



# 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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|------------------------|--------------------------------------|--------------------------------|
| <b>Bill Number:</b>    | H. 3933                              | Introduced on February 6, 2025 |
| <b>Subject:</b>        | Public Service Districts             |                                |
| <b>Requestor:</b>      | Senate Labor, Commerce, and Industry |                                |
| <b>RFA Analyst(s):</b> | Tipton                               |                                |
| <b>Impact Date:</b>    | March 12, 2025                       |                                |

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### Fiscal Impact Summary

This bill revises the appointment process for board members when a nonprofit corporation providing water and sewer services is converted to a public service district, including that new members must be appointed by the Governor's Office upon recommendation of the applicable county's legislative delegation and that boards must have seven members.

This bill will have no impact on the Governor's Office, as the office indicates that the revised appointment process for new board members in applicable public service districts will be managed with existing staff and appropriations.

The Revenue and Fiscal Affairs Office (RFA) surveyed all counties and public service districts in the state as well as the Municipal Association of South Carolina (MASC) to determine the impact of the bill. The South Island Public Service District on Hilton Head Island indicates that this bill would result in some cost savings for the district due to the reduction in the number of board members from nine to seven. MASC along with Beaufort, Florence, and Horry Counties indicate that this bill is not expected to have a significant local expenditure impact.

### Explanation of Fiscal Impact

#### Introduced on February 6, 2025

#### State Expenditure

This bill amends §33-36-1330(B) related to the appointment of board members when a nonprofit corporation providing water and sewer services is converted to a public service district.

Currently, boards may have between five and nine members appointed by the county legislative delegation based on the applicable number of public service district customers in the respective county upon recommendation by the current board members. Under the bill, corporations converted to public service districts must have seven board members appointed by the Governor upon recommendation of the county legislative delegation pursuant to an appointive index based on the number of public service district customers located in a respective county. The bill further changes the process by which vacant board seats may be filled, the duration of board members' terms, and provides for staggered appointments every two years.

The Governor's Office indicates that the appointment requirements of the bill will be managed with existing staff and appropriations and will have no impact on the office.

**State Revenue**

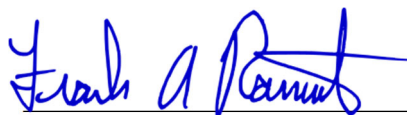
N/A

**Local Expenditure**

This bill revises the appointment process for board members of nonprofit corporations providing water and sewer services that have been converted to public service districts. RFA surveyed all counties and public service districts in the state as well as MASC to determine the potential impact of the bill. The South Island Public Service District on Hilton Head Island indicates that this bill would result in some cost savings for their district due to the reduction in the number of board members from nine to seven. MASC along with Beaufort, Florence, and Horry Counties indicate that this bill is not expected to have a significant local expenditure impact.

**Local Revenue**

N/A



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Frank A. Rainwater, Executive Director