



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0078 Introduced on January 10, 2017
Author: Alexander
Subject: South Carolina State Guard Military Leave
Requestor: Senate General
RFA Analyst(s): Gardner and Shuford
Impact Date: February 1, 2017

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	(\$2,100)	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill would decrease General Fund individual income tax revenue by \$2,100 in FY 2017-18. This bill will have no expenditure impact on the General Fund, Other Funds or Federal Funds.

Explanation of Fiscal Impact

Introduced on January 10, 2017

State Expenditure

This bill entitles commissioned or enlisted members of the South Carolina State Guard who are officers or employees of the State or its political subdivisions to military leave with no loss of pay, seniority, or efficiency rating when attending State Guard encampments or schools for training or serving on active duty. Additionally, the bill adds South Carolina State Guard judge advocates to the list of attorneys who may provide legal assistance and counseling to National Guard personnel, their immediate family members, and dependents in order to enhance the readiness of National Guard personnel for mobilization or call up for state or federal service. In providing such services, South Carolina State Guard judge advocates are exempt from personal liability for alleged negligent or wrongful acts, omissions for service, or advice rendered pursuant to the legal assistance program, so long as the attorneys, personnel, or employees neither requested nor received a fee or compensation. The bill also lists reasons the Governor may call the South Carolina State Guard into duty. State Guard members who are ordered to active duty by the Governor or the Governor's authority may receive a daily stipend or a per diem for reasonable expenses, or both, if approved by the Adjutant General.

Office of the Adjutant General. The agency reports that the bill will not expand the circumstances under which the Governor may call up the State Guard beyond existing practice. The agency also reports that it will incur no cost when South Carolina State Guard judge advocates provide legal assistance to National Guard personnel, their immediate family members, or dependents. State Guard members called up by the Governor for service may eat with the National Guard at no cost or file for a meal allowance or per diem. Proviso 100.18 of the FY 2016-17 Appropriations Act allows the Office of the Adjutant General to compensate State Guard personnel called to active duty \$150 a day plus meals at the per diem authorized by National Guard and state policy. This bill authorizes a daily stipend or per diem for reasonable expenses, or both, if approved by the Adjutant General. The agency does not expect this provision or any other provisions of the bill to have an expenditure impact on the General Fund, Federal Funds, or Other Funds.

Department of Administration. The department's Division of State Human Resources has always, by interpretation, held that State Guard members are entitled to military leave as authorized in Section 8-7-90. As such, the bill would have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

State Revenue

Section 2 of the bill allows a member of the State Guard to claim a \$3,000 deduction from South Carolina taxable income when the member completes a minimum of 192 hours of training or drill a year. Current law requires the member complete a minimum of 16 hours each month, equating to 192 hours a year. State Guard officials indicate that training and drill are currently averaging 240 hours per year. In tax year 2014, 233 State Guard members were eligible for the \$3,000 deduction. We estimate that simplifying the training and drill requirement to 192 hours a year will increase the number of State Guard members receiving the deduction by 20 per year. These 20 additional members with the \$3,000 deduction at an average tax rate of 3.5 percent results in an estimated \$2,100 reduction in tax liability for these State Guard taxpayers. The average tax rates used in this analysis are based on a re-calculation of the income tax for each return after the proposed deduction is applied. This method takes into account the large number of returns that have zero taxable income, returns that are reduced to zero taxable income by the deduction, and returns that do not benefit from the full amount of the proposed deduction. The bill also revises the eligibility requirements for the individual income tax deduction for State Guard members. To be eligible to claim this deduction, a State Guard member must complete a minimum of 192 hours of training or drill during the tax year regardless of how many of those hours are completed in a given month.

Local Expenditure

The bill entitles commissioned or enlisted members of the South Carolina State Guard, who are employees of the state's political subdivisions, to military leave without loss of pay, seniority, or efficiency rating when attending State Guard training or encampments, or serving on active duty. Of the 930 current State Guard members, some may be local government employees, but their service during training and if called to active duty is not expected to require any significant adjustments in staffing or other employees' pay by the local governments.

Local Revenue

N/A



Frank A. Rainwater, Executive Director