

## MEMORANDUM FOR THE RECORD

**DATE:** September 25, 2018  
Room 417, Dennis Building  
2:30pm

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

**ATTENDEES:** *Board Members* -Edward Grimball-Chairman (via *GoToMeeting*), Howell Clyborne (via *GoToMeeting*), Emerson Gower (via *GoToMeeting*), Hartley Powell (via *GoToMeeting*); *Executive Director*, Frank Rainwater; *Staff* - Robert Martin, Karen Rhinehart, Lisa Jolliff, Ellen Mitchell, Allyn Powell. *Guests* - John Barfield, Michael Moore, (Comptroller General's Office), Karen Owens, Kevin Kibler (State Treasurer's Office), Kevin Ethridge (EBO), Grant Gibson (SFC), Craig Parks (USC), Jeff Thordahl (Copper Dome Strategies).

Press:

1. Chairman Grimball welcomed everyone to the meeting at 2:30pm.
2. Chairman Grimball presented the meeting minutes of the meeting for August 29, 2018 which had previously been shared with the Members and asked if any Member had additions or corrections. There were no comments from the Members and Chairman Grimball declared the minutes approved as presented. (*See attached*)
3. Frank Rainwater presented an overview of August 2018. **His major comments were:** (*See Attached*)
  - ~Revenue Surplus in FY 2017-18 means revenue growth of only 1.5 percent is needed to meet the current fiscal year's estimate.
  - ~Economic and revenue conditions continue to meet or exceed forecast assumptions.
  - ~Still analyzing the FY 2017-18 surplus for recurring and non-recurring trends.
  - ~Reviewing key assumptions and factors for the October Regional Advisors.
    - ❖ *Chairman Grimball asked if the change in personal income numbers was due to the capital gains tax or the new tax act withholdings. Mr. Martin stated that the reason was mainly withholdings due to higher wages.*

4. Robert Martin presented an economic and revenue update for August 2018. His major comments were: *(See Attached)*

The Focus of the August 2018 Report

- ~Review of Economic Assumptions for FY 2018-19
- ~Legal Decisions
- ~Revenue and Economic Issues of Concern
- ~Legislative Offsets

Basic Economic Assumptions for FY 2018-19 and FY 2019-20

- ~Gross Domestic Product
- ~South Carolina Personal Income – Comprehensive revision on September 25<sup>th</sup>
- ~South Carolina Employment
- ~Inflation
- ~Federal Reserve Meeting – next meeting on September 25<sup>th</sup>-26<sup>th</sup>

Revenue and Economic Issues of Concern

Legal Decisions

- ~Tax Conformity (Senate Finance to discuss on September 26<sup>th</sup>)
  - ❖ *Mr. Rainwater mentioned that before the November forecast meeting, information would be clearer on the direction of conformity.*
- ~Wayfair Decision (Internet sales)
- ~Sports Betting (No legislation has been filed)

Revenue and Economic Issues of Concern

- ~Capital gains and the stock market
- ~Effect of Trump tax change
- ~Flattening of the yield curve spread
- ~Tariffs (China retaliation; doubling tariffs for Turkey)
- ~European debt crisis
- ~Oil prices and OPEC
- ~Value of the dollar
- ~Retail sales
- ~Housing market
- ~Disaster tax relief for Hurricane Florence
  - ❖ *Mr. Powell asked if there will be any information forthcoming on how the hurricane affected tourism. Mr. Rainwater replied that Mr. Martin was looking into that.*
  - ❖ *Chairman Grimball asked if tariffs are affecting South Carolina and also if anything on the above list of concerns will affect the projected oil barrel price of \$72. Mr. Martin replied that if oil prices increase to \$80 per barrel, growth would slow. The tariffs*

*on agriculture and transportation equipment (car parts) would also slow growth.*

5. Other Business

*~Mr. Martin shared information concerning the Annual Regional Advisory Meeting. Chairman Grimball shared that he hoped Scott Baier from Clemson University, would be able to come and speak as that part of the state is growing so rapidly. He also would like the meeting to be very interactive.*

There was no further business or comments from the Working Group Members.


Mr. Gower motioned to adjourn the meeting and Mr. Clyborne seconded the motion. All voted aye and the meeting adjourned at 3:02pm.

The next scheduled meeting is Thursday, October 18, 2018 at 10:50am (following adjournment of the RFA Meeting).

Attachments: Agenda, Meeting Materials

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

These minutes were approved on 10/18/18.

  
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Karen Rhinehart