



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.

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| Bill Number: | H. 3845 | Introduced on February 6, 2025 |
| Subject: | Transportation Improvement Projects | |
| Requestor: | House Labor, Commerce, and Industry | |
| RFA Analyst(s): | Wren | |
| Impact Date: | March 12, 2025 - Updated for Additional Agency Response | |

Fiscal Impact Summary

This bill adds broadband service to the list of service providers eligible for relocation funds when the service's utilities are impacted by transportation improvement projects pursuant to §57-5-880. Currently, an entity undertaking a transportation improvement project must bear the full cost to relocate water and sewer lines for small public water or sewer utilities and up to 4 percent of the original construction bid amount for large public water or sewer utilities. The bill would add broadband providers to this provision. The bill also specifies that an entity undertaking a federal highway project must bear all costs, including design costs, to relocate broadband service lines. Further, the bill repeals the sunset date of July 1, 2026, pursuant to Section 2 of Act 36 of 2019.

The Department of Transportation (DOT) estimates that the cost to add broadband service providers to relocation payments related to transportation improvement projects is approximately \$20 million per year, and the cost related to repealing the sunset provision is approximately \$7 million per year. These estimates are based on planned projects within DOT's Ten-Year Plan and long-term Momentum 2050 Plan funding assumptions. However, DOT anticipates that it can manage these additional expenses with existing appropriations.

The Revenue and Fiscal Affairs Office (RFA) contacted all county governments and the Municipal Association of South Carolina (MASC) regarding the expenditure impact of this bill. Based on the responses, the impact on local governments will vary and will depend upon the scope of each project. For reference, Dorchester County indicates that while relocation of utilities for transportation improvement projects is costly, the county currently budgets for these costs in all project planning cost estimates. Florence County indicates that if the project is not fully funded by federal grants, there could be an additional expenditure impact but expects that the relocation of broadband service lines would be small in comparison to water, sewer, gas, and electric utility relocations. Horry County indicates that the bill could increase county expenses by approximately \$240 million over twenty-five years for potential transportation improvement projects identified by the county's RIDE 4 Program. Further, MASC indicates that although municipal governments are typically not involved in federal highway projects, they would experience an unknown increase in expenses to relocate broadband service lines if involved in these projects. MASC also indicates that prior to the passage of Act 36 of 2019, many prioritized transportation improvement projects were delayed or did not happen due to the inability of

municipal utility providers to bear the cost for utility relocation. MASC believes removing the sunset provision will help mitigate delays due to utility provider budget limitations.

The local expenditure section of this impact statement has been updated to include a response from Horry County.

Explanation of Fiscal Impact

Updated for Additional Agency Response on March 12, 2025

Introduced on February 6, 2025

State Expenditure

This bill adds broadband service to the list of service providers eligible for relocation funds when a service's utilities are impacted by transportation improvement projects pursuant to §57-5-880. Currently, an entity undertaking a transportation improvement project must bear the full cost to relocate water and sewer lines for small public water or sewer utilities and up to 4 percent of the original construction bid amount for large public water or sewer. The bill adds broadband service to the eligible service providers. The bill also specifies that an entity undertaking a federal highway project must bear all costs, including design costs, to relocate broadband service lines. The bill further repeals the sunset date of July 1, 2026, pursuant to Section 2 of Act 36 of 2019.

DOT estimates that the cost to add broadband service as related to transportation improvement projects is approximately \$20 million per year, and the cost related to repealing the sunset provision is approximately \$7 million per year. These estimates are based on planned projects within DOT's Ten-Year Plan and long-term Momentum 2050 Plan funding assumptions. However, DOT anticipates that it can manage these additional expenses with existing appropriations.

State Revenue

N/A

Local Expenditure

This bill adds broadband service to the list of service providers eligible for relocation funds when a service's utilities are impacted by transportation improvement projects pursuant to §57-5-880. Currently, an entity undertaking a transportation improvement project must bear the full cost to relocate water and sewer lines for small public water or sewer utilities and up to 4 percent of the original construction bid amount for large public water or sewer. The bill adds broadband service to the eligible service providers. The bill also specifies that an entity undertaking a federal highway project must bear all costs, including design costs, to relocate broadband service lines. The bill further repeals the sunset date of July 1, 2026, pursuant to Section 2 of Act 36 of 2019.

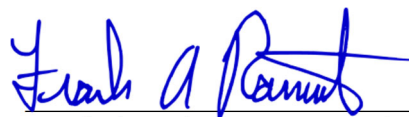
RFA contacted all county governments and MASC regarding the expenditure impact of this bill and received responses from Dorchester, Florence, and Horry Counties and MASC on behalf of municipalities. Based on the responses, the impact on local governments will vary depending upon the scope of each project. Dorchester County indicates that while relocation of utilities for transportation improvement projects is costly, the county currently budgets for these costs in all

project planning cost estimates. Florence County indicates that if the project is not fully funded by federal grants, there could be an additional expenditure impact but expects that the relocation of broadband service lines would be small in comparison to water, sewer, gas, and electric utility relocations. Horry County indicates that the bill could increase county expenses by approximately \$240 million over twenty-five years for potential transportation improvement projects identified by the county's RIDE 4 Program. Further, MASC indicates that although municipal governments are typically not involved in federal highway projects, they would experience an unknown increase in expenses to relocate broadband service lines if they are involved in these projects. MASC also indicates that prior to the passage of Act 36 of 2019, many prioritized transportation improvement projects were delayed or did not happen due to the inability of municipal utility providers to bear the cost for utility relocation. MASC believes removing the sunset provision will help mitigate such delays due to utility provider budget limitations.

This section of the impact statement has been updated to include a response from Horry County.

Local Revenue

N/A



Frank A. Rainwater, Executive Director