~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

March 31, 2021

**S. 587**

Introduced by Senator Turner

S. Printed 3/31/21--S.

Read the first time February 23, 2021.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (S. 587) to amend Section 11-41-75(a) and (b) of the 1976 Code, relating to economic development bonds for conventions and trade shows, to provide, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**State Expenditure**

This bill revises exemptions relating to the reimbursement of bond proceeds, plus interest, to the general fund upon the sale of a meeting and exhibit space financed by economic development bonds. Currently, the provisions requiring this reimbursement are not applicable if, in addition to other requirements, the sale proceeds are used in their entirety for a new meeting and exhibit space. This bill revises this requirement for an exemption to only apply if the sale proceeds are used in their entirety for a new meeting and exhibit space more than fifty thousand square feet or if the sale proceeds are used in their entirety to reimburse a state agency, instrumentality, or political subdivision for the acquisition or construction of a new meeting and exhibit space of more than fifty thousand square feet if the construction occurred prior to the sale of the original meeting and exhibit space. This bill further clarifies conditions under which the exemption applies.

**State Fiscal Accountability Authority.** All bond monies collected through SFAA are remitted directly to the general fund. Since SFAA does not directly receive revenue from bonds within agency operations, SFAA indicates that this bill will have no expenditure impact on the agency.

**Office of the State Treasurer.** OST indicates that its debt division will be able to accomplish the duties enumerated in this bill using existing appropriations and staff. Therefore, this bill will have no expenditure impact on the agency.

**State Revenue**

The timing and magnitude of any potential sales occurring under these provisions cannot be estimated and reimbursements are not included in the general fund revenue estimate until they materialize. Therefore, while this bill may have an undetermined impact in the year such a sale occurs, this bill does not affect the general fund revenue forecast.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND SECTION 11-41-75(A) AND (B) OF THE 1976 CODE, RELATING TO ECONOMIC DEVELOPMENT BONDS FOR CONVENTIONS AND TRADE SHOWS, TO PROVIDE THAT THE PROVISIONS REQUIRING THE REIMBURSEMENT OF BOND PROCEEDS, PLUS INTEREST, UPON THE SALE OF A MEETING AND EXHIBIT SPACE ARE NOT APPLICABLE IF THE SALE PROCEEDS ARE USED IN THEIR ENTIRETY FOR A NEW MEETING AND EXHIBIT SPACE OF NOT LESS THAN FIFTY THOUSAND SQUARE FEET, OR TO REIMBURSE A STATE AGENCY, INSTRUMENTALITY, OR POLITICAL SUBDIVISION FOR THE ACQUISITION OR CONSTRUCTION OF A NEW MEETING AND EXHIBIT SPACE OF NOT LESS THAN FIFTY THOUSAND SQUARE FEET IF CONSTRUCTION OCCURRED PRIOR TO THE SALE OF THE ORIGINAL MEETING AND EXHIBIT SPACE, AND TO PROVIDE CONDITIONS UNDER WHICH THE EXEMPTION APPLIES.

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

SECTION 1. Section 11-41-75(A) and (B) of the 1976 Code is amended to read:

“Section 11-41-75. (A) Notwithstanding the provisions of Section 11‑41‑70(2)(d), the provisions requiring the reimbursement of bond proceeds, plus interest, upon the sale of the meeting and exhibit space, are not applicable if:

(1) the proceeds of the sale of meeting and exhibit space is for its true value as described in Section 12‑37‑930;

(2) the sale proceeds are used in their entirety:

(a) for a new meeting and exhibit space of not less than fifty thousand square feet; or

(b) to reimburse a state agency, instrumentality, or political subdivision for the acquisition or construction of a new meeting and exhibit space of not less than fifty thousand square feet if the construction occurred prior to the sale of the original meeting and exhibit space ~~as defined in Section 11‑41‑30(2)(e)~~; and

(3) if there are outstanding bonds on the existing meeting and exhibit space, the state agency, instrumentality, or political subdivision provides to the State Treasurer a tax opinion from a nationally recognized bond counsel that the sale and proposed new qualifying purpose or use will not adversely affect the federal income tax treatment of the interest on the bonds issued by the State to finance the meeting and exhibit space.

(B)(1) The exemption from the reimbursement requirements only applies so long as:

~~(1)~~(a) the land for the new meeting and exhibit space is owned by the state agency, instrumentality, or political subdivision, or any entity created by any of the foregoing for the purpose of ownership, at the time of the sale or is purchased within eighteen months of the sale;

~~(2)~~(b) construction of the new meeting and exhibit space begins within five years ~~of~~ before or after the sale; and

~~(3)~~(c) the project is completed within ten years of the sale.

(2) If a state agency, instrumentality, or political subdivision avails itself of the provisions of subsection (A), but then fails to meet the requirements of this subsection, then the reimbursement requirements of Section 11‑41‑70(2)(d) apply as of the day of the sale.”

SECTION 2. This act takes effect upon approval by the Governor.

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