

GENERAL FUND REVENUE: TRENDS & ANALYSIS

REQUESTED BY
HOUSE TAX POLICY REVIEW COMMITTEE

By

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POPULATION

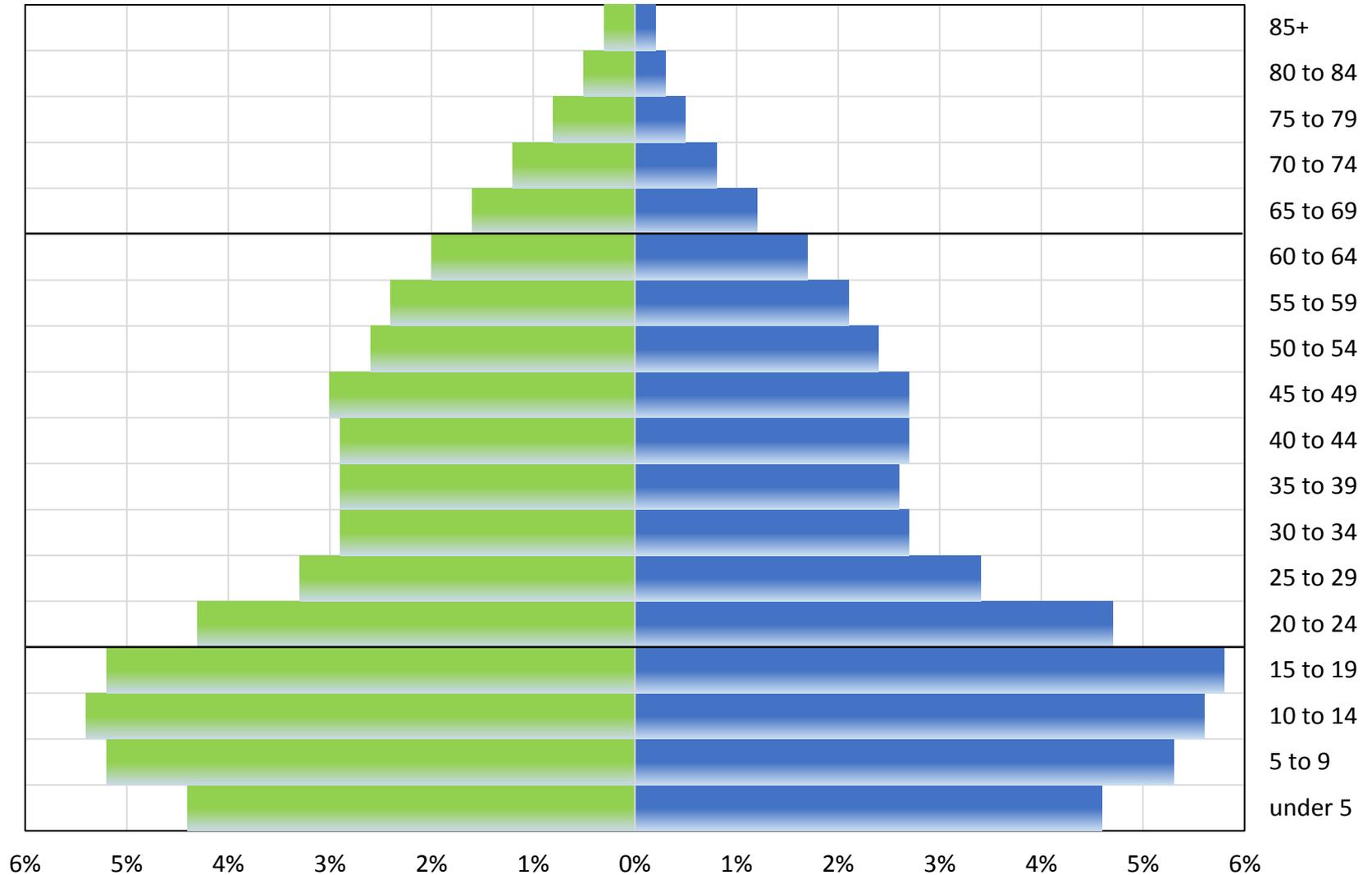


SOUTH CAROLINA POPULATION PYRAMID

1970

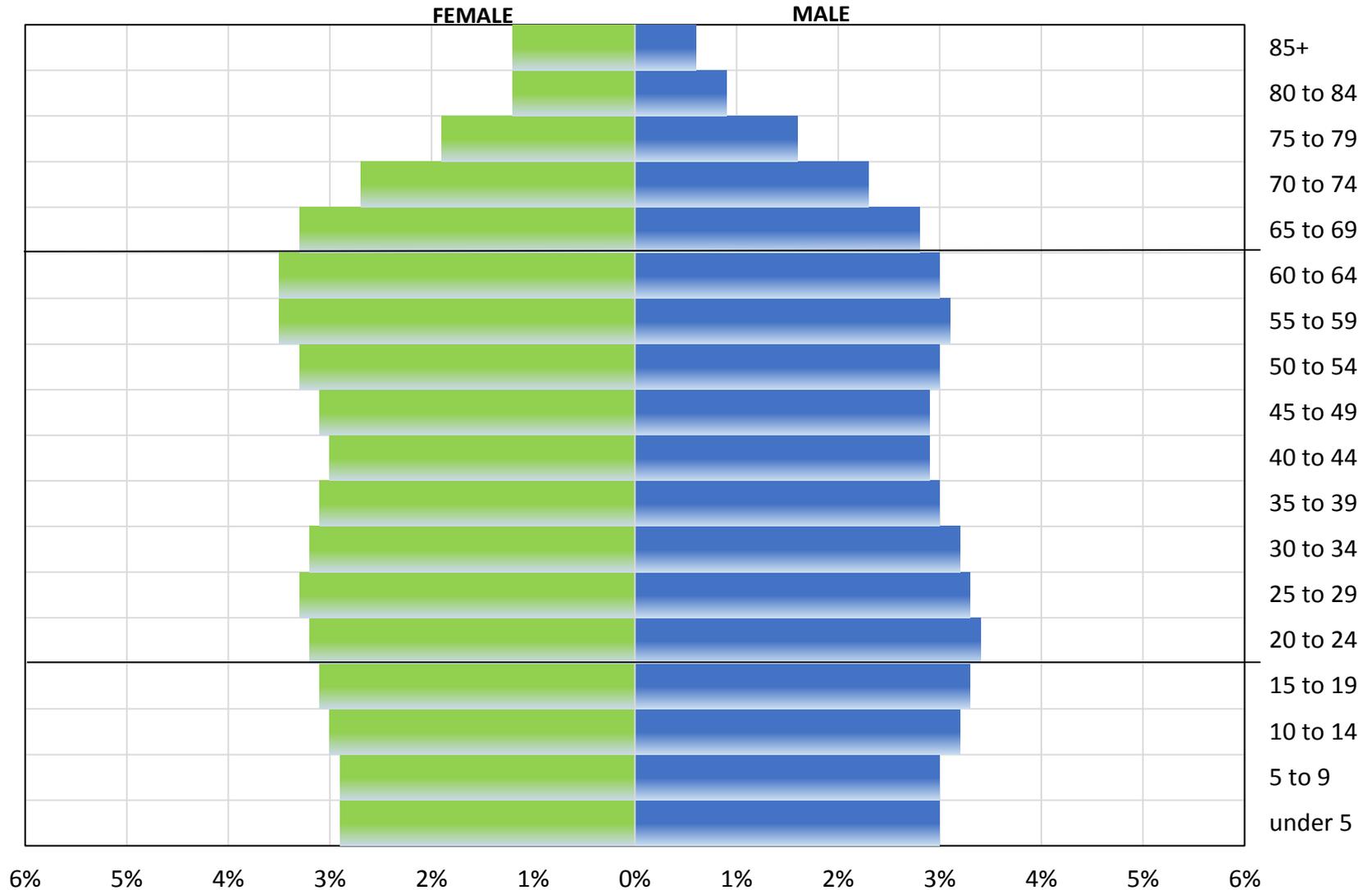
FEMALE

MALE



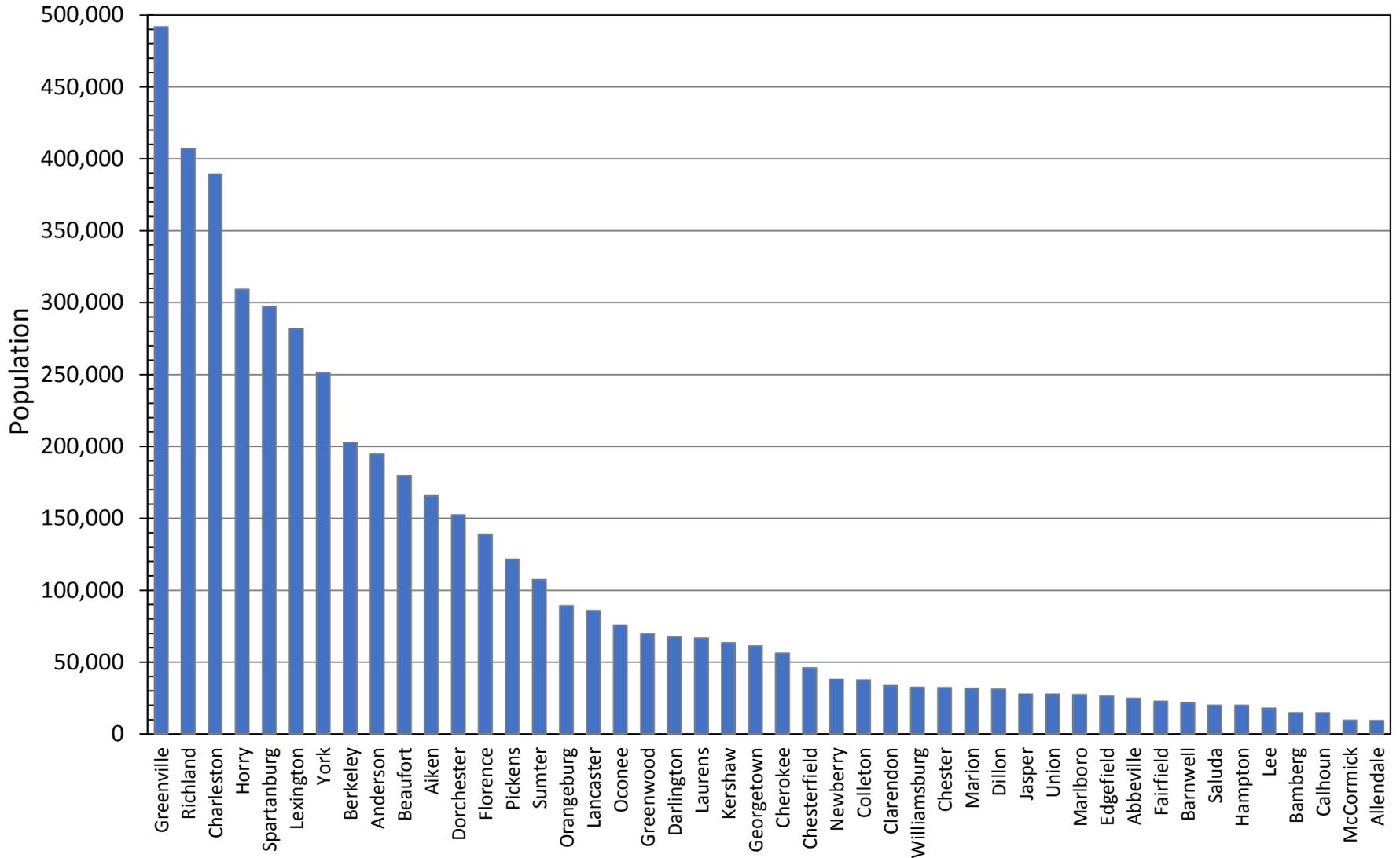
SOUTH CAROLINA POPULATION PYRAMID

Estimated 2020



SOUTH CAROLINA POPULATION BY COUNTY

Estimates as of July 1, 2015



Notes: Population

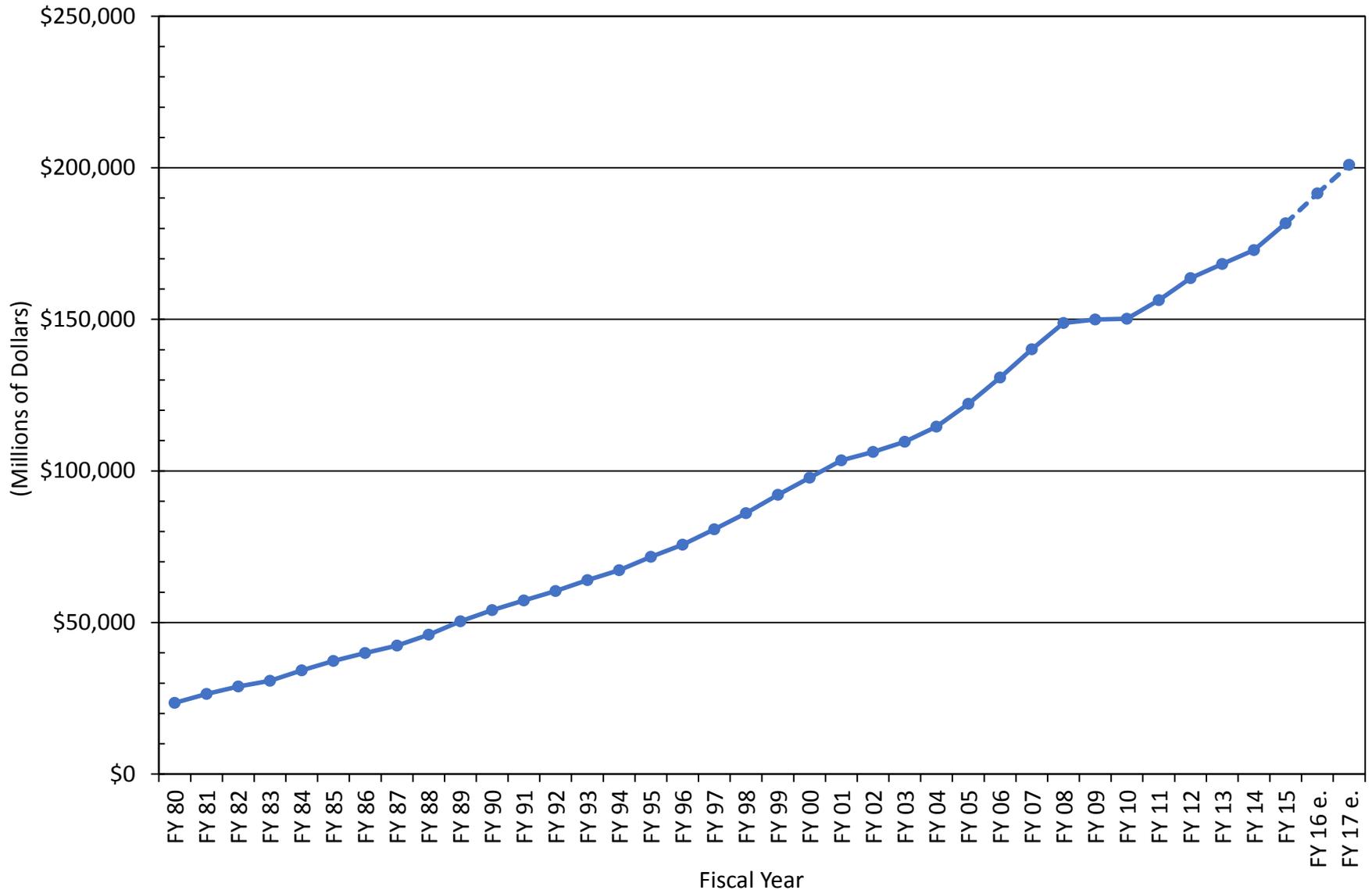
- S.C. is growing older. The average age is expected to increase from 24.8 in 1970 to 39.8 in 2020.
- In 1970, 41.5 percent of the population was age 19 or below. By 2020, that population is expected to decrease to 24.4 percent of the total.
- In 1970, 7.4 percent of the population was age 65 or higher. By 2020, that population is expected to increase to 18.5 percent of the total.
- The impact on the economy and revenue will be different in the next twenty to thirty years than over the past few years.
- 49.6 percent of the state's population is in the top seven counties.



