COMMITTEE REPORT

April 11, 2019

**S. 506**

Introduced by Senator Jackson

S. Printed 4/11/19--S.

Read the first time February 13, 2019.

**THE COMMITTEE ON LABOR, COMMERCE AND INDUSTRY**

To whom was referred a Bill (S. 506) to amend Article 5, Chapter 3, Title 31 of the 1976 Code, relating to city housing authorities, to provide for the circumstances under which a county legislative delegation may, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by striking all after the enacting words and inserting:

/SECTION 1. Article 5, Chapter 3, Title 31 of the 1976 Code is amended by adding:

“Section 31-3-375. (A)(1) The county legislative delegation may adopt a resolution declaring that there exists a state of emergency with regard to a municipal housing authority located within the delegation’s jurisdiction if, to the satisfaction of a majority of the legislative delegation, there is convincing evidence that the housing authority has taken action, or failed to take an action, resulting in any or all of the housing authority’s residents being systemically subjected to unreasonably hazardous conditions or being subjected to conditions that led to the death of one or more residents.

(2) If the municipal housing authority referred to in item (1) has projects in multiple counties, then the county legislative delegations of all counties in which the projects are located shall comprise the appropriate ‘county legislative delegation’ for the purposes of this section.

(B) Upon the adoption of a resolution as provided in subsection (A), all commissioners and the executive director are immediately suspended from office for pending investigation by the appropriate law enforcement authority. If there is no active law enforcement investigation, then the county legislative delegation may request that one be initiated. During this period of suspension, the mayor of the municipality that created the housing authority pursuant to Section 31-3-320, or the mayor’s designee, shall appoint an interim executive director of the housing authority.

(C) If, at the conclusion of the investigation by the appropriate law enforcement authority, the county legislative delegation finds that the housing authority took an action, or failed to take an action, resulting in the residents being subjected to unreasonably hazardous conditions or being subjected to conditions that led to the death of one or more residents, then the commissioners are immediately removed from office. The provisions contained in Section 31-3-370 do not apply for removal from office under this section.

(D) Upon the removal from office of the commissioners pursuant to subsection (C), the council of the municipality that created the housing authority pursuant to Section 31-3-320 shall appoint new commissioners, none of whom may be a commissioner who was removed from office.”

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

Renumber sections to conform.

Amend title to conform.

THOMAS C. ALEXANDER for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**Updated for Additional Agency Response on March 28, 2019**

**Introduced on February 13, 2019**

**Local Expenditure**

The bill amends the provisions for the removal of housing authority commissioners. This bill allows the county legislative delegation to adopt a resolution declaring that there is a state of emergency in reference to a municipal housing authority in their jurisdiction if there is convincing evidence that a housing authority has taken action or failed to take an action which resulted in unreasonably hazardous conditions or conditions that led to the death of one or more residents. Upon the adoption of the resolution all commissioners are immediately suspended from office for ninety days while an investigation is conducted by the council of the municipality. During this period of suspension, the mayor, or the mayor's designee, shall exercise the powers and duties of the housing authority.

If the council of the municipality finds that the housing authority’s acts or failure to act subjected residents to hazardous conditions or led to the death of a resident, the commissioners are immediately removed from office. If commissioners are removed from office through these provisions, the council of the municipality shall appoint new commissioners.

The Municipal Association of South Carolina indicates that the bill may impact liability insurance premiums for cities. In the event that the mayor or mayor’s designee must exercise the powers and duties of the housing authority, the city may need to increase liability insurance coverage to the housing authority. The level of liability coverage already obtained by each city that can be applied to housing authorities is unknown, and the number of municipalities that will experience increased premium payments as a result of the provisions of the bill cannot be determined. As such, the bill will have an undetermined impact on local governments.

This fiscal impact has been updated to include a response from the Municipal Association of South Carolina.

I**ntroduced on February 13, 2019**

**State Expenditure**

The bill amends the provisions for the removal of housing authority commissioners. This bill allows the county legislative delegation to adopt a resolution declaring that there is a state of emergency in reference to a municipal housing authority in their jurisdiction if there is convincing evidence that a housing authority has taken action or failed to take an action which resulted in unreasonably hazardous conditions or conditions that led to the death of one or more residents. Upon the adoption of the resolution all commissioners are immediately suspended from office for ninety days while an investigation is conducted by the council of the municipality.

**Local Expenditure**

If the council of the municipality finds that the housing authority’s acts or failure to act subjected residents to hazardous conditions or led to the death of a resident, the commissioners are immediately removed from office. If commissioners are removed from office through these provisions, the council of the municipality shall appoint new commissioners.

The expenditure impact of this bill is pending, contingent upon a response from local governments.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND ARTICLE 5, CHAPTER 3, TITLE 31 OF THE 1976 CODE, RELATING TO CITY HOUSING AUTHORITIES, TO PROVIDE FOR THE CIRCUMSTANCES UNDER WHICH A COUNTY LEGISLATIVE DELEGATION MAY DECLARE A STATE OF EMERGENCY, TO PROVIDE THAT A STATE OF EMERGENCY RESULTS IN THE SUSPENSION OF HOUSING AUTHORITY COMMISSIONERS, TO PROVIDE FOR A REVIEW OF THE SUSPENSION BY THE MAYOR OF THE MUNICIPALITY IN WHICH THE HOUSING AUTHORITY EXISTS, TO PROVIDE FOR THE PERMANENT REMOVAL FROM OFFICE OF THE COMMISSIONERS UNDER CERTAIN CIRCUMSTANCES, AND TO PROVIDE FOR NEW COMMISSIONERS WHEN NECESSARY.

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

SECTION 1. Article 5, Chapter 3, Title 31 of the 1976 Code is amended by adding:

“Section 31-3-375. (A) The county legislative delegation may adopt a resolution declaring that there exists a state of emergency with regard to a municipal housing authority located within the delegation’s jurisdiction if, to the satisfaction of a majority of the legislative delegation, there is convincing evidence that the housing authority has taken action, or failed to take an action, resulting in any or all of the housing authority’s residents being systemically subjected to unreasonably hazardous conditions or being subjected to conditions that led to the death of one or more residents.

(B) Upon the adoption of a resolution as provided in subsection (A), all commissioners are immediately suspended from office for ninety days. During this period of suspension, the mayor, or the mayor’s designee, shall exercise the powers and duties of the housing authority. Concurrently, the council of the municipality shall conduct an independent investigation into the circumstances under which the state of emergency was declared. Commissioners shall have the right to be heard in person or by counsel during the mayor’s investigation.

(C) If the council of the municipality finds that the housing authority took an action, or failed to take an action, resulting in the residents being subjected to unreasonably hazardous conditions or being subjected to conditions that led to the death of one or more residents, then the commissioners are immediately removed from office. The provisions contained in Section 31-3-370 do not apply for removal from office under this section.

(D) Upon the removal from office of the commissioners pursuant to subsection (C), the council of the municipality shall appoint new commissioners.”

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

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