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CHAPTER 9.

 STATE FINANCES GENERALLY

ARTICLE 1.

 GENERAL PROVISIONS

**SECTION 11‑9‑10.** Money to be spent only for purpose or activity specifically appropriated.

 It shall be unlawful for any monies to be expended for any purpose or activity except that for which it is specifically appropriated, and no transfer from one appropriation account to another shall be made unless such transfer be provided for in the annual appropriation act.

HISTORY: 1962 Code Section 1‑701; 1952 Code Section 1‑701; 1942 Code Section 3143; 1932 CodeSection 3143; Civ. C. '22 Section 839; 1921 (32) 114.

 (A) No state funds may be used to sponsor or defray the cost of any function by a state agency or institution at a club or organization which does not admit as members persons of all races, religions, colors, sexes, or national origins.

 (B) No state officer or employee may be reimbursed from public funds for expenses incurred at any club or establishment which does not admit as members persons of all races, religions, colors, sexes, or national origins.

HISTORY: 1978 Act No. 644, Part II, Section 6; 1987 Act No. 170, Part II, Section 27.

**SECTION 11‑9‑20.** Disbursing officers exceeding or transferring appropriations.

 (A) It is unlawful for an officer, clerk, or other person charged with disbursements of state funds appropriated by the General Assembly to exceed the amounts and purposes stated in the appropriations, or to change or shift appropriations from one item to another. Transfers may be authorized by the General Assembly in the annual appropriation act for the State.

 (B) An officer, clerk, or other person who violates the provisions of this section is guilty of malfeasance in office. The Governor may suspend immediately the officer and shall investigate the conduct of the person.

 (C) If after the investigation the person is found guilty, the Governor shall suspend him from office. In addition to the suspension, the officer is guilty of a misdemeanor and, upon conviction, must be fined in the discretion of the court or imprisoned not more than three years.

HISTORY: 1962 Code Section 1‑702; 1952 Code Section 1‑702; 1942 Code Sections 1592, 3070; 1932 Code Section 1592; Cr. C. '22 Section 557; 1921 (32) 117; 1993 Act No. 184, Section 153.

**SECTION 11‑9‑30.** Transfer of funds upon transfer of personnel.

 The Budget and Control Board shall have the authority to transfer appropriate funds from one department to another when personnel are transferred by an act of the legislature from one department to another to perform the same functions.

HISTORY: 1962 Code Section 1‑703; 1971 (57) 709.

**SECTION 11‑9‑40.** Statement to General Assembly.

 The amounts specified for the various officers of the State and for the various public purposes, other than for salaries and clerical services, shall be duly accounted for. A detailed statement thereof shall be made to the General Assembly at its next ensuing session.

HISTORY: 1962 Code Section 1‑704; 1952 Code Section 1‑704; 1942 Code Section 3191; 1932 CodeSection 3191; Civ. C. '22 Section 887; Civ. C. '12 Section 806; 1909 (26) 280.

**SECTION 11‑9‑50.** Accounts to be itemized and verified.

 All accounts shall be itemized and verified.

HISTORY: 1962 Code Section 1‑705; 1952 Code Section 1‑705; 1942 Code Section 3191; 1932 CodeSection 3191; Civ. C. '22 Section 887; Civ. C. '12 Section 806; 1909 (26) 280.

**SECTION 11‑9‑70.** Neglect or failure to remit funds.

 Any state officer who neglects or fails to remit to the State Treasurer as required by law shall become responsible on his official bond for any loss the State may sustain by reason of such neglect or failure to remit.

HISTORY: 1962 Code Section 1‑708; 1952 Code Section 1‑708; 1942 Code Section 2200; 1932 CodeSection 2200; 1925 (34) 273; 1926 (34) 1049; 1955 (49) 151.

**SECTION 11‑9‑75.** State funds to be withheld from counties or municipalities delinquent in payments due to State or its agencies.

 If an agency or political subdivision becomes delinquent for ninety days for any payments to the State or agencies or institutions thereof, the agency or institution responsible for the collection of the payment may file a certificate of delinquency with the State Treasurer. Upon receipt of the certificate of delinquency, the State Treasurer shall withhold from the next distribution of any revenue to such agency or political subdivision the amount certified as being due and shall forward a remittance to the agency or institution to be applied against the payment due by such agency or political subdivision. If the State Treasurer does not forward any remittance or forwards an amount less than the delinquent payment after one year from the date of certification, the agency or institution shall write off the outstanding delinquent amount as an uncollectible bad debt.

HISTORY: 1979 Act No. 199, Part II, Section 26; 1996 Act No. 314, Section 2.

**SECTION 11‑9‑80.** Fiscal year starts July 1 and ends June 30.

 In accordance with the terms of Section 10, Article X of the Constitution of South Carolina, as amended, the fiscal year of the State shall begin on the first day of July and end on the thirtieth day of June each year. All officers or servants of the State who are required to perform any duty at a specific time contingent upon the beginning and ending of the fiscal year shall perform such duties at such a time as will conform to the fiscal year beginning July first and ending June thirtieth. Nothing herein contained shall be held to affect the date for the assessment, levying or collection of any tax now provided for by law nor to affect the submitting of reports to the General Assembly. All officers or servants of the State shall keep their accounts and records in conformity with such fiscal year, opening them on the first day of July and closing them on the thirtieth day of June each year.

