**South Carolina General Assembly**

118th Session, 2009-2010

**H. 4232**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Haley and T.R. Young

Document Path: l:\council\bills\bbm\9480htc10.docx

Introduced in the House on January 12, 2010

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

Summary: Taxpayer Protection Act

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

12/15/2009 House Prefiled

12/15/2009 House Referred to Committee on **Ways and Means**

1/12/2010 House Introduced and read first time [HJ](file:///h:\HJ%20Archive\2010\01-12-10.docx)‑38

1/12/2010 House Referred to Committee on **Ways and Means** [HJ](file:///h:\HJ%20Archive\2010\01-12-10.docx)‑38

1/19/2010 House Member(s) request name added as sponsor: T.R.Young

**VERSIONS OF THIS BILL**

[12/15/2009](file:///p:\pprever\2009-10\4232_20091215.docx)

**A** **BILL**

TO ENACT THE “SOUTH CAROLINA TAXPAYER PROTECTION ACT” BY AMENDING THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 11‑11‑415 SO AS TO PROVIDE THAT THE LIMIT ON GENERAL FUND APPROPRIATIONS FOR A FISCAL YEAR IS THE TOTAL AMOUNT OF THE GENERAL FUND REVENUE ESTIMATE AS OF FEBRUARY FIFTEENTH FOR FISCAL YEAR 2010‑2011, INCREASED ANNUALLY AND CUMULATIVELY BY A PERCENTAGE DETERMINED BY POPULATION INCREASES AND INCREASES IN THE CONSUMER PRICE INDEX, TO PROVIDE FOR THE LIMITATION TO BE SUSPENDED FOR A FISCAL YEAR FOR A SPECIFIC AMOUNT UPON A DECLARATION OF FINANCIAL EMERGENCY BY THE GOVERNOR AND UPON A SPECIAL VOTE OF THE GENERAL ASSEMBLY AND DEFINE THIS SPECIAL VOTE, TO ESTABLISH THE SPENDING LIMIT RESERVE FUND TO WHICH ALL SURPLUS GENERAL FUND REVENUES MUST BE CREDITED AND TO PROVIDE THAT ALL REVENUES IN THE FUND MUST BE REFUNDED TO TAXPAYERS BY MEANS OF TEMPORARY TAX CUTS; BY ADDING SECTION 11‑11‑75 SO AS TO REQUIRE THE ANNUAL STATE BUDGET TO EMPLOY A ZERO‑BASED BUDGET PROCESS IN BOTH THE PREPARATION OF THE GOVERNOR’S PROPOSED STATE BUDGET AND IN THE GENERAL ASSEMBLY’S CONSIDERATION OF THE STATE BUDGET; AND BY ADDING SECTION 2‑7‑125 SO AS TO REQUIRE THE MOST RECENT ITERATION OF THE ANNUAL GENERAL APPROPRIATIONS BILL TO BE AVAILABLE FOR VIEWING ON THE GENERAL ASSEMBLY’S WEBSITE AT LEAST THREE STATEWIDE LEGISLATIVE DAYS BEFORE THE LEGISLATIVE DAY THE FINAL VOTE IS TAKEN ON THE BILL.

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

SECTION 1. This act may be cited as the ‘South Carolina Taxpayer Protection Act’.

SECTION 2. A. Article 5, Chapter 11, Title 11 of the 1976 Code is amended by adding:

“Section 11‑11‑415. (A)(1) In addition to all other applicable constitutional and statutory limitations on general fund appropriations, notwithstanding any other provisions of law, and only to the extent that the limit on general fund appropriations for a fiscal year imposed by this subsection is lower than the annual limit imposed pursuant to Section 7(c) of the Constitution of this State and Section 11‑11‑410, total general fund appropriations for the fiscal year may not exceed the adjusted base‑year estimate increased by a percentage equal to the state’s growth in population applied ratably over the period of the decennial United States census assuming a rate of increase equal to the rate in the most recently completed United States census for which population figures are available over the next preceding census and a percentage equal to the increase, if any, in the consumer price index in the most recently ended federal fiscal year, as determined by the Bureau of Labor Statistics of the United States Department of Labor.

