

MEMORANDUM FOR THE RECORD

DATE: May 29, 2015
Room 417, Dennis Building
12:30pm

SUBJECT: Minutes of Board of Economic Advisors Meeting

ATTENDEES: *Board Members* – Chad Walldorf (via WebEx)-Chairman, Howell Clyborne (via WebEx), Emerson Gower (via WebEx), Rick Reames (via WebEx), *Executive Director*, Frank Rainwater, *Staff* – Robert Martin, Greg DiBiase, Karen Rhinehart, Jade Dunbar, Rebecca Leach, Lisa Wren, April Walling, Les Boles. *Guests* – (Governor's Office), Michael Moore, Anjali Griffin (Comptroller General's Office), Meredith Cleland, Laura Watts (DOR), (B&CB), (Treasurer's Office), AJ Newton, Daniel Boan (W&M), Grant Gibson (Senate Finance), David Seigler (Executive Budget Office), (Senate Research), (SC Tech), (CHE), (Dept. of Education), (SCDMH), Joe Boyle (Lottery Commission), Katherine Pierson (DJJ), Quincy Swygert (DSS), (SCPRT), (PEBA), Jenny Lynch (DHHS), (E911), (Capitol Information Affiliates), (Nexsen Pruet Law Firm), Lena Smith (Southern Strategy Group), Jeff Thordahl, Billy Routh (Copper Dome Strategies).

Press: Cassie Cope (The State), Chris Cox (SC Biz News), Seanna Adcox (AP), Will Whitson (WIS), Tara Pettit (WACH Fox)

1. Chairman Walldorf welcomed everyone to the meeting.
2. Frank Rainwater presented General Fund Revenue information and Forecast Recommendations. (See attached)
 - ~Mr. Rainwater reviewed the economic assumptions used in the General Fund Revenue Forecast. Both employment and personal income are trending higher than forecast assumptions.
 - ~Robert Martin mentioned that recent wage gains have allowed consumers to spend out of current income and future income with credit cards.
 - ~The biggest short-term threat to the economy is the rapid strengthening of the U.S. dollar. This will cause U.S. exports to slow and has already impacted U.S. real GDP in the first quarter.
 - ~Chairman Walldorf asked if the second quarter GDP would be stronger than anticipated to which Mr. Martin replied that it would.
 - ~In reviewing the Education Lottery information, Chairman Walldorf asked when the last year was for a decrease in net proceeds. Joe Boyle, with the Lottery Commission, answered that there was a decrease 4-5 years ago.
 - ~The Board then reviewed changes to the BEA General Fund Revenue estimate:
 - *Chairman Walldorf asked if there would be corporate audits next year on corporate income tax.
 - *Mr. Rainwater replied that the activity is expected to be consistent – maybe a little higher.
 - *Chairman Walldorf asked Mr. Rainwater if the forecast expects a decrease in corporate income tax next year to which Mr. Rainwater replied that an increase was built into the CIT estimate in FY 2016.
 - *Mr. Reames said the Department of Revenue would closely monitor the audit situation.
 - *Chairman Walldorf mentioned he would like to see the lottery estimate higher for FY 2015-16. He felt that the current recommendation would go below the last two years-that \$321 million was the amount in FY 2014.
 - *Mr. Gower asked Mr. Boyle his opinion on this estimate and he said that the estimate was based on the business plan approved by the Lottery Commission. Mr. Gower stated he would like to keep the estimate that the Lottery Commission approved and trust their judgment; Mr. Clyborne agreed.
 - *Chairman Walldorf then asked for a vote on the new estimate as presented.
 - *Mr. Gower mentioned that the revenue growth lately had been anemic and he was glad to see growth; he recommended approval of the new estimate and Mr. Clyborne seconded. All voted aye, and the new estimate was approved.

~There were no other questions or comments from the Members or Working Group.

~With no further business pending, Emerson Gower motioned that the meeting be adjourned and Howell Clyborne seconded. The meeting adjourned at 1:10 P.M.

The next scheduled meeting is Thursday, June 18, 2015.

Attachments: Agenda, Meeting Materials

Public Notice of this meeting was posted at <http://www.rfa.sc.gov/calendar>

These minutes were approved on 11/12/15.



Karen Rhinehart