

House Legislative Oversight Committee

June 29, 2021



South Carolina
Department of Commerce

Just right for business.

Other Agency Duties



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Other Agency Duties Outline

- **\$51 MILLION INTRA-AGENCY LOAN WITH PALMETTO RAILWAYS**
- **SHARED RESOURCES**
- **TOURISM INFRASTRUCTURE FUND**
- **LEGISLATIVE MANDATES**
- **COMMUNITY DEVELOPMENT ORGANIZATIONS**
- **MANAGE**
 - **Venture Capital Authority**
 - **Disaster Recovery**
 - **Military Base Task Force**
 - **Savannah Valley Development**
- **OTHER ADVISORY BOARDS/COUNCILS AND COMMITTEES**



\$51 Million Intra-Agency Loan with Palmetto Railways

Project Background

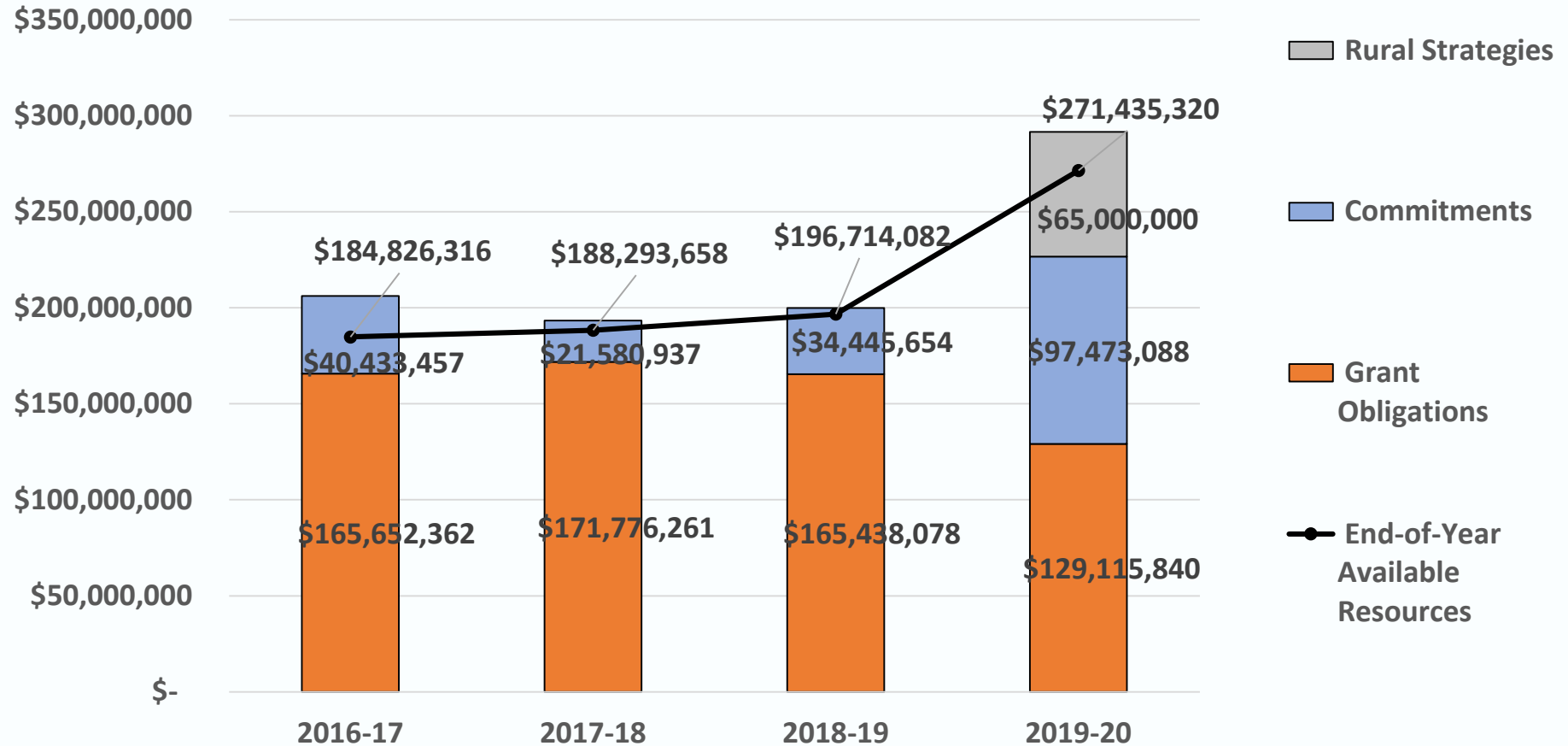
- In 2015, for the Navy Base Intermodal Facility (NBIF) to stay on pace to open near the completion of new HLT container terminal, SC Commerce issued an intra-agency loan to Palmetto Railways in the amount of \$51 million as interim, interest-free financing for permitting and preliminary construction costs.
- The plan has always been to repay this loan from the final, long-term funding mechanism for the NBIF.
- At the time the loan was first extended, SC Commerce and Palmetto Railways expected the NBIF would be funded by a loan through the Railroad Rehabilitation and Improvement Financing program (RRIF) from the Federal Railroad Administration (FRA).
- In 2019, following a meeting with all interested parties, JBRC initiated a study for potential financing alternatives.

