

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: July 12, 2007 (As amended June 21, 2007 by the Conference Committee)

Bill Number: S.B. 355

Authors: Grooms; Richardson; Verdin; Campsen; Vaughn

Committee Requesting Impact: Conference Committee

Bill Summary

A BILL TO AMEND SECTION 1-30-10(B) OF THE 1976 CODE, RELATING TO DEPARTMENTS OF STATE GOVERNMENT, TO PROVIDE THAT THE GOVERNING AUTHORITY OF THE DEPARTMENT OF TRANSPORTATION SHALL BE A BOARD AND A DIRECTOR; TO AMEND SECTION 1-30-105, RELATING TO THE DEPARTMENT OF TRANSPORTATION, TO PROVIDE THAT THE GOVERNING AUTHORITY OF THE DEPARTMENT OF TRANSPORTATION IS DIVIDED BETWEEN A DIRECTOR APPOINTED BY THE GOVERNOR AND A BOARD; TO AMEND ARTICLE 3, CHAPTER 1, TITLE 57, RELATING TO THE COMMISSION OF THE DEPARTMENT OF TRANSPORTATION, BY RECONSTITUTING THE COMMISSION AS A BOARD APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE, TO PROVIDE FOR BOARD MEMBERSHIP, THE LENGTH OF TERMS THAT BOARD MEMBERS MAY SERVE, THE QUALIFICATIONS REQUIRED OF BOARD MEMBERS, THE MANNER IN WHICH BOARD MEMBERS ARE SCREENED TO VERIFY QUALIFICATIONS, ESTABLISH THE DISTRICTS FROM WHICH BOARD MEMBERS WILL BE APPOINTED, AND DEFINE THE POWERS AND DUTIES OF THE BOARD, TO PROVIDE BOARD MEMBERS MUST DISCHARGE THEIR INDIVIDUAL DUTIES IN GOOD FAITH, TO DEFINE A CONFLICT OF INTEREST TRANSACTION AND PROHIBIT BOARD MEMBERS FROM ENTERING INTO A CONFLICT OF INTEREST TRANSACTION, AND TO PROVIDE THAT THE ATTORNEY GENERAL MAY PROSECUTE A BOARD MEMBER INDIVIDUALLY FOR A BREACH OF DUTY OR ENTERING INTO A CONFLICT OF INTEREST TRANSACTION; TO AMEND CHAPTER 1, TITLE 57 BY ADDING ARTICLE 4, TO PROVIDE FOR A DEPARTMENT OF TRANSPORTATION REVIEW COMMITTEE TO SCREEN CANDIDATES FOR MEMBERSHIP ON THE BOARD TO DETERMINE WHETHER THE CANDIDATES MEET THE QUALIFICATIONS SET FORTH IN THIS ACT, TO ESTABLISH THE COMPOSITION OF THE REVIEW COMMITTEE AND MANNER IN WHICH COMMITTEE MEMBERS ARE APPOINTED TO SERVE ON THE COMMITTEE, TO ESTABLISH THE ROTATION OF THE COUNTIES WITHIN EACH DISTRICT FROM WHICH CANDIDATES MAY ORIGINATE, TO ESTABLISH THE PROCESS BY WHICH THE PUBLIC IS NOTIFIED OF AN OPEN SEAT ON THE BOARD, TO PROVIDE AN APPROPRIATE TIME WHEN A CANDIDATE MAY FILE A NOTICE OF INTENTION TO SEEK A SEAT ON THE BOARD, TO ESTABLISH THE PARAMETERS OF THE INVESTIGATION OF A CANDIDATE'S QUALIFICATIONS AND THE MANNER IN WHICH THE INVESTIGATION IS TO BE CONDUCTED, TO PROVIDE THAT QUALIFIED CANDIDATES, NOT TO EXCEED THREE, MUST BE NOMINATED TO SERVE ON THE BOARD, TO PROVIDE FOR A STAFF TO BE UTILIZED BY THE COMMITTEE, TO PROVIDE THAT COMMITTEE MEMBERS MAY RECEIVE A PER DIEM AND BE REIMBURSED FOR EXPENSES ASSOCIATED WITH SERVICE ON THE COMMITTEE; TO AMEND SECTION 57-1-410, TO PROVIDE THAT THE GOVERNOR MUST APPOINT THE DIRECTOR OF THE DEPARTMENT OF TRANSPORTATION WITH THE ADVICE AND CONSENT OF THE SENATE, TO PROVIDE THAT THE DIRECTOR SERVES AT THE PLEASURE OF THE GOVERNOR, TO PROVIDE FOR A COMPREHENSIVE STUDY OF CERTAIN PROJECTS BEFORE THEY MAY BE INCLUDED IN THE STATE TRANSPORTATION IMPROVEMENT PLAN, TO MAINTAIN A RANKING OF THE PROJECTS, AND TO EVALUATE ON AN ON-GOING BASIS THE MOST COST EFFECTIVE WAYS TO PROMOTE ECONOMIC DEVELOPMENT BY TARGETING TRANSPORTATION INFRASTRUCTURE INVESTMENTS; TO AMEND CHAPTER 3, TITLE 57, BY ADDING SECTION 57-3-800, TO PROVIDE THAT PUBLIC HEARINGS MUST BE HELD IN EACH COUNTY AFFECTED BY A PROPOSED PROJECT TO INCREASE HIGHWAY CAPACITY WITH AN ESTIMATED TOTAL CONSTRUCTION COST IN EXCESS OF FIFTY MILLION DOLLARS; TO AMEND SECTION 57-1-10, TO DEFINE BOARD; TO AMEND SECTION 57-1-30, TO PROVIDE THAT THE BOARD MUST APPROVE THE STATEWIDE MASS TRANSIT SYSTEM, TO PROVIDE THAT THE BOARD MUST GIVE ITS PRIOR APPROVAL TO PLANNING AND CONSTRUCTION PROJECTS AND THE IMPLEMENTATION OF THE STATEWIDE MASS TRANSIT SYSTEM; TO AMEND SECTION 57-3-40(A), TO

