

REPORT OF THE ECONOMIC DEVELOPMENT LEGISLATIVE SUBCOMMITTEE

SENATE BILL 675

S. 675 -- Senators Kimbrell, Rice, Talley, Peeler, Gambrell, Turner, Alexander, Bennett, Garrett and Cash: A BILL TO AMEND SECTION 12-37-2460 OF THE 1976 CODE, RELATING TO THE DISPOSITION OF TAX PROCEEDS, TO CREDIT THE PROCEEDS OF TAXES TO THE STATE AVIATION FUND; TO AMEND SECTION 55-5-280(B) OF THE 1976 CODE, RELATING TO THE STATE AVIATION FUND, TO PHASE IN THE CREDITING OF THE PROCEEDS; AND TO PROVIDE THAT A PORTION OF THE REVENUES COLLECTED MUST BE USED TO OBTAIN OR DEVELOP THROUGH THE SOUTH CAROLINA AERONAUTICS COMMISSION AN AIRPORT FACILITY IN A COUNTY WITHOUT AN AIRPORT FACILITY.

Received by Ways and Means: April 13, 2021

Summary of Bill:

This bill revises the distribution of revenue from aircraft property taxes so that the revenue is credited to the State Aviation Fund. This revised distribution is phased-in with all revenue credited to the State Aviation Fund after Fiscal Year 2021-2022. The legislation provides that these revenues credited to the State Aviation Fund shall be used, in part, to aid counties within the State that do not have an airport facility in obtaining or developing an airport facility through the South Carolina Aeronautics Commission.

Estimated Revenue Impact:

This bill will result in an increase of at least \$2,500,000 to the State Aviation Fund and a total decrease of at least \$2,500,000 from the General Fund, beginning in FY 2022-23 as all aircraft property tax revenue will be credited to the State Aviation Fund.

Subcommittee Recommendation:

Favorable subcommittee report on 4/27/2021.

Other Notes/Comments:

This bill passed the Senate by a vote of 43-0.



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	S. 0675	Introduced on March 16, 2021
Author:	Kimbrell	
Subject:	State Aviation Fund	
Requestor:	Senate Finance	
RFA Analyst(s):	Miller	
Impact Date:	March 23, 2021	

Fiscal Impact Summary

This bill will shift aircraft property tax revenue of \$1,250,000 from the General Fund to the State Aviation Fund in FY 2021-22. Additionally, if the aircraft property tax revenue exceeds \$5,000,000, this bill will result in 50 percent of the revenue above \$5,000,00 shifting from the General Fund to the State Aviation Fund. Also, it is unclear where the first \$1,250,000 is credited, as the bill eliminates the provision in §12-37-2460 that directs proceeds to the General Fund. Therefore, this bill may result in an additional decrease of \$1,250,000 from the General Fund, resulting in a total General Fund revenue decrease of at least \$2,500,000 in FY 2021-22.

Further, this bill will result in an increase of at least \$2,500,000 to the State Aviation Fund and a total decrease of at least \$2,500,000 from the General Fund, beginning in FY 2022-23 as all aircraft property tax revenue will be credited to the State Aviation Fund.

The bill may also affect local revenue. The bill requires that the State Aviation Fund be used, in part, to fund obtaining or developing local airport facilities. The amount for each county may vary as the distribution of funds is not specified in the bill.

Explanation of Fiscal Impact

Introduced on March 16, 2021

State Expenditure

N/A

State Revenue

This bill requires any property tax revenue collected for aircraft, pursuant to §12-37-2410 et seq., above \$1,250,000 to be directed to the State Aviation Fund in FY 2021-22. Additionally, all aircraft property tax revenue will be directed to the State Aviation Fund, beginning in FY 2022-23. This revenue will be used, in part, to aid counties within the State that do not have an airport facility. Further, this bill eliminates the requirement that the proceeds collected pursuant to §12-37-2410 et seq. be paid into the General Fund.

Currently, the first \$2,500,000 of the aircraft property tax revenue is placed into the General Fund. Any additional revenue up to \$5,000,000 is placed in the State Aviation Fund, and any

revenue above \$5,000,000 is split 50 percent to the General Fund and 50 percent to the State Aviation Fund.

The following table displays the distribution of the aircraft property tax revenue for the last three years.

Aircraft Property Tax Revenue			
	FY 2018-19	FY 19-20	FY 2020-21
General Fund	\$2,500,000	\$2,500,000	\$2,621,301
State Aviation Fund	\$2,317,213	\$2,211,732	\$2,621,323
Total	\$4,817,213	\$4,711,732	\$5,242,664

The current forecast estimates that the General Fund will receive \$2,500,000 from the aircraft property tax in both FY 2021-22 and FY 2022-23.

This bill will result in a shift of revenue of at least \$1,250,000 from the General Fund to the State Aviation Fund in FY 2021-22. Additionally, if the aircraft property tax revenue exceeds \$5,000,000, this bill will result in 50 percent of the revenue above \$5,000,00 shifting from the General Fund to the State Aviation Fund. In FY 2022-23 and thereafter, all funds will be credited to the State Aviation Fund. Therefore, this bill will result in an increase of at least \$2,500,000 to the State Aviation Fund and a total decrease of at least \$2,500,000 from the General Fund, beginning in FY 2022-23.

