



**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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<b>Bill Number:</b>	S. 0491	Introduced on January 27, 2021
<b>Author:</b>	Leatherman	
<b>Subject:</b>	State General Obligation Economic Development Bond Act	
<b>Requestor:</b>	Senate Finance	
<b>RFA Analyst(s):</b>	Coomer, Miller, and Powell	
<b>Impact Date:</b>	February 2, 2021	

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### **Fiscal Impact Summary**

This resolution authorizes the issuance of up to \$550,000,000 of general obligation economic development bonds to defray the cost of infrastructure projects in the Port of Charleston. This resolution will have an undetermined expenditure impact to the General Fund as the number, value, and timing of projects deemed eligible by the Secretary of the Department of Commerce (Commerce) and approved by the Joint Bond Review Committee and State Fiscal Accountability Authority are unknown.

This resolution will have no fiscal impact on the State Ports Authority as the agency indicates activities associated with supporting the issuance of the bonds can be accomplished with existing resources.

The duties assigned to Commerce under this resolution will have no fiscal impact on the agency.

### **Explanation of Fiscal Impact**

#### **Introduced on January 27, 2021**

#### **State Expenditure**

This resolution authorizes the issuance of up to \$550,000,000 of general obligation economic development bonds to fund specified infrastructure projects for the Port of Charleston. These projects include intermodal container transfer infrastructure, waterborne cargo infrastructure, and related support infrastructure. The costs of these projects will be defrayed by proceeds of general obligation bonds issued as authorized by this resolution. This authorization is not subject to the \$400,000,000 investment and 400 new jobs threshold required of economic development projects, the \$1,100,000,000 investment and 2,000 new jobs threshold for an enhanced economic development project, or the \$100,000,000 investment and 200 new jobs threshold required of a life science facility. However, the collective maximum annual debt service on these classes of bonds must not exceed five percent of General Fund revenues for the fiscal year prior to the payment. As of June 30, 2020, the Constitutional 5% Debt limitation was \$439,633,650. The total amount of debt outstanding for these classes of debt was \$93,600,000, with associated maximum annual debt service of \$20,898,925, which was 0.24% of the prior year total general revenues of the State of \$8,792,673,000. Accordingly, the State was in compliance with the 5%

constitutional limitation and has remaining legal debt service margin of \$418,734,725 as of the Fiscal Year Ended June 30, 2020.

This resolution authorizes the issuance of general obligation bonds for future Port of Charleston infrastructure projects, and additional approvals are required before the issuance of the bonds. This resolution will have an undetermined expenditure impact to the General Fund as the number, value, and timing of projects deemed eligible by Commerce and approved by the Joint Bond Review Committee and State Fiscal Accountability Authority are unknown.

**State Ports Authority.** This resolution requires the Ports Authority to coordinate with Commerce to notify the Joint Bond Review Committee and the State Fiscal Accountability Authority of the amount required to defray the costs of the infrastructure, of a description of the infrastructure for which the bonds are to be issued, and of a tentative time schedule setting forth the period of time during which the amount requested is to be expended. The agency anticipates that these activities can be completed using existing resources. Current financial projections by the agency indicate that the operation of the new infrastructure will have a net operating impact of \$0 over time.

**Department of Commerce.** This resolution requires the Secretary of the Department of Commerce, in coordination with the Ports Authority, to notify the Joint Bond Review Committee and the State Fiscal Accountability Authority of the amount required to defray the costs of the infrastructure, of a description of the infrastructure for which the bonds are to be issued, and of a tentative time schedule setting forth the period of time during which the amount requested is to be expended. The Department of Commerce indicates that the duties assigned to the agency under this resolution would have no fiscal impact on agency operations.

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

N/A



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Frank A. Rainwater, Executive Director