

**South Carolina Department of Commerce
FY 2024-25
Ways and Means Budget Hearing**

Jan. 30, 2024



South Carolina
Department of Commerce



Agency Attendees

- Secretary of Commerce Harry M. Lightsey III
- Deputy Secretary of Commerce Ashely Teasdel
- Director of Governmental Affairs Mark Hendrick
- Chief Financial Officer Patrick Jarvis
- Chief Legal Counsel Karen Manning



Agency Highlights – 2023



Agency Highlights

- **Unveiled the agency's new brand to:**
 - Position South Carolina to meet the opportunities that come with transformation, so that our citizens benefit from sustained economic development that will provide them opportunities for today and beyond.
- **Developed a strategic planning framework to:**
 - Define the agency's priorities for the next few years.
- **Received federal Tech Hub designation which will:**
 - Enable South Carolina to establish global leadership in commercialization of advanced energy products and technologies.



Budget Requests: SC NEXUS

- **\$10,000,000 in Recurring Funds to:**
 - **Stand up a division within S.C. Commerce – SC NEXUS – to execute the programmatic and operational responsibilities that accompany a Regional Tech Hub designation.**
 - **Fund six FTEs.**
 - **Support costs** associated with daily operations.
 - **Allow for additional grant funding to support the mission of SC NEXUS.**
- **\$40,000,000 in Non-Recurring Funds to:**
 - **Ensure SC NEXUS has adequate funds to support the grant matching requirement** associated with Phase II funding.
 - **Support additional awards** to further the Tech Hub's mission.



SC NEXUS

Budget Requests: Repay Intra-Agency Loan

- **\$20,000,000 in Non-Recurring Funds and \$5,000,000 in Recurring Funds to:**
 - **Repay an S.C. Commerce intra-agency loan issued to Palmetto Railways.**
 - Issued in 2015 for permitting and preliminary construction costs to allow the Navy Base Intermodal Facility (NBIF) project to continue moving forward to open near completion of the Hugh K. Leatherman Terminal.
 - Used for interim, interest-free financing for permitting and preliminary construction costs.
 - Originated from committed, but unexpended grant funds of the South Carolina Coordinating Council for Economic Development.
 - These requests will ensure the loan is repaid in a timely manner.



Budget Request: Strategic Economic Development Infrastructure (SEDI)

- **\$100,000,000 in Non-Recurring Funds to:**
 - **Build strategic economic infrastructure independent of specific economic development projects and supported by an appropriate funding mechanism.**
 - Large, strategic state infrastructure projects generally exceed S.C. Commerce's grant funding resources (except when a project qualifies for economic development bond funding).
 - Proviso 50.23 requires JBRC approval before any funds can be awarded or expended; this approval should be continued.
 - **Allow the state to continue to capitalize on its economic development success and remain competitive** in attracting future capital investment and job creation throughout the state.



Budget Request: Closing Fund

- **\$25,000,000 in Non-Recurring Funds to:**
 - **Increase new/retained jobs and recruited capital investment.**
 - **Benefit from this fund's greater flexibility as compared to other incentive resources.**
 - **Continue to be competitive in recruiting larger projects.**
 - S.C. Commerce is seeing more of these projects which require higher levels of incentive grants.



Budget Request: LocateSC

- **\$11,000,000 in Recurring Funds to:**
 - **Increase the recurring line for LocateSC to \$20,000,000**
 - Allow South Carolina to proactively prepare sites, especially larger sites, into suitable inventory for prospective industry.
 - Have the resources on an annual recurring basis allows for better planning on state and local levels.
 - Support local governments and allies through the LocateSC grant program.
 - Ensure the state remains attractive and competitive.



Budget Request: Foreign Office Operations

- **\$3,000,000 in Recurring Funds to:**
 - **Support South Carolina's foreign representation efforts and operations.**
 - Operations in Germany, Japan, South Korea and Taiwan.
 - S.C. continues to be a top U.S. destination for FDI.
 - Current funding will not support the resources to effectively recruit international business to the state.
 - **Establish a physical presence in the United Kingdom and Ireland**
 - S.C. is one of only four states to sign an MOU with the U.K. and Northern Ireland.
 - Since 2018, the U.K. and Ireland have accounted for \$178.5 million in investment and nearly 1,000 jobs in South Carolina.
 - In 2022, the U.K. was South Carolina's 5th largest trading partner, accounting for \$3.2 billion in combined import and export activity.
 - Ireland, an EU member, is a substantial source of FDI and trade, and merits a separate office.



Budget Request: SCRC Assessment

- **\$125,000 in Recurring Funds to:**
 - Pay the annual assessment to the Southeast Crescent Regional Commission (SCRC) making the South Carolina eligible to receive funding (\$2.6 million in FY24) with no matching requirements from the State.
- **SCRC** is an economic development partnership agency of the federal government and seven state governments, with a mission to build sustainable communities and strengthen economic growth across the Southeast Region.
 - Each year, the State Members of the Commission determine the share of the States' contribution to be paid by each state which is determined on the basis of the Commission's approved budget.



