



EDWARD B. GRIMBALL, Chairman
ALAN D. CLEMMONS
EMERSON F. GOWER, JR.

SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

FRANK A. RAINWATER
Executive Director

BOARD OF ECONOMIC ADVISORS AND WORKING GROUP MEETING AGENDA August 24, 2020, 1:00 P.M.

Via GoToMeeting Videoconference at ETV Studios
Please join my meeting from your computer, tablet or smartphone.

<https://global.gotomeeting.com/join/849535589>

You can also dial in using your phone.

United States: [+1 \(571\) 317-3112](tel:+15713173112)

Access Code: 849-535-589

- I. Welcome
- II. Adoption of Meeting Minutes for July 23, 2020
- III. Discussion on Final FY 2019-20 General Fund Revenues
 - A. Summary and Overview (F. Rainwater)
 - B. General Fund Revenue and Economic Activity – Key Items (R. Martin)
- IV. Review and Discussion of Assumptions for FY 2020-21 (F. Rainwater, R. Martin)

BREAK 2:10 – 2:20 PM

- V. Insights and Perspectives for FY 2020-21
 - A. [Dr. Brannon Traxler, DHEC Physician Consultant, SC Department of Health and Environmental Control](#)
 - B. [Mr. Robert M. Hitt, Secretary of Commerce, SC Department of Commerce](#)
 - C. [Mr. Dudley Jackson, Director of Research; Mr. Justin Hancock, Director – Research, Grants, and Policy, SC Department of Parks, Recreation, and Tourism](#)
 - D. [Mr. Ted Pitts, President, SC Chamber of Commerce](#)
 - E. [Mr. Dan Ellzey, Executive Director, SC Dept. of Employment and Workforce](#)

BREAK 3:30 – 3:40

- VI. Board Members Key Observations and Issues regarding FY 2020-21

- VII. Other Matters for Consideration
 - A. Reports from Frank Rainwater

- VIII. Reports from Working Group Members
 - A. Governor's Office
 - B. Senate Finance Committee
 - C. Ways & Means Committee
 - D. Treasurer's Office
 - E. Comptroller General's Office
 - F. Executive Budget Office

- IX. Future Meeting Schedule
 - A. August 31, 2020, 1:00pm (FY 2020-21 Forecast Update)- Via Teleconference
 - B. September 17, 2020, 1:30pm To be determined/If necessary
 - C. October 15, 2020, 10:30am (Quarterly Review and Annual Regional Advisory Meeting)
 - D. November 10, 2020, 1:30pm (Preliminary Forecast - due November 10th)
 - E. December 10, 2020, 1:30pm (If Necessary)
 - F. 2020 Calendar at <http://rfa.sc.gov/meetings>

- X. Adjournment

Please note that the Agenda is subject to change.

For further information, please contact Karen Rhinehart at (803) 734-3793,
or visit the RFA webpage at www.rfa.sc.gov



South Carolina Revenue and Fiscal Affairs Office

FINAL FY 2019-20 GENERAL FUND REVENUES

August 24, 2020

THE COVID-19 PANDEMIC IN PICTURES



August 24, 2020

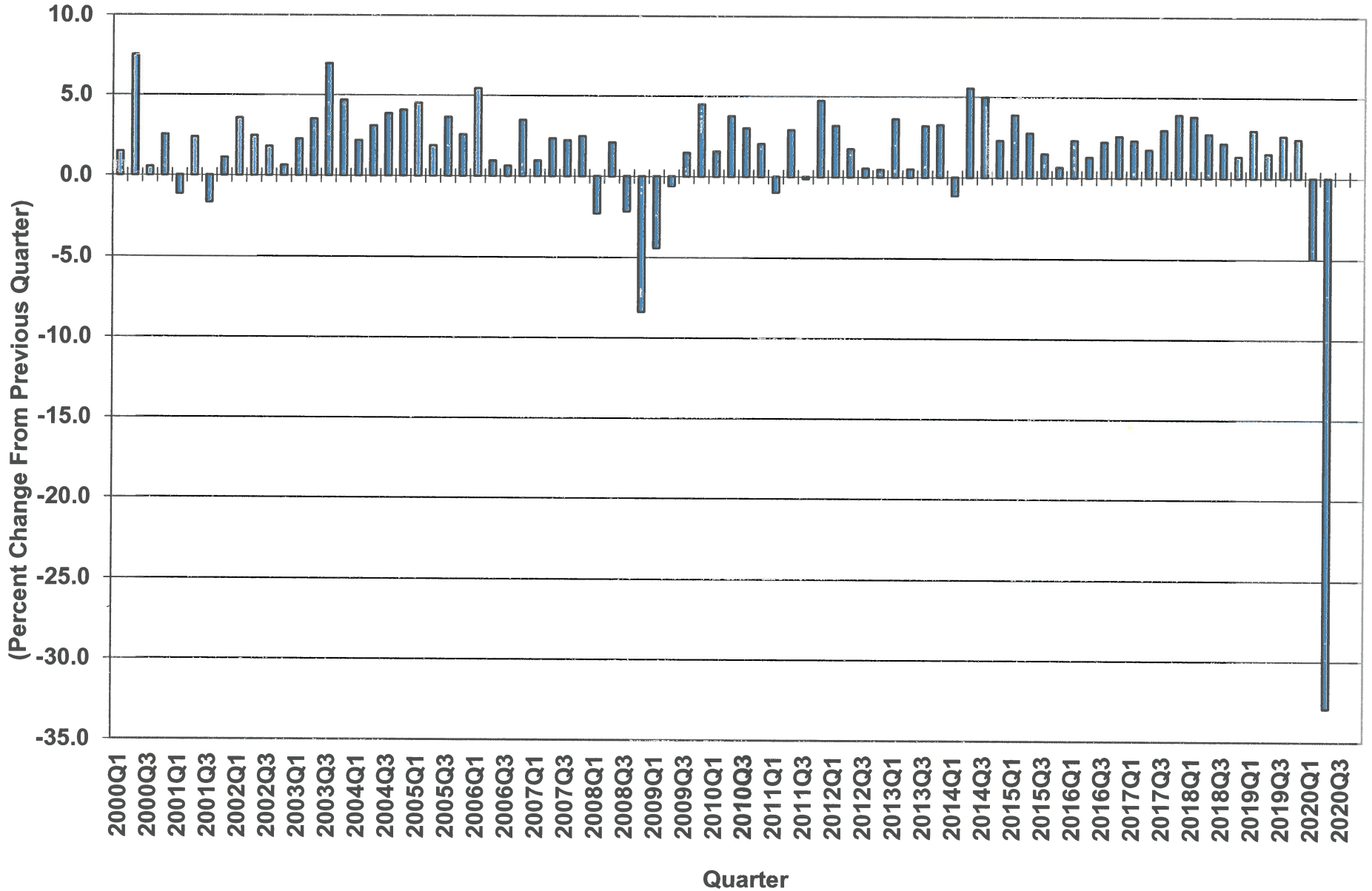
**Revenue and Fiscal Affairs Office
Board of Economic Advisors**

www.rfa.sc.gov

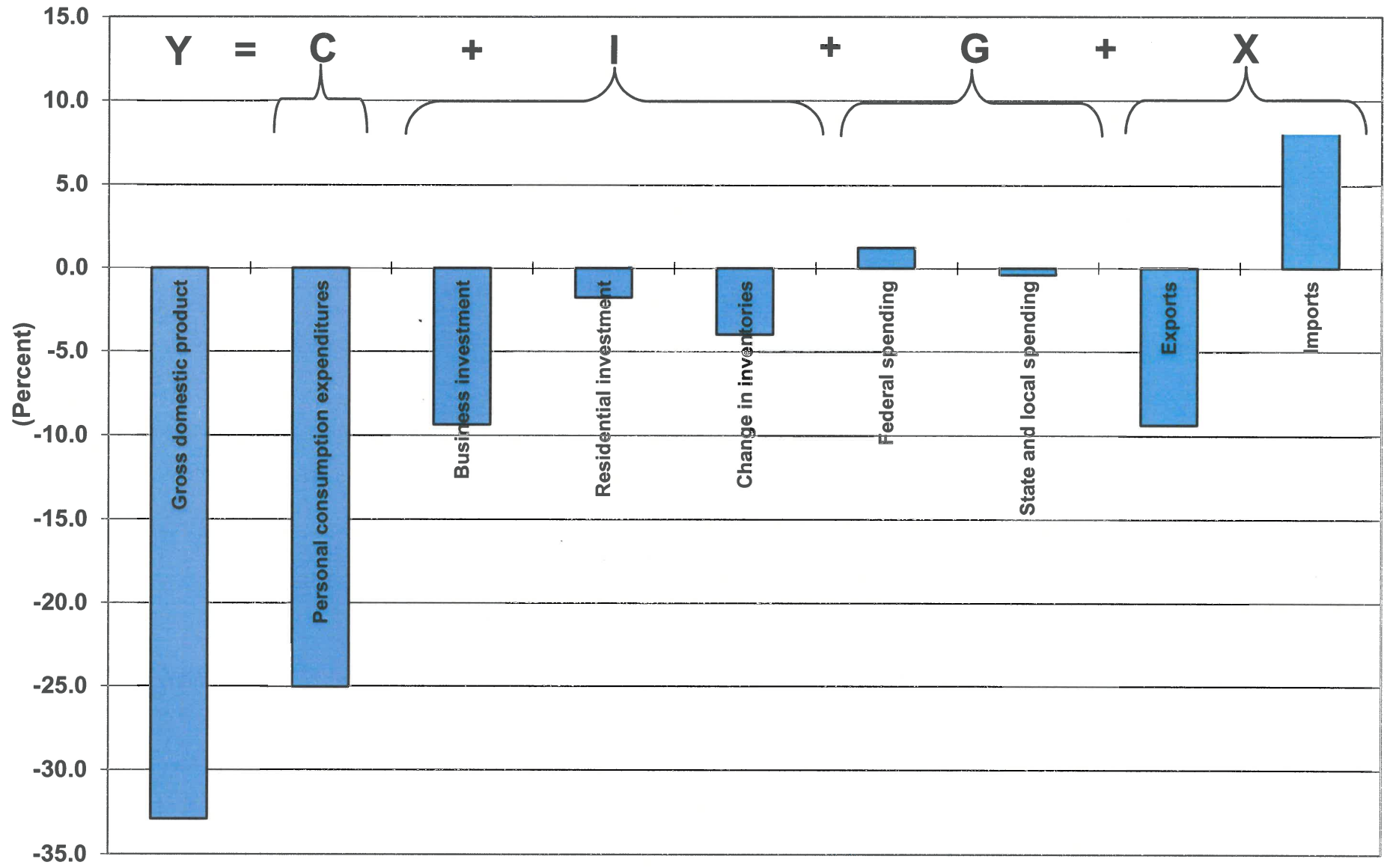
(803) 734-2265

The information in this report has been obtained from sources believed to be reliable; although, we cannot guarantee the accuracy or completeness of the data. The analyses in this report are for general information and are not intended to provide specific advice or recommendations. Neither the information, nor any opinion expressed, constitutes a solicitation by us of the purchase or sale of any securities or commodities. The Board of Economic Advisors (BEA) has no control over and does not endorse any external Internet site that contains links to or references to the BEA.

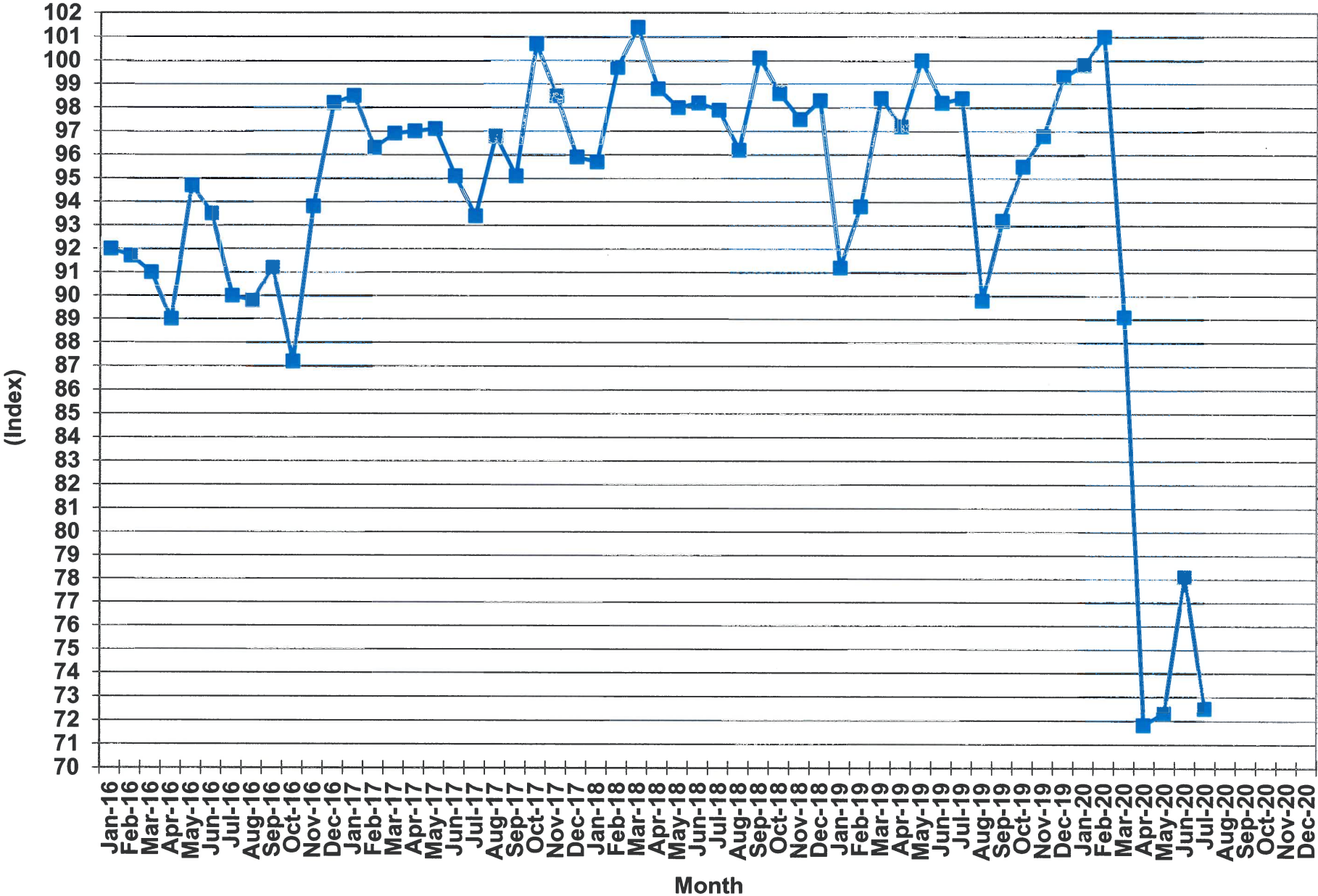
Real Gross Domestic Product in the U.S. (2012 = 100.0)



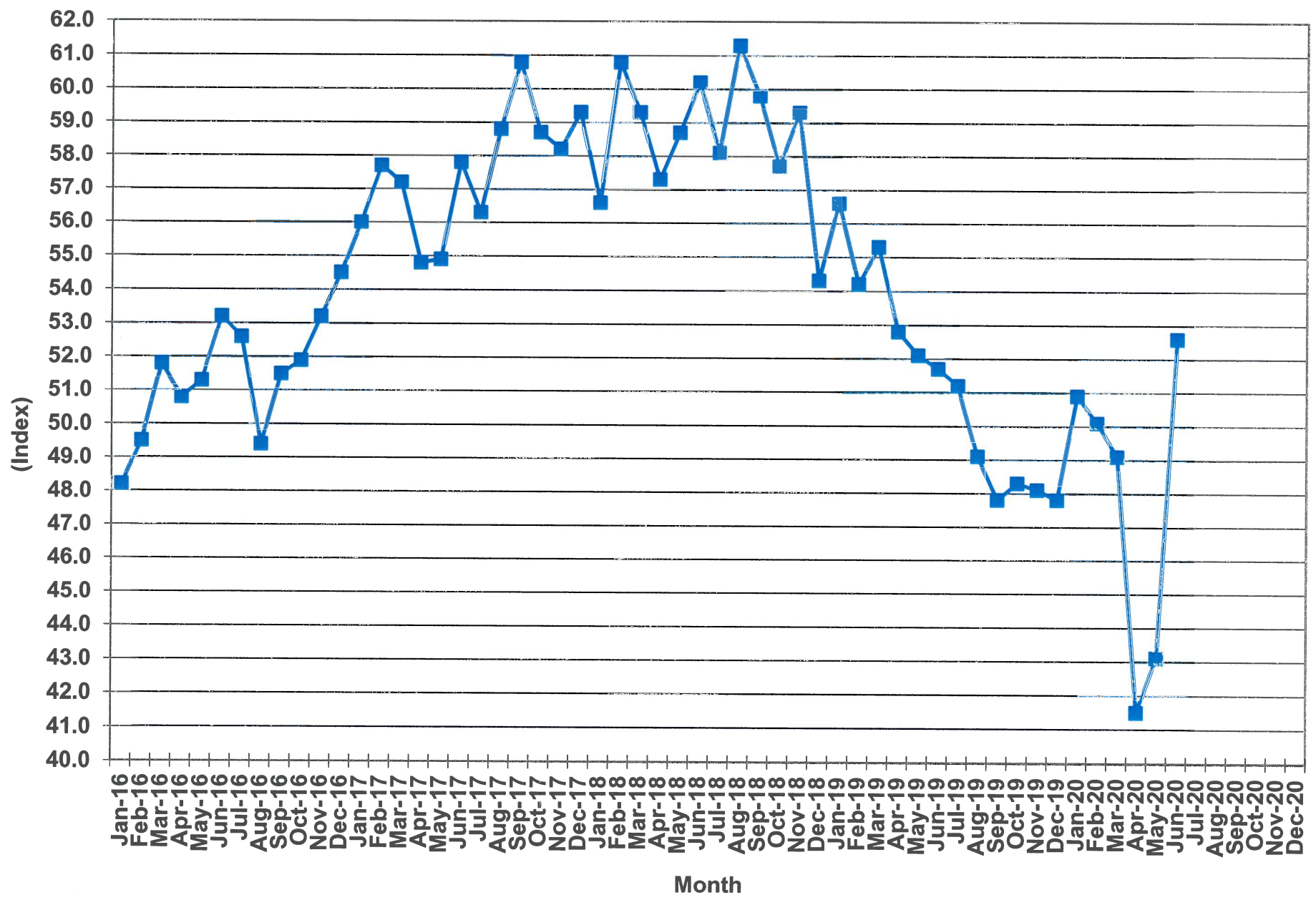
Contributions to Real Gross Domestic Product in the U.S. 2020, Second Quarter, (Advance Estimate)



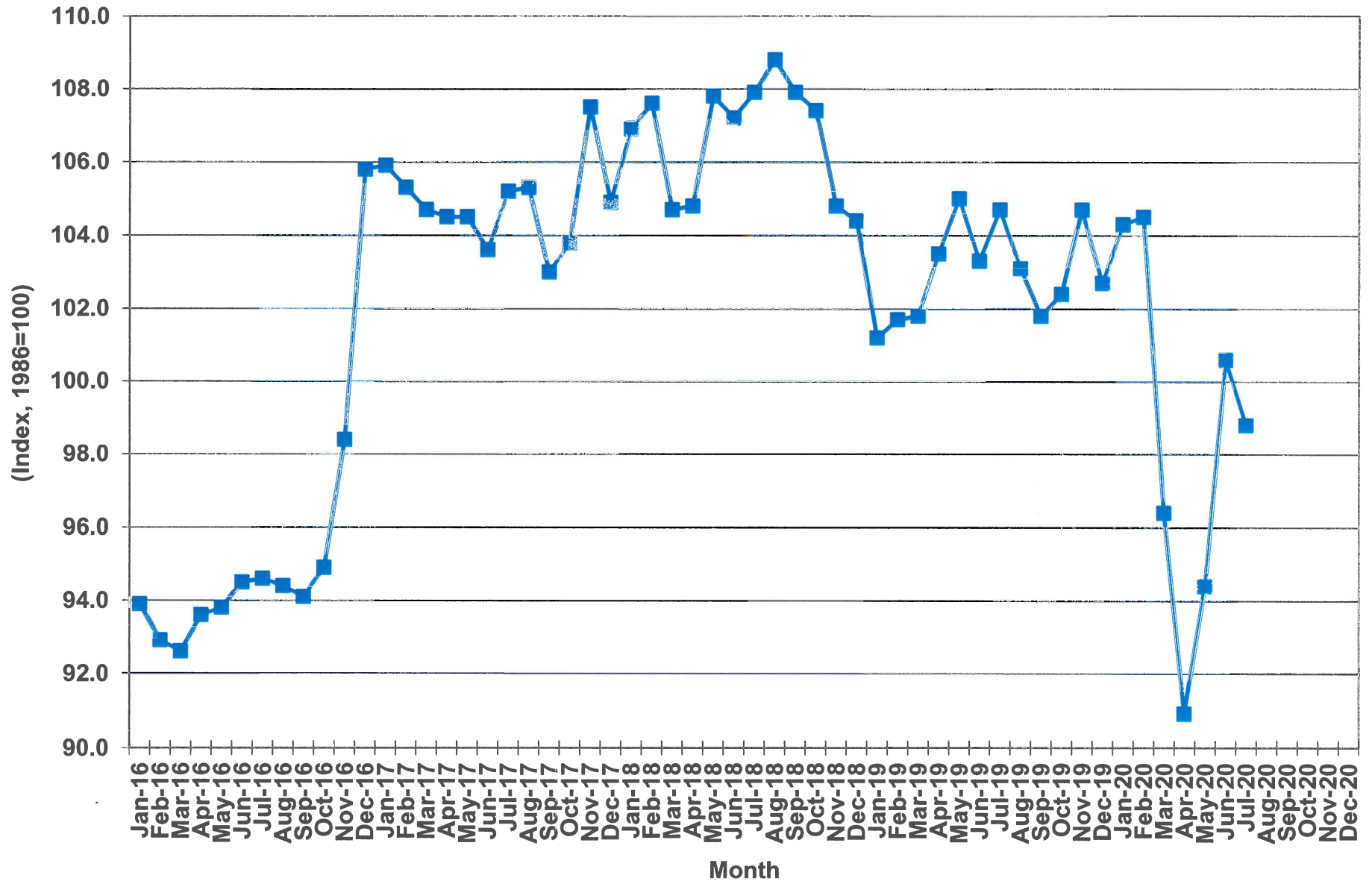
Consumer Sentiment Index



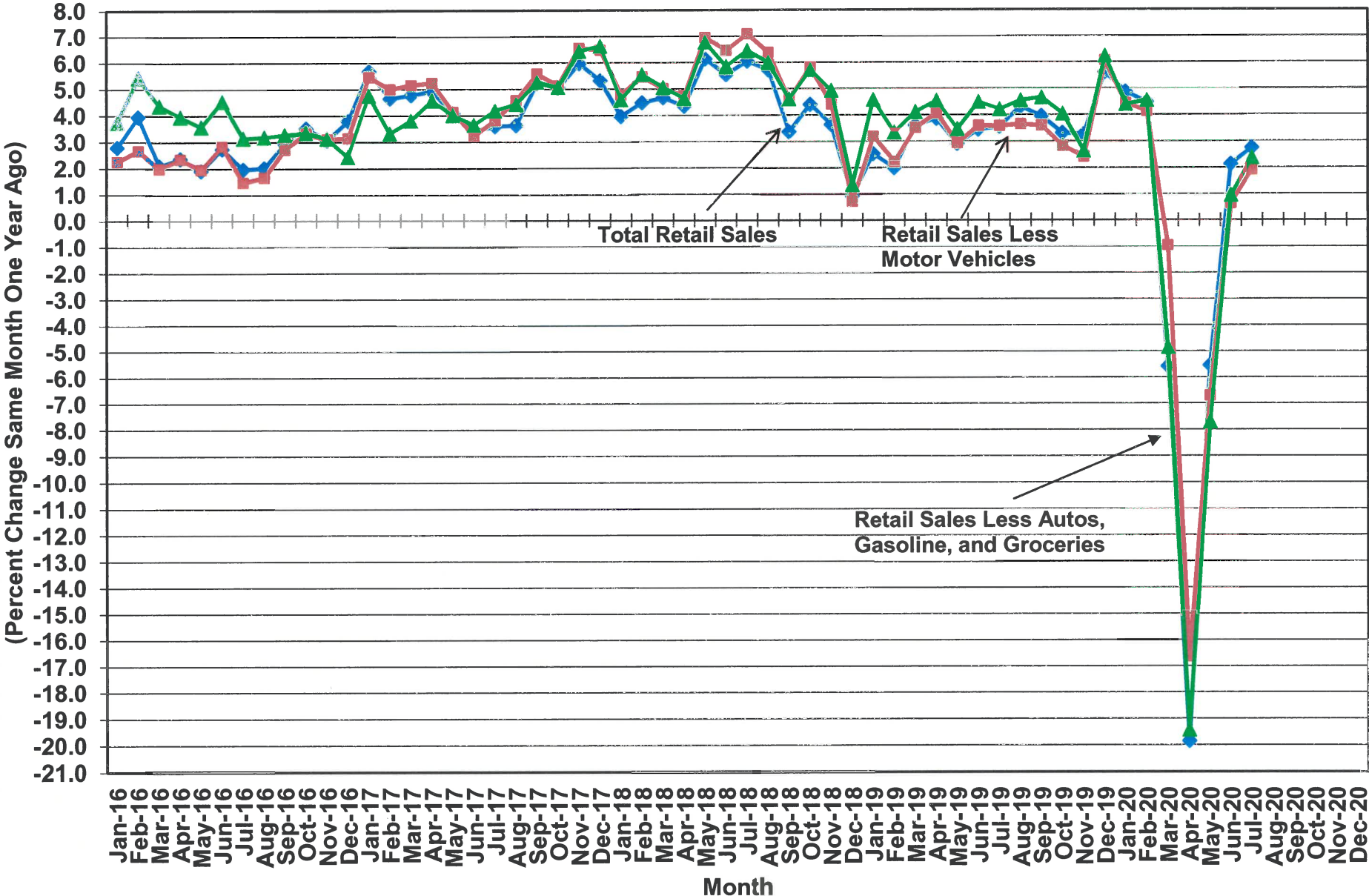
Index of Manufacturing Purchasing Managers Index (NAPM)



