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:	S. 0190 Introduced on January 14, 2025
Subject:	Military Base TIF
Requestor:	Senate Labor, Commerce, and Industry
RFA Analyst(s):	Tipton
Impact Date:	February 20, 2025

Fiscal Impact Summary

This bill expands the projects that can be undertaken in the redevelopment of a federal military installation to include affordable housing projects and extends the sunset provision of the redevelopment authorities (RDAs). Currently, there are three RDAs established pursuant to Chapter 12 of Title 31: the Charleston Naval Complex Redevelopment Authority, the Myrtle Beach Air Force Base Redevelopment Authority, and the Savannah River Site Redevelopment Authority. This bill would specifically allow these RDAs to include affordable housing in a redevelopment project plan and also extends the RDA sunset provision from January 1, 2028, to June 30, 2044. The bill further extends the deadline for the issuance of debt associated with the eligible redevelopment project from 15 to 35 years.

This bill is not expected to have an expenditure impact. The RDAs receive funding from redevelopment fees and lease revenue. Permitting affordable housing as a redevelopment project may impact future development plans. However, this bill does not change total available funding and would not impact overall expenditures. The extension of the sunset provision will allow RDA operations to continue until June 30, 2044.

This bill is expected to decrease General Fund withholdings tax revenue by $5,342,560 in FY 2027-28 and $10,685,120 in each year thereafter through FY 2043-44 due to the extension of the RDA sunset provision. Redevelopment fees are state individual income tax withholdings revenue equal to 5 percent of all South Carolina wages paid to federal employees at the applicable closed or realigned installation and are to be remitted by the Department of Revenue (DOR) to the applicable redevelopment authority quarterly. Currently, these fees are capped at the amount remitted by DOR in FY 2014-15, equal to $10,685,120, which has been reached in the last three fiscal years. This estimate assumes that federal workforce levels at each applicable closed or realigned military installation will be maintained in future years.

Based on information previously provided by the Municipal Association of South Carolina (MASC), allowing affordable housing to be part of a redevelopment project does not change the responsibilities of any municipality. Therefore, this bill will not impact local expenditures. Additionally, the changes are not expected to impact local revenue. Under current law, a municipality may issue obligations upon the request of an RDA to finance the redevelopment project upon adoption of an ordinance. The obligations are secured by the special tax allocation fund that attributes the property taxes generated in the project area to the fund. The bill extends the deadline for municipalities to issue the obligations from 15 to 35 years after the adoption of the ordinance concurring in an RDA's redevelopment plan. However, the bill does not change the allocation or imposition of property tax and, therefore, is not expected to impact local property tax revenue.

Explanation of Fiscal Impact

Introduced on January 14, 2025
State Expenditure
This bill expands the projects that can be undertaken in redevelopment of a federal military installation to specifically include affordable housing projects. Currently, there are three RDAs established pursuant to Chapter 12 of Title 31: the Charleston Naval Complex Redevelopment Authority, the Myrtle Beach Air Force Base Redevelopment Authority, and the Savannah River Site Redevelopment Authority. Redevelopment projects currently include buildings, improvements, parking facilities, and recreational facilities. It also includes portions of the project located outside the project area so long as they provide infrastructure support for the area. RDAs establish redevelopment plans to outline the projects that will be undertaken. Currently, the closed or realigned military installations have the RDA designation until January 1, 2028. This bill extends this sunset provision through June 30, 2044.

The bill expressly states that a redevelopment project can include affordable housing where all or part of the property tax revenues generated in the tax increment financing district are used to provide publicly and privately owned affordable housing in the district or for infrastructure projects that support affordable housing. Affordable housing is defined as residential housing for rent or sale that is appropriately priced for a person or family whose income does not exceed 80 percent of the median income for the local area according to figures released by the U.S. Department of Housing and Urban Development (HUD).

Based on information previously provided by the Charleson RDA, the RDA was directed to provide property to the City of North Charleson through legislation. The development agreement includes a project to provide attainable housing. Attainable housing is defined as residential dwelling [units] for which the occupants have an aggregate household income equal to or less than 120 percent of the Area Median Income as published by HUD.

This bill would specifically allow RDAs to include affordable housing in a redevelopment project plan. RDAs receive the majority of funding from redevelopment fees and some lease revenue. Expressly permitting affordable housing as a redevelopment project may impact future development plans. However, allowing affordable housing projects would not change total available funding and would not impact overall expenditures. This bill will allow RDAs to continue operating from FY 2027-28 through FY 2043-44 due to the extension of the sunset provision.

State Revenue
This bill extends the sunset provision for RDAs from January 1, 2028, to June 30, 2044. Under Section 12-10-88, redevelopment fees are state individual income tax withholdings revenue

equal to 5 percent of all South Carolina wages paid to federal employees at the applicable closed or realigned installation and are to be remitted by DOR to the applicable redevelopment authority quarterly. Currently, these fees are capped at the amount remitted by DOR in FY 2014-15, equal to $10,685,120. According to DOR, the cap on redevelopment fees has been reached in each of the three previous fiscal years. Therefore, this bill is expected to decrease General Fund withholdings revenue by $5,342,560 in FY 2027-28 and $10,685,120 in each year thereafter through FY 2043-44. This estimate assumes that federal workforce levels at each applicable closed or realigned military installation will be maintained in future years.

Local Expenditure
Based on information previously provided by MASC, the bill only applies to the three RDAs currently authorized. It does not change the responsibilities of any municipality and, therefore, will not impact local expenditures.

Local Revenue
A municipality, after the adoption of an ordinance pursuant to Section 31-12-280 concurring in an authority's redevelopment plan, may issue obligations upon the request of the redevelopment authority to finance the redevelopment project upon adoption of an ordinance. The obligations are secured by the special tax allocation fund that attributes the property taxes generated in the project area to the fund. The bill extends the deadline for municipalities to issue the obligations from 15 to 35 years after the adoption of the ordinance concurring in an RDA's redevelopment plan. However, the bill does not change the allocation or imposition of property tax and, therefore, is not expected to impact local property tax revenue.

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