



REVENUE DIGEST

DECEMBER 2020, FY 2020-21

Released January 21, 2020

South Carolina Economy

Total nonfarm employment in South Carolina continued to grow in November 2020, adding an additional 23,100 jobs for the month. While we forecasted a decline of 4.3 percent, employment for the month fared better than expected and declined by only 2.9 percent compared to November 2019. South Carolina has recovered 83.6 percent of the jobs lost since COVID-19 impacted the state. While many industries have approached or surpassed pre-pandemic levels of employment, education and health services, leisure and hospitality, and government employment remain below pre-pandemic levels.

General Fund Revenue

December revenue grew 5.4 percent compared to the prior year, which resulted in a year-to-date General Fund revenue increase of 3.9 percent for FY 2020-21. Total collections are currently \$191.8 million higher than last fiscal year and \$336.5 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	5.8%	7.0%	2.6%
Individual Income Tax	3.7%	2.0%	(6.5%)
Corporation Income Tax	36.1%	31.3%	(12.4%)
Other Revenue Items	(4.2%)	(1.2%)	(4.8%)
Total General Fund Revenue	8.1%	3.9%	(3.5%)

*negative values result in an undefined growth rate

Revenue Categories

Sales Tax

- Sales tax revenue grew 5.8 percent in December 2020 compared to December 2019, and year-to-date collections are 7.0 percent higher than last year.
- Collections are currently running \$111.7 million ahead of the forecast.
- S.C. retail sales continued to increase in September, showing the fifth straight month of year-over-year growth.
- Sales tax growth continues to be driven 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 up 2.1 percent as of January 3, 2021 compared





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to January 2020. This increase in consumer spending is likely driven in part by an increase in retail spending, which grew 21 percent during the same time period. Meanwhile, total spending on entertainment and recreation was down 48 percent and spending at restaurants and hotels was down 6 percent.¹

Individual Income Tax

- Individual income collections increased by 3.7% in December 2020 compared to December 2019, and year-to-date collections are 2.0 percent above last year.
- This month's increase was largely driven by non-withholdings (payments and declarations), with collections increasing by \$14.9 million for the month over the previous December.
- Withholdings and refunds largely held steady, at 1% above and 2.8% below the same month of the previous year, respectively.
- Collections are currently running \$143.8 million ahead of the forecast. Withholdings are exceeding estimates by \$73.5 million, and non-withholdings are \$44.3 million above as well. Refunds, which reduce collections, are also running behind expectations by \$26 million, making up the difference.

Corporate Income Tax

- Corporate income tax revenue is up \$26.9 million for December, and Corporate License tax is down \$0.7 million.
- Year-to-date Corporate Income tax and Corporate License tax are both ahead of estimates. Corporate Income tax is currently \$49.4 million ahead of the forecast, and Corporate License tax is \$16.2 million ahead.
- U.S. Corporate profits bounced back in Q3, exceeding pre-pandemic levels. This may be resulting in higher than expected revenue in corporate income tax revenue for the state.

Other Funds Revenues²

- Accommodations taxes on rentals at hotels and other lodgings are running ahead of estimates by \$8.7 million for the year. While collections are down 13.6 percent compared to last fiscal year, this change is better than our forecast of a 14.4 percent decline.
- Motor fuel user fees for gasoline and diesel fuel have been below estimates. Traffic counts for 2020 have been consistently about 5 to 10 percent below the same week in 2019,

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

² Other Funds items are not in the General Fund and often go directly to state agencies or local governments. Revenue collections for select items are published monthly in the revenue monitor at rfa.sc.gov.





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resulting in low motor fuel collections. However, December showed the first month of collections in gasoline and diesel fuel fees that exceeded the monthly estimates, although total collections are \$36.1 million behind for the fiscal year.

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. 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 continues to recover. Uncertainty about future performance, tax filing season, 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 February 12, 2021 via videoconference. The board will consider any adjustments to the revenue forecasts for FY 2020-21 and FY 2021-22 in accordance with S.C. Code of Laws §11-9-1130.





