



MEMORANDUM FOR THE RECORD

Date: October 14, 2025, 10:30 a.m.

Location: S.C. Association of Counties/Web Conference

Subject: Minutes of Board of Economic Advisors Meeting

Participants: *Board Members* – Edward Grimball - Chairman, Curtis Hutto, Dr. Michael Mikota, and Hartley Powell. Frank Rainwater – Executive Director, *Staff* – Lisa Jolliff, Morgan Daigle, Dr. Marian Manic, and Karl Vesely; **Attendees:** *RFA* – Paul Athey, Kathryn Kelley, Chris Rabon and Emily Prosser; Brian Butler (Campbell Consulting Group), Dylan Dunn (House Ways and Means), Kevin Etheridge (Executive Budget Office), Edward Frazier (State Treasurer’s Office), Anne Huffman (SC Education Lottery), Jordan Raines (State Treasurer’s Office), Ryan Tooley (House Ways and Means), Teesha Trapp (House Ways and Means), and Brad Wilson (State Treasurer’s Office). *Sixty 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 10:32 a.m.
- II. Chairman Grimball presented the September 25, 2025, 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. Revenue and Economic Update ([See materials](#))

Mr. Rainwater began by stating that the September revenue presentation would show conflicting trends among the major revenue categories. He noted that September revenues were markedly different than in the first two months, as September results recorded growth of \$178.7 million above expectations, compared to \$8 million in the first two months. At the end of the first quarter, revenues exceeded expectations by \$186.1 million and noted this for the record, as statute requires possible budget adjustments should revenue expectations be lowered at the end of the first quarter.

Staff then presented the main components of General Fund revenue.

Ms. Daigle discussed Consumption taxes. Her key points included:

Sales Tax:

- Strong growth in Sales tax collections continued in September, growing 6.3 percent over last year; cumulatively, fiscal year-to-date collections are growing 6.7 percent and are \$45.7 million above expectations.

Sales Tax Forecast Considerations:

- As a whole, consumers are financially healthy, but rising goods prices may lead to changes in spending patterns. These changes are likely to have a greater effect on Sales tax revenues as we look ahead to FY 2025-26 (FY26) and FY 2026-27 (FY 27).
- Based on the percentage of U.S. disposable income that households spend on debt service and the portion they save, households overall appear financially healthy, with manageable debt levels and consistent saving behavior despite higher prices. However, the U.S. delinquency rate on consumer loans has risen above its pre-pandemic average, suggesting uneven financial pressures across different consumer groups.
- S&P's September expectations reflect U.S. retail sales growth of 3.8 percent in FY 26 and 2.5 percent growth in FY 27, which implies that retail sales growth will slow down more gradually and by less of an extent.

Other Consumption Taxes:

- Deed recording fees are tracking closely with expectations; fiscal year-to-date collections are growing by 1.0 percent, compared to the FY 26 estimate of a 0.8 percent decline.
- Alcoholic liquor collections are running ahead of fiscal year-to-date expectations by \$0.6 million, and collections are growing by 1.3 percent; the May estimate reflects a growth rate of 1.1 percent for FY 26.
- Beer and Wine collections are \$1.3 million below expectations, declining 7.2 percent compared to this period last year; FY 26 is expected to grow by 1.9 percent overall.

Dr. Manic next discussed Individual Income tax categories. His key points included:

Withholdings:

- The start of the fiscal year was slower than expected, but Withholdings improved in September when collections grew by 6.9 percent compared to the same month last year.
- Total collections have grown 2 percent in the first quarter, which is lower than the anticipated growth of 3.1 percent for this period, and are below expectations by \$19.2 million.

Wages and Salaries Growth:

- In the first half of 2025, the growth of the Wages and Salaries component of Personal Income in S.C. hovered within the 6.7 to 6.9 percent range.
- The current level of growth was revised upward by the U.S. Bureau of Economic Analysis in their September release compared to the March release, which had considerably more conservative growth rates indicating that growth was trending towards levels below 6 percent and in line with the November 2024 expectations.

Non-withholdings:

- Total collections during the first quarter of the current fiscal year are approximately \$355.2 million, which is about \$67.6 million higher than the May estimate for the quarter.

- September collections were particularly strong, as they were approximately 20 percent higher than in the same period last year.

Interest and Dividend Income:

- Over the last couple of years, Dividends and Interest experienced a growing trend, but this growth has moderated throughout FY 25.
- Both of these income sources grew by approximately 2 percent in August, and this moderation is expected to continue into FY 26. Specifically, Interest Income is anticipated to start declining in 2026, as the Federal Reserve continues its expansionary monetary policy.

Refunds:

- Refunds are slightly above the May estimate for the quarter by \$8.2 million. Total Refunds in September were approximately 9.3 percent lower compared with the same point last year; however, total Refunds for the quarter are 25.3 percent higher than last year.
- Refunds are expected to grow by 23.5 percent in FY 26 due to stronger than expected Withholdings in FY 25, as well as the marginal tax rate reduction.

Ms. Jolliff discussed Corporate Income and License tax. Her main points were:

Corporate Income Tax:

- September revenues were below last year's collections for the same month but in line with expectations; first quarter collections are \$7.9 million above expectations in total.
- Collections in the last quarter of the fiscal year are typically close to half of the fiscal year total, demonstrating the importance of tax filing and final payments in Corporate Income tax revenue.
- Historically, approximately 22 percent of total fiscal year revenue is collected in the first quarter, which, if repeated, would indicate that revenue will exceed the current estimate for FY 26.
- However, growth rates in corporate profits and retail sales, which both correlate with Corporate Income tax collections historically, are expected to be lower in FY 26 and FY 27 than in recent years, and this trend will be factored into the expectations for the upcoming November forecasts.

