STATE'S ECONOMIC OUTLOOK BRIGHT

Haley, experts predict job growth for next year

By Tim Smith
Staff writer

COLUMBIA — Some economists and Gov. Nikki Haley agree that the state's job picture is brightening, and Haley wants the Legislature to help by cutting or eliminating the state's income tax.

Haley, who is running for re-election next year, announced new job numbers during an address to business leaders Monday at the University of South Carolina's 33rd Annual Economic Outlook Conference, hours after USC economists predicted stronger growth in the state's economy in 2014.

She said 39,800 jobs have been announced in 45 of the state's 46 counties since she took office, along with a capital investment of almost $10 billion.

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GOV. NIKKI HALEY

"If you go across the state, even in the rural areas, you can feel the energy," she told the audience. "You can feel the unemployment rate going down."

USC's key research economists – Joseph Von Nessen and Doug Woodward – predicted that the state's unemployment rate, now at 7.5 percent, would decline next year to 6.8 percent. The current rate is the lowest it has been in five years.

They also predicted job growth in 2014 of 1.7 percent, slightly above this year's increase of 1.5 percent, fueled by increased consumer spending and growing businesses, assuming the U.S. Federal Reserve's monetary policy doesn't undergo a major change next year.

"South Carolinians are spending more this year, which implies that they are more confident in the long-term stability of their employment and that they have more disposable income to spend," Von Nessen said. "Both are positive indicators going into 2014."

He predicted the rate of growth will outpace levels before the Great Recession began in 2007.

"Make no mistake, South Carolina's economy is now expanding," he said.

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And the Upstate, he said, is poised to be a leader in that expansion.

The housing market is recovering "nicely" and most Upstate areas are increasing their momentum, Von Nessen told *The Greenville News*.

Greenville, according to the economists, led the state's major cities with 17.7 percent growth in new housing starts.

While manufacturing in the region has gone through swings, he said, it still is posting solid gains.

"Greenville and Spartanburg are in pretty good shape for next year and to be one of the leaders statewide," he said.

Greenville is one of 10 counties whose current employment is greater than what it was before the recession, the economists said.

Overall, according to the economists, the expansion is being led by the construction, retail, tourism and finance sectors.

But the economists also see a cause for concern with low wage growth and high levels of part-time work due to an inability to find full-time jobs.

"Although we're creating jobs, wage growth has been relatively stagnant in some areas and too many South Carolinians are still working part-time because not enough full-time work is available," Von Nessen said.

Haley said she wants lawmakers to focus on the personal income tax.

"If you go around the rest of country, that's the only thing they keep saying back to me, is why haven't you eliminated your income tax," she said.

Asked by a member of the audience whether she would support raising the state's gas tax, Haley said she agreed the state's infrastructure needs improving.

But she said she worked with lawmakers this year to find a solution that didn't include raising the gas tax and believes there are still some solutions that don't involve raising that tax.

"There will be a time and place where we have to address it," she said.

"Let me squeeze it a little bit more. We will continue to make infrastructure a priority in the state. It has to be. So every year I hope the Legislature makes an infrastructure investment in some way. At some point we have to go and address that ... but just not yet."

The governor said she believes the state's economic future is a bright one.

"We're excited about where we are going," she said. "The funnel is full. The jobs are coming. We are on the phone every single day. We are closing deals every single day. And we're closing them in all parts of the state."

ECONOMISTS: SC JOBLESS RATE TO FALL TO 6.8% NEXT YEAR



Construction and new home sales continue at Hollingsworth Park Verdae in Greenville. PATRICK COLLARD/STAFF