

Taxpayer Tab for Leatherman Terminal Projects Could Grow Much Bigger

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By Rick Brundrett - The Nerve

A new Port of Charleston terminal – named after powerful S.C. Sen. Hugh Leatherman – already comes with a related, massive state taxpayer bill that could skyrocket under a new proposal pushed by the longtime lawmaker.

The “Hugh K. Leatherman Terminal,” a state Ports Authority facility in North Charleston that is scheduled to open next month, is linked to:

- The deepening of the Charleston Harbor from 45 feet to 52 feet to accommodate expected larger ships with the completed expansion of the Panama Canal;
- A newly open road designed to provide truck drivers a direct connection between the terminal and Interstate 26; and
- A proposed rail yard that will allow cargo to be transported to and from the terminal by CSX and Norfolk Southern trains.

In January, Leatherman, R-Florence, who joined the Senate in 1981 and is the Senate Finance Committee chairman, introduced a [joint resolution](#) that would authorize the sale of up to \$550 million in general obligation bonds – to be paid back by taxpayers with interest – for various “infrastructure” improvements at the Port of Charleston.

The proposed amount includes a maximum \$400 million toward the construction of the rail yard, and another \$150 million for a barge program that would move shipping containers between the Leatherman and Wando Welch terminals, according to a Post and Courier newspaper story.

To put the \$550 million into some perspective, it would equal about \$105 for every man, woman and child in South Carolina.

In an analysis of the bond proposal provided to The Nerve, the state Treasurer’s Office projected that taxpayers would have to repay a total of \$878 million over 20 years, including \$328 million in interest, based on a “very conservative” rate.

Yearly principal and interest payments by taxpayers would start in June 2022 at \$33.3 million and increase to \$44.4 million annually through June 2041, according to the projection.

In an email with the analysis, assistant state treasurer Robert Macdonald said the calculation “should not be considered the actual cost,” adding his office “would expect the results to be more favorable based on the current market conditions.”

Still, if approved, the \$550 million bond proposal would easily be the largest general-obligation bond package approved by lawmakers since 2009, according to the Treasurer’s Office. That includes five separate bond offerings totaling more than \$373 million in principal for the Boeing Co.

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S.C. taxpayers are still repaying the Boeing bonds, as well as other general obligation bonds issued since 2009 and totaling more than \$130 million in principal at the time. Those bonds covered various projects at the Volvo car plant in Berkeley County, and at the University of South Carolina, Clemson University and the Medical University of South Carolina, state treasurer records show.

Leatherman's \$550 million bond proposal was amended before it passed the full Senate last month to require the state-created Ports Authority to use a portion of shipping container fees to reimburse the state's general fund \$150 million in principal. The amended resolution is now before the House Ways and Means Committee.

The new port access road connecting the Leatherman Terminal to I-26 – the first phase of which opened last month to motorists – also is an expensive taxpayer-funded project. But exactly how much money state agencies involved in the project received, as well as the funding sources, depends on which agency you ask.

For example, the Department of Transportation, which managed the construction of the road, received more than \$210 million in state funds from 2012 through 2017, while the Ports Authority provided another \$23 million to DOT in 2019, according to information provided in 2019 to The Nerve by the Ports Authority.

In contrast, DOT records show a total of \$220 million in funding for the project as of April 2016, with the Legislature providing \$167 million to the Ports Authority and \$5 million to DOT. The rest of the revenues came from federal funds and earned interest, according to those records.

State budget records reviewed by The Nerve show that from fiscal 2014 through last fiscal year, the Legislature approved spending a total of more than \$440 million through DOT for the road project. A DOT spokesman didn't respond to written questions Monday from The Nerve regarding the discrepancy between the \$440 million figure and the smaller total amount reported in agency records.

The \$558 million Charleston Harbor deepening project, slated for completion in 2022, is "fully funded through state and federal dollars," according to the Ports Authority's website. That includes \$300 million in state surplus money that lawmakers provided to the Ports Authority for fiscal year 2013.

The \$300 million in 2013 would have equaled about \$63 for every man, woman and child in South Carolina.

As for Leatherman Terminal, the Ports Authority's website lists the total cost of Phase One at \$986

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million, with the overall estimated cost of the full “buildout” – planned for 2033 – at \$1.2 billion. Financing for Phase One and the port access road was provided through the sale of approximately \$981 million in revenue bonds, according to the website of Pope Flynn, a South and North Carolina law firm that represented the Ports Authority in the bond transaction.

A Ports Authority spokeswoman didn’t respond to written questions Monday from The Nerve seeking more details on the funding sources for the terminal.

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