HISTORY: 1962 Code Section 1‑709; 1952 Code Section 1‑709; 1942 Code Section 3081‑1; 1933 (38) 218.

**SECTION 11‑9‑85.** Tax and fee revenues to be calculated on accrual basis.

 For accounting purposes, the Comptroller General shall calculate revenues of the following taxes and fees on an accrual basis:

 (1) stamp and business license;

 (2) alcoholic liquor;

 (3) beer and wine;

 (4) soft drink;

 (5) electric power;

 (6) gasoline and motor fuel;

 (7) admissions, including bingo admissions;

 (8) sales, use, and casual excise; and

 (9) recording a deed.

HISTORY: 1992 Act No. 501, Part II, Section 34A; 2002 Act No. 356, Section 1, Part XI.O.

**SECTION 11‑9‑90.** Sale of state general obligation bonds of different issues as though they constituted a single issue.

 Whenever the Governor and the State Treasurer shall be empowered by law to issue general obligation bonds of the State, they may receive bids on more than one issue at the same time and, in such event, may impose as a condition to bidding a requirement that all who shall bid shall submit proposals for all bonds then offered as though such bonds constituted only a single issue of bonds. Under such circumstances, the fact that more than one issue of bonds is offered, and the maturity schedules of the issues are dissimilar, shall be disregarded and the bonds shall be awarded to the bidder whose bid prescribes the lowest interest cost, calculated on the basis that all bonds then issued constituted but a single issue of bonds, rather than more than one issue of bonds.

HISTORY: 1962 Code Section 1‑710; 1966 (54) 2055.

**SECTION 11‑9‑95.** Budget and Control Board authorized to transfer agency funds to pay debts prior to closing books for fiscal year.

 With respect to debts owed to the Budget and Control Board on June thirtieth of any fiscal year, including outstanding obligations for rent and upfitting, telecommunications services, data processing, installment purchase program payments, insurance premiums, and printing, the board is authorized and directed, after discussion in an open meeting, to transfer any funds remaining in the agency's accounts to pay these obligations prior to the closing of the books for that fiscal year and prior to carrying any funds forward to the subsequent fiscal year. The provisions of this section shall not apply to the General Assembly.

HISTORY: 1995 Act No. 145, Part II, Section 7.

**SECTION 11‑9‑105.** Contracts for legal or consultant services.

 Any contract for legal or consultant services entered into by a state agency or institution shall include a provision which requires completion of all services. The provisions shall further require that in the event all services are not fully rendered as provided for in the contract, any monies which have been paid by the agency under the contract must be refunded to the agency along with a twelve percent penalty.

HISTORY: 1983 Act No. 151, Part II, Section 36.

**SECTION 11‑9‑110.** Organization to which contribution is appropriated to submit statement to Budget and Control Board as to nature and function of organization and use of contribution.

 Each organization to which a contribution is made in the contributions section of the general appropriation bill shall submit to the State Budget and Control Board by the end of the applicable fiscal year a detailed statement explaining the nature and function of the organization as well as a detailed statement explaining the use that was made of the contribution. The statements must be available at the office of the Budget and Control Board for public inspection and given to a member of the General Assembly upon request.

 A contribution must not be made to an organization until it agrees in writing to allow the State Auditor to audit or cause to be audited the contributed funds.

HISTORY: 1982 Act No. 466, Part II, Section 11; 2005 Act No. 164, Section 8.

**SECTION 11‑9‑115.** Certain purchases made by State not subject to fair trade contracts.

 Prices offered in connection with contracts for purchases made by the State of South Carolina for any county, municipality, college or university, political subdivision, school district, or agency of the State shall not be subject to fair trade contracts.

HISTORY: 1995 Act No. 145, Part II, Section 9.

**SECTION 11‑9‑125.** Order of expenditure of funds by state agencies; remittance of certain funds to state general fund.

 Federal and other funds must be expended before funds appropriated from the general fund of the State, to the extent possible, and any excess balances in accounts resulting from matching fund programs must be remitted to the general fund of the State. Federal or other funds generated by the expenditure of state funds, including refunds from prior year general fund expenditures, must be remitted to the general fund of the State if there is no federal or state requirement governing the specific use of the funds. In order to permit identification of these funds, state agencies shall:

 (1) draw down and expend federal and other funds before spending state general fund appropriations whenever possible;

 (2) maintain separate accounting records for each grant for cash, revenues, and expenditures to insure a proper audit trail;

 (3) reconcile federal and other fund accounts at the end of each state fiscal year and maintain those records for audit purposes;

 (4) submit federal financial reports to the grantor agency as required.