Corporate License Tax:

- Collections are \$1.6 million ahead of expectations through September; however, over half of the annual collections are typically received in the next two months.

Mr. Vesely discussed Insurance and Bank tax revenues. His key points included:

Insurance Tax:

- Insurance tax revenue is currently \$10.6 million above expectations through September. Fiscal year-to-date Insurance Premiums tax collections are 19.6 percent above last year's figure.
- While Insurance tax collections are ahead of the May estimate and insurance premiums in the market are increasing, potential downsides to tax collections

that occur later in the year, such as tax credit growth, will be weighed as well for the November forecast.

Bank Tax:

- Bank tax revenue is ahead of expectations by \$8.4 million through September. While the first half of calendar year 2025 has shown positive financial data for South Carolina banks, Bank tax revenue has considerable variation from year-to-year. These factors are under consideration for the November forecast.

Mr. Rainwater concluded the morning session by reviewing the key assumptions and economic working estimates that will be discussed in the afternoon including:

Personal Income:

- Both the Wages & Salaries component and the Interest & Dividends component of Personal Income are expected to slow down closer to historical trends in response to:
 - Inflation and tariffs
 - Interest rates
 - Labor market dynamics
 - Global geopolitical issues

Employment:

- Migration and economic development are expected to keep employment growth higher in South Carolina than the nation as a whole.
- However, lower employment growth is expected over the next two fiscal years compared to last fiscal year as labor demand slows.

FISCAL YEAR GROWTH RATES			
Fiscal Year	Personal Income	Employment	Inflation
FY 2024-25 Actual	6.5%	2.2%	2.6%
FY 2025-26	4.6% 4.8%	1.7% 1.8%	2.5% 2.8%
FY 2026-27	4.3%	1.5%	2.5%

At the conclusion of Mr. Rainwater's presentation, Chairman Grimball called a recess of the meeting at 11:15 a.m. for lunch.

Mr. Curtis Hutto opened the afternoon session of the meeting at 11:55 a.m. and welcomed the panel of guest economists. (Chairman Grimball was unable to attend the afternoon session.)

IV. Economic Outlook for FY 2025-26 and FY 2026-27

Mr. Rainwater introduced each panelist and reviewed the key assumptions and economic working estimates developed by staff.

The panelists noted below then shared their economic presentations and perspectives on the working assumptions:

- Ms. Jackie Benson – Vice President and Economist, Wells Fargo Securities:
[South Carolina Economic Outlook](#)
- Dr. Joseph Von Nessen – Research Economist, University of South Carolina:
[The South Carolina Economic Outlook](#)
- Dr. Russell Sobel – Distinguished Professor of Economics and Entrepreneurship, The Citadel:
[BEA Regional Advisory Committee](#)
- Dr. Frank Hefner – Professor of Economics and Director of Office of Economic Analysis, College of Charleston:
[BEA Economic Outlook with Increasing Uncertainties](#)
- Dr. Robert Carey – Senior Lecturer and Director of Regional Economic Analysis Laboratory, Clemson University:
[Cogitations on the South Carolina Economy](#)
- Ms. Bethany Greene – Regional Economist, Federal Reserve Bank of Richmond, Charlotte Branch:
[National and Regional Economic Update](#)

The information shared by the panelists generated questions and further discussion between the speakers, Board members, and staff.

After the presentations, panelists provided their opinions on the working assumptions provided by staff, which are summarized on the following score card:

FISCAL YEAR GROWTH RATES			
Fiscal Year	Personal Income	Employment	Inflation
2024-25 (Actual)	6.5%	2.2%	2.6%
2025-26	4.8%	1.8%	2.8%
2026-27	4.3%	1.5%	2.5%
-Growth Should be lower = Approximately Right + Growth should be higher --Growth should be significantly lower ++ Growth should be significantly higher			
2025-26	Personal Income	Employment	Inflation
Ms. Jackie Benson	=	+	=
Dr. Joseph Von Nessen	=	+	=
Dr. Russell S. Sobel	-	=	=
Dr. Frank Hefner	=	-	=
Dr. Robert Carey	-	=	=
Ms. Bethany Greene	-	+	=
2026-27	Personal Income	Employment	Inflation
Ms. Jackie Benson	+	+	-
Dr. Joseph Von Nessen	=	+	=
Dr. Russell S. Sobel	=	+	=
Dr. Frank Hefner	+	+	+
Dr. Robert Carey	=	+	-
Ms. Bethany Greene	=	+	=

At the conclusion of the meeting, Mr. Rainwater thanked the panel for their reports and commentary. The staff will consider these perspectives and incorporate them in a final set of assumptions. Assumptions will then be shared with the Board in updating the revenue estimate for FY 26 and an initial estimate for FY 27 for the November meeting. These estimates will be revisited again for the February meeting.

- V. Reports from Working Group Members
No Working Group members offered comments.
- VI. Other Items for Discussion
- VII. The next scheduled meeting is November 18, 2025.
- VIII. Dr. Mikota moved to adjourn the meeting, and Mr. Hutto seconded the motion. All voted aye, and the meeting adjourned at 2:45 p.m.

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

These minutes were approved on 11/18/2025

Emily Prosser *Emily Prosser*