

REPORT OF THE LEGISLATIVE SUBCOMMITTEE

Clemmons, Bales, Smith, Herbkersman

Blythe Littlefield, Staff

HOUSE BILL 3895

Revenue and Fiscal Affairs Office Duties Clarification

H. 3895 -- Rep. Herbkersman: A BILL TO AMEND ARTICLES 9 AND 11 OF CHAPTER 9, TITLE 11, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO REVENUE AND FISCAL AFFAIRS, SO AS TO REORGANIZE THE ARTICLES, TO ELIMINATE CERTAIN DIVISIONS, AND TO MAKE CONFORMING CHANGES; TO AMEND SECTIONS 2-7-71 AND 2-7-78, RELATING TO CERTAIN IMPACT STATEMENTS, SO AS TO REQUIRE THE STATEMENTS TO BE CERTIFIED BY THE EXECUTIVE DIRECTOR OF THE REVENUE AND FISCAL AFFAIRS OFFICE; TO AMEND SECTION 2-7-73, AS AMENDED, RELATING TO HEALTH COVERAGE IMPACT STATEMENTS, SO AS TO REQUIRE THE DEPARTMENT OF INSURANCE TO CONDUCT THE ANALYSIS; TO AMEND SECTION 4-10-790, RELATING TO DISTRIBUTIONS FROM A LOCAL OPTION SALES AND USE TAX, SO AS TO REQUIRE THE DEPARTMENT OF REVENUE TO FURNISH DATA TO THE STATE TREASURER, AND TO REQUIRE THE REVENUE AND FISCAL AFFAIRS OFFICE TO PROVIDE CERTAIN ASSISTANCE; TO AMEND SECTION 6-1-50, AS AMENDED, RELATING TO FINANCIAL REPORTS FROM COUNTIES AND MUNICIPALITIES, SO AS TO DELAY THE REPORTS UNTIL MARCH FIFTEENTH; TO AMEND SECTION 23-47-65, AS AMENDED, RELATING TO THE SOUTH CAROLINA 911 ADVISORY COMMITTEE, SO AS TO ALLOW THE EXECUTIVE DIRECTOR OF THE REVENUE AND FISCAL AFFAIRS OFFICE TO APPOINT A MEMBER; TO AMEND SECTIONS 27-2-85 AND 27-2-95, RELATING TO THE SOUTH CAROLINA GEODETIC SURVEY, SO AS TO DELETE OBSOLETE REFERENCES; TO AMEND SECTION 44-6-170, RELATING TO THE DATA OVERSIGHT COUNCIL, SO AS TO DELETE OBSOLETE REFERENCES, AND TO REVISE THE COMPOSITION OF THE COUNCIL; TO AMEND SECTION 44-6-5, RELATING TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES, SO AS TO DELETE AN OBSOLETE REFERENCE; TO REDESIGNATE CERTAIN SECTIONS OF THE CODE; AND TO REPEAL SECTIONS 1-11-360, 2-7-62, 44-6-175, AND 48-22-20 ALL RELATING TO THE DUTIES OF THE REVENUE AND FISCAL AFFAIRS OFFICE.

Summary of Bill:

Clarifies the roles and responsibilities of the Revenue and Fiscal Affairs Office. Updates references to the agency. See attached detailed summary, provided by RFA.

Estimated Revenue Impact:

Not expected to impact future expenditures for the General Fund, Other Funds, or Federal Funds nor is it expected to impact local expenditures.

Subcommittee Recommendation:

Passed Favorably

H. 3895 Summary

This bill amends various statutes affecting the Revenue and Fiscal Affairs Office to allow the office to organize in a more efficient manner to carry out its duties and responsibilities. A detailed summary by section follows below.

Section 1 redesignates various code sections to more clearly align duties between the RFA board, the Board of Economic Advisors, and other sections.

Section 2 amends the Revenue and Fiscal Affairs Office (RFA) enabling legislation to clarify the organization, structure, and duties of the board. Appointments to the board are specified along with the responsibility to unanimously select an Executive Director, who serves a four-year term. Reporting duties are enumerated for the RFA board that were previously under the Board of Economic Advisors (BEA) enabling statutes.

- The bill clarifies that the RFA board appoints the Executive Director, not the BEA.
- Assisting the General Assembly on matters relating to precinct boundary development and review is assigned to RFA rather than the Office of Precinct Demographics.
- RFA is required to assist the General Assembly with the development of the annual appropriations act.
- RFA staff must be supplemented by professionals from the following officials in order to solicit their input on BEA forecasts and monthly revenue analysis: the Governor's Office, the Chairman of the House Ways and Means Committee, the Chairman of the Senate Finance Committee, and the Director of the Department of Revenue.
- RFA provides for the staffing and administrative support of the BEA.
- Data reports from the Department of Commerce and the Department of Revenue are provided to RFA since many RFA working groups utilize these reports.
- Section 11-9-1140 deletes obsolete language.

Section 3 amends provisions relating to fiscal impact statements to conform the language to changes made in Act 121 of 2014. These amendments require that the fiscal impact be signed or certified by the Executive Director of RFA or his designee. The amendment to Section 2-7-73 transfers responsibility for the financial impact analysis of bills mandating health coverage to the Department of Insurance.

Section 4 amends Section 4-10-790 to require the Department of Revenue to provide sales tax data on gross receipts, net taxable sales, and tax liability by taxpayer to the State Treasurer and local political subdivisions upon request in order to calculate revenue from a local option sales tax. RFA will provide technical assistance to the local governments in calculating potential revenue distributions.

