



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 1050
Author: Campsen
Subject: SC Able Savings Program
Requestor: Senate Finance
RFA Analyst(s): Fulmer, Kokolis, and Shuford
Impact Date: February 16, 2016

Estimate of Fiscal Impact

	FY 2016-17	FY 2017-18
State Expenditure		
General Fund	\$1,696,000	\$1,121,000
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	(\$724,140)	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill would have a recurring General Fund expenditure impact of \$1,121,000 for FY 2016-17 and each year thereafter, as well as a nonrecurring General Fund expenditure impact of \$575,000 for FY 2016-17. There is no expenditure impact to Federal Funds or Other Funds. This bill would reduce General Fund individual income tax revenue by \$724,140 beginning in FY 2016-17.

Explanation of Fiscal Impact

State Expenditure

This bill establishes the South Carolina ABLE Savings Program and authorizes the establishment of savings accounts for individuals with disabilities. These savings accounts can be used to supplement benefits for disability-related expenses provided through private insurance, Medicaid, the supplemental security income program, the beneficiary’s employment, and other sources. The bill further provides guidelines for the maintenance of these accounts.

The Department of Social Services, Department of Disabilities and Special Needs, and Department of Health and Human Services indicate there is no expenditure impact to the General Fund, Federal Funds, or Other Funds.

State Treasurer’s Office. The State Treasurer’s Office (STO) indicates there may not be enough revenue available in the South Carolina ABLE Savings Expense Fund to cover first year recurring and nonrecurring expenses. STO estimates a total recurring expenditure of \$1,121,000 to the General Fund, with \$200,000 for salaries and fringe benefits and other additional recurring

expenditures for office expenses, marketing and consumer outreach, investment management, legal analysis and offering statements, industry consultants, annual audit consultants, and investment oversight consultants. There will be a nonrecurring expenditure impact of \$575,000 for account maintenance and record keeping, legal analysis, contract negotiations, and creation of marketing materials and a website. The total General Fund expenditure impact will be \$1,696,000 for recurring and nonrecurring expenses for FY2016-17 and \$1,121,000 for recurring expenses every year thereafter. There is no expenditure impact to Federal Funds and Other Funds.

State Revenue

This bill amends Section 12-6-1140 by adding two deductions from South Carolina taxable income. The first deduction is for contributions made to a South Carolina ABLE Savings Program and the second is for interest earnings and qualified distributions from the savings program. Maximum contributions by federal law are limited to \$14,000 for 2016 and are adjusted annually for inflation. Based on U.S. Joint Committee on Taxation revenue estimates for the Tax Increase Prevention Act of 2014 adjusted for South Carolina taxpayers only, we expect that the exclusion of contributions, interest earnings, and qualified distributions from South Carolina taxable income will amount to \$13,410,000. These deductions will decrease General Fund individual income tax revenue by \$724,140 beginning in FY 2016-17.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director