



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** S. 0753 Amended by Senate Banking and Insurance, Insurance Subcommittee on February 12, 2020  
**Author:** Gambrell  
**Subject:** Insurance Premium Tax  
**Requestor:** Senate Banking and Insurance  
**RFA Analyst(s):** Griffith  
**Impact Date:** February 25, 2020

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### **Fiscal Impact Summary**

This bill will have no expenditure impact on the Department of Labor, Licensing and Regulation (LLR) because the Volunteer Strategic Assistance and Fire Equipment (V-SAFE) Program is currently being administered by the department, and the addition of funds to the program will not create any expenditures for the agency. In FY 2020-21, this bill will shift \$1,039,500 in revenue from insurance premium taxes from local fire departments to LLR.

### **Explanation of Fiscal Impact**

**Amended by Senate Banking and Insurance, Insurance Subcommittee on February 12, 2020**

#### **State Expenditure**

This bill requires the total amount of the one percent insurance premium taxes to be directed to the Volunteer Strategic Assistance and Fire Equipment (V-SAFE) Program, which provides grants for volunteer fire departments and combination fire departments with at least 50% volunteer staff. V-SAFE is run by the Office of the State Fire Marshal (OSFM), which is under the administration of LLR. The department indicates that since V-SAFE is already administered by OSFM, the bill will not create any expenditures for the agency. Therefore, there is no impact on the General Fund, Federal Funds, or Other Funds.

#### **State Revenue**

This bill requires the total amount of the one percent insurance premium taxes to be directed to the V-SAFE Program. Currently, one-half of the revenues are distributed equally to each fire department in the state, and the remainder of the funds are distributed via the V-SAFE Program. This bill directs all of the funds to V-SAFE.

The Department of Insurance (DOI) collects the one percent insurance premium tax and distributes the revenue in quarterly payments. DOI reports that the agency collected approximately \$1,819,000 in insurance premium tax in FY 2018-19 and \$1,945,000 in FY 2019-20. Based on these amounts, we expect a growth rate of 6.9 percent, and thus, a total of \$2,079,000 in FY 2020-21. Currently, half of that amount, or \$1,039,500, would be distributed equally to fire departments in the state, and the other \$1,039,500 would be distributed to the V-SAFE program. This bill, however, directs the total \$2,079,000 to V-SAFE. Therefore, Other Funds of LLR will increase by approximately \$1,039,500 in FY 2020-21.

**Local Expenditure**

N/A

**Local Revenue**

Currently, approximately \$1,039,500 in insurance premium taxes would be distributed equally to local fire departments. This bill will shift that amount to LLR's V-SAFE program. Therefore, revenue to local fire departments will decrease by approximately \$1,039,500 in FY 2020-21.



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Frank A. Rainwater, Executive Director