

REPORT OF THE ECONOMIC DEVELOPMENT, CAPITAL IMPROVEMENT & OTHER TAXES SUBCOMMITTEE

(Loftis, Cobb-Hunter, Stavrinakis, Lowe & Long - Staff Contact: AJ Newton)

SENATE BILL 227

S. 227 -- Senators Campbell, Rankin and Grooms: A BILL TO AMEND SECTION 12-10-88 OF THE 1976 CODE, RELATING TO THE REMISSION OF REDEVELOPMENT FEES TO A REDEVELOPMENT AUTHORITY, TO EXTEND THE END DATE FOR REMISSIONS FROM JANUARY 1, 2017, TO JANUARY 1, 2037.

Summary of Bill:

-The bill extends the date of remission of redevelopment fees to the applicable redevelopment authority from 2017 to 2021. The redevelopment fee remitted by a department in any fiscal year cannot exceed the amount remitted in FY14-15.

-Subcommittee Amendment extends the sunset date from 2021 to 2032.

Introduced: 01/13/2015

Received by Ways and Means: 04/28/2016

Estimated Revenue Impact:

The bill would have no expenditure impact on General, Federal, or Other Funds. It would decrease the General Fund withholding revenue by \$5,342,560 in FY16-17(January-June) and FY17-18(July-December) for a total decrease in General Fund withholding revenue of \$10,685,120 per calendar year.

Subcommittee Recommendation:

Favorable as Amended

Full Committee Recommendation:

Pending

Other Notes:

-Subcommittee Amendment extends the sunset date from 2021 to 2032.

HOUSE
AMENDMENT

THIS AMENDMENT
ADOPTED

ALLEN/PAIR
MAY 5, 2016

CLERK OF THE HOUSE

ECONOMIC DEVELOPMENT, CAPITAL IMPROVEMENT & OTHER
TAXES SUBCOMMITTEE PROPOSES THE FOLLOWING
AMENDMENT No. TO S. 227 (H-
WM\STAFF\AJ\LEGISLATION\2016\S.227\S.227
SUBCOMMITTEE AMENDMENT):

REFERENCE IS TO PRINTER'S DATE 4/26/16--S.

**AMEND THE BILL, AS AND IF AMENDED, SECTION
12-10-88(C), SECTION 1, PAGE 1, BY STRIKING
LINE 28 AND INSERTING:**

**/ YEARS LATER OR JANUARY 1, ~~2017~~ 2032,
WHICHEVER OCCURS LAST. IF THE /**

RENUMBER SECTIONS TO CONFORM.
AMEND TITLE TO CONFORM.



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 227 As amended by the Senate Finance Sales and Income Tax Subcommittee on April 12, 2016
Author: Campbell
Subject: Remission of redevelopment fees
Requestor: Senate Finance
RFA Analyst(s): Shuford
Impact Date: April 18, 2016

Estimate of Fiscal Impact

	FY 2016-17	FY 2017-18
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)	(\$10,685,120)
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill as amended would have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

This bill would decrease General Fund withholding revenue by \$5,342,560 in FY 2016-17 for extending the redevelopment authority allocations in January through June 2017. The extended allocations in July through December 2017 would decrease withholding revenue by an additional \$5,342,560 in FY 2017-18, for a total decrease in General Fund withholding revenue of \$10,685,120.

Explanation of Fiscal Impact

Explanation of Amendment by the Senate Finance Sales and Income Tax Subcommittee on April 12, 2016

State Expenditure

The Department of Revenue indicates that this bill would have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

State Revenue

This amendment extends the allocation of individual income tax withholdings to a redevelopment authority from January 1, 2017, until January 1, 2027. This allocation is equal to five percent of all wages paid to employees by a federal employer at a closed or realigned military installation. Pursuant to Section 12-10-88(C), redevelopment authority allocations are

scheduled to sunset on January 1, 2017. In addition to extending the allocation, the amendment specifies that redevelopment authority allocations in future fiscal years may not exceed the amount remitted in FY 2014-15.

