

*Economic Development, Transportation, and Natural Resources Subcommittee Meeting*  
Thursday, March 11, 2021

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# AGENDA

South Carolina  
House of Representatives



**Legislative Oversight Committee**

***ECONOMIC DEVELOPMENT, TRANSPORTATION,  
AND NATURAL RESOURCES SUBCOMMITTEE***

*The Honorable William M. "Bill" Hixon, Chair*

*The Honorable Adam M. Morgan*

*The Honorable Russell L. Ott*

*The Honorable Marvin R. Pendarvis*

***Thursday, March 11, 2021***

***1 hour after adjournment of the House***

***110 - Blatt Building***

***Pursuant to Committee Rule 6.8, S.C. ETV shall be allowed access for internet streaming whenever  
technologically feasible.***

**AGENDA**

- I. Approval of Minutes**
- II. Discussion of the study of the Department of Commerce**
- III. Adjournment**

# MEETING MINUTES

*Chair Wm. Weston J. Newton*

*First Vice-Chair:  
Joseph H. Jefferson, Jr.*

## **Legislative Oversight Committee**

*Kambrell H. Garvin  
Roselyn D. Henderson-  
Myers  
Jeffrey E. "Jeff" Johnson  
John R. McCravy, III  
Adam M. Morgan  
Melissa Lackey Oremus  
Marvin R. Pendarvis  
Tommy M. Stringer  
Chris Wooten*



**South Carolina House of Representatives**

*Gil Gatch  
William M. "Bill" Hixon  
Kimberly O. Johnson  
Josiah Magnuson  
Timothy A. "Tim" McGinnis  
Travis A. Moore  
Russell L. Ott  
Michael F. Rivers, Sr.  
John Taliaferro (Jay) West, IV*

*Jennifer L. Dobson  
Research Director*

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*Charles L. Appleby, IV  
Legal Counsel*

*Lewis Carter  
Research Analyst/Auditor*

*Riley E. McCullough  
Research Analyst*

### **Economic Development, Transportation, and Natural Resources Subcommittee**

Thursday, March 4, 2021  
1 hour after adjournment  
Blatt Room 110

#### **Archived Video Available**

- I. Pursuant to House Legislative Oversight Committee Rule 6.8, South Carolina ETV was allowed access for streaming the meeting. You may access an archived video of this meeting by visiting the South Carolina General Assembly's website (<http://www.scstatehouse.gov>) and clicking on *Committee Postings and Reports*, then under *House Standing Committees* click on *Legislative Oversight*. Then, click on *Video Archives* for a listing of archived videos for the Committee.

#### **Attendance**

- I. The Economic Development, Transportation, and Natural Resources Subcommittee meeting was called to order by Chairman William M. (Bill) Hixon, on Thursday, March 4, 2021, in Room 110 of the Blatt Building. The following members of the Subcommittee were present for either all or a portion of the meeting: Chairman Hixon, Representative Adam M. Morgan; Representative Russell L. Ott; and Representative Marvin R. Pendarvis.

## Minutes

- I. House Rule 4.5 requires standing committees to prepare and make available to the public the minutes of committee meetings, but the minutes do not have to be verbatim accounts of meetings. It is the practice of the Legislative Oversight Committee to provide minutes for its subcommittee meetings.
- II. Representative Pendarvis makes a motion to approve the meeting minutes from the prior Subcommittee meeting.

Rep. Pendarvis' motion to approve the minutes from the December 5, 2019 meeting:	Yea	Nay	Not Voting
Rep. Hixon	✓		
Rep. Morgan	✓		
Rep. Ott	✓		
Rep. Pendarvis	✓		

## Discussion of the S.C. Department of Commerce

- I. Chair Hixon swears in Mr. Robert M. (Bobby) Hitt III, Secretary of Commerce and Mr. Christopher Huffman, Chief Financial Officer of the Department of Commerce.
- II. Secretary Hitt introduces agency leadership present at the meeting:
  - a. Ms. Jennifer N. Fletcher, Deputy Secretary;
  - b. Ms. Ashley Teasdel, Director of Business Services;
  - c. Mr. Nelson Lindsay, Director of Global Business Development;
  - d. Ms. Karen B. Manning, General Counsel; and
  - e. Ms. Alex Clark, Director of Marketing and Communications.
- III. Secretary Hitt provides brief comments related to an overview of the Department of Commerce including information on mission; vision; agency head duties and background; organizational structure; agency successes; and agency history.
- IV. Mr. Huffman provides a finance overview of the agency: state recurring appropriations; filled and vacant positions at the agency; cash and available funds; expenditures by fiscal year; and operating costs by fiscal year.
- V. Subcommittee members ask questions relating to the following:

- a. Agency head employment background;
- b. Palmetto Railways;
- c. Business and local government requests;
- d. Expenditures of Coordinating Council;
- e. Topics of future agency presentations;
- f. State recurring appropriations;
- g. Locate SC;
- h. Impact of continuing resolution on agency operations;
- i. State funding allocated to the agency;
- j. Business services;
- k. Recruitment of companies: barriers; and transparency;
- l. Ready SC and workforce development;
- m. State's competitive advantages and disadvantages; and
- n. Electronic waste

Secretary Hitt and Mr. Huffman respond to those questions.

- VI. Agency representatives share a video presentation on how South Carolina is just right for business.
- VII. There being no further business, the meeting is adjourned.

# STUDY TIMELINE

The House Legislative Oversight Committee's (Committee) process for studying the Department of Commerce (agency) includes actions by the full Committee; Economic Development, Transportation, and Natural Resources Subcommittee (Subcommittee); the agency; and the public. Key dates and actions are listed below in Figure 1.

