



REVENUE DIGEST

MAY 2022, FY 2021-22

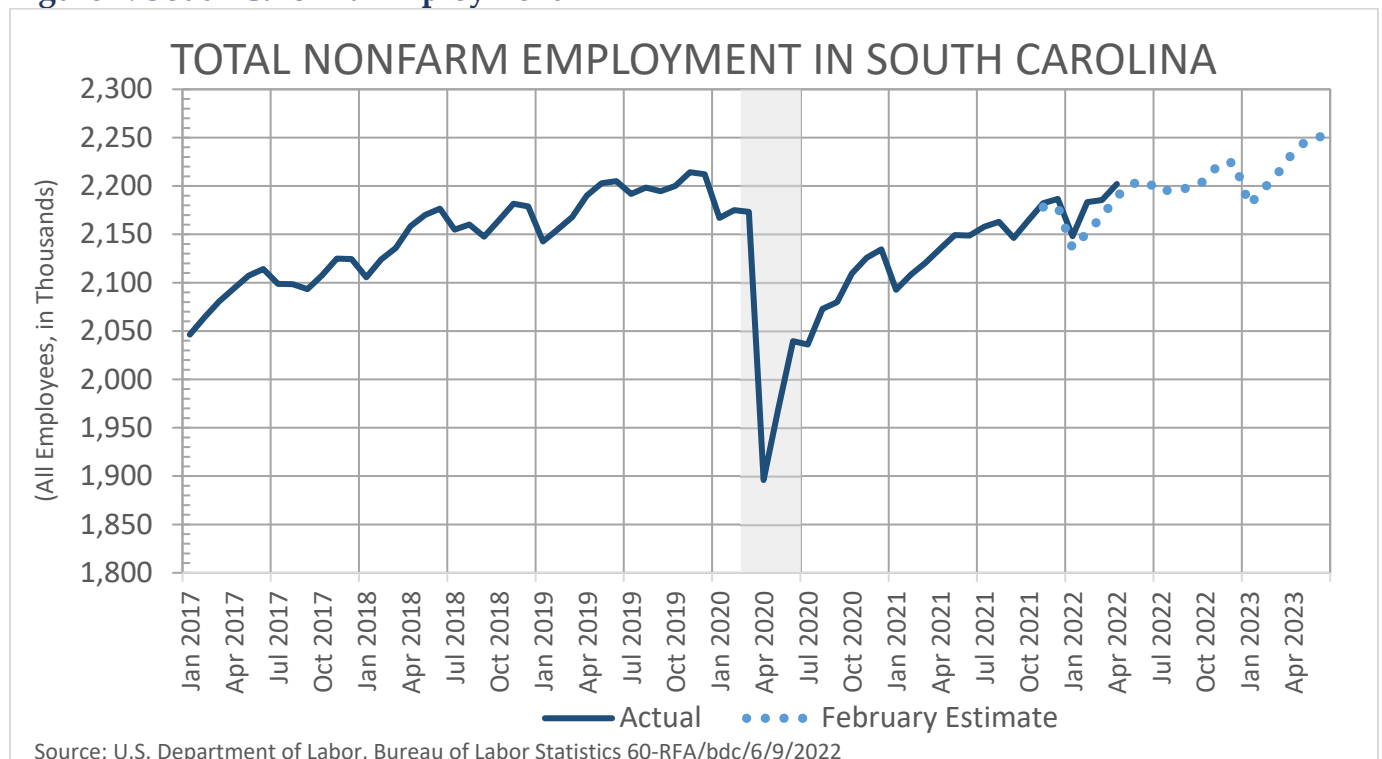
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South Carolina Economy

Nonfarm employment in South Carolina saw strong growth of 16,500 jobs or 0.75 percent in April 2022, ending slightly above expectations by approximately 13,000 jobs in total. Much of this can be attributed to seasonal increases in the Leisure and Hospitality employees.

Employment growth in the Trade, Transportation, and Utilities and Financial Activities sectors has continued to drive total nonfarm employment above pre-pandemic levels. However, employment in the Government, Leisure and Hospitality, and Education and Health Services sectors continue to lag pre-pandemic levels.

Figure 1. South Carolina Employment



General Fund Revenue

Strong collections continued into May with 13.9 percent General Fund revenue growth for the month, bringing total fiscal year-to-date growth to 24.9 percent. Year-to-date collections are currently \$444.1 million ahead of the revised May 2022 estimate. More than three-fourths of this excess is from higher than expected Sales tax and Individual Income Non-Withholdings collections and lower than expected Refunds.