Current Status

- The Ports Authority requested funding directly from the SC General Assembly.
- Earlier in the session, the Senate passed S.491, authorizing up to \$550 million in General Obligation Bonds (\$400 million for construction of NBIF; \$150 million for the Barge Project).
- Discussions on whether to cash fund or issue bonds to fund the project are ongoing.



\$51 Million Intra-Agency Loan with Palmetto Railways



Shared Resources

117.49. (GP: Agency Administrative Support Collaboration)
It is the intent of the General Assembly that state agencies continue to actively pursue cost savings measures through collaborative efforts and where feasible may combine administrative support functions with other agencies in order to maximize efficiency and effectiveness.

- ✓ SC Commerce has administrative support agreements with Jobs-Economic Development Authority (JEDA) and Rural Infrastructure Authority (RIA) to provide a variety of administrative and information technology services.



Tourism Infrastructure Fund

Tourism Infrastructure Admissions Tax Act allows 50% of the admissions tax collected at a qualifying tourism and recreation facility to be remitted as follows:

- 25% to county or municipality where the facility is located
- 25% to the Infrastructure Fund administered by the SC Coordinating Council for Economic Development.

To be an establishment, the facility must be:

1. A major tourism or recreation facility. This is a single tourism or recreational facility in which an investment exceeding \$20 million is made; or
2. A tourism or recreation facility located in a major tourism or recreation area. This is an area designated by a county or municipality as a designated development area that has one or more tourism or recreation facilities that collect admissions tax where there is a combined investment of at least \$20 million.



Tourism Infrastructure Fund – Open Grants

SC Coordinating Council for Economic Development
 Tourism Infrastructure Fund - Open Grants
 FY 2020-2021 as of May 31, 2021

Grantee	TIF Project Name	Project Number	Date Approved	Total Gross Deposits	Net Deposits this FY	Total Payments	Total Admin	Payments this FY	Available Balance
Aiken County	USC Aiken Convocation Center	AT09020022	6/4/2009	18,354.51	-	-	616.53	-	17,620.34
City of Columbia	Colonial Life Arena	AT04400014	11/8/2004	1,275,427.96	-	1,215,418.60	55,320.22	-	-
City of Greenville	West End Field	AT07230021	3/6/2008	338,742.19	803.56	202,155.33	9,489.17	-	123,037.19
City of Myrtle Beach	DRC Downtown Development District	AT12260024	6/5/2014	558,230.80	31,964.26	501,404.56	12,725.73	-	34,496.99
City of Myrtle Beach	Grande Dunes Golf Course	AT04260016	3/15/2005	344,521.63	-	330,976.95	11,984.16	-	-
City of Myrtle Beach	Market Commons DDA	AT14260025	9/4/2014	240,877.28	3,621.48	223,499.82	4,400.06	-	7,742.38
City of Myrtle Beach	Myrtle Beach Sports Center	AT18260026	3/8/2018	1,018,882.60	105,628.63	853,332.81	-	-	124,794.47
City of Myrtle Beach	Pine Lakes Country Club	AT11260023	12/1/2011	69,003.56	4,188.64	61,978.29	1,598.65	-	4,265.14
City of Myrtle Beach	Speedpark Designated Development Area	AT04260013	3/15/2005	1,046,961.41	-	974,416.60	36,080.56	-	31,315.56
City of North Augusta	North Augusta Riverside Village (Greenjackets Stadium)	AT18260027	9/6/2018	53,159.03	704.17	49,448.05	-	-	1,584.62
City of North Myrtle Beach	Barefoot Resort DDA	AT05260018	9/14/2005	1,429,249.92	-	1,361,608.23	46,764.38	-	11,073.16
City of Rock Hill	Manchester Village/Waterford Links DDA	AT04460017	3/15/2005	619,426.92	-	587,583.90	19,833.56	-	7,450.39
York County	Paramount Carowinds	AT02460012	12/4/2002	4,948,966.26	-	1,699,196.85	226,519.46	-	2,985,221.95
				11,961,804.07	146,910.74	8,061,019.99	425,332.48	-	3,348,602.19



Legislative Mandates: I-73

50.9. (CMRC: Funding For I-73)
Of the funds authorized for the Coordinating Council for Economic Development, \$500,000 shall be made available for the routing, planning and construction of I-73.



Fiscal Year 2016-17

- ✓ Town of Eastover thru Richland County - \$100,000
- ✓ IT-ology CoursePower - \$400,000

Fiscal Year 2018-19

Economic Development Hubs and Community Development Infrastructure

- ✓ City of Forest Acres - \$250,000
- ✓ City of Sumter - \$100,000
- ✓ Paxville Community Development Corporation - \$250,000
- ✓ Town of Eastover - \$375,000
- ✓ SC State University - \$225,000
- ✓ Clarendon County Community Development Corporation - \$100,000



Community Development Organizations

Certification

- ✓ Interested Community Development Corporations (CDC) and/or Community Development Financial Institutions (CDFI) submit application and corroborating information, along with a non-refundable \$500 processing fee to our partner, the South Carolina Association for Community Economic Development (SCACED).
- ✓ SCACED reviews the documentation and submits a recommendation to SC Commerce.
- ✓ SC Commerce either approves the application, sends it back with request for clarification or more information, or rejects the application.
- ✓ Certification lasts for two years.