National Federation of Independent Business (NFIB) Small Business Optimism Index

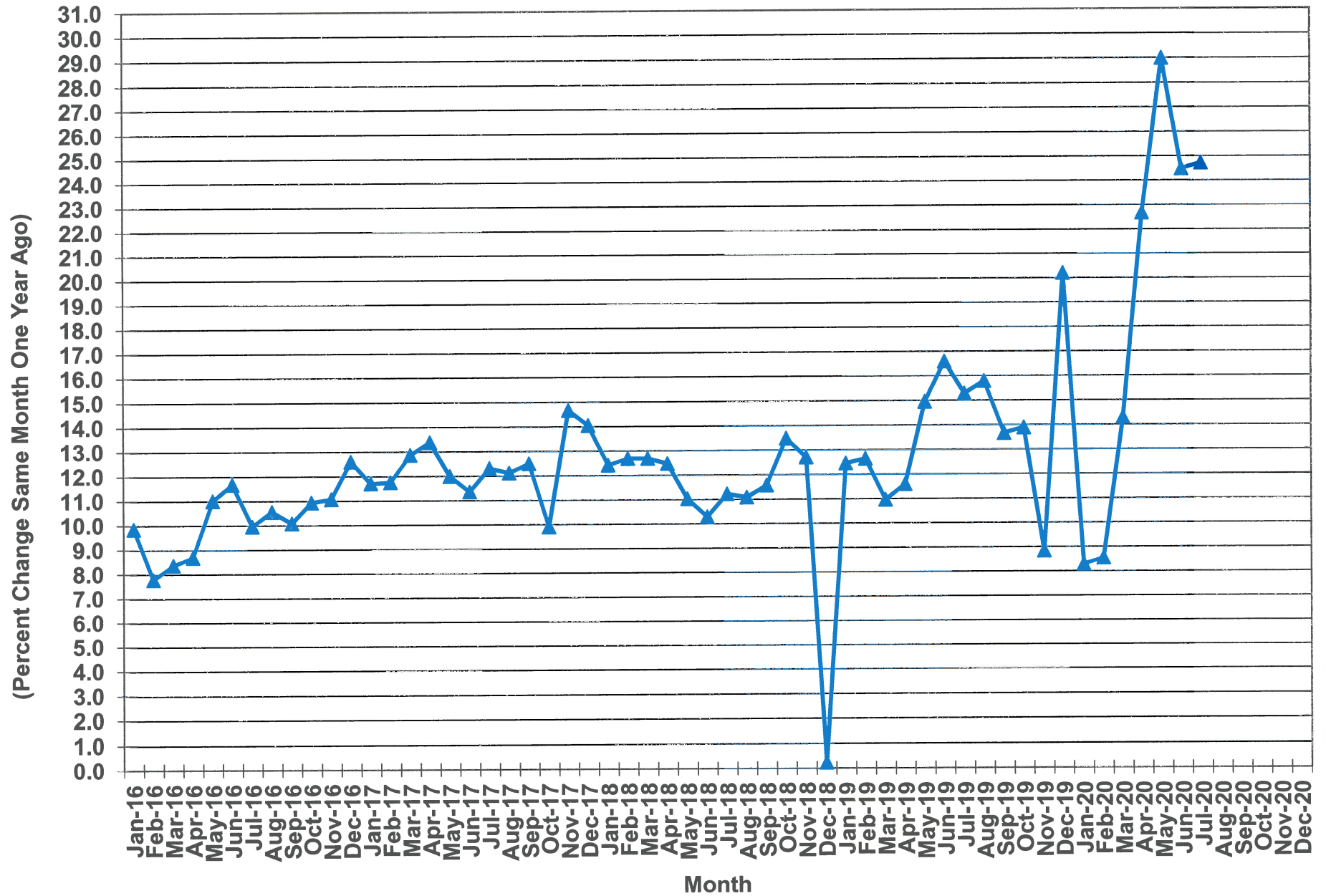


U.S. Retail & Food Service Sales



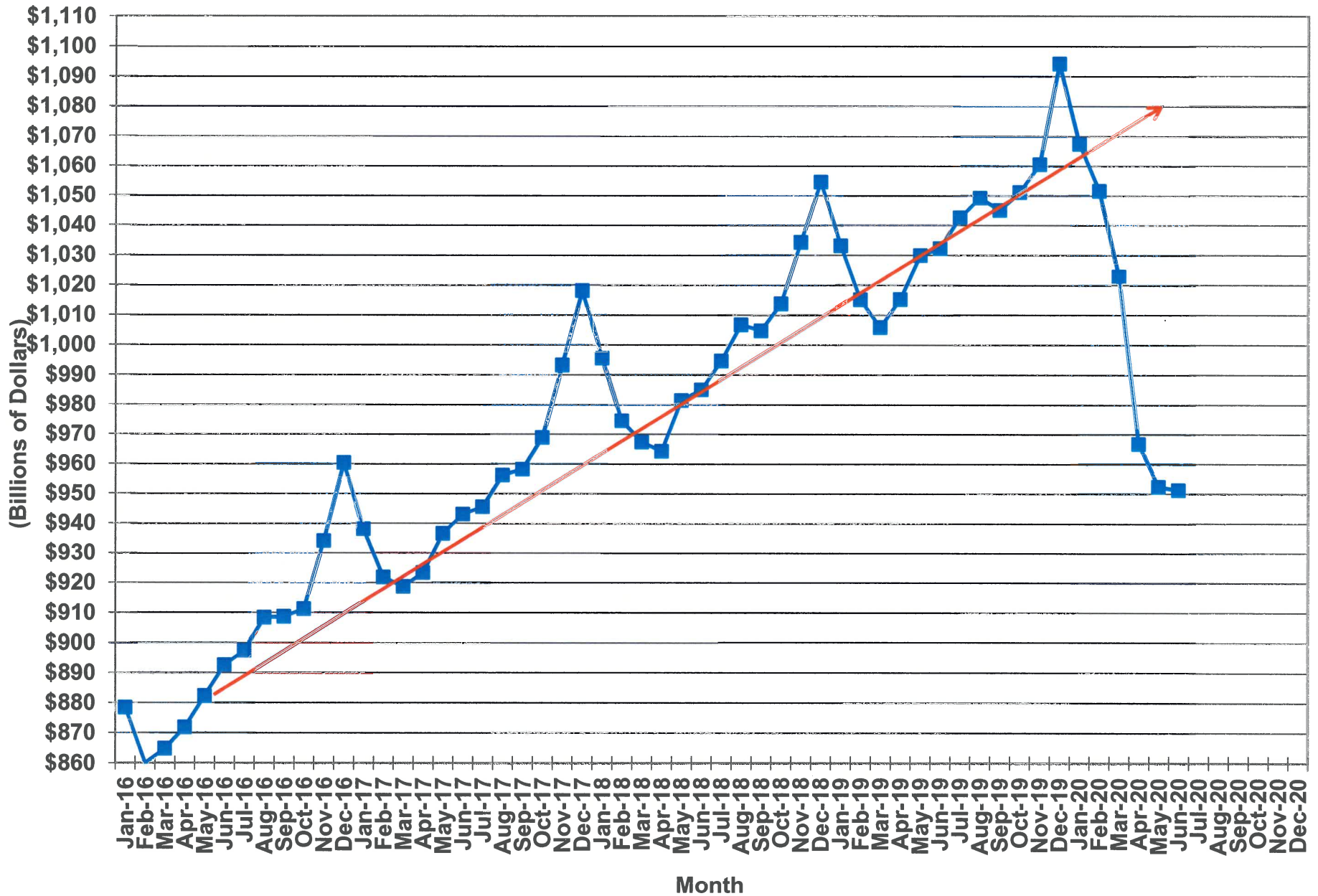
Source: U.S. Department of Commerce, Bureau of the Census, Washington, D.C.

Nonstore Retail Sales in the U.S.



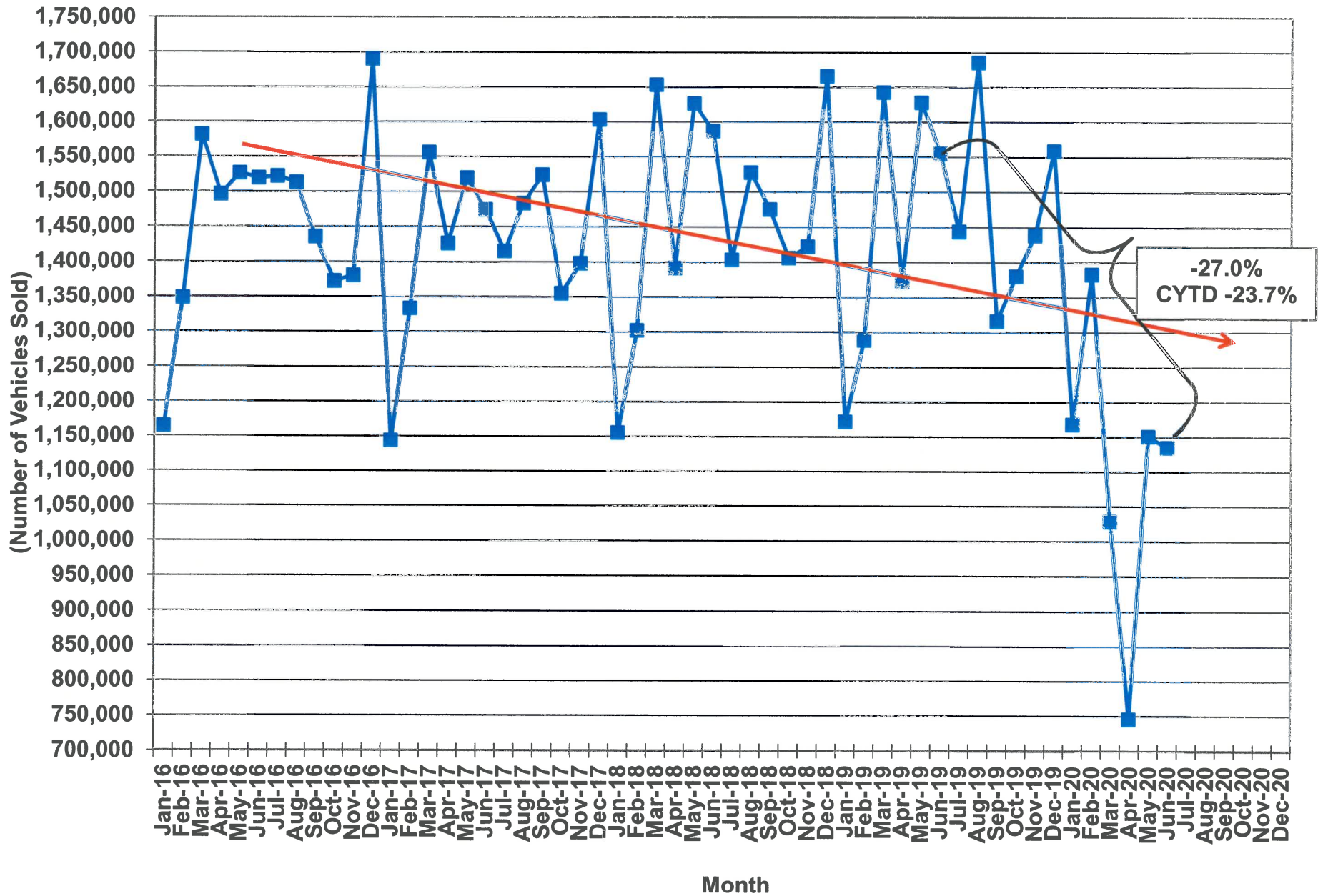
Source: U.S. Department of Commerce, Bureau of the Census, Washington, D.C.

Total Revolving Credit Outstanding in the U.S.



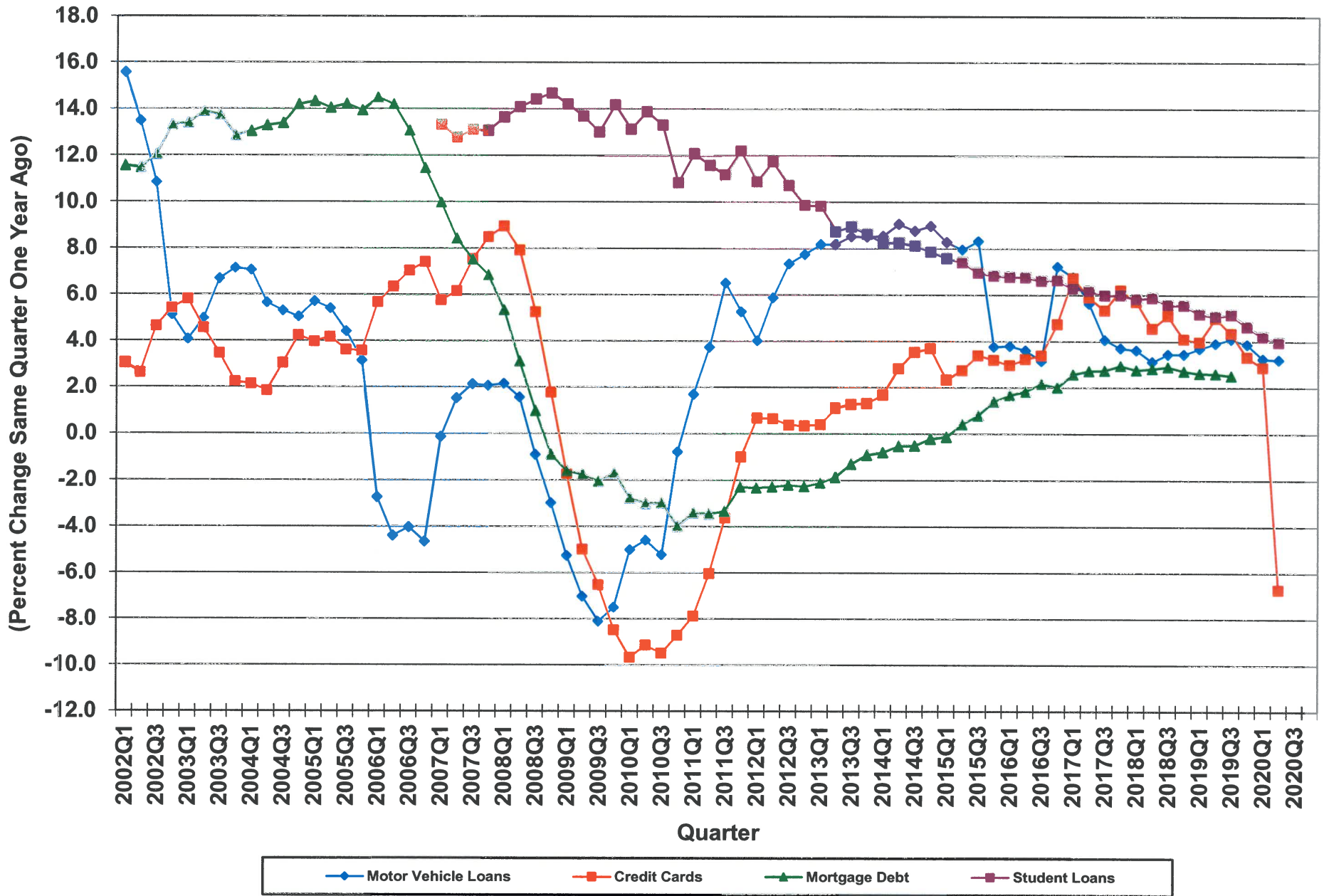
Source: The Board of Governors of the Federal Reserve System

Total Light Vehicle Sales in the United States

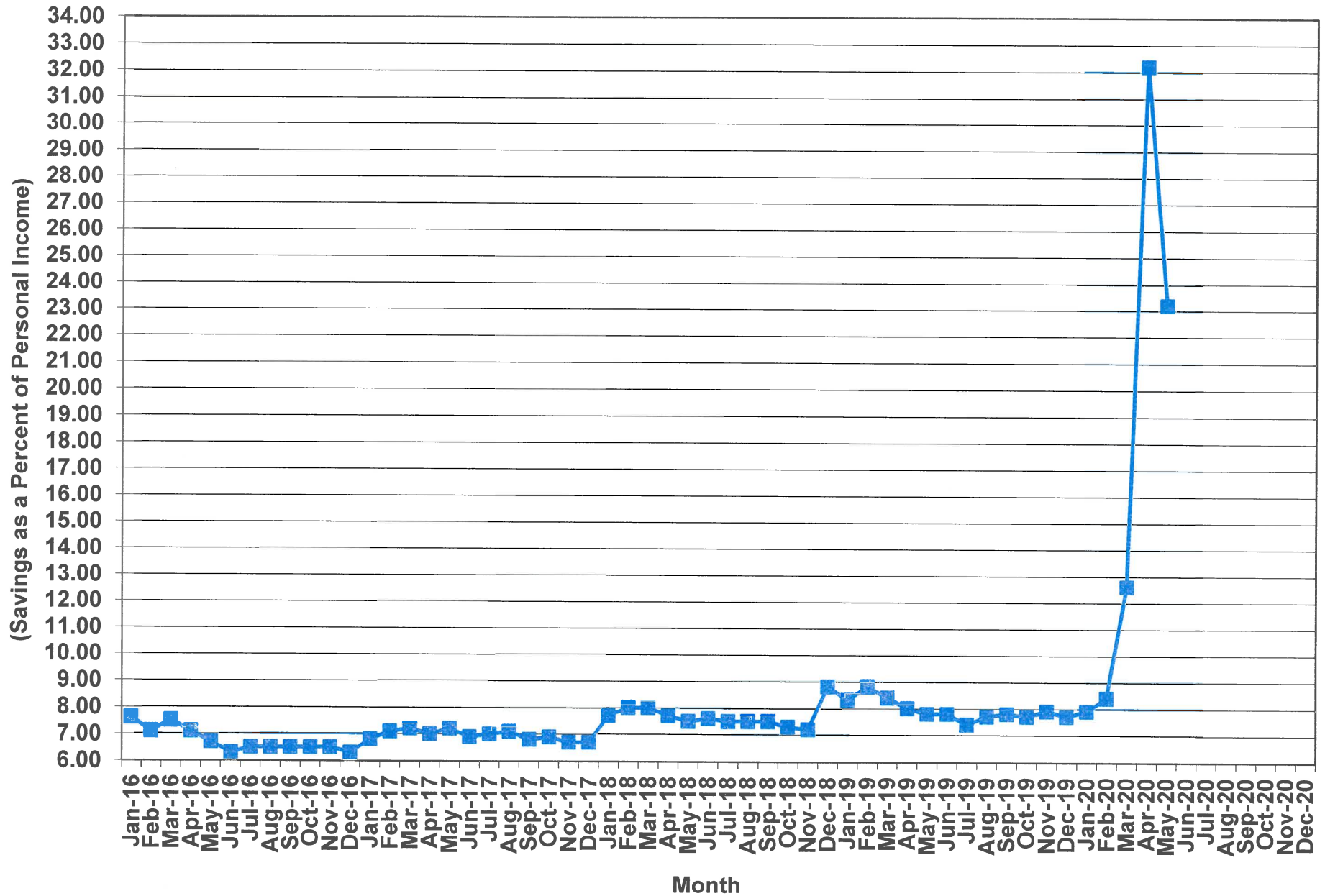


Source: U.S. Department of Commerce, Bureau of Economic Analysis, Washington, D.C.