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Table 1. General Fund Revenue Growth Summary

Revenue Category	Growth Rates		
	Monthly	Fiscal Year to Date	FY 2021-22 Annual Forecast
Sales Tax	11.2%	16.8%	8.6%
Individual Income Tax	13.3%	27.2%	18.6%
Corporation Income Tax	85.3%	73.0%	46.8%
Other Revenue Items	3.7%	11.8%	2.7%
Total General Fund Revenue	13.9%	24.9%	15.2%

Revenue Categories

Sales Tax

- Sales tax revenue grew 11.2 percent in May 2022 compared to May 2021.
- Year-to-date growth for FY 2021-22 has fallen from 20.0 percent through January to 16.8 percent through May. While the decline in monthly Sales tax growth continued, collections were still stronger than expected, with Sales tax totaling \$84.2 million above the revised estimate.

Individual Income Tax

- Year-to-date growth in Individual Income tax reached 27.2 percent through May, up from 17.9 percent through January. Total collections are exceeding the estimate by \$297.1 million, which is almost entirely due to lower than expected Refunds and higher than expected Non-Withholdings.
- Withholdings in May 2022 grew 20.9 percent over May 2021, which itself saw 13.5 percent growth over May 2020. Persistent wage gains driven by a tight labor market are responsible for much of this growth. The rate of Withholdings growth had slowed slightly from a high of 14.8 percent in December to 13.8 percent in April, but exceptional May collections have increased the cumulative growth rate to 14.4 percent and driven total collections \$37.6 million above the revised estimate.
- Non-Withholdings revenue was up 30.9 percent year-to-date in May and \$116.4 million above the estimate in total due to an exceptionally strong tax filing season.
- Refunds were down 3.8 percent year-to-date in May and are running \$143.1 million below the estimate.
- Unexpectedly high household financial income for tax year 2021, as well as the timing mismatch between income increases and inflation adjustments to tax deductions and other items, has likely contributed to higher than expected Non-Withholdings and lower than expected Refunds during tax season.





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Corporate Income and License Tax

- Corporate Income tax revenue reached year-to-date growth of 73.0 percent after another strong month. Revenues are currently \$30.0 million above the estimate.
- Year-to-date Corporate License tax growth reached 10.3 percent in May, bringing total collections \$5.2 million above the revised estimate.

Conclusion

Revenues collections are currently running \$444.1 million ahead of the May 2022 estimate, almost entirely due to higher than expected growth in Sales and Non-Withholdings collections and lower than expected Refunds. Record growth across multiple categories has driven current year-to-date growth to 24.9 percent over last fiscal year, which itself saw 13.2 percent growth.

Federal Reserve decisions, impacts from inflation, ongoing supply chain and labor market issues, and the current crisis in Ukraine continue to cause uncertainty about the economy and present challenges to future revenue growth. The potential impact of these factors on the economy and revenue collections is being carefully monitored by the Board of Economic Advisors.

Future Meetings

- The next scheduled meeting of the Board of Economic Advisors will be July 21, 2022, via web conference, if necessary.





May

Table 1

General Fund Revenue	FY 2020-21	FY 2021-22	\$ Change	% Change
Sales and Use Tax	\$349,989,169	\$389,226,329	\$39,237,160	11.2%
Individual Income Tax	\$557,761,146	\$632,157,553	\$74,396,407	13.3%
Corporation Income Tax	\$26,309,117	\$48,738,450	\$22,429,333	85.3%
Insurance Taxes	\$1,371,000	\$1,990,433	\$619,433	45.2%
Admissions Tax	\$4,076,229	\$6,599,843	\$2,523,614	61.9%
Aircraft Tax	\$0	\$0	\$0	---
Alcoholic Liquor Tax	\$10,430,781	\$10,439,656	\$8,875	0.1%
Bank Tax	\$1,108,064	\$1,341,460	\$233,396	21.1%
Beer and Wine Tax	\$10,810,204	\$9,799,398	(\$1,010,806)	(9.4%)
Bingo Tax	\$2,768	\$102,013	\$99,245	3,585.7%
Business Filing Fees	\$1,295,540	\$1,081,746	(\$213,794)	(16.5%)
Circuit/Family Court Fines	\$756,984	\$520,736	(\$236,248)	(31.2%)
Corporation License Tax	\$2,905,800	\$2,608,708	(\$297,092)	(10.2%)
Documentary Tax	\$9,955,351	\$12,676,462	\$2,721,111	27.3%
Earned on Investments	\$4,596,912	\$4,171,826	(\$425,086)	(9.2%)
Indirect Cost Recoveries	\$3,033,028	\$1,312,589	(\$1,720,439)	(56.7%)
Motor Vehicle Licenses	\$1,107,538	\$664,751	(\$442,787)	(40.0%)
Nursing Home Fees	\$0	\$0	\$0	---
Parole and Probation Fees	\$282,734	\$282,734	\$0	0.0%
Private Car Lines Tax	\$0	\$105	\$105	---
Public Service Authority	\$0	\$0	\$0	---
Purchasing Card Rebates	\$0	\$0	\$0	---
Record Search Fees	\$0	\$0	\$0	---
Savings and Loan Assoc. Tax	(\$2,383,110)	\$1,000	\$2,384,110	---
Security Dealer Fees	\$735,068	\$975,900	\$240,832	32.8%
Surcharge on Vehicle Rentals	(\$17)	\$3	\$20	---
Tobacco Tax	\$2,428,616	\$2,305,853	(\$122,763)	(5.1%)
Uncashed Checks	(\$48,277)	(\$235,059)	(\$186,782)	---
Unclaimed Property Fund	\$3,750,000	\$3,750,000	\$0	0.0%
Workers' Comp. Insurance Tax	(\$400,000)	(\$800,000)	(\$400,000)	---
Other Source Revenues	\$922,140	(\$729,013)	(\$1,651,153)	---
Gross General Fund Revenue	\$990,796,786	\$1,128,983,476	\$138,186,690	13.9%

