

REPORT OF THE LICENSES, FEES, INSURANCE TAX & OTHER CHARGES SUBCOMMITTEE

(Neilson, Limehouse, Bingham, & Anthony - Staff Contact: Ryan Burnaugh)

HOUSE BILL 4082

H. 4082 -- Reps. Vick and Edge: A BILL TO AMEND SECTION 38-7-20, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE IMPOSITION OF THE INSURANCE PREMIUM TAX, SO AS TO PROVIDE THAT SEVEN PERCENT OF THE ANNUAL REVENUE OF THIS TAX MUST BE TRANSFERRED TO THE SOUTH CAROLINA FORESTRY COMMISSION AND USED BY IT FOR FIREFIGHTING AND FIREFIGHTING EQUIPMENT REPLACEMENT AND FOREST INDUSTRY ECONOMIC ENHANCEMENT.

Summary of Bill:

The legislation provides that seven percent of the annual insurance premium tax be allocated to the Forestry Commission for firefighting, firefighting equipment replacement and forest industry economic enhancement.

Introduced: 4/13/2011

Received by Ways and Means: 4/13/2011

Estimated Fiscal Impact:

\$8,937,167

Subcommittee Recommendation:

Favorable

Full Committee Recommendation:

Pending

Other Notes/Comments:

Ways and Means included a firefighting proviso for \$3.5M in non-recurring funds in part 1B of H.4813.

Statement of Estimated State Revenue Impact

Date: March 26, 2012 (Updated with revised General Fund revenue estimates from February 15, 2012)

Bill Number: H.B. 4082

Authors: Vick, Edge, Hiott, Hayes, R.L. Brown, *et. al.*

Committee Requesting Impact: House Ways & Means Committee

Bill Summary

A bill to amend Section 38-7-20, as amended, of the Code of Laws of South Carolina, 1976, relating to the imposition of the insurance premium tax, so as to provide that seven percent of the annual revenue of this tax must be transferred to the South Carolina Forestry Commission and used by it for firefighting and firefighting equipment replacement and forest industry economic enhancement.

REVENUE IMPACT ¹¹

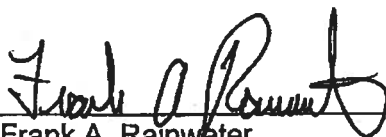
This bill is expected to reduce General Fund insurance premium tax revenue by an estimated \$8,937,167 in FY2012-13, and increase funds allocated to the South Carolina Forestry Commission by an estimated \$8,937,167 in FY2012-13.

Explanation of Updated Revenue Impact Statement

The tax imposed by Section 38-7-20(B) is designated for deposit to the state's General Fund. This bill would amend Section 38-7-20(B) to permit the transfer of seven percent of General Fund insurance premium tax revenue to be transferred to the South Carolina Forestry Commission. The transferred funds would be used by the Forestry Commission for firefighting, firefighting replacement equipment, and forest industry economic enhancement. The remaining insurance premium tax revenue would remain in the General Fund. Based on the General Fund revenue estimate made by the Board of Economic Advisors on February 15, 2012, General Fund insurance tax revenue less worker's compensation insurance premiums, annuity considerations, and insurance tax credits taken against insurance premium taxes yields an estimated \$127,673,817 in FY2012-13. Multiplying this amount by seven percent would transfer an estimated \$8,937,167 to the South Carolina Forestry Commission from the General Fund in FY2012-13. This transfer does not affect the amount of revenue to be allocated to local fire departments.

Explanation of Bill filed April 13, 2011

This bill would amend Section 38-7-20(B) to permit the transfer of seven percent of General Fund insurance premium tax revenue to be transferred to the South Carolina Forestry Commission. The transferred funds would be used by the Forestry Commission for firefighting, firefighting replacement equipment, and forest industry economic enhancement. The remaining insurance premium tax revenue would remain in the General Fund. Based on the General Fund revenue estimate made by the Board of Economic Advisors on February 9, 2011, General Fund insurance tax revenue less insurance tax credits taken against insurance premium taxes yields an estimated \$155,665,683 in FY2011-12. Multiplying this amount by seven percent would transfer an estimated \$10,896,598 to the South Carolina Forestry Commission from the General Fund in FY2011-12.