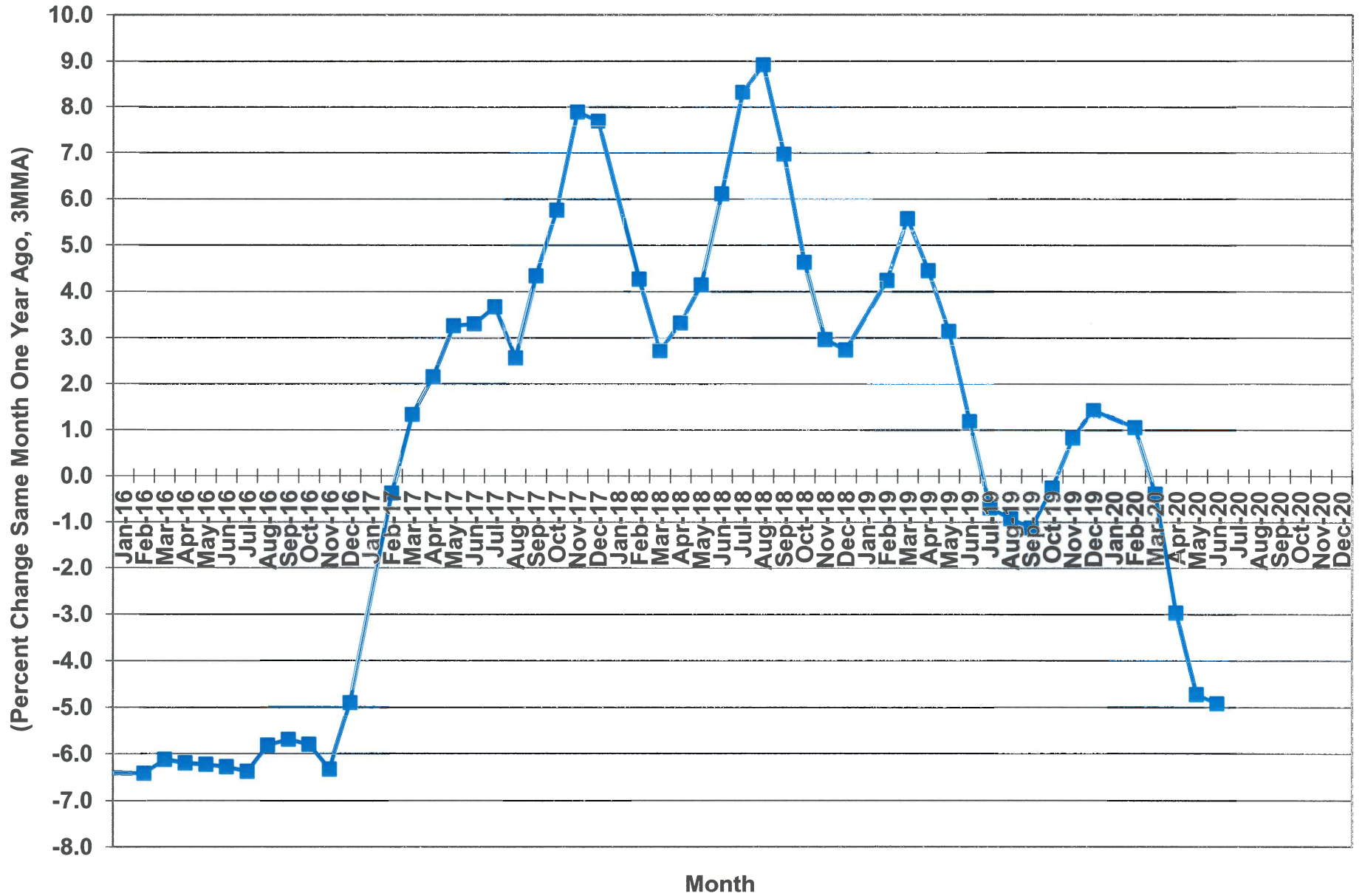
Growth in Major Types of Household Debt



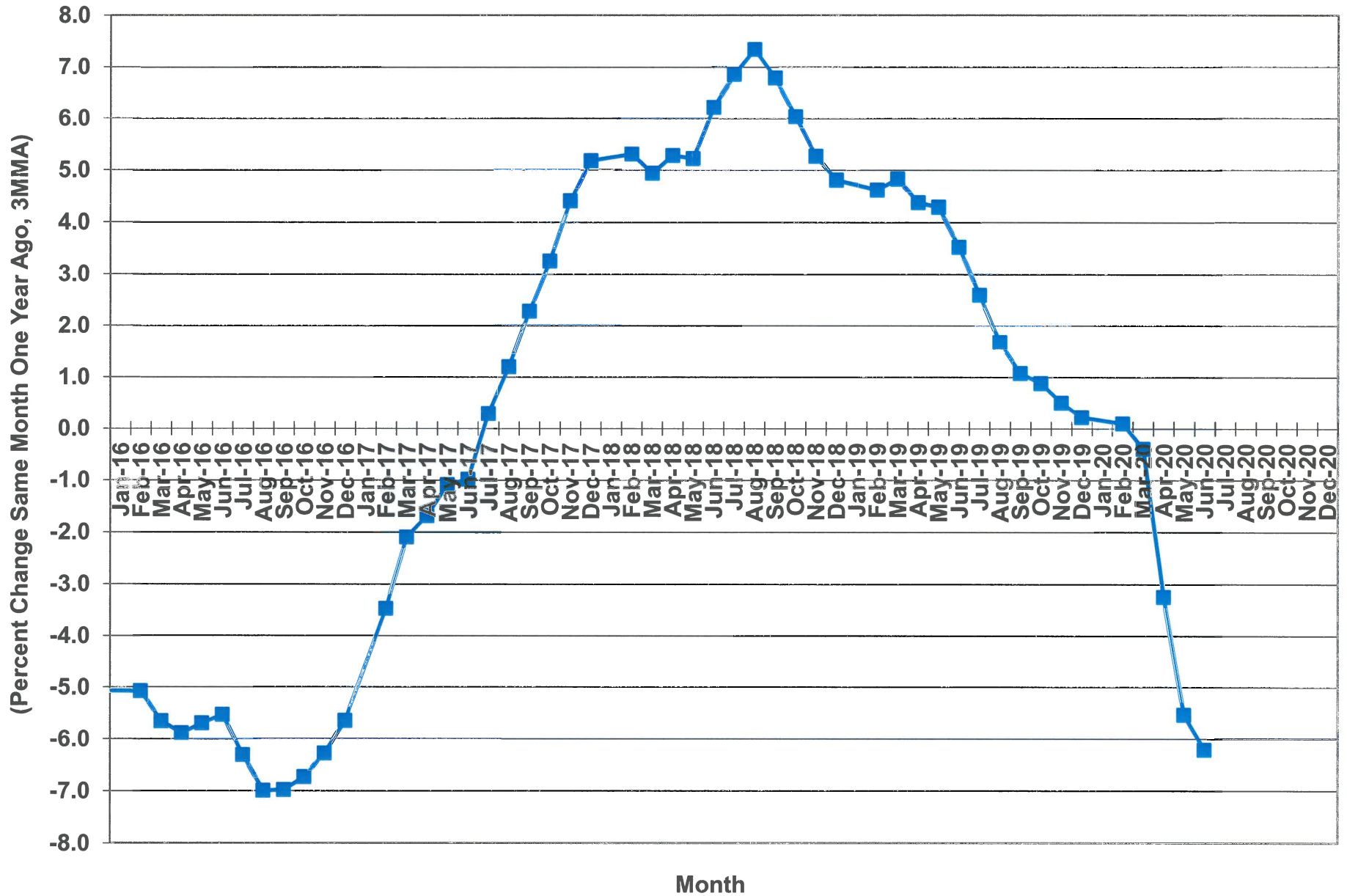
Personal Savings Rate in the U.S.



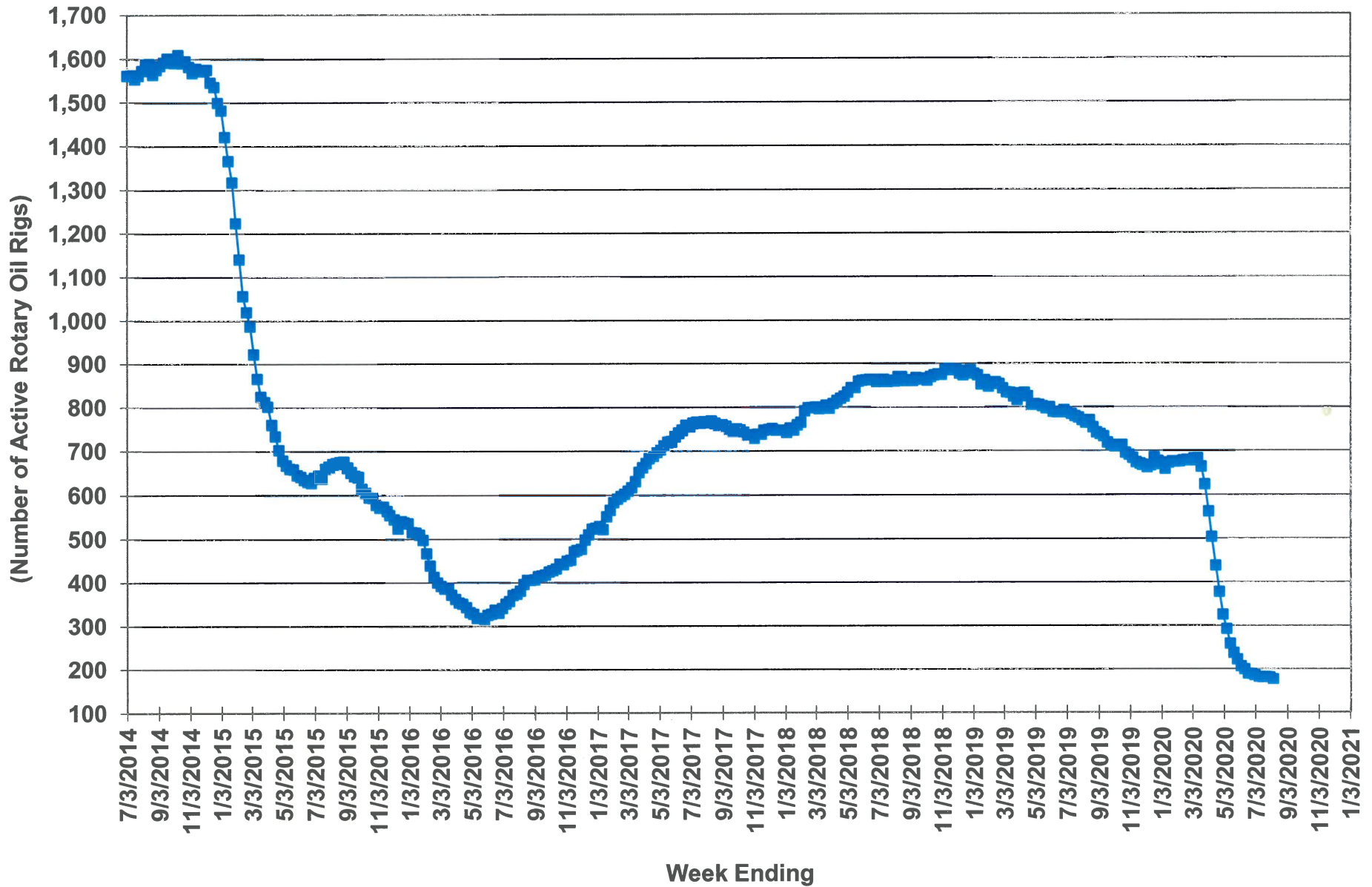
Growth in Total Manufacturer's New Orders of Nondefense Capital Goods Excluding Aircraft in the U.S.



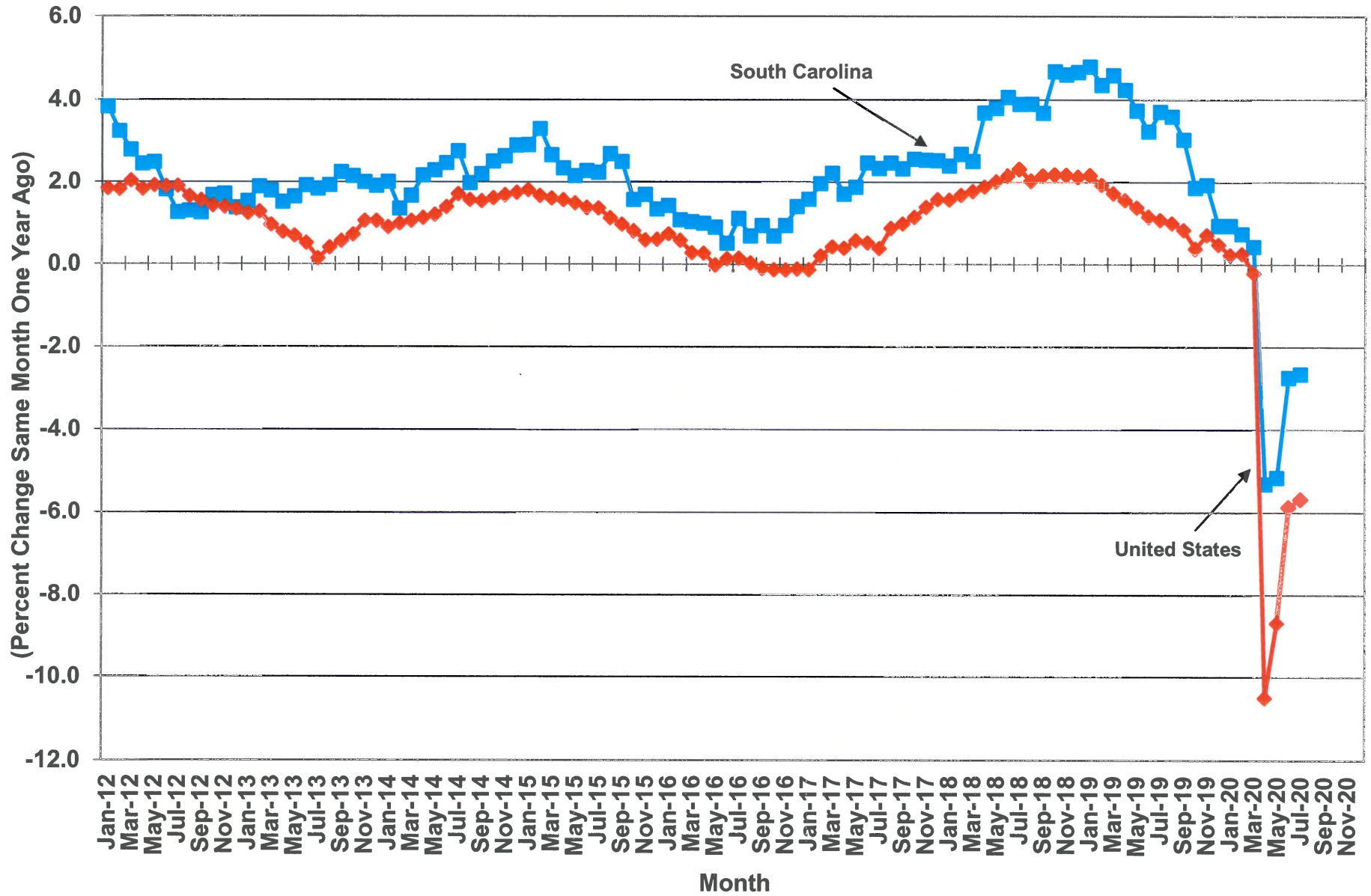
Growth in Total Manufacturer's Shipments of Nondefense Capital Goods Excluding Aircraft in the U.S.



Active Oil Rotary Rig Count in the United States

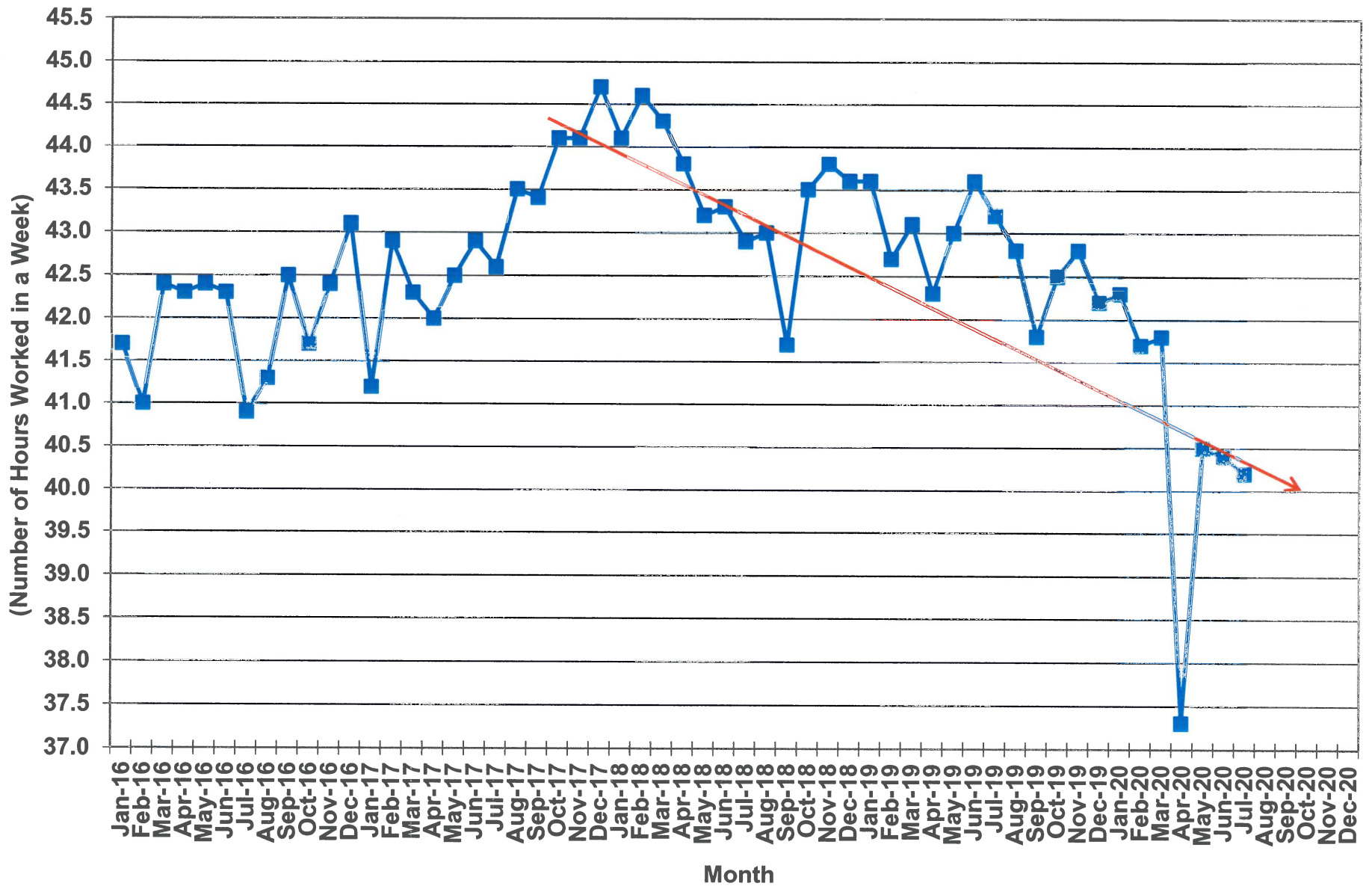


Growth in Manufacturing Employment in SC and US

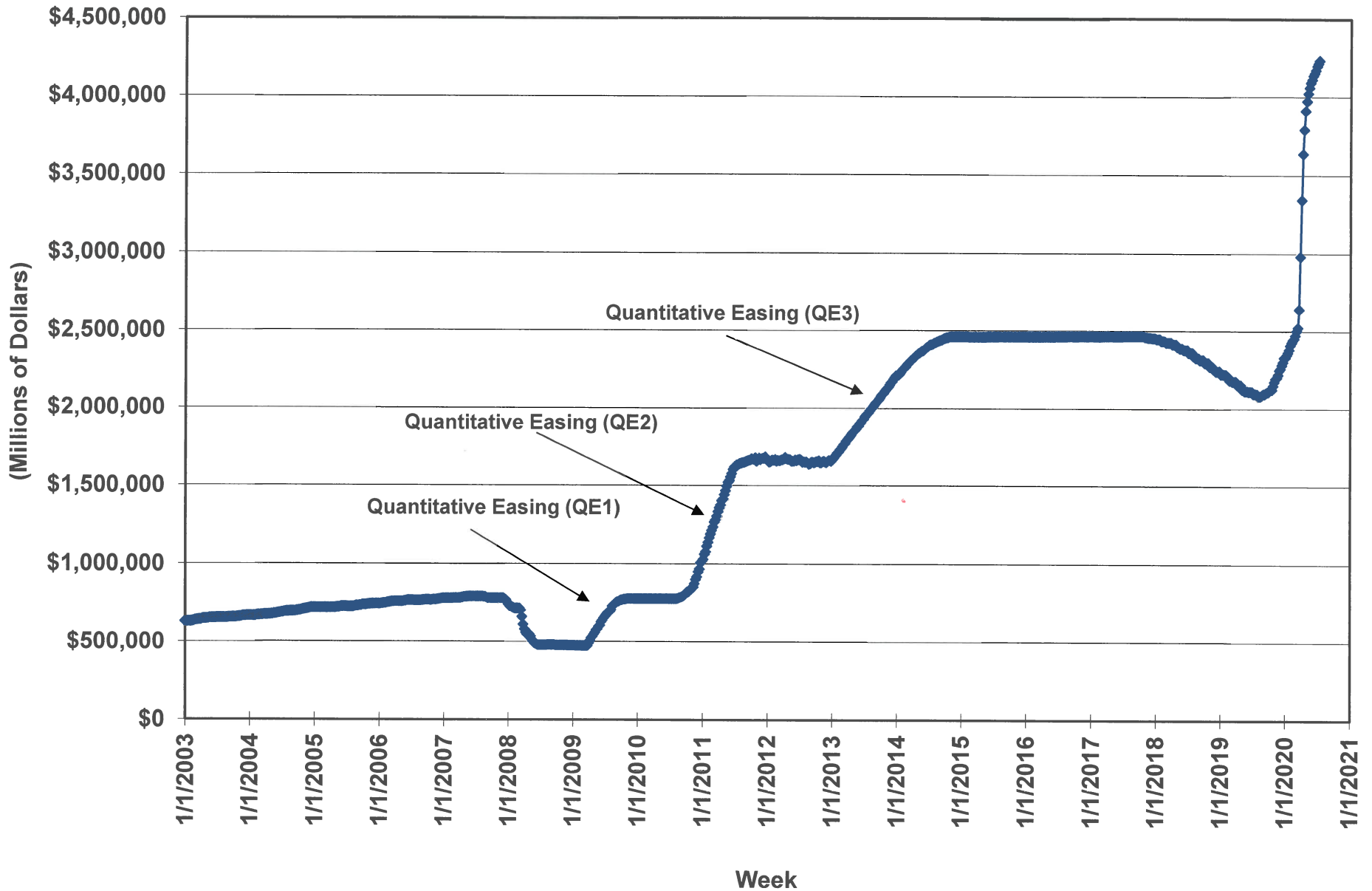


Source: U.S. Department of Labor, Bureau of Labor Statistics, Washington, D.C.
BEA/RWM/08/21/20