Section 5 changes the due date for counties and municipalities to submit financial data to RFA from January fifteenth to March fifteenth. This is requested to assist local governments. The section also corrects a reference requiring RFA to notify the State Treasurer that a county or municipality has failed to file its annual financial report. If the financial report is unfiled, the State Treasurer must withhold ten percent of Aid to Subdivisions appropriations to the local government until the report is filed.

Section 6 amends two appointments made by the Governor to the South Carolina 911 Advisory Committee. The first appointment replaces a director of a division of the Department of Administration with an individual with technical or operational knowledge of the E-911 system who is appointed by the Executive Director of RFA. The second appointment language is amended to allow the Executive Director of RFA to appoint a designee to serve on the advisory committee.

Section 7 deletes references to the Office of Research and Statistics of the Revenue and Fiscal Affairs Office.

Sections 8 and 9 pertain to the appointments to the Data Oversight Council in Section 44-6-170. The amendment deletes the appointments of a representative of the Human Services Coordinating Council and the chairman or his designee of the State Health Planning Committee. These two entities do not exist anymore. This section also names RFA rather than the Office of Research and Statistics as the agency responsible for promulgating regulations and providing staff assistance to the Data Oversight Council.

Section 9 repeals Section 1-11-360, the responsibilities for which are contained in Section 11-9-850 in Section 2 of this bill. Section 9 also repeals Section 2-7-62 that required RFA at each stage of the consideration of the annual general appropriations act to submit a report to the General Assembly on the transfer of funds resulting from the transfer of programs, functions, or responsibilities between agencies of state government. Responsibility for this report was transferred from the State Auditor's Office in 1981 and has never been requested. The section further repeals Section 44-6-175 that requires hospitals to submit Medicare Cost Reports to RFA when they are submitted to the Health Care Financing Administration. This is an unnecessary duplication of effort. These reports are otherwise available. Section 48-22-20 is repealed to delete obsolete language from 1993 when the State Geological Survey was transferred to the Department of Natural Resources.

Section 10 requires the Code Commissioner to change or correct all references to the Office of Research and Statistics to the Revenue and Fiscal Affairs Office.

Section 11 makes the changes in this bill effective on July 1, 2017.



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3895 Introduced on March 7, 2017
Author: Herbkersman
Subject: Revenue and Fiscal Affairs
Requestor: House Ways and Means
RFA Analyst(s): Jolliff and Gable
Impact Date: March 17, 2017

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

The bill is not expected to impact expenditures for the General Fund, Other Funds, or Federal Funds. The bill is not expected to impact local expenditures.

Explanation of Fiscal Impact

Introduced on March 7, 2017

State Expenditure

The bill amends various statues affecting the Revenue and Fiscal Affairs Office (RFA) to clarify the organization, structure, and duties of the RFA board and realign the attribution of responsibilities from subsections of the office to RFA. The bill transfers responsibility for fiscal impact analysis of any bill that mandates health coverage or offering of health insurance coverage from RFA to the Department of Insurance. The bill also makes changes to the makeup of the South Carolina 911 Advisory Committee and the Data Oversight Council and repeals various code sections.

Department of Insurance. Section 3 transfers responsibility for fiscal impact analysis of any bill or resolution that mandates health coverage or offering of health insurance coverage from RFA to the Department of Insurance (DOI). Currently, RFA relies on DOI's technical expertise and must request the analysis from the department to complete these fiscal impacts. If DOI contracts for an actuarial analysis to provide input to RFA, the analysis does increase the department's expenditures. These expenditures are incurred at the discretion of DOI and are dependent upon available funds. Over the past several years, an average of approximately one such analysis per year has been conducted by DOI. As such, transferring this responsibility to

DOI is not expected to impact expenditures for the agency. If more analyses, however, are conducted in the future, then DOI is expected to experience an increase in cost.

Revenue and Fiscal Affairs. Section 2 of the bill makes changes to references of subsections of the office, clarifies the organizational structure to reflect the operations of the agency, and further delineates the responsibilities and duties attributable to the agency. These changes reflect the operations and responsibilities of the agency as they exist. Therefore, these clarifications do not impact operations and have no impact on agency expenditures.

Section 3 transfers responsibility for fiscal impact analysis of any bill or resolution that mandates health coverage or offering of health insurance coverage from RFA to the Department of Insurance (DOI). Currently, RFA relies on the technical expertise and analysis of DOI for these fiscal impacts. RFA staff time would be allocated to other fiscal impacts, and therefore, this provision is not expected to impact expenditures.

Section 4 of the bill amends Section 4-10-790 to require the Department of Revenue (DOR) to provide sales tax data on gross receipts, net taxable sales, and tax liability to the State Treasurer and local political subdivisions upon request in order to calculate revenue from a local option sales tax. RFA will provide technical assistance to the local governments in calculating potential revenue distributions. This section realigns the responsibilities such that DOR provides the necessary tax data, which they collect and maintain, and RFA provides technical assistance as requested. These changes reflect the current operations of each agency, and therefore, do not impact expenditures.

Section 5 changes the due date for counties and municipalities to submit financial data to RFA from January fifteenth to March fifteenth and corrects an agency reference so that RFA notifies the State Treasurer of jurisdictions who have failed to file as opposed to the Comptroller General. RFA currently provides notification to both agencies since this section requires RFA to notify the Comptroller General, while the State Treasurer manages the funds. This change would streamline the process and reduce unnecessary duplications. This would result in a minimal reduction in staff time, which will be reallocated to other responsibilities. As such, this section has no impact on agency expenditures.

Section 6 codifies Proviso 102.7 to change the membership of the South Carolina 911 Advisory Committee. The bill removes the ex officio appointment of a director of a division of the Department of Administration and adds an individual with the technical or operational knowledge of E-911 systems appointed by the Executive Director of RFA. The section also permits the Executive Director to appoint a designee to serve on the committee. As Proviso 102.7 of the appropriations act specifies these changes to the committee membership, the bill does not operationally change the composition of the committee.

