

## MEMORANDUM FOR THE RECORD

**Date:** May 24, 2022, 10:00 a.m.  
Revenue and Fiscal Affairs Office/Zoom

**Subject:** Minutes of Board of Economic Advisors Meeting

**Attendees:** *Board Members* – Edward Grimball (via Zoom), Chairman, Emerson Gower, Curtis Hutto (via Zoom), and Hartley Powell (via Zoom). Frank Rainwater, Executive Director; *Staff* – Paul Athey, Ben Coomer, Natalie Gallagher, Lisa Jolliff, and Sandra Kelly. *Sixty additional attendees via Zoom (see attached).*

Note: Guests were invited to attend 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 Zoom.

- I. Chairman Grimball welcomed everyone to the meeting at 10:00 a.m.
- II. Chairman Grimball presented the April 7, 2022 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. Chairman Grimball turned the meeting over to Frank Rainwater for the discussion and consideration of the FY 2021-22 and FY 2022-23 Revenue Forecasts.

Mr. Rainwater began the presentation with the following statement:

*We are going to be brief and straight forward today, updating you on our revenue projections through tax season now that we have gotten through most of that with filings April 15th. We have some continued good news to share and with that we have an adjustment to the forecast we would like to recommend.*

Mr. Rainwater provided a summary of revenue performance year-to-date by category and overall. The main points included:

*We were expecting a return to normal trend by now, but that has not occurred. Revenue growth through April now stands at an astounding 26.2%. April was a very strong month, and we are currently \$1,206.3 million above our revised February estimate. Our economy continues to perform well.*

*Mr. Rainwater noted that a slowdown in the economy has not occurred as expected, and April's revenues were much stronger than anticipated. We continue to be surprised by the growth, but we believe we are at a high point and that we will return to a more normal trend next year.*

Mr. Rainwater presented FY 2021-22 and FY 2022-23 Forecast Considerations which included the following key points:

*\*The presentation includes Working Estimates which represent proposed changes to the February 2022 assumptions and estimates.*

- Forecast Issues and Risks:
  - Current forecast anticipates revenues will peak in FY 2021-22 and decline in FY 2022-23 closer to historic levels.
  - FY 2021-22 revenues have grown significantly more than anticipated.
  - The working estimates for FY 2021-22 recognize strong year-to-date growth.
  - Withholdings working estimate for FY 2022-23 reflects FY 2021-22 base and potential additional wage growth.
  - Uncertainty remains for most categories in FY 2022-23 due to concerns regarding inflation, anticipated Federal Reserve actions, and increased concerns about a recession.
- Sales Tax – Key Considerations:
  - Actual vs. Estimate: Collections are \$108.6 million above the estimate.
  - Working estimates reflect higher growth in FY 2021-22 and no change to FY 2022-23.
- Individual Income Tax – Key Considerations:
  - Withholdings:
    - Actual vs. Estimate: Withholdings are \$188.0 million above expectations; year-to-date growth of 13.8% exceeds the current estimate of 8.6% as high wage growth continues.
    - Individual Income Tax – Withholdings: Working estimates reflect higher wage growth; 12.7 % forecasted growth in FY 2021-22 and 4.1% in FY 2022-23.
  - Non-Withholdings:
    - Actual vs. Estimate: Collections are 64.1% above last year, partially due to timing changes in tax filing season. *Note: the 2020 tax filing season was extended from April 15 to May 17, 2021, due to unusual circumstances related to the pandemic.*
    - Individual Income Tax – Non-Withholdings: Working estimate for FY 2021-22 is increased to reflect year-to-date collections with an adjustment for timing; no change to FY 2022-23 due to potential uncertainty regarding market performance.
  - Refunds:
    - Actual vs. Estimate: Refunds are \$135.4 million below the estimate.
    - Individual Income Tax – Refunds: No change to current estimate.
- Corporate Income Tax – Key Considerations:
  - Actual vs. Estimate: Collections are above the estimate by \$217.6 million year-to-date.
  - Working estimates recommend increase for FY 2021-22 and no change to FY 2022-23 due to potential for volatility.

