

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: May 19, 2010

Bill Number: H. B. 4069

Author: Bowers, McLeod and Littlejohn

Committee Requesting Impact: House WMns

Bill Summary

A bill to amend Section [50-3-550](#), Code of Laws of South Carolina, 1976, relating to the disposition of the proceeds of the sale of timber located on specified lands by the Department of Natural Resources (DNR), so as to provide that beginning July 1, 2010, twenty-five percent of the revenue derived from the sale by the DNR of timber must be paid by the State Treasurer to the general fund of the school district in which the lands are located.

REVENUE IMPACT ^{1/}

This bill is expected to reduce allocations to the F&WP restricted fund within DNR by \$169,281 in FY 2010-11. Conversely, it would allocate an offsetting amount of \$169,281 to local school districts for general school purposes. The bill would have no impact on state General Fund revenue.

Explanation

Effective July 1, 2010, this bill would require the DNR to shift 25% of revenue from timber sales to local school districts in this State. Currently, all proceeds from such timber sales are retained by DNR as restricted funds within the Fish and Wildlife Protection Fund (F&WP). A consequence of diverting proceeds from timber harvesting, when funded by any combination of federal and/or DNR license revenues, is that it would violate administrative requirements of the Pittman-Robertson Wildlife Restoration Act (50 CFR 80.4). DNR projects an annual loss of \$8.2 million in federal funds until the diversion is corrected, to include interest earned during any such period.

Since the need to harvest timber varies in a given year, this analysis is based on actual accounting records maintained by the Office of the Comptroller General over the past four fiscal years (2006-2009). Cumulative proceeds from timber sales totaled \$2,708,502 for the period, a simple average of \$677,126. Multiplying \$677,126 times a factor of .25 (or 25%) generates a loss of \$169,281 to the F&WP restricted fund within DNR in FY 2010-11. Conversely, revenue allocations to local school districts would be raised by an offsetting amount of \$169,281 in FY 2010-11. The bill would not impact state General Fund revenue.

/s/ William C. Gillespie

William C. Gillespie, Ph.D.
Chief Economist

Analyst: Di Biase

^{1/} This statement meets revenue impact requirements of Section 2-7-71 for a state impact by BEA, Section 2-7-76 for a local impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by Office of Economic Research (OER).