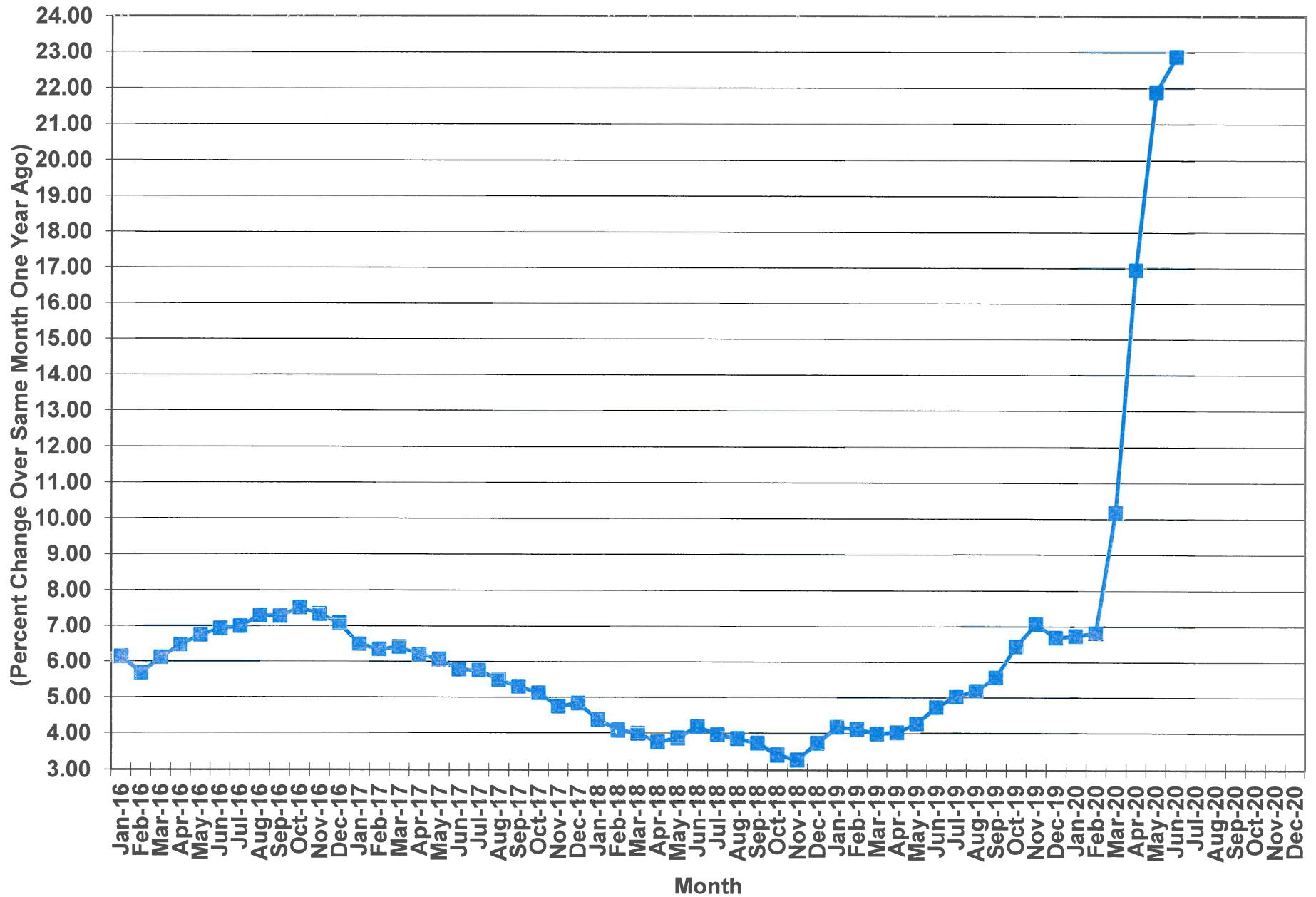
Average Work Week of Manufacturing Employees in South Carolina



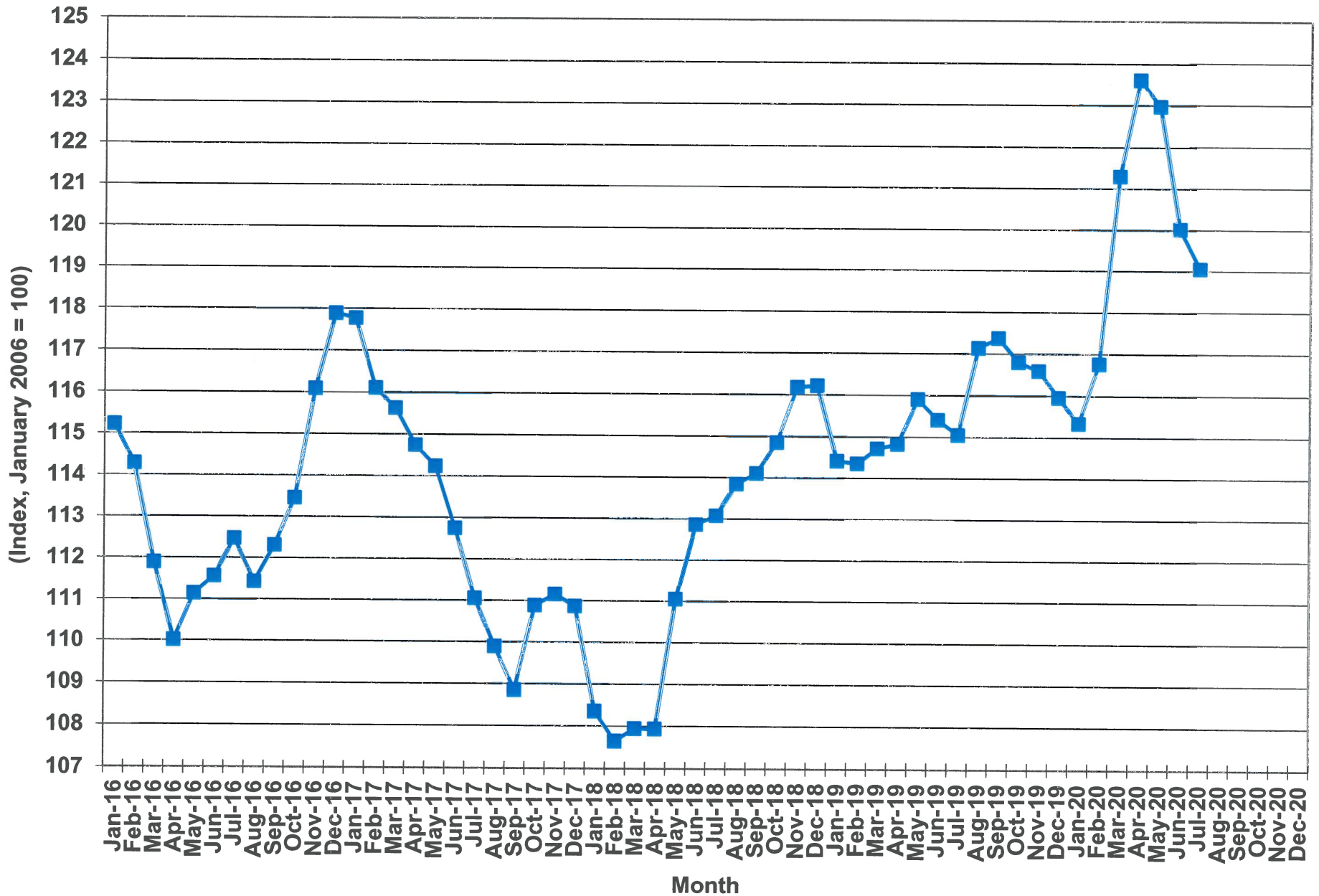
U.S. Treasury Securities Held by the Federal Reserve (All Maturities)



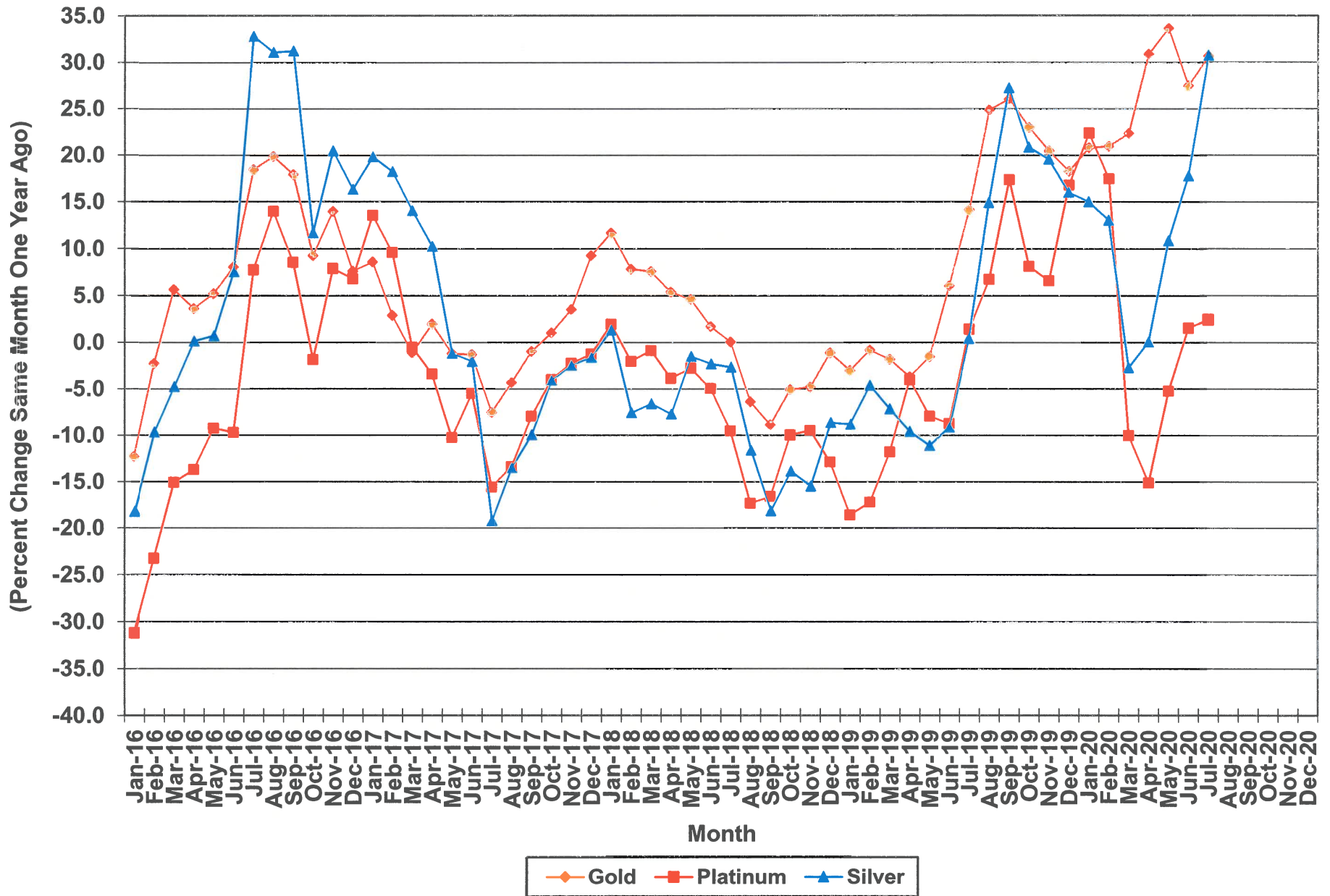
Money Supply - M2



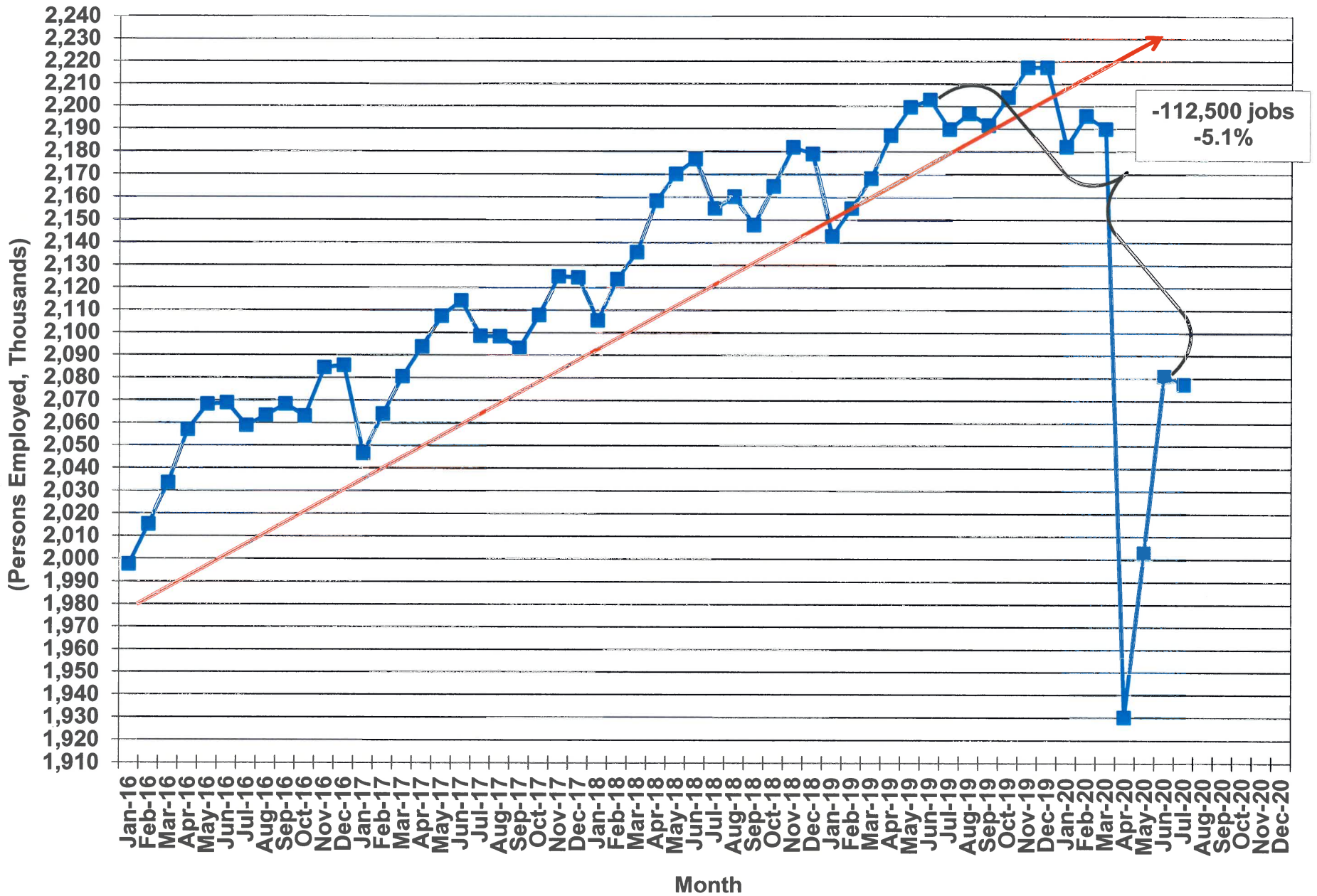
U.S. Trade-Weighted Exchange Rate Index of U.S. Dollar



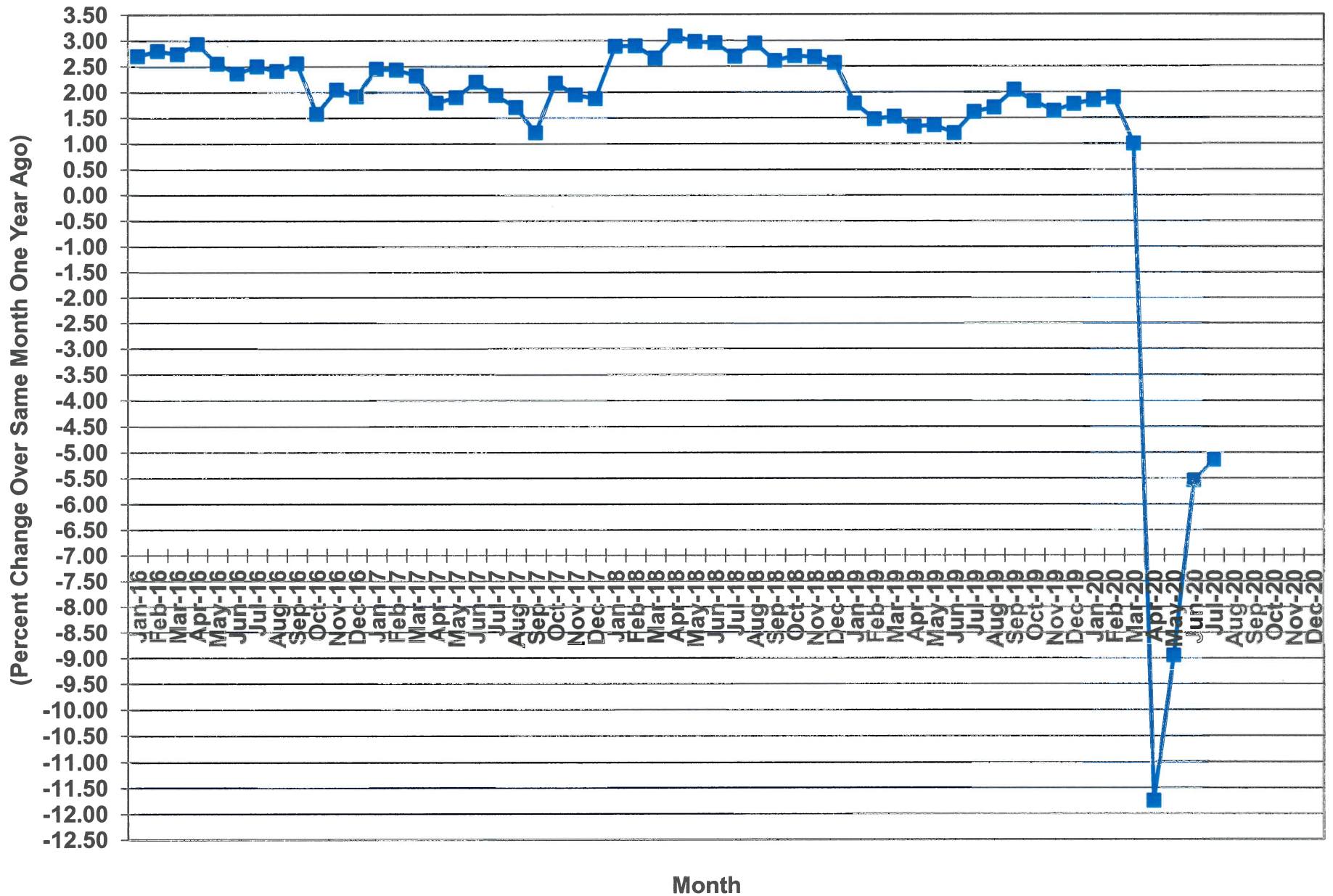
Growth in Precious Metals Prices



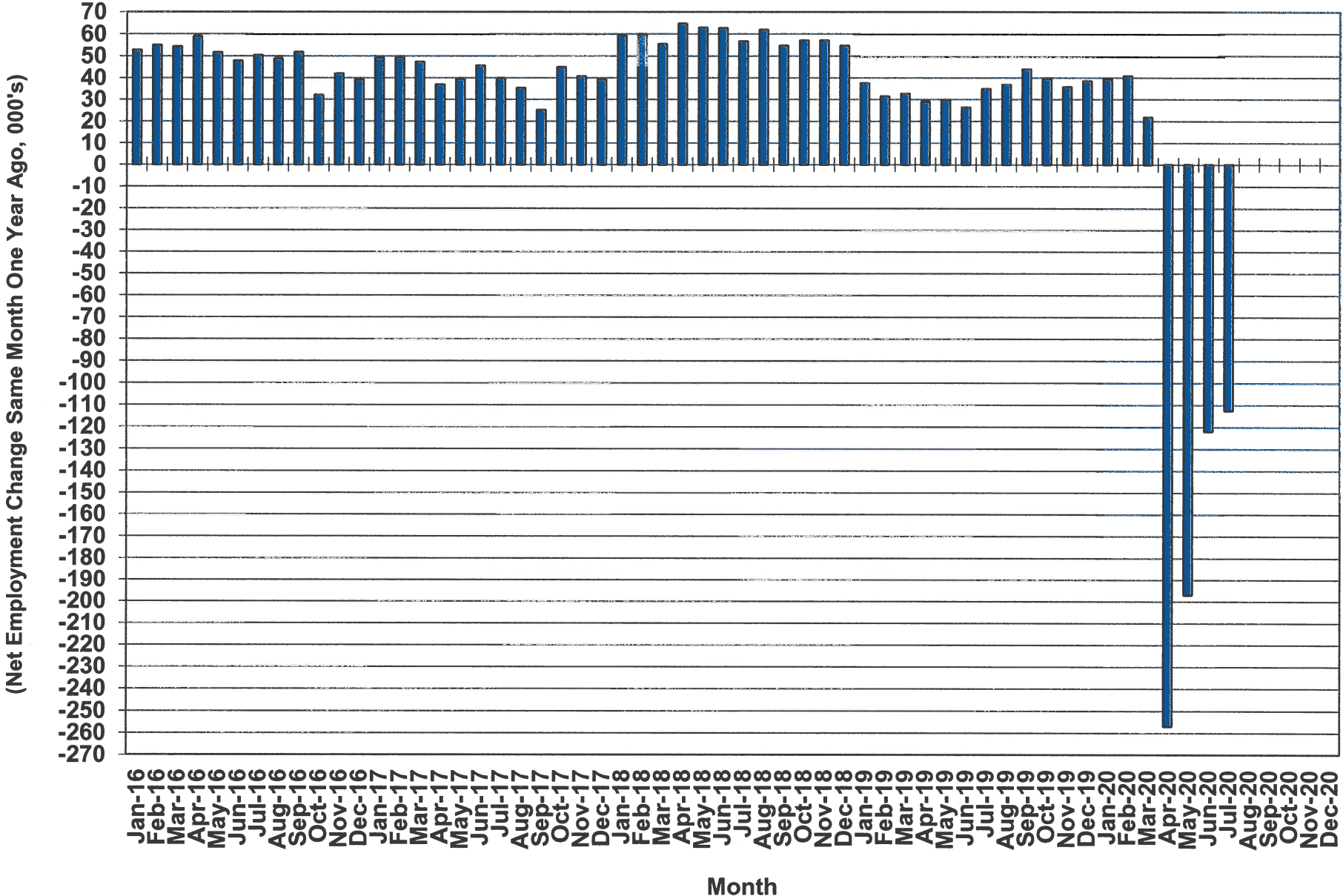
Total Nonfarm Employment in South Carolina