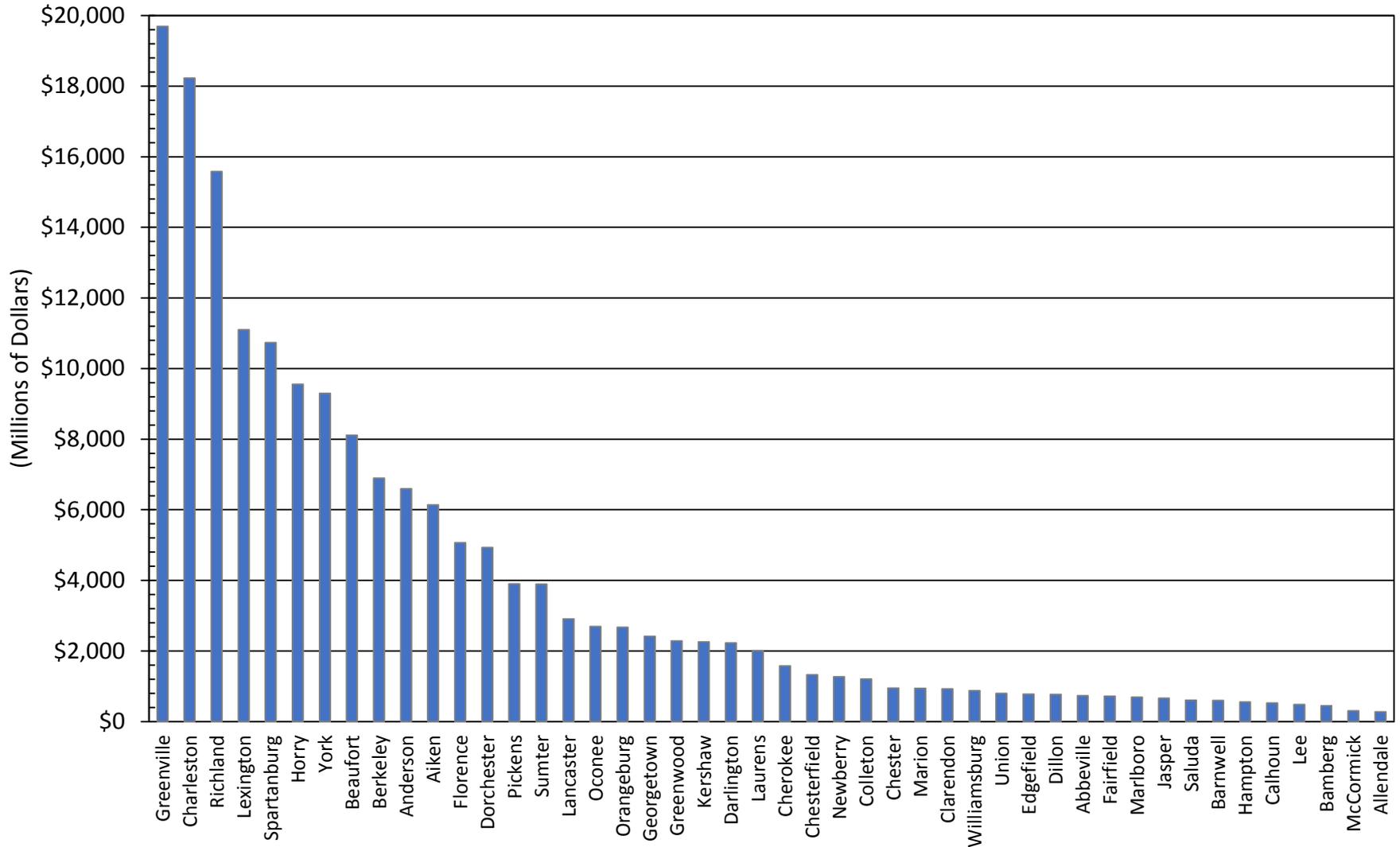
PERSONAL INCOME



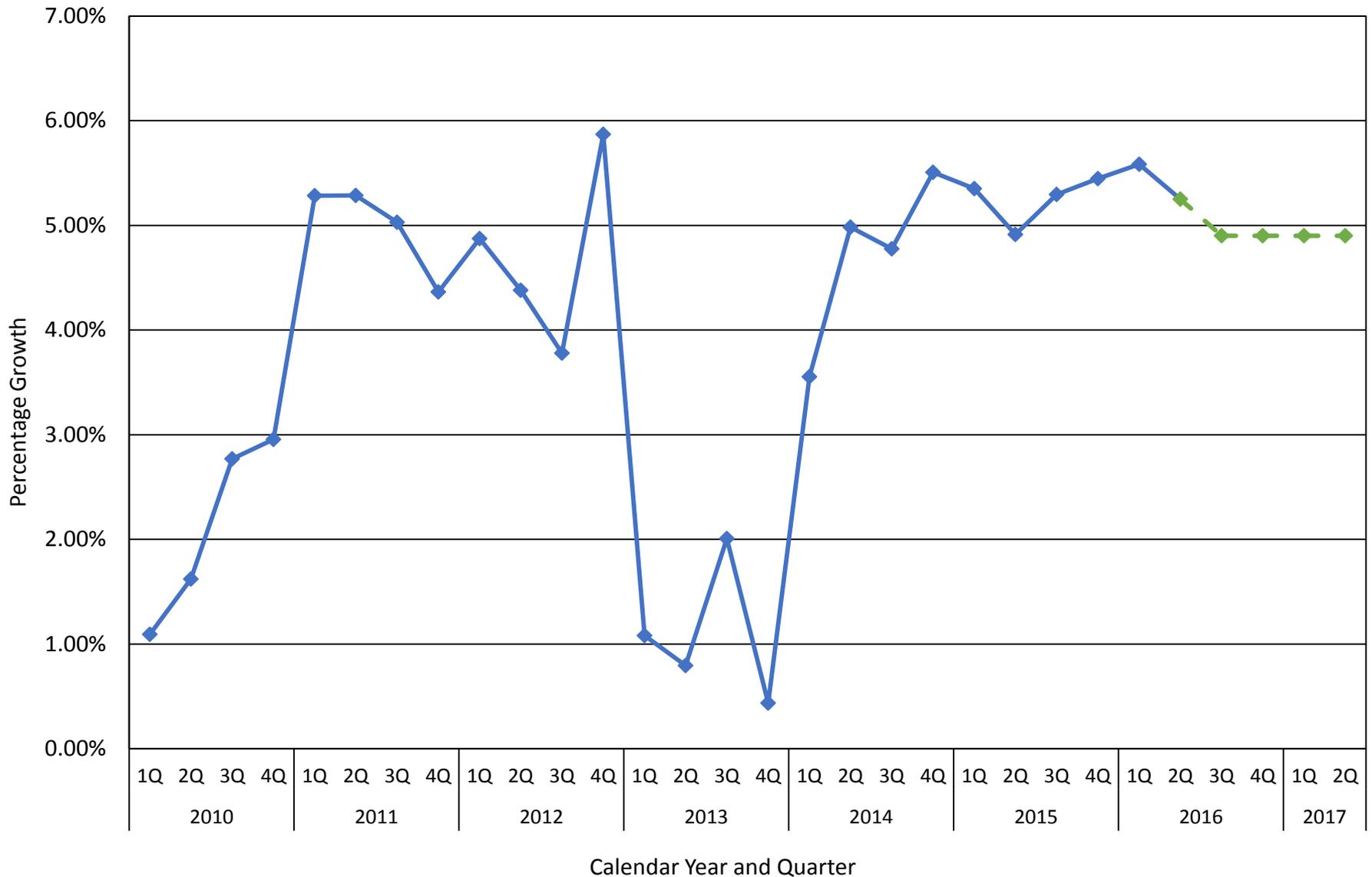
SOUTH CAROLINA TOTAL PERSONAL INCOME



TOTAL SOUTH CAROLINA PERSONAL INCOME 2014 by County

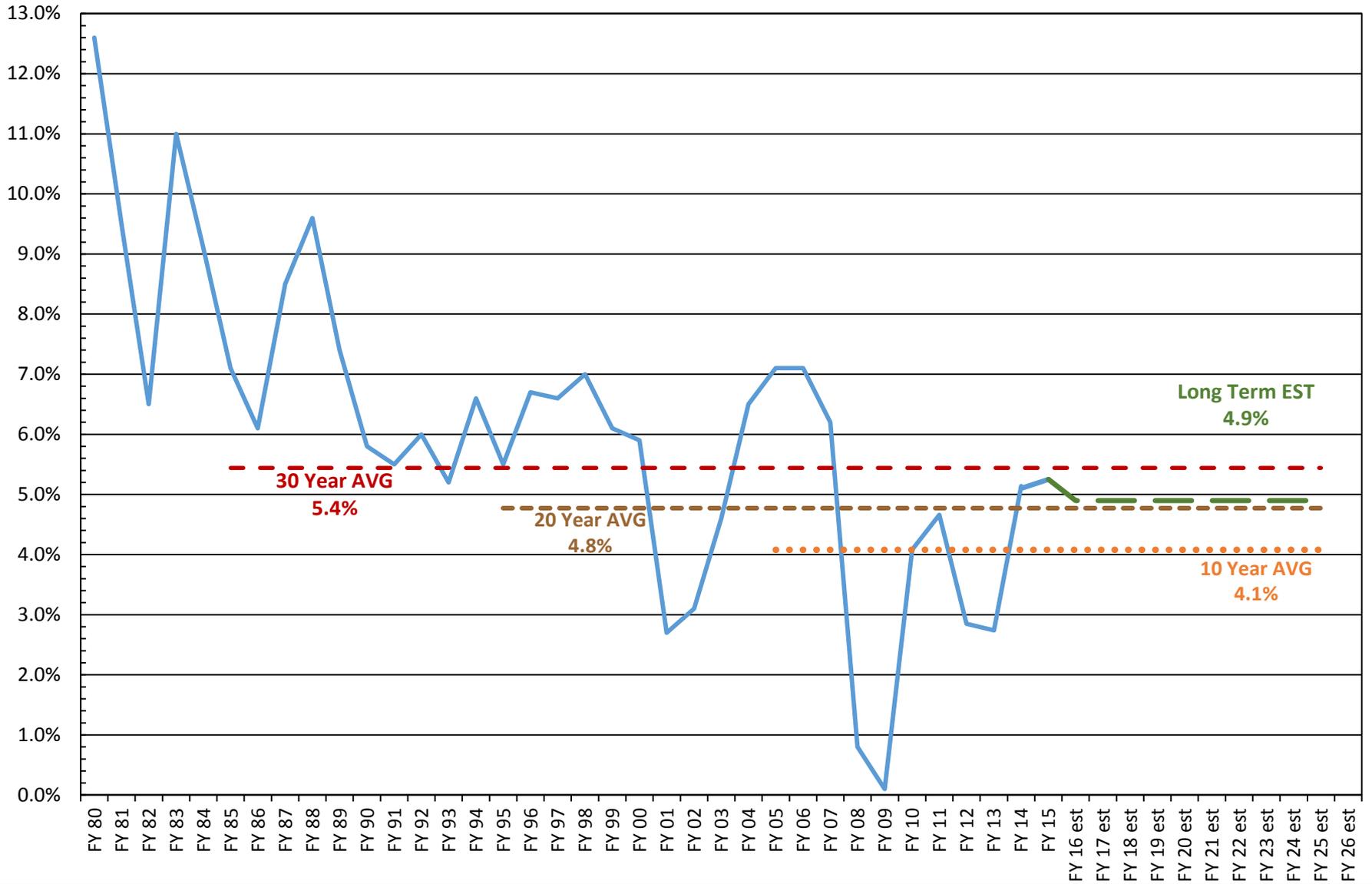


SC PERSONAL INCOME GROWTH RATES Actuals and Estimates - June 2016



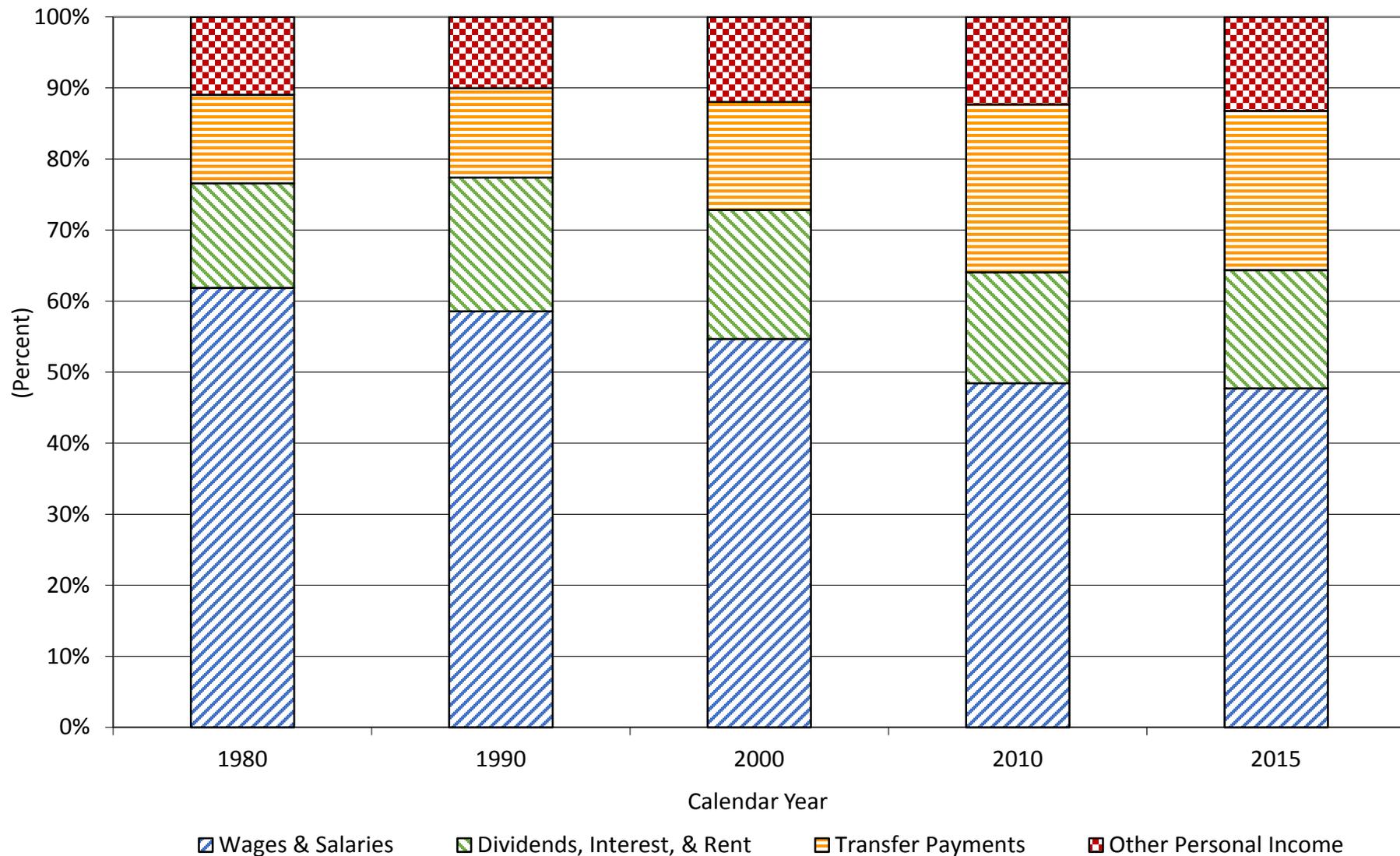
SC PERSONAL INCOME FY GROWTH RATES

Actuals, Estimates, and Averages



Source: US Department of Commerce, Bureau of Economic Analysis RFA-LJ/08/19/16

SHARES OF PERSONAL INCOME COMPONENTS In South Carolina



Notes: Personal Income

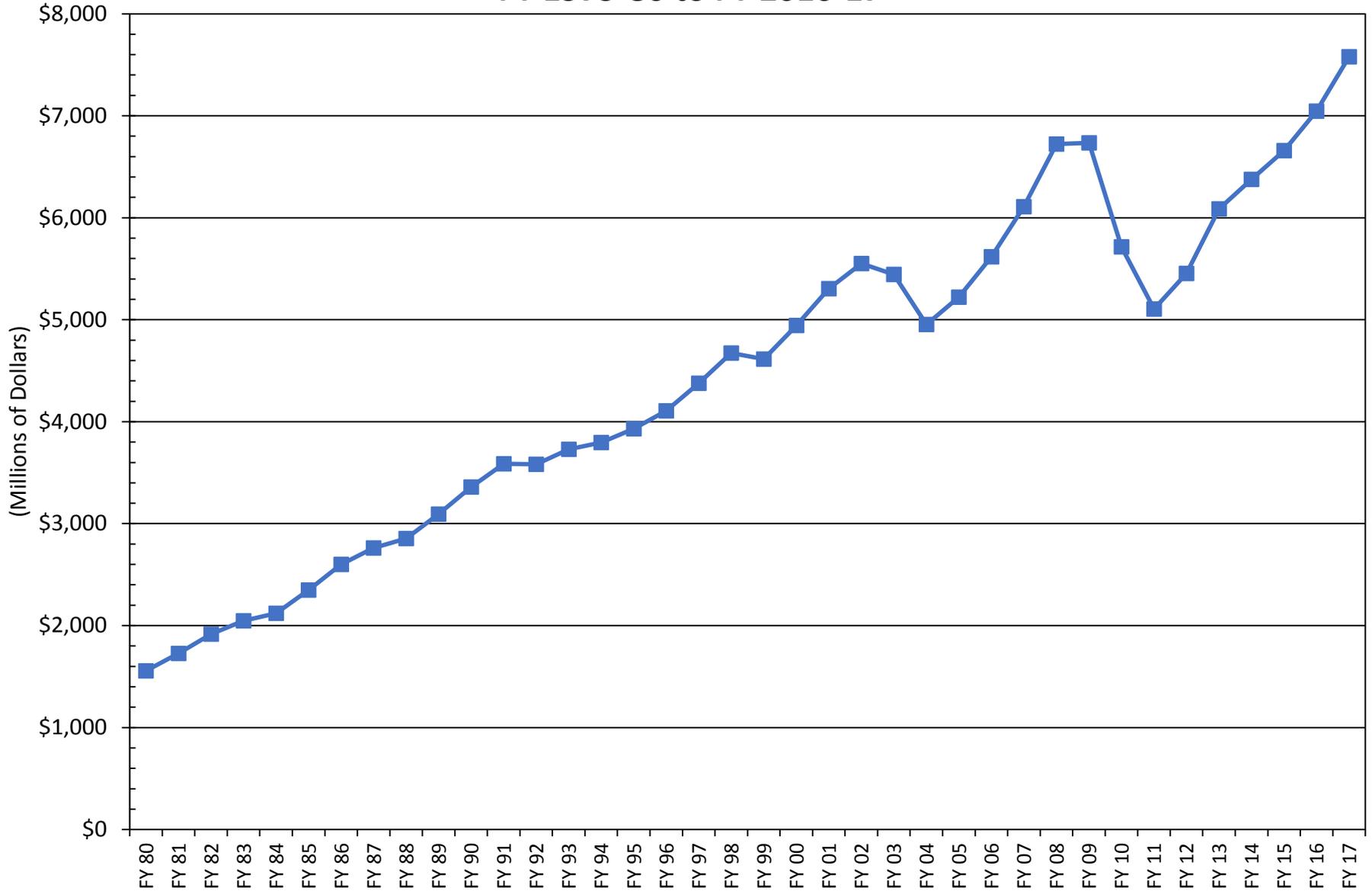
- S.C. personal income is growing at close to its 20-year average.
- S.C. is experiencing a shift in the components of personal income.
- Wages as a component of total personal income have decreased from 62 percent to 48 percent.
- The top seven counties account for 53 percent of personal income in S.C.