## Legislative Oversight Committee Actions

- December 9, 2019 – Holds **Meeting #1** and prioritizes the agency for study
- January 15, 2020 - Provides the agency notice about the oversight process
- February 28 – April 1, 2020 - Solicits input about the agency in the form of an online public survey

## Economic Development, Transportation, and Natural Resources Subcommittee

- March 4, 2021 - Holds **Meeting #2** to discuss the agency's vision; mission; director responsibilities; organizational structure; history; and general information about finances and employees
- March 11, 2021 - Holds **Meeting #3** to discuss agency deliverables related to TEAMSC, LocateSC, Community Development Block Grant, Appalachian Regional Commission, Applied Research Grant Program, Rural Development, and Regional Economic Development organizations

## Department of Commerce

- March 31, 2015 - Submits its **Annual Restructuring and Seven-Year Plan Report**
- January 12, 2016 - Submits its **2016 Annual Restructuring Report**
- September 2016 - Submits its **2015-16 Accountability Report**
- September 2017 - Submits its **2016-17 Accountability Report**
- September 2018 - Submits its **2017-18 Accountability Report**
- September 2019 - Submits its **2018-19 Accountability Report**
- March 13, 2020 - Submits its **Program Evaluation Report**
- September 2020 - Submits its **2019-20 Accountability Report**
- December, 2019 - Present - Responds to Subcommittee's inquiries

## Public's Actions

- February 28 – April 1, 2020 - Provides input about the agency via an **online public survey**
- Ongoing - Submits written comments on the Committee's webpage on the General Assembly's website ([www.scstatehouse.gov](http://www.scstatehouse.gov))

Figure 1. Key dates in the study process.



# AGENCY SNAPSHOT

## Department of Commerce

### Agency Mission

Working together to create opportunities by promoting job creation, economic growth and improved living standards for all South Carolinians.

### History

The Department of Research, Planning and Development, created in 1945, changed to the State Development Board in 1954, and, during reorganization of state government in 1993, was replaced by the Department of Commerce, which also assumed duties of other entities including the Coordinating Council for Economic Development.

### Organizational Units

Administration  
 Global Business Development  
 International Strategy and Trade  
 Small Business and Existing Industry  
 Community and Rural Development  
 Marketing and Communications  
 Research  
 Grants  
 Workforce  
 Innovation  
 Palmetto Railways  
 Military Base Task Force

### Resources (FY 19-20)

#### Employees

98  
 filled FTE positions  
 at the end of the year

#### Funding

\$256,919,111  
 Cash and available funds

### Successes

Identified by the agency

Jan. 2011-2020

- 151,800+ new jobs recruited
- \$41.3 billion+ capital investment
- 1,429 projects (i.e., new or expanding company, recruited and managed by agency to facilitate the creation of new jobs and taxable investment in South Carolina)

### Challenges

Identified by the agency

#### Current:

- COVID-19
- Succession planning
- Economic development in rural South Carolina
- Infrastructure

#### Emerging:

- Diversification of economy
- Trade environment
- Adaptability to a changing economy

Figure 2. Snapshot of the agency's major organizational units, fiscal year 2019-20 resources (employees and funding), successes, and challenges.<sup>1</sup>

# AGENCY PRESENTATION – SETTING THE TABLE

# House Legislative Oversight Committee

March 11, 2021



**South Carolina**  
Department of Commerce

Just right for business.

An aerial photograph of a city skyline, likely Columbia, South Carolina. The foreground features the prominent dome of the South Carolina State Capitol building. The background is filled with various skyscrapers and commercial buildings, including a tall, striped tower on the left and a large glass-fronted building in the center. The sky is clear and blue.

# Setting the Table



**South Carolina**  
Department of Commerce

Just right for business.

# Setting the Table Outline

- **TEAM APPROACH**
- **GRANT PROGRAMS**
  - Applied Research
  - Product Development
  - Community Enhancement
- **RURAL DEVELOPMENT**
- **PARTNERSHIPS**





# Team Approach



SCDHEC  
 Competitiveness  
 municipalities  
 Rural  
 Department  
 Appalachian  
 Palmetto  
 Railways SCPRT  
 federal Base Task  
 Corps  
 Commission  
 local College  
 SCDEW  
 System State SC Army JEDA  
 Partners  
 counties Military Forestry Centers Small  
 Engineers General alliances Business  
 Ports Technical SCDOT MEP  
 Assembly Council Agriculture  
 Authority Force  
 Administration SCRA Regional  
 Infrastructure

## Setting the Table: Team Approach





# Grant Programs: Applied Research





## Setting the Table: SC Fraunhofer USA Alliance










































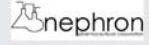




- **Fraunhofer** network is **world's largest applied research organization**
- **80+ centers**
- **\$3B+** in research annually
- **28,000+** scientists/researchers
- “Alliance” formally established mid-2019 to bring **higher education/ research to problem-solving for business**
- **S.C. has ONLY Fraunhofer presence in Southeast**



# Setting the Table: SC Fraunhofer USA Alliance Grant Program

## Recent Collaboration History

TECHNICAL AREA	SC COMPANIES/AGENCIES	LEAD INSTITUTE/OTHER
Telehealth		 
Wearables		 
IoT		  
Wire Harness Automation		  
Cloud-Based Data Platform	 	  
Machine System Integration	  	  
Advanced Visual Inspection System		 
Development of Cloud-Based AI Platforms		  
Implementing Industry 4.0		 
Robotic Guided Fixture Loading		  
Predictive Analysis of Manufacturing		 
Business Readiness for Vaccine Production		 

## Program Highlights

- Commerce provides **1:1 matching funds**
  - In 2020, **industry matched \$800K**
- In five projects, teams had **UofSC AND Clemson researchers**
  - In two other cases, **Francis Marion and Trident Technical College** are academic partners

