



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** S. 0682  
**Author:** O'Dell  
**Subject:** Joint Municipal Water Systems  
**Requestor:** House Ways and Means  
**RFA Analyst(s):** Jolliff and Wren  
**Impact Date:** April 18, 2016 - Updated for revised analysis and fiscal impact

**Estimate of Fiscal Impact**

	<b>FY 2016-17</b>	<b>FY 2017-18</b>
<b>State Expenditure</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
<b>Local Expenditure</b>	Undetermined	\$0
<b>Local Revenue</b>	\$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. This fiscal impact statement has been updated to revise our analysis of the impact on local government expenditures.

**Explanation of Fiscal Impact**

**Update for Revised Analysis and Fiscal Impact on April 18, 2016**

**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

**Explanation of Bill Filed on April 21, 2015**

**State Expenditure**

N/A

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

This bill amends Section 6-25-113, which relates to the payment of bonds by a joint authority water and sewer system and allows a lien to be placed on the authority's property in accordance with the Revenue Bond Act for Utilities. Currently, a joint authority water or sewer system is not allowed to pledge its property as security for a loan. This bill would change the section to allow a lien to be placed on the property of a joint authority water and sewer system. Therefore, this bill will have no impact on municipal governments.



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Frank A. Rainwater, Executive Director