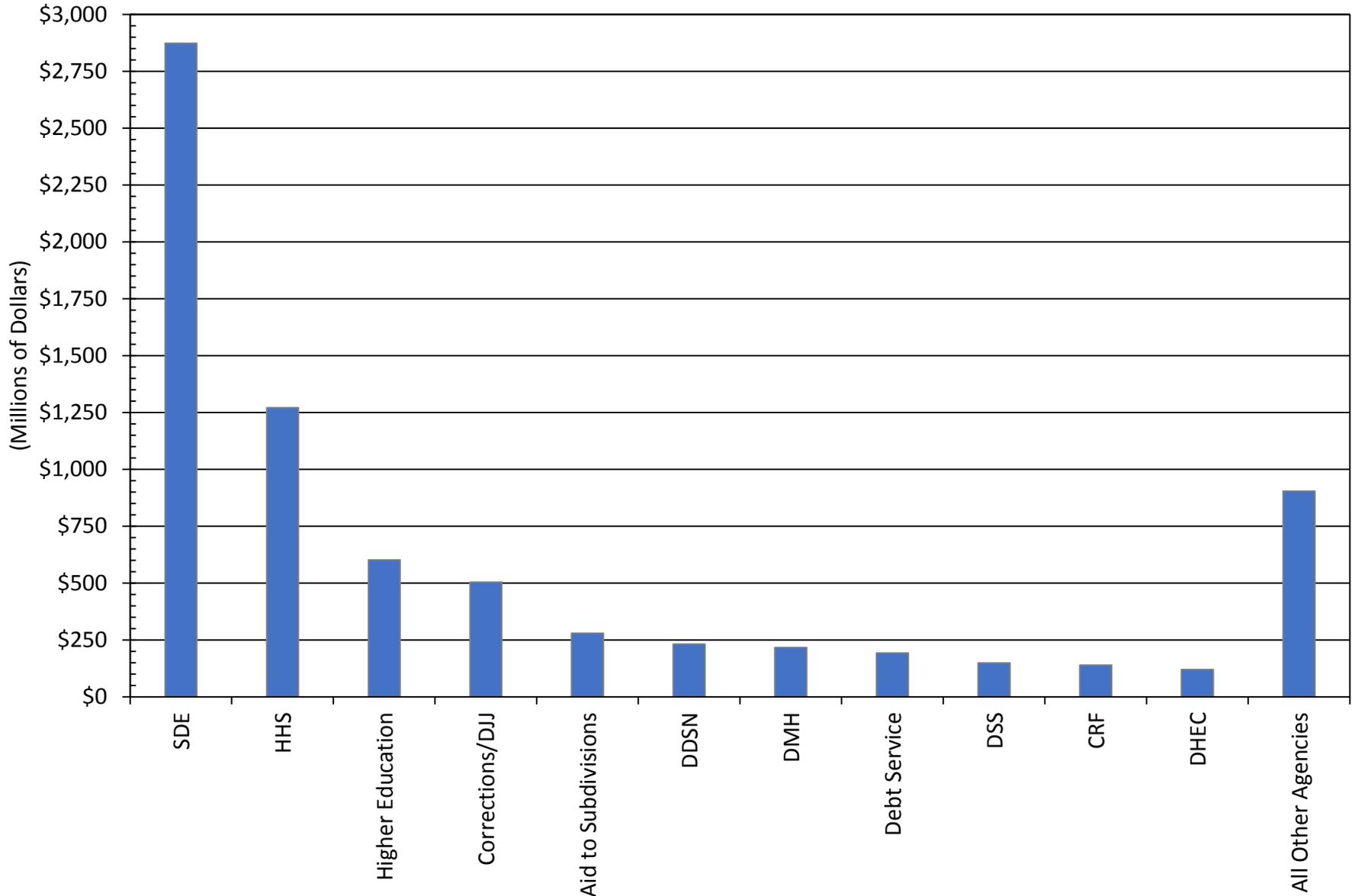
GENERAL FUND APPROPRIATIONS



GENERAL FUND APPROPRIATIONS FY 1979-80 to FY 2016-17



FY 2016-17 GENERAL FUND APPROPRIATIONS



Notes: General Fund Appropriations

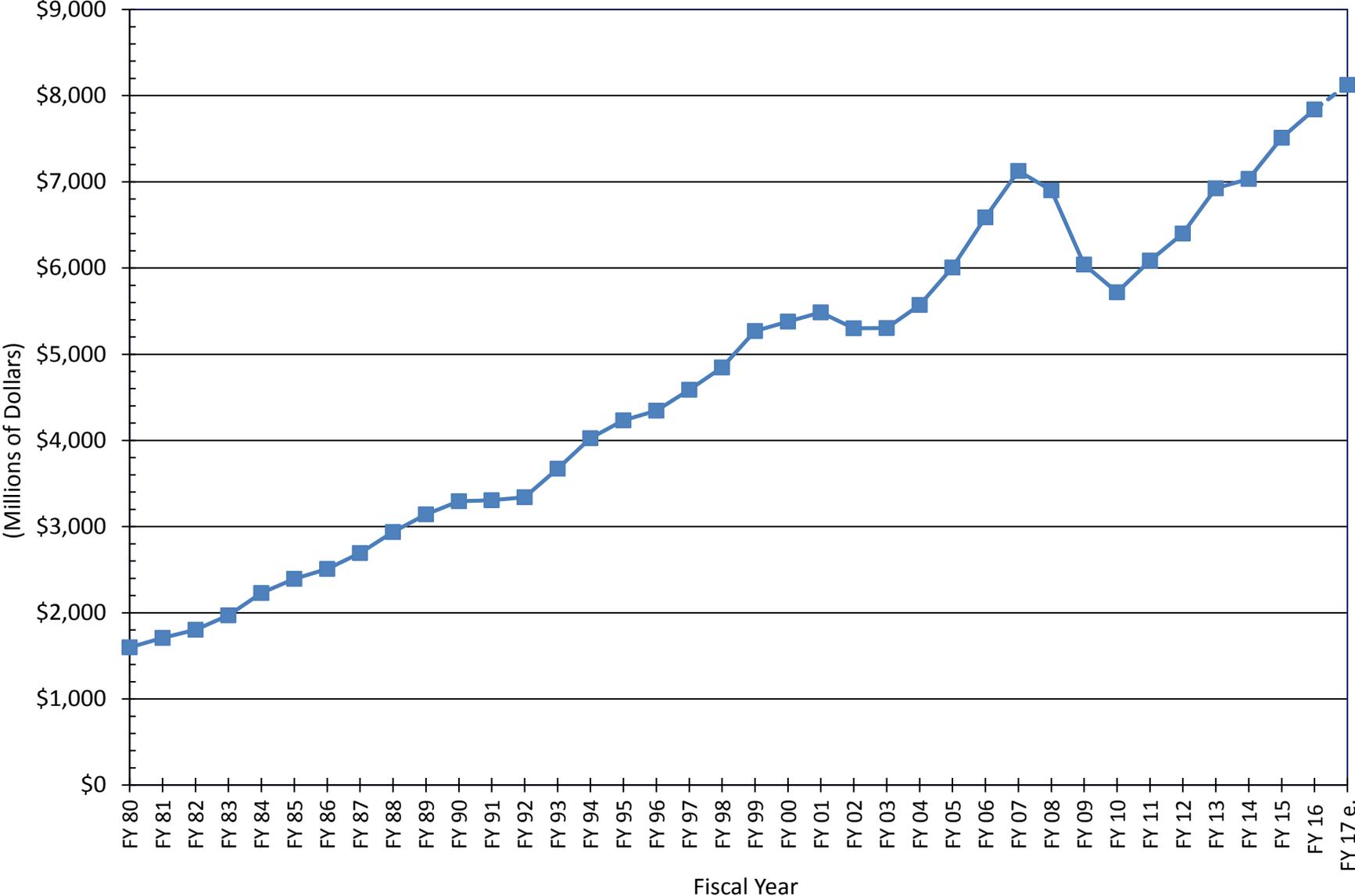
- The two largest General Fund appropriations are for the Department of Education and Health and Human Services. These two agencies account for 55 percent of total General Fund appropriations.



