

Statement of Estimated State Revenue Impact

Date: April 22, 2013

Bill Number: S.B. 14

Author: Grooms

Committee Requesting Impact: Senate Finance Committee

Bill Summary

A bill to amend Chapter 11, Title 11 of the 1976 Code, relating to the state budget system, by adding Section 11-11-360 to establish the Palmetto Highway Improvement Fund, to provide that the initial credit to the fund and subsequent increases in credits to the fund shall be derived from revenue surpluses, to provide for the proper use of the funds in the fund, and to cap the amount credited to the fund in any single year.

REVENUE IMPACT ^{1/}

Based on the General Fund revenue estimate made by the Board of Economic Advisors on February 15, 2013, the forecast growth rate of General Fund revenues in FY2013-14 would not be sufficient to fund the initial credit of the Palmetto Highway Trust Fund in FY2013-14. This bill, therefore, would not have an impact on General Fund revenues in FY2013-14.

Explanation

This bill would add Section 11-11-360 to establish a fund within the State Treasury styled the Palmetto Highway Improvement Fund (Fund). The Fund would be maintained separate and distinct from the General Fund. The initial credit to the Fund shall not occur until the July 1st following the first February 15th forecast by the Board of Economic Advisors (BEA) following the effective date of this section in which General Fund revenue growth for the upcoming fiscal year reflects at least three percent growth over the General Fund revenue estimate in the current fiscal year. The initial credit would be equal to one percent of the projected General Fund of the succeeding year. The table on the following page illustrates that the initial credit of one percent would have been met just two times during the past eight fiscal years. Thereafter, if the February 15th general fund revenue growth equals at least three percent of the most recent general fund revenue estimate in the current year, then the amount credited to the Fund must be increased by one percentage point. The increased credit would continue to increase annually until the credit amount reaches five percent of projected General Fund revenue. At that time, the five percent credit limitation would remain for succeeding fiscal years. If the February 15th General Fund revenue forecast meets the requirement for the initial credit, or for increases after the credits have begun, the BEA shall certify this result to the Chairman of the Senate Finance Committee, the Chairman of the Ways & Means Committee, the Governor, and the Treasurer.

The Department of Transportation (department) and the South Carolina Transportation Infrastructure Bank Board (bank) must collaborate on a five-year strategic plan to address the maintenance and additional capacity needs of the existing state-maintained highways and bridges. The department and bank would receive funds from the Fund as apportioned in

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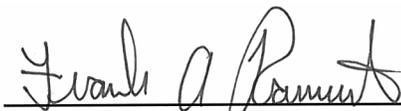
the strategic plan. The strategic plan must be updated annually. The funds apportioned to the department would be used for the preservation, rehabilitation, and reconstruction of state-maintained highways and bridges. The funds in this account may supplement any existing funds, and may not supplant them. Any unexpended funds may be carried forward to succeeding years. Interest on funds stays with the account. The funds apportioned to the bank would be used for providing additional capacity, construction, and maintenance to roads and bridges that are part of the state highway system. The funds in this account may supplement any existing funds, and may not supplant them. Any unexpended funds may be carried forward to succeeding years. Interest on funds stays with the account.

**Example of the Calculation of the Initial Credit
of the Palmetto Highway Improvement Fund**

Final Revenue Forecast Date	Adjusted Forecast Current Fiscal Year (Millions)	Projected Forecast (Millions)	Projected Revenue Growth (Percent)	1% of Projected Forecast to the Palmetto Highway Improvement Fund (Millions)
Feb. 17, 2006	\$6,391.5	\$6,519.4	2.0	N/A
Feb. 15, 2007	\$7,021.4	\$7,228.0	2.9	N/A
Feb. 11, 2008	\$7,107.8	\$7,336.4	3.2	\$73.4
Feb. 09, 2009	\$6,327.3	\$6,134.5	-3.0	N/A
Feb. 11, 2010	\$5,619.9	\$5,621.8	0.0	N/A
Feb. 09, 2011	\$5,853.9	\$5,913.9	1.0	N/A
Feb. 15, 2012	\$6,293.8	\$6,537.1	3.9	\$65.4
Feb. 15, 2013	\$6,816.8	\$6,890.0	1.1	N/A

Notes: N/A - Not applicable. The projected revenue growth does not meet the required annual growth rate of 3%.
General Fund revenue estimates made pursuant to Section 11-9-880.

This act takes effect upon approval by the Governor.



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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.