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**HOUSE WEEK IN REVIEW**

The House of Representatives amended, approved, and sent the Senate **H.4000**, the General Appropriation Bill, and **H.4001**, the joint resolution making appropriations from the Capital Reserve Fund, which together comprise the **FISCAL YEAR 2019-2020 STATE GOVERNMENT BUDGET**. The $29.95 billion total budget includes $497 million in recurring state general fund revenue estimated for Fiscal Year 2019-2020, $159 million in nonrecurring surplus funds estimated for Fiscal Year 2018-2019, $177 million in the Fiscal Year 2017-2018 Contingency Reserve Fund, and $152 million in Capital Reserve Funds.

The budget provides for $96 million in nonrecurring funds to be returned to the state’s taxpayers as rebates. The Rebate Fund includes the $61 million in taxes collected on the winning Mega Millions lottery ticket sold in South Carolina last year. The total allows for a $50 one-time rebate for each South Carolina income tax payer.

$614 million in recurring funds is transferred into the Tax Relief Trust Fund that provides for the residential property tax caps.

$41.4 million in recurring funds is used to provide a 2% state employee pay increase. Employees of institutions of higher education and technical colleges that earn a base salary of at least $100,000 are not eligible to receive the increase in compensation.

$49.7 million in recurring funds is included to cover the increased costs of operating the state's health and dental insurance plans so that employees will have no additional monthly premium costs.

A total of $32 million from the General Fund and $4 million in Education Improvement Act funds is devoted to the 1% increase in the employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System that is in keeping with the schedule for addressing the unfunded liability facing the state’s pensions established in Act 13 of 2017.

$2.8 billion in recurring funds is utilized to set State Aid to Classrooms at $3,846 per pupil. Several funding lines are consolidated to form State Aid to Classrooms as a replacement for the Base Student Cost.

$159 million in recurring funds is devoted to raising the minimum teacher salary from $32,000 to $35,000 and providing across-the-board teacher pay increases of at least 4%. To further recruitment and retention efforts, those who have been teaching for no more than four years are to receive raises ranging from 6% to 10%. The budget’s teacher pay increase, the largest since 1984, places South Carolina above the Southeastern average teacher salary of $52,830.

Provisions are made for a Rural Teacher Recruitment pilot program at the University of South Carolina's College of Education for the development of innovative and cost-effective teacher recruitment strategies, customized training for new teachers, and dedicated, ongoing mentoring support.

A Rural School District and Economic Development Closing Fund is established within the Department of Commerce to facilitate economic development and infrastructure improvements for projects that create a minimum of fifty jobs located within the twenty-eight school districts with the lowest Index of Taxpaying Ability (ITA) in the State of South Carolina.

Provisions are made for the transfer of excess debt service funds in the amounts of $85 million to the Department of Commerce for the Rural School District and Economic Development Closing Fund and $50 million to the Department of Education for school district capital improvements.

$20 million in lottery funds is included for instructional materials.

$10 million in Education Improvement Act funds is allocated for school resource officers. School districts with the lowest taxpaying ability are to receive priority consideration in the distribution of these funds. The budget also includes provisions that waive South Carolina Police Officers Retirement System earnings limitations for retirees who return to work as school resource officers.

$14.8 million in Education Improvement Act funds is included to address S.C. Public Charter School District growth.

$19 million in lottery funds is provided for school buses.

From the funds appropriated to the Department of Education to fulfill black history instruction requirements, the instruction in grades 3 through 12 must include a cultural sensitivity component educating students about how they should interact with and be respectful of the beliefs and practices of people of a different race or creed.

Full funding is provided for the LIFE, HOPE, and Palmetto Fellows higher education scholarship programs through Education Lottery funds.

The budget includes a higher education tuition mitigation initiative in which a total of $44 million in additional recurring funds is distributed among the state’s institutions of higher learning. In order to retain these appropriations, the institutions must comply with provisions for freezing in-state tuition and mandatory fees during the 2019-2020 academic year.

The bulk of the Capital Reserve Fund is devoted to capital needs at the state’s colleges and universities, with a total of $100 million in these nonrecurring funds allocated among the institutions for repairs, renovations, and maintenance of various facilities.

The University of South Carolina is directed to use a portion of the funds appropriated to or authorized for the university to recruit undergraduate African American students, to recruit African American students at the Medical School, and to recruit African American students at the School of Law.

The Commission on Higher Education is afforded $20 million in lottery funds for need-based grants, $10 million in lottery funds for tuition grants, $2.6 million in lottery funds for National Guard Tuition Repayment, and $6 million in in unclaimed prize money for the Higher Education Excellence Enhancement Program.

$8 million in lottery funds is dedicated to technology for the state’s four-year and two-year colleges and universities and technical colleges.