GENERAL FUND REVENUE

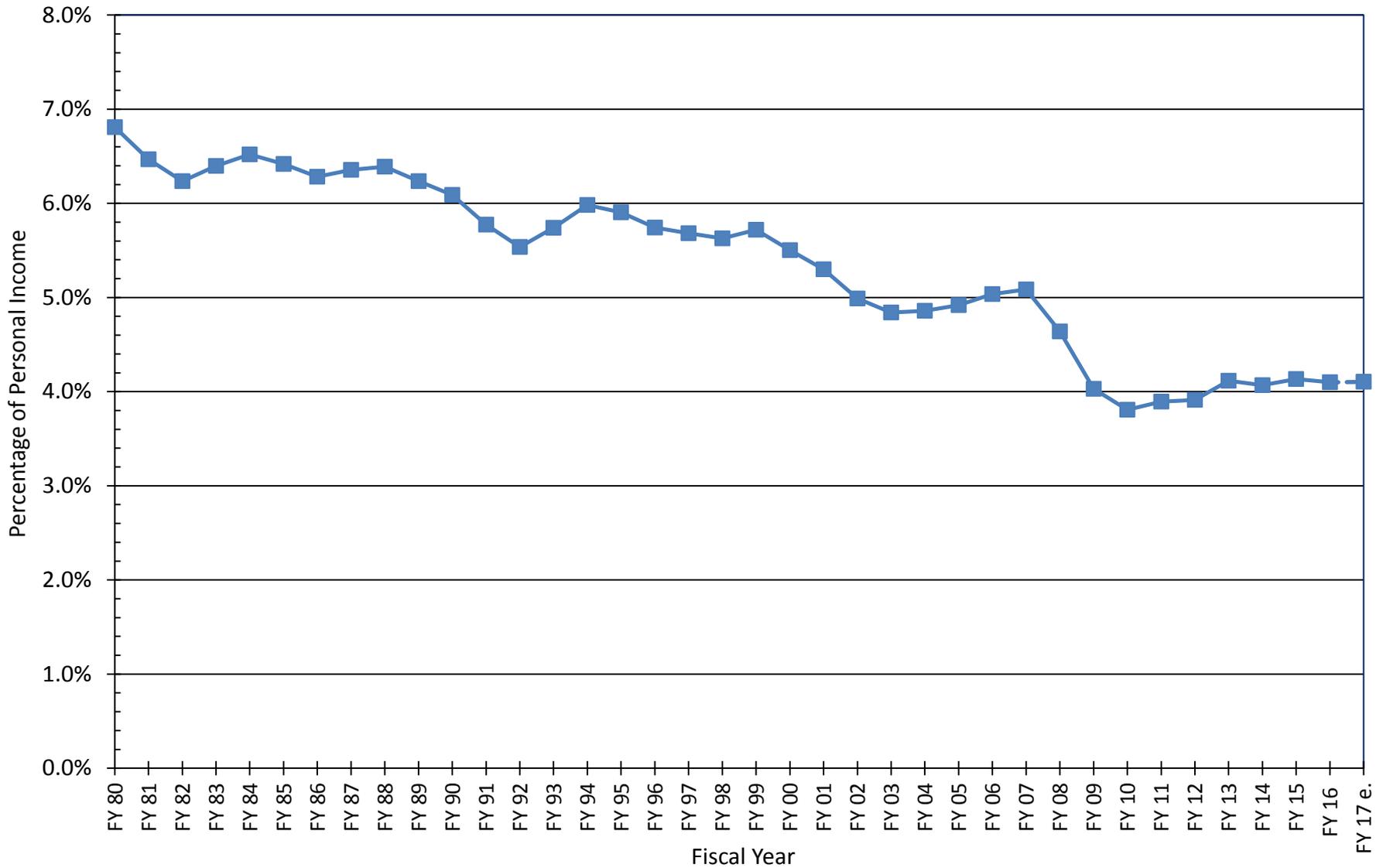


SOUTH CAROLINA GENERAL FUND REVENUE

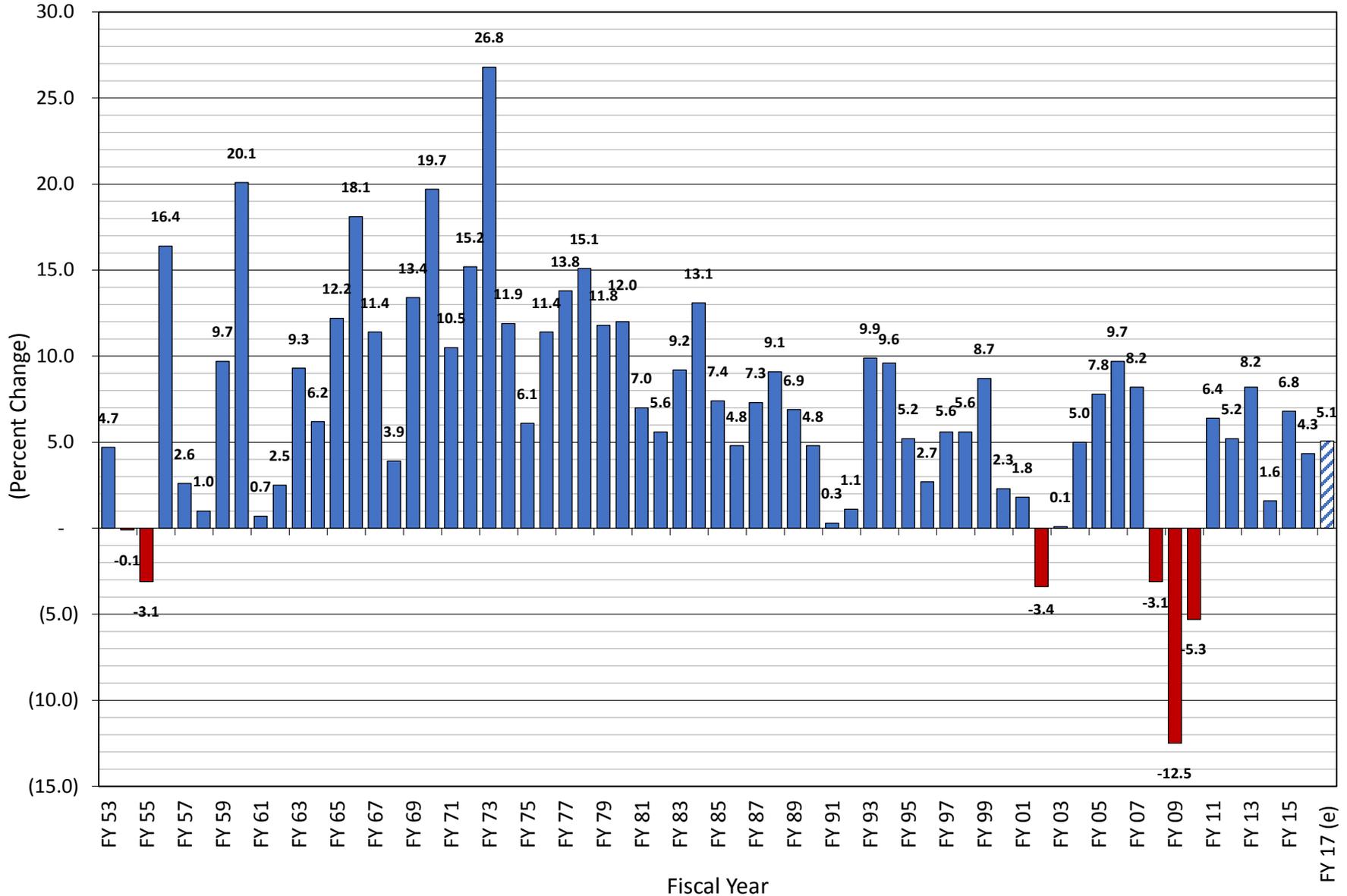


Source: S.C. Revenue and Fiscal Affairs Office LJ/08/24/16

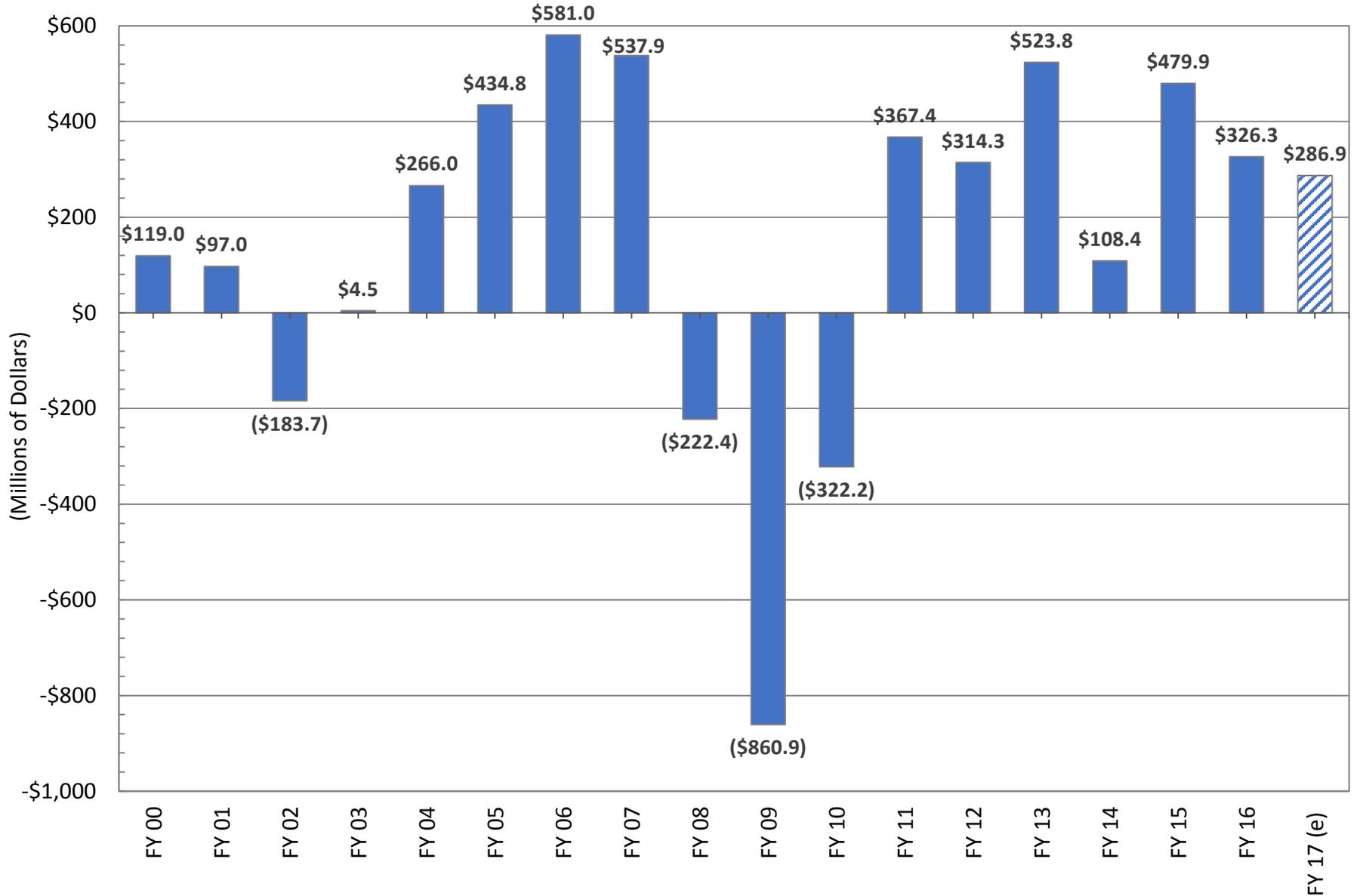
SOUTH CAROLINA GENERAL FUND REVENUE as a Percentage of Total Personal Income



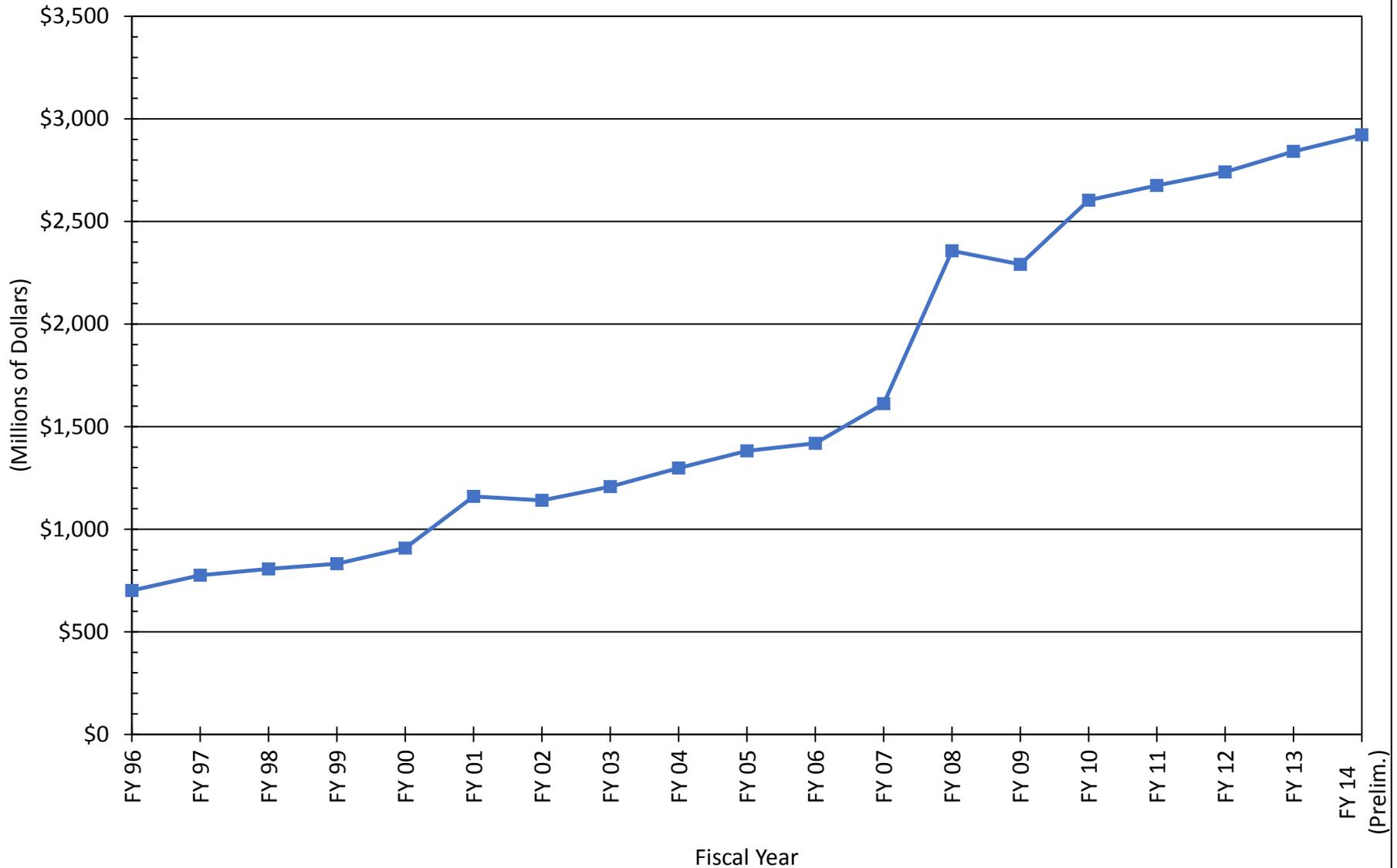
PERCENT CHANGE IN S.C. GENERAL FUND REVENUE



ANNUAL GENERAL FUND REVENUE GROWTH

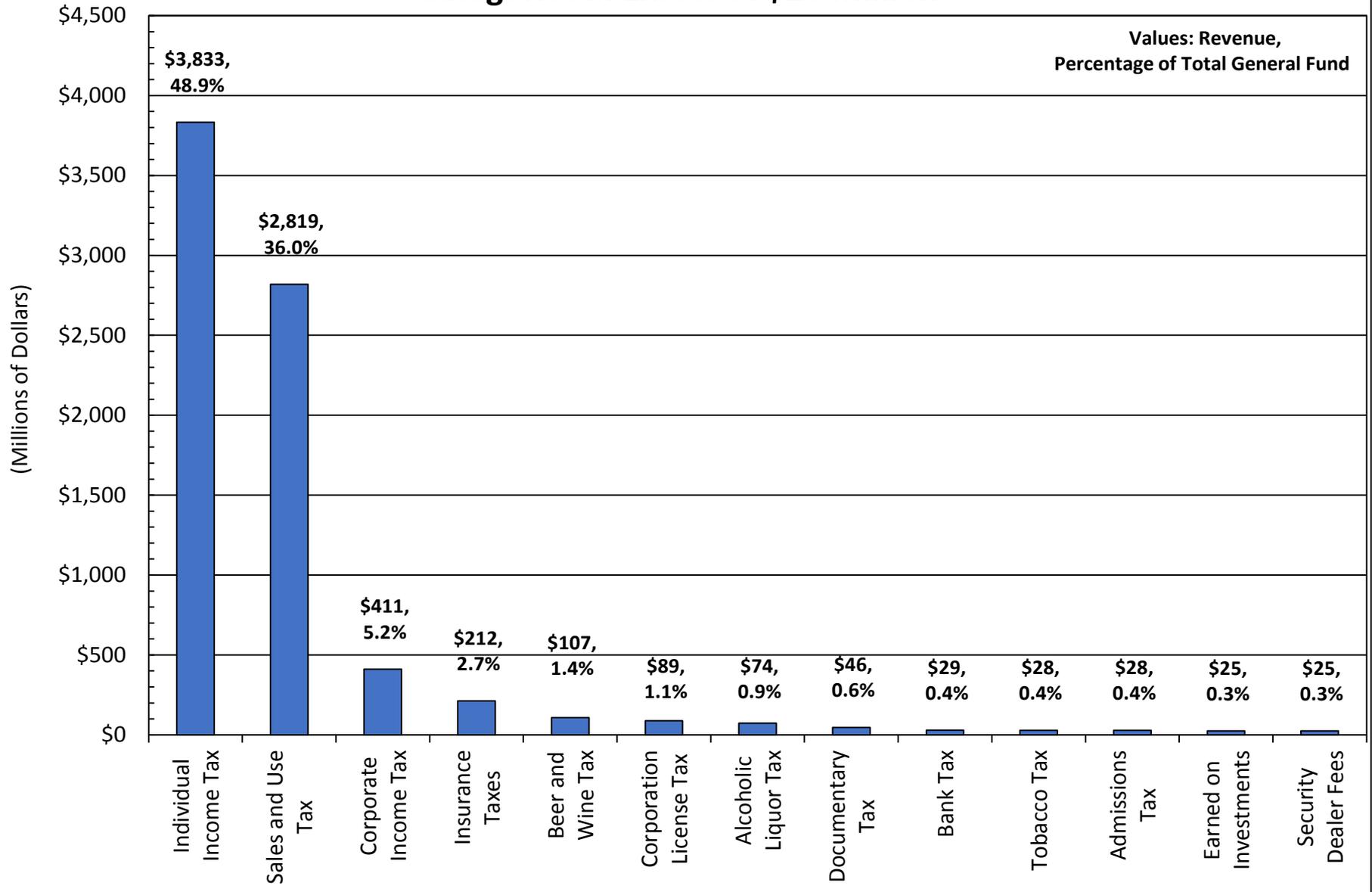


ESTIMATED ANNUAL TAX SAVINGS FY 1995-96 to FY 2013-14



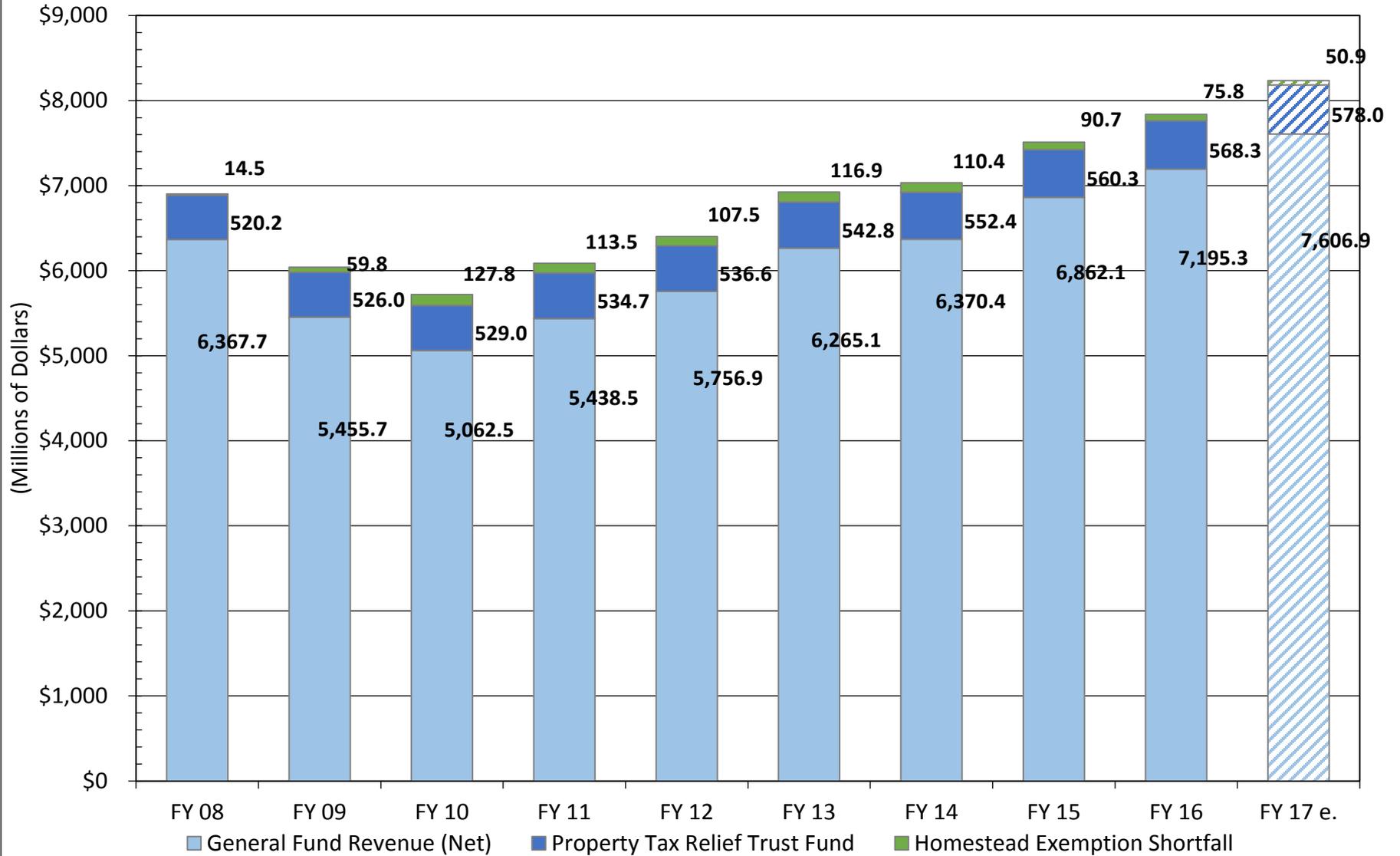
FY 2015-16 GENERAL FUND REVENUE BY TYPE

Categories in Excess of \$25 Million



GENERAL FUND REVENUE

Less Trust Fund and Homestead Exemption Shortfall



Notes: General Fund Revenue

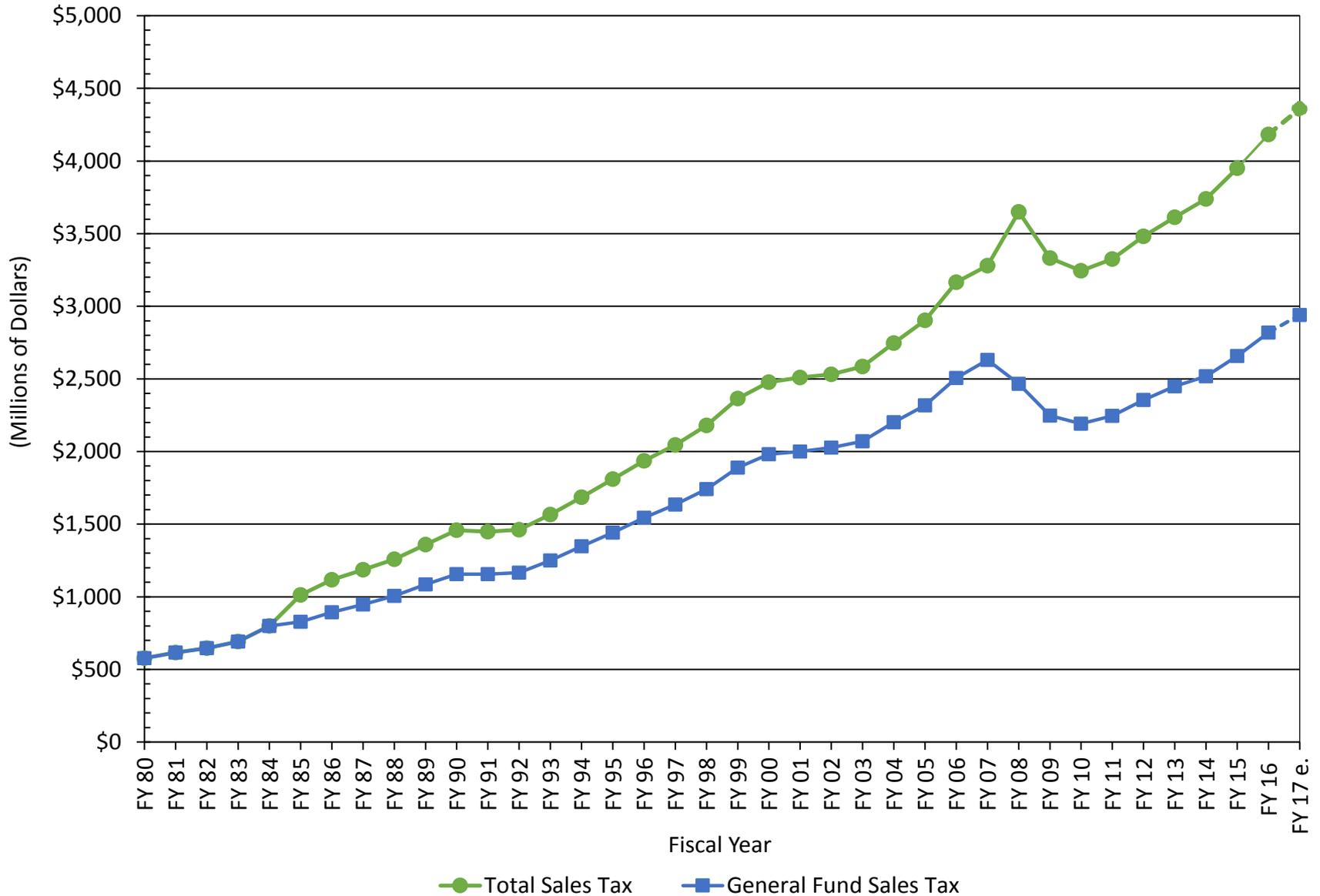
- S.C. General Fund revenue as a percentage of total personal income has declined from 6.8 percent in FY 80 to approximately 4.1 percent in FY 17.
- General Fund revenue dropped twenty percent during the last recession.
- Sales and individual income tax revenue account for approximately 85 percent of total General Fund revenue.
- Since FY 96, estimated annual tax savings due to legislative enactments have increased from \$700 million to \$2.9 billion in FY 14.



