



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3722 Amended by House Ways and Means on March 28, 2017
Author: White
Subject: Bond Authorization
Requestor: House Ways and Means
RFA Analyst(s): Shuford
Impact Date: April 3, 2017

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill would have no impact on General Fund, Other Funds, or Federal Funds expenditures.

Explanation of Fiscal Impact

Amended by House Ways and Means on March 28, 2017

State Expenditure

This bill authorizes an additional \$498,225,000 in principal indebtedness for the projects specified. Section 2-7-105 that provides capital improvement bonds may be authorized by the General Assembly in odd-numbered years for projects of state agencies or institutions included in the annual general appropriations act does not apply to this bill.

Office of State Treasurer. General obligation debt service under the five percent constitutional limit is expected to increase by an estimated \$48,200,000 annually assuming a single issuance in FY 2017-18, prevailing interest rates, and a fifteen-year term for the \$498,225,000 principal amount of the proposed bonds.

However, the increased debt service from the proposed \$498,225,000 increase in principal indebtedness can be managed within existing appropriations. For FY 2017-18, debt service expenditures are expected to be \$84,800,000 below recurring appropriations. Debt service expenditures are expected to continue to decrease in future years as existing indebtedness declines. Other allowable expenditures for debt service appropriations include those enumerated by Proviso 112.1, which allows the Office of State Treasurer to use excess debt service funds to pay down general obligation bond debt for which the State is paying the highest rate of interest,

to achieve relief in constrained debt capacity, or to reduce the amount of debt issued. Currently, base appropriations for debt service are sufficient to pay these debt service requirements. Therefore, this bill would have no expenditure impact on the General Fund, Other Funds, or Federal Funds.

State Board for Technical and Comprehensive Education. The board must allocate the \$87,000,000 in bond funds authorized by the bill for critical maintenance and capital needs. Eligible projects include safety upgrades, technology upgrades, career and technology education programs, and deferred maintenance. Projects do not include new equipment or new construction unless deemed critical by the board. The board shall develop an application process to request funding for the technical schools and establish policies, procedures, and priorities for grants. The grants must be awarded upon an affirmative vote of the board. The board is responsible for establishing policies and procedures to ensure that the grants are expended in a manner consistent with the bill. By August 1, 2018, the board shall submit a report detailing their actions. The board indicates that the additional duties required by the bill can be managed using existing appropriations and staff currently administering capital projects for all sixteen technical colleges. The reporting requirements of the bill will also be managed within existing resources. Therefore, this bill would have no expenditure impact on the General Fund, Other Funds, or Federal Funds.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director