



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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*This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.*

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**Bill Number:** H. 5097    Introduced on March 9, 2022  
**Author:** Kirby  
**Subject:** Local Government- Local Planning/Zoning  
**Requestor:** Senate Finance  
**RFA Analyst(s):** Boggs  
**Impact Date:** April 22, 2022

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### **Fiscal Impact Summary**

This bill allows a hospital special purpose district, during dissolution, to transfer assets to an affiliated non-profit or charitable organization.

Revenue and Fiscal Affairs Office (RFA) anticipates this bill will have no local expenditure impact because, on the rare occasion that a hospital district is transferring assets as part of its dissolution process, the transfer will be handled during the dissolution.

RFA anticipates this bill will have no impact on state or local tax revenue. Since the receiving entity will be a non-profit or charitable organization, we anticipate these entities will not generate taxable income from the transferred assets. Therefore, transferring assets from a local special purpose district that is exempt from income tax to these entities is not expected to impact state revenues. Additionally, as both special purpose district property and non-profit and charitable organization property in the nature of hospitals are exempt from local property tax, this bill will have no local property tax revenue impact.

### **Explanation of Fiscal Impact**

#### **Introduced on March 9, 2022**

#### **State Expenditure**

N/A

#### **State Revenue**

This bill allows a hospital special purpose district, during dissolution, to transfer assets to an affiliated non-profit or charitable organization. Since the receiving entity will be a non-profit or charitable organization, transferring assets from a local special purpose district to these entities is not expected to impact state revenues. We anticipate these entities will not general taxable income from the transferred assets.

#### **Local Expenditure**

Based on a response from the South Carolina Association of Counties, RFA anticipates that, on the rare occasion that a hospital district is transferring assets as part of its dissolution process, the

transfer will have a minimal impact that can be managed as part of the dissolution. Therefore, this bill will have no local expenditure impact.

### **Local Revenue**

This bill allows a hospital special purpose district, during dissolution, to transfer assets to an affiliated non-profit or charitable organization. According to the South Carolina Special Purpose Districts 2020 Biennial Directory published by the Secretary of State, there are six special purpose hospital districts. Currently, these hospital districts are exempt from property taxes, pursuant to §12-37-220(A)(1). Under this bill, any hospital special purpose district may transfer assets to an affiliated non-profit or charitable organization during the dissolution of the special purpose district. Charitable organization property in the nature of hospitals is also exempt from local property tax, pursuant to §12-37-220(A)(2). Therefore, this bill will have no local property tax revenue impact, assuming the receiving entity is in the nature of a hospital.



Frank A. Rainwater, Executive Director