



**MEMORANDUM FOR THE RECORD**

**Date:** February 15, 2024, 9:00 a.m.  
**Location:** Revenue and Fiscal Affairs Office, Conference Room 417 / Zoom  
**Subject:** Minutes of Board of Economic Advisors Meeting

**Participants:** *Board Members* – Edward Grimball- Chairman, Curtis Hutto, and Dr. Michael Mikota (*all via Zoom*). Frank Rainwater- Executive Director, *Staff* - Morgan Daigle, Lisa Jolliff, Dr. Marian Manic, and Karl Vesely.

**Attendees:** RFA – Carrie Bundrick, Kathryn Kelley, Sandra Kelly, Emily Prosser. *Forty-three additional participants via Zoom.*

Note: Guests were invited to attend in-person or virtually. An email invitation was sent to the Distribution list and Working Group list members, and the meeting notification was posted on the RFA website and in the Rembert Dennis Building. Meeting information and log-in instructions were posted online. Meeting materials were posted online 15 minutes prior to the start of the meeting, and the documents were also shared via Zoom.

I. Chairman Grimball welcomed everyone to the meeting at 9:00 a.m.

*Chairman Grimball acknowledged Board Members, Mr. Curtis Hutto and Dr. Michael Mikota, and stated that Mr. Hartley Powell could not attend today's meeting due to a conflict but was provided the agenda and materials prior and provided input to staff.*

II. Chairman Grimball presented the January 25, 2024, meeting minutes, which previously had been shared with the Members, and asked if any Member had edits or questions. Hearing no amendments or objections, Chairman Grimball declared the minutes approved as written. ([See minutes](#))

III. FY 2023-24 General Fund Revenue Updates ([See materials](#))

*Mr. Rainwater began the presentation by noting that since the printing of the meeting materials, updated revenue reports were received from the Comptroller General's Office. The updated data will be reflected in the press release following the adjournment of the meeting.*

Mr. Rainwater then presented the General Fund revenue FY 2023-24 results through January, and highlighted the following points:

- Revenue growth is better than expected; -5.5 percent actual vs. -10.3 percent expected.
- Revenues are \$388 million above expectations through January.
- Economic conditions and expectations for the FY 24 and FY 25 forecast period have not significantly changed since November.
- Personal income remains on track with estimates, and there has been no change to personal income data since the January meeting.
- Employment growth is running close to estimates through December 2023.

Ms. Jolliff then gave an overview of General Fund revenues and provided a summary by major category. Her key points included:

- Sales tax growth fell to 1.6 percent for January; year-to-date growth totaled 2.6 percent, and collections are \$27.3 million above the estimate.
- Withholdings are running \$153.0 million above expectations; January collections grew 3.8 percent compared to last year, marking the first month of year-over-year growth since the change to the tax tables.
- Non-withholdings collections are \$64.0 million below expectations year-to-date following a weak January.
- Individual Income tax refunds are \$4.8 million below monthly estimates through January, but 77 percent of expected refunds for the year occur in the spring.
- Corporate Income tax revenues are above expectations by \$171.4 million year-to-date but trending down.
- Insurance tax is now \$6.9 million below expectations as refunds were reclassified from other revenue to Insurance tax in January.

#### IV. FY 2023-24 and FY 2024-25 Forecasts

Mr. Rainwater then provided a review of General Fund revenue forecasts and assumptions. His key points included:

- While some categories are running ahead of estimates, others are behind expectations.
- Expectations are that revenues will be better, but the question is how much better. The answer is dependent upon what happens going forward, and the biggest factor is tax filing season.
  - This tax season is different as more assumptions than usual had to be made because of the Individual Income tax cuts.
- Tax filing season will give a better indication of how changes to Individual Income tax rates and withholdings tables have impacted revenue. This information is critical to determining any adjustments.
- Recent reports of a recession, or near recession, in England, Germany, and Japan are also a concern.
- The recommendation is no change to the FY 2023-24 and FY 2024-25 General Fund revenue forecasts at this time.

*Mr. Rainwater concluded his remarks by referring to the current excess revenue, that while \$388 million is a significant amount for appropriations, it is a small amount when compared to a \$13 billion estimate and the normal variation that surrounds an estimate.*

***Dr. Mikota motioned to maintain the FY 2023-24 and FY 2024-25 General Fund revenue forecasts as adopted on November 16, 2023, Mr. Hutto seconded the motion, and all voted aye.***

*Chairman Grimball commended staff on the valuable information presented.*

- V. Reports from Working Group Members  
*No Working Group members offered comments.*
- VI. Other Items for Discussion  
*No items for discussion.*
- VII. The next scheduled meeting, if necessary, is March 21, 2024.
- VIII. Dr. Mikota moved to adjourn the meeting, and Mr. Hutto seconded the motion. All voted aye, and the meeting adjourned at 9:24 a.m.

Public notice of this meeting was posted at <http://rfa.sc.gov> and the Rembert Dennis Building.

These minutes were approved on 4/10/2024

Emily Prosser *Emily Prosser*