



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** S. 0133 Introduced on January 8, 2019  
**Author:** Davis  
**Subject:** SC Hurricane Damage Mitigation Program  
**Requestor:** Senate Banking and Insurance  
**RFA Analyst(s):** Miller  
**Impact Date:** March 4, 2019

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### **Fiscal Impact Summary**

This bill would increase Other Funds revenue for the Department of Insurance to pay anticipated expenditures associated with the bill, resulting in an Other Funds expenditure increase of \$2,360,690 for FY 2019-20 and \$5,119,331 beginning in FY 2020-21. The funds would come from a two year phase-in of a two percent increase of funding for the SC Hurricane and Flood Damage Mitigation Program from the General Fund insurance premium tax revenue causing a General Fund insurance premium tax revenue decrease of \$2,360,690 for FY 2019-20 and \$5,119,331 beginning in FY 2020-21.

### **Explanation of Fiscal Impact**

#### **Introduced on January 8, 2019**

#### **State Expenditure**

The bill adds flood mitigation to the SC Hurricane Damage Mitigation Program that exists within the Department of Insurance (DOI) pursuant to §38-75-485. Presently, the program administrator applies for grants to be used to assist single family, residential property owners to retrofit their properties to make those properties less vulnerable to hurricane damage. The bill adds actions that may be taken to retrofit a property to make it less vulnerable to flood damage.

The program is currently funded through premium taxes from the South Carolina Wind and Hail Underwriting Association and one percent of the premium taxes allocated to DOI. The bill changes the percentage of premium taxes allocated to DOI from one percent to three percent. This will be phased-in by one percent increments over two years, beginning in FY 2019-20. This allocation will shift funds from General Fund premium tax revenue to Other Funds for DOI.

Based on prior communications, DOI anticipates the majority of the funds will be used to fund additional grants. Also, anticipated non-recurring expenditures are expected associated with training staff and training contractors and inspectors working with the new flood program. Based on the Board of Economic Advisors forecast, one percent of the premium tax is \$2,360,960 for FY 2019-20, and two percent of the premium tax is \$5,119,331 beginning in FY 2020-21, and DOI Other Funds expenditures will increase by this amount.

#### **State Revenue**

This bill adds flood mitigation to the S.C. Hurricane Mitigation Program. To cover the additional costs associated with adding flood mitigation to the program, the bill increases the percentage of premium taxes attributed to DOI from one percent to three percent. This will be

phased-in by one percent increments over two years. The change in allocation will decrease General Fund revenue and increase Other Funds for DOI. Based on the Board of Economic Advisors forecast, DOI will receive additional funds in the amount of \$2,360,960 for FY 2019-20, and \$5,119,331 beginning in FY 2020-21, resulting in a decrease in General Fund premium tax revenue of \$2,360,690 for FY 2019-20 and \$5,119,331 beginning in FY 2020-21.

**Local Expenditure**

N/A

**Local Revenue**

N/A



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Frank A. Rainwater, Executive Director