Total Nonfarm Employment Growth in South Carolina

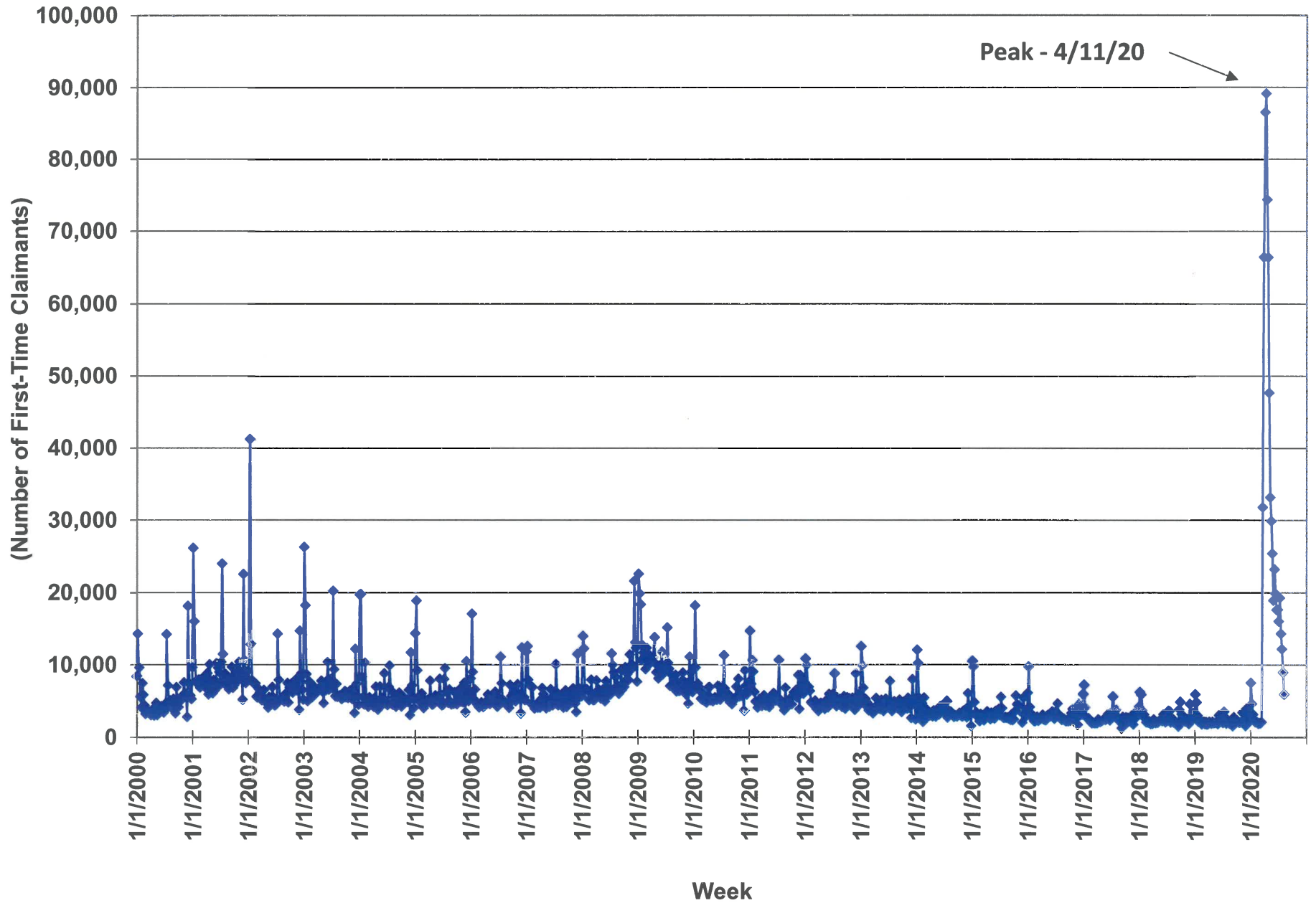


Net Nonfarm Employment Increase in South Carolina

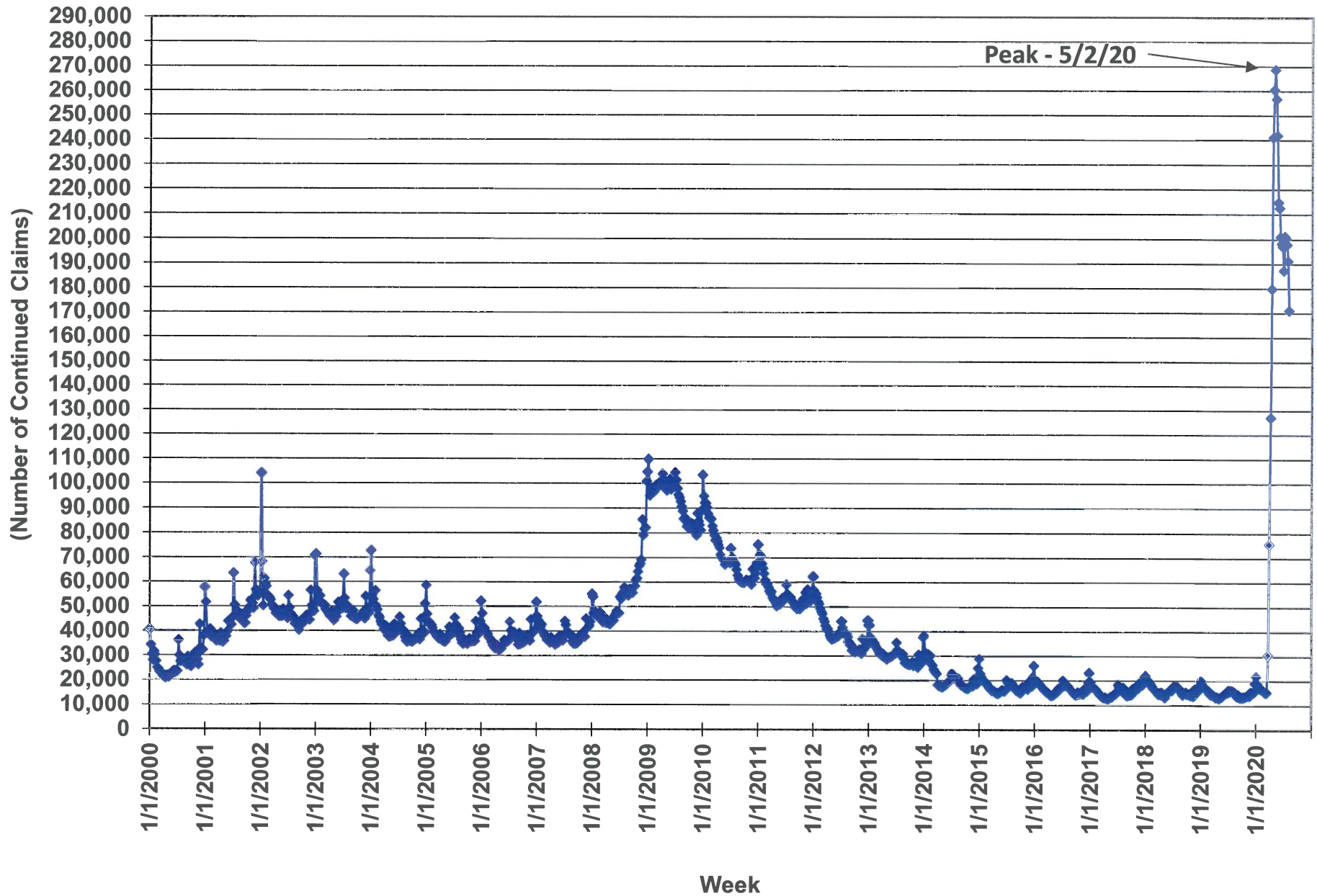


Source: U.S. Department of Labor, Bureau of Labor Statistics

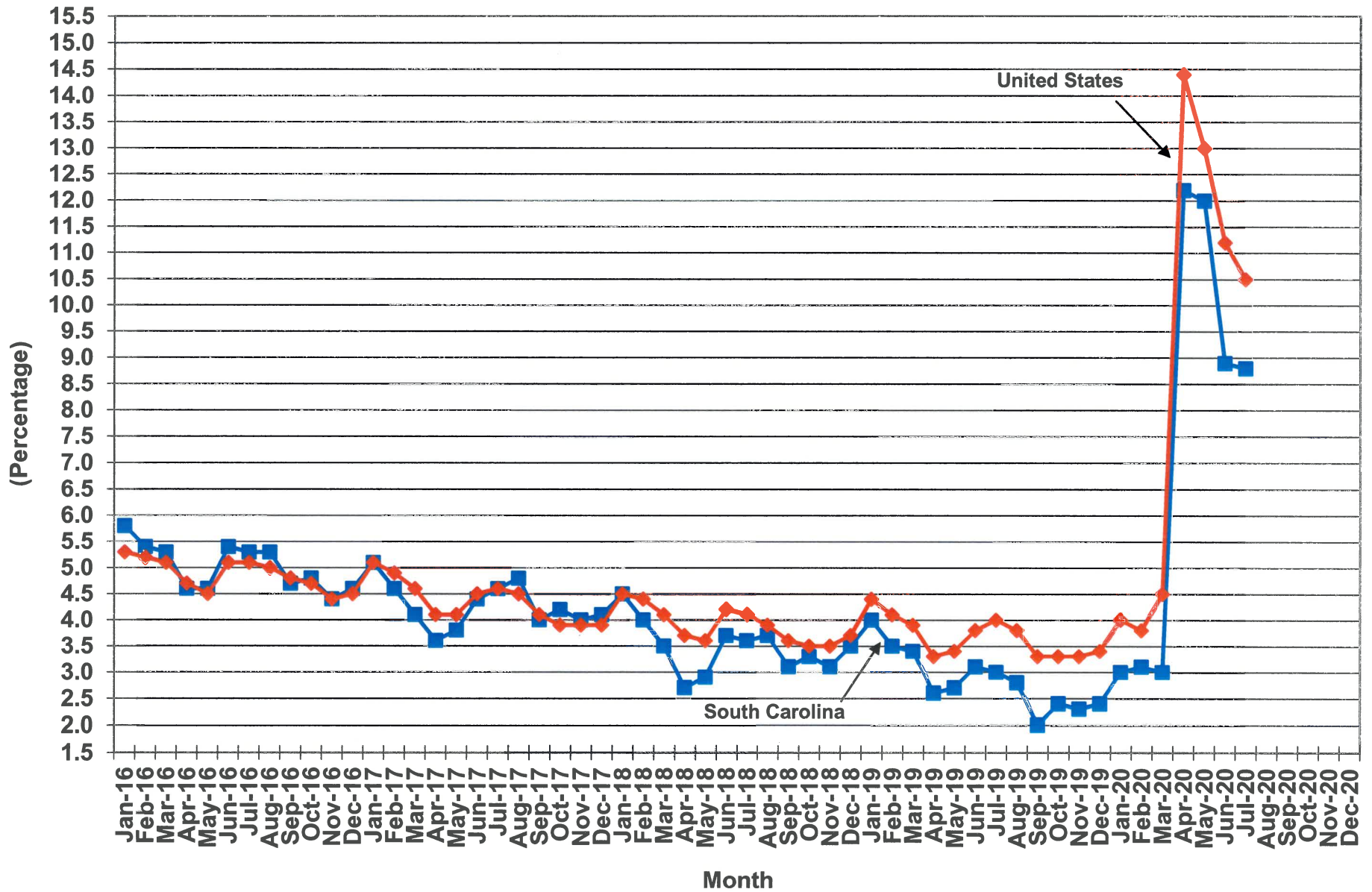
Initial Claims for Unemployment Insurance in SC



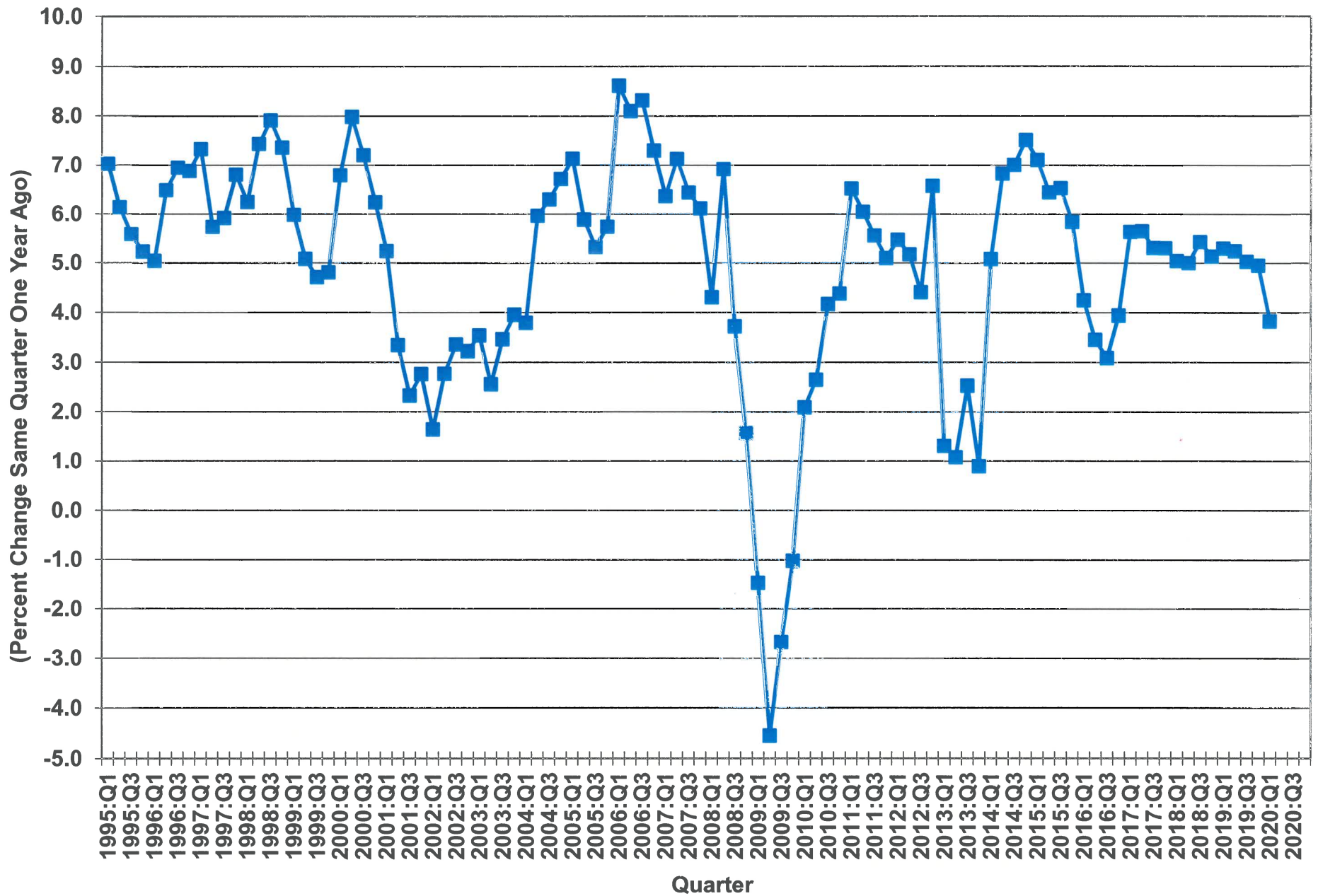
Continued Unemployment Insurance Claims in S.C.



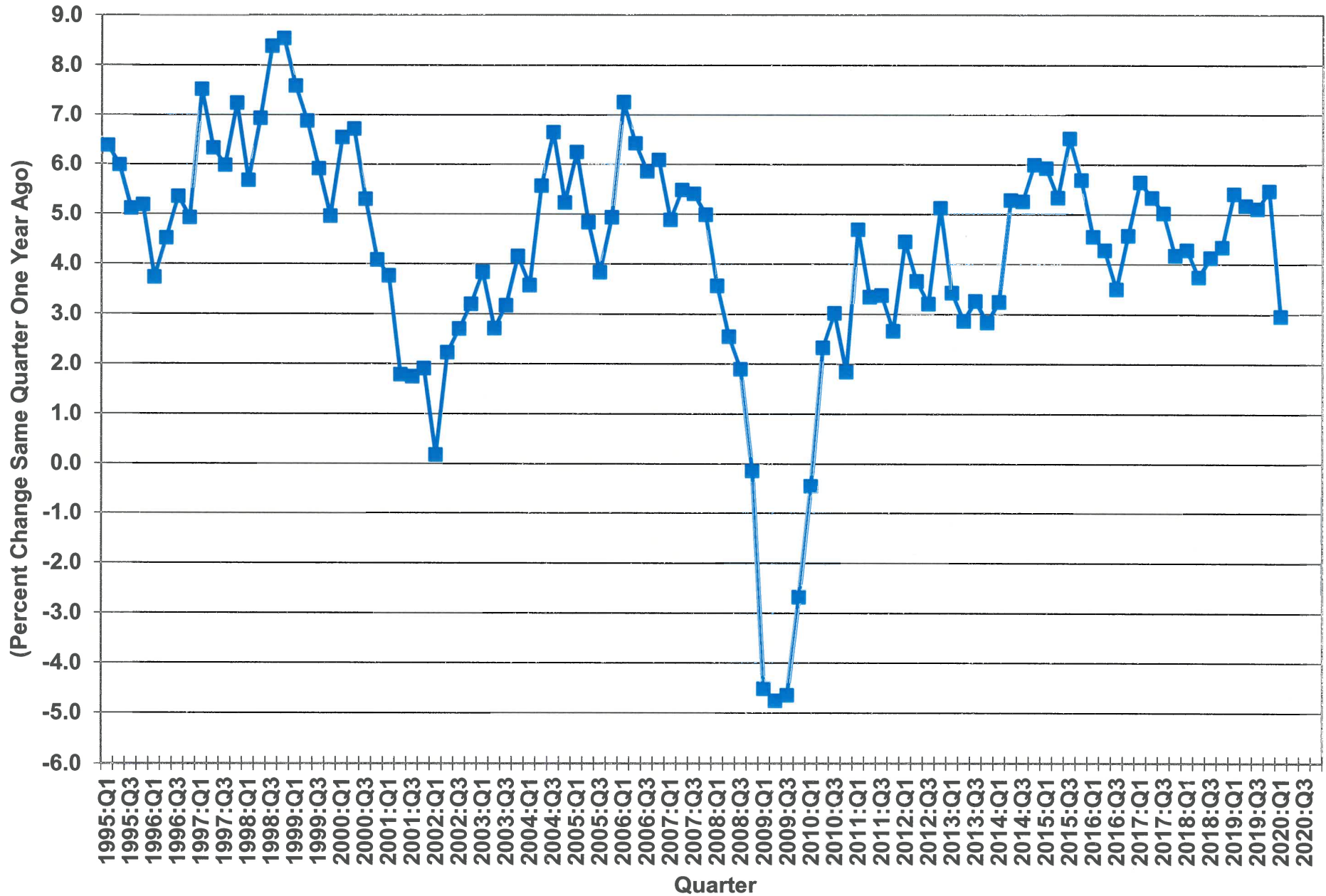
Unemployment Rate in South Carolina (Unadjusted)



Growth in Personal Income in South Carolina

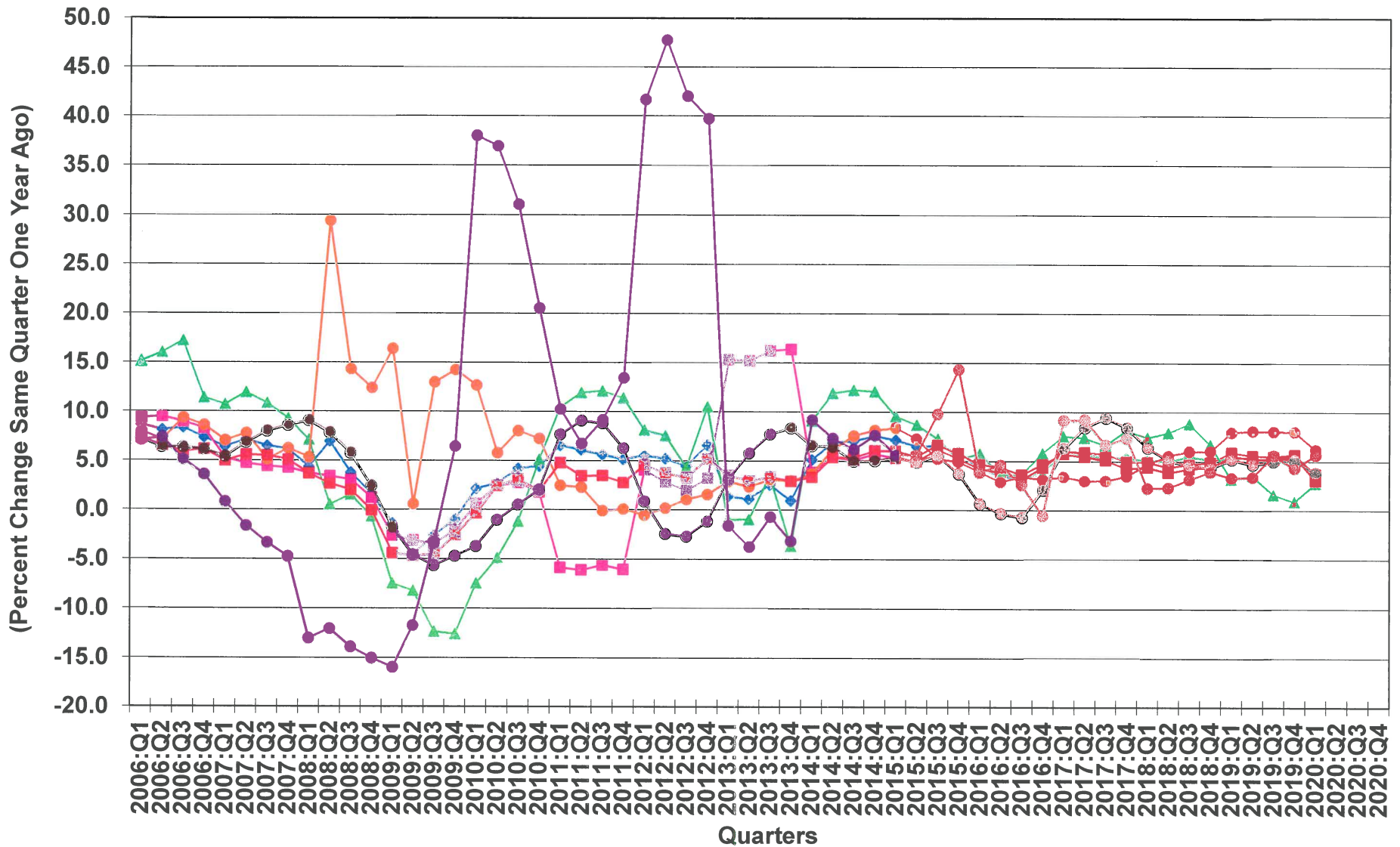


Growth in Wages and Salaries in South Carolina



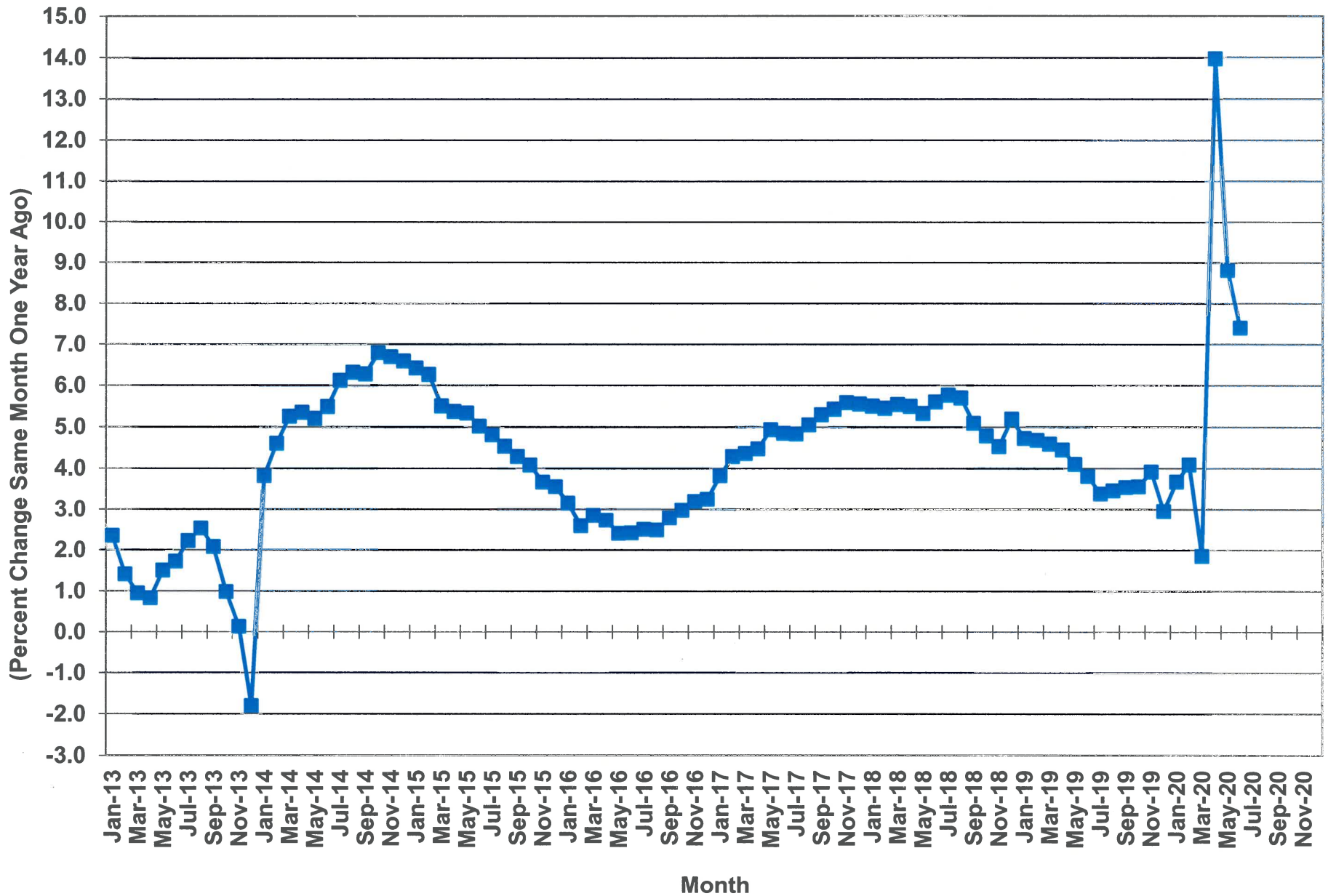
Source: U.S. Department of Commerce, Bureau of Economic Analysis, Washington, D.C.

