



MEMORANDUM FOR THE RECORD

Date: January 22, 2026, 9:00 a.m.

Location: Revenue and Fiscal Affairs Office, Conference Room 417/Web Conference

Subject: Minutes of the Board of Economic Advisors (BEA) Meeting

Participants: *Board Members* – Edward Grimball - Chairman, Curtis Hutto, Dr. Michael Mikota, and Hartley Powell (*via web conference*). Frank Rainwater – Executive Director, *Staff* – Lisa Jolliff, Morgan Daigle, Dr. Marian Manic, and Karl Vesely; **Attendees:** RFA – Paul Athey, Kathryn Kelley, and Emily Prosser. *Forty-five 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 9:00 a.m.
- II. Chairman Grimball presented the November 18, 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. Quarterly Review and Forecast Considerations ([See materials](#))

Mr. Rainwater began the presentation by stating that today's meeting focuses on results for the quarter ending December 2025 and lays the foundation for February's forecast consideration. He then extended appreciation to the staff at the Department of Revenue and the Comptroller General's Office. A problem was discovered in the SCEIS reports due to an offsetting error between two components within the Individual Income tax category. The total revenue for Individual Income was correct, but there was an issue in the Refunds category, which led to an offsetting adjustment in Non-withholdings. The two offices worked together and created a clean history of the revenue details for these categories, which is now reflected in the data and tables.

For the quarter end, Mr. Rainwater noted that December collections are \$32.3 million, or 2.0 percent above expectations, but some categories are below expectations (*slide 2*).

At the end of the second quarter of the fiscal year, revenues are \$111.1 million, or 1.5 percent above expectations, but well within the 3.0 percent target range (*slides 3-5*).

Mr. Rainwater concluded the quarterly review by noting that the revenue growth rate is declining as expected and that tax filing season will likely play a larger role than usual in the determination of a final surplus (*slide 6*).

Mr. Rainwater then discussed the latest available economic data, noting (*slides 8-11*):

- SC employment growth through November was 1.8 percent as compared to the annual estimate of 1.7 percent over the past year.
- SC employment growth was still the highest in the South, but the growth over the last three months was the weakest.
- Inflation and SC personal income were still close to expectations.

Staff then presented the main components of General Fund revenue.

Dr. Manic discussed Individual Income tax categories (*slides 13-17*). His key points included:

Withholdings:

- Withholdings have grown in line with expectations during FY 2025-26 (FY 26). Collections are approximately \$27.4 million ahead of the November forecast and 3.4 percent higher than the same period last year.
- Growth is expected to slow down and settle closer to the estimate for the fiscal year of approximately 2.5 percent.

Wage Growth:

- Although personal income data for SC have not been released, November estimates expect wage growth to slow down from 6.6 percent in Q2 to about 6.0 percent in Q3 and 4.8 percent in Q4.
- Expected growth in wages appears to be higher than actual growth in Withholdings of 3.4 percent, but the slower growth in Withholdings suggests that wage growth may have decreased faster than expected.

Non-withholdings:

- Despite November and December collections falling approximately \$6 and \$7 million below expectations, respectively, fiscal-year-to-date collections are almost \$48 million above expectations and 30.9 percent higher than the same period last year. Growth is expected to slow to 2.6 percent in the second half of the fiscal year.

S&P 500 Index:

- The S&P 500 market index continued to grow in 2025; however, the year was marked by higher volatility than in 2024 due to greater economic uncertainty.

Dividends and Interest Income:

- Interest income has grown at an average of 2.2 percent during the first three quarters of 2025, about one percentage point higher than the growth rate of dividend income.
- With anticipated Federal Reserve rate cuts in 2026 and ongoing economic uncertainty, investment income growth is expected to align with the November Non-withholdings estimate of 2.6 percent for FY 26.

Ms. Daigle next discussed Consumption taxes (*slides 19-21*). Her key points included:

Sales Tax:

- Overall, Sales tax revenue collections are tracking closely to monthly estimates. December collections are \$5.8 million below expectations and grew by 2.8 percent over last year; fiscal year-to-date revenues are up 5.2 percent and are \$3.5 million below monthly estimates due to slower-than-expected collections in December.
- Sales tax grew faster than national retail sales through September, but growth in SC sales activity may reflect timing differences in holiday shopping patterns. This will be better assessed in February when holiday sales data are finalized.
- There have been no material changes in retail sales growth expectations for FY 26. Since the November forecast, revisions among major forecasters have been modest.

Deed Recording Fees:

- Deed recording fees are tracking closely with expectations.

Ms. Jolliff discussed Corporate Income and License tax (*slides 23-25*). Her main points were:

Corporate Income Tax:

- December collections from quarterly payments exceeded expectations by \$11.4 million; in total, revenues are above the November estimate by \$7.6 million.

US Corporate Profits:

- Corporate profits continue to follow the recent growth trends; however, S&P (our economic consultant) expects growth to be relatively flat in the second half of FY 26 and into FY 2026-27.

Corporate License Tax:

- Although Corporate License tax collections for December are \$5.0 million more than anticipated, fiscal year-to-date revenue is \$3.0 million behind the November estimate.

Mr. Vesely discussed Insurance and Bank tax revenues (*slides 26-27*). His key points included:

Insurance Tax:

- Insurance tax is \$3.4 million below the monthly estimates for the fiscal year through December. Insurance premiums tax collections are up 15.6 percent compared to last fiscal year but remain 2.3 percent below expectations.

Bank Tax:

- Bank tax revenue is above expectations for the fiscal year to date by \$3.8 million, and 0.7 percent above over the same period last year.

Mr. Rainwater concluded the presentation by reviewing the key assumptions and forecast considerations in preparation for the February meeting (*slides 29-33*):

- Revenue categories and economic indicators are performing close to expectations and are showing growth, but slowing, which was anticipated in the November forecast.

- More information will be provided at the next meeting, but based on current data, there is not a strong reason that warrants a change to the forecast.

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

Chairman Grimball extended his appreciation to staff for their effort and expertise in the information presented and noted that the Board members all individually reviewed the data prior to the meeting.

- IV. Reports from Working Group Members
No Working Group members offered comments.
- V. Other Items for Discussion
- VI. The next scheduled meeting is February 12, 2026.
- VII. Dr. Mikota moved to adjourn the meeting, and Mr. Hutto seconded the motion. All voted aye, and the meeting adjourned at 9:42 a.m.

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

These minutes were approved on 2/12/2026

Emily Prosser *Emily Prosser*