

Statement of Estimated State Revenue Impact

Date: March 28, 2012

Bill Number: S.B. 1348

Author: Land

Committee Requesting Impact: Senate Banking and Insurance Committee

Bill Summary

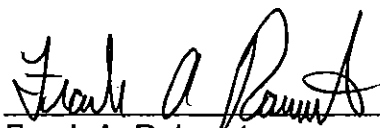
A bill to amend Section 38-7-20, as amended, of the Code of Laws of South Carolina, 1976, relating to the imposition of the insurance premium tax, so as to provide that seven percent of the annual revenue of this tax must be transferred to the South Carolina Forestry Commission and used by it for firefighting and firefighting equipment replacement and forest industry economic enhancement.

REVENUE IMPACT ¹¹

This bill is expected to reduce General Fund insurance premium tax revenue by an estimated \$8,937,167 in FY2012-13, and increase funds allocated to the South Carolina Forestry Commission by an estimated \$8,937,167 in FY2012-13.

Explanation

The tax imposed by Section 38-7-20(B) is designated for deposit to the state's General Fund. This bill would amend Section 38-7-20(B) to permit the transfer of seven percent of General Fund insurance premium tax revenue to be transferred to the South Carolina Forestry Commission. The transferred funds would be used by the Forestry Commission for firefighting, firefighting replacement equipment, and forest industry economic enhancement. The remaining insurance premium tax revenue would remain in the General Fund. Based on the General Fund revenue estimate made by the Board of Economic Advisors on February 15, 2012, General Fund insurance tax revenue less worker's compensation insurance premiums, annuity considerations, and insurance tax credits taken against insurance premium taxes yields an estimated \$127,673,817 in FY2012-13. Multiplying this amount by seven percent would transfer an estimated \$8,937,167 to the South Carolina Forestry Commission from the General Fund in FY2012-13. This transfer does not affect the amount of revenue to be allocated to local fire departments.



Frank A. Rainwater
Chief Economist

Analyst: Martin

¹¹ 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.