

# South Carolina Board of Economic Advisors

## Statement of Estimated State Revenue Impact

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**Date:** February 23, 2010 (Updated for incorrect Code citation in amendment)

**Bill Number:** H.B. 4343

**Authors:** Wylie; Harrell; Cooper; Stringer; Merrill, *et. al.*

**Committee Requesting Impact:** House Ways & Means Committee

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### Bill Summary

A bill to amend the Code of Laws of South Carolina, 1976, by adding Chapter 19 to Title 55 so as to establish the South Carolina Air Service Incentive and Development Fund under the South Carolina Aeronautics Commission to provide grants to regional economic development entities or air service development task forces to provide more flight options, more competition for air travel and more affordable air fares for the citizens of the region and this state, and to provide the selection criteria and selection process for these grants to be made from funds provided to or appropriated for the fund by the General Assembly.

### REVENUE IMPACT <sup>1/</sup>

This amended bill would place a cap of \$6,000,000 on Aircraft Property Tax revenue that could be deposited in the state General Fund. Since the state General Fund Aircraft Property Tax revenue estimate is \$5,115,477 in FY2010-11, this amendment is not expected to affect state General Fund Aircraft Property Tax revenue in FY2010-11.

### Explanation of Amendment (February 16, 2010) – By the House Ways & Means Committee

This amendment would amend Section 55-19-30(B) by striking “secretary” and inserting “the executive director of the S.C. Aeronautics Commission”. When the Aeronautics Commission was transferred from the S.C. Department of Commerce to the S.C. Budget & Control Board, the title “executive director” is befitting the agency structure of the Budget & Control Board.

This amendment would also add an appropriately numbered section to allow the S.C. Aeronautics Commission to borrow up to \$15,000,000 from the Insurance Reserve Fund to fund the S.C. Air Services Incentive and Development Fund. If in any fiscal year after FY2010-11 the annual aircraft property tax revenues collected pursuant to Title 12, Chapter 37 exceeds \$6,000,000 the excess revenue will be used to repay the Insurance Reserve Fund instead of being remitted to the state General Fund. The money borrowed from the Insurance Reserve Fund must be repaid with interest as determined by the State Treasurer. If in any fiscal year there are no outstanding loans entered into and all outstanding loans have been repaid, any aircraft property tax revenue collected pursuant to Title 12, Chapter 37 in excess of \$6,000,000 would be transferred into the S.C. Air Services Incentive and Development Fund instead of being remitted to the state General Fund. This amendment would place a cap of \$6,000,000 of Aircraft Property Tax revenue that could be deposited in the state General Fund. Since the state General Fund Aircraft Property Tax revenue estimate is \$5,115,477 in FY2010-11, this amendment is not expected to affect state General Fund Aircraft Property Tax revenue in FY2010-11.

### Explanation of Bill filed January 14, 2010

This bill would add Chapter 19 to Title 55 to establish the South Carolina Air Service Incentive and Development Fund (Fund) within the South Carolina Aeronautics Commission (Commission). The General Assembly would provide or appropriate monies to the Fund not to exceed \$15,000,000 per fiscal year. All expenditures from the Fund shall be for a program to provide more flight options, more

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competition for air travel, and more affordable air fares for this State. The funds would be disbursed as grants by the Commission to the regional economic development entities or air service development task forces as established by law. Each grant would be matched by the grantee on the basis of 75% from the Fund and 25% from the grantee or local jurisdiction in which it is located. At the beginning of each regular session of the General Assembly, the Commission shall present a report on the effectiveness of the program to the House Ways & Means Committee and the Senate Finance Committee. Monies in the Fund may be carried forward from fiscal year to fiscal year and the interest earnings of the Fund shall remain a part of the Fund. In making annual awards, the secretary of the Commission must give highest priority to maintaining affordable airfares to eastern and western United States destinations. High priority must be given to United States owned, publically-traded network carriers. Priority also must be given to proposals that impact a majority of South Carolinians.

/s/ WILLIAM C. GILLESPIE, PH.D.

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Chief Economist

**Analyst:** Martin

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