Section 7 changes the membership of the Data Oversight Council. The section deletes the appointment of a representative from the Human Services Coordinating Council and the chairman or his designee of the State Health Planning Committee. These entities no longer exist and therefore do not have representatives serving on the council.

Section 9 repeals Section 1-11-360 as the requirements of this section are contained in Section 11-9-850. The bill repeals Section 2-7-62, which provides for a report on transfers of funds resulting from transfers of responsibilities between agencies during consideration of the general appropriation act. Responsibility for this report was transferred to RFA's predecessor from the State Auditor's Office in 1981 and has never been requested. Section 44-6-175 requiring hospitals to provide copies of Medicaid Cost Reports to RFA is repealed as these reports are available online. Section 48-22-20 which contains language from the transfer of the State Geological Survey to the Department of Natural Resources in 1993 is repealed. Repealing these sections does not impact agency responsibilities, and therefore, is not expected to impact expenditures.

State Revenue

N/A

Local Expenditure

Section 5 changes the due date for counties and municipalities to submit financial data to RFA from January fifteenth to March fifteenth. This change is in response to requests by counties and municipalities to allow sufficient time for audits to be completed before the report is due. RFA has granted an extension to March fifteenth in recent years to all counties and municipalities to assist them in completing the report on time. As such, codifying the change in due date is not expected to impact local expenditures.

Local Revenue

N/A



Frank A. Rainwater, Executive Director

South Carolina General Assembly
122nd Session, 2017-2018

H. 3895

STATUS INFORMATION

General Bill

Sponsors: Rep. Herbkersman

Document Path: I:\council\bill\bbm\9596dg17.docx

Introduced in the House on March 7, 2017

Currently residing in the House Committee on **Ways and Means**

Summary: Not yet available

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
3/7/2017	House	Introduced and read first time (<u>House Journal-page 7</u>)
3/7/2017	House	Referred to Committee on Ways and Means (<u>House Journal-page 7</u>)

View the latest legislative information at the website

VERSIONS OF THIS BILL

3/7/2017

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10

A BILL

11 TO AMEND ARTICLES 9 AND 11 OF CHAPTER 9, TITLE 11,
12 CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO
13 REVENUE AND FISCAL AFFAIRS, SO AS TO REORGANIZE
14 THE ARTICLES, TO ELIMINATE CERTAIN DIVISIONS, AND
15 TO MAKE CONFORMING CHANGES; TO AMEND SECTIONS
16 2-7-71 AND 2-7-78, RELATING TO CERTAIN IMPACT
17 STATEMENTS, SO AS TO REQUIRE THE STATEMENTS TO
18 BE CERTIFIED BY THE EXECUTIVE DIRECTOR OF THE
19 REVENUE AND FISCAL AFFAIRS OFFICE; TO AMEND
20 SECTION 2-7-73, AS AMENDED, RELATING TO HEALTH
21 COVERAGE IMPACT STATEMENTS, SO AS TO REQUIRE
22 THE DEPARTMENT OF INSURANCE TO CONDUCT THE
23 ANALYSIS; TO AMEND SECTION 4-10-790, RELATING TO
24 DISTRIBUTIONS FROM A LOCAL OPTION SALES AND USE
25 TAX, SO AS TO REQUIRE THE DEPARTMENT OF REVENUE
26 TO FURNISH DATA TO THE STATE TREASURER, AND TO
27 REQUIRE THE REVENUE AND FISCAL AFFAIRS OFFICE TO
28 PROVIDE CERTAIN ASSISTANCE; TO AMEND SECTION
29 6-1-50, AS AMENDED, RELATING TO FINANCIAL REPORTS
30 FROM COUNTIES AND MUNICIPALITIES, SO AS TO DELAY
31 THE REPORTS UNTIL MARCH FIFTEENTH; TO AMEND
32 SECTION 23-47-65, AS AMENDED, RELATING TO THE
33 SOUTH CAROLINA 911 ADVISORY COMMITTEE, SO AS TO
34 ALLOW THE EXECUTIVE DIRECTOR OF THE REVENUE
35 AND FISCAL AFFAIRS OFFICE TO APPOINT A MEMBER; TO
36 AMEND SECTIONS 27-2-85 AND 27-2-95, RELATING TO THE
37 SOUTH CAROLINA GEODETIC SURVEY, SO AS TO DELETE
38 OBSOLETE REFERENCES; TO AMEND SECTION 44-6-170,
39 RELATING TO THE DATA OVERSIGHT COUNCIL, SO AS TO
40 DELETE OBSOLETE REFERENCES, AND TO REVISE THE
41 COMPOSITION OF THE COUNCIL; TO AMEND SECTION
42 44-6-5, RELATING TO THE DEPARTMENT OF HEALTH AND

1 HUMAN SERVICES, SO AS TO DELETE AN OBSOLETE
2 REFERENCE; TO REDESIGNATE CERTAIN SECTIONS OF
3 THE CODE; AND TO REPEAL SECTIONS 1-11-360, 2-7-62,
4 44-6-175, AND 48-22-20 ALL RELATING TO THE DUTIES OF
5 THE REVENUE AND FISCAL AFFAIRS OFFICE.