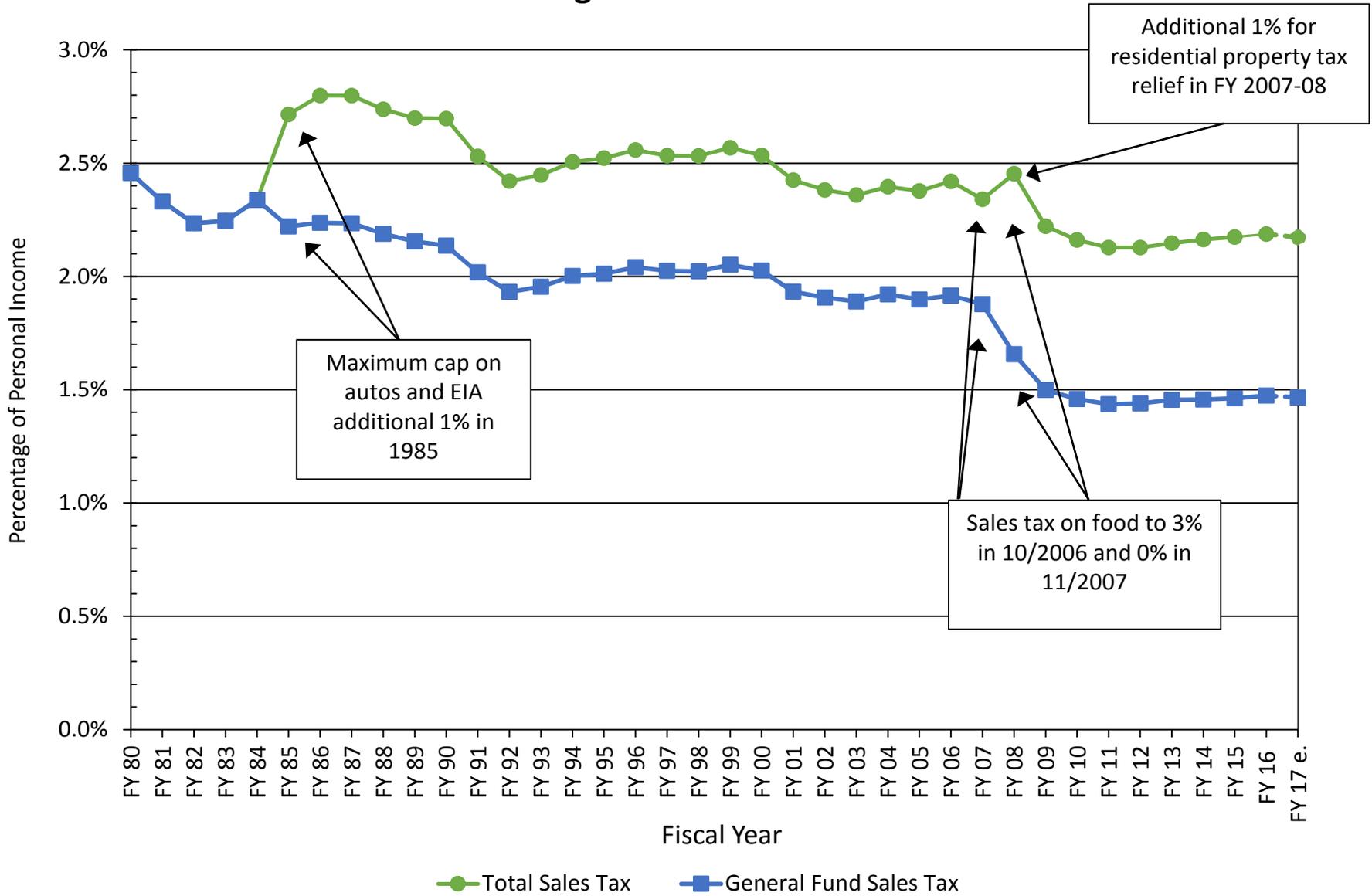
SALES TAX



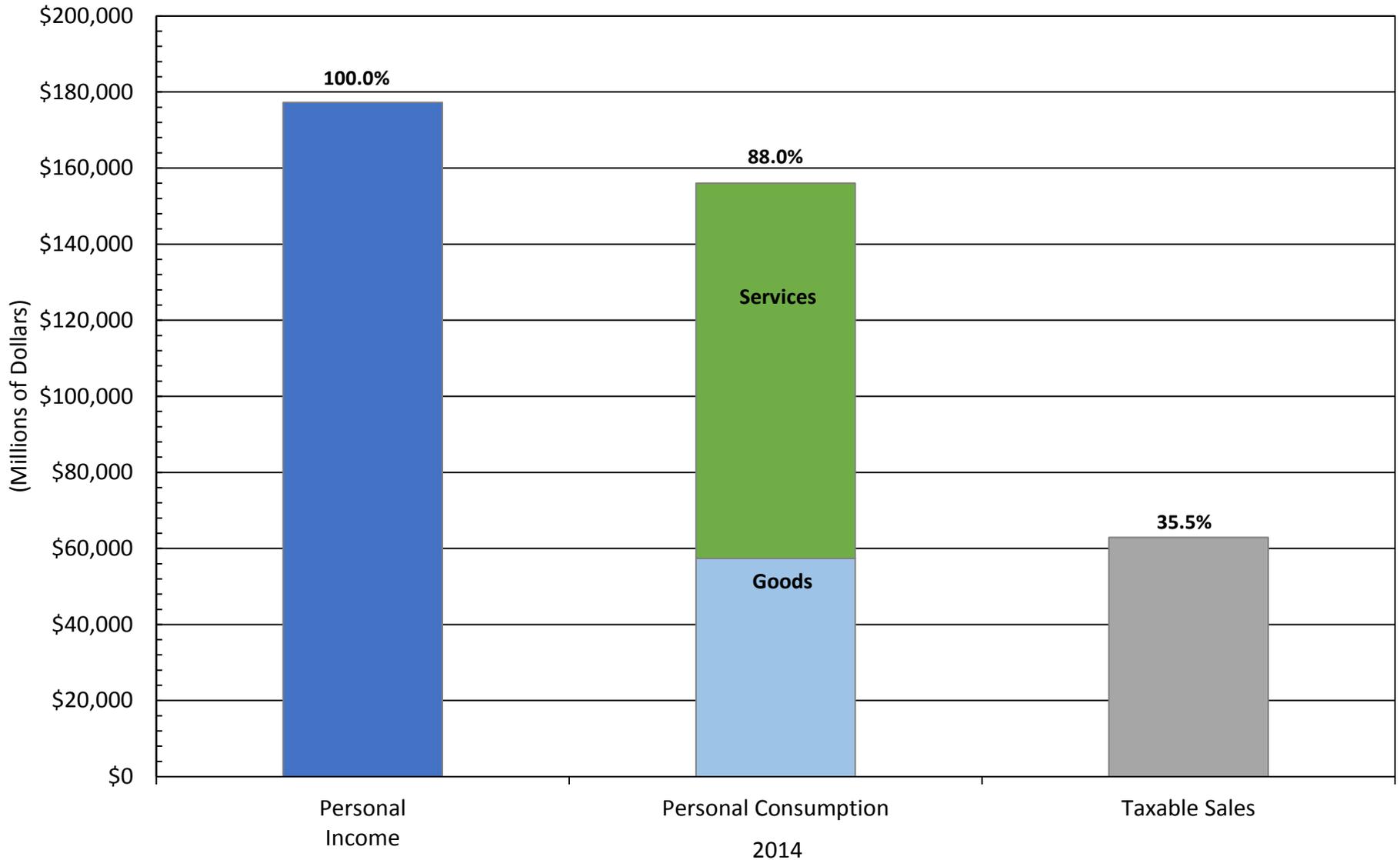
SOUTH CAROLINA TOTAL AND GENERAL FUND SALES TAX COLLECTIONS



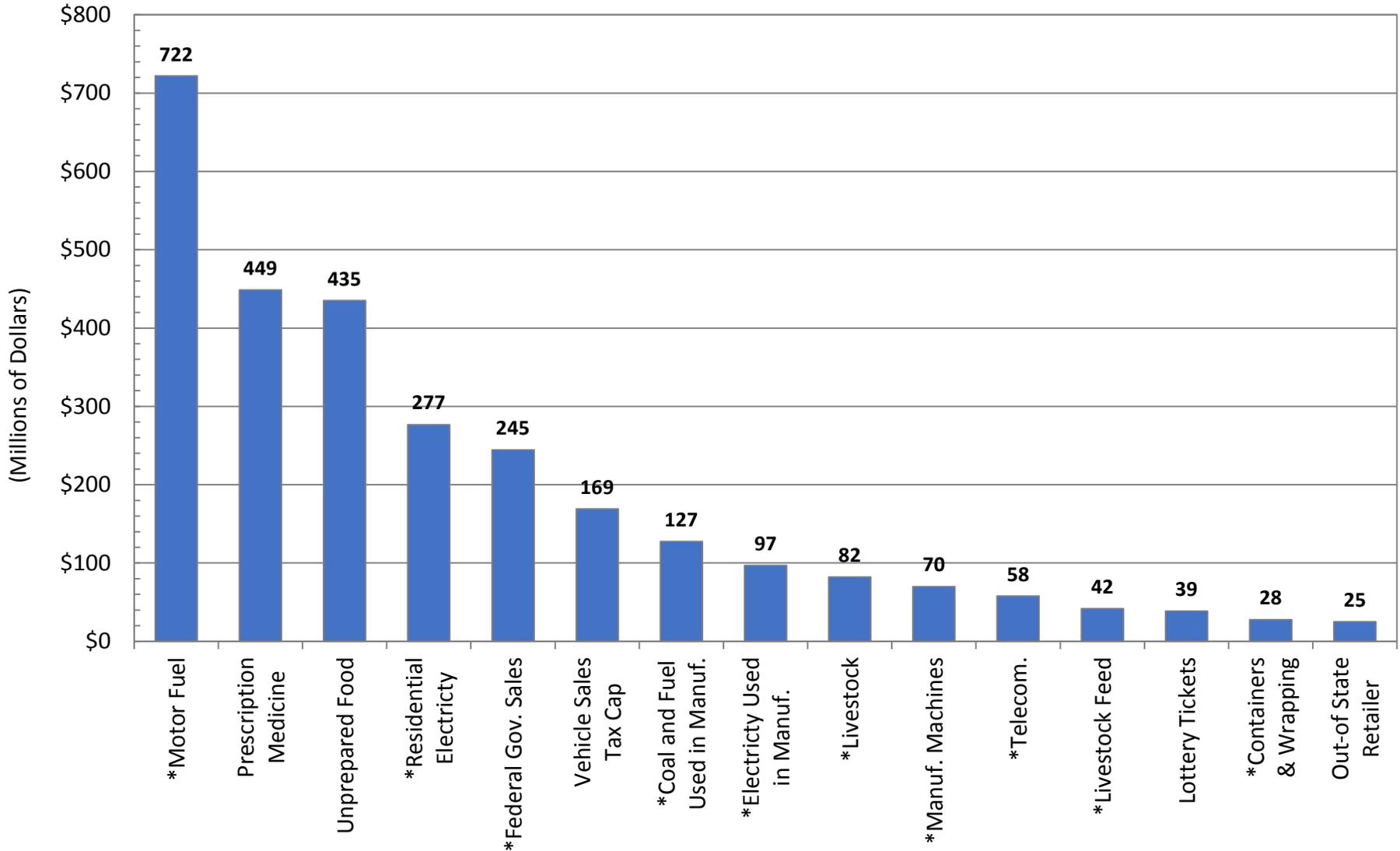
SOUTH CAROLINA TOTAL AND GENERAL FUND SALES TAX COLLECTIONS as a Percentage of Total Personal Income