# SC Fraunhofer Impact: Bicycle Corporation of America

## Project Highlights

- **First Project**
  - Data Digitization of Assembly Processes
  - Digital Onboarding Tools
- **Second Project**
  - Implementation of Industry 4.0





# Grant Programs: Product Development





## Setting the Table: LocateSC



# Setting the Table: LocateSC

LocateSC.com LOG IN / SIGN UP

**South Carolina**  
Department of Commerce  
*Just right for business.*

HOME MY FAVORITES PALMETTO SITES CONTACT US

**SOUTH CAROLINA. JUST RIGHT FOR BUSINESS.**

**LISTING TYPE**  
Industrial Building

**PROPERTY NAME**

**LOCATION**  
City or Street Address

**COUNTY**

**PREVIOUS USE**  
---

**FEATURES**  
---

**TENANCY**  
No Preference

**MINIMUM CLEAR HEIGHT (FT)**  
No Preference

**MILES TO INTERSTATE**  
No Preference

**MILES TO COMMERCIAL AIRPORT**  
No Preference

**MILES TO PORT**  
No Preference


**SIZE (IN SQFT)** INPUT  
0 SqFt 1 000 000+ SqFt

**TRANSACTION TYPE**  
No Preference

0 250 000 500 000 750 000 1 000 000

✕ RESET SEARCH

## Setting the Table: LocateSC Grant Categories



### Due Diligence

**Grants used to facilitate due diligence/site readiness, a rigorous assessment of its characteristics and suitability, to increase marketability and more effectively match to a project.**



### Site Enhancement

**Competitive grants offered every year with the goal of increasing the readiness and marketability of S.C. industrial sites.**



### Strategic Infrastructure

**Non-competitive grants (awarded by discretion), generally targeting large projects deemed to be of significant benefit to the state.**



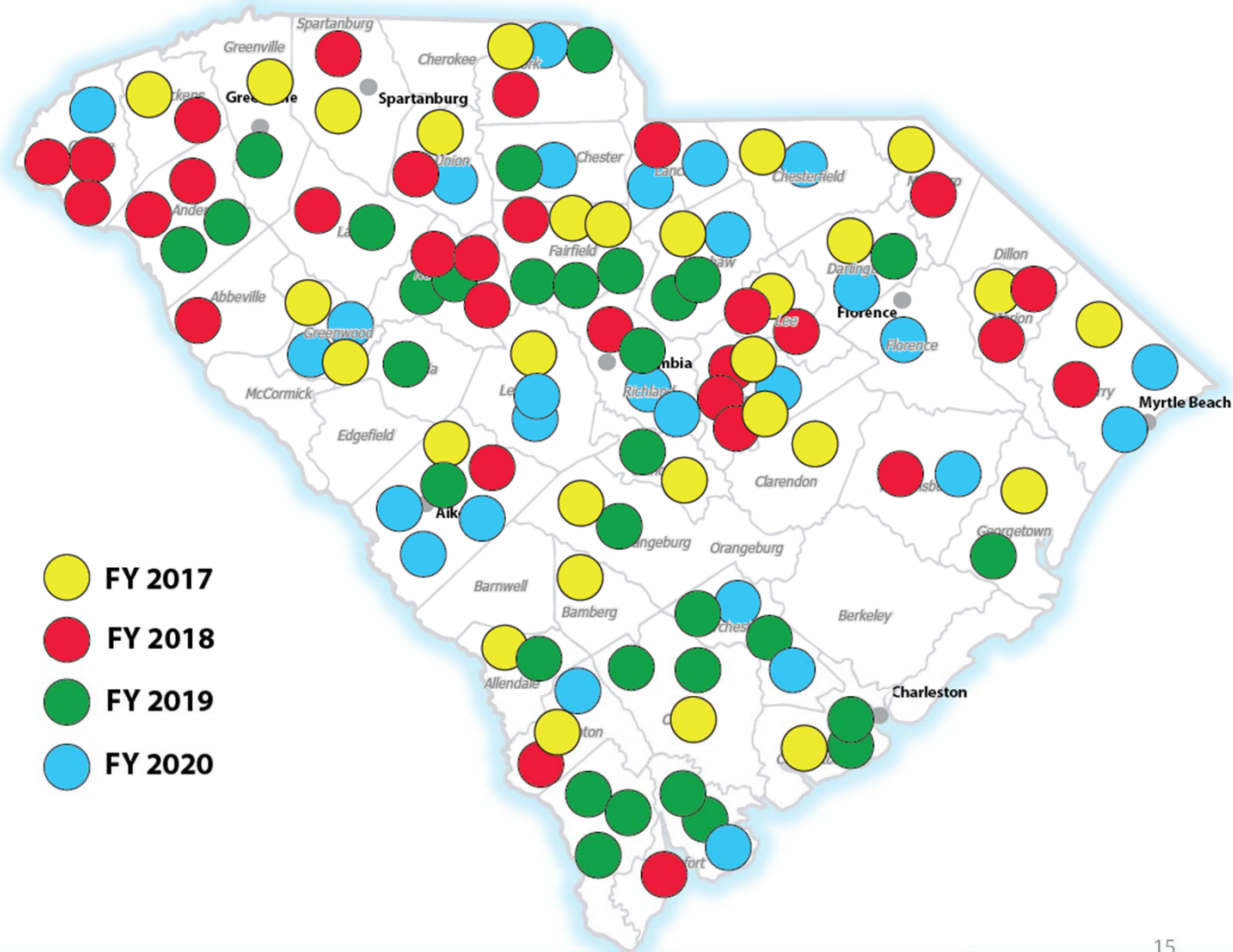
## Setting the Table: LocateSC Grants by Year

