



REVENUE DIGEST

JANUARY 2021, FY 2020-21

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South Carolina Economy

Total nonfarm employment in South Carolina continued to grow in December 2020, adding an additional 12,800 jobs for the month. Relative to expectations, employment for the month declined 2.4 percent compared to December 2019, better than our forecast for the quarter of a 3.7 percent decline. South Carolina has recovered 88 percent of the jobs lost since COVID-19 impacted the state. Employment in the Leisure and Hospitality, Education and Health Services, and Government sectors continue to be notably down relative to 2019.

General Fund Revenue

January revenue grew 9.1 percent compared to the prior year, which resulted in a year-to-date General Fund revenue increase of 4.7 percent for FY 2020-21. Total collections are currently \$283.5 million higher than last fiscal year and \$440.2 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	6.7%	6.9%	2.6%
Individual Income Tax	11.6%	3.7%	(6.5%)
Corporation Income Tax	(37.7%)	22.5%	(12.4%)
Other Revenue Items	13.1%	0.3%	(4.8%)
Total General Fund Revenue	9.1%	4.7%	(3.5%)

Revenue Categories

Sales Tax

- Sales tax revenue grew 6.7 percent in January 2021 compared to January 2020, and year-to-date collections are 6.9 percent above last year.
- Collections are currently running \$138.7 million ahead of the forecast.
- Sales tax growth continues to be 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 up 13.7 percent as of January 24, 2021 compared to January 2020, driven by an increase in retail spending of 28.0 percent. South Carolina also experienced its first week of positive growth in spending at restaurants and





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hotels since the state was impacted by business closures, with spending up 0.5 percent relative to January 2020. However, spending on entertainment and recreation continues to be down.¹

Individual Income Tax

- Individual Income tax revenue grew 11.6 percent, or \$69.7 million, in January 2021 compared to January 2020. Total collections year-to-date continue ahead of the forecast by \$222 million.
- Withholdings and Non-withholdings grew by \$34.4 million and \$29.9 million in January 2021 compared to January 2020, respectively. These categories drove much of the growth in Individual Income tax revenue. As a result, fiscal year-to-date Individual Income tax growth is up from 2.0 percent in December to 3.7 percent growth as of January.

Corporate Income Tax

- Corporate Income tax revenue is down \$7.3 million for January, and Corporate License tax is up \$12.0 million.
- 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 \$47.0 million ahead of the forecast, and Corporate License tax is \$29.1 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. Additionally, employment growth continues to be better than expected, causing higher growth in withholdings. However, tax filing season has not started yet for the year, and much of the revenue impact of refunds and payments is yet to be determined.

Future Meetings

- The next scheduled meeting of the Board of Economic Advisors will be on March 18, 2021 via videoconference.

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





January

Table 1

General Fund Revenue	FY 2019-20	FY 2020-21	\$ Change	% Change
Sales and Use Tax	\$317,802,550	\$339,025,853	\$21,223,303	6.7%
Individual Income Tax	\$603,272,278	\$672,969,987	69,697,709	11.6%
Corporation Income Tax	\$19,465,276	\$12,118,245	(7,347,031)	(37.7%)
Insurance Taxes	\$1,223,565	\$1,213,366	(10,199)	(0.8%)
Admissions Tax	\$3,053,742	\$1,878,879	(1,174,863)	(38.5%)
Aircraft Tax	\$120,913	\$377,322	256,409	212.1%
Alcoholic Liquor Tax	\$7,681,961	\$8,859,722	1,177,761	15.3%
Bank Tax	\$3,450,501	(\$969,121)	(4,419,622)	---
Beer and Wine Tax	\$9,308,050	\$9,859,789	551,739	5.9%
Bingo Tax	(\$46,824)	\$3,766	50,590	---
Business Filing Fees	\$645,302	\$1,018,361	373,059	57.8%
Circuit/Family Court Fines	\$630,193	\$445,472	(184,721)	(29.3%)
Corporation License Tax	\$4,742,684	\$16,735,700	11,993,016	252.9%
Documentary Tax	\$6,585,404	\$10,868,463	4,283,059	65.0%
Earned on Investments	\$6,855,178	\$3,199,342	(3,655,836)	(53.3%)
Indirect Cost Recoveries	\$623,005	\$1,719,647	1,096,642	176.0%
Motor Vehicle Licenses	\$755,848	\$920,114	164,266	21.7%
Nursing Home Fees	\$879,716	\$854,947	(24,769)	(2.8%)
Parole and Probation Fees	\$565,468	\$282,734	(282,734)	(50.0%)
Private Car Lines Tax	\$380,194	\$470,282	90,088	23.7%
Public Service Authority	\$8,952,000	\$8,984,000	32,000	0.4%
Purchasing Card Rebates	\$0	\$0	0	---
Record Search Fees	\$0	\$0	0	---
Savings and Loan Assoc. Tax	\$800	\$0	(800)	---
Security Dealer Fees	\$998,556	\$983,166	(15,390)	(1.5%)
Surcharge on Vehicle Rentals	\$2,184,404	\$0	(2,184,404)	---
Tobacco Tax	\$2,242,929	\$2,160,203	(82,726)	(3.7%)
Uncashed Checks	(\$129,247)	(\$55,279)	73,968	---
Unclaimed Property Fund	\$0	\$0	0	---
Workers' Comp. Insurance Tax	(\$399,875)	(\$400,000)	(125)	---
Other Source Revenues	\$864,127	\$875,555	11,428	1.3%
Gross General Fund Revenue	\$1,002,708,698	\$1,094,400,515	\$91,691,817	9.1%