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PROVIDE THAT THE BOARD MUST APPROVE THE GENERAL MASS TRANSIT PROGRAM BEFORE IT IS IMPLEMENTED, TO AMEND SECTION 57-3-110(1), TO PROVIDE THAT THE DEPARTMENT'S DUTY TO LAY OUT, BUILD, AND MAINTAIN PUBLIC HIGHWAYS AND BRIDGES IS SUBJECT TO BOARD APPROVAL, TO PROVIDE THAT THE BOARD MUST APPROVE EXPENDITURES OF FUNDS FOR PROJECTS THAT REQUIRE THE DEPARTMENT TO ENTER INTO PARTNERSHIP AGREEMENTS WITH POLITICAL SUBDIVISIONS TO BUILD ROADS AND BRIDGES; AND TO AMEND SECTION 57-5-1330(1), TO PROVIDE THAT THE BOARD MUST APPROVE THE DESIGNATION, ESTABLISHMENT, PLAN, IMPROVEMENT, AND CONSTRUCTION OF TURNPIKES.

REVENUE IMPACT ^{1/}

This bill, as amended, is not expected to impact state General Fund revenue in FY2007-08.

Explanation of Conference Committee (June 21, 2007) – By the Conference Committee

The Conference Committee deleted Section 5 of the bill that would have required the BEA to set aside a portion of state individual income and corporate income tax revenue to credit \$40,000,000 to the Department of Transportation each fiscal year beginning in FY2007-08, until a level of \$200,000,000 is reached in FY2011-12, and each year thereafter. This bill, as amended, is not expected to impact state General Fund revenue in FY2007-08.

Explanation of Amendment (April 11, 2007) – By the House Ways & Means Committee

Section 5 provides under §11-11-150(H) that a portion of State Individual and Corporate Income Tax revenues, as estimated by the S. C. Board of Economic Advisors (BEA) for a fiscal year, must be credited to the DOT as follows: for FY 2007-08 \$40 million; for FY 2008-09 \$80 million; for FY 2009-10 \$120 million; for FY 2010-11 \$160 million; and for FY 2011-12 and thereafter \$200 million. Of these amounts, Section 21 further provides under §57-11-410 in subparagraph (1) that beginning in FY 2007-08, the DOT must allot \$20 million to the State Highway Account of the S. C. Transportation Infrastructure Bank (SIB), and then by an incremental increase of that amount each year until a contribution level of \$100 million is set for FY 2011-12 and thereafter. Under subparagraph (2) of this section, beginning in FY 2007-08 DOT must allot the balance of \$20 million to the State Non-Federal Aid Highway Fund of the DOT for road construction (prorated at \$5 million) and maintenance (prorated at \$15 million), and by an incremental increase of that amount each year until a contribution level of \$100 million is set for FY 2011-12 and thereafter.

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

William C. Gillespie, Ph.D.
Chief Economist

Analysts: DiBiase / Martin

^{1/} 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.