Year	Grants	Total Awarded Each Year
FY 2017	29	\$8,870,687
FY 2018	30	\$26,713,985
FY 2019	32	\$12,451,300
FY 2020	26	\$10,963,453





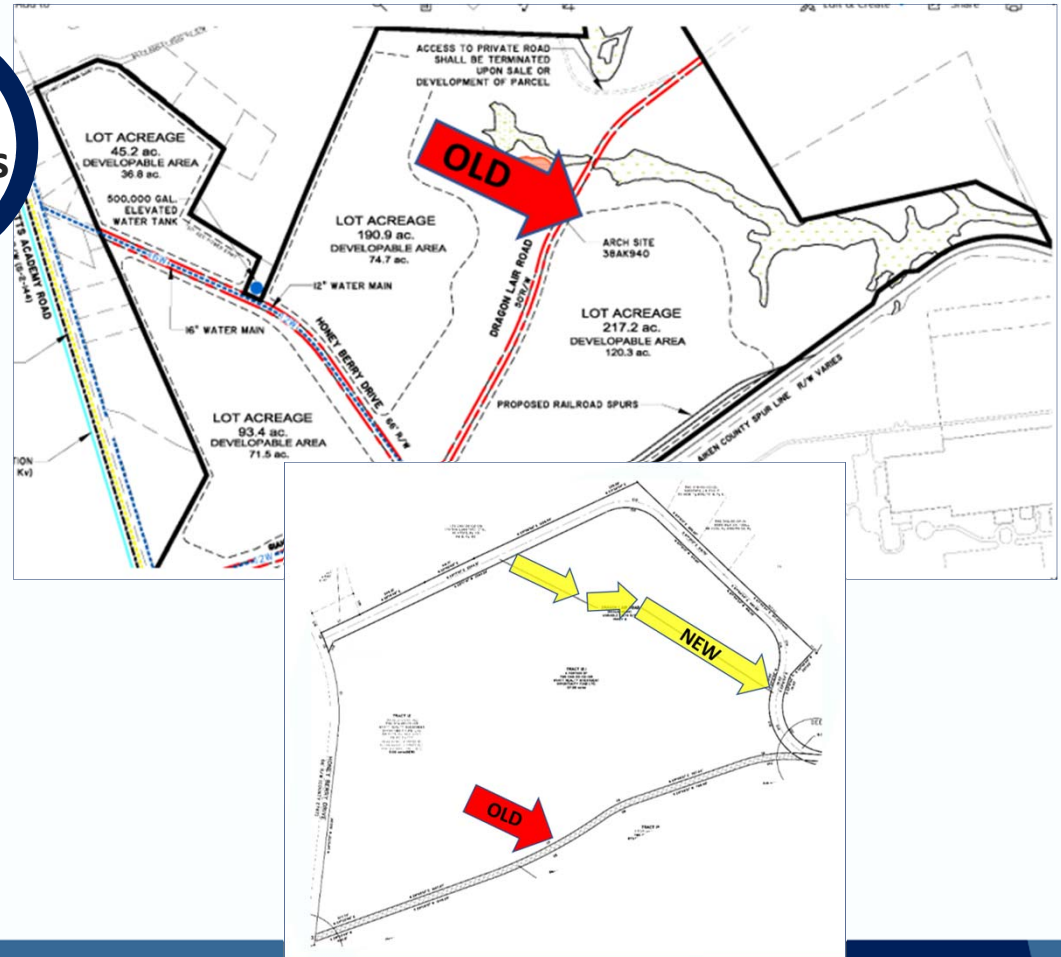
# LocateSC Grants



# LocateSC Impact: Dragon Lair Road Relocation Project

## Project Highlights

- **\$1,000,000 grant**
- Site in **Sage Mill Industrial Park in Aiken Co.** eliminated as potential location due to road bisecting the property
- Funding to support **relocation of Dragon Lair Road**
- Reduced shovel-ready time, **increasing site marketability** and competitiveness



# LocateSC Impact: Sandy Run Industrial Park

- **\$650,000 grant** awarded to Calhoun Co. in 2019
- Enhancements to former **Eastman Industrial Site** in St. Matthews, including:
  - Lighting
  - Design and due diligence for future road within the park

## Project Highlights





# Grant Programs: Community Enhancement





## Setting the Table: Community Development Block Grant (CDBG)



# CDBG Eligibility: Entitlement Counties and Cities



**INELIGIBLE COUNTIES**

## INELIGIBLE CITIES:

- Aiken
- Anderson
- Charleston
- Columbia
- Florence
- Greenville
- Hilton Head Island
- Rock Hill
- Spartanburg
- Summerville
- Sumter



# Setting the Table: CDBG Eligibility & Process

## Eligibility

### Must meet 1 of 3 objectives:

1. Benefit low-to moderate income persons;
2. Aid in the prevention or elimination of slums and blighting conditions;
3. Meet other urgent community needs where existing conditions pose a serious and immediate threat to public health and welfare and where other financial resources are not readily available to meet such needs.