The Board of Technical and Comprehensive Education is afforded $17 million in lottery funds and $11 million in in unclaimed prize money for SC Workforce Industry Needs scholarships that help provide full tuition at technical colleges for SC WINS recipients seeking degrees in industry sectors with critical workforce needs.

$26.8 million is allocated to the Ready SC Program which provides worker training at the state’s technical colleges that is customized to the needs of new and expanding business and industry.

$6 million in recurring funds is divided among the state’s technical colleges.

A study committee is established to develop a plan to determine the feasibility of transforming Denmark Technical College from a technical college to its original mission of an area trade school.

$3.7 million in nonrecurring funds is provided for the Deal Closing Fund that the Department of Commerce uses to recruit new business to the state. The Department of Commerce is afforded $4 million in nonrecurring funds for the Locate SC Site Inventory, $1.5 million in recurring funds for innovation grants to accelerate growth in high tech applied research and emerging industries, $625 thousand in recurring funds and $750 thousand in nonrecurring funds for the Military Base Task Force, and $400 thousand for the state’s small and existing businesses.

$4 million is appropriated from the Capital Reserve Fund for Clemson University’s Center for Advanced Manufacturing.

$4 million in nonrecurring funds is provided for the Jasper Ocean Terminal Port Facility Infrastructure Fund.

The Department of Parks, Recreation and Tourism receives $1 million in nonrecurring funds for coastal tourism advertising, $8.5 million from the Capital Reserve Fund for deferred maintenance at state parks, $2.5 million in nonrecurring funds for parks revitalization, $1 million in recurring funds for its sports marketing grants program, $1.5 million in nonrecurring funds for the Saluda River Greenway, and $1.5 million in nonrecurring funds for the SC Aquarium.

$1.5 million in recurring funds is appropriated to the Rural Infrastructure Authority for Water Quality Revolving Loan Fund match to update rural water and sewer systems.

The Department of Agriculture is afforded $1 million in recurring funds for agribusiness infrastructure grants and $500 thousand for food inspection and consumer safety.

Clemson PSA receives $1 million in recurring funds for its statewide extension programs, $2 million from the Capital Reserve Fund for water research facility renovation, and $750 thousand in recurring funds for livestock poultry health and regulatory programs.

SC State PSA is afforded $300 thousand for 1890 Program match for community outreach programs.

The Department of Health and Human Services is afforded $49.5 million in recurring funds for Medicaid maintenance of effort to address program cost growth, $7.4 million in nonrecurring funds for the Medicaid Management Information System, and $2.8 million recurring and $2.8 million nonrecurring for medical contracts.

The budget provides for the continuation of Medicaid accountability and quality improvement programs of the Healthy Outcomes Initiative for meeting the needs of chronically ill uninsured patients in settings outside the comparatively expensive emergency room through a Primary Care Safety Net utilizing such resources as Federally Qualified Health Centers and free clinics.

$5.5 million is appropriated to DHHS for the Children’s Health Insurance Program to allow more children to be eligible for CHIP coverage. The new eligibility limits place South Carolina at the Southeastern average for this program that serves children whose parents’ income is too high to qualify for Medicaid, but low enough to make private health insurance largely unaffordable.

A family planning funds provision is included in furtherance of statutory provisions that have been enacted to prohibit state funds, directly or indirectly, from being utilized by Planned Parenthood for abortions, abortion services or procedures, or administrative functions related to abortions. Having prevented Planned Parenthood from performing abortions with state funds, once the federal injunction is lifted, the Department of Health and Human Services may not direct any federal funds to Planned Parenthood. An otherwise qualified organization may not be disqualified from receipt of these funds because of its affiliation with an organization that provides abortion services, provided that the affiliated organization that provides abortion services is independent of the qualified organization. An independent affiliate that provides abortion services must be separately incorporated from any organization that receives these funds. An organization that provides abortion services in compliance with the budget provision addressing the performance of medically necessary services under the Medicaid program is excepted from this restriction on state family planning funds and may receive state family planning funds.

The Medical University of South Carolina is afforded $2.2 million in recurring funds for the state’s telemedicine network and $1.5 million in recurring funds for statewide health improvements.

$15 million from the Capital Reserve Fund and $2 million in recurring funds is provided for the Rural Health Initiative partnership between DHHS and the USC School of Medicine to improve access to life-saving emergency room care in the wake of rural hospital closures.

$1 million in recurring funds is appropriated for the SC Children’s Advocacy Medical Response System at MUSC.

$2 million is appropriated from the Capital Reserve Fund for Clemson University’s health innovation extension programming.

