



South Carolina  
House of Representatives  
Legislative Oversight Committee

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## JOBS ECONOMIC DEVELOPMENT AUTHORITY

# Internal Changes, Findings, and Recommendations



# INTERNAL CHANGES

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## Regulations

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1. In accordance with S.C. Code Ann. § 1-23-120(J), JEDA has reviewed and updated its regulations. JEDA eliminated all outdated regulations and added its current fee schedule to the regulations.

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## Human Resources

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2. Due to the doubling of conduit bond issuances since 2017 and the increased requirements of the SSBCI program, on November 7, 2022, JEDA hired a fulltime CPA.

# FINDINGS

## Purpose

1. Despite being in existence for four decades, JEDA's function and purpose are not well known by the public at large.

## Function

2. Under IRS rules, JEDA is the state's "constituted authority" authorized to issue private activity bonds on behalf of borrowing entities at favorable tax-exempt interest rates.

## Programs

3. JEDA administers three main programs: (a) the Industrial Revenue Bond Program; (b) the Taxable Bond Program; and (3) the State Small Business Credit Initiative.

## Milestones

4. Since its inception in 1983, JEDA has issued 620 bonds for a total of \$14.5 billion.

## Nonprofit Affordable Housing

5. During the last three years, JEDA has issued bonds for 27 affordable housing complexes for over \$741 million.

## Efficient and Effective Bond Issuance

6. JEDA's streamlined bond issuing process is cheaper and faster than other bond issuers.

## Public Funds

7. JEDA's bond issuance activity does not place public funds at risk.



## Budget

8. Because JEDA is a self-funded, quasi-public agency that operates at no cost to taxpayers, JEDA is not included in the state budget.

## Transparency

9. The State is accountable for JEDA for purposes of financial transparency; therefore, JEDA is statutorily required to prepare and submit a myriad of annual financial reports.

## Legal Status

10. JEDA is an agency of the state, but its employees are not state employees.

## Board Composition

11. Currently, two vacancies exist on JEDA's Board of Directors, and of the remaining eight directors, four are serving as holdover directors.

## Duality of Roles

12. JEDA's Executive Director is also the Executive Director of InvestSC and receives a salary from both JEDA and InvestSC.

## Nonprofit Corporation

13. JEDA has created two nonprofit corporations, neither of which are corporate subsidiaries of JEDA.

## Venture Capital Investment

14. The Venture Capital Investment Act authorizes designated investor groups to borrow funds from lenders and invest those funds using state tax credits as collateral.

# RECOMMENDATIONS

## Modernization of Laws

1. The Committee recommends the General Assembly consider striking S.C. Code Ann. § 41-43-180 (2021) as proposed by JEDA.
2. The Committee recommends the General Assembly consider striking S.C. Code Ann. § 41-43-200 (2021) as proposed by JEDA.
3. The Committee recommends the General Assembly consider amending S.C. Code Ann. § 41-43-40 (2021) to update the parties who serve ex officio on JEDA's Board of Directors by adding the Secretary of the South Carolina Department of Commerce and removing the Chairman of the State Development Board.
4. The Committee recommends the General Assembly consider amending S.C. Code Ann. § 41-43-70 (2021) to remove functions and duties JEDA no longer performs.
5. The Committee recommends the General Assembly consider striking S.C. Code Ann. § 41-43-170 (2021) as recommended by JEDA, which authorizes JEDA to create guaranty funds that may be used to guarantee or insure or purchase insurance for loans.
6. The Committee recommends the General Assembly consider amending S.C. Code Ann. §§ 11-35-10 et seq. (2011 & Supp. 2022) striking those parts of the Venture Capital Investment Act that allow designated investor groups to borrow funds from lenders and invest those funds using state tax credits as collateral.
7. The Committee recommends the General Assembly consider amending S.C. Code Ann. § 41-43-280 (2021) to strike reference to section 2-57-60, which has been repealed.
8. The Committee recommends the General Assembly consider amending S.C. Code Ann. § 2-7-65 by striking reference to the Budget and Control Board and the Joint Legislative Appropriations Review Committee, agencies that no longer exist, and inserting reference to the Executive Budget Office.
9. The Committee recommends that the General Assembly consider adopting a statute prohibiting the executive director of JEDA from serving in any administrative or paid role on a nonprofit created by JEDA.