6
7 Be it enacted by the General Assembly of the State of South
8 Carolina:

9
10 SECTION 1. The following provisions of Articles 9 and 11 of
11 Chapter 9, Title 11 are redesignated as follows:

- 12
13 Section 11-9-820 is redesignated Section 11-9-1110
14 Section 11-9-825 is redesignated Section 11-9-870
15 Section 11-9-840 is redesignated Section 11-9-1120
16 Section 11-9-850 is redesignated Section 11-9-880
17 Section 11-9-860 is redesignated Section 11-9-890
18 Section 11-9-870 is redesignated Section 11-9-895
19 Section 11-9-880 is redesignated Section 11-9-1130
20 Section 11-9-890 is redesignated Section 11-9-1140
21 Section 11-9-1110 is redesignated Section 11-9-840
22 Section 11-9-1130 is redesignated Section 11-9-850
23 Section 11-9-1140 is redesignated Section 11-9-860
24

25 SECTION 2. A. Articles 9 and 11 of Chapter 9, Title 11 of the 1976
26 Code, as redesignated pursuant to SECTION 1 of this act, are
27 amended to read:

28
29 "Article 9

30 Revenue and Fiscal Affairs

31 Projecting and Forecasting State Revenues and Expenditures
32

33 Section 11-9-805. For purposes of this article:

34
35 (1) 'Executive director' means the Executive Director of the
36 Revenue and Fiscal Affairs Office.

37
38 (2) 'Office' means the Revenue and Fiscal Affairs Office.
39

40 Section 11-9-810. The General Assembly finds and declares that
41 the present system of advising the Governor and the State Fiscal
42 Accountability Authority and General Assembly on economic
43 trends has, at times, developed in a fragmented manner, and that a

1 unified system of dealing with the collection, analysis,
2 interpretation, and presentation of matters relative to the economy
3 is urgently needed for the orderly development of projections and
4 forecasts as relates to revenues and expenditures for a specified
5 period of time. It is the purpose of this provision to establish an
6 organizational and procedural framework governing formulation,
7 evaluation and continuing review of all state revenues and
8 expenditures for all state programs; and to establish general policy
9 governing the administration of the ~~Office of The~~ Board of
10 Economic Advisors and the Revenue and Fiscal Affairs Office.

11

12 Section 11-9-820. The duties of the office are set forth in
13 Subarticles 1 and 2.

14

15

Subarticle 1

16

17

Duties of the Office

18

19 Section 11-9-830. In order to provide a more effective system of
20 providing advice to the Governor and the General Assembly on
21 economic trends, the ~~Board of Economic Advisors~~ Revenue and
22 Fiscal Affairs Office shall:

23

24

25

26

27

28

(1) compile and maintain in a unified, concise, and orderly
form information about total revenues and expenditures which
involve the funding of state government operations, revenues
received by the State which comprise general revenue sources of all
receipts to include amounts borrowed, federal grants, earnings, and
the various activities accounted for in other funds;

29

30

31

(2) continuously review and evaluate total revenues and
expenditures to determine the extent to which they meet fiscal plan
forecasts/projections;

32

33

34

(3) evaluate federal revenues in terms of impact on state
programs;

35

36

37

(4) compile economic, social, and demographic data for use
in the publishing of economic scenarios for incorporation into the
development of the state budget;

38

39

40

(5) bring to the attention of the Governor and the General
Assembly the effectiveness, or lack thereof, of the economic trends
and the impact on statewide policies and priorities;

41

42

(6) establish liaison with the Congressional Budget Office
and the Office of Management and Budget at the national level.

1 Article 11

2
3 Revenue and Fiscal Affairs Office

4
5 Section 11-9-840. (A) There is established the Revenue and
6 Fiscal Affairs Office to be governed by the three appointed members
7 of the Board of Economic Advisors pursuant to Section 11-9-1110.
8 ~~The office is comprised of the Board of Economic Advisors, Office~~
9 ~~of Research and Statistics, and the Office of State Budget. The three~~
10 appointed members of the board shall unanimously select an
11 Executive Director of the Revenue and Fiscal Affairs Office who
12 shall serve a four-year term. The executive director only may be
13 removed for malfeasance, misfeasance, incompetency, absenteeism,
14 conflicts of interest, misconduct, persistent neglect of duty in office,
15 or incapacity as found by the board. The executive director shall
16 have the authority and perform the duties prescribed by law and as
17 may be directed by the board. The functions of the office must be
18 performed, exercised, and discharged under the supervision and
19 direction of the board. The board may organize its staff as it
20 considers appropriate to carry out the various duties,
21 responsibilities, and authorities assigned to it ~~and to its various~~
22 divisions without the requirement of establishing separate divisions.
23 The board may delegate to one or more officers, agents, or
24 employees the powers and duties it determines are necessary for the
25 effective and efficient operation of the office.

26 (B) The Department of Administration shall provide such
27 administrative support to the Revenue and Fiscal Affairs Office ~~or~~
28 ~~any of its divisions or components~~ as they may request and require
29 in the performance of their duties including, but not limited to,
30 financial management, human resources management, information
31 technology, procurement services, and logistical support.

32
33 ~~Section 11-9-1120. The Board of Economic Advisors division of~~
34 ~~the office shall maintain the organizational and procedural~~
35 ~~framework under which it is operating, and exercise its powers,~~
36 ~~duties, and responsibilities, as of the effective date of this section.~~
37

38 ~~Section 11-9-850. (A) The Office of Research and Statistics~~
39 ~~must be comprised of an Economic Research division and an Office~~
40 ~~of Precinct Demographics division.~~

41 ~~(B) The Economic Research division shall maintain the~~
42 ~~organizational and procedural framework under which it is~~

1 ~~operating, and exercise its powers, duties, and responsibilities, as of~~
2 ~~the effective date of this section.~~

3 ~~(C) The Office of Precinct Demographics shall:~~ The office shall:

4 (1) review existing precinct boundaries and maps for
5 accuracy and develop and rewrite descriptions of precincts for
6 submission to the legislative process;

