



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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|------------------------|-----------------------------|--------------------------------|
| Bill Number: | S. 0401 | Introduced on January 22, 2019 |
| Author: | Campbell | |
| Subject: | Highway System Construction | |
| Requestor: | Senate Transportation | |
| RFA Analyst(s): | Griffith | |
| Impact Date: | March 18, 2019 | |

Fiscal Impact Summary

This bill could increase recurring Other Funds expenses of the Department of Transportation (DOT) by \$12,900,000 annually, beginning in FY 2019-20. However, expenses are dependent upon the actual projects for which the agency is able to contract in a given year. The expenditure impact to local governments is undetermined due to the complexity of parties that may be affected and the costs of specific project plans.

Explanation of Fiscal Impact

Introduced on January 22, 2019

State Expenditure

This bill requires an entity that undertakes a transportation improvement project to bear the costs related to relocating water and sewer lines, up to four percent of the original construction bid amount for a large public water utility or large public sewer utility.

DOT indicates that the bill could increase recurring Other Funds expenses by \$12,900,000 annually, beginning in FY 2019-20. This estimate is based upon project costs for future projects. Further, DOT indicates that expenses will depend upon the actual projects for which the agency is able to contract in a given year.

State Revenue

N/A

Local Expenditure

The Revenue and Fiscal Affairs Office surveyed twenty-three county governments regarding the expenditure impact of this amendment. We received responses from three county governments.

Florence County does not own a water or sewer system. Therefore, this bill will have no expenditure impact on Florence County.

Lancaster County indicates that most of its road projects are limited to resurfacing or initial paving, and the county usually does not participate in widening projects where a utility line may have to be relocated. Therefore, the bill will have no expenditure impact on Lancaster County.

Charleston County references ten featured projects and an estimate of unallocated money for the next eleven years to which this bill would apply. The value of the ten projects is approximately \$678,000,000, and the percentage of the unallocated money that will be allocated to Charleston County road projects is estimated to be \$62,370,000. The county indicates that the four percent threshold applies to these ten projects. Therefore, the expenditure impact of these projects is estimated to be approximately \$29,614,800 to the county.

In addition, Charleston County has an additional ongoing project that will not cost the full four percent authorized by this bill. From the \$725,000,000 project total, the expenditure impact will be approximately \$10,000,000 to \$12,000,000, bringing the total expenditure impact to the county to between \$39,614,800 and \$41,614,800.

Due to the various combination of parties that may be affected, the expenditure impact of this bill on local governments cannot be estimated. Determination of the expenditure impact is further complicated, because increased costs and savings depend upon the specific project plans and their costs as well as the existence of prior rights.

Local Revenue

N/A



Frank A. Rainwater, Executive Director