

## MEMORANDUM FOR THE RECORD

**DATE:** August 28, 2014  
Room 417, Dennis Building  
2:00 P.M.

**SUBJECT:** Minutes of Board of Economic Advisors and Working Group Meeting

**ATTENDEES:** *Board Members* – Chad Walldorf-Chairman, Howell Clyborne, Emerson Gower , Rick Reames, *Executive Director*, Frank Rainwater; *Staff* – Bobby Bowers, Greg Di Biase, Debbie Glenn, Lisa Jolliff, Robert Martin, Gordon Shuford, Lisa Wren, Jose Santiago Les Boles, Karen Rhinehart, Diane Porter, David Patterson. *Guests* – Josh Baker (Governor’s Office), Eddie Gunn (Comptroller General’s Office), Meredith Cleland (DOR), David Seigler (B&CB), (Treasurer’s Office), Beverly Smith, Daniel Boan (W&M), Lisa Catalanotto, Grant Gibson (Senate Finance), Les Boles, Rebecca Griggs (Office of State Budget), (Senate Research), (SC Tech), (CHE), (Dept. of Education), (SCDMH), (Lottery Commission), (DJJ), (DSS), (SCPRT), (PEBA), (DHHS).

Press: Cassie Cope – *The State*

1. **Chairman Walldorf called the meeting to order.**
2. **The meeting minutes of June 16, 2014 were approved.**
3. **Emerson Gower made a motion to approve a resolution honoring William Blume; Howell Clyborne seconded the motion.**
4. **Overview of Final 2014 Revenues (attached)**  
**Frank Rainwater reported final results for FY 2013-14:**
  - Final FY 2013-14 General Fund Revenues of \$7,033.2 million were \$24.8 million or 0.35% over the May 2014 estimate
  - Too early to determine whether the FY 2015 estimate can be adjusted by the FY 2014 surplus
5. **Review of 13<sup>th</sup> Month Closeout and Final FY 2013-14 (attached)**  
**Greg DiBiase reviewed 13<sup>th</sup>-Month and final FY 2013-14 information:**
  - Monthly sales growth of 2.4%; overall rate of 2.8% yields \$2.6 million excess above full-year forecast
  - Minimal revenue is norm for closing of Individual and Corporation Income taxes; FY excess of \$10.4 million for Individual was led by 5.1% gain in withholdings
  - A FY shortfall of \$13.9 million in Corporation Income Tax was offset by the 13.5 million excess for Corporate License Tax.
  - Departmental Revenue gain of \$6.3 million at closing bolstered by a \$4 million transfer of tax warrants by SCDOR
  - Documentary Stamp Tax accruals rose in line with home sales; mixed results for Insurance and Workers Compensation taxes

~Chairman Walldorf commented that having the estimate fall within .35% of the final results was a nice achievement.
6. **Review of Economic Indicators (attached)**  
**Robert Martin reviewed the SC Economic Indicators for July 2014:**
  - Employment grew by 2.0% or 37,500 jobs, in July
  - Withholdings are on a roller coaster averaging 4.4% the past three (3) months

- State unemployment rate has risen each of the past three (3) months to equal the U.S. unemployment rate at 6.4%
- Household debt is rapidly increasing, led by auto loans, while credit card usage is at the highest pace in six (6) years
- Housing recovery is hampered by higher mortgage rates and stricter qualification requirements  
~Robert Martin pointed out that the monthly net employment increase is due to jobs being added in manufacturing and transportation.

## 7. Conclusions

Frank Rainwater presented final conclusions concerning revenue for FY 2014:

- Final Revenue for FY 2014 was consistent with assumptions and expectations in November 2013 with slight adjustments in February and May
- Largest revenue source, Individual Withholdings, continues to grow around expectations at about 5.0 percent
- Sales Tax also continues a steady growth
- FY 2014 results are in line with assumptions for FY 2015

## 8. Other Matters

### • September Meeting Items

- Review July and August Revenue
- Adopt FY 2014-15 Monitor based on May estimate with legislative changes
- Briefing by Lottery Commission

~There were no questions from the Working Group.

With no further business pending, the meeting adjourned at 2:35 P.M.

The next scheduled meeting is Thursday, September 18, 2014

Attachments: Agenda, Meeting Materials

Public Notice of this meeting was posted at <http://www.rfa.sc.gov/calendar?m=08&y=2014>

These minutes were approved on September <sup>21</sup>, 2014 ↓ 10/20/2014

  
Karen Rhinehart

Did not see where these had  
been previously approved