

FISCAL IMPACT STATEMENT ON BILL NO. **S.402**

(Doc. No. 13119dg13.docx)

TO: The Honorable Hugh K. Leatherman, Sr., Chairperson, Senate Finance Committee
FROM: State Budget Division, Budget and Control Board
ANALYSTS: K. Earle Powell and Rachael Fulmer
DATE: March 3, 2014 SBD: 2013353

AUTHOR: Senator Peeler PRIMARY CODE CITE: 12-6-3377
SUBJECT: Tax Credits-Alternative Fuels

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

Senate Bill 402 amends the Code of Laws of South Carolina, 1976, regarding tax credits on hybrids, electric vehicles and alternative fuel vehicles. In addition, the Fleet Management Office of the Budget and Control Board and the State Department of Education must establish plans for converting their respective fleet and buses over to these vehicles.

EXPLANATION OF IMPACT:

State Department of Education:

The Department indicates that SCDE currently has no fuelling infrastructure to fuel buses with either propane or compressed natural gas along with no tankers to transfer gas from shop to bus. In addition, the Department estimates \$30,000-\$50,000 per bus shop (\$2,020,000 total for 41 bus shops) to install the necessary equipment to charge hybrid buses.

SCDE estimates that if alternative fuel school buses eventually comprise a significant part of the state fleet, there will be significant non-recurring costs to the general fund for school bus maintenance facilities renovation and construction. SCDE cannot quantify this impact because the current models of alternative fuel school buses do not meet or exceed the performance or life cycle costs of diesel fuel buses.

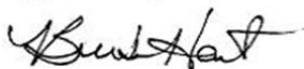
State Budget and Control Board

The General Services Division indicates there may be a fiscal impact to replace the existing State fleet with newer alternative fuel vehicles. In the long-term, there is a potential for savings in some areas, such as fuel, due to the increased energy efficiency of these newer vehicles. The actual costs and savings would be determined by the cost/benefit analysis required of the Division by the Bill.

SPECIAL NOTES:

The Board of Economic Advisors is the appropriate entity to address any revenue impact associated with this Bill.

Approved by:



Brenda Hart
Assistant Director, State Budget Division