumer spending in South Carolina was up 19.2 percent as of April 4, 2021 when compared to January 2020, driven largely by an increase in spending on retail of 33.1 percent and on restaurants and hotels of 12.2 percent. However, spending on entertainment and recreation continued to be down 36.3 percent relative to January 2020¹.
- Additional direct economic stimulus payments following the passage of the federal *American Rescue Plan Act of 2021* are driving sales tax revenue up as consumers' disposable income increases.

Individual Income Tax

- Individual Income tax revenue totaled \$420.8 million in April 2021 compared to \$238.5 million in April 2020. This irregular amount of growth over last year is largely because filing was delayed to July 15th last year. While, this year's filing extension to May 17th has sped up returns compared to last year, final tax filing season results will not be available until next month.
- Fiscal year-to-date Individual Income tax growth is up from 9.4 percent in March to 13.6 percent growth in April. However, as income tax returns are processed over the upcoming months, we expect this growth will decrease.
- Refunds are projected to increase by 16.8 percent over the full fiscal year due to increased unemployment following business closures in 2020 combined with the estimated \$147 million in last year's delayed refunds processed at the beginning of this fiscal year.
- Withholdings grew by \$54.3 million in April 2021 compared to April 2020, increasing fiscal year-to-date growth to 6.6 percent.
- Non-Withholdings collections totaled \$264.7 million in April 2021 compared to \$92.7 million in April 2020. Fiscal year-to-date growth reached 35 percent in April again due to filing delays.

Corporate Income and License Tax

- Corporate Income tax revenue for the month reached a record high of \$204.9 million, \$176.5 million higher than last year due to filing delays in 2020. Corporate License tax is up \$3.4 million for the month.
- Fiscal year-to-date Corporate Income tax collections are \$104.4 million ahead of expectations, and Corporate License tax is ahead by \$7.8 million.

¹ Harvard University, Brown University, and the Bill and Melinda Gates Foundation. "Opportunity Insights: Economic Tracker." Track the Recovery, 2021. <https://tracktherecovery.org/>.





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- Corporate Income tax revenue is projected to increase by 10.1 percent over the full fiscal year, and Corporate License tax is projected to increase by 5.4 percent. Currently, these categories are up 88.2 percent and 12.3 percent year-to-date, respectively.

Conclusion

Revenues exceeded monthly estimates as the tax filing extension has disrupted the normal pattern of collections and as additional economic stimulus payments and continued changes in consumer behavior have driven higher than normal sales tax growth. With the delay in income tax filing season, much of the revenue impact of refunds and payments is yet to be determined. Total growth may trend back down as remaining refunds are processed following the May 17th tax filing deadline and when final revenues are compared to accruals processed in June last year for delayed taxes.

Future Meetings

- The next scheduled meeting of the Board of Economic Advisors will be on June 10, 2021 via videoconference.





April

Table 1

General Fund Revenue	FY 2019-20	FY 2020-21	\$ Change	% Change
Sales and Use Tax	\$207,455,513	\$358,296,535	\$150,841,022	72.7%
Individual Income Tax	\$238,451,431	\$420,846,151	182,394,720	76.5%
Corporation Income Tax	\$28,432,588	\$204,912,753	176,480,165	620.7%
Insurance Taxes	\$1,179,754	\$1,511,059	331,305	28.1%
Admissions Tax	\$1,599,721	\$3,013,205	1,413,484	88.4%
Aircraft Tax	\$0	\$0	0	---
Alcoholic Liquor Tax	\$566,278	\$10,463,463	9,897,185	1,747.8%
Bank Tax	\$9,243,540	\$15,061,355	5,817,815	62.9%
Beer and Wine Tax	\$6,794,685	\$9,965,966	3,171,281	46.7%
Bingo Tax	(\$372,065)	\$126,314	498,379	---
Business Filing Fees	\$531,339	\$1,359,123	827,785	155.8%
Circuit/Family Court Fines	\$647,393	\$427,998	(219,395)	(33.9%)
Corporation License Tax	\$3,767,793	\$7,196,212	3,428,419	91.0%
Documentary Tax	\$7,230,298	\$11,046,289	3,815,991	52.8%
Earned on Investments	\$20,759,873	\$5,558,029	(15,201,844)	(73.2%)
Indirect Cost Recoveries	\$1,111,960	\$3,490,947	2,378,987	213.9%
Motor Vehicle Licenses	\$928,047	\$1,118,946	190,899	20.6%
Nursing Home Fees	\$862,572	\$820,743	(41,829)	(4.8%)
Parole and Probation Fees	\$282,734	\$282,734	0	0.0%
Private Car Lines Tax	\$13,184	\$0	(13,184)	---
Public Service Authority	\$0	\$0	0	---
Purchasing Card Rebates	\$0	\$0	0	---
Record Search Fees	\$0	\$0	0	---
Savings and Loan Assoc. Tax	\$774,000	\$1,920,422	1,146,422	148.1%
Security Dealer Fees	\$250,796	\$839,979	589,183	234.9%
Surcharge on Vehicle Rentals	\$500	\$17	(483)	(96.6%)
Tobacco Tax	\$2,508,321	\$2,765,337	257,016	10.2%
Uncashed Checks	(\$97,919)	(\$76,454)	21,465	---
Unclaimed Property Fund	\$0	\$0	0	---
Workers' Comp. Insurance Tax	(\$399,925)	(\$400,025)	(100)	---
Other Source Revenues	\$231,662	(\$55,441)	(287,103)	---
Gross General Fund Revenue	\$532,754,070	\$1,060,491,657	\$527,737,587	99.1%