Growth in Personal Income Components in South Carolina

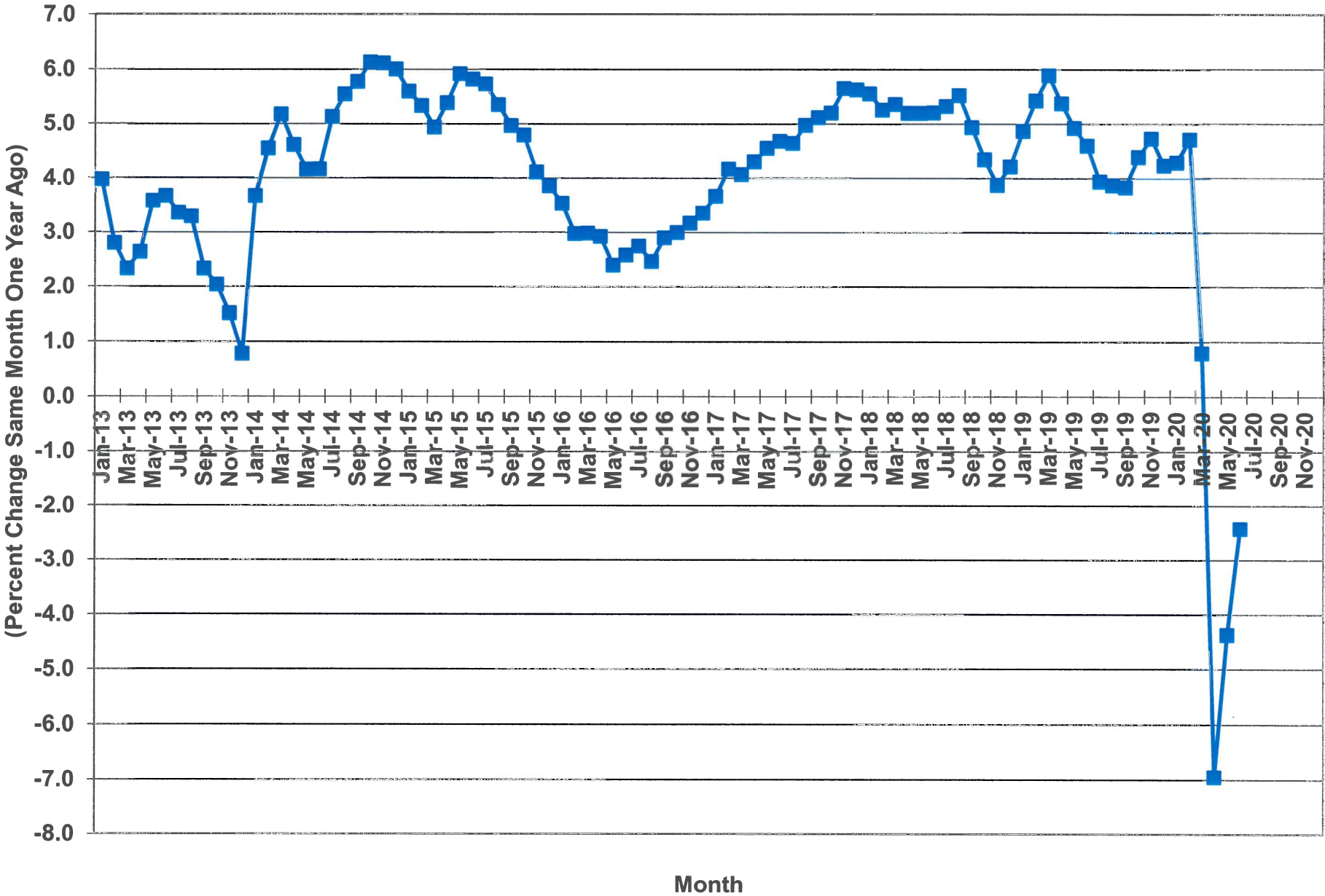


Source: U.S. Department of Commerce, Bureau of Economic Analysis, Washington, D.C.
BEA/RWM/06/23/20

Growth in Personal Income in the United States

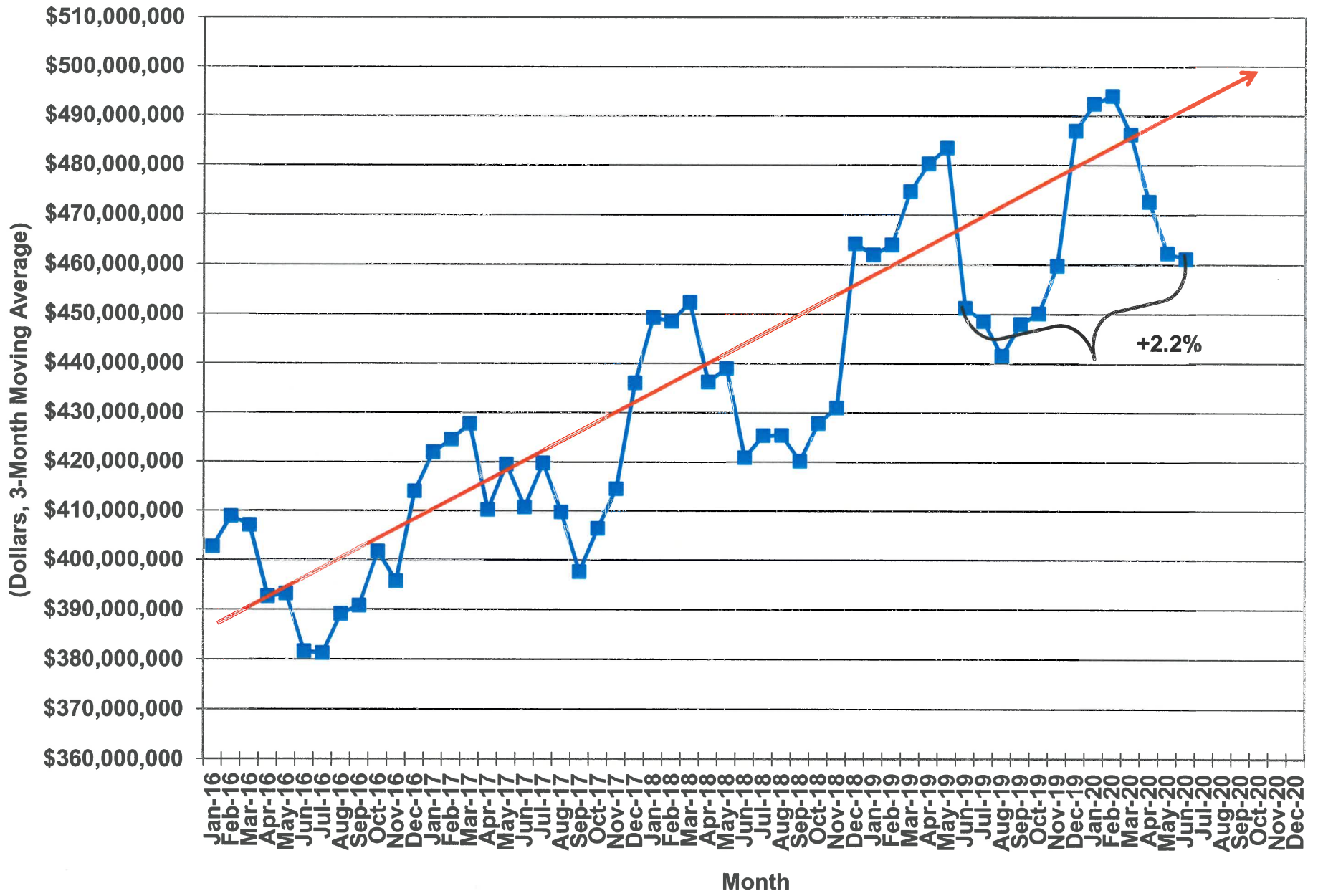


Growth in Wages and Salaries in the United States

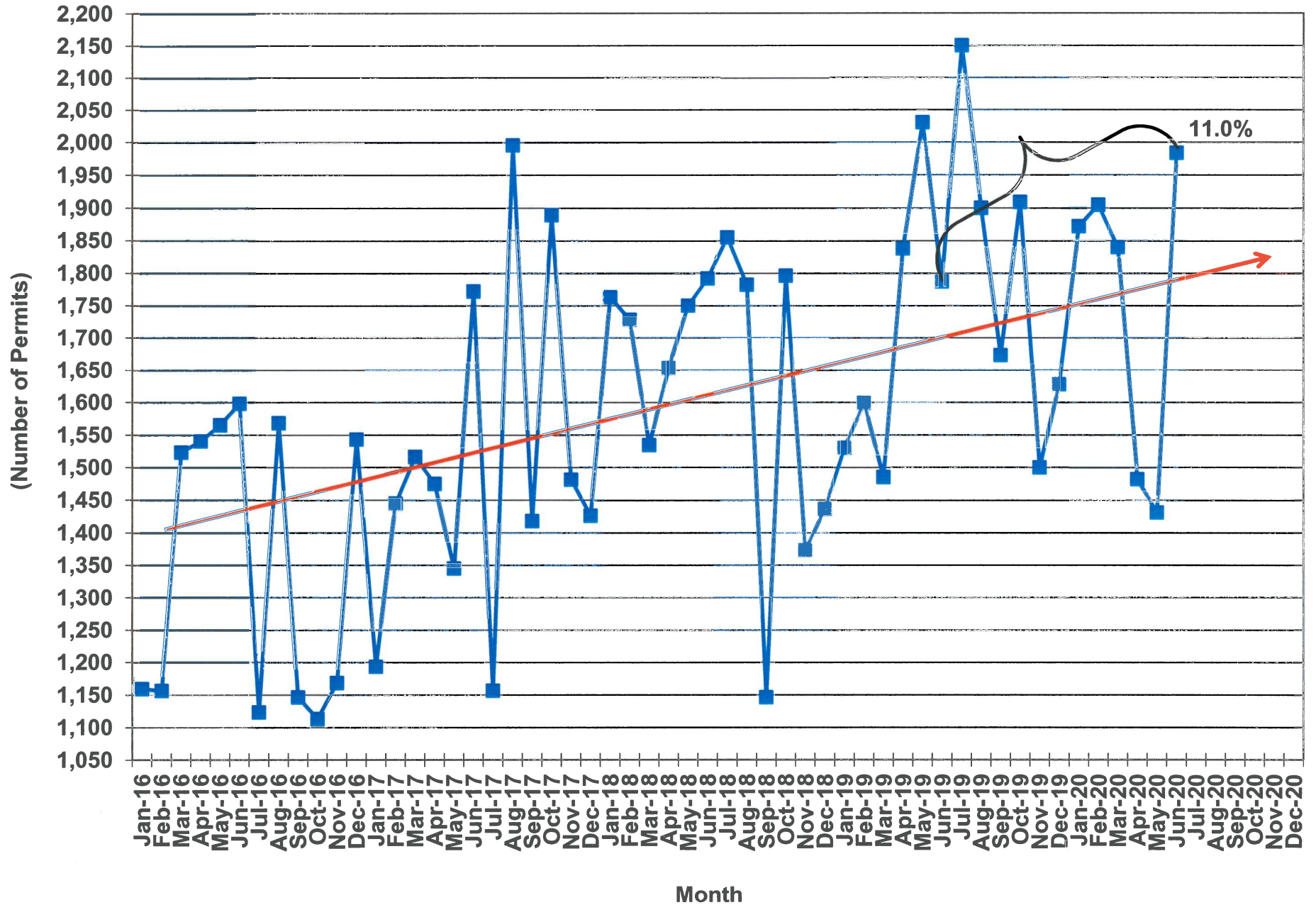


Source: U.S. Department of Commerce, Bureau of Economic Analysis, Washington, D.C.

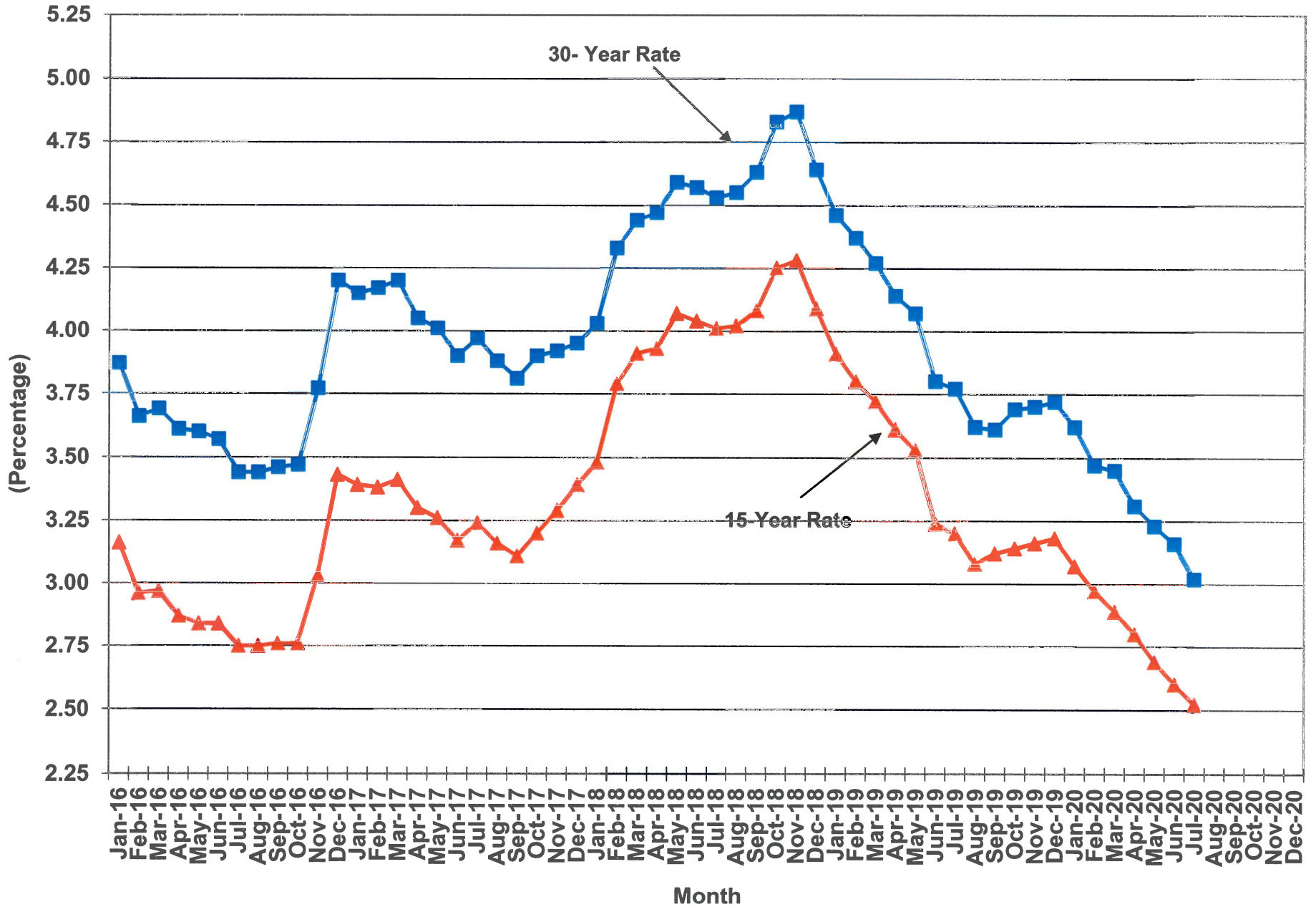
South Carolina Income Tax Withholdings



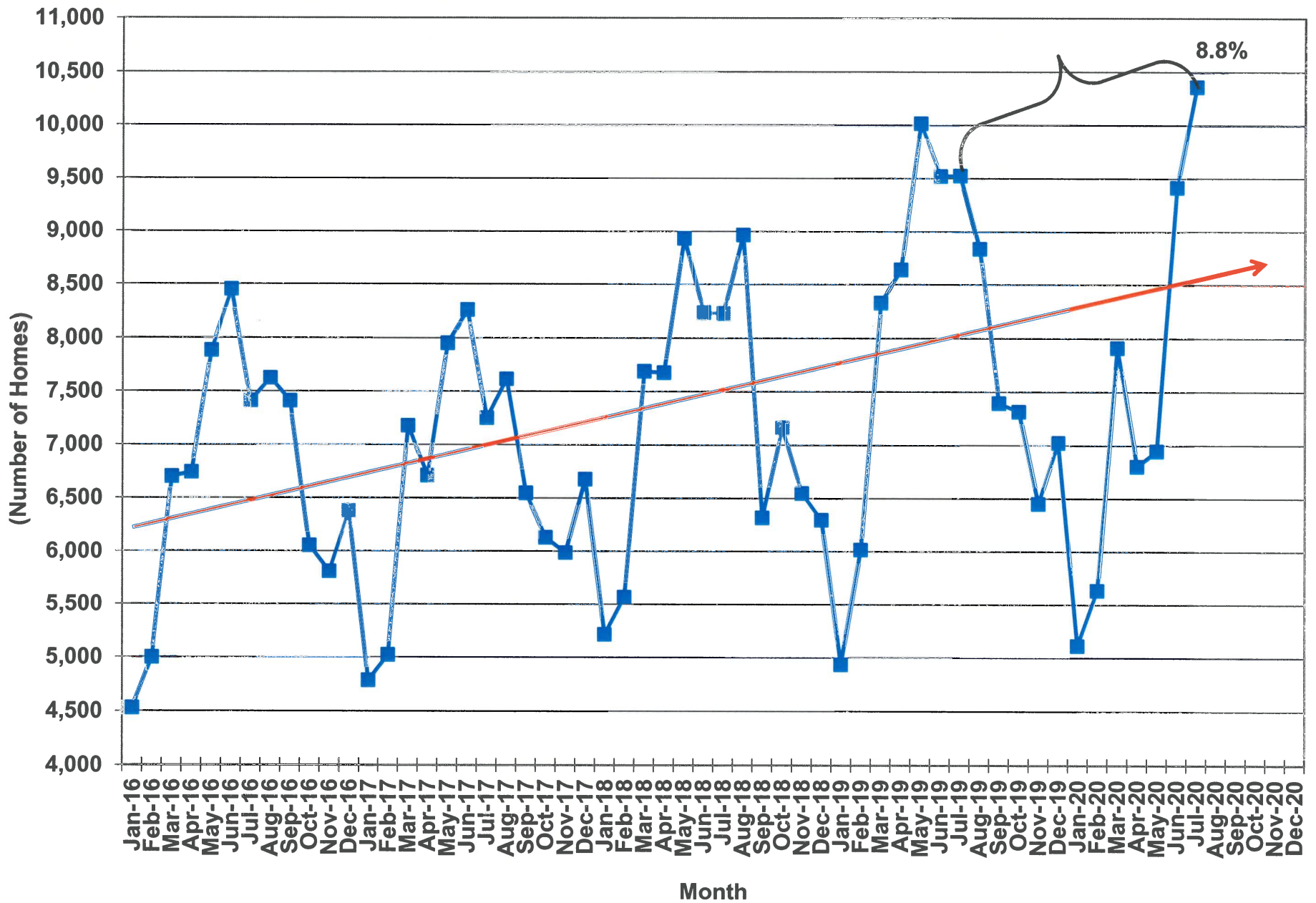
Residential Building Permits in South Carolina