 State agencies shall remit to the general fund of the State any funds found to exist in agency accounts. If an agency believes funds have been inappropriately identified as the funds defined in this section, the agency may appeal through the process provided in Sections 2‑65‑30 and 2‑65‑40. A report of the amount of funds credited to the general fund of the State pursuant to this section must be made by the Comptroller General at the time of each official state revenue forecast. This report must be provided to the Budget and Control Board, the Senate Finance Committee, and the House Ways and Means Committee. Research and student aid grants, including indirect cost recoveries, are exempt from this provision.

HISTORY: 1988 Act No. 658, Part II, Section 37; 2005 Act No. 164, Section 9.

**SECTION 11‑9‑130.** Funds for capital improvement projects not on state‑owned property.

 Funds authorized by the General Assembly for capital improvement projects not located on state‑owned property may be expended only if the projects are owned or operated by a governmental entity including, but not limited to, municipalities or counties or a combination of governmental entities or by a separate authority whose membership is controlled by a governmental entity.

HISTORY: 1988 Act No. 638, Section 13.

**SECTION 11‑9‑140.** Transfer of capital improvement bond balances to Bond Contingency Revolving Fund; exemptions; determination and review.

 The State Budget and Control Board may transfer to the Bond Contingency Revolving Fund any capital improvement bond project balances determined not to be usable or needed. Capital improvement bonds issued on behalf of the Mental Health Commission as provided in Act 151 of 1983 and Acts 1272 and 1276 of 1970, as amended, or bonds issued on behalf of the Department of Disabilities and Special Needs as provided in Section 44‑21‑1010 et seq. are exempt. Before accomplishing a transfer of this type, the required determination must be made by the agency for which the funds were authorized or by the Budget and Control Board if the agency no longer exists, and the board must find that the purpose for which the funds were authorized has been achieved. Any transfer by the Budget and Control Board must first be reviewed by the Joint Bond Review Committee.

HISTORY: 1995 Act No. 145, Part II, Section 41.

ARTICLE 3.

 INDEBTEDNESS GENERALLY

**SECTION 11‑9‑210.** Certificates of indebtedness and certain checks cannot be issued by state officers.

 It shall be unlawful for any state officer to issue any certificate of indebtedness. Nor shall it be lawful for any state officer to draw a warrant or check for any public debt except upon money then actually to his credit in that account in the hands of some bank or public officer.

HISTORY: 1962 Code Section 1‑761; 1952 Code Section 1‑761; 1942 Code Section 3076; 1932 CodeSection 3076; Civ. C. '22 Section 763; Civ. C. '12 Section 679; Civ. C. '02 Section 609; G. S. 462; R. S. 527; 1877 (16) 364.

**SECTION 11‑9‑220.** Debt in excess of appropriation prohibited.

 It shall be unlawful for any department, institution, commission or board of the state government or officer or agent of the state government authorized to make contracts or draw appropriations to contract indebtedness in excess of the amount specifically provided in the annual appropriation act.

HISTORY: 1962 Code Section 1‑762; 1952 Code Section 1‑762; 1942 Code Sections 2083, 3191; 1932 Code Sections 2083, 3191; Civ. C. '22 Sections 45, 887; Civ. C. '12 Section 806; 1909 (26) 280; 1921 (32) 114.

**SECTION 11‑9‑230.** Borrowing money prohibited except by State Budget and Control Board.

 It shall be unlawful for any officer or employee or departmental or institutional head, except the State Budget and Control Board, to borrow any money for State purposes.

HISTORY: 1962 Code Section 1‑763; 1952 Code Section 1‑763; 1942 Code Section 2083; 1932 CodeSection 2083; Civ. C. '22 Section 45; 1921 (32) 114; 1950 (46) 3605.

**SECTION 11‑9‑240.** Budget and Control Board may borrow from departments of state government.

 For the purpose of facilitating the business of the State and in the interest of economy, the State Budget and Control Board may in its discretion borrow from any department of the state government, with the written consent of such department, for the use of the State any surplus which may be on hand in the office of the State Treasurer to the credit of any such department; provided, however:

 (1) That no money shall be borrowed from any department of the state government for the general appropriation act without first obtaining from the Attorney General an opinion holding in effect that the revenues of the State when collected will be sufficient to repay such loan;

 (2) That nothing herein shall be construed as authority to confuse or consolidate any of the accounts that are now carried on the books and records in the office of the Comptroller General and State Treasurer and all expenditures shall be charged against the separate accounts as now provided in the office of the Comptroller General and State Treasurer; and

 (3) That the authorization contained in this section shall not apply to sinking funds.

HISTORY: 1962 Code Section 1‑765; 1952 Code Section 1‑765; 1942 Code Section 2203; 1932 CodeSection 2203; 1930 (36) 1343; 1950 (46) 3605.

**SECTION 11‑9‑250.** Interest on loans by departments of state government.

 If the State Budget and Control Board should exercise the power provided in Section 11‑9‑240, any such loan shall be negotiated at a rate of interest equivalent to that paid to the State by banks in which such funds are deposited.