SOUTH CAROLINA PERSONAL INCOME, PERSONAL CONSUMPTION, AND TAXABLE SALES

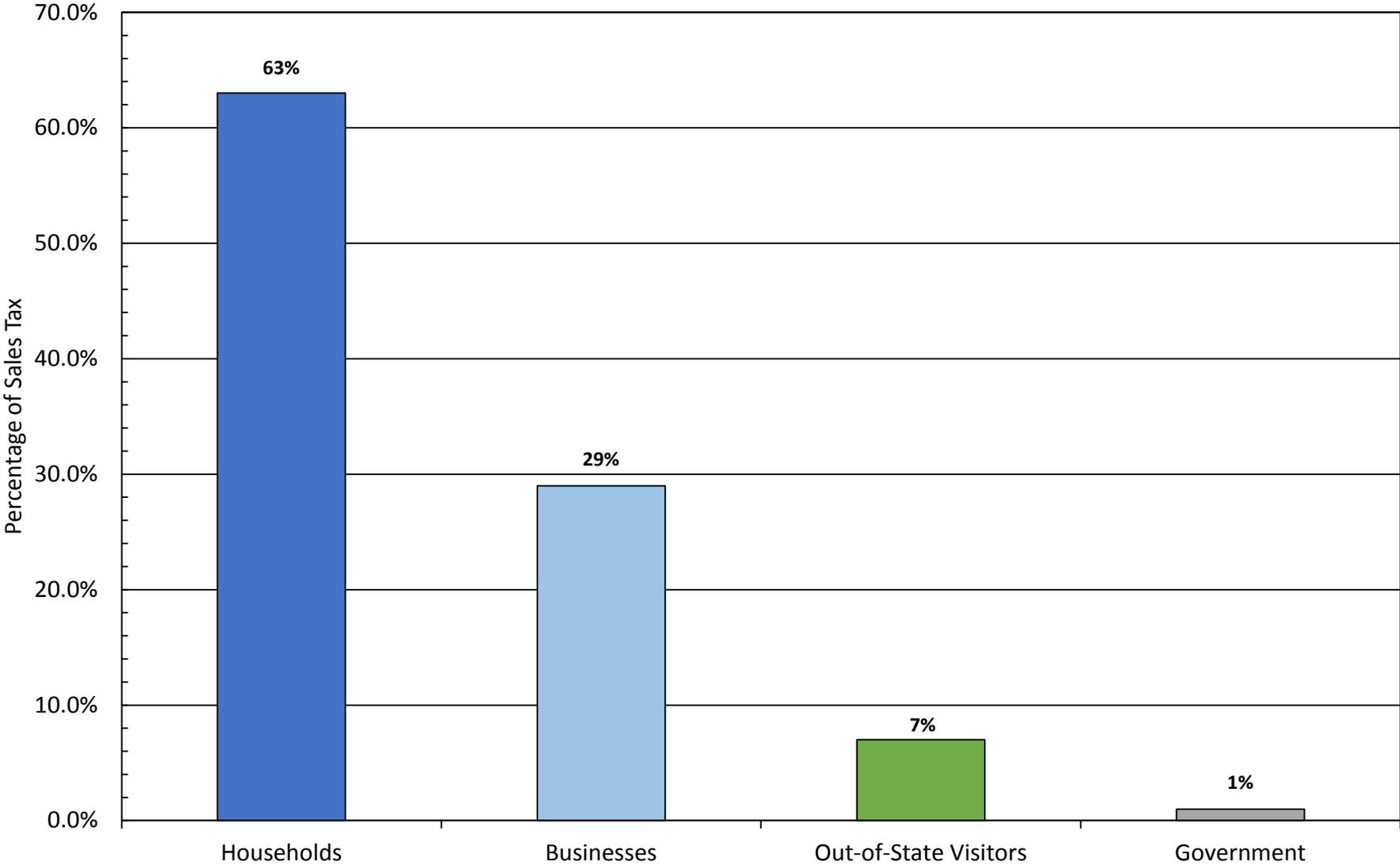


FY 2012-13 SALES TAX EXEMPTIONS AND EXCLUSIONS In Excess of \$25 Million



*Original Exemptions from 1951

PERCENTAGE OF SALES TAX BY PURCHASER



Source: S.C. Revenue and Fiscal Affairs Office 172A-LJ/08/23/16

Notes: Sales Tax

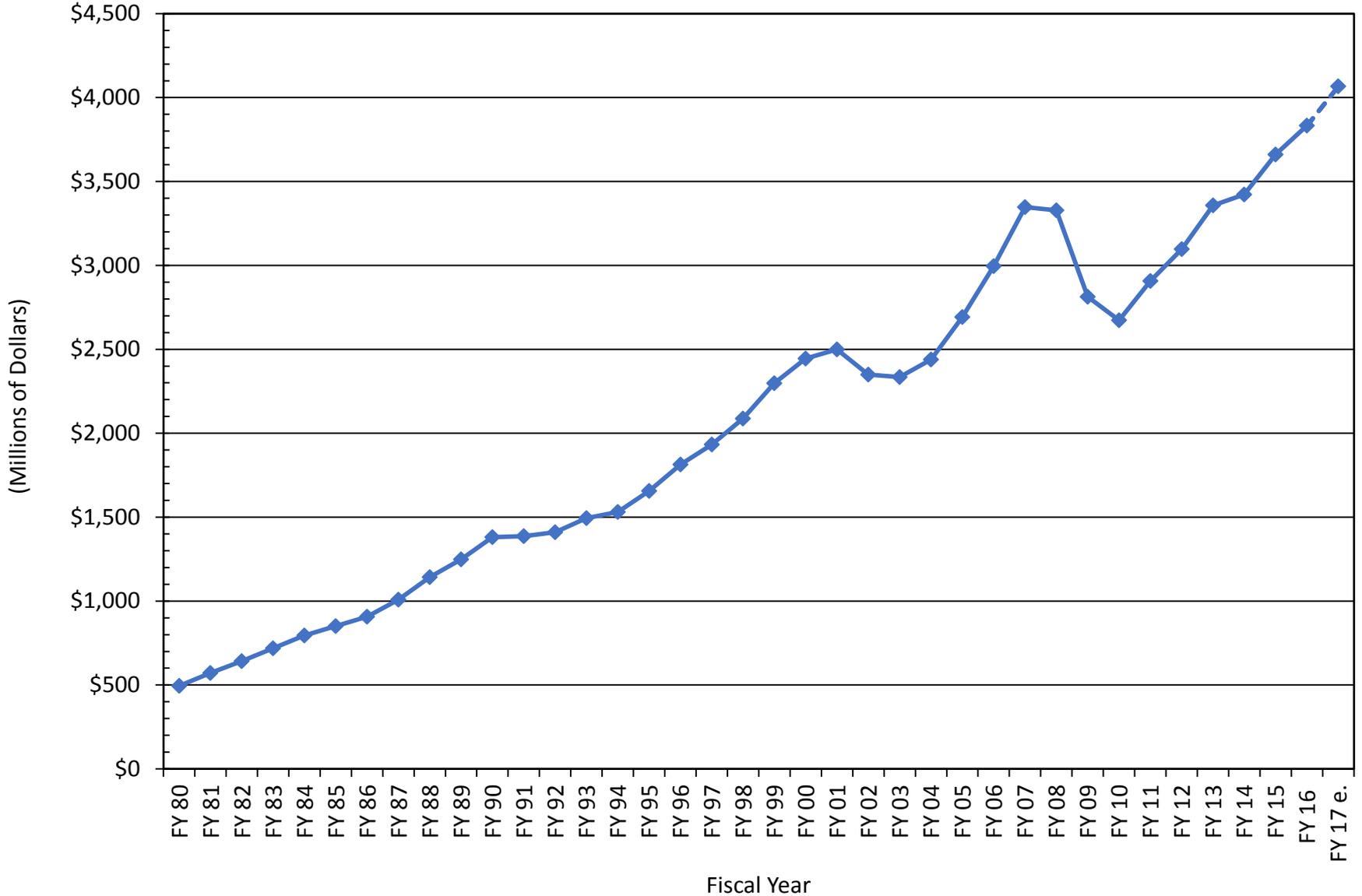
- Sales tax accounts for 36 percent of total General Fund revenue.
- Sales tax as a percentage of total personal income has declined from almost 2.5 percent to less than 1.5 percent
- Total statewide sales tax collections at 6 percent equaled 2.2 percent of total personal income in FY 16 compared to 2.5 percent for the 4 percent rate in FY 80.
- Consumer spending is about 88 percent of total personal income. Taxable sales equal approximately 36 percent.
- The three largest sales tax exemptions are motor fuel, prescription medicine, and unprepared food. These items account for approximately 53 percent of exemptions.



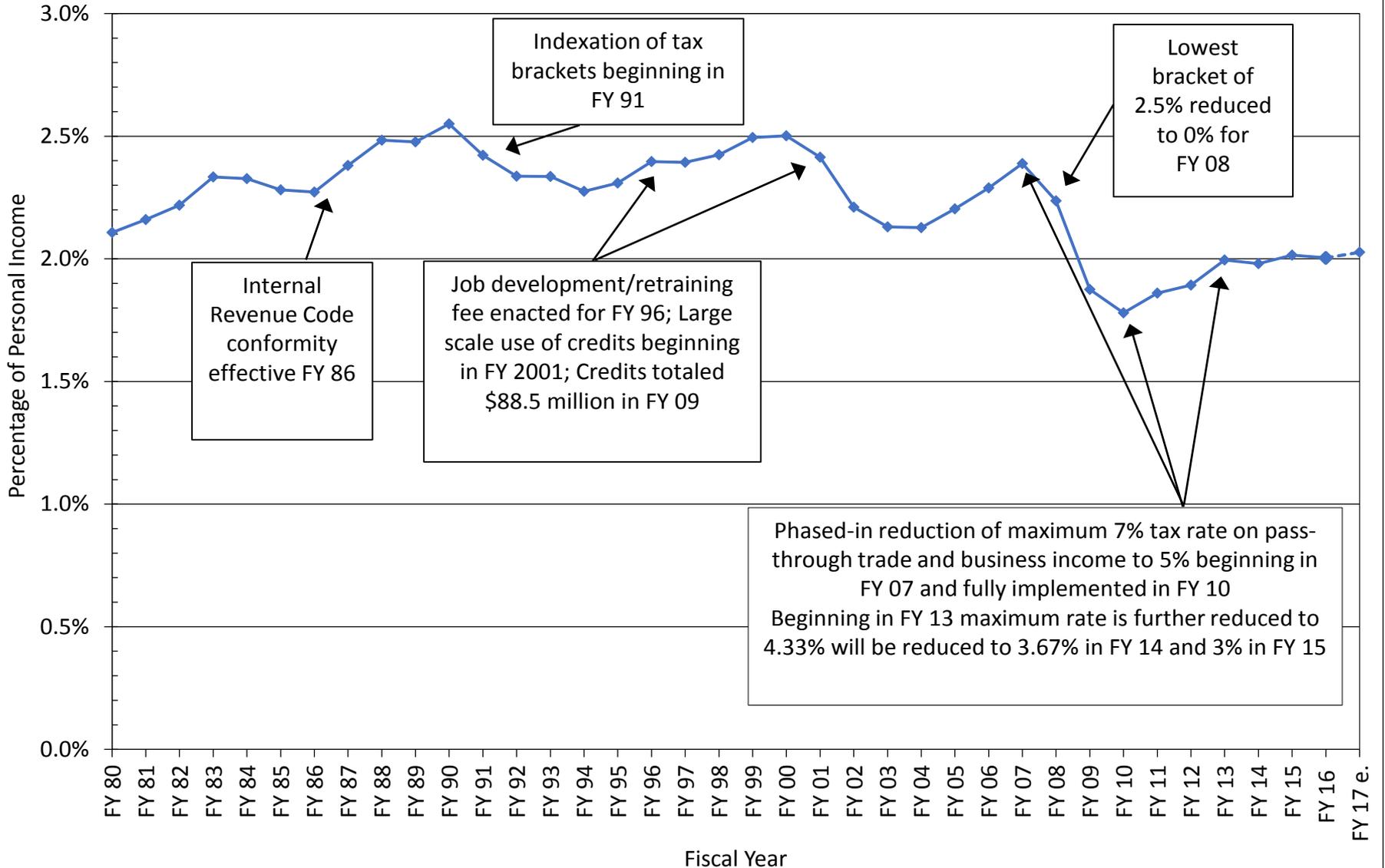
INDIVIDUAL INCOME



SOUTH CAROLINA INDIVIDUAL INCOME TAX REVENUE



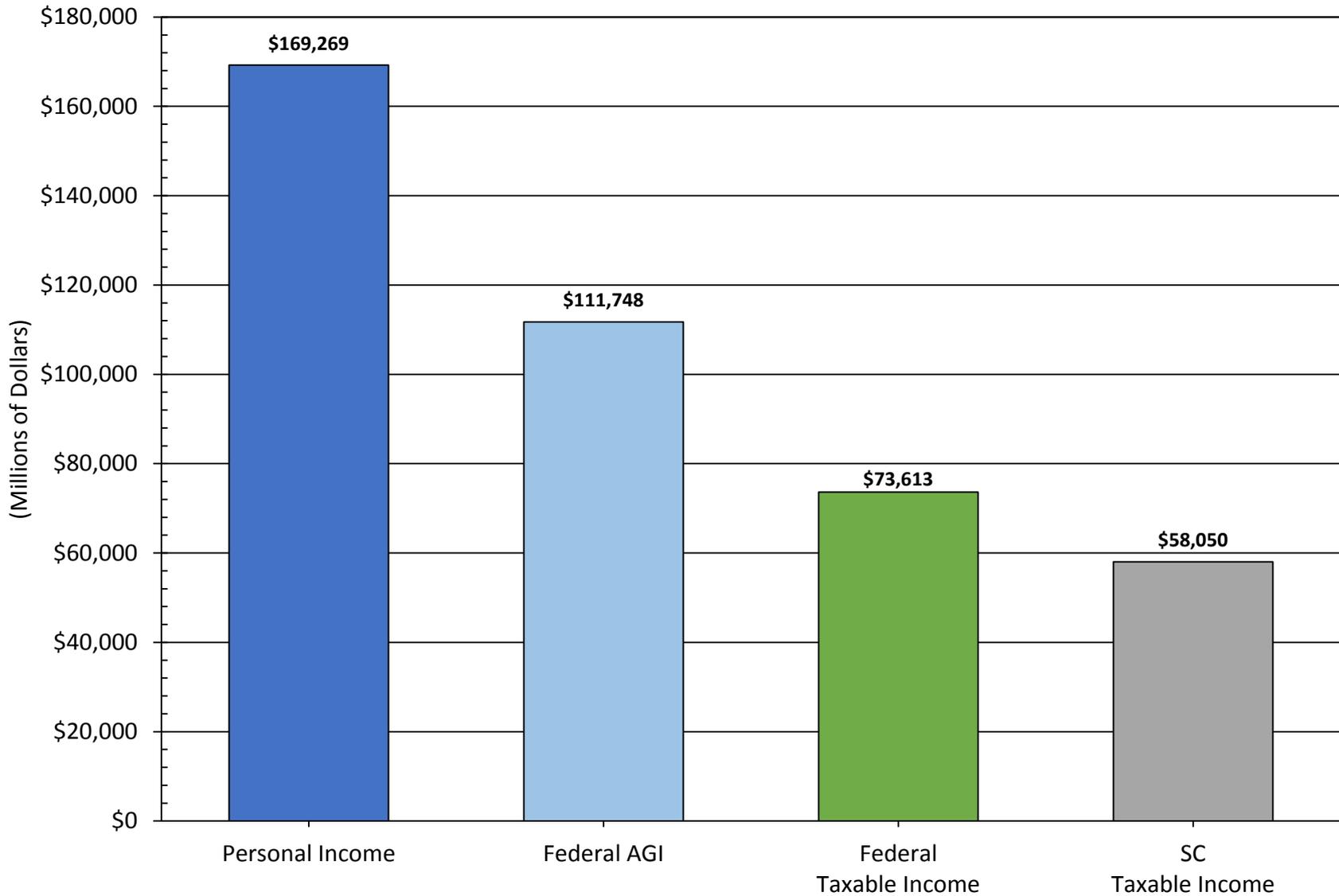
SOUTH CAROLINA INCOME TAX COLLECTIONS as a Percentage of Total Personal Income



Source: SC General Fund individual income tax collections and U.S. Department of Commerce, Bureau of Economic Analysis. RFA 34-GOS/08/19/16

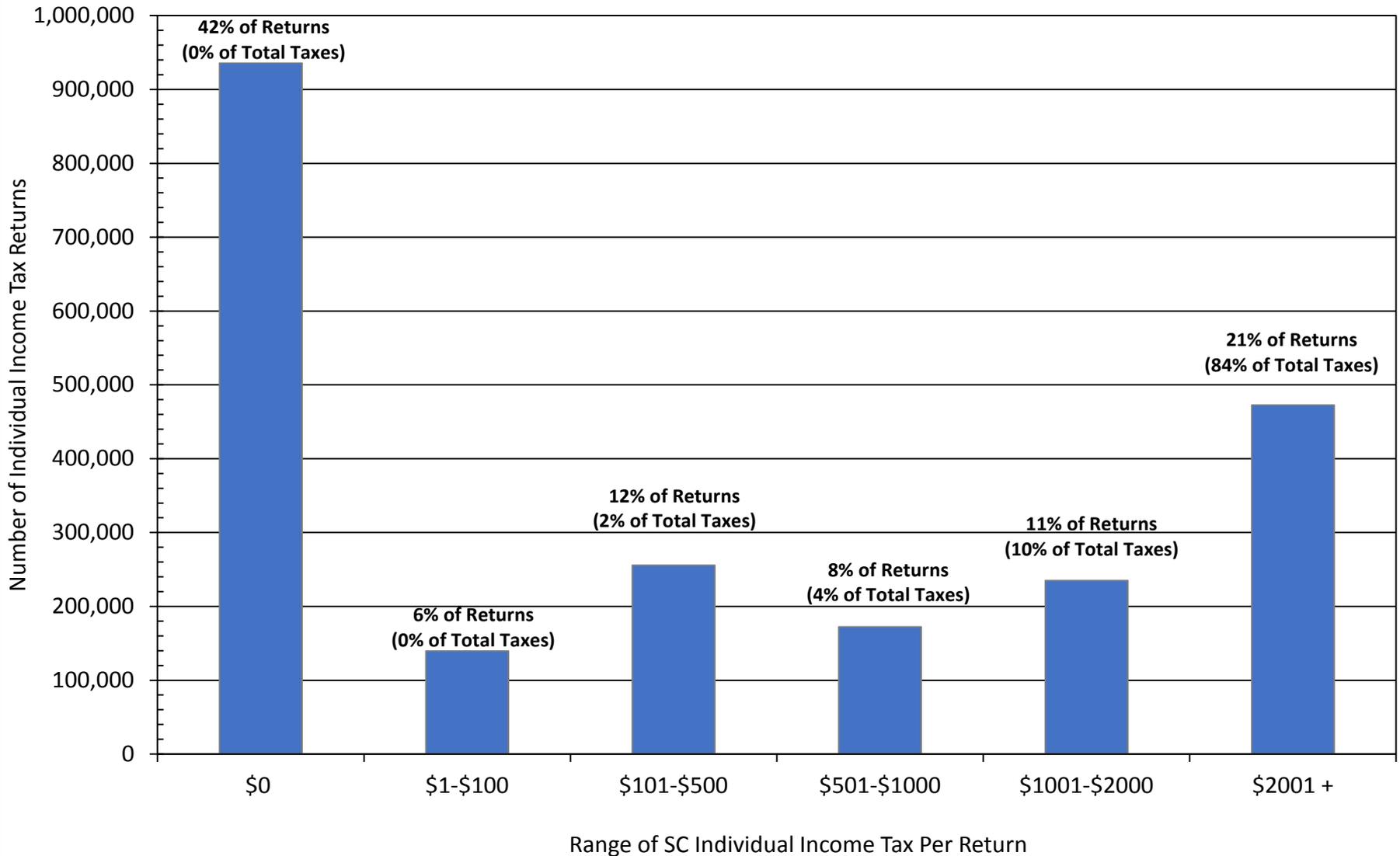
DEFINITIONS OF SOUTH CAROLINA INCOME

Tax Year 2013



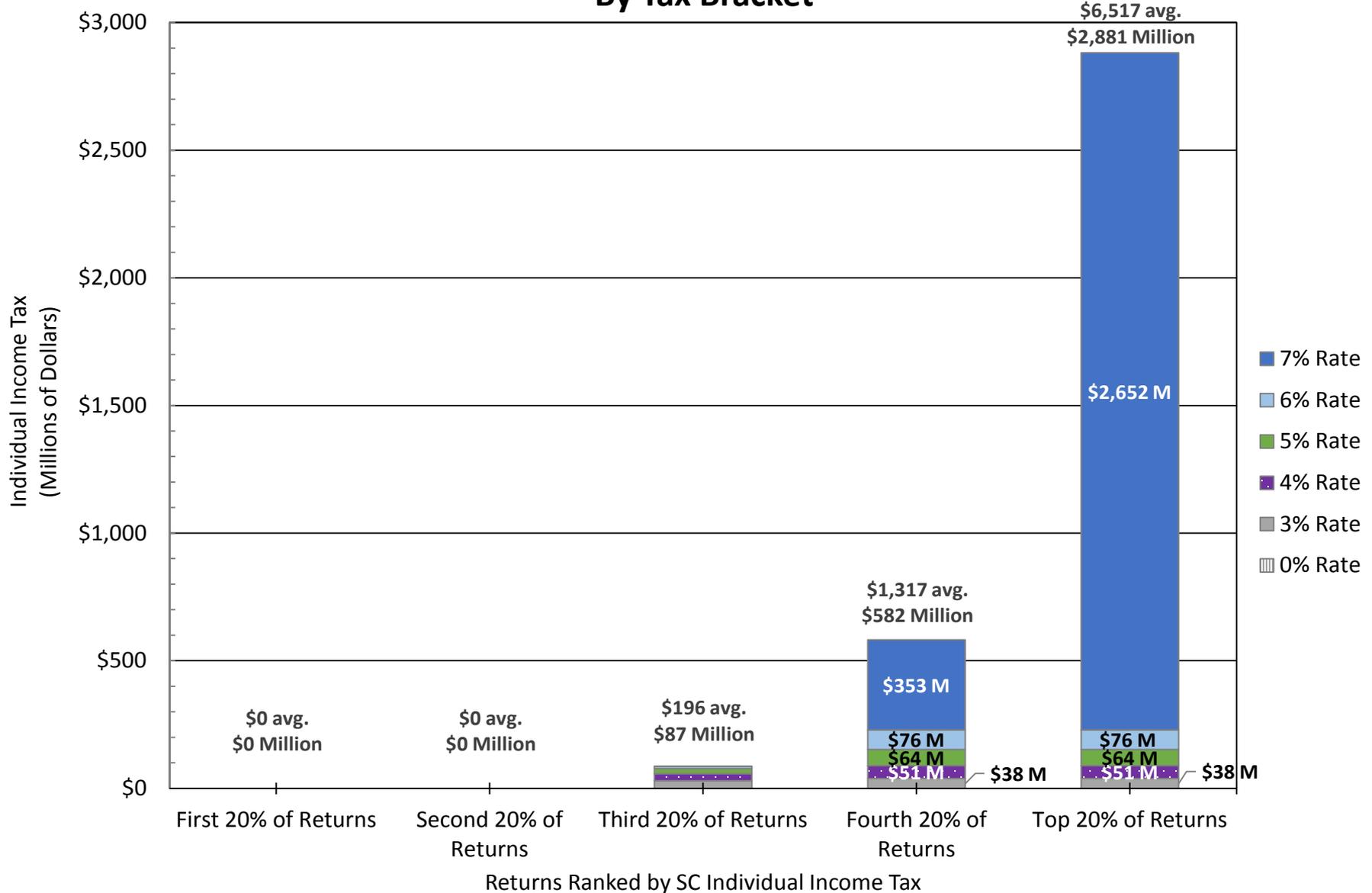
2014 SOUTH CAROLINA INDIVIDUAL INCOME TAX RETURNS