7 (2) consult with members of the General Assembly or their
8 designees on matters related to precinct construction or
9 discrepancies that may exist or occur in precinct boundary
10 development in the counties they represent;

11 (3) develop a system for originating and maintaining precinct
12 maps and related data for the State;

13 (4) represent the General Assembly at public meetings;
14 ~~meetings with members of the General Assembly;~~ and meetings
15 with other state, county, or local governmental entities on matters
16 related to precincts;

17 (5) ~~represent the office at public meetings, meetings with~~
18 ~~members of the General Assembly, and meetings with other state,~~
19 ~~county, or local governmental entities on matters related to~~
20 ~~precincts;~~

21 (6) assist the appropriate county officials in the drawing of
22 maps and writing of descriptions or precincts preliminary to these
23 maps and descriptions being filed in this office for submission to the
24 United States Department of Justice;

25 ~~(6)(7)~~ coordinate with the Census Bureau in the use of
26 precinct boundaries in constructing census boundaries and the
27 identification of effective uses of precinct and census information
28 for planning purposes; ~~and~~

29 ~~(7)(8)~~ serve as a focal point for verifying official precinct
30 information for the counties of South Carolina; ~~and~~

31 (9) consult with and provide assistance to the General
32 Assembly on redistricting and reapportionment matters relating to
33 any subdivision of the State.

34
35 ~~Section 11-9-860. The Office of State Budget division of the~~
36 ~~office shall maintain the organizational and procedural framework~~
37 ~~under which it is operating, and exercise its powers, duties, and~~
38 ~~responsibilities, as of the effective date of this section. The office~~
39 ~~shall assist the General Assembly with the development of the~~
40 ~~annual general appropriations act.~~

41
42 Section 11-9-870. The staff of the ~~Board of Economic Advisors~~
43 office must be supplemented by the following officials who each

1 shall designate one professional from their individual staffs to assist
2 the ~~BEA RFA~~ staff on a regular basis: the Governor, the Chairman
3 of the House Ways and Means Committee, the Chairman of the
4 Senate Finance Committee, and the State Department of Revenue
5 director. The ~~BEA RFA~~ staff shall meet monthly with these
6 designees in order to solicit their input on BEA forecasts and
7 monthly revenue analysis.

8
9 Section 11-9-880. Information contained in any economic
10 report, scenario, forecast, or projection relating to the State
11 Treasurer's office must be verified by the State Treasurer ~~prior to~~
12 before announcement.

13
14 Section 11-9-890. Expenditure schedules used in conjunction
15 with any economic announcements must be verified by the
16 Comptroller General ~~prior to~~ before publication.

17
18 Section 11-9-895. The State Fiscal Accountability Authority
19 shall insure an orderly transfer of funds between offices to provide
20 for the execution of this ~~section~~ subarticle.

21
22 Subarticle 2

23
24 Projecting and Forecasting State Revenues and Expenditures

25
26 Section 11-9-1110. (A)(1) There is created the Board of
27 Economic Advisors, ~~a division of the Revenue and Fiscal Affairs~~
28 ~~Office~~, as follows:

29 (a) one member, appointed by, and serving at the pleasure
30 of the Governor, who shall serve as chairman and shall receive
31 annual compensation of ten thousand dollars;

32 (b) one member appointed by, and serving at the pleasure
33 of the Chairman of the Senate Finance Committee, who shall receive
34 annual compensation of eight thousand dollars;

35 (c) one member appointed by, and serving at the pleasure
36 of the Chairman of the Ways and Means Committee of the House of
37 Representatives, who shall receive annual compensation of eight
38 thousand dollars;

39 (d) the Director of the Department of Revenue, who shall
40 serve ex officio, with no voting rights.

41 (2) The Revenue and Fiscal Affairs Office shall provide for
42 the staffing and administrative support of the board. The board shall
43 unanimously select an Executive Director of the Revenue and Fiscal

1 ~~Affairs Office who shall serve a four-year term. The executive~~
2 ~~director only may be removed for malfeasance, misfeasance,~~
3 ~~incompetency, absenteeism, conflicts of interest, misconduct,~~
4 ~~persistent neglect of duty in office, or incapacity as found by the~~
5 ~~board. The executive director shall have the authority and perform~~
6 ~~the duties prescribed by law and as may be directed by the board.~~

7 (B) The chairman of the board of ~~Economic Advisors~~ shall
8 report directly to the Governor, the Chairman of the Senate Finance
9 Committee, and the Chairman of the House Ways and Means
10 Committee to establish policy governing economic trend analysis.
11 The ~~Board of Economic Advisors~~ office shall provide for its the
12 staffing and administrative support of the board from funds
13 appropriated by the General Assembly.

14 (C) The executive director of the ~~Revenue and Fiscal Affairs~~
15 ~~Office~~ shall assist the Governor, chairman of the board of ~~Economic~~
16 ~~Advisors~~, Chairman of the Senate Finance Committee, and
17 Chairman of the Ways and Means Committee of the House of
18 Representatives in providing an effective system for compiling and
19 maintaining current and reliable economic data. The office, upon
20 approval by the board, ~~of Economic Advisors~~ may establish an
21 advisory board to assist in carrying out its duties and
22 responsibilities. All state agencies, departments, institutions, and
23 divisions shall provide the information and data the advisory board
24 requires. The board ~~of Economic Advisors~~ is considered a public
25 body for purposes of the Freedom of Information Act, pursuant to
26 Section 30-4-20(a).

