



MEMORANDUM FOR THE RECORD

Date: June 20, 2024, 9:00 a.m.
Location: Revenue and Fiscal Affairs Office, Conference Room 417/Web Conference
Subject: Minutes of Board of Economic Advisors Meeting

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

Attendees: *RFA* – Paul Athey, Carrie Bundrick, Chris Finney, Kathryn Kelley, Byron Kirby, Emily Prosser, Daniel Tompkins, and Sabrina Vascsinec. *Forty-eight additional participants via web conference.*

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 web conference.

- I. Chairman Grimball welcomed everyone to the meeting at 9:01 a.m.
- II. Chairman Grimball presented the May 20, 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 and Economic Updates ([See materials](#))

Mr. Rainwater presented the General Fund May 2024 revenue update and highlighted the following points:

- Overall, revenue collections in May were generally in line with the updated May forecast; fiscal year-to-date revenues were within 2.1 percent of the revised forecast, and the revenue excess increased by \$14.8 million to \$238.7 million.
- The most notable variances occurred in Refunds and Corporate Income tax, as these items added \$37.2 million and \$21.2 million to the excess, respectively.
- While other categories also contributed smaller amounts to the excess, several categories were below expectations; all together, the other revenue categories reduced the gains in Refunds and Corporate Income tax by \$43.6 million.

He then presented on the main components of General Fund revenue. His key points included:

Sales Tax:

- For the fiscal year through May, Sales tax collections are \$16.4 million, or 0.4 percent, ahead of the May forecast.

Withholdings:

- Withholdings collections were \$29.9 million, or 0.5 percent, ahead of expectations from the May forecast fiscal year-to-date.

Non-withholdings:

- Collections are \$2.3 million, or 0.2 percent, above the revised estimate through May.

Refunds:

- Refunds are \$48.4 million, or 2.1 percent, below the revised estimate through May.

Corporate Income Tax Revenue:

- Through May, Corporate Income tax is \$61.0 million, or 6.3 percent ahead, of the May forecast.

FY 2023-24 Revenue Summary – May 2024:

- Revenues in several categories moved closer to expectations, but larger variances were noted in Corporate Income tax and Refunds.
- No significant changes from current trends are anticipated in the final months of FY 24.
- Final results in a few categories, especially Corporate Income tax, will likely influence the final revenue excess.
- No immediate impact on the FY 2024-25 estimate.

Mr. Rainwater concluded his discussion by outlining the legislative revenue adjustments, stemming from Acts signed by the Governor:

- The Budget Conference Committee is accounting for these adjustments.

Bill Number	Description	FY 2024-25 General Fund Impact
S. 298	Allocation and Apportionment of Corporate Income	-\$15,000,000
S. 557	Apprentice Income Tax Credit	-\$3,553,000
S. 610	Professional Counseling Compact	+\$5,400
S. 1021	Abandoned Buildings Tax Credit Increase and Extension and New Short Line Railroad Income Tax Credit	-\$1,538,400
H. 3121	Recreational Trail Easement Income Tax Credit	-\$1,000,000
H. 3563	Sales Tax Exemption for Feminine Hygiene Products (also impacts EIA & HEX Fund Sales taxes)	-\$4,095,000
H. 3811	Industry Partnership Fund Tax Credit	-\$3,000,000
H. 3880	Admissions Tax Exemption for Golf Club Dues	-\$3,000,000
Total		-\$31,181,000

Note: Bills with a minimal or undetermined impact are not listed.

Members asked questions throughout the presentation which generated further discussions between Members and staff.

- IV. Reports from Working Group Members
No Working Group members offered comments.
- V. Other Items for Discussion
No items for discussion.
- VI. The next scheduled meeting is July 25, 2024.
- VII. Dr. Mikota moved to adjourn the meeting, and Mr. Hutto seconded the motion. All voted aye, and the meeting adjourned at 9:23 a.m.

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

These minutes were approved on 8/22/2024

Emily Prosser *Emily Prosser*