



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0912 Introduced on January 9, 2024
Author: Davis
Subject: SC Nexus for Advanced Resilient Energy
Requestor: Senate Judiciary
RFA Analyst(s): Manic
Impact Date: February 21, 2024

Fiscal Impact Summary

This joint resolution establishes the “SC Nexus Plan for Global Leadership in Advanced Resilient Energy” (SC Nexus Plan) and creates the SC Nexus Office within the Department of Commerce (Commerce) to achieve the specific goals of the plan. The joint resolution also defines the “development approval” process and specifies the role of the Department of Environmental Services (DES)¹ to issue environmental permits for the development and application of advanced energy generation, storage, and grid resilience projects. Finally, within thirty days after the effective date of the joint resolution, each agency or subdivision of the state affected by the joint resolution is to engage in broad collaboration to meet the specific goals of the SC Nexus Plan.

Commerce indicates that the agency submitted a FY 2024-25 budget request for \$10 million in recurring General Funds as well as \$40 million in non-recurring General Funds to enable the agency to apply for additional federal funding to support the operations of the SC Nexus Office. The agency indicates that the \$10 million in recurring funds will be used for salary and fringe benefits for 6.0 new FTEs as well as operating expenses of the SC Nexus Office. The \$40 million of non-recurring funds will be used as matching dollars for phase II federal funding of up to \$75 million from the US Economic Development Administration as well as for state-funded grants to support the mission of the SC Nexus Office.

Commerce has also indicated it expects to collaborate with the Department of Employment and Workforce (DEW), the State Board for Technical and Comprehensive Education (SBTCE), the Office of Regulatory Staff (ORS) and the SC Energy Office (Energy Office) within ORS, the Department of Education (SCDE), and the Office of Resilience.

The Revenue and Fiscal Affairs Office (RFA) has contacted these agencies to determine whether the bill will have a fiscal impact. All the agencies indicate that the bill will not have an impact because each of them will be able to manage the additional responsibilities with existing staff and resources. Further, the bill will have no impact on DES for the responsibilities associated

¹ DES will be created on July 1, 2024, and will be comprised of the divisions, offices, and programs of the Departments of Health and Environmental Control that perform functions related to regulation and protection of the environment, as well as of the former Water Resources Division of the Department of Natural Resources.

with the development approval process, as this can be accomplished with existing staff and resources.

Commerce plans to apply for phase II federal funding of up to \$75 million. Therefore, the joint resolution is expected to increase Federal Funds revenues by up to \$75 million in FY 2024-25.

Explanation of Fiscal Impact

Introduced on January 9, 2024

State Expenditure

This joint resolution establishes the SC Nexus Plan and defines the terms “development” and “development approval.” Specifically, development refers to the process of identifying government barriers as well as the potential opportunities to deal with the barriers related to the application of advanced energy generation, storage, and grid resilience. Development approval refers to the approval by the State, a subdivision, or an agency of the development and application process of advanced energy generation, energy storage, and grid resilience. Further, within thirty days after the effective date of the joint resolution, it requires each state agency or subdivision affected by the joint resolution to engage in broad collaboration to meet the specific goals of the SC Nexus Plan.

Department of Commerce. The joint resolution requires the creation of the SC Nexus Office within Commerce in order to achieve specific goals of the SC Nexus Plan. Commerce indicates that the SC Nexus is a broad consortium of public and private entities that operate in SC and are led by the agency. In October 2023, SC Nexus received the phase I designation of a Tech Hub from the US Economic Development Administration. Commerce plans to apply for phase II federal funding of up to \$75 million, and in order to do so, it must show significant support from the State with a tangible commitment indicating the ability to match federal funds (with at least 10 percent, or \$7.5 million, matching) as well as additional funds to support a robust development program. To accomplish this plan, the agency has submitted a FY 2024-25 budget request for \$10 million in recurring General Funds as well as \$40 million in non-recurring General Funds. The agency indicates that the \$10 million in recurring funds will be used for salary and fringe benefits for 6.0 new FTEs (a Program Director, a Program Manager III, a Program Manager II, a Program Manager I, a Public Information Director I, and an Administrative Coordinator I) as well as operating expenses of the SC Nexus Office, which will operate as a new division within the agency. In addition, the recurring funds are expected to be used for various contractual costs related to applying for and securing future competitive federal funding for designated Tech Hubs. The \$40 million of non-recurring funds will be used primarily as matching dollars for phase II federal funding of up to \$75 million from the US Economic Development Administration as well as for state-funded grants to support the mission of the SC Nexus Office.

Commerce has indicated that once the SC Nexus Office is set up, it will engage in broad collaboration with DEW, SBTCE, ORS and the Energy Office, SCDE, and the Office of Resilience. RFA has surveyed these agencies, and all indicate that they can accommodate the additional requirements of the joint resolution with existing staff and resources. Therefore, the

joint resolution will have no impact on DEW, SBTCE, ORS and the Energy Office, PSC, SCDE, and the Office of Resilience.

Department of Environmental Services. Within the definition of the development approval process, the joint resolution specifies the role of DES to issue environmental permits for the development and application of advanced energy generation, storage, and grid resilience projects. The bill will have no impact on DES, as they will be able to manage the additional requirements of the bill with existing staff and resources.

State Revenue

This joint resolution establishes the SC Nexus Plan. In October 2023, SC Nexus received the phase I designation of a Tech Hub from the US Economic Development Administration. Commerce plans to apply for phase II federal funding of up to \$75 million, and in order to do so, it must show significant support from the State with a tangible commitment indicating the ability to match federal funding (with at least 10 percent, or \$7.5 million, matching) as well as additional funds to support a robust development program. The agency has submitted a FY 2024-25 budget request for \$10 million in recurring funds and \$40 million in non-recurring funds to apply for the phase II federal funding. Therefore, the joint resolution is expected to increase Federal Funds revenues by up to \$75 million in FY 2024-25.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director