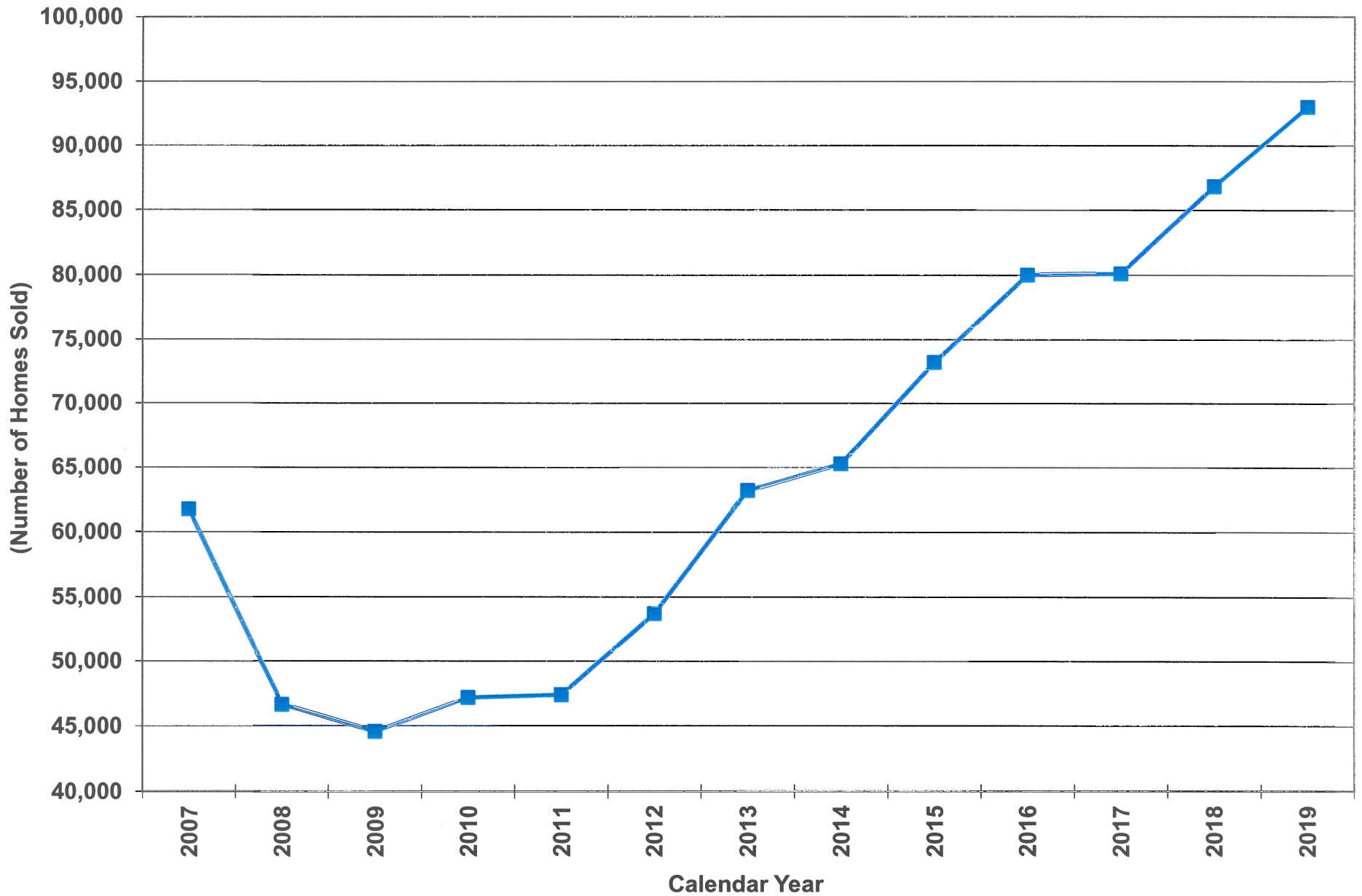
Mortgage Rates



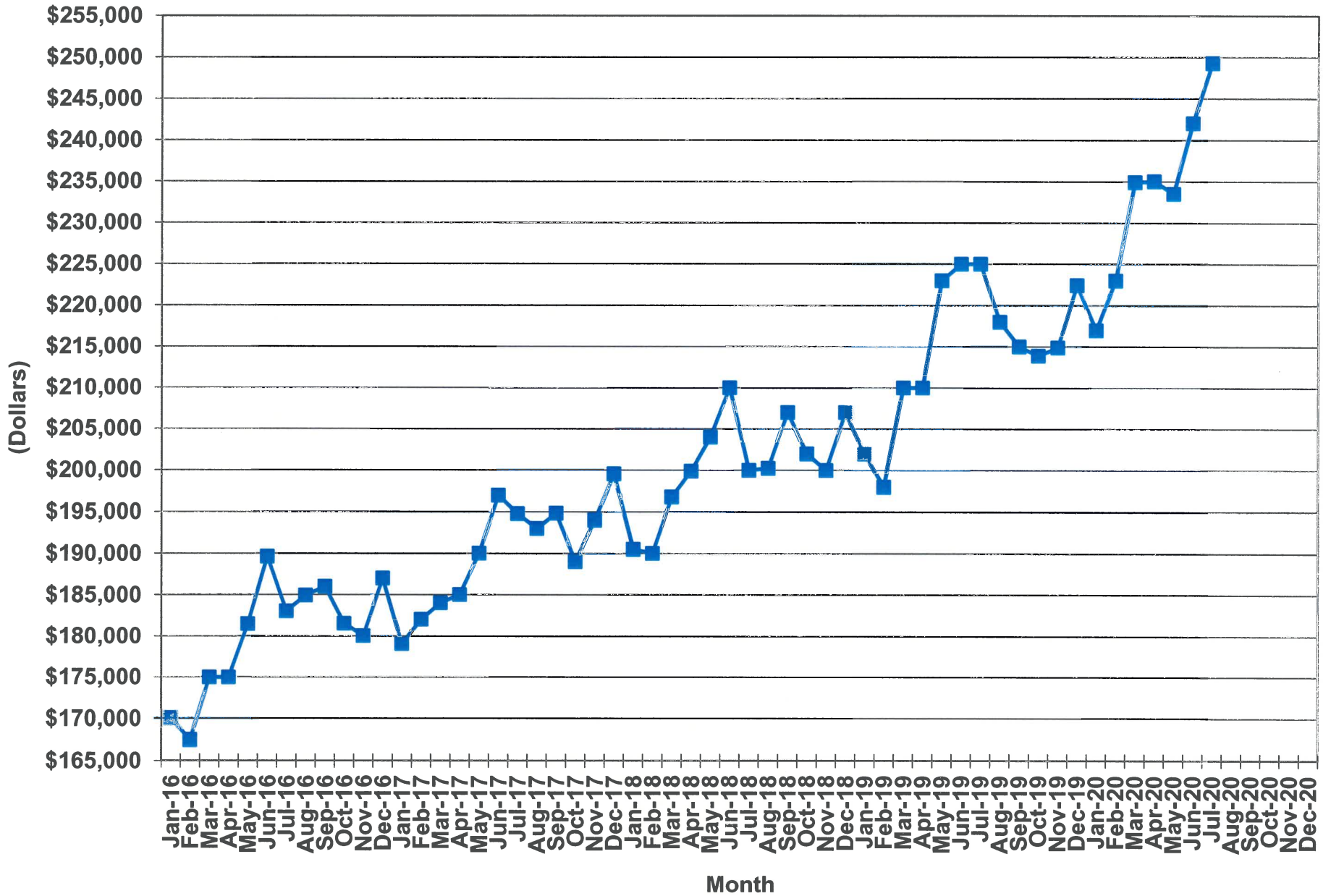
Number of Homes Sold in South Carolina



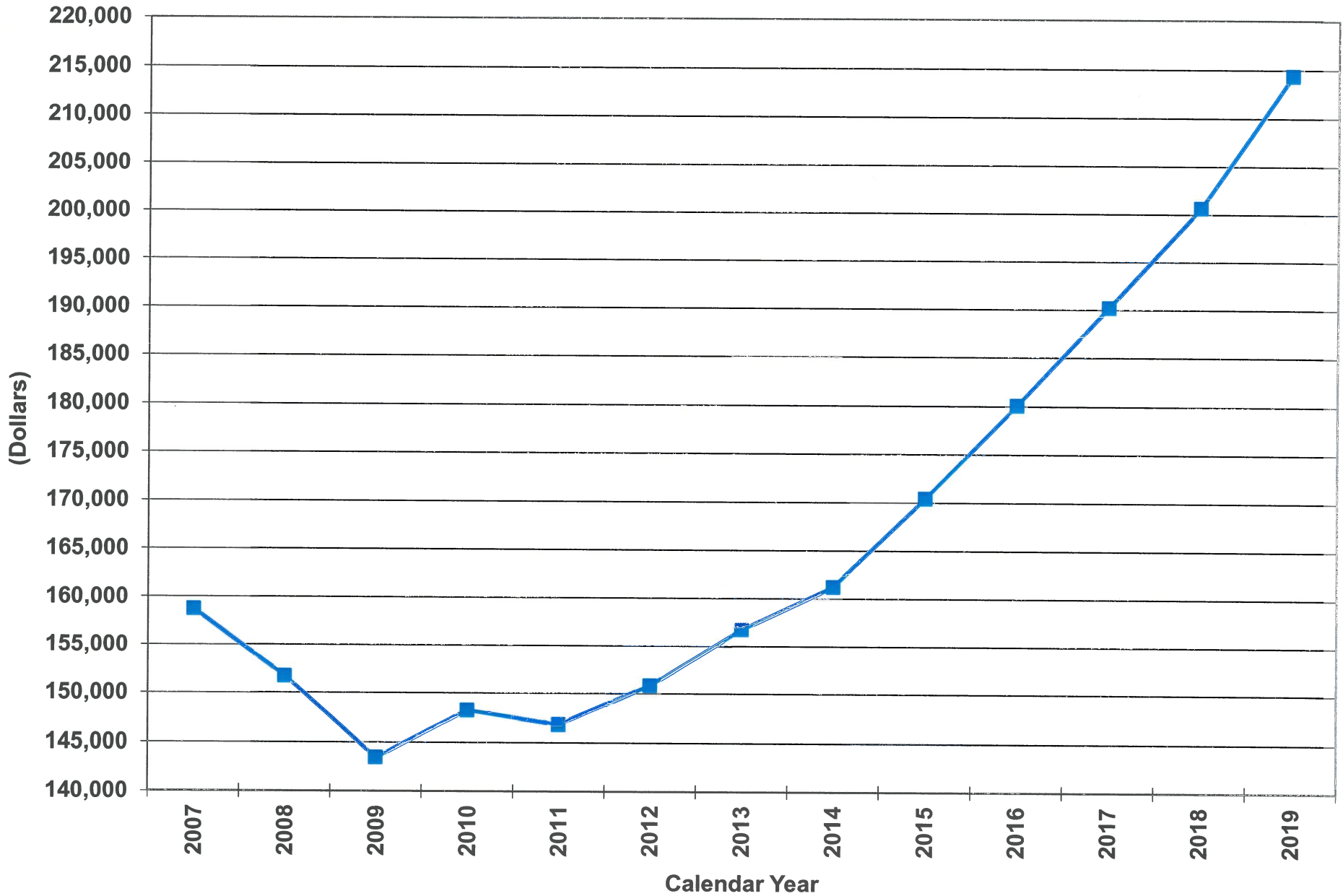
Number of Homes Sold in South Carolina



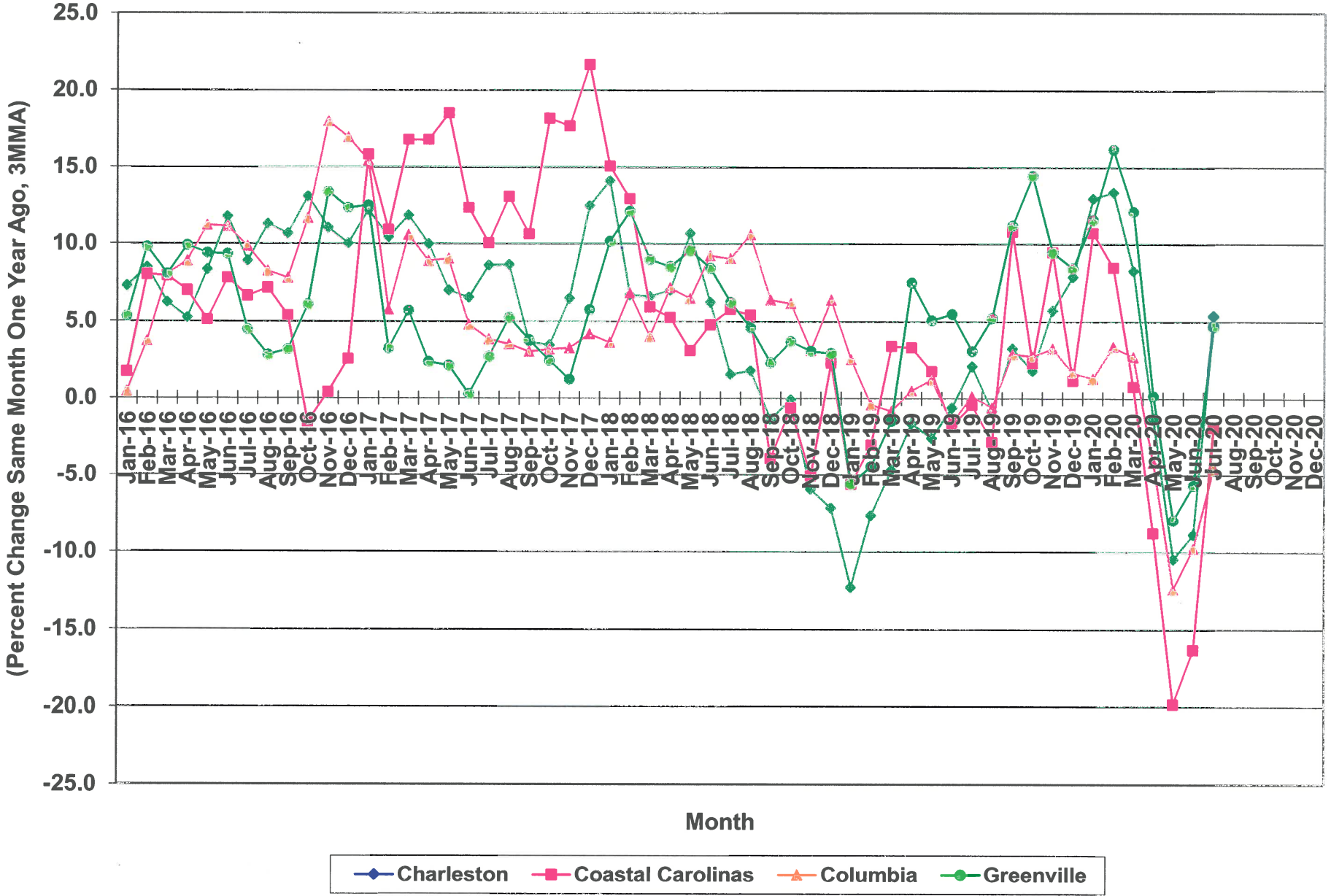
Median Price of Homes Sold in South Carolina



Median Price of Homes Sold in South Carolina

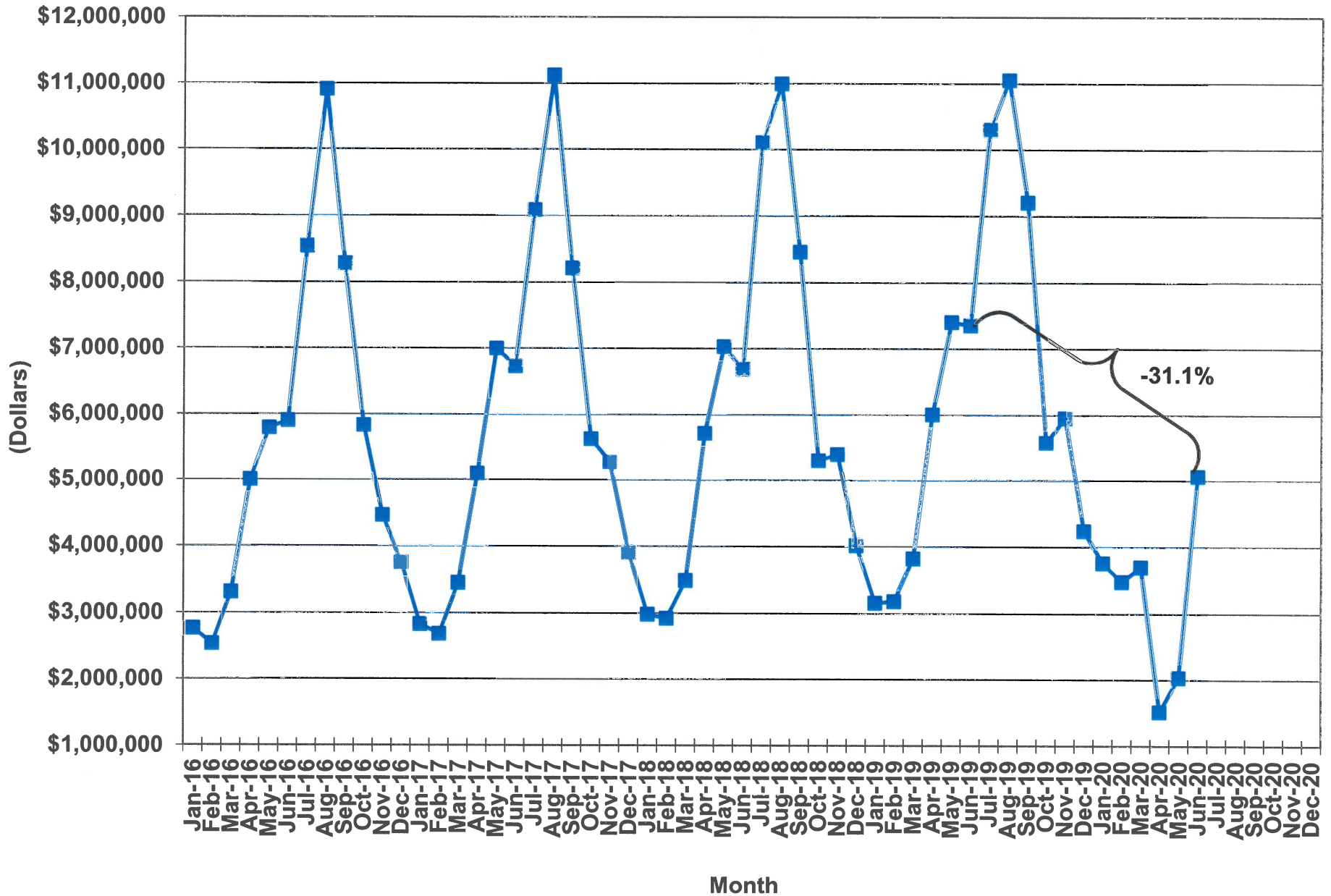


Growth in Homes Sold in Selected Housing Markets in South Carolina

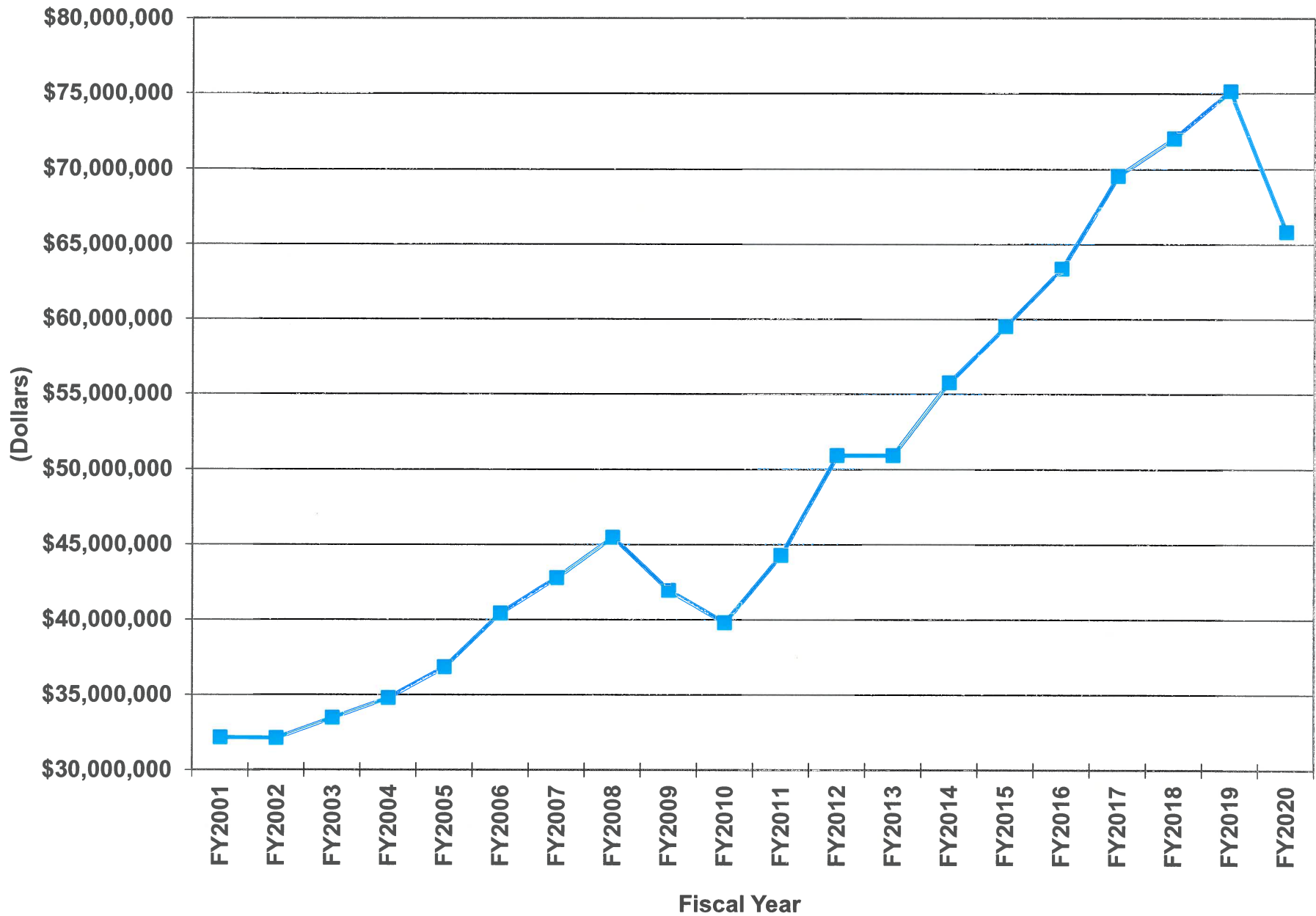


Source: S.C. Association of Realtors, Columbia, SC

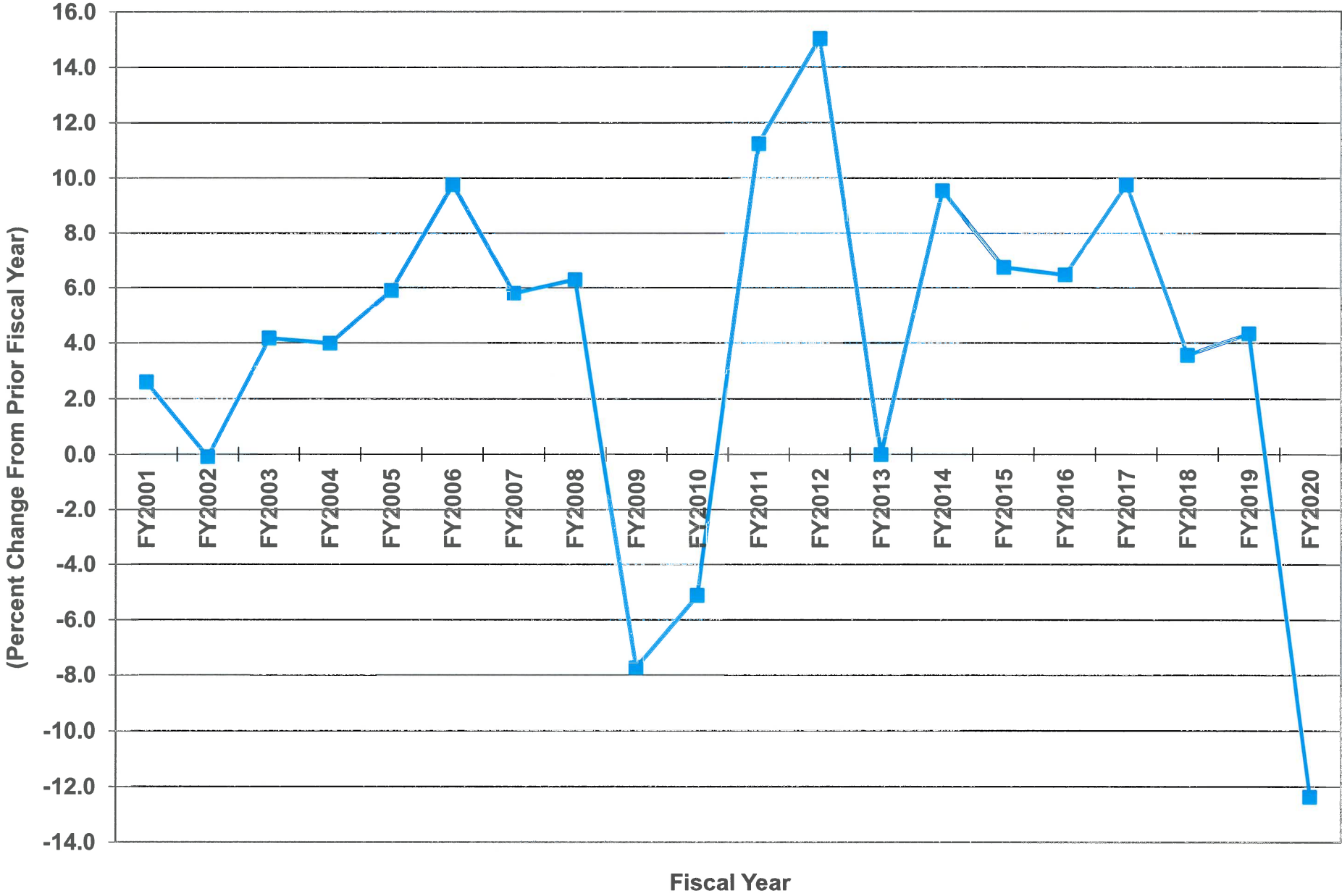
State (2%) Accommodations Tax in South Carolina