27 (D) The Department of Commerce shall provide to the ~~Board of~~
28 ~~Economic Advisors~~ office by November tenth the public document
29 prepared pursuant to Section 12-10-100(C) itemizing each
30 revitalization agreement concluded during the previous calendar
31 year. The Department of Revenue shall provide to the ~~Board of~~
32 ~~Economic Advisors~~ office by November tenth a report of the
33 amount of each tax credit claimed in the previous tax year pursuant
34 to Title 12. The report must list individually the amount claimed and
35 the number of filings for each tax credit. The Department of
36 Revenue also must provide to the ~~Board of Economic Advisors~~
37 office by November tenth ~~magnetic tapes~~ data files containing data
38 from all state individual and corporate income tax filings from the
39 previous tax year, excluding confidential identifying information.

40
41 Section 11-9-1120. (A) In the organizational and procedural
42 framework governing the formulation, evaluation, and continuing
43 review of revenues and expenditures, any appropriate governmental

1 entity identifying or requesting a change in the official revenue and
2 expenditure forecast or projection, for a specified period of time,
3 shall first notify the office of the Chairman of the Board of
4 Economic Advisors who must bring it to the attention of the
5 Governor before any independent adjustment in the appropriations
6 or requests of the revenue or expenditures for a particular year. The
7 Ways and Means Committee in the House of Representatives and
8 the Senate Finance Committee must be the first to be notified
9 subsequent to notifying the Governor and must be informed
10 simultaneously.

11 (B) The Board of Economic Advisors shall meet on a quarterly
12 basis and at the call of the Governor, the General Assembly, the
13 chairman of the board, or at the request of any member of the board
14 who believes a meeting is necessary due to existing financial
15 circumstances.

16 (C) The Board of Economic Advisors is the official voice of the
17 State in economic matters and shall speak as one voice through the
18 guidance and direction of the chairman. Individual members shall
19 not speak or report individually on findings and status of economic
20 developments activity.

21
22 Section 11-9-1130. (A) The Board of Economic Advisors shall
23 make an initial forecast of economic conditions in the State and state
24 revenues for the next fiscal year no later than November tenth of
25 each year. Adjustments to the forecast must be considered on
26 December tenth and February fifteenth. A final forecast for the next
27 fiscal year must be made on April tenth. However, ~~prior to~~ before
28 June thirtieth, the board may reduce forecasts for the next fiscal year
29 as it considers necessary. Before making or adjusting any forecast,
30 the board must consult with outside economic experts with respect
31 to national and South Carolina economic business conditions. All
32 forecasts and adjusted forecasts must contain:

- 33 (1) a brief description of the economic model and all
34 assumptions and basic decisions underlying the forecasts;
35 (2) a projection of state revenues on a quarterly basis;
36 (3) separate discussions of any industry which employs more
37 than twenty percent of the state's total nonagricultural employment
38 and separate projections for these industries.

39 (B) In addition to fulfilling its economic and revenue forecasting
40 responsibilities for future fiscal years, the board at each session shall
41 monitor and review the flow of revenue for the current fiscal year in
42 comparison to current year revenue estimates. If actual revenue
43 collections represent an overall shortfall for any quarter of over one

1 and one-half percent of projected revenue collections for that
2 quarter, a synopsis must be prepared which shall include a detailed
3 analysis of the factors contributing to the shortfall, the impact of the
4 shortfall for the present fiscal year, a projection of whether the
5 shortfall will be compensated for in the remaining quarters of the
6 present fiscal year, and the impact of the shortfall on revenue
7 estimates for the ensuing fiscal year. In addition, a similar detailed
8 synopsis must be provided if a shortfall of one and one-half percent
9 or more is experienced in any of the following individual revenue
10 categories: sales and use taxes, individual income taxes, corporate
11 income taxes, taxes on insurance premiums including workers'
12 compensation insurance, and earnings on investments.

13 (C) All forecasts, adjusted forecasts, and reports of the Board of
14 Economic Advisors, including the synopsis of the current year's
15 review as required by subsection (B), must be published and
16 reported to the Governor, the members of the General Assembly,
17 and made available to the news media.

18

19 Section 11-9-1140. A. ~~(A) Beginning August 15, 1986, the Board~~
20 ~~of Economic Advisors shall delineate the official fiscal year~~
21 ~~1986-87 revenue estimates by quarters.~~ In all subsequent revenue
22 estimates made under the provisions of Section 11-9-880, the Board
23 of Economic Advisors shall incorporate quarterly revenue estimates
24 within the annual revenue estimate.

25 ~~B.~~ (B)(1) If at the end of the first, second, or third quarter of any
26 fiscal year the Board of Economic Advisors reduces the revenue
27 forecast for the fiscal year by three percent or less below the amount
28 projected for the fiscal year in the forecast in effect at the time the
29 general appropriations bill for the fiscal year is ratified, within three
30 days of that determination, the Director of the Executive Budget
31 Office must reduce general fund appropriations by the requisite
32 amount in the manner prescribed by law. Upon making the
33 reduction, the Director of the Executive Budget Office immediately
34 must notify the State Treasurer and the Comptroller General of the
35 reduction, and upon notification, the appropriations are considered
36 reduced. No agencies, departments, institutions, activity, program,
37 item, special appropriation, or allocation for which the General
38 Assembly has provided funding in any part of this section may be
39 discontinued, deleted, or deferred by the Director of the Executive
40 Budget Office. A reduction of rate of expenditure by the Director of
41 the Executive Budget Office, under authority of this section, must
42 be applied as uniformly as shall be practicable, except that no
43 reduction must be applied to funds encumbered by a written contract

1 with the agency, department, or institution not connected with state
2 government.