Frank A. Rainwater
Chief Economist

Analyst: Martin

¹¹ This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact of Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

South Carolina General Assembly
119th Session, 2011-2012

H. 4082

STATUS INFORMATION

General Bill

Sponsors: Reps. Vick, Edge, Hiott, Hayes, R.L. Brown, Jefferson, Bowers, Anthony, Skelton, Williams, McLeod, G.M. Smith, Weeks, Gilliard, Agnew, Horne, Funderburk, Tribble and Pinson

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Introduced in the House on April 13, 2011

Currently residing in the House Committee on **Ways and Means**

Summary: Insurance premium tax

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
4/13/2011	House	Introduced and read first time (<u>House Journal-page 20</u>)
4/13/2011	House	Referred to Committee on Ways and Means (<u>House Journal-page 20</u>)
5/4/2011	House	Member(s) request name added as sponsor: Hiott
1/12/2012	House	Member(s) request name added as sponsor: Hayes, R.L.Brown
1/18/2012	House	Member(s) request name added as sponsor: Jefferson
1/24/2012	House	Member(s) request name added as sponsor: Bowers, Anthony
1/31/2012	House	Member(s) request name added as sponsor: Skelton
2/2/2012	House	Member(s) request name added as sponsor: Williams
2/8/2012	House	Member(s) request name added as sponsor: McLeod
2/9/2012	House	Member(s) request name added as sponsor: G.M.Smith, Weeks
2/22/2012	House	Member(s) request name added as sponsor: Gilliard
3/1/2012	House	Member(s) request name added as sponsor: Agnew
3/12/2012	House	Member(s) request name added as sponsor: Horne
3/14/2012	House	Member(s) request name added as sponsor: Funderburk, Tribble, Pinson

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VERSIONS OF THIS BILL

4/13/2011

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A BILL

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11 TO AMEND SECTION 38-7-20, AS AMENDED, CODE OF
12 LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE
13 IMPOSITION OF THE INSURANCE PREMIUM TAX, SO AS
14 TO PROVIDE THAT SEVEN PERCENT OF THE ANNUAL
15 REVENUE OF THIS TAX MUST BE TRANSFERRED TO THE
16 SOUTH CAROLINA FORESTRY COMMISSION AND USED
17 BY IT FOR FIREFIGHTING AND FIREFIGHTING
18 EQUIPMENT REPLACEMENT AND FOREST INDUSTRY
19 ECONOMIC ENHANCEMENT.

20

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

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24 SECTION 1. Section 38-7-20 of the 1976 Code, as last amended
25 by Act 73 of 2003, is further amended to read:

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27 “Section 38-7-20. (A) In addition to all license fees and taxes
28 otherwise provided by law, there is levied upon each insurance
29 company licensed by the director or his designee an insurance
30 premium tax based upon total premiums, other than workers’
31 compensation insurance premiums, and annuity considerations,
32 written by the company in the State during each calendar year
33 ending on the thirty-first day of December. For life insurance, the
34 insurance premium tax levied herein is equal to three-fourths of
35 one percent of the total premiums written. For all other types of
36 insurance, the insurance premium tax levied in this section is equal
37 to one and one-fourth percent of the total premiums written. In
38 computing total premiums, return premiums on risks and dividends
39 paid or credited to policyholders are excluded.

40 (B) Seven percent of the revenue of the premium taxes
41 collected pursuant to this section must be transferred to the South
42 Carolina Forestry Commission and used by that agency for

1 firefighting, firefighting equipment replacement, and forest
2 industry economic enhancement. The remaining insurance
3 premium taxes collected ~~by the director or his designee~~ pursuant to
4 this section must be deposited ~~by him in~~ to the credit of the general
5 fund of the State.”

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7 SECTION 2. This act takes effect July 1, 2011.

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