



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number: S. 0443 Introduced on January 12, 2021
Author: Leatherman
Subject: State General Obligation Economic Development Bond Act
Requestor: Senate Finance
RFA Analyst(s): Miller
Impact Date: January 28, 2021

Fiscal Impact Summary

Revenue and Fiscal Affairs anticipates that this bill will have an undetermined expenditure impact to the General Fund due to the expansion of applicable projects eligible for economic development bonds. This bill expands the definition of an economic development project, for the purpose of issuing economic development bonds, to include strategic infrastructure projects. However, the number of and value of projects deemed eligible by the Secretary of the Department of Commerce (Secretary) and approved by the Joint Bond Review Committee and the State Fiscal Accountability Authority are unknown. While this bill does not increase the constitutional limit for these bonds, it does expand the eligible uses.

Explanation of Fiscal Impact

Introduced on January 12, 2021

State Expenditure

This bill expands the definition of an economic development project for the purpose of issuing economic development bonds to include an infrastructure project. These public infrastructure projects must be owned, operated, and maintained by a State entity or political subdivision and include at least one of the following:

- land acquisition,
- site preparation and development,
- road, highway, rail, air, waterborne, and other transportation improvements,
- water, stormwater, and wastewater facilities, improvements, and services,
- electrical, gas, telecommunications, internet, broadband and other utility facilities, improvements, and services,
- research facilities,
- training programs and facilities,
- improvements necessary to maintain compliance with any regulatory requirements or standards, and
- building and renovations associated with other economic development projects as defined in §11-41-30(2).

An infrastructure project is not subject to the \$400,000,000 investment and 400 new jobs threshold required of economic development projects, the \$1,100,000,000 investment and 2,000

new jobs threshold for an enhanced economic development project, or the \$100,000,000 investment and 200 new jobs threshold required of a life science facility. The requirement that the maximum annual debt service limitation on this debt must not exceed 0.5 percent of General Fund revenues, pursuant to Section 11-41-60, is unaffected. The maximum annual debt service on this class of bonds must not exceed the 0.5 percent limitation described above. As of June 30, 2020, the 0.5 percent Debt limitation was \$43,963,365. The total amount of economic development debt outstanding subject to the 0.5 percent limitation was \$30,890,000, with associated maximum annual debt service of \$4,228,650, which was 0.05 percent of the prior year total general revenues of the State of \$8,792,673,000. Accordingly, the State was in compliance with the 0.50 percent constitutional limitation and has remaining legal debt service margin of \$39,734,715 as of the Fiscal Year Ended June 30, 2020.

Revenue and Fiscal Affairs anticipates that the expansion of the definition of an economic development project to include strategic infrastructure projects will have an undetermined expenditure impact on the General Fund that will be based on projects deemed eligible by the Secretary and approvals by the Joint Bond Review Committee and the State Fiscal Accountability Authority.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director