## Process

- Federally designated process for implementation



## Setting the Table: CDBG Grant Categories

- **Community Development Programs**
  - Community Infrastructure
  - Community Enrichment
  - Neighborhood Revitalization
  - Special Projects & Public Services
  - Ready to Go



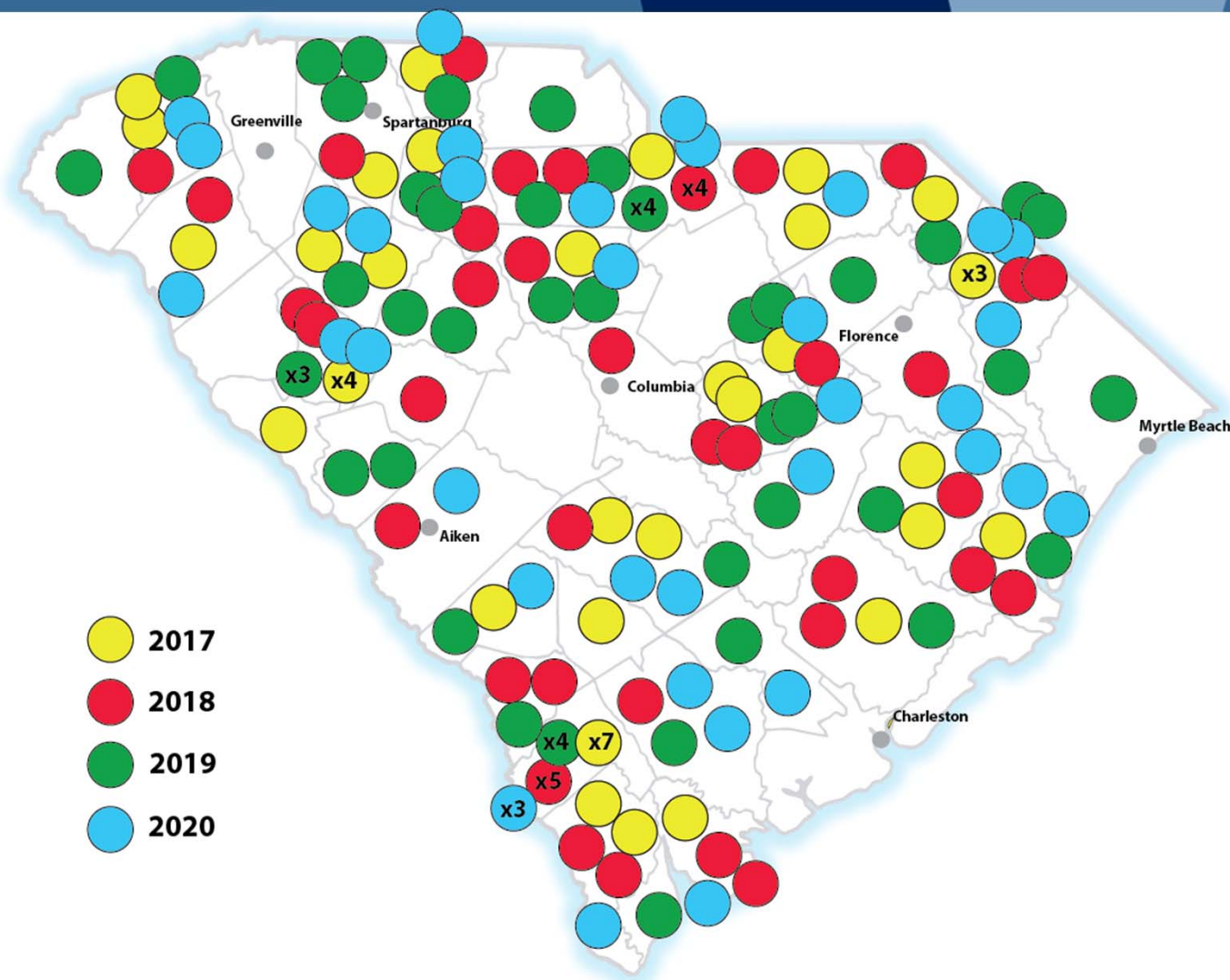


## Setting the Table: CDBG Grants by Year

Year	Grants	Total Dollars Awarded
CY 2017	42	\$17,212,229
CY 2018	45	\$15,395,754
CY 2019	49	\$17,828,435
CY 2020	37	\$19,731,052



# CDBG Grants by Calendar Year



## CDBG Impact: Greenwood County

- **Greenwood Co.** awarded **\$750,000 grant** in 2017 to **upgrade sewer lines in Sullivan area**
- Existing **lines** made of **old vitrified clay pipe and collapsing**
- Resulting in **inflow/infiltration, sewer backups** in homes, **sewage** on the ground
- Total of **80 units** and **220 people benefited**

### Project Highlights



## CDBG Impact: City of Denmark

- **City of Denmark (Bamberg Co.)** awarded **\$398,605 grant** in 2017 to **upgrade undersized water lines and install fire hydrants**
- Residents experienced **issues with water pressure**, and there was **no fire protection**
- The project **benefited 137 people**

### Project Highlights



# CDBG Impact: City of Hanahan

## Project Highlights

- **City of Hanahan** (Berkeley Co.) awarded **\$500,000 grant** in 2018 for neighborhood revitalization
- Project included sidewalk **construction**, **demolition** of vacant structures and **installation of security cameras/signage**
- Total of **1,830 people benefited**