HISTORY: 1962 Code Section 1‑766; 1952 Code Section 1‑766; 1942 Code Section 2203; 1932 CodeSection 2203; 1930 (36) 1343; 1950 (46) 3605.

**SECTION 11‑9‑260.** Evidences of loans by departments of state government.

 The State Budget and Control Board shall, upon making any loan under Section 11‑9‑240, execute and deliver call promissory notes or other call evidences of indebtedness to the State Treasurer, which shall draw interest, from date until paid. Such interest shall accrue to the benefit of the department whose money may be used in making such loan to the State. Such call notes or call evidences of indebtedness shall run until the department whose funds have been used shall call for the payment of such notes or evidences of indebtedness, but in no event longer than such period as the board may decide.

HISTORY: 1962 Code Section 1‑767; 1952 Code Section 1‑767; 1942 Code Section 2203; 1932 CodeSection 2203; 1930 (36) 1343; 1950 (46) 3605.

**SECTION 11‑9‑270.** Borrowing in open market to repay loans by departments of state government.

 If the department whose funds have been so used under the provisions of Section 11‑9‑240 should call for the payment of such notes or evidences of indebtedness before the revenue of the state government is such as to pay them, the State Budget and Control Board shall proceed to borrow in the name of the State in the open money markets sufficient monies to repay such notes and to provide for the running expenses of the state government.

HISTORY: 1962 Code Section 1‑768; 1952 Code Section 1‑768; 1942 Code Section 2203; 1932 CodeSection 2203; 1930 (36) 1343; 1950 (46) 3605.

**SECTION 11‑9‑280.** Borrowing to pay operating expenses of the State.

 In anticipation of the receipt of the taxes and other income of the State for any fiscal year, applicable to the payment of the expenses of the ordinary and current business of the State, the State Budget and Control Board may borrow on the credit of the State, at a rate of interest not exceeding the legal rate, so much money as the board deems necessary to finance the ordinary and current business of the State for such fiscal year or to repay any money borrowed for such purposes with interest thereon. The board may issue and sell notes or other obligations of the State for the money hereby authorized to be borrowed. The total amount of indebtedness, at any one time outstanding, incurred to finance the ordinary and current business of the State for the then current fiscal year, shall not exceed seventy‑five per cent of the State's estimated current income from the receipt of taxes and other revenue applicable to the payment of the expenses of the ordinary and current business of the State for such fiscal year and the amount of taxes and other revenue owing and due to the State but unpaid for the fiscal year next preceding. Out of the monies borrowed under the provisions of this section the State Treasurer may pay any borrowings for or claims against the current and ordinary business of the State for the fiscal year next preceding to the end that no deficit may be ever created in the general funds of the State.

HISTORY: 1962 Code Section 1‑770; 1952 Code Section 1‑770; 1942 Code Section 2206‑1; 1932 (37) 1220; 1950 (46) 3605.

**SECTION 11‑9‑290.** Borrowing to maintain balance in general deposit account.

 The State Treasurer shall at all times maintain a sufficient cash reserve in the general deposit account to finance properly the activities supported by the respective funds comprising the general deposit account and to this end the State Budget and Control Board may borrow, from time to time, such amounts as are necessary. To the end that such borrowing may be kept at a minimum each department and institution may be required to give to the State Treasurer a quarterly anticipation of its expenditures, itemized according to budget classifications, by months.

HISTORY: 1962 Code Section 1‑771; 1952 Code Section 1‑771; 1947 (45) 97; 1950 (46) 3605.

**SECTION 11‑9‑300.** Borrowing to maintain general fund; required cash balance.

 The State Budget and Control Board shall, when necessary, borrow as otherwise provided by law a sufficient sum or sums of money to provide for the payment of all demands upon the State Treasury, to the end that the general fund herein authorized shall at no time become exhausted, and the board shall maintain at all times a cash balance sufficient in its judgment to meet the requirements of Sections 11‑9‑240 to 11‑9‑270 and this section.

HISTORY: 1962 Code Section 1‑772; 1952 Code Section 1‑772; 1942 Code Section 2204; 1932 CodeSection 2204; 1930 (36) 1343; 1950 (46) 3605.

**SECTION 11‑9‑310.** Issuance of bonds, notes, certificates of indebtedness, or other obligations in small denominations.

 The State Budget and Control Board and any other officers of the State authorized by law to issue or sell obligations of the State may, when in need of credit by loans of cash, offer to the investing public by and through such advertisement as may be deemed proper, in small denominations, bonds, notes, certificates of indebtedness or other obligations of the State, upon such terms and at such rates of interest as such board or officers may determine, not to exceed the legal rate, and payable at such intervals as such board or officers may deem proper. But no such obligations shall be sold for less than par and accrued interest to date of delivery.

HISTORY: 1962 Code Section 1‑773; 1952 Code Section 1‑773; 1942 Code Section 2207; 1932 (37) 1545; 1950 (46) 3605.

**SECTION 11‑9‑320.** Certain payment obligations may be sold to the best advantage of the State.

 The maturities, form, place, medium and mode of payment of obligations issued pursuant to Section 11‑9‑310 shall be determined by the State Budget and Control Board or the officers authorized to issue them to the end that such obligations may be sold to the best advantage of the State.

