

Statement of Estimated State Revenue Impact

Date: April 4, 2013

Bill Number: H.B. 3017

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Committee Requesting Impact: House Ways & Means Committee

Bill Summary

A bill to amend the Code of Laws of South Carolina, 1976, by adding Section 11-11-275 so as to provide that if the Board of Economic Advisors adjusts its forecast for the next fiscal year after the House of Representatives gives third reading to the annual General Appropriations Act, any increase in projected revenue only may be appropriated to the State Non-Federal Aid Highway Fund.

REVENUE IMPACT ^{1/}

Although the revenue estimate attempts to predict revenues accurately, fluctuations in the economy and other factors may cause the estimate to be increased or decreased. This bill would have an indeterminate effect on the State Non-Federal Aid Highway Fund in FY2014-15. If any increase in projected revenue after the House gives third reading to the annual appropriation act does occur, this would, however, result in less funding for state programs traditionally funded through the annual appropriations act. This Act takes effect upon approval by the Governor.

Explanation

This bill would add Section 11-11-275 to require that if the Board of Economic Advisors (BEA) adjusts its General Fund revenue forecast for the next fiscal year after the House of Representatives gives third reading to the annual general appropriations act, any increase in projected revenue may only be appropriated to the State Non-Federal Aid Highway Fund. This act would begin with the annual general appropriations act for FY2014-15.

Pursuant to Section 11-9-880, the BEA is required to make its preliminary General Fund revenue forecast in November for the following fiscal year. By February 15th, the BEA is statutorily-required to submit the final General Fund revenue estimate. The House of Representatives usually gives the annual Appropriations Act floor debate and third reading in early to mid-March of each year. According to the proposed bill, if the BEA meets after the adoption of the House-approved version of the annual appropriations act, any increase in the general fund revenue projection would be required to be appropriated to the State Non-Federal Aid Highway Fund.

Below is a table that describes how the dollar amount of the BEA General Fund revenue estimates have increased or decreased after the appropriation act has passed the House of Representatives in the respective fiscal years. For example, if we use the FY2012-13 Appropriations Act, the BEA met May 8, 2012 to consider the General Fund revenue estimates for FY2011-12 and FY2012-13. The BEA increased the General Fund revenue

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estimate by \$137,000,000 for FY2012-13. If this bill had been enacted, the projected revenue increase of \$137,000,000 would have been appropriated to the State Non-Federal Aid Highway Fund in FY2012-13. Between FY2008-09 and FY2010-11, the Highway Fund would not have received any appropriations, because the General Fund revenue estimate was reduced by the BEA in each fiscal year.

Fiscal Year	Date Budget Passed House	Dollar Amount Revenue Estimate Changed (+/-) After Budget Passed the House (Millions of Dollars)
FY2005-06	March 16, 2005	-\$6.2
FY2006-07	March 30, 2006	\$199.2
FY2007-08	March 20, 2007	\$120.0
FY2008-09	March 13, 2008	-\$90.0
FY2009-10	March 11, 2009	-\$120.0
FY2010-11	March 18, 2010	-\$60.0
FY2011-12	March 16, 2011	\$105.0
FY2012-13	March 15, 2012	\$137.0
FY2013-14	March 13, 2013	-----

Source: Board of Economic Advisors.

Because the economy may fluctuate up or down in relation to the revenue estimates, this bill would have an indeterminate effect on the State Non-Federal Aid Highway Fund in FY2014-15. If any increase in projected revenue after the House gives third reading to the annual appropriation act does occur, this would, however, result in less funding for state programs traditionally funded through the annual appropriations act. This Act takes effect upon approval by the Governor.



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^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact of Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.