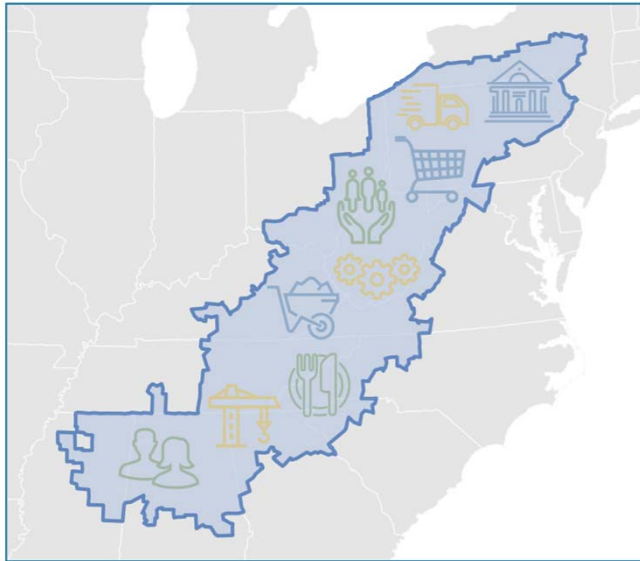




## Setting the Table: Appalachian Regional Commission (ARC)



# Setting the Table: Appalachian Regional Commission

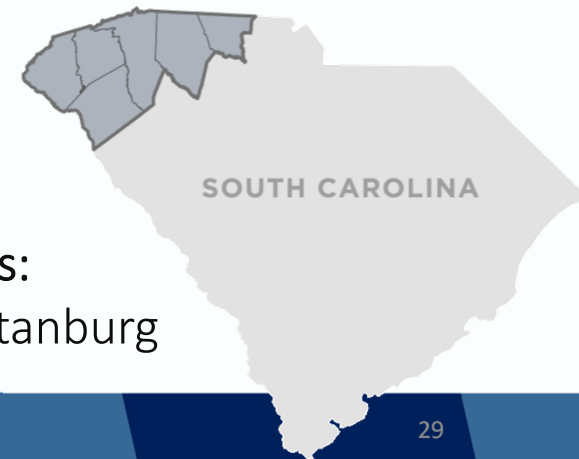


- Economic development agency of federal government and 13 state governments
- Region's 25M residents live in parts of AL, GA, KY, MD, MS, NY, NC, OH, PA, SC, TN and VA and all of W. Va.
- **Mission:** to innovate, partner and invest to build community capacity and strengthen economic growth in Appalachia
- Provides grants, publishes research and sponsors learning experiences

- SC receives approx. \$2M annually for ARC competitive grant program



- Eligible project must benefit one or more of six ARC counties: Anderson, Cherokee, Greenville, Oconee, Pickens and Spartanburg



# Setting the Table: ARC Grants by Year

Year	Grants	Total Project Funds
CY 2017	10	\$2,523,000
CY 2018	6	\$2,459,963
CY 2019	9	\$2,003,004
CY 2020	13	\$3,679,518



Note: Each year includes grants which targeted multiple SC Appalachian counties.



## ARC Impact: Anderson County



### Project Highlights

- **Anderson Co.** awarded **\$500,000** in ARC funds in May 2017 to assist in construction of **new terminal building** at Anderson Regional Airport
- Project **necessary to meet needs** of corporate, business, freight and charter uses
- Total project cost of **\$3+ million**
- When completed, the 6,500 sf terminal expected **to generate \$75M** in non-export revenues for the region