(2) As used in this subsection, the ‘adjusted base‑year estimate’ is the general fund revenue estimate made by the Board of Economic Advisors on February 15, 2010, for fiscal year 2011‑2012, including both recurring and nonrecurring revenues from whatever source derived as adjusted annually and cumulatively as provided in item (1) of this subsection.

(3) The Office of Research and Statistics of the State Budget and Control Board, upon approval by the State Economist and in consultation with the director of the board’s Office of State Budget, shall calculate and provide the appropriate percentages for population and consumer price index growth to the Ways and Means Committee of the House of Representatives and the Senate Finance Committee no later than November tenth of each year.

(4) Before the Governor may submit the proposed budget for a fiscal year, the proposal must include the certificate of the Director of the Office of State Budget that the proposed budget conforms to the limitation imposed by this subsection. The annual general appropriations bill may not be given third reading in the House of Representatives and Senate unless a similar certificate is received by the presiding officer in each house from the Director of the Office of State Budget before the bill is given third reading.

(B)(1) Notwithstanding the provisions of subsection (A) of this section, if the Governor declares a financial emergency, the General Assembly may suspend the spending limitation imposed pursuant to subsection (A) for any one fiscal year for a specific amount by a special vote as provided in this item by enactment of legislation which relates only to that matter. The state general fund appropriations for the fiscal year following the suspension must be determined as if the suspension had not occurred and, for purposes of determining subsequent limits, must be presumed to have been the maximum limit which could have been authorized if the limitation imposed pursuant to subsection (A) had not been suspended.

(2) The special vote referred to in this item means an affirmative recorded roll‑call vote in each branch of the General Assembly by two‑thirds of the members present and voting but not less than three‑fifths of the total membership in each branch.

(C)(1) There is created in the State Treasury a fund separate and distinct from the general fund of the State, the Capital Reserve Fund, and all other funds entitled the Spending Limit Reserve Fund. Notwithstanding any other provision of law providing for the use of surplus general fund revenue, all general fund revenues accumulated in a fiscal year in excess of the limit on appropriations provided pursuant to subsection (A) of this section must be credited to this fund. All revenues in the Spending Limit Reserve Fund must be refunded to state taxpayers by means of temporary tax reductions enacted by the General Assembly.”

B. This section takes effect upon approval of this act by the Governor and first applies for general fund appropriations made for and surplus general fund revenues accruing in fiscal year 2011‑2012.

SECTION 3.A. Article 1, Chapter 11, Title 11 of the 1976 Code is amended by adding:

“Section 11‑11‑75. (A) The proposed annual state budget submitted by the Governor to the General Assembly and considered by each house of the General Assembly must employ zero‑based budgeting principles in its executive preparation and in its legislative consideration.

(B) For purposes of this section, a ‘zero‑based budget’ is an agency budget developed using a process of preparing an operating plan or budget that starts with no authorized or appropriated funds. In a zero‑based budget, each activity to be funded must be justified as the budget is prepared and considered.

(C) In compliance with current literature on zero‑based budgeting, the Office of State Budget of the State Budget and Control Board shall develop a format and criteria for agencies to use in preparing zero‑based budgets for submission. These criteria must incorporate existing best practices among states and may include, but are not limited to, performance‑based reviews and program budgeting. The zero‑based budget submission of each agency must be submitted to the Governor for the annual proposed state budget and to the House Ways and Means and Senate Finance Committees for use in committee consideration of the budget.”

B. This section takes effect upon approval of this act by the Governor and first applies for the proposed state budget for 2011‑2012.

SECTION 4. Article 1, Chapter 7, Title 2 of the 1976 Code is amended by adding:

“Section 2‑7‑125. No final vote may be taken on the annual general appropriations bill until that bill, in its most recent iteration has been available for viewing on the General Assembly’s website for at least the last three statewide legislative days ending before the legislative day the final vote is taken on the bill.”

SECTION 5. Except where otherwise provided, this act takes effect upon approval by the Governor.

‑‑‑‑XX‑‑‑‑