HISTORY: 1962 Code Section 1‑774; 1952 Code Section 1‑774; 1942 Code Section 2207; 1932 (37) 1545.

**SECTION 11‑9‑330.** Expenses of issuance of small denomination notes or other obligations.

 All proper expenses incurred in the negotiation or sale of any such obligations may be paid by the State Budget and Control Board or other officers of the State from the proceeds of such sale; provided, however, that the total amount of such expense shall never exceed one half of one per cent of the principal of such notes or other obligations.

HISTORY: 1962 Code Section 1‑775; 1952 Code Section 1‑775; 1942 Code Section 2207; 1932 (37) 1545.

**SECTION 11‑9‑340.** Statement of bonded indebtedness in Comptroller General's report.

 The Comptroller General shall, as a part of his annual report, give the amount of the bonded indebtedness of the State.

HISTORY: 1962 Code Section 1‑776; 1952 Code Section 1‑776; 1942 Code Section 7340; 1932 CodeSection 7340; 1927 (35) 260.

**SECTION 11‑9‑360.** Governing body issuing bonds to determine interest rate on bonds.

 Notwithstanding any limitation or restriction now existing by statute heretofore enacted, bonds or other obligations of the State, its agencies, or political subdivisions of the State shall bear interest at a rate or rates determined by the governing body of the entity issuing the bonds.

HISTORY: 1989 Act No. 199, Section 1.

**SECTION 11‑9‑370.** State agency to remit revenue for payments on general obligation bonds to State Treasurer.

 A state agency responsible by law for the collection of revenues from any source annually to be applied to payments of interest and principal on general obligation bonds of the State shall remit the revenue collected to the State Treasurer for credit to the state's General Fund, and the revenue submitted constitutes a reimbursement.

HISTORY: 1995 Act No. 145, Part II, Section 28.

ARTICLE 7.

 SINKING FUND

**SECTION 11‑9‑610.** State Budget and Control Board to manage Sinking Fund.

 The State Budget and Control Board shall receive and manage the incomes and revenues set apart and applied to the Sinking Fund of the State.

HISTORY: 1962 Code Section 1‑791; 1952 Code Section 1‑791; 1942 Code Section 2138; 1932 CodeSection 2138; Civ. C. '22 Section 99; Civ. C. '12 Section 94; Civ. C. '02 Section 90; G. S. 62; R. S. 84; 1870 (14) 388; 1883 (18) 380; 1950 (46) 3605.

**SECTION 11‑9‑620.** Handling of funds.

 All monies arising from the redemption of lands, leases and sales of property or otherwise coming to the State Budget and Control Board for the Sinking Fund, shall be paid into the State Treasury and shall be kept on a separate account by the Treasurer as a fund to be drawn upon the warrants of the board for the exclusive uses and purposes which have been or shall be declared in relation to the Sinking Fund.

HISTORY: 1962 Code Section 1‑792; 1952 Code Section 1‑792; 1942 Code Section 2138; 1932 CodeSection 2138; Civ. C. '22 Section 99; Civ. C. '12 Section 94; Civ. C. '02 Section 90; G. S. 62; R. S. 84; 1870 (14) 388; 1883 (18) 380; 1950 (46) 3605.

**SECTION 11‑9‑630.** Sale of property not in actual public use.

 The State Budget and Control Board shall sell and convey, for and on behalf of the State, all such real property, assets and effects belonging to the State as are not in actual public use, such sales to be made from time to time in such manner and upon such terms as it may deem most advantageous to the State. This shall not be construed to authorize the sale by the board of any property held in trust for a specific purpose by the State or the property of the State in the phosphate rocks or phosphatic deposits in the beds of the navigable streams and waters and marshes of the State.

HISTORY: 1962 Code Section 1‑793; 1952 Code Section 1‑793; 1942 Code Section 2139; 1932 CodeSection 2139; Civ. C. '22 Section 100; Civ. C. '12 Section 95; Civ. C. '02 Section 91; G. S. 63; R. S. 85; 1878 (16) 558, 811; 1887 (19) 863; 1892 (21) 87; 1950 (46) 3605; 1981 Act No. 148, Section 6.

**SECTION 11‑9‑640.** Vacant lands grantable only for value.

 No grant of vacant lands shall be issued except to actual purchasers thereof for value.

HISTORY: 1962 Code Section 1‑794; 1952 Code Section 1‑794; 1942 Code Section 2137; 1932 CodeSection 2137; Civ. C. '22 Section 98; Civ. C. '12 Section 93; Civ. C. '02 Section 89; G. S. 61; R. S. 83; 1878 (16) 559.

**SECTION 11‑9‑650.** Payment of purchase price; disposition.

 The money for the purchase of real property sold under the authority of Section 11‑9‑630 shall be paid only in gold, silver and United States currency. The proceeds of all such sales shall be deposited in the General Fund of the State.