By Tax Amount Per Return



2014 SOUTH CAROLINA INDIVIDUAL INCOME TAX

By Tax Bracket



Source: S.C. Department of Revenue individual income tax return sample RFA-LJ/05/11/16

Notes: Individual Income Tax

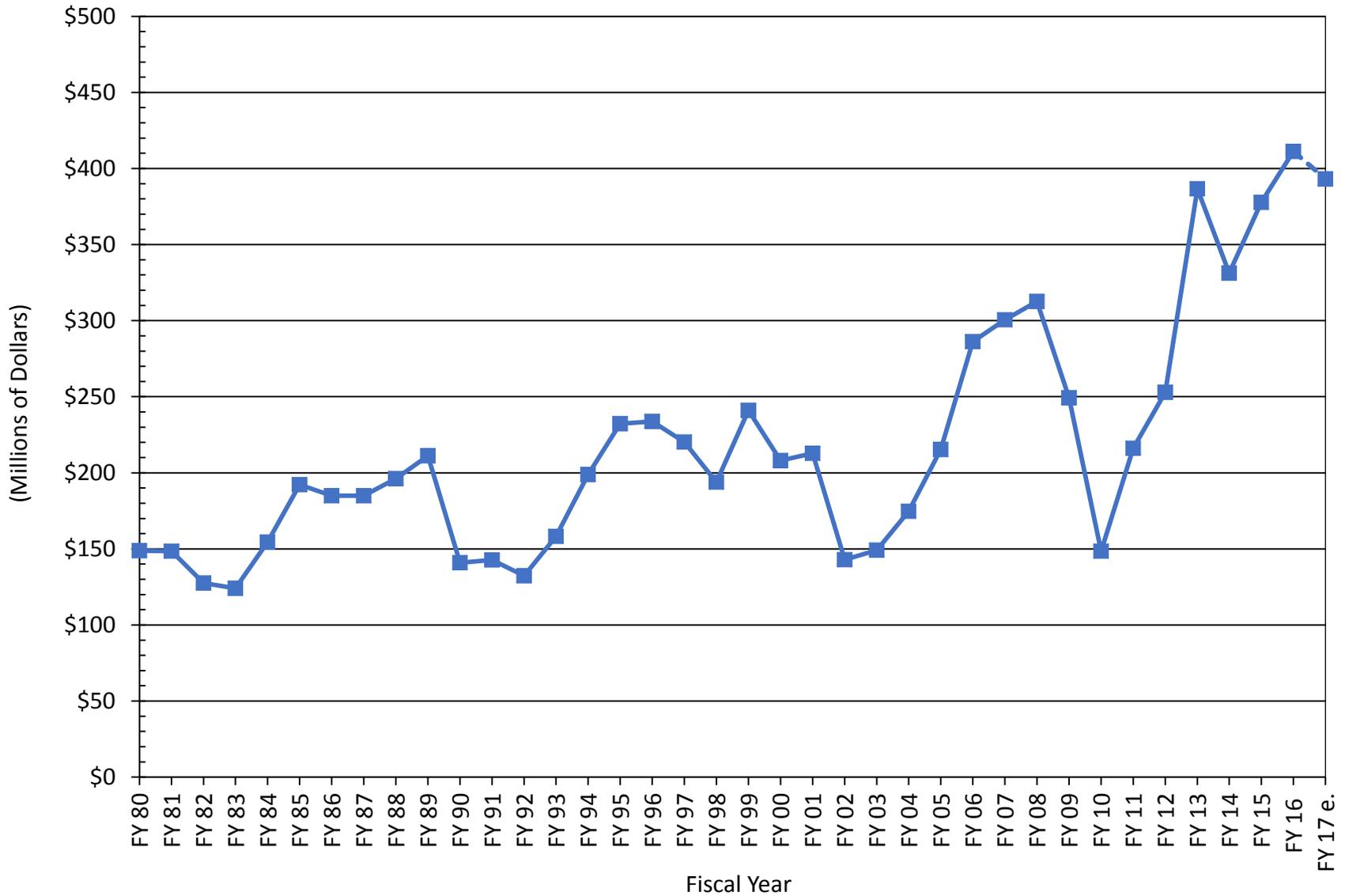
- Individual income tax accounts for 49 percent of total General Fund revenue.
- Individual income tax as a percentage of total personal income has fluctuated over the past 40 years and is slightly lower than in FY 80.
- S.C. taxable income is approximately 34 percent of total personal income.
- The lowest 42 percent of tax returns have no S.C. tax liability.
- The middle twenty percent of returns pay an average of \$196. The top 20 percent of returns pay an average of \$6,517 and account for 81 percent of the total income tax liability.



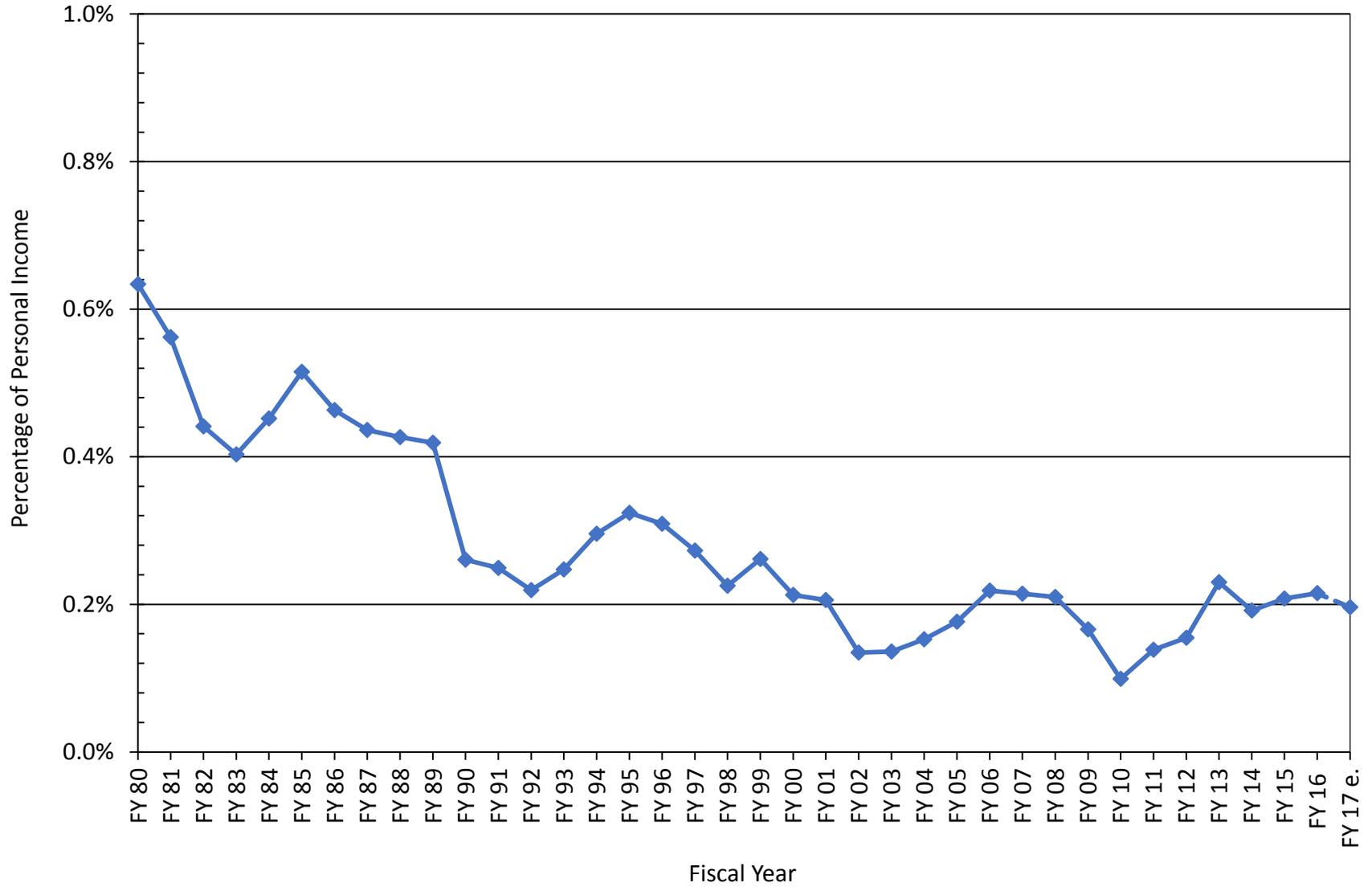
CORPORATE INCOME & LICENSE TAXES



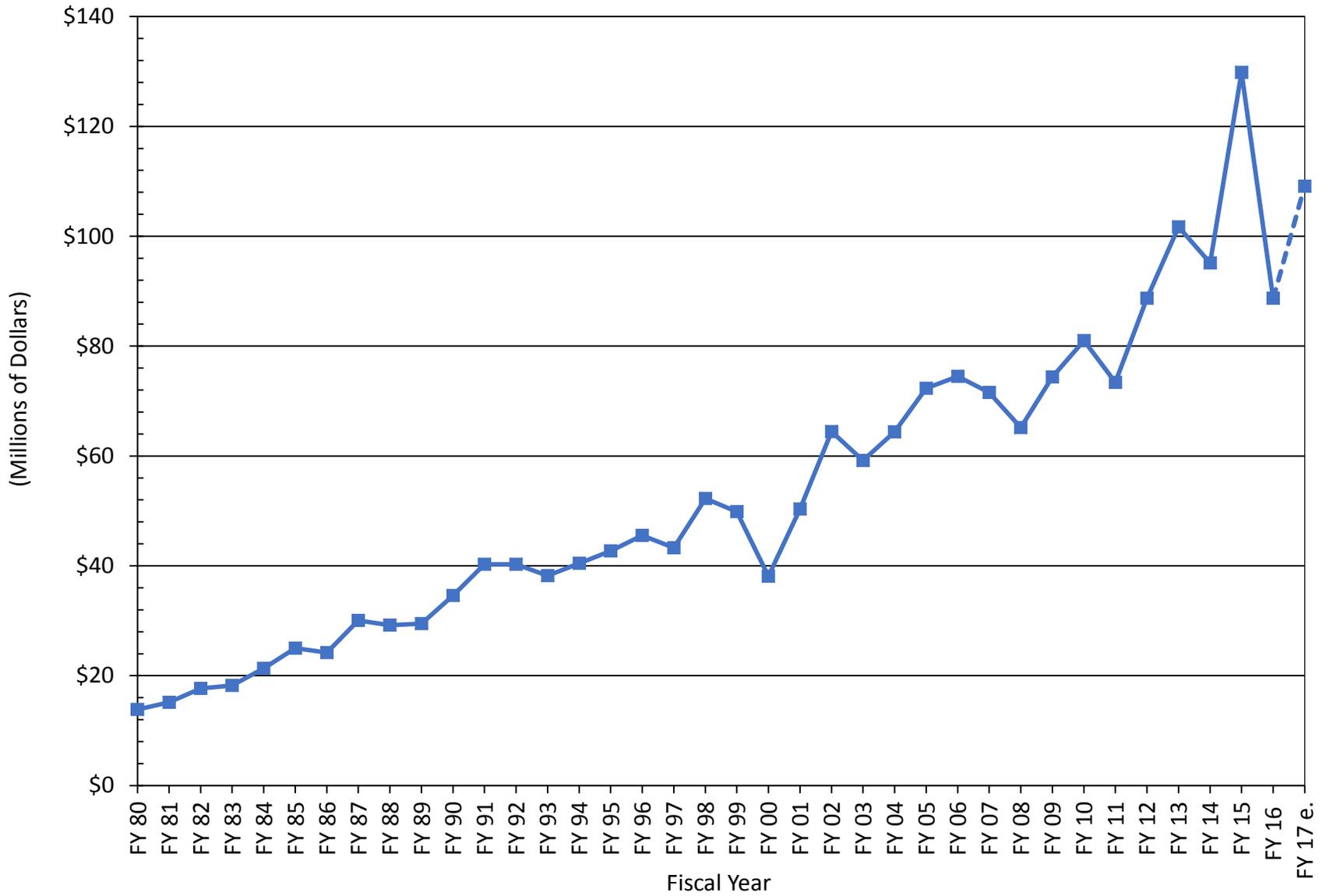
SOUTH CAROLINA TOTAL CORPORATE INCOME TAX COLLECTIONS



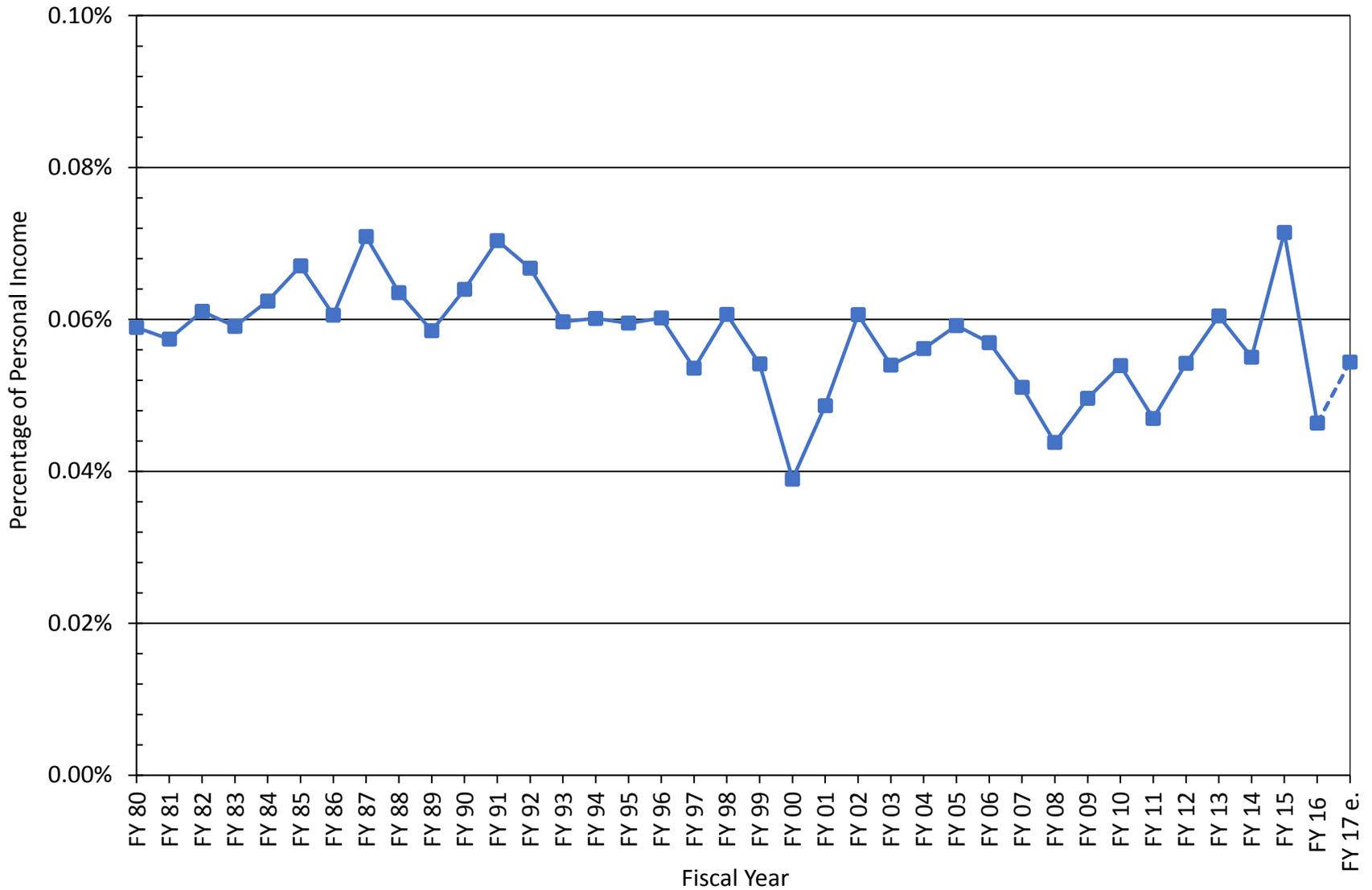
SOUTH CAROLINA CORPORATE INCOME TAX COLLECTIONS as a Percentage of Total Personal Income



SOUTH CAROLINA TOTAL CORPORATE LICENSE TAX COLLECTIONS



SOUTH CAROLINA TOTAL CORPORATION LICENSE TAX COLLECTIONS as a Percentage of Total Personal Income



Notes: Corporate Income and License Tax

- Corporate income tax is the third largest revenue item in the General Fund and the most volatile.
- For comparison, the S.C. Education Lottery contributes \$406.5 million to the state compared to \$411.2 million from corporate income tax in FY 16.
- Corporate license tax has been a growing but volatile revenue source for the General Fund.