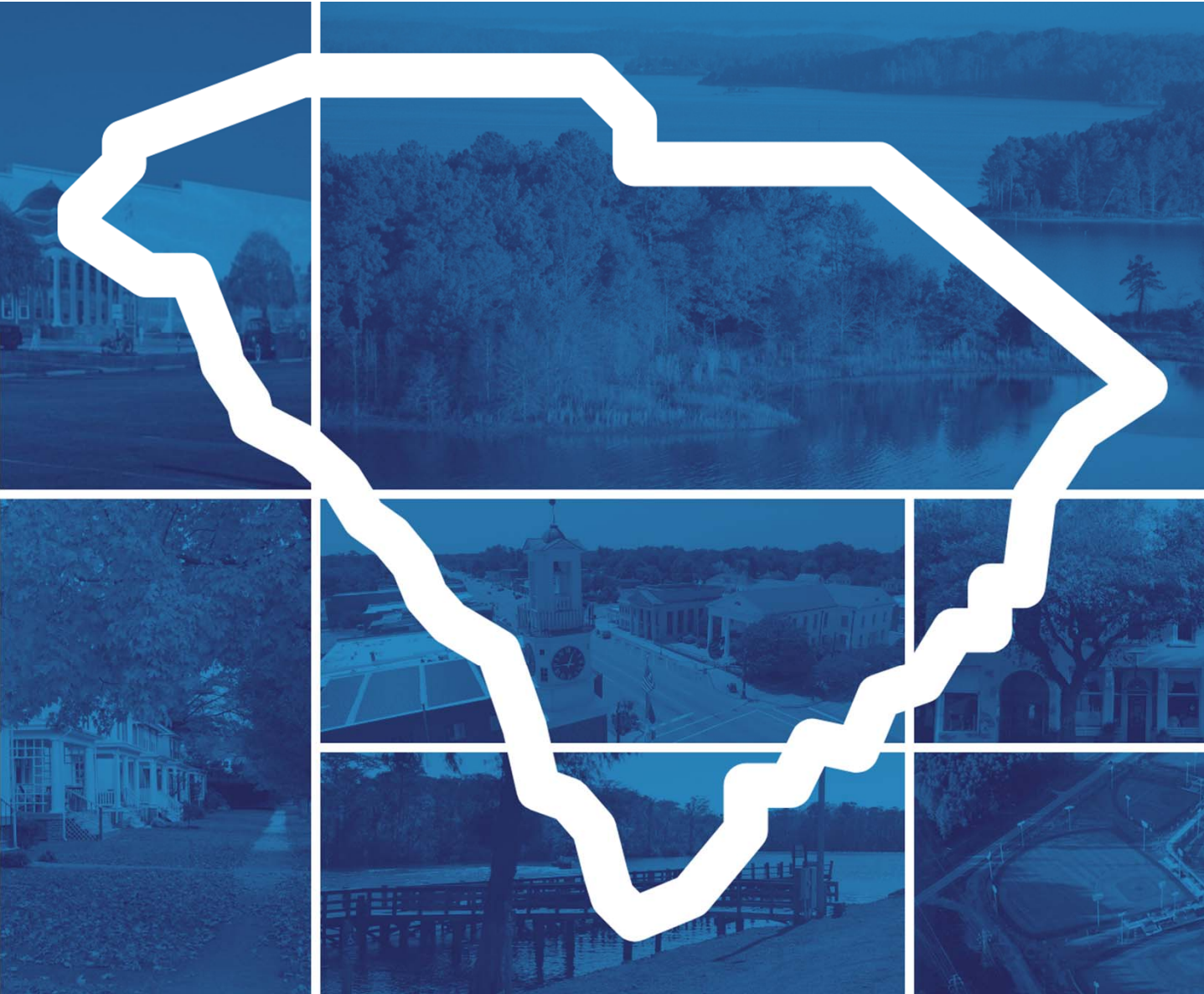


# ARC Impact: Pickens County

## Project Highlights

- **City of Pickens** awarded **\$500,000** in ARC funds in June 2017 to **develop a trailhead facility**
- Doodle Trailhead project to **complement downtown revitalization** efforts
- **ARC investment was 50%** of total cost of \$1M project
- The trailhead/ farmer's market facility is estimated to **improve 200 local businesses** with increased revenues in the range of \$300,000





## Setting the Table: Rural Development



# Setting the Table: Rural Development

Training

## NUMBER OF ATTENDEES

YEAR	TARGET	ACTUAL
2016	450	458
2017	460	499
2018	465	470
2019	450	520
2020	450	344



### **Economic Development Institute**

Program for economic development professionals, local leadership with interactive curriculum, hands-on learning and collaboration

### **Advanced Symposium**

Advanced level course for professional economic development practitioners to earn certification

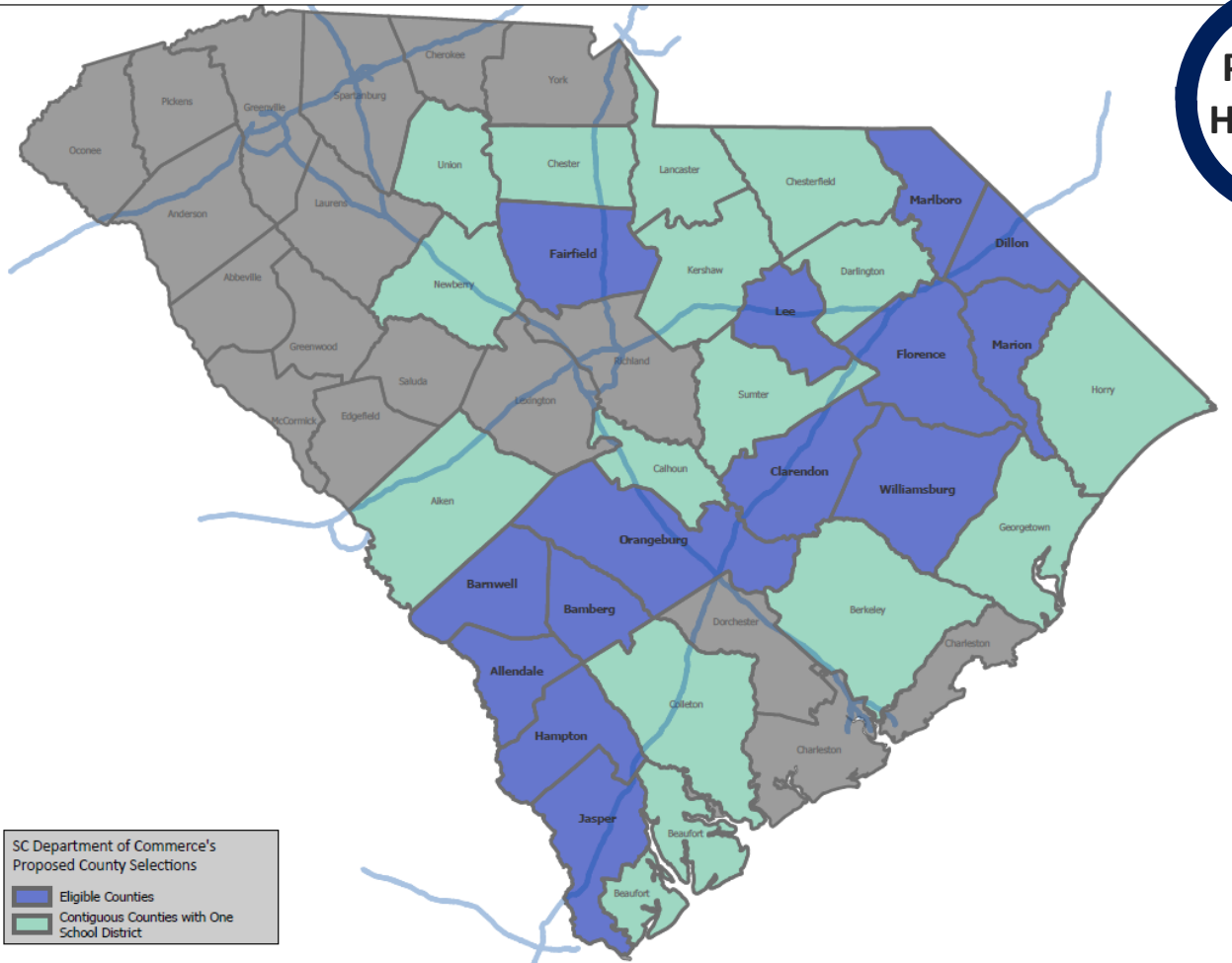
### **Rural Summit**

Annual conference to share best practices, learn about resources for rural communities and promote economic activity in state's rural areas

# Setting the Table: Rural Development

## Program Highlights

- **JUST APPROVED:** \$65M allocation for rural development, under proviso 50.21
- **14 eligible counties**
- **Up to \$30M** to ORS for broadband grant program
- **\$35M** for grants to eligible counties to enhance economic development competitiveness