The Department of Health and Environmental Control receives $1 million in recurring funds for its prescription drug monitoring program that is used by physicians and pharmacists to track the prescription and use of opioids. DHEC is also afforded $500 thousand in recurring funds for communicable disease abatement, $202 thousand in recurring funds for mosquito borne disease abatement, $250 thousand in recurring funds for the orphan petroleum spills and releases contingency fund, $2 million in recurring funds for ocean outfalls, and $2 million in nonrecurring funds for Murrell’s Inlet channel clearing.

The Department of Mental Health is afforded $1.3 million in recurring funds for inpatient services contractual adjustments, $2.2 million in recurring funds for school mental health services, $1.6 million in recurring funds for information technology, $482 thousand in recurring funds for the sexually violent predator treatment program, and $37 million in nonrecurring funds for VA nursing homes certification state match.

The Department of Disabilities and Special Needs receives $11.3 million in recurring funds to increase direct care staff starting salaries from $12 to $13 an hour. $2 million in nonrecurring funds is provided for autism research at the Greenwood Genetic Center.

The Department of Alcohol and Other Drug Abuse Services is afforded $6 million in nonrecurring funds for infrastructure improvements in its substance abuse provider system.

The Department of Social Services is appropriated $29 million in nonrecurring funds for the development of the child support enforcement system, $3.9 million in recurring funds for child welfare information systems, and $800 thousand in nonrecurring funds for criminal domestic violence programs.

A Department of Social Services reform committee is established to examine how the mission and responsibilities of DSS might be better fulfilled.

The State Law Enforcement Divisions is afforded $814 thousand in recurring funds for officer rank change.

The Department of Public Safety is appropriated $711 thousand in recurring funds for master trooper and officer rank change, $1.8 million recurring and $500 thousand nonrecurring for vehicle replacement, and $600 thousand in recurring funds for local law enforcement grants.

The Department of Corrections receives $10 million in nonrecurring funds for detention services and prison safety equipment upgrades, $10 million in recurring funds for the Hepatitis C treatment program, and $2.3 million in recurring funds for electronic health records and support for mobile data collection.

The Department of Juvenile Justice is afforded $1 million in recurring funds for salary increases for juvenile corrections officers and community specialists, $1 million for electrical grid conversion, and $170 thousand in nonrecurring funds for child advocacy centers.

The Department of Probation, Pardon and Parole Services is provided $1.9 million in recurring funds to address declining revenue collection from the Omnibus Crime Bill and $1.5 million in nonrecurring funds for information data technology connectivity services.

The Law Enforcement Training Council receives $2 million in recurring funds to increase the number of officers that can complete its basic training program each year by allowing four weeks of the training to be conducted in regional settings outside of the centralized Criminal Justice Academy. $1.2 million recurring and $271 thousand nonrecurring is provided for a mobile training team that travels to provide officer training and recertification.

The Attorney General’s Office is appropriated $1.5 million in recurring funds for stability funding and $522 thousand in recurring funds for the Internet Crimes Against Children Task Force.

$11 million in recurring funds is provided for judicial salary increases.

$4 million in recurring funds is provided for Judges and Solicitors Retirement System pension stabilization.

The Judicial Department is afforded $11.2 million in recurring funds for safety enhancements and $13 million in nonrecurring funds for case management modernization.

$40 million in nonrecurring funds is provided to the Department of Administration for a new statewide voting system with the goal of having the new voting machines in place for the 2020 election cycle.

The State Election Commission receives $2.2 million in nonrecurring funds for the 2020 Presidential Primary.

$37 million is used to provide full funding for the constitutional reserve accounts that the state uses to cope with revenue shortfalls.

$254 million in recurring funds is provided for the Local Government Fund. This includes an $11.1 million increase in recurring funds that is consistent with the revised approach to sending revenue to political subdivisions provided in **H.3137**, which was approved by the House earlier this year and sent to the Senate.

$22 million in nonrecurring funds is provided for the state FEMA match for Hurricane Florence.

The Adjutant General receives appropriations of $250 thousand in nonrecurring funds for improvements at the state’s emergency operations center, $120 thousand in recurring funds for Emergency Management Division personnel, $2.2 million in nonrecurring funds for land management at the McEntire Joint National Guard Base, and $5.6 million in nonrecurring funds for armory construction and revitalizations.

The Forestry Commission is provided $1.5 million in recurring funds for recruitment and retention and $1 million in recurring funds and $1 million in nonrecurring funds for firefighting equipment.

The Department of Natural Resources $383 thousand in recurring funds for officer step increases and $714 thousand in recurring funds for statewide water monitoring and evaluation.

$5 million is appropriated from the Capital Reserve Fund for Francis Marion University’s Freshwater Ecology Center.

The Conservation Bank is afforded $1.5 million in recurring and $4 million in nonrecurring for conservation grants.

