



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0067 Signed by Governor on May 17, 2018
Author: Hutto
Subject: Redevelopment Authority Fees
Requestor: Senate
RFA Analyst(s): Shuford
Impact Date: June 26, 2018

Estimate of Fiscal Impact

	FY 2020-21	FY 2021-22	FY 2027-28	FY 2028-29
State Expenditure				
General Fund	\$0	\$0		
Other and Federal	\$0	\$0		
Full-Time Equivalent Position(s)	0.00	0.00		
State Revenue				
General Fund	(\$5,342,560)	(\$5,342,560)	\$5,342,560	\$5,342,560
Other and Federal	\$0	\$0		
Local Expenditure	\$0	\$0		
Local Revenue	\$0	\$0		

Fiscal Impact Summary

This bill will not have an expenditure impact on the General Fund, Federal Funds, or Other Funds of the Department of Revenue for continuing to allocate individual income tax withholdings to the Savannah River Site, Charleston Naval Complex, and the Myrtle Beach Air Force Base redevelopment authorities from January 1, 2021, until January 1, 2028. These activities are a continuation of existing agency responsibilities, which will not result in any additional expenditures.

This bill will decrease General Fund income tax withholdings revenue by a total of \$10,685,120 over two fiscal years, in FY 2020-21 and FY 2021-22, from the continued allocation of redevelopment fees to the Savannah River Site, Charleston Naval Complex, and the Myrtle Beach Air Force Base redevelopment authorities. This revenue decrease will be realized over two fiscal years since the continuation of the allocations begins in the middle of a state fiscal year. Specifically, we estimate that the continued allocation of the redevelopment fees for January 2021 through June 2021 will decrease General Fund income tax withholdings by \$5,342,560 in FY 2020-21. The continued allocation for July 2021 through December 2021 will decrease withholding tax revenue by an additional \$5,342,560 in FY 2021-22. General Fund income withholdings will increase by the same amounts in FY 2027-28 and FY 2028-29 when the redevelopment fee allocations sunset on January 1, 2028.

Explanation of Fiscal Impact

Signed by Governor on May 17, 2018

State Expenditure

This bill requires the Department of Revenue to continue allocating individual income tax withholdings to the Savannah River Site, Charleston Naval Complex, and the Myrtle Beach Air Force Base redevelopment authorities from January 1, 2021, until January 1, 2028. These activities are a continuation of existing agency responsibilities and will not have an expenditure impact on the General Fund, Federal Funds, or Other Funds of the department.

State Revenue

Section 1. This bill extends redevelopment fee allocations of individual income tax withholdings to a federal site in which permanent employment has been reduced by three thousand or more jobs from the level of such jobs on December 31, 1990. Under the prior sunset provision contained in Section 12-10-88(C), allocations to the Savannah River Site, Charleston Naval Complex, and the Myrtle Beach Air Force Base redevelopment authorities were expected to end on January 1, 2021. With the change in the sunset date, we expect that redevelopment fees allocated to the Savannah River Site, Charleston Naval Complex, and the Myrtle Beach Air Force Base redevelopment authorities will continue after January 1, 2021, until January 1, 2028.

Under the sunset provision prior to this bill, we expected General Fund income tax withholdings to increase by \$10,685,120 beginning in January 2021, the amount of the redevelopment authority allocations remitted in FY 2014-15. This revenue increase would have been realized over two fiscal years since the sunset date occurred in the middle of a state fiscal year. As this bill extends all redevelopment authority allocations to January 1, 2028, the General Fund will not realize the anticipated income tax withholdings increase from the sunset of these allocations in January 2021.

As a result, we estimate the continued allocation of the redevelopment fees for January 2021 through June 2021 will decrease General Fund income tax withholdings by \$5,342,560 in FY 2020-21. The continued allocation for July 2021 through December 2021 will decrease income tax withholdings by an additional \$5,342,560 in FY 2021-22, for a total decrease in General Fund income tax withholdings of \$10,685,120 in those two fiscal years. When the redevelopment fee allocations sunset on January 1, 2028, we expect General Fund income tax withholdings will increase by the same amounts in FY 2027-28 and FY 2028-29.

Section 2. This section allows the use of redevelopment authority fees for the administration and implementation of the authority's plans, which may include programs to reduce unemployment or increase the property tax base. Fees may be used also by multicounty economic development not-for-profit corporations for their administration and operating costs. While this section expands the permitted uses of the redevelopment fees, we expect that the total amount of revenue and expenditures from the fees will not change since the amount of the redevelopment fees may not exceed the amount allocated in FY 2014-15. Therefore, this section will not have an impact on General Fund income tax withholdings.

Local Expenditure and Revenue

N/A



Frank A. Rainwater, Executive Director