~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

September 15, 2020

**S. 753**

Introduced by Senators Gambrell and Cash

S. Printed 9/15/20--H.

Read the first time June 24, 2020.

**THE COMMITTEE ON WAYS AND MEANS**

To whom was referred a Bill (S. 753) to amend Section 38‑7‑20, as amended, Code of Laws of South Carolina, 1976, relating to insurance premium taxes, so as to transfer one percent, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by striking SECTIONS 2 and 3 and inserting:

/ SECTION 2. Upon the effective date of this act, the State Treasurer shall transfer to the V‑SAFE Program any funds in the aid to fire districts account that are attributable to insurance premium taxes credited to the account pursuant to Section 38‑7‑20.

SECTION 3. This act takes effect upon approval by the Governor. /

Renumber sections to conform.

Amend title to conform.

G. MURRELL SMITH, JR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**Amended by House Ways and Means Committee on September 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 upon approval by the Governor.

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. The bill as amended by the House Ways & Means Committee directs that the funds be transferred to the V-SAFE program upon the effective date of the act. As such, depending on the timing of the enactment, this amount for FY 2020-21 may vary.

**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. The bill as amended by the House Ways & Means Committee directs that the funds be transferred to the V-SAFE program upon the effective date of the act. As such, depending on the timing of the enactment, this amount for FY 2020-21 may vary.

**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.

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**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.

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Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND SECTION 38‑7‑20, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO INSURANCE PREMIUM TAXES, SO AS TO TRANSFER ONE PERCENT OF THE REVENUES TO THE V‑SAFE PROGRAM; AND TO TRANSFER CERTAIN FUNDS TO THE V‑SAFE PROGRAM.

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

SECTION 1. Section 38‑7‑20(B)(2) of the 1976 Code, as last amended by Act 6 of 2019, is further amended to read:

“(2) one percent must be transferred to the ~~aid to fire districts account within the State Treasury and distributed for firefighting equipment. One‑half of the annual allocated funds must be distributed equally to each fire department in the State, and the remaining balance must be used to fund the~~ V‑SAFE program pursuant to Section 23‑9‑25;”

SECTION 2. On July 1, 2020, the State Treasurer shall transfer to the V‑SAFE Program any funds in the aid to fire districts account that are attributable to insurance premium taxes credited to the account pursuant to Section 38‑7‑20.

SECTION 3. This act takes effect on July 1, 2020.

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