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 - April

Table 2

General Fund Revenue	FY 2019-20	FY 2020-21	\$ Change	% Change
Sales and Use Tax	\$2,399,338,818	\$2,739,054,944	\$339,716,126	14.2%
Individual Income Tax	\$3,765,759,297	\$4,278,197,084	512,437,787	13.6%
Corporation Income Tax	\$275,850,364	\$519,119,706	243,269,342	88.2%
Insurance Taxes	\$186,860,113	\$229,216,358	42,356,245	22.7%
Admissions Tax	\$18,625,175	\$15,702,800	(2,922,375)	(15.7%)
Aircraft Tax	\$2,620,851	\$2,876,848	255,997	9.8%
Alcoholic Liquor Tax	\$54,164,273	\$71,032,201	16,867,928	31.1%
Bank Tax	\$67,020,769	\$29,000,784	(38,019,985)	(56.7%)
Beer and Wine Tax	\$80,076,477	\$84,962,038	4,885,561	6.1%
Bingo Tax	(\$280,216)	\$401,412	681,628	---
Business Filing Fees	\$5,908,674	\$9,663,916	3,755,242	63.6%
Circuit/Family Court Fines	\$5,261,074	\$4,048,376	(1,212,698)	(23.1%)
Corporation License Tax	\$126,129,500	\$141,589,704	15,460,204	12.3%
Documentary Tax	\$63,162,734	\$82,750,386	19,587,652	31.0%
Earned on Investments	\$114,602,155	\$59,580,032	(55,022,123)	(48.0%)
Indirect Cost Recoveries	\$8,583,211	\$13,134,506	4,551,295	53.0%
Motor Vehicle Licenses	\$8,192,225	\$8,200,580	8,355	0.1%
Nursing Home Fees	\$2,621,307	\$2,533,247	(88,060)	(3.4%)
Parole and Probation Fees	\$2,827,340	\$2,827,340	0	0.0%
Private Car Lines Tax	\$6,351,826	\$6,673,097	321,271	5.1%
Public Service Authority	\$8,952,000	\$8,984,000	32,000	0.4%
Purchasing Card Rebates	\$3,226,732	\$3,088,613	(138,119)	(4.3%)
Record Search Fees	\$4,461,000	\$4,461,000	0	0.0%
Savings and Loan Assoc. Tax	\$7,889,904	\$3,804,657	(4,085,247)	(51.8%)
Security Dealer Fees	\$26,046,593	\$27,779,740	1,733,147	6.7%
Surcharge on Vehicle Rentals	(\$822,016)	(\$831)	821,185	---
Tobacco Tax	\$20,178,569	\$21,298,491	1,119,922	5.6%
Uncashed Checks	\$2,550,747	\$3,217,233	666,486	26.1%
Unclaimed Property Fund	\$11,250,000	\$11,250,000	0	0.0%
Workers' Comp. Insurance Tax	\$7,254,053	\$5,945,962	(1,308,091)	(18.0%)
Other Source Revenues	\$9,918,135	\$7,982,519	(1,935,615)	(19.5%)
Gross General Fund Revenue	\$7,294,581,682	\$8,398,376,743	\$1,103,795,061	15.1%

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.