Based on data provided by the Department of Revenue, allocations to the redevelopment authorities located at the Charleston Naval Complex, the Savannah River Site, and the Myrtle Beach Air Force Base totaled \$10,685,120 in FY 2014-15. Specifically, the Charleston Naval Complex received \$8,097,497, the Savannah River Site received \$1,925,713, and the Myrtle Beach Air Force Base received \$661,910.

Under the sunset provisions in existing law, we expect General Fund withholding tax revenue to increase beginning in January 2017. Since the amendment extends the redevelopment authority allocations to January 1, 2027, the General Fund would not realize these withholding tax increases.

Taking into account the extension of the redevelopment authority allocations past January 2017 and the limitation of these extended allocations to the amounts remitted to the authorities by the Department of Revenue in FY 2014-15, we estimate that General Fund withholding tax revenue will decrease by \$10,685,120 beginning in January 2017, the amount of the redevelopment authority allocations remitted in FY 2014-15. 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. We estimate that General Fund withholding revenue would decrease by \$5,342,560 in FY 2016-17 for the continued redevelopment authority allocations for January through June 2017. The continued allocations for July through December 2017 will decrease withholding revenue by an additional \$5,342,560 in FY 2017-18, for a total decrease in General Fund withholding revenue of \$10,685,120.

Local Expenditure

N/A

Local Revenue

N/A

Explanation of Bill Filed on January 13, 2015

State Expenditure

The Department of Revenue indicates that this bill would have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

State Revenue

This bill would amend Section 12-10-88(C) to extend until January 1, 2037 the allocation of individual income tax withholdings equal to five percent of all wages paid to employees by a federal employer at a closed or realigned military installation to a redevelopment authority. This section, as last amended by Act 290 of 2010, would end these redevelopment authority allocations on January 1, 2017.

In FY 2013-14, allocations to the redevelopment authorities located at the Charleston Naval Complex, the Savannah River Site, and the Myrtle Beach Air Force Base totaled \$9,786,553.

Specifically, the Charleston Naval Complex received \$7,265,019, the Savannah River Site received \$1,968,344, and the Myrtle Beach Air Force Base received \$553,190. Since the redevelopment authority allocations would end January 1, 2017 under current statute, the extension to 2037 would reduce General Fund individual income tax withholding revenue by one-half of an estimated \$11,820,000 in FY 2016-17, or \$5,910,000, and an additional \$5,910,000 in FY 2017-18 for a total revenue decrease of \$11,820,000.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director

1 ~~Indicates Matter Stricken~~

2 Indicates New Matter

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4 COMMITTEE AMENDMENT ADOPTED AND AMENDED

5 April 26, 2016

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S. 227

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9 Introduced by Senators Campbell, Rankin and Grooms

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12 **A BILL**

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14 TO AMEND SECTION 12-10-88 OF THE 1976 CODE,
15 RELATING TO THE REMISSION OF REDEVELOPMENT
16 FEES TO A REDEVELOPMENT AUTHORITY, TO EXTEND
17 THE END DATE FOR REMISSIONS FROM JANUARY 1, 2017,
18 TO JANUARY 1, 2037.

19 Amend Title To Conform

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21 Be it enacted by the General Assembly of the State of South
22 Carolina:

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24 SECTION 1. Section 12-10-88(C) of the 1976 Code is amended to
25 read:

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27 “(C) Redevelopment fees may be remitted to the applicable
28 redevelopment authority for a period beginning with the date that
29 the applicable redevelopment authority first submits the information
30 described in subsection (B) to the department and ending fifteen
31 years later or January 1, ~~2017~~ 2021, whichever occurs last. If the
32 redevelopment authority fails to provide the department with the
33 required statement within the requisite time limits, no
34 redevelopment fees must be remitted for that quarter.
35 Notwithstanding subsection (A), the redevelopment fee remitted by
36 the department in any fiscal year may not exceed the amount
37 remitted in Fiscal Year 2014-2015.”

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39 SECTION 2. This act takes effect upon approval by the Governor.

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