- Summary of Proposed Forecasts Changes – FY 2021-22:
  - Working estimates for FY 2021-22 result in a total General Fund revenue increase of \$952.1 million over the February 2022 estimates.
- Summary of Proposed Forecasts Changes – FY 2022-23:
  - Working estimate for FY 2022 – 23 result in a total General Fund revenue increase of \$335.7 million over the February 2022 estimates.
- General Fund – Proposed Changes:
  - Working estimates account for a higher growth in FY 2021-22 and a decline in FY 2022-23 towards a more historical trend.

*Mr. Rainwater then presented the Proposed General Fund Revenue Forecast on page 21 and 22 of the [meeting materials](#) for consideration by the Board.*

*Mr. Gower motioned to approve the General Fund Revenue Forecast outlined on pages 21 and 22 of the presentation. Mr. Hutto seconded the motion, all voted aye, and the revised forecast passed.*

*Chairman Grimball thanked Mr. Rainwater and staff for all of the hard work put into the estimate. He also thanked the other Board members for their input into the process.*

*Mr. Rainwater acknowledged the time and analysis staff put into the forecast because of the very challenging situation. He stated that most importantly, we do not want to ‘over-promise’.*

*Mr. Rainwater provided a summary of the Available Funds for the FY 2022-23 Budget Process based on the revised forecast (see slide 24 of [meeting materials](#) for details).*

*Chairman Grimball announced there would be [press release](#) on the forecast revisions immediately following the meeting.*

IV. Reports from Working Group Members  
*No Working Group members offered comments.*

V. Other Items for Discussion

*Mr. Rainwater stated that given today’s actions and where we are, it will not be necessary for the Board to meet as the BEA in June unless something happens on the negative side, but the Board will need to meet as the RFA to discuss the agency’s year-end and planning issues.*

*In closing, Mr. Rainwater announced that Ms. Natalie Gallagher would be leaving at the end of the month. He commended Ms. Gallagher on all she has done for the agency. Mr. Rainwater extended his appreciation personally and on behalf of the agency for the service she provided and wished her the best in her new endeavor.*

*Chairman Grimball thanked Ms. Gallagher on behalf of the Board for her contributions.*

- VI. The next scheduled meeting, Thursday, June 16, 2022, will be cancelled unless circumstances change.
- VII. Mr. Gower motioned to adjourn the meeting and Mr. Hutto seconded the motion. All voted aye, and the meeting adjourned at 10.22 a.m.

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

The meeting agenda and presentation are posted on our website:  
<https://rfa.sc.gov/boards-committees/bea>.

These minutes were approved on August 25, 2022

Sandra Kelly



## BEA Zoom Webinar Attendee Report

### *Staff:*

Amanda Martin  
Carrie Bundrick  
Emillie Boggs  
John Hoy  
Julia Williams  
Lisa Wren  
Mary Katherine Miller  
Ragan Griffith  
Kathryn Kelley  
Shannon Fields  
Weston Watts  
Will Tipton

### *Guests:*

3 unidentified guests  
Amanda Adler  
B. Campbell  
Beth Phibbs  
BH  
Billy Quinlan  
Billy Routh  
Brad Wilson  
Brian Gaines  
Busbeebc  
Dan Cooper  
Daniel Boan  
Debbie Elmore  
Don Hottel  
Evelyn Tucker  
Grant Gibson  
Harry  
Hinsons  
Jake Scoggins  
Jeffrey Collins - AP  
Joseph Bustos  
Kathy Johnson  
Katie Turner  
Kellie Bingham  
Kevin Etheridge  
Marissa Evans  
Melanie  
Michael Jackson  
Mike Addy

M. Moore  
Murphy MB  
N Williams  
Olivia Burns  
Richard Hutto  
Robert MacDonald  
Ryan Burnaugh  
S Gallman  
Sandy Smith  
Simm  
Stack  
Susan Turkopuls  
Sym Singh  
TD  
Tim Todd  
T. Pressley  
T. Thomp