

## HOUSE BILL 3347

H. 3347 -- Rep. W. Cox: A JOINT RESOLUTION PROPOSING AN AMENDMENT TO SECTION 36, ARTICLE III OF THE CONSTITUTION OF SOUTH CAROLINA, 1895, RELATING TO THE GENERAL RESERVE FUND, SO AS TO PROVIDE THAT THE GENERAL RESERVE FUND OF FIVE PERCENT OF GENERAL FUND REVENUE OF THE LATEST COMPLETED FISCAL YEAR MUST BE INCREASED EACH YEAR BY ONE-HALF OF ONE PERCENT OF THE GENERAL FUND REVENUE OF THE LATEST COMPLETED FISCAL YEAR UNTIL IT EQUALS SEVEN PERCENT OF SUCH REVENUES; AND PROPOSING AN AMENDMENT TO SECTION 36, ARTICLE III OF THE CONSTITUTION OF SOUTH CAROLINA, 1895, ALSO RELATING TO THE CAPITAL RESERVE FUND SO AS TO PROVIDE THAT THE CAPITAL RESERVE FUND OF TWO PERCENT OF GENERAL FUND REVENUE OF THE LATEST COMPLETED FISCAL YEAR MUST BE INCREASED TO THREE PERCENT OF GENERAL FUND REVENUE OF THE LATEST COMPLETED FISCAL YEAR.

*Received by Ways and Means:* 12/9/2020

*Summary of Bill:* The joint resolution allows for a statewide advisory referendum to be conducted on a yes or no question to decide if the General Reserve Fund shall be increase from 5% to 7% of the general fund revenue of the latest completed fiscal year. The General Reserve Fund will be increased one-half of one percent per year until it has reached 7%. It also allows for a second question if the Capital Reserve fund shall be increased from 2% to 3% of the general fund revenue of the latest completed fiscal year. This joint resolution mirrors the language in H. 3346.

*Estimated Revenue Impact:* Pending

*Other Notes/Comments:* This Joint Resolution simply puts H. 3346 on the ballot for the next general election. We passed H. 3346 out of the House on February 17.

**South Carolina General Assembly**  
124th Session, 2021-2022

**H. 3347**

**STATUS INFORMATION**

Joint Resolution

Sponsors: Reps. W. Cox, White, Fry, Haddon, Long, Forrest, G.M. Smith, Bennett, Gagnon, Hyde, West, Thayer and Ligon

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Introduced in the House on January 12, 2021

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

Summary: General Reserve Fund and Capital Reserve Fund

**HISTORY OF LEGISLATIVE ACTIONS**

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
12/9/2020	House	Prefiled
12/9/2020	House	Referred to Committee on <b>Ways and Means</b>
1/12/2021	House	Introduced and read first time ( <u>House Journal-page 166</u> )
1/12/2021	House	Referred to Committee on <b>Ways and Means</b> ( <u>House Journal-page 166</u> )
1/13/2021	House	Member(s) request name added as sponsor: G.M.Smith
1/14/2021	House	Member(s) request name added as sponsor: Bennett
3/22/2021	House	Member(s) request name added as sponsor: Gagnon, Hyde, West, Thayer, Ligon

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**VERSIONS OF THIS BILL**

12/9/2020

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## A JOINT RESOLUTION

11 PROPOSING AN AMENDMENT TO SECTION 36, ARTICLE III  
12 OF THE CONSTITUTION OF SOUTH CAROLINA, 1895,  
13 RELATING TO THE GENERAL RESERVE FUND, SO AS TO  
14 PROVIDE THAT THE GENERAL RESERVE FUND OF FIVE  
15 PERCENT OF GENERAL FUND REVENUE OF THE LATEST  
16 COMPLETED FISCAL YEAR MUST BE INCREASED EACH  
17 YEAR BY ONE-HALF OF ONE PERCENT OF THE GENERAL  
18 FUND REVENUE OF THE LATEST COMPLETED FISCAL  
19 YEAR UNTIL IT EQUALS SEVEN PERCENT OF SUCH  
20 REVENUES; AND PROPOSING AN AMENDMENT TO  
21 SECTION 36, ARTICLE III OF THE CONSTITUTION OF  
22 SOUTH CAROLINA, 1895, ALSO RELATING TO THE  
23 CAPITAL RESERVE FUND SO AS TO PROVIDE THAT THE  
24 CAPITAL RESERVE FUND OF TWO PERCENT OF GENERAL  
25 FUND REVENUE OF THE LATEST COMPLETED FISCAL  
26 YEAR MUST BE INCREASED TO THREE PERCENT OF  
27 GENERAL FUND REVENUE OF THE LATEST COMPLETED  
28 FISCAL YEAR.

29

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

32

33 SECTION 1. It is proposed that Section 36(A), Article III of the  
34 Constitution of this State be amended to read:

35

36 “(A)The General Assembly shall provide for a General Reserve  
37 Fund of ~~five~~ seven percent of the general fund revenue of the latest  
38 completed fiscal year. The ~~five~~ seven percent requirement shall be  
39 achieved by increasing the percentage requirement by a cumulative  
40 one-half of one percent of general fund revenue in each fiscal year  
41 succeeding the last fiscal year to which the ~~three~~ five percent  
42 requirement applied until the percentage of revenue in the General

1 Reserve Fund equals the ~~five~~ seven percent requirement, which shall  
2 thereafter be maintained. Funds may be withdrawn from the reserve  
3 only for the purpose of covering operating deficits of state  
4 government. The General Assembly must provide for the orderly  
5 restoration of funds withdrawn from the reserve from future  
6 revenues and out of funds accumulating in excess of annual  
7 operating expenditures.