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 - January

Table 2

General Fund Revenue	FY 2019-20	FY 2020-21	\$ Change	% Change
Sales and Use Tax	\$1,705,865,081	\$1,823,821,423	\$117,956,342	6.9%
Individual Income Tax	\$3,524,521,223	\$3,654,016,359	129,495,136	3.7%
Corporation Income Tax	\$152,628,688	\$186,912,097	34,283,409	22.5%
Insurance Taxes	\$116,639,346	\$156,671,270	40,031,924	34.3%
Admissions Tax	\$12,454,621	\$9,089,079	(3,365,542)	(27.0%)
Aircraft Tax	\$2,620,913	\$2,877,322	256,409	9.8%
Alcoholic Liquor Tax	\$42,070,670	\$47,749,786	5,679,116	13.5%
Bank Tax	\$38,903,280	\$7,643,824	(31,259,456)	(80.4%)
Beer and Wine Tax	\$57,116,327	\$59,562,432	2,446,105	4.3%
Bingo Tax	\$24,892	\$139,737	114,845	461.4%
Business Filing Fees	\$3,611,681	\$6,096,275	2,484,594	68.8%
Circuit/Family Court Fines	\$3,572,738	\$2,975,159	(597,579)	(16.7%)
Corporation License Tax	\$114,358,430	\$122,738,298	8,379,868	7.3%
Documentary Tax	\$42,711,242	\$56,150,222	13,438,980	31.5%
Earned on Investments	\$68,041,268	\$36,108,102	(31,933,166)	(46.9%)
Indirect Cost Recoveries	\$5,454,592	\$7,382,982	1,928,390	35.4%
Motor Vehicle Licenses	\$5,562,779	\$5,768,260	205,481	3.7%
Nursing Home Fees	\$1,758,735	\$1,712,504	(46,231)	(2.6%)
Parole and Probation Fees	\$1,696,404	\$1,979,138	282,734	16.7%
Private Car Lines Tax	\$6,223,048	\$6,605,680	382,632	6.1%
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	\$0	\$0	0	---
Savings and Loan Assoc. Tax	\$5,871,931	\$906,203	(4,965,728)	(84.6%)
Security Dealer Fees	\$24,290,796	\$25,145,830	855,034	3.5%
Surcharge on Vehicle Rentals	\$1,365,383	\$152	(1,365,231)	(100.0%)
Tobacco Tax	\$13,164,278	\$14,388,807	1,224,529	9.3%
Uncashed Checks	\$3,014,828	\$4,240,149	1,225,321	40.6%
Unclaimed Property Fund	\$7,500,000	\$7,500,000	0	0.0%
Workers' Comp. Insurance Tax	\$3,264,996	\$2,495,464	(769,532)	(23.6%)
Other Source Revenues	\$8,333,639	\$5,611,262	(2,722,377)	(32.7%)
Gross General Fund Revenue	\$5,984,820,542	\$6,268,360,429	\$283,539,887	4.7%

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.