Community Development Organizations

Certification Tax Credits: When funding is available, taxpayer may claim as a credit against state income taxes 33% of all equity investments and 50% of all cash donations to a certified CDC or CDFI.

- ✓ Tax credits are authorized on a first come first served basis.
- ✓ The qualifying organization submits a Tax Credit Reservation Form to South Carolina Association for Community Economic Development (SCACED) with the taxpayer information and amount of the credit requested.
- ✓ SCACED reviews the information, and if tax credits are available, they are reserved for the taxpayer.
- ✓ The taxpayer and qualified organization then have 10 days to submit verification of the equity investment or cash donation.
- ✓ Upon receipt, SC Commerce issues a Contribution Certificate to the taxpayer to authenticate the credits associated with the investment/donation.



Manage: Venture Capital Authority (VCA)

- In 2005, the Venture Capital Investment Act was created by state legislature to promote the availability of capital for creating and building business ventures in South Carolina.
- The Venture Capital Authority (VCA) was established as an agency within SC Commerce to identify and select qualified professional investors who will invest in South Carolina companies.
- The VCA is a seven-member board selected by the governor and state lawmakers.
- In 2007, the VCA received financing by a private institutional lender secured by state tax credits, and four venture capital firms were selected.
- InvestSC, Inc. was formed by the SC Jobs-Economic Development Authority (JEDA) at the specific request of the VCA.
- The authority selected InvestSC to serve as a “Designated Investor Group” to assist the VCA in meeting the goals and objectives of the Venture Capital Investment Act.
- InvestSC was organized in 2007 as a nonprofit corporation and received 501(c)(3) tax-exempt status approval from the Internal Revenue Service.



Manage: Venture Capital Authority (VCA)

- The VCA Board approved DBAH , LLC (Deutsche Bank) as a lender under the Act and received approval from the State Budget and Control Board.
- On June 22, 2007, InvestSC and DBAH signed a Securities Purchase Agreement for \$50 million in notes.
- The notes are secured by all of the investments and tax credit certificates issued by the authority.
- It is anticipated that in June of 2022, all notes will be repaid.



Manage: Disaster Recovery Office (DRO)

- Executive Order 2016-13 established the South Carolina Disaster Recovery Office (DRO) within SC Commerce.
- SC Commerce was awarded two Community Development Block Grant-Disaster Recovery (CDBG-DR) grants and one Federal Emergency Management Agency (FEMA) grant related to the 2015 Flood and 2016 Hurricane Matthew.
- DRO was to be a temporary office at SC Commerce, however with Hurricane Florence in 2018, the decision was made to establish a more permanent location for this office.
- Executive Order 2018-59 transferred DRO to the Department of Administration to become a division with that agency.



Manage: Military Base Task Force

- Executive Order 2013-04 reconstituted the Military Base Task Force and directed SC Commerce to administer the funds and assist in carrying out the directives.
- The purpose of the Task Force is to enhance the value of military installations and facilities and the quality of life for military personnel located in this state.
- The Task Force shall:
 - Assist military communities with such value enhancement;
 - Address the various incentives to military personnel assigned in this state;
 - Coordinate the efforts of the military communities; and
 - Provide for other methods and incentives to accomplish these purposes.
- With the passage of 2019 Act No. 26, the Military Base Task Force was transferred to the newly created Office of Veteran Affairs.



Manage: Savannah Valley Development Division (SVDD)

- In 1993, SVDD became a division of SC Commerce with the following primary functions:
 - 1) To support a residential real estate development at Richard B. Russell Lake in Abbeville County (Lake Russell Project);
 - 2) To serve as a cost-share partner with USACE as to public amenities on lands leased to SVDD by USACE;
 - 3) To hold certain railroad rights-of-way acquired from Seaboard Railroad (Anderson Branch ROW); and
 - 4) To serve as a conduit for a \$20 Million loan to McCormick County to support the development of Savannah Lakes Village.
- Lacking the financial resources to maintain its remaining assets and meet ongoing obligations, SC Commerce began looking for interested parties to transfer the various assets and obligations to preserve those assets for public use and enjoyment.
- In the FY2011-12 Appropriation Act, SC Commerce requested and the General Assembly added proviso 40.17 to authorize SC Commerce to transfer assets to interested parties upon approval of Budget and Control Board.
- In 2012, the Budget and Control Board approved the transfer of property to interested parties, and the division is no longer active.



Other Advisory Councils/Boards and Committees

- Serve on Solid Waste Advisory Council
- Serve on Heritage Trust Advisory Board
- Serve on SC Mining Council