State Accommodations (2%) Tax Revenue in SC

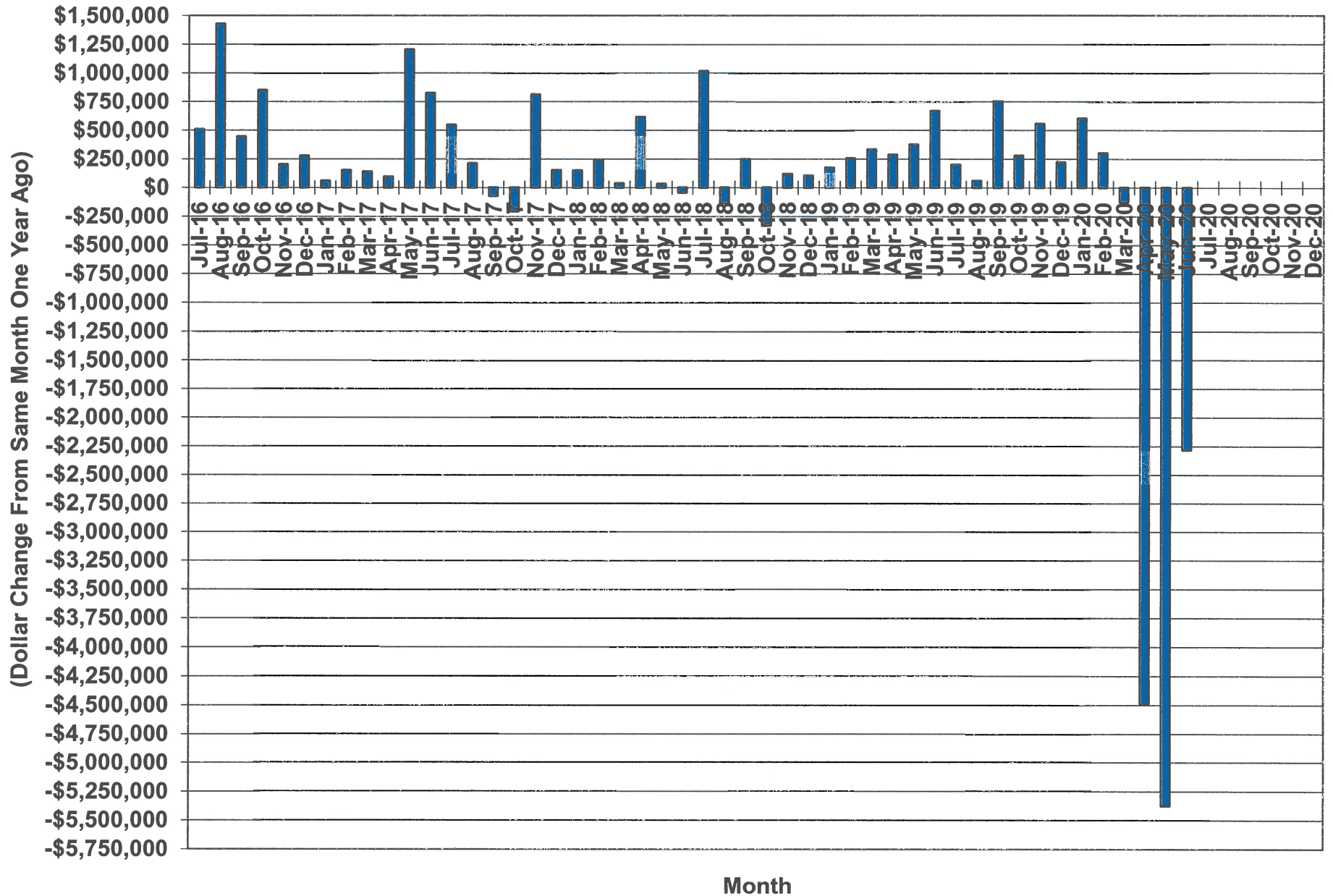


Growth in State Accommodations (2%) Tax in SC

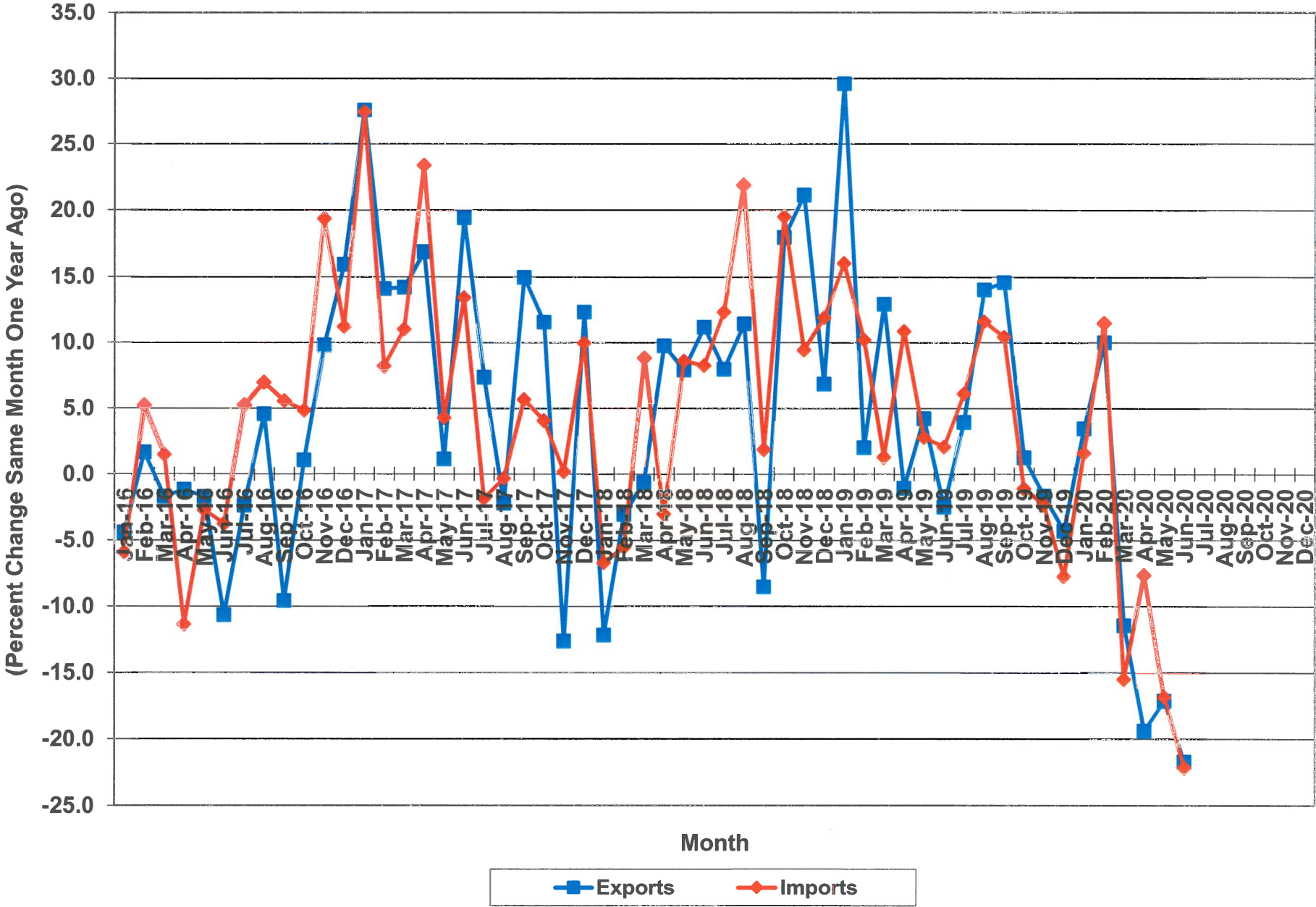


Source: South Carolina Department of Revenue

Net Change in State Accommodations Tax Collections in S.C.

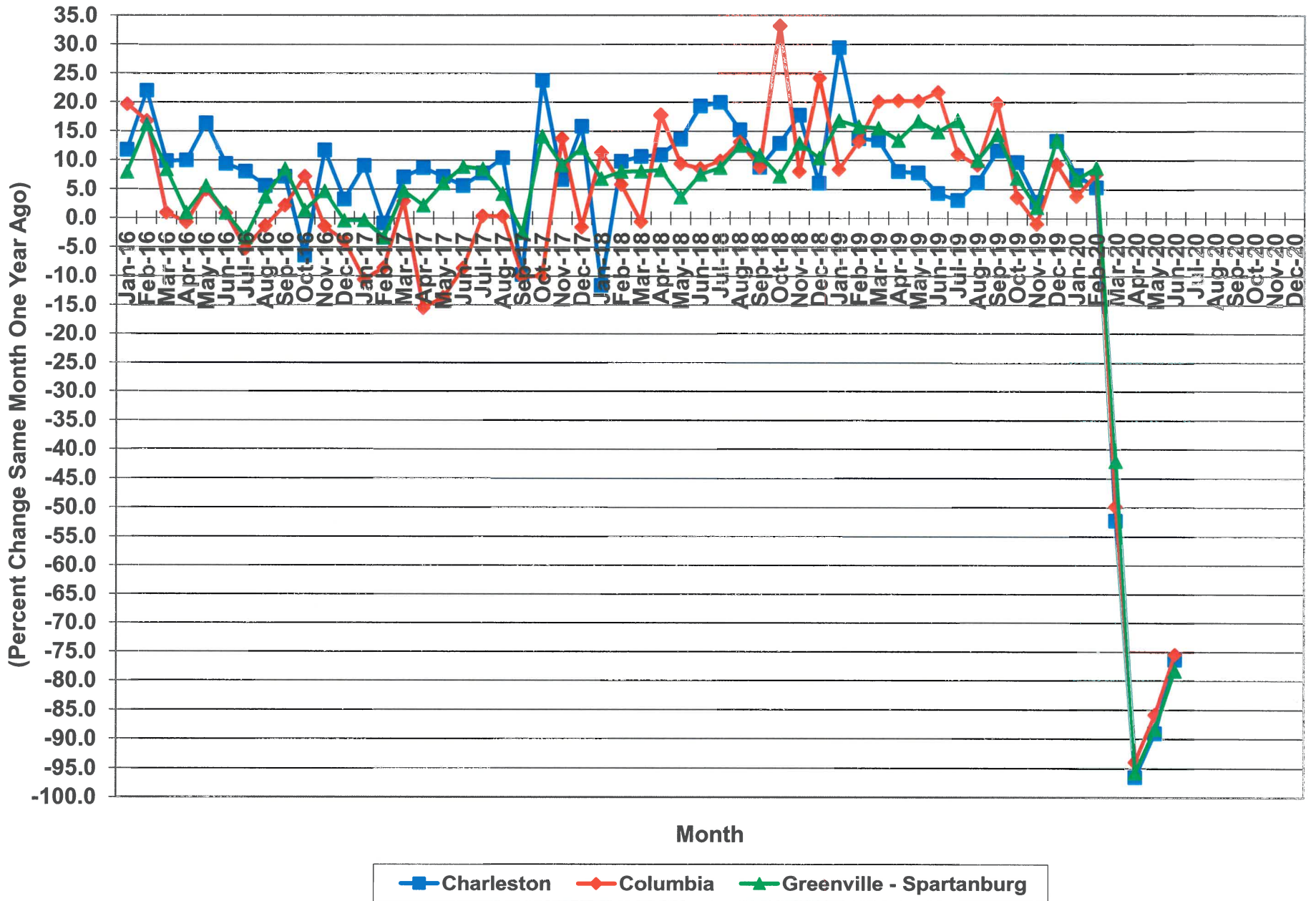


Growth in Port Activity in South Carolina

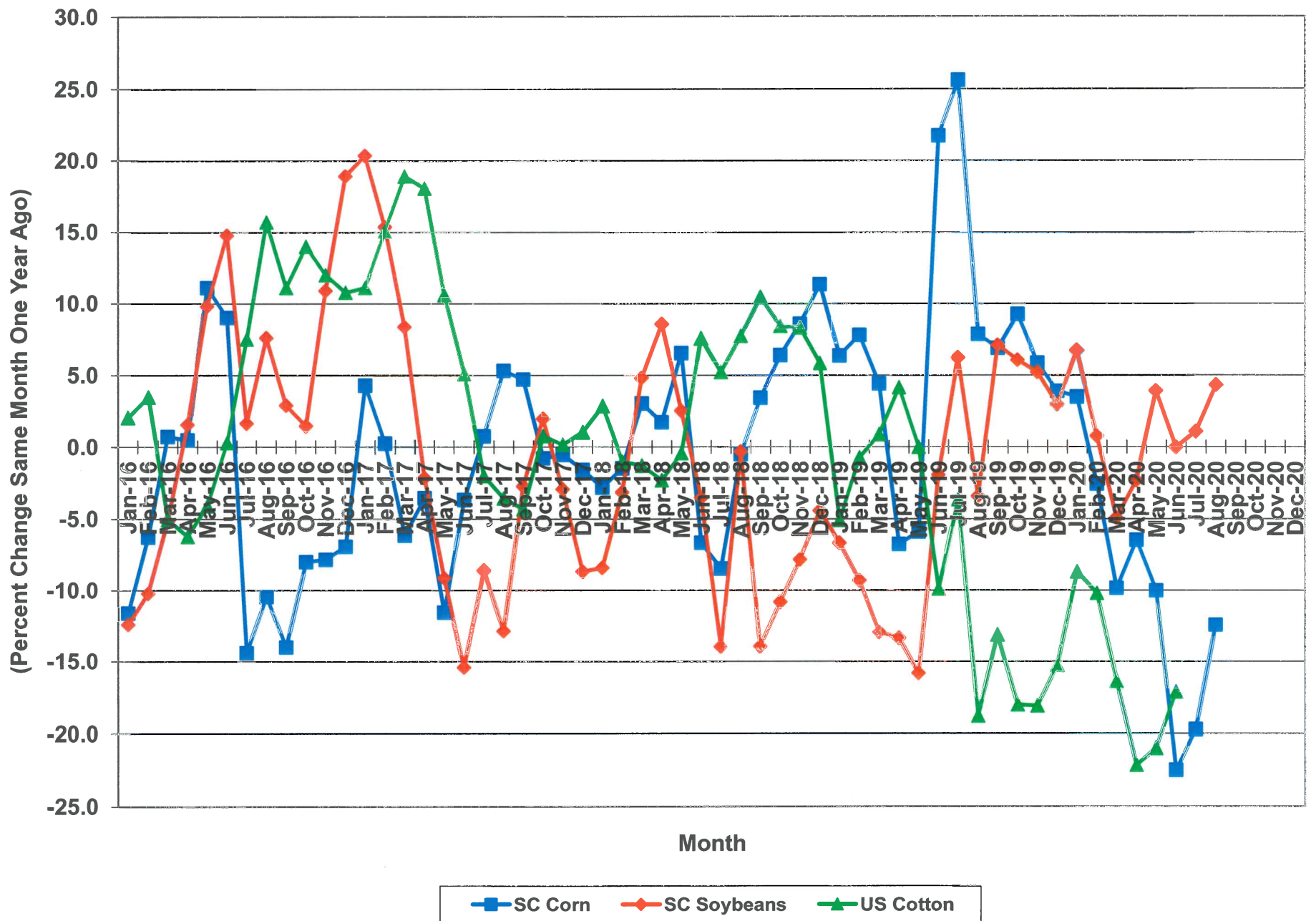


Source: South Carolina State Port Authority, Charleston, SC

Growth in Airport Activity in South Carolina



Growth in Selected Agricultural Commodities in South Carolina



**General Fund Revenues In The Southeastern States
Fiscal Year 2019-20**

Fiscal Year-to-Date Percent Change Over Same Period One Year Ago													
State	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Y-END
Alabama 1/	6.7	4.5	5.3	6.9	7.0	6.5	7.2	7.6	7.5	1.7	0.3	0.0	0.0
Arkansas	(1.4)	0.9	2.9	4.1	4.5	3.8	4.4	4.6	2.9	(1.9)	(2.0)	(2.9)	(2.9)
Florida	2.7	3.7	4.8	4.0	4.0	3.3	3.4	3.7	3.5	(2.6)	(5.4)	(6.1)	(6.1)
Georgia	3.1	0.2	0.4	(0.1)	(0.3)	0.3	0.9	1.2	2.1	(3.4)	(4.0)	(4.4)	(4.4)
Kentucky	1.9	2.7	1.1	3.6	4.4	2.7	3.6	3.5	3.9	(1.2)	(1.8)	1.5	1.5
Louisiana	(1.8)	(3.0)	8.1	4.9	1.1	0.7	1.3	0.5	2.6	(4.2)	(7.7)	(6.8)	(6.8)
Mississippi	4.5	3.4	3.8	4.7	4.4	4.1	4.0	4.1	4.3	(2.9)	(3.2)	(3.0)	(3.0)
North Carolina	10.2	3.0	4.4	4.1	4.3	4.3	4.6	4.2	3.8	(3.5)	(3.0)	(3.5)	(3.5)
South Carolina 2/	5.6	5.1	7.3	6.6	6.8	8.0	8.0	8.5	7.0	0.6	(1.3)	(1.1)	
Tennessee	3.9	5.8	7.4	7.5	7.6	7.1	7.9	7.7	7.6	(0.5)	(1.8)	(1.8)	(1.8)
Virginia	16.0	7.3	8.2	8.5	8.5	8.3	8.4	6.2	6.6	1.4	(1.2)		
West Virginia	(9.2)	(6.8)	(1.8)	(1.7)	(2.0)	(1.4)	(0.6)	(0.6)	0.3	(5.3)	(6.8)	(5.5)	(5.5)
Southeastern Region (Excluding South Carolina)	4.7	2.8	4.4	4.3	4.1	3.8	4.3	4.1	4.2	(1.9)	(3.3)		

Notes: All data compiled and calculations made by the Board of Economic Advisors.

1/: Alabama conforms to a federal fiscal year (October to September). The monthly revenue collections have been adjusted to a state fiscal year (July to June) for comparison.

2/: South Carolina has a 13th month for accounting purposes and is reflected in the year-end growth rate.

Sources: General Fund revenue reports from respective states.

KEY ECONOMIC AND FISCAL ISSUES AND ASSUMPTIONS FOR FY 2020-21

August 24, 2020



South Carolina Revenue and Fiscal Affairs Office

Key Issues – Final FY 2019-20

- Are final FY 2019-20 revenues the correct base for forecasting FY 2020-21 revenues
 - Surplus of \$xxx million
 - Federal Stimulus
 - Non-accrual of tax refunds

- Did the economy and revenue collections bottom-out in the second quarter (April – June) of 2020? Have revenues stabilized, will they drop again, or will they increase?

Questions for FY 2020-21

- How much longer will social distancing continue to affect the economy?
 - Impact on economic activity
 - Impact on employment
 - Consumer Behavior (travel, dining out, Christmas)
- New Federal Stimulus Actions
 - Unemployment
 - Payroll Protection Program (ends Oct 1)
- Tax Year 2020 (April 2021) v Tax Year 2019
 - Loss of Business Income
 - Unemployment Compensation Taxable

BREAK

August 24, 2020

Additional Perspectives and Insights

Dr. Brannon Traxler, S.C. Department of Health and Environmental Control

Mr. Robert M. Hitt, S.C. Department of Commerce

Mr. Dudley Jackson, Mr. Justin Hancock, S.C. Department of Parks, Recreation, and Tourism

Mr. Ted Pitts, S.C. Chamber of Commerce

Mr. Dan Ellzey, S.C. Department of Employment and Workforce

BREAK

August 24, 2020

Key Factors and Assumptions

- Assumptions for FY 2020-21 for May estimates
 - SC Personal Income Growth of 2.5%

Consideration for New Assumptions and Forecast Adjustments



Other Items

- Report on two items



FUTURE MEETING SCHEDULE

- A. August 31, 2020, 1:00pm (FY 2020-21 Forecast Update)- Via Teleconference
- B. September 17, 2020, 1:30pm – To be determined/If necessary
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- D. November 10, 2020, 1:30pm (Preliminary Forecast – due November 10th)
- E. December 10, 2020, 1:30pm (If Necessary)
- F. 2020 Calendar at <http://rfa.sc.gov/meetings?y=2020>