



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 4717 Veto overridden on May 18, 2016
Author: White
Subject: Farm Aid Fund
Requestor: House of Representatives
RFA Analyst(s): Stein and Kokolis
Impact Date: August 5, 2016

Estimate of Fiscal Impact

	FY 2016-17	FY 2017-18
State Expenditure		
General Fund	\$40,000,000	\$0
Other and Federal	See Below	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	See Below	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill appropriates \$40,000,000 to the Farm Aid Fund from the FY 2014-15 Contingency Reserve Fund. Any funds remaining after June 30, 2017 lapse to the General Fund. Because the bill authorizes the Department of Agriculture to accept donations and grants, there may be an expenditure impact on Other Funds and Federal Funds to the degree that financial assistance from these sources is awarded to farmers. Correspondingly, Other Fund and Federal Fund revenues will increase by the amount of the federal grants and private donations received by the Fund.

Explanation of Fiscal Impact

Explanation of Amendment by the Senate on April 28, 2016

State Expenditure

The amendment requires the Department of Revenue to assist the Department of Agriculture in the administration of the grant program by providing accounting, auditing, review, and oversight of all financial aspects of the grant program. The amendment divides Advisory Board membership appointments between the Commissioner of Agriculture and the Director of the Department of Revenue. The amendment adds that any applicant who knowingly provides false information will not only have to return the grant funds but will also be subject to prosecution pursuant to Section 16-13-240 (false pretenses). The amount of \$40,000,000 is appropriated to the Farm Aid Fund from the FY 2014-15 Contingency Reserve Fund. The Fund retains its earnings and all revenues credited to this Fund must be used to operate the grant program that provides financial assistance to farmers.

Department of Agriculture. The bill requires the department to administer the grant program using existing resources and funds. Except for the \$40,000,000 appropriation and earnings on the Farm Aid Fund, this bill would have no additional expenditure impact on the General Fund. There may be an expenditure impact on Federal Funds or Other Funds or both to the degree that the department is successful in obtaining federal grants and private donations as authorized in the bill.

Department of Revenue. The department reports that this bill would have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

State Revenue

This bill creates the S.C. Farm Aid Fund. The Fund can accept private donations, grants, and property in order to make financial awards from the grant program to farmers facing substantial losses from the October 2015 floods. The Fund retains its earnings. The revenue credited to the Fund will depend upon the amount of grants, contributions, and earnings received. The Revenue and Fiscal Affairs Office is unable to estimate the amount of donations or grants the Fund may receive. Any remaining balance lapses to the General Fund within forty-five days of completion of awarding grants, but not later than June 30, 2017.

Local Expenditure

N/A

Local Revenue

N/A

Explanation of Amendment by Senate Finance Committee on March 16, 2016

State Expenditure

The March 16th amendment to this bill modifies membership on the board by adding the director of the Department of Revenue and by having the Commissioner of Agriculture appoint the four private sector members. The amendment vests authority to administer the grant program in the Department of Agriculture and assigns the board an advisory role. The amendment limits grant awards to eligible losses incurred in the October 2015 floods. The Department is required to provide copies of the application process to the chairmen of the House Ways and Means Committee and the Senate Finance Committee within ten days after the procedure has been adopted. The department must ensure that every person interested in applying for a grant is given the opportunity and must assist, upon request, with the preparation of a person's application. The department is required to use existing resources and funds to administer this program. The amendment declares that upon completion of awarding grants, but no later than July 1, 2018, the Farm Aid Advisory Board is dissolved, the grant program is repealed, and any funds remaining in the Farm Aid Fund shall lapse to the General Fund.

The Department of Agriculture reports that this bill would require one program coordinator and four support staff which will be provided using the department's existing resources and funds.