Further, it is unclear where the first \$1,250,000 that is not directed to the State Aviation Fund will be allocated in FY 2021-22 since the provision that directs proceeds to the General Fund in §12-37-2460 is amended to direct funds to the State Aviation Fund. If this revenue does not go to the General Fund, this bill will result in an additional decrease of \$1,250,000 from the General Fund, resulting in a decrease of at least \$2,500,000 in General Fund revenue in FY 2021-22.

Local Expenditure

N/A

Local Revenue

The revenue shifted to the State Aviation Fund will be used, in part, to assist in obtaining or developing local airport facilities, as required by this bill. Currently, according to the State Aviation website, all counties have at least one airport facility. However, some of these facilities are private and/or not for public use. The amount for each county may vary as the distribution of funds is not specified in the bill.



Frank A. Rainwater, Executive Director

South Carolina General Assembly
124th Session, 2021-2022

S. 675

STATUS INFORMATION

General Bill

Sponsors: Senators Kimbrell, Rice, Talley, Peeler, Gambrell, Turner, Alexander, Bennett, Garrett and Cash

Document Path: I:\s-res\jk\009airl.sp.jk.docx

Companion/Similar bill(s): 360, 3706

Introduced in the Senate on March 16, 2021

Introduced in the House on April 13, 2021

Last Amended on April 7, 2021

Currently residing in the House Committee on **Ways and Means**

Summary: Airlines, crediting property tax

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
3/16/2021	Senate	Introduced and read first time (Senate Journal-page 5)
3/16/2021	Senate	Referred to Committee on Finance (Senate Journal-page 5)
3/31/2021	Senate	Committee report: Favorable with amendment Finance (Senate Journal-page 13)
4/1/2021		Scrivener's error corrected
4/7/2021	Senate	Committee Amendment Adopted (Senate Journal-page 60)
4/7/2021	Senate	Read second time (Senate Journal-page 60)
4/7/2021	Senate	Roll call Ayes-43 Nays-0 (Senate Journal-page 60)
4/8/2021		Scrivener's error corrected
4/8/2021	Senate	Read third time and sent to House (Senate Journal-page 43)
4/13/2021	House	Introduced and read first time (House Journal-page 12)
4/13/2021	House	Referred to Committee on Ways and Means (House Journal-page 12)

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VERSIONS OF THIS BILL

[3/16/2021](#)

[3/31/2021](#)

[4/1/2021](#)

[4/7/2021](#)

[4/8/2021](#)

1 ~~Indicates Matter Stricken~~

2 Indicates New Matter

3

4 COMMITTEE AMENDMENT ADOPTED

5 April 7, 2021

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7

S. 675

8

9 Introduced by Senators Kimbrell, Rice, Talley, Peeler, Gambrell,
10 Turner, Alexander and Bennett

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12 S. Printed 4/7/21--S.

[SEC 4/8/21 2:20 PM]

13 Read the first time March 16, 2021.

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A BILL

11 TO AMEND SECTION 12-37-2460 OF THE 1976 CODE,
12 RELATING TO THE DISPOSITION OF TAX PROCEEDS, TO
13 CREDIT THE PROCEEDS OF TAXES TO THE STATE
14 AVIATION FUND; TO AMEND SECTION 55-5-280(B) OF THE
15 1976 CODE, RELATING TO THE STATE AVIATION FUND,
16 TO PHASE IN THE CREDITING OF THE PROCEEDS; AND TO
17 PROVIDE THAT A PORTION OF THE REVENUES
18 COLLECTED MUST BE USED TO OBTAIN OR DEVELOP
19 THROUGH THE SOUTH CAROLINA AERONAUTICS
20 COMMISSION AN AIRPORT FACILITY IN A COUNTY
21 WITHOUT AN AIRPORT FACILITY.

22 Amend Title To Conform

23

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

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27 SECTION 1. Section 12-37-2460 of the 1976 Code is amended to
28 read:

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30 “Section 12-37-2460. Subject to Section 55-5-280, the The
31 proceeds collected under this article shall be paid into the general
32 fund-of-the State Aviation Fund.”

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34 SECTION 2. Section 55-5-280(B) of the 1976 Code is amended to
35 read:

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37 (B)(1) In Fiscal Year 2021-2022, the first one million two
38 hundred fifty thousand dollars in revenue from the tax levied by the
39 State pursuant to Section 12-37-2410, et seq., must be directed to
40 the General Fund of the State. In any fiscal year in which Fiscal Year
41 2021-2022, if the revenues from the tax levied by the State pursuant
42 to Section 12-37-2410, et seq., exceeds two-and-one-half one million

1 two hundred fifty thousand dollars, the revenues in excess of ~~two~~
2 ~~and one-half one~~ million two hundred fifty thousand dollars must be
3 directed to the State Aviation Fund; ~~however, any revenue in excess~~
4 ~~of five million dollars must be credited in equal amounts to the~~
5 ~~general fund and the State Aviation Fund.~~

6 (2) In any fiscal year after 2021-2022, the revenues from the
7 tax levied by the State pursuant to Section 12-37-2410, et seq., must
8 be credited to the State Aviation Fund.”

9

10 SECTION 3. Revenues collected pursuant to this act and credited
11 to the State Aviation Fund shall be used, in part, to aid counties
12 within the State that do not have an airport facility in obtaining or
13 developing an airport facility through the South Carolina
14 Aeronautics Commission.

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16 SECTION 4. This act takes effect upon approval by the Governor.

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