# Setting the Table: Rural Development

- **Product development**
  - Identification, acquisition and/or development of industrial sites, parks, publicly owned industrial buildings
- **Infrastructure upgrades**
  - Water, wastewater and roads to serve industrial product, assist existing industry or recruit a new company

Possible  
Project  
Examples

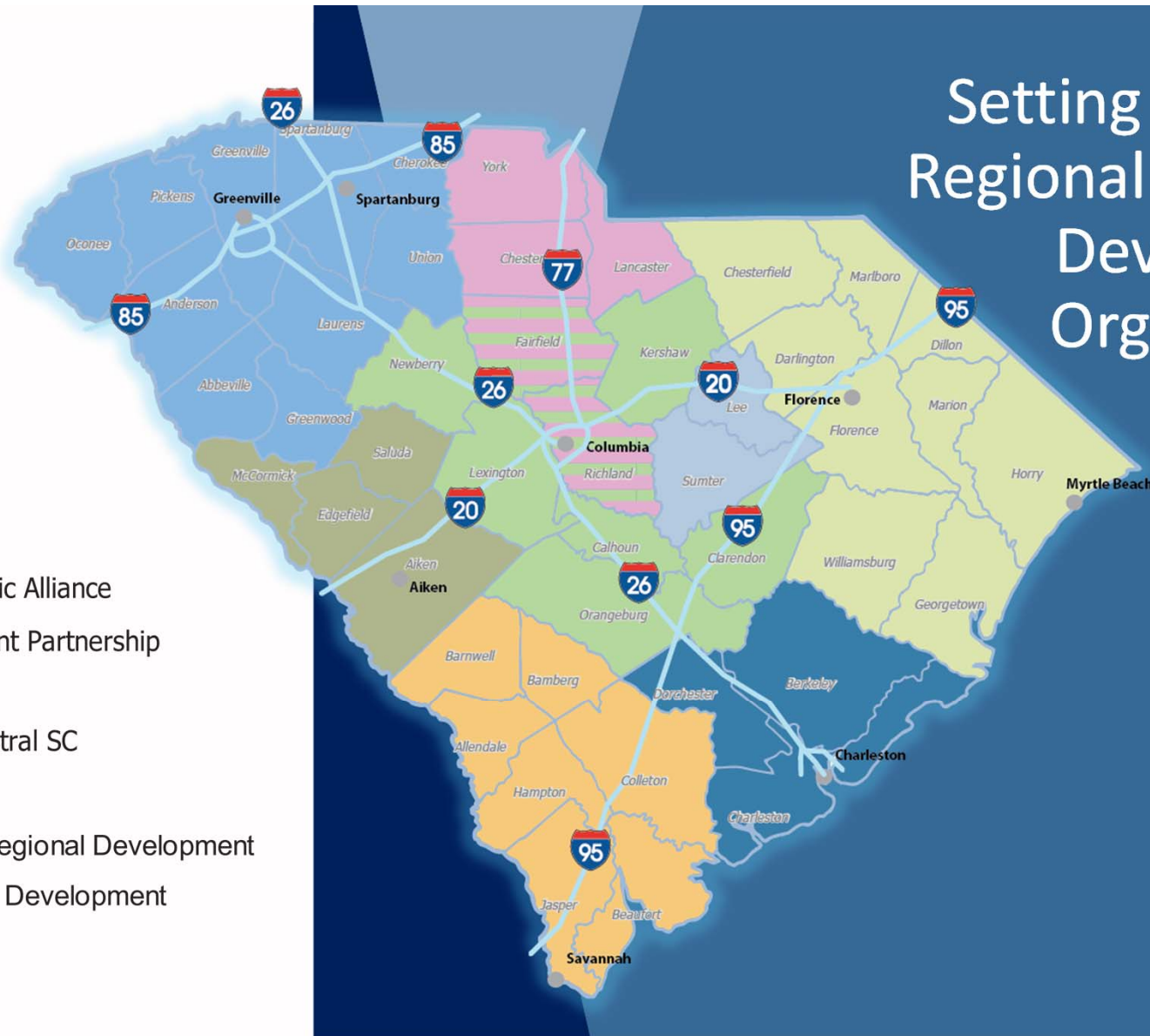




# Partnerships



# Setting the Table: Regional Economic Development Organizations



- Upstate Alliance
- I-77 Alliance
- North Eastern Strategic Alliance
- Economic Development Partnership
- Central SC Alliance
- I-77 Alliance and Central SC
- The Link
- Southern Carolina Regional Development
- Charleston Regional Development





# COMMITTEE CONTACT INFORMATION AND UPCOMING MEETINGS

## Legislative Oversight Committee



South Carolina House of Representatives

## Committee Mission

Determine if agency laws and programs are being implemented and carried out in accordance with the intent of the General Assembly and whether they should be continued, curtailed or eliminated. Inform the public about state agencies.

Website: <https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee.php>

Phone Number: 803-212-6810

Email Address: [HCommLegOv@schouse.gov](mailto:HCommLegOv@schouse.gov)

Location: Blatt Building, Room 228

## Public Input Meetings

Room 110  
1:00pm or 30 min after  
adjourn, whichever is later

### ***Thursday, March 18***

- Attorney General's Office
- Dept. on Aging
- Dept. of Commerce
- Jobs Economic  
Development Authority

### ***Thursday, April 8***

- Arts Commission
- Dept. of Health and  
Human Services
- Ethics Commission
- State Accident Fund
- State Library

## END NOTES

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<sup>1</sup> Visual Summary Figure 2 is compiled from information in the Department of Commerce study materials available online under “Citizens’ Interest,” under “House Legislative Oversight Committee Postings and Reports,” and then under “Commerce, Department of”

<http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyPHPFiles/Commerce.php> (accessed February 25, 2021).