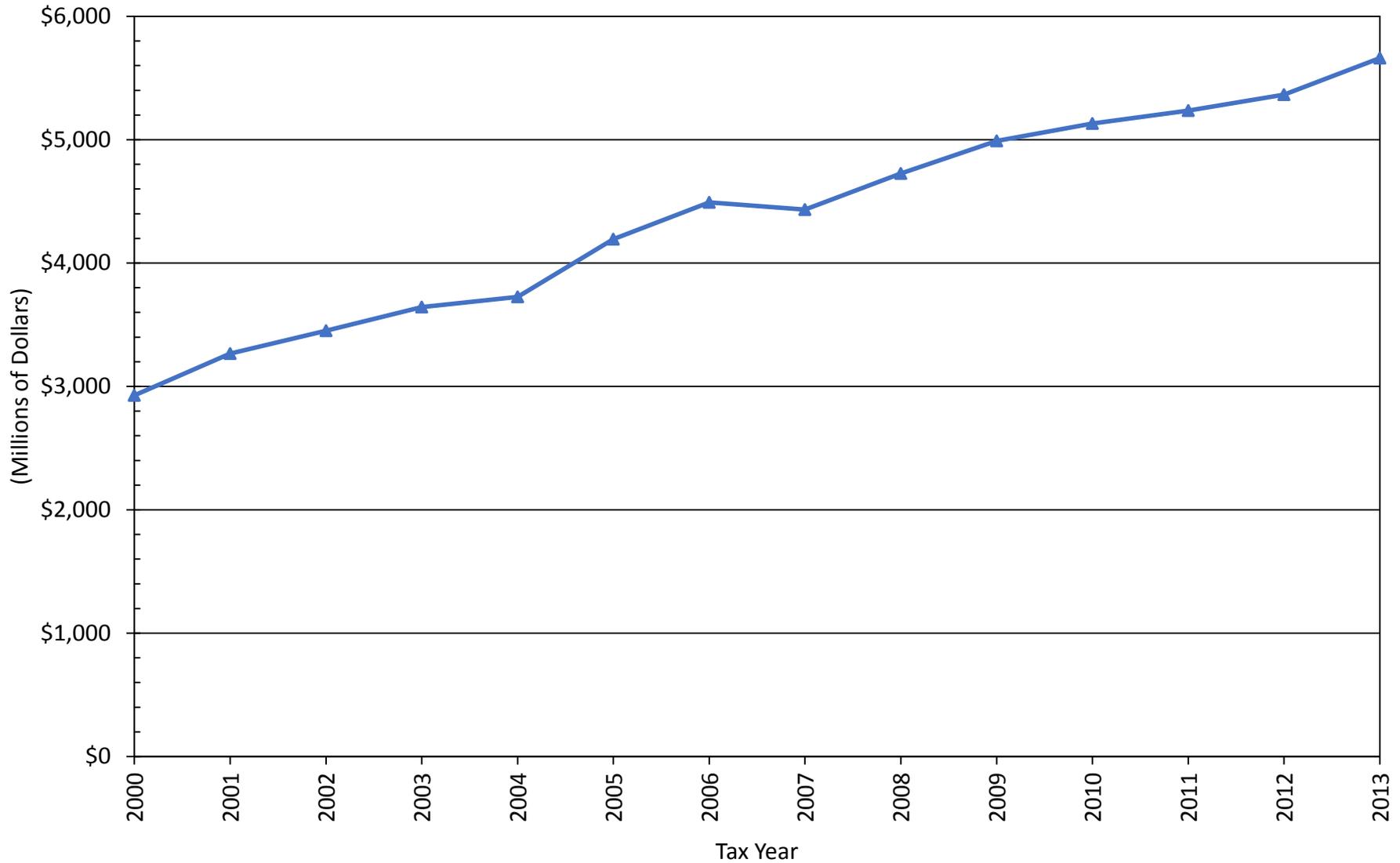


PROPERTY TAX



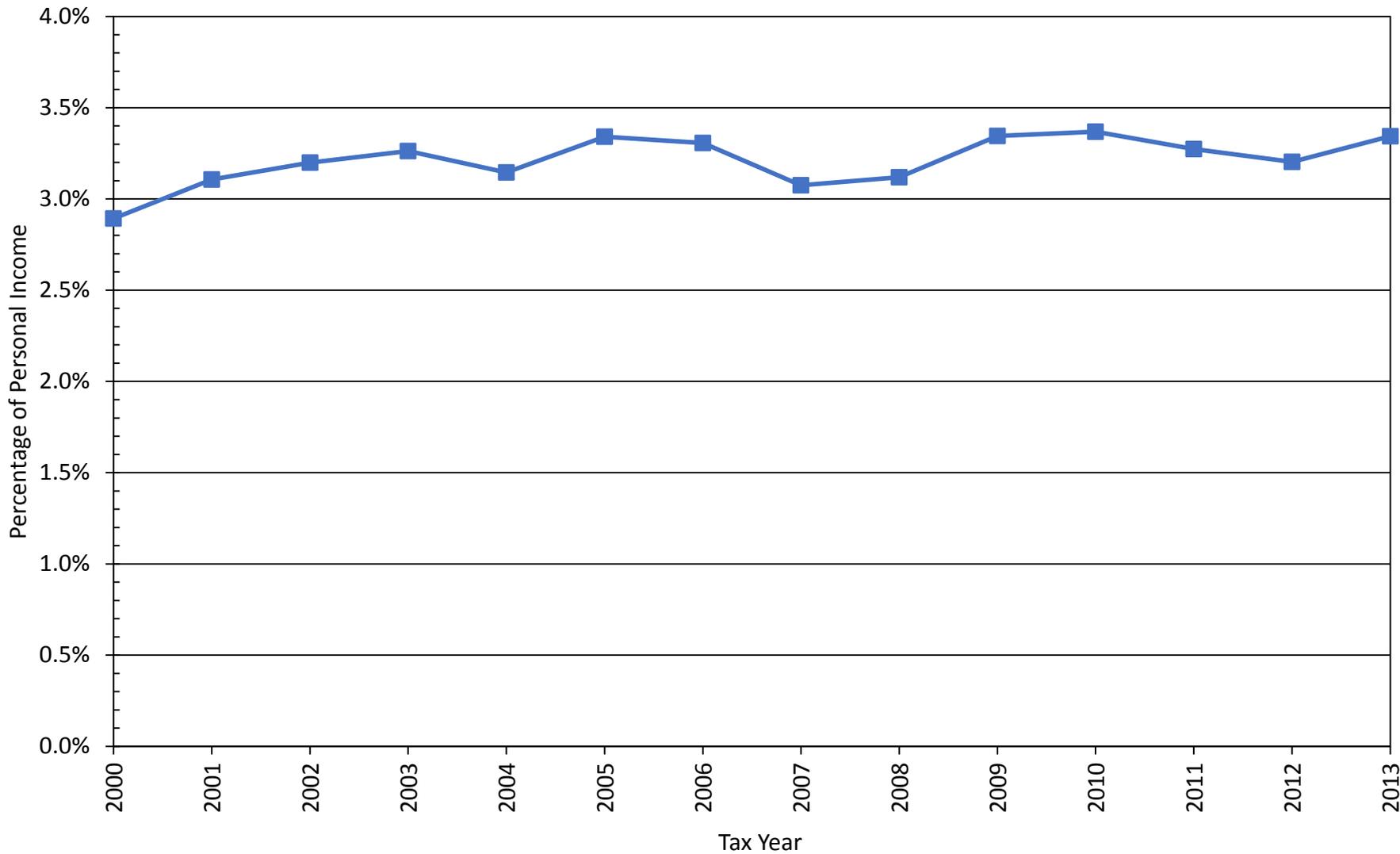
TOTAL PROPERTY TAX REVENUE

Revenue Reported by Schools, Counties, Municipalities, and Special Districts

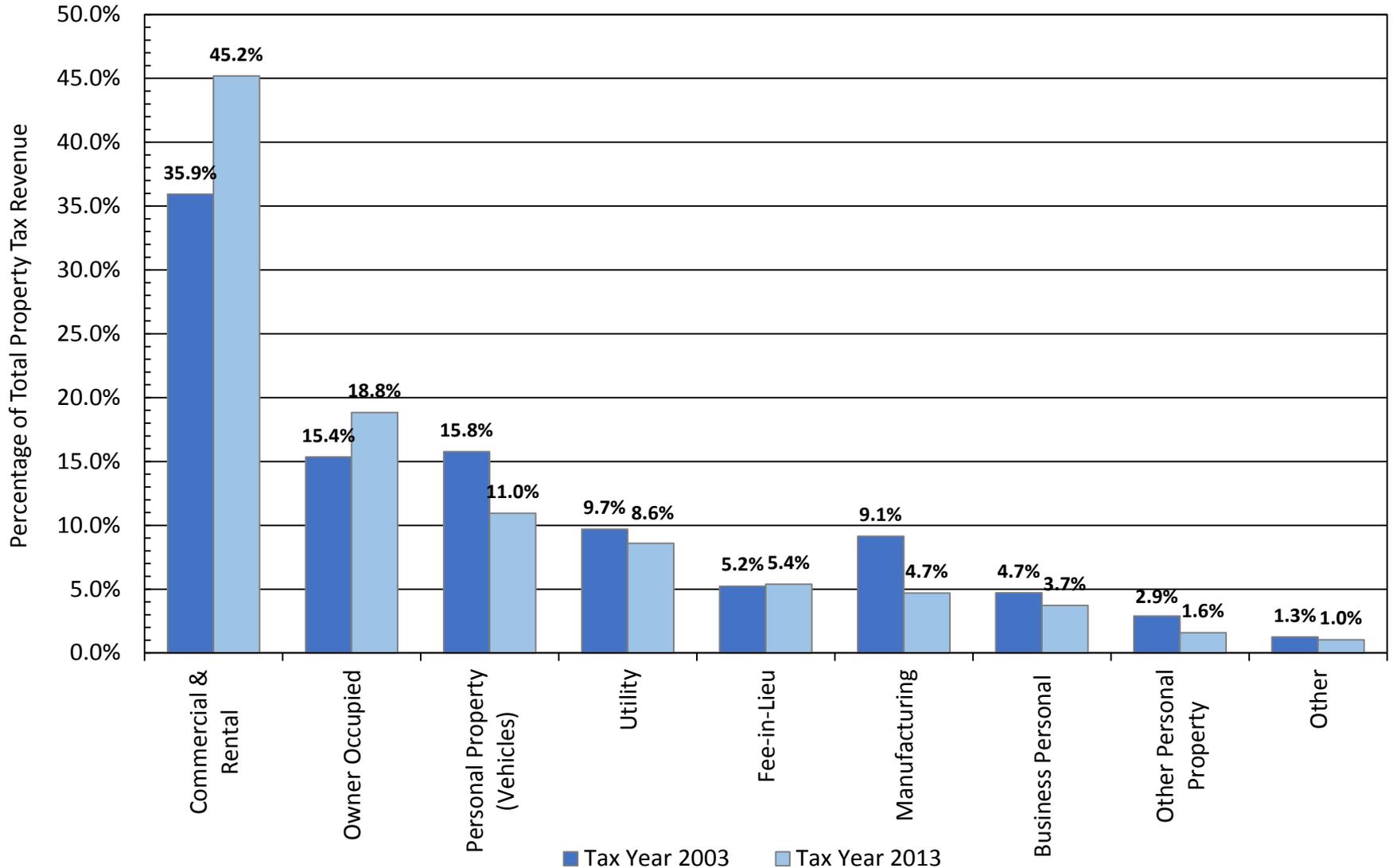


TOTAL PROPERTY TAX REVENUE as a Percentage of Personal Income

Revenue Reported by Schools, Counties, Municipalities, and Special Districts



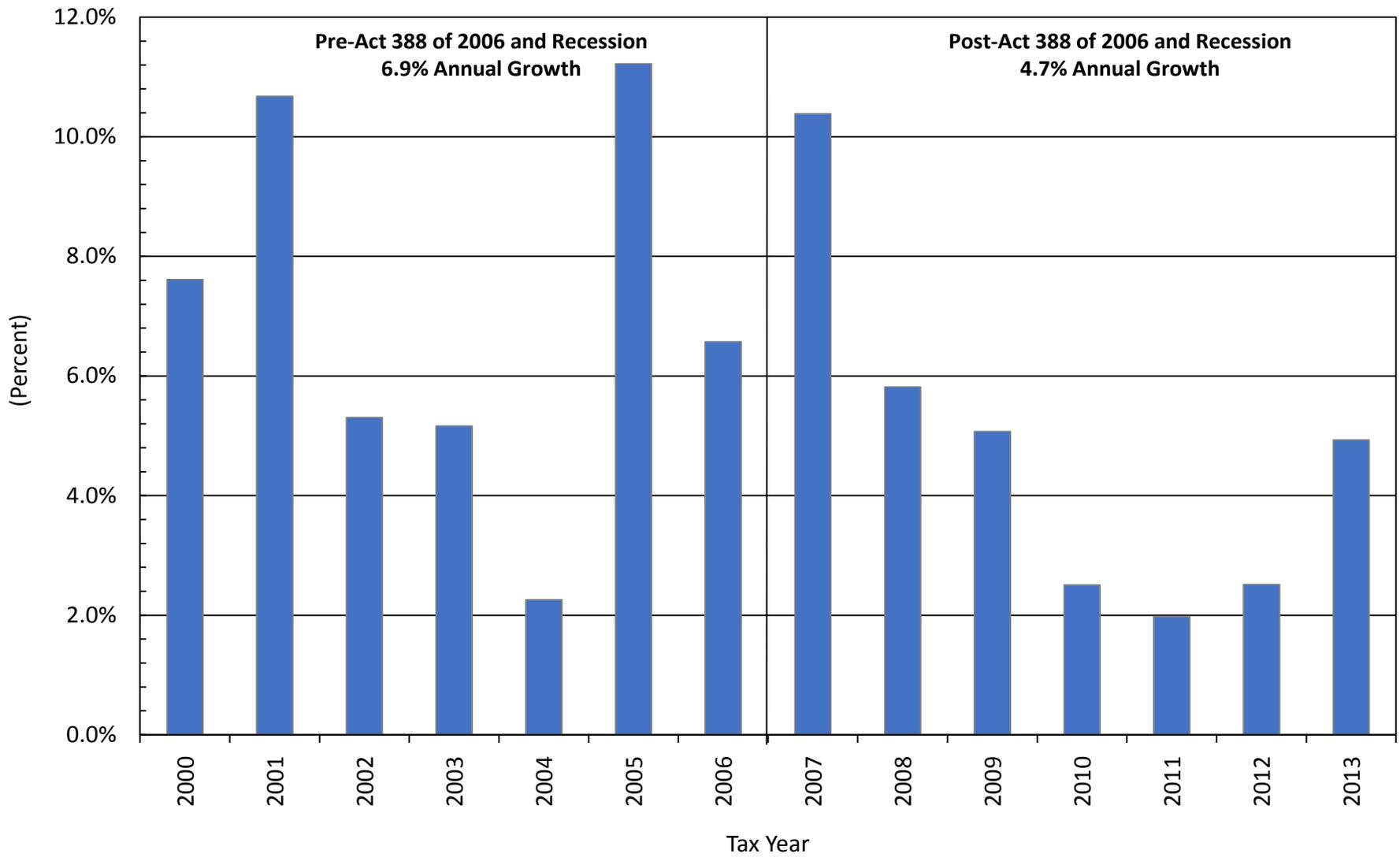
ESTIMATED PERCENTAGE OF TOTAL PROPERTY TAX REVENUE By Assessment Classification



Other: Motor Carrier, Agricultural Real Property (corporate and private)

ANNUAL GROWTH IN PROPERTY TAX REVENUE AND REIMBURSEMENTS

Revenue Reported by School Districts, Counties, Municipalities, and Special Purpose Districts and All State Reimbursements



Source: S.C. Department of Revenue; S.C. Revenue and Fiscal Affairs Office, Local Government Finance Report – LJ/08/23/16

Notes: Property Tax

- Property tax revenue, as a percentage of total personal income, has increased from 2.9 percent in 2000 to 3.3 percent in 2013.
- Between tax years 2003 and 2013:
 - Commercial property increased from 35.9 percent to 45.2 percent of total property tax revenue.
 - Owner occupied property increased from 15.4 percent to 18.8 percent of the total.
 - Motor vehicles declined from 15.8 percent to 11.0 percent of the total.
 - Manufacturing declined from 9.1 percent to 4.7 percent of the total.



QUESTIONS

