



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. 3165 Introduced on January 14, 2025
Subject: Development Impact Fee
Requestor: House Medical, Military, Public, and Municipal Affairs
RFA Analyst(s): Bryant
Impact Date: February 20, 2025

Fiscal Impact Summary

This bill requires a county to report to a city any residential development plan that is located within a one-mile radius of the bordering city on a monthly basis. Additionally, any municipality increasing its territory must file notice with the county where the property to be annexed is located before the first reading of the proposed annexation. The bill also revises requirements related to ordinances required to impose and collect developmental impact fees; revises requirements for ordinance passage procedures, ordinance contents, and related reporting requirements; and makes changes to notice publication and content requirements for capital improvement plans. Lastly, the bill changes the number of years after which an impact fee must be refunded to the owner of the property if the fee has not been expended from three years to seven years.

The Revenue and Fiscal Affairs Office (RFA) contacted all county governments and the Municipal Association of South Carolina (MASC) regarding the impact of this bill and received responses from three counties and MASC. Based on the responses, we do not anticipate a significant expenditure impact on local governments. The three responding counties indicate that the bill will have no expenditure impact. MASC indicates that requiring county governments to report to municipalities any residential development plans within a one-mile radius of the bordering city may foster improved urban planning and growth management, potentially resulting in enhanced efficiency in service provision and better planning for future growth trends. Additionally, MASC notes that the bill will require municipalities to incorporate the additional step of filing a notice with the county when they annex property. MASC indicates that if municipalities are required to mail or deliver the notice, this will result in additional postage and/or courier costs to municipalities. However, if electronic submission of the required notice is acceptable, MASC anticipates that the administrative burden will be negligible.

Further, MASC indicates that removing certain requirements related to the implementation of developmental impact fees may lead to broader adoption of such fees across municipal governments, providing for increased revenue generation to offset the costs of high growth, such as increased system and service demand. MASC also anticipates that changing the number of years after which an impact fee must be refunded from three years to seven years will allow municipalities to more easily accommodate all phases of large-scale municipal projects, including site location/acquisition, engineering and design, permitting, and construction.

Explanation of Fiscal Impact

Introduced on January 14, 2025

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

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Local Revenue

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Frank A. Rainwater, Executive Director