The Human Affairs Commission is appropriated $71 thousand recurring and $70 thousand nonrecurring for SC Pregnancy Accommodations Act training.

The Workers’ Compensation Commission receives $1.8 million in nonrecurring funds for information technology modernization.

The Department of Consumer Affairs is appropriated $118 thousand in recurring funds for an Assistant Consumer Advocate.

The Department of Motor Vehicles is afforded $4 million in nonrecurring funds for the final phase of REAL ID implementation costs.

The Department of Transportation receives $4 million in nonrecurring funds for upgrades to the state’s rest areas.

The Department of Administration is afforded $5 million in recurring funds, $27 million in nonrecurring funds, and $29 million from the Capital Reserve Fund for state-owned building deferred maintenance needs.

The Office of Revenue and Fiscal Affairs is provided $2 million in nonrecurring funds for a statewide aerial imagery project to update mapping used in disaster response and recovery efforts.

$114 thousand in recurring funds is provided for a Deputy Inspector General staff attorney position.

The Department of Archives and History receives $100 thousand in nonrecurring funds for the African American Heritage Commission’s Greenbook of SC.

$2.7 million is provided to Patriots Point for the USS Clamagore Veteran Memorial Reef.

The Arts Commission is afforded $865 thousand in recurring funds for community arts development and education grants.

$1 million in recurring funds is provided for aid to county libraries.

The Department of Health and Environmental Control is prohibited from using any appropriated funds to process and approve any license, permit, authorization, or certification related to the New Savannah Bluff Lock and Dam inconsistent with the state’s policy and the General Assembly’s intent of maintaining the existing water quality and navigability conditions of that portion of the Savannah River.

**BILLS INTRODUCED IN THE**

**HOUSE THIS WEEK**

AGRICULTURE, NATURAL RESOURCES AND

ENVIRONMENTAL AFFAIRS

 **H.4239 *GENERAL TRAWLING ZONE* Rep. Hewitt**

This bill provides that a certain area is closed to trawling from May 1st through September 15th. The bill also removes language concerning this particular area. Trawling means fishing with a trawl or having part of a trawl door in the water.

**JUDICIARY**

 **H.4240 *LEGISLATOR LOBBYISTS* Rep. Toole**

Public office holders would have to wait 5 years, an increase from the current 1-year waiting period, before becoming lobbyists.

 **H.4242 *SOUTH CAROLINA RACING STUDY COMMITTEE* Rep. Ott**

The South Carolina Racing Study Committee would look into regulating and encouraging all forms of racing in this state, current or proposed. Its first report would be due on or before July 1, 2020. Under this proposal, they would submit annual reports on July 1 each year thereafter.

**LABOR, COMMERCE AND INDUSTRY**

 **S.359 *PHARMACY BENEFITS MANAGERS* Sen. Gambrell**

This bill establishes provisions for the licensure and regulation of pharmacy benefits managers by the Department of Insurance. The legislation revises provisions for prohibited acts for a pharmacy benefit manager that relate to such matters as charging unreasonable fees, engaging in misleading advertising, preventing pharmacists from making certain disclosures to insureds, and penalizing pharmacists for making such disclosures.

 **H.4244 *SERVICE CONTRACTS* Rep. Sandifer**

This bill revises definitions applicable to service contracts, so as to expand the definition of “service contract” and “warranty” and to define the terms “road hazard”, “theft protection program”, and “theft protection program warranty”. The legislation revises service contract requirements, so as to exclude a service contract provider that insures their obligations under a reimbursement insurance policy from the financial statement requirement for registration with the Director of the Department of Insurance. The legislation requires a certain disclosure in service contracts.

 **H.4246 *REAL ESTATE COMMISSION CRIMINAL BACKGROUND CHECKS* Rep. Sandifer**

This bill revises requirements for criminal background checks by the Real Estate Commission, so as to change the effective date from May 19, 2020, to July 1, 2020, to allow for better coordination with license renewal schedules.

**WAYS AND MEANS**

 **H.4241 *STATE GUARD INCOME TAX DEDUCTION CRITERIA* Rep. Martin**

This bill revises deductions from individual taxable income, so as to require a member of the State Guard to complete a minimum of one hundred ninety‑two hours of training or drill each year in order to qualify for the deduction, eliminating any reference to monthly requirements.

 **H.4243 *PROFESSIONAL SPORTS TEAMS* Rep. Simrill**

This bill revises job tax credit provisions to allow a professional sports team to be eligible for the tax credits for jobs created. The legislation prohibits a county from levying county license fees and taxes on a professional sports team, and prohibits a municipality from levying a business license tax on a professional sports team. The legislation provides that real property owned by a professional sports team may not be annexed by a municipality without prior written consent of the professional sports team.

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