8 (1) The General Assembly shall provide by law for a  
9 procedure to survey the progress of the collection of revenue and the  
10 expenditure of funds and to authorize and direct reduction of  
11 appropriations as may be necessary to prevent a deficit.

12 (2) In the event of a year-end operating deficit, so much of the  
13 reserve fund as may be necessary must be used to cover the deficit;  
14 and the amount must be restored to the reserve fund within five  
15 fiscal years out of future revenues until the ~~five~~ seven percent, or the  
16 applicable percentage amount required to be transferred to the  
17 General Reserve Fund, is again reached and maintained. Provided  
18 that a minimum of one percent of the general fund revenue of the  
19 latest completed fiscal year, if so much is necessary, must be  
20 restored to the reserve fund each year following the deficit until the  
21 ~~five~~ seven percent, or the applicable percentage amount required by  
22 general law to be transferred to the General Reserve Fund is  
23 restored.”

24  
25 SECTION 2. The proposed amendment must be submitted to the  
26 qualified electors at the next general election for representatives.  
27 Ballots must be provided at the various voting precincts with the  
28 following words printed or written on the ballot:

29  
30 “Must Section 36(A), Article III of the Constitution of this State,  
31 relating to the General Reserve Fund, be amended so as to provide  
32 that the General Reserve Fund of five percent of general fund  
33 revenue of the latest completed fiscal year must be increased each  
34 year by one-half of one percent of the general fund revenue of the  
35 latest completed fiscal year until it equals seven percent of such  
36 revenues?”

37  
38 Yes

39  
40 No

41  
42 Those voting in favor of the question shall deposit a ballot with a  
43 check or cross mark in the square after the word ‘Yes’, and those

1 voting against the question shall deposit a ballot with a check or  
2 cross mark in the square after the word 'No'."

3  
4 SECTION 3. It is proposed that Section 36(B), Article III of the  
5 Constitution of this State be amended to read:

6  
7 "(B) The General Assembly, in the annual general appropriations  
8 act, shall appropriate, out of the estimated revenue of the general  
9 fund for the fiscal year for which the appropriations are made, into  
10 a Capital Reserve Fund, which is separate and distinct from the  
11 General Reserve Fund, an amount equal to ~~two~~ three percent of the  
12 general fund revenue of the latest completed fiscal year.

13 (1) In any fiscal year in which the General Reserve Fund does  
14 not maintain the required percentage of general fund revenue,  
15 monies from the Capital Reserve Fund first must be used, to the  
16 extent necessary, to fully replenish the General Reserve Fund. The  
17 Capital Reserve Fund's replenishment of the General Reserve Fund  
18 is in addition to the replenishment requirement provided in  
19 subsection (A)(2) of this section. After the General Reserve Fund is  
20 fully replenished to the required percentage, the monies in the  
21 Capital Reserve Fund may be appropriated, except that the Capital  
22 Reserve Fund must not be used to offset a midyear budget reduction.

23 (2) Subsequent to appropriations required by item (1) of this  
24 subsection, monies from the Capital Reserve Fund may be  
25 appropriated by the General Assembly in separate legislation upon  
26 an affirmative vote in each branch of the General Assembly by  
27 two-thirds of the members present and voting, but not less than  
28 three-fifths of the total membership in each branch for the following  
29 purposes:

30 (a) to finance in cash previously authorized capital  
31 improvement bond projects;

32 (b) to retire interest or principal on bonds previously  
33 issued;

34 (c) for capital improvements or other nonrecurring  
35 purposes.

36 (3)(a) Any appropriation of monies from the Capital Reserve  
37 Fund as provided in this subsection must be ranked in priority of  
38 expenditure and is effective thirty days after completion of the fiscal  
39 year. If it is determined that the fiscal year has ended with an  
40 operating deficit, then the monies appropriated from the Capital  
41 Reserve Fund must be reduced based on the rank of priority,  
42 beginning with the lowest priority, to the extent necessary and

1 applied to the year-end operating deficit before withdrawing monies  
2 from the General Reserve Fund.

3 (b) At the end of the fiscal year, any monies in the Capital  
4 Reserve Fund that are not appropriated as provided in this  
5 subsection or any appropriation for a particular project or item  
6 which has been reduced due to application of the monies to a year  
7 end deficit must lapse and be credited to the general fund.”

8  
9 SECTION 4. The proposed amendment must be submitted to the  
10 qualified electors at the next general election for representatives.  
11 Ballots must be provided at the various voting precincts with the  
12 following words printed or written on the ballot:

13  
14 “Must Section 36(B), Article III of the Constitution of this State  
15 relating to the Capital Reserve Fund be amended so as to provide  
16 that the Capital Reserve Fund of two percent of the general fund  
17 revenue of the latest completed fiscal year be increased to three  
18 percent of the general fund revenue of the latest completed fiscal  
19 year?”

20  
21 Yes

22  
23 No

24  
25 Those voting in favor of the question shall deposit a ballot with a  
26 check or cross mark in the square after the word ‘Yes’, and those  
27 voting against the question shall deposit a ballot with a check or  
28 cross mark in the square after the word ‘No’.”

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