



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.

Bill Number: H. 4911 Introduced on January 23, 2024
Author: Forrest
Subject: Aging Fuel Tank Replacement Program
Requestor: House Agriculture, Natural Resources, and Environmental Affairs
RFA Analyst(s): Daigle
Impact Date: February 7, 2024

Fiscal Impact Summary

This bill creates the new Aging Petroleum Tank Replacement Program. The program allows a qualifying farm owner to apply for a grant from the Department of Agriculture to reimburse the reasonable costs in removing or replacing an aging petroleum storage tank. In order to qualify, a farm must be 1,450 acres or less, currently engaged in agriculture, and is compliant with all state requirements for engaging in that type of agriculture. The applicant must be domiciled in the state and cannot be the United States government or its subsidiaries.

This bill will increase the Department of Agriculture's General Fund expenses by creating a new grant program that will require at least 1.0 FTE to administer at a cost of approximately \$60,000 for salary and fringe. Additionally, the total expenditure impact to the General Fund and Other Funds due to grant disbursements is undetermined and will depend upon any appropriations or other funding to support the grant program. The department does not have the data to estimate the number of qualifying farmers that will apply for grants, nor does it have information on the expected reimbursement amount for each grant recipient. However, for illustrations, if 25 percent of the 24,139 farms that may qualify for this program apply and are awarded \$2,500 to \$5,000 then at least \$15,087,000 to \$30,174,000 will be awarded in grants. The department expects to request appropriations from the General Assembly to fund expenses.

Explanation of Fiscal Impact

Introduced on January 23, 2024

State Expenditure

This bill creates the new Aging Petroleum Tank Replacement Program which allows an owner of a qualifying farm that is currently engaged in agriculture to apply for a grant from the department to reimburse the reasonable costs in removing or replacing a petroleum storage tank. A qualifying farm is a farm measuring 1,450 acres or less. This bill sets the maximum grant award amount as either no more than \$5,000, no more than 50 percent of the total cost of removing or replacing an underground petroleum storage tank, or no more than 25 percent of removing or replacing an above ground petroleum storage tank. This bill requires that in order to qualify for the new grant, the farm owner's principal office must be domiciled in the state, the farm owner must otherwise be compliant with all state requirements for engaging in his type of agriculture,

and the tank must have been installed or made before January 1, 2004. The United States government and its subsidiaries are not eligible to receive this grant.

The Department of Agriculture does not currently issue grants to reimburse the cost of removing or replacing a petroleum storage tank. The department website indicates that governmental grants typically fund projects and research, not people or small businesses (including farms). Generally, an entity must be an IRS-designated-non-profit 501(c)3, cooperative, commission, university, or unit of local government to qualify for a state or federal grant. Neither people nor private businesses typically qualify for grants.

The department anticipates that this bill will increase the agency's expenses by approximately \$60,000 beginning in FY 2024-25 for salary and fringe to hire 1.0 FTE to administer the grant program created in this bill.

This bill will also increase the department's expenses in order to fund aging petroleum storage tank grants. Grant amounts will vary as this bill sets the maximum grant award amount as either no more than \$5,000, no more than 50 percent of the total cost of removing or replacing an underground petroleum storage tank, or no more than 25 percent of removing or replacing an above ground petroleum storage tank. The cost of removing or replacing petroleum storage tanks can vary greatly. The Revenue and Fiscal Affairs Office (RFA) reached out to industry professionals who indicate that the price of a petroleum storage tank depends on the type of material used, the size of the tank, the durability of the tank, and whether it is above ground or underground. For reference, petroleum storage tanks can range from \$5,000 or less for 300-to-1,000-gallon tanks to large 10,000-to-12,000-gallon tanks that can cost \$35,000 to \$40,000. Installation of large tanks can involve cranes and costs can reach \$75,000. A commonly utilized economical option, a 4,000-gallon single wall tank, is approximately \$8,000 to \$9,000. Double walled 4,000-gallon tanks are also common and cost approximately \$15,000. Additionally, if a tank is currently in service, removal could include purging and cleaning processes that create extra fees. Underground tanks must also adhere to federal and state requirements for environmental safety among others that can further increase prices. The Department of Agriculture does not have the data to estimate the number of qualifying farmers that will apply for grants, nor does it have information on the expected reimbursement amount for each grant recipient.

Based on the most recent USDA agricultural census for South Carolina, there are approximately 24,139 farms in the state that are 1,450 acres or less. The department estimates that at least 25 percent of the farms that qualify based on size might apply for grants. Therefore, if 6,034 qualifying farms apply for the new grants and are awarded between \$2,500 and \$5,000 then at least \$15,087,000 to \$30,174,000 will be awarded in grants. The department does not currently have any existing funding programs for this grant program. Therefore, any expenditure is dependent upon an appropriation or other funding made available for this program. The department expects to request appropriations from the General Assembly to fund expenses.

State Revenue

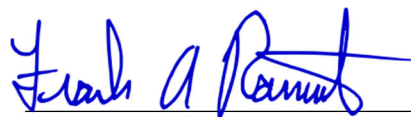
N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director