



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 5077
Author: White
Subject: Joint authority water and sewer system
Requestor: House Ways and Means
RFA Analyst(s): Jolliff and Wren
Impact Date: April 18, 2016

Estimate of Fiscal Impact

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

Fiscal Impact Summary

This bill would potentially lower the interest rates and subsequent interest expense for revenue bonds issued by local governments for joint authority water and sewer systems due to expanded statutory protections for bondholders. However, the exact impact on local expenditures will depend upon future bond issuances and is undetermined.

Explanation of Fiscal Impact

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

This bill amends Section 6-25-113 by allowing bondholders to place liens against property owned by joint authority water and sewer systems as permitted under Sections 6-21-330 through 6-21-360 of the Revenue Bond Act for Utilities. Joint authority water and sewer systems authorized under the Joint Authority Water and Sewer Systems Act are those established by two governing bodies joining together in order to provide service to the areas of the two governing bodies. This bill would amend Section 6-25-113 by extending the provisions of the Revenue Bond Act for Utilities to apply to bond issuances of joint systems. This would allow for statutory enforcement of a lien by a bondholder including allowing for lawsuits and actions to compel the system to fulfil obligations including setting of sufficient rates and collecting revenues to pay the obligations. The impact on local governments would be to potentially lower

the interest rates required by bondholders due to expanded statutory provisions for recompense against default. This may lower interest expense for local governments. However, the exact impact on local expenditures will depend upon future bond issuances and is undetermined.

Local Revenue

N/A

A handwritten signature in blue ink, appearing to read "Frank A. Rainwater", with a stylized flourish at the end.

Frank A. Rainwater, Executive Director