3 (2) If at the end of the first, second, or third quarter of any fiscal
4 year the Board of Economic Advisors reduces the revenue forecast
5 for the fiscal year by more than three percent below the amount
6 projected for the fiscal year in the forecast in effect at the time the
7 general appropriations bill for the fiscal year is ratified, the President
8 Pro Tempore of the Senate and the Speaker of the House of
9 Representatives may call each respective house into session to take
10 action to avoid a year-end deficit. If the General Assembly has not
11 taken action within twenty days of the determination of the Board
12 of Economic Advisors, the Director of the Executive Budget Office
13 must reduce general fund appropriations by the requisite amount in
14 the manner prescribed by law and in accordance with item (1).”

15
16 SECTION 3. A. Section 2-7-71 of the 1976 Code is amended to
17 read:

18
19 “Section 2-7-71. When a bill relating to state taxes is reported out
20 of a standing committee of the Senate or House of Representatives
21 for consideration, there must be attached and printed as a part of the
22 committee report a statement of the estimated revenue impact of the
23 bill on the finances of the State certified by the ~~Board of Economic~~
24 ~~Advisors~~ Executive Director of the Revenue and Fiscal Affairs
25 Office, or his designee. As used in this section ‘statement of
26 estimated revenue impact’ means the consensus of the persons
27 executing the required statement as to the increase or decrease in the
28 net tax revenue to the State if the bill concerned is enacted by the
29 General Assembly. In preparing a statement, the ~~Board of Economic~~
30 ~~Advisors~~ Revenue and Fiscal Affairs Office may request technical
31 advice of the Department of Revenue.”

32
33 B. Section 2-7-73(A) of the 1976 Code, as last amended by Act 121
34 of 2014, is amended further to read:

35
36 “(A) Any bill or resolution which would mandate a health
37 coverage or offering of a health coverage by an insurance carrier,
38 health care service contractor, or health maintenance organization
39 as a component of individual or group policies, must have attached
40 to it a statement of the financial impact of the coverage, according
41 to the guidelines enumerated in subsection (B). This financial
42 impact analysis must be conducted by the ~~Revenue and Fiscal~~
43 ~~Affairs Office~~ Department of Insurance and signed by an authorized

1 agent of the Department of Insurance, or his designee. The statement
2 required by this section must be delivered to the Senate or House
3 committee to which any bill or resolution is referred, within thirty
4 days of the written request of the chairman of such committee.”

5
6 C. Section 2-7-78 of the 1976 Code is amended to read:

7
8 “Section 2-7-78. This section applies to the annual appropriation
9 recommendation of the Governor and to the report of the conference
10 committee on the annual general appropriations bill. A provision
11 offered for inclusion in the annual general appropriations bill by
12 amendment or otherwise, by the Governor, or which increases or
13 decreases the most recent official projection of general fund
14 revenues of the Board of Economic Advisors must not be included
15 in the bill or recommendation unless the revenue impact is certified
16 by the ~~board~~ Executive Director of the Revenue and Fiscal Affairs
17 Office, or his designee. Changes to the official general fund revenue
18 estimate as a result of the provision may not exceed the amounts
19 certified by the board. The requirements of this section are in
20 addition to the other provisions of law regarding fiscal impact
21 statements.”

22
23 SECTION 4. Section 4-10-790 of the 1976 Code, as added by Act
24 388 of 2006, is amended to read:

25
26 “Section 4-10-790. The ~~Revenue and Fiscal Affairs Office~~
27 Department of Revenue shall furnish data to the State Treasurer and
28 to the applicable political subdivisions receiving revenues for the
29 purpose of calculating distributions and estimating revenues. The
30 information that must be supplied to political subdivisions upon
31 request includes, but is not limited to, gross receipts, net taxable
32 sales, and tax liability by taxpayers. Information about a specific
33 taxpayer is considered confidential and is governed by the
34 provisions of Section 12-54-240. A person violating this section is
35 subject to the penalties provided in Section 12-54-240. The Revenue
36 and Fiscal Affairs Office shall provide technical assistance to the
37 applicable political subdivisions receiving revenues for the purpose
38 of calculating distributions and estimating revenues.”

39
40 SECTION 5. Section 6-1-50 of the 1976 Code, as last amended by
41 Act 57 of 2007, is further amended to read:

42

1 “Section 6-1-50. Counties and municipalities receiving revenues
2 from state aid, currently known as Aid to Subdivisions, shall submit
3 annually to the Revenue and Fiscal Affairs Office a financial report
4 detailing their sources of revenue, expenditures by category,
5 indebtedness, and other information as the Revenue and Fiscal
6 Affairs Office requires. The Revenue and Fiscal Affairs Office shall
7 determine the content and format of the annual financial report. The
8 financial report for the most recently completed fiscal year must be
9 submitted to the Revenue and Fiscal Affairs Office by ~~January~~
10 March fifteenth of each year. If an entity fails to file the financial
11 report by ~~January~~ March fifteenth, then the chief administrative
12 officer of the entity shall be notified in writing that the entity has
13 thirty days to comply with the requirements of this section. The
14 Director of the Revenue and Fiscal Affairs Office may, for good
15 cause, grant a local entity an extension of time to file the annual
16 financial report. Notification by the Director of the Revenue and
17 Fiscal Affairs Office to the ~~Comptroller General~~ State Treasurer that
18 an entity has failed to file the annual financial report thirty days after
19 written notification to the chief administrative officer of the entity
20 must result in the withholding of ten percent of subsequent
21 payments of state aid to the entity until the report is filed. The
22 Revenue and Fiscal Affairs Office is responsible for collecting,
23 maintaining, and compiling the financial data provided by counties
24 and municipalities in the annual financial report required by this
25 section.”

