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**MEMORANDUM FOR THE RECORD**

**Date:** August 24, 2023, 1:00 p.m.  
Revenue and Fiscal Affairs Office/ Zoom

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

**Attendees:** *Board Members* – Edward Grimball-Chairman, Curtis Hutto, and Dr. Michael Mikota (all via Zoom). Frank Rainwater, Executive Director; *Staff* – Paul Athey, Michael Ball, Morgan Daigle, Lisa Jolliff, Kathryn Kelley, Sandra Kelly, Marian Manic, Emily Prosser, and Karl Vesely; *Forty-five additional participants via Zoom.*

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 1:00 p.m.

*Chairman Grimball congratulated Mr. Hartley Powell on being named to the Board of Trustees of Erskine College. Mr. Powell could not participate in today's meeting as he felt he should attend his first meeting at Erskine. Mr. Powell was apprised of the agenda and meeting materials prior to the meeting and provided his input.*

II. Chairman Grimball presented the June 22, 2023, 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. Final FY 2022-23 General Fund Revenues ([See materials](#))

*Mr. Rainwater welcomed Dr. Marian Manic, Morgan Daigle, and Karl Vesely as new staff members and wanted to recognize their presence at the meeting.*

*Chairman Grimball welcomed the staff on behalf of the Board.*

Mr. Rainwater presented information regarding the final General Fund Revenues for the fiscal year ending June 30<sup>th</sup>, 2023:

- FY 2022-23 Final Revenue:
  - Revenue forecast was 99.5 percent accurate.
- General Fund – Actuals vs. Estimates:
  - Revenues ended \$61.2 million above the estimate for FY 2022-23, declining 4.1 percent compared to the 4.6 percent forecasted decline.

*Mr. Rainwater noted that the relatively small surplus of \$61.2 million resulted primarily from random variations within normal collection patterns rather than forecasting techniques. Trends had indicated a potentially higher surplus, but revenues from tax filings in the last two months slowed.*

- Non-withholdings – Actuals vs. Estimates:
  - Revenues ended \$80.8 million below the estimate for FY 2022-23 due to smaller than anticipated payments in late May tax filings and June declarations.

*Mr. Rainwater stated there is a possible concern going into next tax year with the impact of taxpayers over-adjusting for 2022, causing a possible reverse effect during the 2023 tax filing with people not accounting properly for tax reform.*

*Chairman Grimball asked if this meant that estimated payments for FY 24 will be lower, to which Mr. Rainwater answered yes, that it is something that will be watched in the upcoming year since it is a possible risk to the forecast.*

- Summary of FY 2022-23 Results:
  - Total General Fund revenue finished \$61.2 million above expectations, or within 0.5 percent of estimates.
  - Actual collections slightly exceed estimates in Withholdings, Sales tax, and Corporate Income tax.
  - Refunds and Non-withholdings revenue finished below estimates following larger than expected decreases in collections for late tax filings in May and June.
    - Changes in tax payments for June may indicate that taxpayers have made a larger adjustment to declarations than anticipated for tax reform.
  - The impact of final FY 2022-23 on FY 2023-24 revenues is under review for September.
- Future Meetings:
  - September 21, 2023
    - Full review of FY 2022-23 revenues and potential impact on forecast for FY 2023-24
    - Review of July and August FY 2023-24 revenue
    - Adoption of preliminary forecast with legislative adjustments for FY 2023-24 and FY 2024-25
    - Discussion of SC economy with industry professionals
  - October 16, 2023
    - Review of FY 2023-24 revenue and performance
    - Initial consideration of economic assumptions for FY 2024-25
    - Annual Regional Advisory Meeting – discussion of SC economy with regional economists
  - November 16, 2023

- Adoption of revised forecast for FY 2023-24 and FY 2024-25 based on comments and updated assumptions.

*Mr. Hutto asked if the upcoming November meeting will be the first time adjustments will be made to the forecast that the FY 24 budget was based on. Mr. Rainwater responded that in September, the Board will be asked to consider a new base for FY 24 reflecting legislative adjustments. Tax reform and other items were not included in the previous revenue estimate, so the FY 24 estimate will be adjusted to conform to the FY 24 budget that was adopted. Mr. Hutto then asked for clarification on how a part of the surplus is affected by open-ended appropriations. Mr. Rainwater responded that open-ended appropriations are allowed for some programs since there is not a good way to thoroughly manage actual costs, and provided an example. Mr. Hutto asked if the legislature will incorporate the FY 23 surplus into the current budget (FY 24). Mr. Rainwater answered that the FY 23 surplus is currently considered unspent funds and will be included in the FY 25 budget process.*

*Chairman Grimball asked for clarification as to why a preliminary forecast will be done for the September meeting. Mr. Rainwater elaborated that the statutory requirement for the Board to adopt an initial forecast no later than November 10<sup>th</sup> does not allow sufficient time to make a fully informed estimate with October results. Providing an initial estimate in September allows the Board to meet the November 10<sup>th</sup> requirement, which then allows for a revised estimate at the November 16<sup>th</sup> meeting when October data can be better incorporated into the estimate.*

*Dr. Mikota commented that statutory reporting requirements may not align with when data is released, so it is more of a timing issue in order to get the most accurate and up-to-date data into the forecast.*

- IV. Reports from Working Group Members  
*No Working Group members offered comments. Mr. Rainwater acknowledged the Working Groups for the valuable support and insight they provide.*
- V. Other Items for Discussion  
*No items for discussion.*
- VI. The next scheduled meeting is on Thursday, September 21, 2023, beginning at 1:00 p.m.
- VII. Dr. Mikota motioned to adjourn the meeting, and Mr. Hutto seconded the motion. All voted aye, and the meeting adjourned at 1:32 p.m.

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

These minutes were approved on 9/21/2023

Emily Prosser *Emily Prosser*