HISTORY: 1962 Code Section 1‑795; 1952 Code Section 1‑795; 1942 Code Section 2139; 1932 CodeSection 2139; Civ. C. '22 Section 100; Civ. C. '12 Section 95; Civ. C. '02 Section 91; G. S. 63; R. S. 85; 1878 (16) 558, 811; 1887 (19) 863; 1892 (21) 87; 1981 Act No. 148, Section 7.

**SECTION 11‑9‑660.** Investment of funds.

 (A) The State Treasurer has full power to invest and reinvest all funds of the State in any of the following:

 (1) obligations of the United States, its agencies and instrumentalities;

 (2) obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the African Development Bank, and the Asian Development Bank;

 (3) obligations of a corporation, state, or political subdivision denominated in United States dollars, if the obligations bear an investment grade rating of at least two nationally recognized rating services;

 (4) certificates of deposit, if the certificates are secured collaterally by securities of the types described in items (1) and (3) of this section and held by a third party as escrow agent or custodian and are of a market value not less than the amount of the certificates of deposit so secured, including interest; except that this collateral is not required to the extent the certificates of deposit are insured by an agency of the federal government;

 (5) repurchase agreements, if collateralized by securities of the types described in items (1) and (3) of this section and held by a third party as escrow agent or custodian and of a market value not less than the amount of the repurchase agreement so collateralized, including interest; and

 (6) guaranteed investment contracts issued by a domestic or foreign insurance company or other financial institution, whose long‑term unsecured debt rating bears the two highest ratings of at least two nationally recognized rating services.

 (B) The State Treasurer may contract to lend securities invested pursuant to this section.

 (C) The State Treasurer shall not invest in obligations issued by any country or corporation principally located in any country which the United States Department of State determines commits major human rights violations based on the Country Reports on Human Rights Practices by the Bureau of Democracy, Human Rights and Labor of the U. S. Department of State.

HISTORY: 1962 Code Section 1‑797; 1952 Code Sections 1‑796, 1‑797; 1942 Code Sections 2140, 2141; 1932 Code Sections 2132, 2140, 2141; Civ. C. '22 Sections 93, 101, 102; Civ. C. '12 Sections 88, 96, 97; Civ. C. '02 Sections 84, 92, 93; G. S. 57, 64; R. S. 78, 86; 1870 (14) 388; 1884 (18) 864; 1896 (22) 184; 1950 (46) 3605; 1959 (51) 126; 1972 (57) 2584; 1973 (58) 335; 1990 Act No. 314,Section 2; 1993 Act No. 164, Part II, Section 66A; 2001 Act No. 28, Section 1.

**SECTION 11‑9‑665.** Purchase of real property as investments of certain reserve or sinking funds.

 The Budget and Control Board on behalf of the State may acquire for use by the State real property as investments of any reserve or sinking fund of the State which is not pledged for payment of bonded indebtedness. Provided, however, such expenditures from the reserve or sinking fund shall not exceed two million dollars. Upon any such acquisition the State Budget and Control Board shall execute a note evidencing such investment upon such terms and conditions as may be appropriate in each instance. The note shall include a pledge of the board to apply on its payment all net income derived from the property so acquired; provided, that funding for any permanent project on the property shall provide for repayment of any outstanding balance to the appropriate reserve or sinking fund. Provided, further, that the purchase price of any property so acquired, including improvements existing or proposed, shall not be in excess of the actual value thereof as established by at least two appraisals satisfactory to the said board. Any property not put to permanent use by the State or one of its agencies or departments within six years shall be sold at public auction and the proceeds repaid to the appropriate reserve or sinking fund. Provided, further, that no property shall be acquired pursuant to the provisions of this section when the grantor has entered into a contract with any county, city or other political subdivision which created a tax obligation with respect to the property and such obligation has not been resolved to the satisfaction of the county, city or other political subdivision involved.

 Provided, that prior to purchasing, or contracting to purchase any real property the Budget and Control Board shall engage an independent engineer to make borings so as to insure that the property is adaptable to the contemplated use.

HISTORY: 1976 Act No. 625 Section 1.

**SECTION 11‑9‑670.** Control of securities in which Sinking Fund is invested.

 Subject to the limitations set forth in Section 11‑9‑660, the State Budget and Control Board shall have full power to hold, purchase, sell, assign, transfer and dispose of any of the securities and investments in which the Sinking Fund shall have been invested.

HISTORY: 1962 Code Section 1‑798; 1952 Code Section 1‑798; 1942 Code Sections 2142, 2143; 1932 Code Section 2142; Civ. C. '22 Section 103; Civ. C. '12 Section 98; Civ. C. '02 Section 94; 1897 (22) 440; 1911 (27) 223; 1939 (41) 215; 1941 (42) 150; 1950 (46) 3605; 1959 (51) 126.

**SECTION 11‑9‑680.** Annual report.

 The State Budget and Control Board shall annually report to the General Assembly the condition of the Sinking Fund and all sales or other transactions connected therewith.