SOUTHEAST CRESCENT
REGIONAL COMMISSION

Budget Request: Industry Liaison

- **\$200,000 in Recurring Funds to:**
 - **Establish dedicated staff to work directly with projects that have larger capital investments.**
 - These projects require more extensive involvement with S.C. Commerce between the time of the announcement until the company is producing and open for business.
 - This commitment of staff will be viewed as an additional benefit to prospective companies and will assist in the state's economic development efforts.
 - **Add one FTE.**



Budget Request: Other and Federal Funds

- **\$160,000 other and federal funds:**
 - Additional authority needed for general increases to existing staff and annual increases in employer contributions.



Proviso Changes: NEW Proviso Requests

- **Request to ADD a New Proviso: Job Development Tax Credit Program**
 - Allow flexibility to increase fees relating to the Job Development Tax Credit Program to cover the costs associated with the program.
- **Request to ADD a New Proviso: SC NEXUS Carryforward**
 - Allow for funds appropriated for allocations/grants in the SC NEXUS division to be carried forward to the new fiscal year.



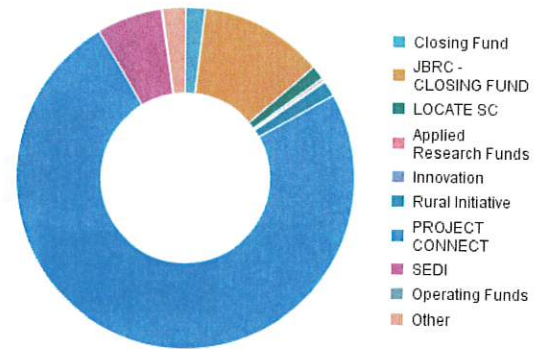
General Fund Carry Forward into FY23-24

	GENERAL FUND
	Carry Forward
Closing Fund	\$ 27,927,721.41
JBRC - CLOSING FUND	\$ 180,993,857.37
LOCATE SC	\$ 20,195,773.24
Applied Research Funds	\$ 4,222,524.35
Innovation	\$ 2,251,133.47
Rural Initiative	\$ 22,820,915.90
PROJECT CONNECT	\$1,145,784,132.21
SEDI	\$ 96,900,892.66
Operating Funds	\$ 1,178,551.57
Other	\$ 35,229,817.84
Sum:	\$1,537,505,320.02
	Of the FY23 year-end general fund balances carried forward to FY24, 99%+ are committed or obligated to future projects.

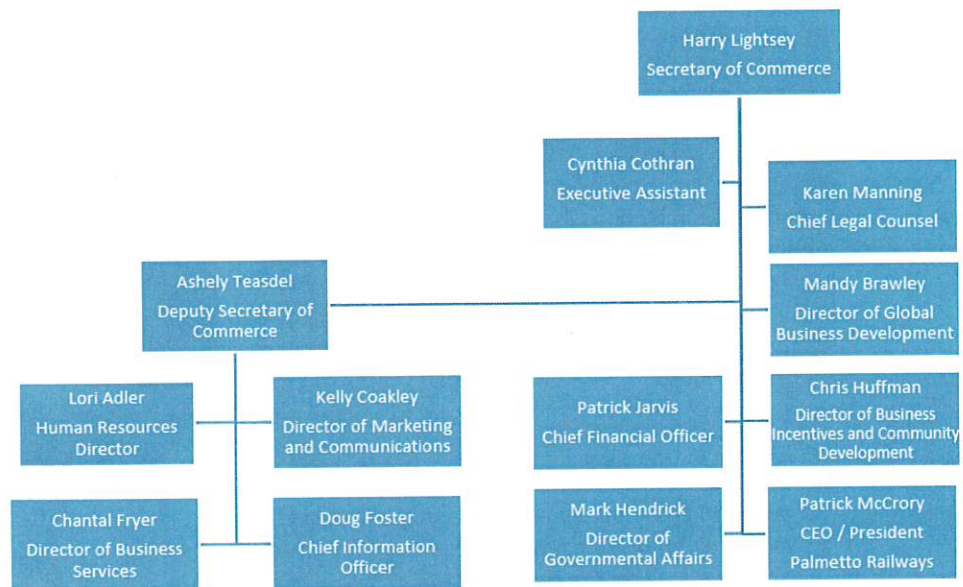
Of the \$1.178 million in Operating Carryforward, \$833k was related to Local Economic Development Alliance, and paid in FY24 as a prior year payable. Only \$344,748.24 was truly operating carryforward.



Carry Forwards by Funded Program - Bud - Funded Program - Bud (Text)+



Organizational Chart



FTE Breakdown:

Types	General Fund	Other Funds	Total
Authorized FTEs	80.51	25.59	106.1
Filled Positions	63.925	26.075	90
Vacant Positions	15.45	0.55	16



(As of Dec. 31, 2023)

Questions?

