



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0067 Prefiled on December 13, 2016
Author: Hutto
Subject: Redevelopment Authority Fees
Requestor: Senate Finance
RFA Analyst(s): Shuford
Impact Date: January 10, 2017

Estimate of Fiscal Impact

	FY 2020-21	FY 2021-22
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	(\$962,856)	(\$1,925,713)
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill would reduce General Fund withholding tax revenue by \$962,856 in FY 2020-21 for the continued allocation of the Savannah River Site redevelopment fees for January 2021 through June 2021. The continued allocations for July 2021 through December 2021 will decrease withholding tax revenue by an additional \$962,857 in FY 2021-22, for a total decrease in General Fund withholding tax revenue of \$1,925,713.

Explanation of Fiscal Impact

Prefiled on December 13, 2016

State Expenditure

Senate Bill 67 requires the Department of Revenue to continue allocating individual income tax withholdings to the Savannah River Site redevelopment authority after January 1, 2021. These activities are a continuation of existing agency responsibilities and will not have an expenditure impact on the General Fund, Federal Funds, or Other Funds.

State Revenue

Section 1. This bill extends current redevelopment fee allocations of individual income tax withholdings to a federal site in which permanent employment has been reduced by three thousand or more jobs from the level of such jobs on December 31, 1996. Based on these specifications, we expect that redevelopment fees allocated the Savannah River Site Redevelopment Authority may continue after January 1, 2021. Allocations to the Charleston Naval Complex and the Myrtle Beach Air Force Base redevelopment authorities are expected to sunset on January 1, 2021, as specified in Section 12-10-88(C).

Under the current sunset provisions, we expect General Fund withholding tax revenue to increase by \$10,685,120 beginning in January 2021, the amount of the redevelopment authority allocations remitted in FY 2014-15. This revenue increase would be realized over two fiscal years since the continuation of the allocations begins in the middle of a state fiscal year. As this bill extends the Savannah River Site redevelopment authority allocations past January 1, 2021, the General Fund would not realize the anticipated withholding tax increases from the sunset of the Savannah River Site allocations. This would reduce the expected increase in General Fund individual income tax withholding revenue by \$1,925,713, which is the amount of the Savannah River Site allocation in FY 2014-15.

Specifically, we estimate the continued allocation of the Savannah River Site redevelopment fees for January 2021 through June 2021 will decrease General Fund withholding tax revenue \$962,856 in FY 2020-21. The continued allocations for July 2021 through December 2021 will decrease withholding tax revenue by an additional \$962,857 in FY 2021-22, for a total decrease in General Fund withholding tax revenue of \$1,925,713.

Section 2. This section modifies the definition of a redevelopment project to include projects outside the redevelopment project area if designated as a Promise Zone.

Section 3. This section allows the use of redevelopment authority fees by multicounty economic development not-for-profit corporations. While Sections 2 and 3 expand the permitted uses of the redevelopment fees, we expect that total amount of revenue and expenditures from the fees will not change since the amount of the redevelopment fees may not exceed the amount allocated in FY 2014-15.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director