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.



July - May

Table 2

General Fund Revenue	FY 2020-21	FY 2021-22	\$ Change	% Change
Sales and Use Tax	\$3,089,044,114	\$3,606,516,682	\$517,472,568	16.8%
Individual Income Tax	\$4,835,958,230	\$6,149,998,262	\$1,314,040,032	27.2%
Corporation Income Tax	\$545,428,823	\$943,351,097	\$397,922,274	73.0%
Insurance Taxes	\$230,587,357	\$220,435,701	(\$10,151,656)	(4.4%)
Admissions Tax	\$19,779,030	\$34,185,532	\$14,406,502	72.8%
Aircraft Tax	\$2,876,848	\$1,245,731	(\$1,631,117)	(56.7%)
Alcoholic Liquor Tax	\$81,462,983	\$92,155,169	\$10,692,186	13.1%
Bank Tax	\$30,108,847	\$62,846,788	\$32,737,941	108.7%
Beer and Wine Tax	\$95,772,242	\$96,171,516	\$399,274	0.4%
Bingo Tax	\$404,179	\$409,140	\$4,961	1.2%
Business Filing Fees	\$10,959,455	\$11,059,157	\$99,702	0.9%
Circuit/Family Court Fines	\$4,805,360	\$5,516,556	\$711,196	14.8%
Corporation License Tax	\$144,495,505	\$159,440,772	\$14,945,267	10.3%
Documentary Tax	\$92,705,737	\$129,067,065	\$36,361,328	39.2%
Earned on Investments	\$64,176,943	\$64,191,192	\$14,249	0.0%
Indirect Cost Recoveries	\$16,167,534	\$16,543,163	\$375,629	2.3%
Motor Vehicle Licenses	\$9,308,306	\$8,929,556	(\$378,750)	(4.1%)
Nursing Home Fees	\$2,533,247	\$2,428,230	(\$105,017)	(4.1%)
Parole and Probation Fees	\$3,110,074	\$3,110,074	\$0	0.0%
Private Car Lines Tax	\$6,673,097	\$6,871,629	\$198,532	3.0%
Public Service Authority	\$8,984,000	\$8,766,000	(\$218,000)	(2.4%)
Purchasing Card Rebates	\$3,088,613	\$3,541,021	\$452,408	14.6%
Record Search Fees	\$4,461,000	\$4,461,000	\$0	0.0%
Savings and Loan Assoc. Tax	\$1,421,547	\$1,861,449	\$439,902	30.9%
Security Dealer Fees	\$28,514,808	\$31,126,793	\$2,611,985	9.2%
Surcharge on Vehicle Rentals	(\$848)	(\$25)	\$823	---
Tobacco Tax	\$23,727,107	\$23,858,712	\$131,605	0.6%
Uncashed Checks	\$3,168,956	\$6,277,130	\$3,108,174	98.1%
Unclaimed Property Fund	\$15,000,000	\$15,000,000	\$0	0.0%
Workers' Comp. Insurance Tax	\$5,545,962	\$3,808,391	(\$1,737,571)	(31.3%)
Other Source Revenues	\$8,904,756	\$13,871,095	\$4,966,339	55.8%
Gross General Fund Revenue	\$9,389,173,812	\$11,727,044,578	\$2,337,870,766	24.9%

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.