



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. 4057	Introduced on February 19, 2025
Subject:	Railroad Crossing Fees	
Requestor:	House Labor, Commerce, and Industry	
RFA Analyst(s):	Manic	
Impact Date:	April 1, 2025	

Fiscal Impact Summary

This bill adds Article 12 to Chapter 17 of Title 58 entitled “Utility Facilities Crossing or Paralleling Railroads”. The bill introduces a new one-time standard fee of \$1,500 that utilities must pay railroads for each crossing or paralleling utility facility within a railroad right of way, unless the crossing or paralleling is located within a public right of way. Additionally, the bill requires utilities to reimburse the railroad company for any reasonable and necessary flagging and supervision expenses related to the crossing or paralleling, not to exceed \$2,000, in addition to the standard fee. Also, the bill provides for requirements towards the placement, construction, or modification of utility facilities or equipment that involves crossing or running adjacent to and alongside the track of a railroad. Also, in case the railroad company or the utility has a dispute regarding any issue related to crossing or paralleling facilities the bill provides a dispute resolution mechanism through petitioning the Public Service Commission (PSC) for resolution. The bill allows PSC to set a compensation amount greater than the standard fee if the railroad shows that the standard fee fails to adequately cover its costs associated with the crossing.

PSC, the Office of Regulatory Staff (ORS), the Public Service Authority (PSA), and the SC Department of Commerce Division of Public Railways (Commerce) indicate that the bill will have no expenditure impact as the agencies can manage the requirements with existing staff and resources.

Commerce indicates that the bill will reduce Other Funds revenue by \$14,000 annually beginning in FY 2025-26 due to capping the crossing and paralleling as well as flagging fees for four projects.

The Municipal Association of South Carolina (MASC) expects that the bill will have an undetermined positive fiscal and operational impact on municipal utilities due to the capping of fees related to railroad crossing and paralleling, the standardization of requirements towards the application for a crossing or paralleling, and the timing limits placed on railroad companies to review and make a decision on the application.

Explanation of Fiscal Impact

Introduced on February 19, 2025

State Expenditure

This bill adds Article 12 to Chapter 17 of Title 58 entitled “Utility Facilities Crossing or Paralleling Railroads”. The bill introduces a new one-time standard fee of \$1,500 that utilities must pay railroads for each crossing or paralleling utility facility within a railroad right of way, unless the crossing or paralleling is located within a public right of way. Additionally, the bill requires utilities to reimburse the railroad company for any reasonable and necessary flagging and supervision expenses related to the crossing or paralleling, not to exceed \$2,000, in addition to the standard fee.

Further, the bill specifies that if the total amount of \$1,500 has been paid to the railroad during the existence of any crossing or paralleling license agreement, no additional fee is required for a new, renewed, or modified agreement pertaining the respective crossing or paralleling facility. Also, the bill provides for requirements towards the placement, construction, or modification of utility facilities or equipment that involves crossing or running adjacent to and alongside the track of a railroad. Specifically, the bill requires qualified utilities to submit an application to the railroad company that includes certain information. The bill also requires the affected railroad company to review the application within 35 days after receipt and either approve or petition the PSC for relief pursuant to Section 58-17-1560 and notify the utility of the filing of the petition. Further, the utility is required to coordinate with the railroad company the specifics of the placement, construction, or modification of the crossing or paralleling facility within 30 days of application approval.

Also, if a railroad company or a utility has a dispute regarding any issue related to crossing or paralleling facilities, the bill provides a dispute resolution mechanism through petitioning PSC for resolution. Prior to petitioning PSC, a notice of the dispute must be provided in writing to the other party. If the parties do not resolve the dispute, the petition must be filed with PSC within 60 days of receipt of the notice of dispute. PSC is required to appoint a hearing examiner to serve as a presiding officer in an adjudicative proceeding before PSC and must issue an order within 90 days after the filing of the petition. The bill allows PSC to set a compensation amount greater than the standard fee if the railroad shows that the standard fee fails to adequately cover its costs associated with the crossing.

PSC, ORS, and PSA indicate that the bill will have no expenditure impact as the bill does not increase or decrease the duties and responsibilities of the agencies. Additionally, Commerce indicates that the agency has a third-party engineer review process, and the bill does not change this process.

State Revenue

The bill introduces a new one-time standard fee of \$1,500 that utilities must pay railroads for each crossing or paralleling utility facility within a railroad right of way, unless the crossing or paralleling is located within a public right of way. Additionally, the bill requires utilities to reimburse the railroad company for any reasonable and necessary flagging and supervision

expenses related to the crossing or paralleling, not to exceed \$2,000, in addition to the standard fee.

Commerce's Division of Public Railways expects to have four projects annually that involve railroad crossing or paralleling by utility facilities. The table below provides the current fees collected by Commerce for the one-time application fee and flagging fees, the proposed fees, and the estimated revenue reduction per project.

	Current Revenue	Proposed Revenue	Difference
One-Time Fee	\$2,500	\$1,500	(\$1,000)
Flagging Fee	\$4,500	\$2,000	(\$2,500)
Total	\$7,000	\$3,500	(\$3,500)

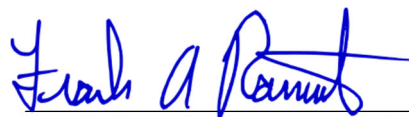
Since Commerce anticipates that four projects will be affected by the bill annually, the bill will reduce Other Funds revenue of Commerce by an estimated \$14,000 beginning in FY 2025-26.

Local Expenditure

MASC expects that the bill will have an undetermined positive fiscal and operational impact on municipal utilities. MASC indicates that due to the capping of the standard crossing and paralleling as well as the flagging fees municipal utilities will be protected from variable and significant costs related to utility facilities crossing or paralleling railroads. Also, MASC indicates that the bill's standardization of requirements towards the application for a crossing or paralleling as well as the timing limits placed on railroad companies to review and make a decision on the application will help ensure that utilities receive timely approval and safeguard against critical infrastructure project delays.

Local Revenue

N/A



Frank A. Rainwater, Executive Director