



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0011 Introduced on January 10, 2017
Author: Davis
Subject: S.C. Hurricane and Flood Damage Mitigation Program
Requestor: Senate Banking and Insurance
RFA Analyst(s): Gable
Impact Date: January 30, 2017

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	(\$3,287,237)	\$0
Other and Federal	\$3,287,237	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	(\$3,287,237)	\$0
Other and Federal	\$3,287,237	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill would increase Other Funds revenue by \$3,287,237 for the Department of Insurance to pay anticipated expenditures associated with the bill, resulting in an Other Funds expenditure of \$3,287,237 in FY 2017-18. The funds would come from the General Fund insurance premium tax revenue causing a decrease of \$3,287,237 in FY 2017-18. There would be no impact to Federal Funds.

Explanation of Fiscal Impact

Introduced on January 10, 2017

State Expenditure

The bill adds flood mitigation to the SC Hurricane Damage Mitigation Program that exists within the Department of Insurance (DOI) pursuant to §38-75-485. Presently, the program administrator applies for grants to be used to assist single family, residential property owners to retrofit their properties to make those properties less vulnerable to hurricane damage. The bill adds actions that may be taken to retrofit a property to make it less vulnerable to flood damage.

The program is currently funded through premium taxes from the South Carolina Wind and Hail Underwriting Association and one percent of the premium taxes allocated to DOI. The bill changes the percentage of premium taxes allocated to DOI from one percent to three percent. This allocation will shift funds from General Fund premium tax revenue to Other Funds for DOI.

DOI anticipates the majority of the funds will be used to fund additional grants. Also, anticipated non-recurring expenditures are expected associated with training staff and training contractors and inspectors working with the new flood program. Recurring expenditures include increased dedication of staff time to the program. Based on the Board of Economic Advisors forecast, two percent of the premium tax is \$3,287,237 for FY 2017-18, and DOI Other Funds expenditures will increase by this amount.

State Revenue

This bill adds flood mitigation to the S.C. Hurricane Mitigation Program. To cover the additional costs associated with adding flood mitigation to the program, the bill increases the percentage of premium taxes attributed to DOI from one percent to three percent. The change in allocation will decrease General Fund revenue and increase Other Funds for DOI. Based on the Board of Economic Advisors forecast, DOI will receive additional funds in the amount of \$3,287,237, resulting in a decrease in General Fund premium tax revenue of \$3,287,237 for FY 2017-18.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director