December

Table 1

General Fund Revenue	FY 2019-20	FY 2020-21	\$ Change	% Change
Sales and Use Tax	\$272,173,395	\$287,892,625	\$15,719,230	5.8%
Individual Income Tax	\$559,699,096	\$580,478,988	20,779,892	3.7%
Corporation Income Tax	\$74,588,018	\$101,520,350	26,932,332	36.1%
Insurance Taxes	\$51,082,833	\$55,296,542	4,213,709	8.2%
Admissions Tax	\$3,580,732	\$2,460,730	(1,120,002)	(31.3%)
Aircraft Tax	\$0	\$231,136	231,136	---
Alcoholic Liquor Tax	\$6,557,103	\$6,551,124	(5,979)	(0.1%)
Bank Tax	\$11,589,511	\$6,086,429	(5,503,082)	(47.5%)
Beer and Wine Tax	\$8,213,961	\$8,841,597	627,636	7.6%
Bingo Tax	\$76,153	\$72,374	(3,779)	(5.0%)
Business Filing Fees	\$226,662	\$808,838	582,176	256.8%
Circuit/Family Court Fines	\$344,940	\$515,283	170,343	49.4%
Corporation License Tax	\$9,020,735	\$8,287,178	(733,557)	(8.1%)
Documentary Tax	\$6,407,156	\$8,779,001	2,371,845	37.0%
Earned on Investments	\$14,362,695	\$6,351,882	(8,010,813)	(55.8%)
Indirect Cost Recoveries	\$685,281	\$1,167,971	482,690	70.4%
Motor Vehicle Licenses	\$1,532,162	\$1,168,751	(363,411)	(23.7%)
Nursing Home Fees	\$0	\$0	0	---
Parole and Probation Fees	\$0	\$282,734	282,734	---
Private Car Lines Tax	\$5,196,932	\$4,014,368	(1,182,564)	(22.8%)
Public Service Authority	\$0	\$0	0	---
Purchasing Card Rebates	\$0	\$0	0	---
Record Search Fees	\$0	\$0	0	---
Savings and Loan Assoc. Tax	\$614,000	\$455,107	(158,893)	(25.9%)
Security Dealer Fees	\$20,966,972	\$21,949,650	982,678	4.7%
Surcharge on Vehicle Rentals	\$2,912	(\$4,273)	(7,185)	---
Tobacco Tax	\$2,248,918	\$2,851,822	602,904	26.8%
Uncashed Checks	(\$250,322)	(\$416,569)	(166,247)	---
Unclaimed Property Fund	\$0	\$0	0	---
Workers' Comp. Insurance Tax	\$3,590,389	\$3,225,867	(364,522)	(10.2%)
Other Source Revenues	\$1,008,133	\$1,857,564	849,431	84.3%
Gross General Fund Revenue	\$1,053,518,367	\$1,110,727,069	\$57,208,702	5.4%

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 - December

Table 2

General Fund Revenue	FY 2019-20	FY 2020-21	\$ Change	% Change
Sales and Use Tax	\$1,388,062,531	\$1,484,795,570	\$96,733,039	7.0%
Individual Income Tax	\$2,921,248,945	\$2,981,046,372	59,797,427	2.0%
Corporation Income Tax	\$133,163,412	\$174,793,852	41,630,440	31.3%
Insurance Taxes	\$115,415,781	\$155,457,904	40,042,123	34.7%
Admissions Tax	\$9,400,880	\$7,210,200	(2,190,680)	(23.3%)
Aircraft Tax	\$2,500,000	\$2,500,000	0	0.0%
Alcoholic Liquor Tax	\$34,388,710	\$38,890,064	4,501,354	13.1%
Bank Tax	\$35,452,779	\$8,612,945	(26,839,834)	(75.7%)
Beer and Wine Tax	\$47,808,277	\$49,702,643	1,894,366	4.0%
Bingo Tax	\$71,716	\$135,971	64,255	89.6%
Business Filing Fees	\$2,966,379	\$5,077,914	2,111,535	71.2%
Circuit/Family Court Fines	\$2,942,544	\$2,529,687	(412,857)	(14.0%)
Corporation License Tax	\$109,615,746	\$106,002,598	(3,613,148)	(3.3%)
Documentary Tax	\$36,125,838	\$45,281,759	9,155,921	25.3%
Earned on Investments	\$61,186,090	\$32,908,760	(28,277,330)	(46.2%)
Indirect Cost Recoveries	\$4,831,587	\$5,663,335	831,748	17.2%
Motor Vehicle Licenses	\$4,806,932	\$4,848,146	41,214	0.9%
Nursing Home Fees	\$879,019	\$857,557	(21,462)	(2.4%)
Parole and Probation Fees	\$1,130,936	\$1,696,404	565,468	50.0%
Private Car Lines Tax	\$5,842,854	\$6,135,398	292,544	5.0%
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	\$5,871,131	\$906,203	(4,964,928)	(84.6%)
Security Dealer Fees	\$23,292,240	\$24,162,664	870,424	3.7%
Surcharge on Vehicle Rentals	(\$819,021)	\$152	819,173	---
Tobacco Tax	\$10,921,350	\$12,228,604	1,307,254	12.0%
Uncashed Checks	\$3,144,075	\$4,295,428	1,151,353	36.6%
Unclaimed Property Fund	\$7,500,000	\$7,500,000	0	0.0%
Workers' Comp. Insurance Tax	\$3,664,871	\$2,895,464	(769,407)	(21.0%)
Other Source Revenues	\$7,469,512	\$4,735,707	(2,733,805)	(36.6%)
Gross General Fund Revenue	\$4,982,111,844	\$5,173,959,914	\$191,848,070	3.9%

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.