HISTORY: 1962 Code Section 1‑803; 1952 Code Section 1‑803; 1942 Code Section 2140; 1932 CodeSections 2132, 2140; Civ. C. '22 Sections 93, 101; Civ. C. '12 Sections 88, 96; Civ. C. '02 Sections 84, 92; G. S. 57, 64; R. S. 78, 86; 1870 (14) 388; 1884 (18) 864.

ARTICLE 9.

 PROJECTING AND FORECASTING STATE REVENUES AND EXPENDITURES

**SECTION 11‑9‑810.** Findings and purpose.

 The General Assembly finds and declares that the present system of advising the Budget and Control Board and General Assembly on economic trends has, at times, developed in a fragmented manner, and that a unified system of dealing with the collection, analysis, interpretation, and presentation of matters relative to the economy is urgently needed for the orderly development of projections and forecasts as relates to revenues and expenditures for a specified period of time. It is the purpose of this provision to establish an organizational and procedural framework governing formulation, evaluation and continuing review of all state revenues and expenditures for all state programs; and to establish general policy governing the administration of the Office of The Board of Economic Advisors.

HISTORY: 1982 Act No. 466, Part II, Section 44.

**SECTION 11‑9‑820.** Board of Economic Advisors; membership and appointment; reporting; staffing.

 (A) There is created the Board of Economic Advisors as follows:

 (1) One member, appointed by, and serving at the pleasure of, the Governor, who shall serve as chairman and shall receive annual compensation of ten thousand dollars;

 (2) One member appointed by, and serving at the pleasure of, the Chairman of the Senate Finance Committee, who shall receive annual compensation of eight thousand dollars;

 (3) One member appointed by, and serving at the pleasure of, the Chairman of the Ways and Means Committee of the House of Representatives, who shall receive annual compensation of eight thousand dollars;

 (4) The Director of the Department of Revenue, who shall serve ex officio, with no voting rights.

 (B) The Chairman of the Board of Economic Advisors shall report directly to the Budget and Control Board to establish policy governing economic trend analysis. The Board of Economic Advisors shall provide for its staffing and administrative support from funds appropriated by the General Assembly.

 (C) The Executive Director of the Budget and Control Board shall assist the Governor, Chairman of the Board of Economic Advisors, Chairman of the Senate Finance Committee, and Chairman of the Ways and Means Committee of the House of Representatives in providing an effective system for compiling and maintaining current and reliable economic data. The Board of Economic Advisors may establish an advisory board to assist in carrying out its duties and responsibilities. All state agencies, departments, institutions and divisions shall provide the information and data the advisory board requires. The Board of Economic Advisors is considered a public body for purposes of the Freedom of Information Act, pursuant to Section 30‑4‑20(a).

 (D) The Department of Commerce shall provide to the Board of Economic Advisors by November tenth the public document prepared pursuant to Section 12‑10‑100(C) itemizing each revitalization agreement concluded during the previous calendar year. The Department of Revenue shall provide to the Board of Economic Advisors by November tenth a report of the amount of each tax credit claimed in the previous tax year pursuant to Title 12. The report must list individually the amount claimed and the number of filings for each tax credit. The Department of Revenue also must provide to the Board of Economic Advisors by November tenth magnetic tapes containing data from all state individual and corporate income tax filings from the previous tax year, excluding confidential identifying information.

HISTORY: 1982 Act No. 466, Part II, Section 44; 1992 Act No. 501, Part II, Section 13A; 1993 Act No. 181, Section 89; 2002 Act No. 356, Section 1, Part IX.B.

**SECTION 11‑9‑825.** Supplemental staff to assist board; meetings.

 The staff of the Board of Economic Advisors must be supplemented by the following officials who each shall designate one professional from their individual staffs to assist the BEA staff on a regular basis: the Governor, the Chairman of the House Ways and Means Committee, the Chairman of the Senate Finance Committee, the State Department of Revenue Chairman, and the Director of the Budget Division of the Budget and Control Board. The BEA staff shall meet monthly with these designees in order to solicit their input.

HISTORY: 1992 Act No. 501, Part II, Section 13B; 1993 Act No. 181, Section 90.

**SECTION 11‑9‑830.** Duties of Board of Economic Advisors.

 In order to provide a more effective system of providing advice to the Budget and Control Board and the General Assembly on economic trends, the Board of Economic Advisors shall:

 (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;

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

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

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

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

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

HISTORY: 1982 Act No. 466, Part II, Section 44.

**SECTION 11‑9‑840.** Procedures relative to changes in revenue or expenditure forecast or projection; adjustments in appropriations or requests; meetings of board; board as official state voice on economic matters.

 In the organizational and procedural framework governing the formulation, evaluation, and continuing review of revenues and expenditures, any appropriate governmental entity identifying or requesting a change in the official revenue and expenditure forecast or projection, for a specified period of time, shall first notify the office of the Chairman of the Board of Economic Advisors who must bring it to the attention of the Governor before any independent adjustment in the appropriations or requests of the revenue or expenditures for a particular year. The Ways and Means Committee in the House of Representatives and the Senate Finance Committee must be the first to be notified subsequent to notifying the Governor and must be informed simultaneously.

