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Indicates New Matter

COMMITTEE REPORT

February 5, 2014

**S. 828**

Introduced by Senators Fair and Turner

S. Printed 2/5/14--S.

Read the first time January 14, 2014.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (S. 828) to amend the Code of Laws of South Carolina, 1976, by adding Section 11‑41‑75 so as to exempt certain bond reimbursement requirements if a convention and trade show, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

See Below

**EXPLANATION OF IMPACT:**

Office of the State Treasurer

The State Treasurer reports this bill, as presently drafted, would have no direct impact on the General Fund of the State. The agency cautions that any further amendments to the bill that would modify or relax the requirements currently contemplated by the legislation could change the agency’s analysis and its determination of potential fiscal impact.

Department of Commerce

State Budget and Control Board

Both agencies report that this bill will have no impact on the General Fund of the State or on federal and/or other funds.

**SPECIAL NOTES:**

The Board of Economic Advisors is the appropriate entity to address any revenue impact associated with this bill.

*Approved By:*

Brenda Hart

Office of State Budget

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 11‑41‑75 SO AS TO EXEMPT CERTAIN BOND REIMBURSEMENT REQUIREMENTS IF A CONVENTION AND TRADE SHOW CENTER IS SOLD AND IS TO BE REPLACED WITH A NEW CONVENTION AND TRADE SHOW CENTER, AND TO SET FORTH EXEMPTION REQUIREMENTS; AND TO AMEND SECTION 11‑41‑70, AS AMENDED, RELATING TO REQUIREMENTS FOR ECONOMIC DEVELOPMENT BONDS, SO AS TO MAKE A CONFORMING CHANGE.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Chapter 41, Title 11 of the 1976 Code is amended by adding:

“Section 11‑41‑75. (A) Notwithstanding the provisions of Section 11‑41‑70(2)(d), the provisions requiring the reimbursement of bond proceeds, plus interest, upon the sale of the meeting and exhibit space, are not applicable if:

(1) the proceeds of the sale of meeting and exhibit space is for its true value as described in Section 12‑37‑930;

(2) the sale proceeds are used in their entirety for a new meeting and exhibit space as defined in Section 11‑41‑30(2)(e); and

(3) if there are outstanding bonds on the existing meeting and exhibit space, the state agency, instrumentality, or political subdivision provides to the State Treasurer a tax opinion from a nationally recognized bond counsel that the sale and proposed new qualifying purpose or use will not adversely affect the federal income tax treatment of the interest on the bonds issued by the State to finance the meeting and exhibit space.

(B) The exemption from the reimbursement requirements only applies so long as:

(1) the land for the new meeting and exhibit space is owned by the state agency, instrumentality, or political subdivision at the time of the sale or is purchased within eighteen months of the sale;

(2) construction of the new meeting and exhibit space begins within five years of the sale; and

(3) the project is completed within ten years of the sale.

If a state agency, instrumentality, or political subdivision avails itself of the provisions of subsection (A), but then fails to meet the requirements of this subsection, then the reimbursement requirements of Section 11‑41‑70(2)(d) apply as of the day of the sale.

(C) If the new meeting and exhibit space is subsequently sold, the reimbursement requirements of Section 11‑41‑70(2)(d) apply as of the day of the sale of the new meeting and exhibit space, unless the provisions of this section again apply.

(D) Prior to the sale of the meeting and exhibit space, any state agency, instrumentality, or political subdivision desiring to avail itself of the provisions of this section must submit its plans to the Joint Bond Review Committee for review and comment. The submission must include proof of eligibility or plans to become eligible pursuant to the standards set forth in subsection (A) and a projected plan as to how it will remain eligible pursuant to subsection (B). To the fullest extent possible at the time, the submission also must include a comparison between the meeting and exhibit space that is for sale and the proposed replacement meeting and exhibit place.”

SECTION 2. Section 11‑41‑70(2)(d) of the 1976 Code, as last amended by Act 73 of 2013, is further amended to read:

“(d) subject to the provisions of Section 11‑41‑75, in the case of a national and international convention and trade show center, partial payment of costs for infrastructure associated with a meeting and exhibit space as defined in Section 11‑41‑30(2)(e), owned by the State or any agency, instrumentality, or political subdivision thereof for which project there has been executed an agreement between the State and the state agency, instrumentality, or political subdivision owning such meeting and exhibit space providing that, upon either the sale of the meeting and exhibit space partially financed with proceeds of bonds issued pursuant to this chapter or the failure of the state agency, instrumentality, or political subdivision to (1) purchase land within eighteen months of the effective date of this item (d), (2) begin construction within five years of the effective date of this item (d) of a meeting and exhibit space as defined in Section 11‑41‑30(2)(e), or (3) complete the project within fifteen years of the effective date of this item (d), then the state agency, instrumentality, or political subdivision owning such meeting and exhibit space will reimburse the amount of bond proceeds to the general fund of the State, plus interest thereon from the date of expenditure to the date of such reimbursement at a rate equal to the total interest cost rate on the issuance of bonds used to make such expenditure. The state agency, instrumentality, or political subdivision must notify the State Treasurer immediately upon the sale of any land acquired with proceeds of bonds issued pursuant to this chapter. The state agency, instrumentality, or political subdivision also must provide sufficient proof to the State Treasurer that the deadlines to purchase land, begin construction, and complete the project imposed pursuant to this item have been met. If the state agency, instrumentality, or political subdivision sells the land or fails to meet any of these deadlines, then the State Treasurer shall take the appropriate action necessary to recover all bond proceeds and interest disbursed to the state agency, instrumentality, or political subdivision to finance the project;”

SECTION 3. This act takes effect upon approval by the Governor.

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