

MEMORANDUM FOR THE RECORD

DATE: November 10, 2014
Room 417, Dennis Building
2:00pm

SUBJECT: Minutes of Board of Economic Advisors Meeting

ATTENDEES: *Board Members* – Chad Walldorf-Chairman, Howell Clyborne, Emerson Gower, Rick Reames, *Executive Director*, Frank Rainwater, *Staff* – Debbie Glenn, Robert Martin, Karen Rhinehart, Greg DiBiase, Lisa Jolliff, Gordon Shuford, Rebecca Leach, Jade Dunbar. *Guests* – (Governor’s Office), Michael Moore (Comptroller General’s Office), Meredith Cleland (DOR), (B&CB), Daniel Brennan (Treasurer’s Office), Kara Brurok, Daniel Boan, Katie Owen(W&M), Lisa Catalanotto, Quentin Hawkins (Senate Finance), David Seigler (Executive Budget Office), (Senate Research), (SC Tech), (CHE), (Dept. of Education), (SCDMH), Paula Harper-Bethea, Joe Boyle, Hogan Brown, Brian Ford, Tony Cooper (Lottery Commission), (DJJ), (DSS), (SCPRT), (PEBA), (DHHS), (E911), Julie Cox (Capitol Information Affiliates), Julie Ruff (Nexsen Pruet Law Firm).

Press: Cassie Cope – The State

1. Chairman Walldorf called the meeting to order.
2. Frank Rainwater introduced a new employee, Jade Dunbar, to the group.
3. The adoption of the meeting minutes for October 15, 2014 will be moved to the December 16, 2014 meeting.
4. Frank Rainwater presented a review of October 2014 Revenues. (See attached)
 - ~Chairman Walldorf asked why corporate income tax offsets corporate license tax.
 - ~Rick Reames answered that the transfers between corporate license tax and corporate income tax are a tax payer interchange in how the taxes are filed. This issue is being “ironed out”.
 - ~Frank Rainwater mentioned that this issue will be addressed next summer with the help of Meredith Cleland of the Department of Revenue.
5. SC Lottery Commission personnel presented information on the FY 2014-15 and FY 2015-16 estimate. (See attached)
 - ~Paula Harper-Bethea gave an overview of the current operation of the Lottery Commission.
 - ~Joe Boyle completed the presentation providing more detailed information.
 - Chairman Walldorf asked if it was possible to lower the retail commission to 6% versus 7%.
 - Ms. Harper-Bethea mentioned that SC is one of three states that pays 7% commission and she felt that it would be difficult to remove that. Retailers are key to a successful lottery regarding mega millions, etc. They are required to hire more staff for large lotteries and it brings in business for them as well as ticket sales overall. Dropping the commission level may cause a drop in lottery ticket sales.
 - Emerson Gower mentioned that lottery revenue is good and felt that there is a better focus on the customer.
 - Ms. Harper-Bethea shared that South Carolina sells more instant tickets than any other state and their promotional advertisements talk about the benefits of the lottery and concern that folks play responsibly.
 - Chairman Walldorf asked if unclaimed prizes are included in the FY 2015 estimate.
 - Mr. Boyle and Ms. Harper-Bethea both stated they were.
6. Frank Rainwater and Robert Martin presented information on the FY 2014-15 and FY 2015-16 Revenue Estimates as well as the Long-Range Forecast.
 - ~The job culture has changed; high paying jobs did not return as after other recessions keeping income growth low.
 - ~Chairman Walldorf asked if the 3.7% sales tax growth was a conservative estimate and Robert Martin responded that it was.
 - ~DOR accelerated the processing of Corporate License Tax returns and that process is expected to slow.
 - ~Europe and Germany are sliding in recession and South Carolina is tied to the German economy.
 - ~The Chinese economy is slowing as well.
 - ~The Federal bond buying program ended, which may drive interest rates up in the future.

- ~Worldwide oil market prices will decline as world economics show slower growth.
- ~The stock market is falling which means a reduction in wealth, a reduction in spending and less tax revenue.
- ~Chairman Walldorf asked for input/comments from legislative/financial agencies and there were none.

7. Vote on the Plan:

- ~Howell Clyborne moved to adopt the present year and FY 2015-16 estimate. Emerson Gower seconded the motion and all voted aye.
- ~Mr. Clyborne motioned to approve the Long Range Plan for 2016, 2017 and 2018 and Mr. Gower seconded and all voted aye.

~With no further business pending, Howell Clyborne motioned that the meeting be adjourned and Emerson Gower seconded. The meeting adjourned at 3:25 P.M.

The next scheduled meeting is Thursday, December 16, 2014. This will be a phone-in meeting for the Members.

Attachments: Agenda, Meeting Materials

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

These minutes were approved on 11/22/15.

Karen Rhinehart

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