26

27 SECTION 6. Section 23-47-65(A)(1) of the 1976 Code, as last
28 amended by Act 135 of 2010, is further amended to read:

29

30 “(A)(1) The South Carolina 911 Advisory Committee is created
31 to assist the Revenue and Fiscal Affairs Office in carrying out its
32 responsibilities in implementing a wireless enhanced 911 system
33 consistent with FCC Docket Number 94-102. The committee ~~must~~
34 ~~be appointed by the Governor and~~ shall consist of: ~~a director of a~~
35 ~~division of the Department of Administration, ex officio~~ an
36 individual with technical or operational knowledge of E-911
37 systems who is appointed by the Executive Director of the Revenue
38 and Fiscal Affairs Office; the Executive Director of the Revenue and
39 Fiscal Affairs Office or his designee; two employees of CMRS
40 providers licensed to do business in the State appointed by the
41 Governor; two 911 system employees appointed by the Governor;
42 and one employee of a telephone (local exchange access facility)
43 service supplier licensed to do business in the State appointed by the

1 Governor; and one consumer appointed by the Governor. Local
2 governments and related organizations such as the National
3 Emergency Number Association may recommend PSAP Committee
4 members, and industry representatives may recommend wireline
5 and CMRS Committee members to the Governor. There is no
6 expense reimbursement or per diem payment from the fund created
7 by the CMRS surcharge made to members of the committee.”

8

9 SECTION 7. Sections 27-2-85 and 27-2-95 of the 1976 Code, as
10 added by Act 497 of 1994, are amended to read:

11

12 “Section 27-2-85. The South Carolina Geodetic Survey
13 established within the ~~Office of Research and Statistics of the~~
14 Revenue and Fiscal Affairs Office shall establish horizontal and
15 vertical geodetic control within the State at a density that effectively
16 will provide land and land-related items and records to be referenced
17 to the national horizontal and vertical coordinate system, ensure the
18 accuracy and integrity of new geodetic data entered into the state
19 and national reference system, maintain geodetic files for the State,
20 and disseminate geodetic information as necessary.

21

22 Section 27-2-95. To the extent possible, the South Carolina
23 Geodetic Survey of the ~~Office of Research and Statistics of the~~
24 Revenue and Fiscal Affairs Office shall utilize the office’s
25 responsibility of coordinating mapping activities in the State to
26 ensure that mapping products are compatible with the South
27 Carolina Coordinate System. As part of this activity, the office shall
28 establish, develop, and promulgate standards for maps and map
29 products to ensure quality, accuracy, and compatibility of mapping
30 products, encourage the development of accurate mapping systems
31 that are compatible with and suitable for incorporation into a
32 standardized statewide mapping system, develop, maintain, and
33 administer programs for funding qualified mapping projects, and
34 serve as the focal point for federal, state, and local mapping
35 programs and activities in South Carolina.”

36

37 SECTION 8. A. Section 44-6-170(A) and (B) of the 1976 Code
38 is amended to read:

39

40 “(A) As used in this section:

41 (1) ‘Office’ means the ~~Office of Research and Statistics of the~~
42 Revenue and Fiscal Affairs Office.

43 (2) ‘Council’ means the Data Oversight Council.

1 (3) 'Committee' means the Joint Legislative Health Care
2 Planning and Oversight Committee.

3 (B) There is established the Data Oversight Council comprised
4 of:

5 (1) one hospital administrator;

6 (2) the chief executive officer or designee of the South
7 Carolina Hospital Association;

8 (3) one physician;

9 (4) the chief executive officer or designee of the South
10 Carolina Medical Association;

11 (5) one representative of major third party health care payers;

12 (6) one representative of the managed health care industry;

13 (7) one nursing home administrator;

14 (8) three representatives of nonhealth care-related businesses;

15 (9) one representative of a nonhealth care-related business of
16 less than one hundred employees;

17 (10) the executive vice president or designee of the South
18 Carolina Chamber of Commerce;

19 (11) a member of the Governor's office staff;

20 ~~(12) a representative from the Human Services Coordinating~~
21 ~~Council;~~

22 ~~(13)~~(12) the director or his designee of the South Carolina
23 Department of Health and Environmental Control;

24 ~~(14)~~(13) the executive director or his designee of the State
25 Department of Health and Human Services;

26 ~~(15) the chairman or his designee of the State Health Planning~~
27 ~~Committee created pursuant to Section 44-7-180.~~

28 The members enumerated in items (1) through (10) must be
29 appointed by the Governor for three-year terms and until their
30 successors are appointed and qualify; the remaining members serve
31 ex officio. The Governor shall appoint one of the members to serve
32 as chairman. The office shall provide staff assistance to the council."
33

34 B. Section 44-6-170(H) of the 1976 Code is amended to read:

35
36 "(H) If a provider fails to submit the health care data as required
37 by this section or Section 44-6-175 or regulations promulgated
38 pursuant to those sections, the ~~Office of Research and Statistics~~
39 ~~office~~ may assess a civil fine of up to five thousand dollars for each
40 violation, but the total fine may not exceed ten thousand dollars."
41

42 C. Section 44-6-5(2) of the 1976 Code is amended to read:

43

1 “(2) ‘Office’ means the ~~Office of Research and Statistics of the~~
2 Revenue and Fiscal Affairs Office.”
3
4 SECTION 9. Sections 1-11-360, 2-7-62, 44-6-175, and 48-22-20
5 of the 1976 Code are repealed.
6
7 SECTION 10. The Code Commissioner is directed to change or
8 correct all similar references in the 1976 Code to the “Office of
9 Research and Statistics of the Revenue and Fiscal Affairs Office” to
10 “the Revenue and Fiscal Affairs Office”.
11
12 SECTION 11. This act takes effect on July 1, 2017.
13 ----XX----
14