State Revenue

This bill creates the S.C. Farm Aid Fund. The Fund can accept private donations, grants, and property in order to make financial awards from the grant program to farmers facing substantial

losses from the October 2015 floods. The revenue credited to the Fund will depend upon the amount of grants and contributions received, and the Revenue and Fiscal Affairs Office is unable to estimate the amount of donations or grants the Fund may receive.

Local Expenditure

N/A

Local Revenue

N/A

Explanation of Amendment by House of Representatives on February 25, 2016

State Expenditure

The February 25th amendment to this bill by the House of Representatives amends Section 46-1-160(C) which states that grant awards must be used for agricultural production expenses and losses due to the declared disaster. The amendment adds that grants must be awarded only to entities who demonstrate an intent to continue agricultural operations. The bill also states that awards may not be used to purchase new equipment. The amendment removes the requirement that awards may not be used to pay down debt.

The Department of Agriculture reports that this bill would require one program coordinator and four support staff. Salaries and fringes are estimated at \$185,000, and operating costs are estimated at \$45,000 annually. No new FTE positions would be requested. Federal and Other Fund expenditures would be limited to the revenues received.

State Revenue

This bill creates the S.C. Farm Aid Fund. The fund can accept private donations, grants, and property in order to make financial awards from the grant program to farmers facing substantial losses from a natural disaster. The revenue credited to the fund will depend upon the amount of grants and contributions received, and the Revenue and Fiscal Affairs Office is unable to estimate the amount of donations or grants the fund may receive.

Local Expenditure

N/A

Local Revenue

N/A

Explanation of Amendment by House Ways and Means Committee on February 11, 2016

State Expenditure

The Ways and Means Committee amendment to H. 4717 clarifies several provisions. Grant eligibility criteria now include the provisions that the Governor must have declared a state of emergency in the state, and the U.S. Secretary of Agriculture must have issued a disaster declaration for the county in which the farm is located. The term county and price yield is corrected to read county price and county yield as used to determine the value of uninsured commodities. The new item (C) clarifies that grants are to be used only for agricultural production expenses and losses. They must not be used to purchase new equipment or to pay

down debt. The Farm Aid Board shall require submission of verifying receipts. Item (D) amends the section dealing with the repayment of grants. In addition to requiring full repayment of the grant if the grantee is found to have submitted inaccurate information, the amendment provides that if funds were used for ineligible expenses, the grantee must refund the amount spent on ineligible expenses.

The Department of Agriculture reports that this bill would require one program coordinator and four support staff. Salaries and fringes are estimated at \$185,000, and operating costs are estimated at \$45,000 annually. No new FTE positions would be requested. Federal and Other Fund expenditures would be limited to the revenues received.

State Revenue

This bill creates the S.C. Farm Aid Fund. The fund can accept private donations, grants, and property in order to make financial awards from the grant program to farmers facing substantial losses from a natural disaster. The revenue credited to the fund will depend upon the amount of grants and contributions received, and the Revenue and Fiscal Affairs Office is unable to estimate the fund may receive.

Local Expenditure and Revenue

N/A

Explanation of Bill Filed on January 21, 2016

State Expenditure

This bill creates the S.C. Farm Aid Fund to provide grants to farmers who have suffered at least a forty percent loss resulting from a natural disaster. The bill also creates the seven-member Farm Aid Board, specifies grant eligibility criteria, and sets grant limits. The board is authorized to accept private funds, grants, and property. Staff support is to be provided by the Department of Agriculture, and revenues credited to the trust fund must be used to operate the program.

The Department of Agriculture reports that this bill would require one program coordinator and four support staff. Salaries and fringes are estimated at \$185,000, and operating costs are estimated at \$45,000 annually. No new FTE positions would be requested. Federal and Other Fund expenditures would be limited to the revenues received.

State Revenue

This bill creates the S.C. Farm Aid Fund. The fund can accept private funds, grants, and property in order to make financial awards from the grant program. The revenue credited to the fund will depend upon the amount of grants and contributions received, and the Revenue and Fiscal Affairs Office is unable to estimate the fund may receive.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director