



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 on March 11, 2020
Author:	Gambrell	
Subject:	Insurance Premium Tax	
Requestor:	Senate Banking and Insurance	
RFA Analyst(s):	Griffith	
Impact Date:	March 17, 2020	

Fiscal Impact Summary

This bill as amended 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 on March 11, 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. The amended bill takes effect on July 1, 2020.

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.

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

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Frank A. Rainwater, Executive Director