**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 11‑11‑88 SO AS TO PROVIDE FOR A ZERO BASE BUDGET PROCESS BEGINNING WITH FISCAL YEAR 2015‑2016 AND TO PROVIDE THE REQUIREMENTS FOR A ZERO BASE BUDGET.

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

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

“Section 11‑11‑88. (A) The House Ways and Means Committee and the Senate Finance Committee shall implement a zero base budget process, beginning with the annual general appropriations act for Fiscal Year 2015‑2016. The schedule for a zero base budget process must be organized by the following agency functional areas for all of state government:

(1) Fiscal Year 2015‑2016, Group I: human service, health care, and social service agencies;

(2) Fiscal Year 2016-2017, Group II: correctional, criminal justice, and public safety;

(3) Fiscal Year 2017‑2018, Group III: executive, regulatory (excluding health), judicial, quasijudicial agencies and boards, and other agencies determined by the committees that do not fall in the first two categories;

(4) Fiscal Year 2018‑2019, Group IV: educational functions of government including, but not limited to, public education and higher education;

(5) Fiscal Year 2019‑2020, Group V: natural resources, health care regulation, and legislative agencies.

(B) The process for each group must be maintained on a five‑year rotating basis.

(C)(1) For purposes of this section, a zero base 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 base budget, each activity to be funded must be justified as the budget is prepared.

(2) In compliance with current literature on zero base budgeting, the Office of State Budget of the State Budget and Control Board in consultation with the Ways and Means Committee of the House of Representatives and the Senate Finance Committee shall develop a format and criteria for preparing zero base budget submissions.”

SECTION 2. This act takes effect upon approval by the Governor.

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