 The Board of Economic Advisors shall meet on a quarterly basis and at the call of the Governor, the General Assembly, the Chairman of the Board, or at the request of any member of the board who believes a meeting is necessary due to existing financial circumstances.

 The Board of Economic Advisors is the official voice of the State in economic matters and shall speak as one voice through the guidance and direction of the chairman. Individual members shall not speak or report individually on findings and status of economic developments.

HISTORY: 1982 Act No. 466, Part II, Section 44; 1992 Act No. 501, Part II, Section 13C.

**SECTION 11‑9‑850.** Verification by State Treasurer of information relating to that office.

 Information contained in any economic report, scenario, forecast, or projection relating to the State Treasurer's office must be verified by the State Treasurer prior to announcement.

HISTORY: 1982 Act No. 466, Part II, Section 44.

**SECTION 11‑9‑860.** Verification by Comptroller General of expenditure schedules used with economic announcements.

 Expenditure schedules used in conjunction with any economic announcements must be verified by the Comptroller General prior to publication.

HISTORY: 1982 Act No. 466, Part II, Section 44.

**SECTION 11‑9‑870.** Executive Director of Budget and Control Board to insure orderly transfer of funds between offices.

 The Executive Director of the Budget and Control Board shall insure an orderly transfer of funds between offices to provide for the execution of this section.

HISTORY: 1982 Act No. 466, Part II, Section 44.

**SECTION 11‑9‑880.** Board of Economic Advisors to make forecasts of economic conditions; adjustments to forecasts; review of revenues; synopsis of revenue shortfalls; publication of reports.

 (A) The Board of Economic Advisors shall make an initial forecast of economic conditions in the State and state revenues for the next fiscal year no later than November tenth of each year. Adjustments to the forecast must be considered on December tenth and January tenth. A final forecast for the next fiscal year must be made on February fifteenth. The February fifteenth forecast may be adjusted monthly if the board determines that changing economic conditions have affected the February fifteenth forecast. Before making or adjusting any forecast, the board must consult with outside economic experts with respect to national and South Carolina economic business conditions. All forecasts and adjusted forecasts must contain:

 (1) a brief description of the econometric model and all assumptions and basic decisions underlying the forecasts;

 (2) a projection of state revenues on a quarterly basis;

 (3) separate discussions of any industry which employs more than twenty percent of the state's total nonagricultural employment and separate projections for these industries.

 (B) In addition to fulfilling its economic and revenue forecasting responsibilities for future fiscal years, the board at each session shall monitor and review the flow of revenue for the current fiscal year in comparison to current year revenue estimates. If actual revenue collections represent an overall shortfall for any quarter of over one and one‑half percent of projected revenue collections for that quarter, a synopsis must be prepared which shall include a detailed analysis of the factors contributing to the shortfall, the impact of the shortfall for the present fiscal year, a projection of whether the shortfall will be compensated for in the remaining quarters of the present fiscal year, and the impact of the shortfall on revenue estimates for the ensuing fiscal year. In addition, a similar detailed synopsis must be provided if a shortfall of one and one‑half percent or more is experienced in any of the following individual revenue categories: sales and use taxes, individual income taxes, corporate income taxes, taxes on insurance premiums including workers' compensation insurance, and earnings on investments.

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

HISTORY: 1983 Act No. 151, Part II, Section 57; 1992 Act No. 501, Part II, Section 13D.

**SECTION 11‑9‑890.** Delineation of fiscal year revenue estimates by quarters; action to avoid year‑end deficit.

 A. Beginning August 15, 1986, the Board of Economic Advisors shall delineate the official fiscal year 1986‑87 revenue estimates by quarters. In all subsequent revenue estimates made under the provisions of Section 11‑9‑880, the Board of Economic Advisors shall incorporate quarterly revenue estimates within the annual revenue estimate.

 B. If at the end of the first, second, or third quarter of any fiscal year quarterly revenue collections are two percent or more below the amount projected for that quarter by the Board of Economic Advisors, the State Budget and Control Board, within seven days of that determination, shall take action to avoid a year‑end deficit. Notwithstanding Section 1‑11‑495, if the State Budget and Control Board does not take unanimous action within seven days, the Director of the Office of State Budget must reduce general fund appropriations by the requisite amount in the manner prescribed by law. Upon making the reduction, the Director of the Office of State Budget immediately must notify the State Treasurer and the Comptroller General of the reduction, and upon notification, the appropriations are considered reduced. No agencies, departments, institutions, activity, program, item, special appropriation, or allocation for which the General Assembly has provided funding in any part of this section may be discontinued, deleted, or deferred by the Director of the Office of State Budget. A reduction of rate of expenditure by the Director of the Office of State Budget, under authority of this section, must be applied as uniformly as shall be practicable, except that no reduction must be applied to funds encumbered by a written contract with the agency, department, or institution not connected with state government.

HISTORY: 1986 Act No. 540, Part II, Section 46; 2010 Act No. 152, Section 3, eff May 6, 2010.