Statement of Estimated Local Revenue Impact

Date: February 22, 2013
Bill Number: H. 3078
Authors: Merrill and Henderson

Committee Requesting Impact: House Ways and Means

Bill Summary
A bill to amend Section 6-1-970, Code of Laws of South Carolina, 1976, relating to exemptions from impact fees authorized to be levied under the South Carolina development impact fee act, so as to exempt from the impact fee construction of an elementary, middle, or secondary school facility, or replacing, renovating, or repairing an elementary, middle, or secondary school facility, designed and used primarily for the instruction of students, and to make these provisions retroactive to July 1, 2008.

REVENUE IMPACT 1/
This bill is not expected to impact State revenues. We expect the impact on local revenues will be approximately $200,000 per school facility exempted from impact fees. Local governments would likely increase fees on the remaining participant construction projects or absorb the revenue loss through budget reductions and/or millage increases.

Explanation
This bill amends Section 6-1-970 by including elementary, middle or secondary school facilities in the list of exemptions from local development impact fees. Currently a local governmental entity may impose a development impact fee on school facility construction to pay a proportionate share of the cost of system improvements required for the county or municipality to provide services to the school facility. Our research indicates that only a few counties and cities currently impose impact fees. These fees are typically assessed when a building permit is issued. Exempting school facilities from development impact fees will shift the cost of these system improvements by either increasing impact fees on any other participant construction projects or adding these costs to the current operating budget, which may impact local property taxes. Based upon information received from one county, we estimate that the local fee/tax shift will be approximately $200,000 per incident.

Frank A. Rainwater  
Chief Economist

Analyst: Jolliff

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 or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.