



MEMORANDUM FOR THE RECORD

Date: February 12, 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, Chris Finney, Christy Jacobs, Kathryn Kelley, Chris Rabon, Emily Prosser, and Matt Wellslager. *Fifty-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 January 22, 2026, 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 2025-26 and FY 2026-27 Review and Forecast Considerations ([See materials](#))

Mr. Rainwater noted that the primary purpose of today's meeting was to review the revenue forecasts for FY 2025-26 (FY 26) and FY 2026-27 (FY 27) as this was one of the statutorily prescribed dates. Additionally, he noted that staff had worked hard in a short time frame to provide the data and analysis being presented.

He began the review by discussing January 2026 revenue collections stating:

- Revenues for the month of January were \$21.1 million below expectations due to several factors (*detailed later in the presentation*). As a result, the revenue excess above expectations for the fiscal year decreased to \$90 million.
- In summary, fiscal year-to-date revenue growth is slightly better than expected, but growth over the last 3 months has slowed faster than anticipated in some categories:
 - Sales tax is \$8.9 million below expectations.
 - Withholdings is \$5.1 million below expectations.
 - Corporate Income tax is \$6.6 million below expectations.
 - Non-withholdings and Earned on Investments are above expectations by \$54.3 million and \$17.2 million, respectively. (*slides 2-4*)

Mr. Rainwater continued the review by commenting on the economic data, which included:

- Personal income data for SC was recently released and showed income growth in SC for the July – September 2025 quarter was 6.0 percent, which was higher than the estimated 5.4 percent used for the forecast.
- Regarding the outlook for personal income for the rest of the current fiscal year and next fiscal year, there is an expectation of slower growth through June with slightly better growth for FY 27.
- Employment growth for SC slowed from 1.8 percent in November to 1.3 percent in December, but in comparison to other southern states, SC’s annual employment was still near the top of the region. *(slides 7-10)*

Mr. Rainwater continued with a more detailed discussion of the major revenue categories through January. He commented that there seems to be a disconnect between economic activity and revenue collections as the growth in revenues seems to have slowed more quickly than the economy and as forecasted:

- Total General Fund Revenues are above expectations and well within the target range.
- Sales taxes are very close to expectations but behind by \$8.9 million as holiday sales were weaker than estimated.
- EIA Sales tax revenue is similarly close to estimates but behind. This is noted today as the EIA operates on a cash basis and does not have a reserve or other sources to offset a shortfall should that be the year-end result.
- Withholdings tax also is very close to estimates but is \$5.1 million behind expectations. Part of January’s result can be attributed to fewer processing days, the hazardous weather resulting in shutdowns, and timing differences in issuing refunds for tax credits. Still, however, the weak performance in Withholdings at the end of the calendar year appears to highlight the disconnect with the economy as early indications of wage activity indicate growth of 4 percent for the last quarter.
- Non-withholdings and Refunds are both performing better than expected and have contributed to the overall revenue excess by \$54.3 million and \$14.8 million, respectively.
- Corporate Income tax is another category that is very close to estimates but is \$6.6 million behind expectations. Given its relationship to retail sales, there is a concern that the weak holiday sales may indicate weaker than expected Corporate tax collections during tax filing. Once again, tax season may play a key role in final revenue collections.
- Corporate License revenue is now slightly above expectations as timing differences from December’s weak performance have been reconciled with January activity.
- Insurance tax is also very close to, but slightly behind expectations. *(slides 11-19)*

Mr. Rainwater concluded the review by providing a summary and recommendation for the FY 26 and FY 27 revenue estimates.

- The current revenue excess of \$90 million is much lower than in any of the excesses reported in the past six February meetings.
- Economic expectations have not changed significantly since November.
- Although revenue growth has slowed slightly faster than anticipated, revenues remain very close to expectations.
- Tax filing season remains a significant factor in revenues for the remaining months of the fiscal year. *(slide 22)*

Mr. Rainwater stated that, consequently, there is no clear justification for changing the forecasts for either fiscal year at this time and recommended that the Board maintain the current estimates for FY 26 and FY 27. Reviewing the estimates in May, however, after the April tax filing deadline is anticipated.

Chairman Grimball asked the Board Members their thoughts about the forecast, and none noted a preference for any changes. Therefore, with no action, the November estimates remained in effect.

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

Mr. Rainwater advised that there would not likely be a need for both the March and April meetings, and he would be in contact with the members about the pros and cons for which one would be the better date.

VI. The next scheduled meeting is March 26, 2026.

VII. Mr. Hutto moved to adjourn the meeting, and Dr. Mikota seconded the motion. All voted aye, and the meeting adjourned at 9:27 a.m.

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

These minutes were approved on 3/26/2026

Emily Prosser *Emily Prosser*