

**REPORT OF THE
GENERAL GOVERNMENT,
PERSONNEL & BENEFITS SUBCOMMITTEE**
(Anthony, Pitts, Herbkersman, Hayes & Whitmire - Staff Contact: Blythe Littlefield)

HOUSE BILL 3152

H. 3152 -- Rep. G.R. Smith: A BILL TO AMEND 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 15, 2015, FOR FISCAL YEAR 2015-2016, INCREASED ANNUALLY AND CUMULATIVELY BY A PERCENTAGE DETERMINED BY POPULATION INCREASES AND INCREASES IN THE CONSUMER PRICE INDEX, TO EXCLUDE FROM THIS LIMIT CONSTITUTIONAL AND STATUTORY REQUIREMENTS, TO PROVIDE FOR THE LIMITATION TO BE SUSPENDED FOR A FISCAL YEAR FOR A SPECIFIC AMOUNT UPON A SPECIAL VOTE OF THE GENERAL ASSEMBLY AND TO DEFINE THIS SPECIAL VOTE, TO ESTABLISH THE SPENDING LIMIT RESERVE FUND TO WHICH ALL SURPLUS GENERAL FUND REVENUES MUST BE CREDITED, TO PROVIDE FOR THE PRIORITY USES OF THE REVENUES OF THIS FUND, TO PROVIDE FOR THE APPROPRIATION OF FUND REVENUES AFTER THESE PRIORITIES ARE MET, TO REQUIRE THAT APPROPRIATION OF REVENUES OF THIS FUND MUST BE BY A JOINT RESOLUTION ORIGINATING IN THE HOUSE OF REPRESENTATIVES, AND TO PROVIDE THAT THIS LIMIT FIRST APPLIES FOR FISCAL YEAR 2016-2017.

Summary of Bill:

This bill provides for a General Fund appropriations spending limit for a fiscal year that shall be the total amount of the General Fund Revenue estimate as of February 15, 2015, for Fiscal Year 2015-16, increased annually and cumulatively by a percentage determined by population increases and increases in the consumer price index. Constitutional and statutory requirements are excluded from this limit. The bill provides that the limit shall be suspended for a fiscal year for a specific amount upon a special vote of the General Assembly.

A Spending Limit Reserve Fund is established in this bill which all surplus General Reserve Fund Revenues must be credited to. The priority uses of the revenues of this fund are defined and the appropriation of fund revenues after these priorities are met is also defined. Appropriation of revenues from this fund must be by a joint resolution originating in the House of Representatives. The limit first applies for Fiscal Year 2016-2017.

Estimated Revenue Impact:

This bill would have no expenditure or revenue impact on the General Fund, Other Funds, or Federal Funds. Annual appropriations would be limited to the lessor of the current limitations contained in Section 11-11-410, the adjusted base-year estimate increased by six percent, or the adjusted base year estimate increased by the percentage growth in population and the CPI.

Subcommittee Recommendation:

Favorable

Full Committee Recommendation:

Pending



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3152
 Author: G.R. Smith
 Requestor: House Ways and Means
 Date: April 16, 2015
 Subject: General Fund Appropriations
 RFA Analyst(s): Shuford

Estimate of Fiscal Impact

	FY 2015-16	FY 2016-17
State Expenditure		
General Fund	\$0	N/A
Other and Federal	\$0	N/A
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$0	N/A
Other and Federal	\$0	N/A
Local Expenditure	N/A	N/A
Local Revenue	N/A	N/A

Fiscal Impact Summary

This bill would have no expenditure or revenue impact on the General Fund, Other Funds, or Federal Funds. Annual appropriations would be limited to the lessor of the current limitations contained in Section 11-11-410, the adjusted base-year estimate increased by six percent, or the adjusted base-year estimate increased by the percentage growth in population and the consumer price index.

Explanation of Fiscal Impact

State Expenditure

This bill provides that General Fund revenue available for appropriations is limited to the lessor of the current limitations pursuant to Section 11-11-410, the adjusted base-year estimate increased by six percent, or the adjusted base-year estimate increased by the percentage growth in population and the consumer price index. The adjusted base-year estimate is defined as the Board of Economic Advisors February 15, 2015 General Fund estimate for FY 2015-16 including recurring and nonrecurring revenues. The General Assembly may declare a financial emergency and suspend the limitations for any one fiscal year by a specific amount by enactment of legislation relating only to this matter. All General Fund revenue collections in excess of the appropriations limit are allocated to the newly created Spending Limit Reserve Fund. Revenues from this fund must first replenish the General Reserve Fund if necessary. Remaining balances may be appropriated for temporary tax reductions, infrastructure improvements, school buildings, school buses, and expenses because of a natural disaster. This act would take effect for appropriations made for FY 2016-17.

State Revenue


N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director

South Carolina General Assembly
121st Session, 2015-2016

H. 3152

STATUS INFORMATION

General Bill

Sponsors: Rep. G.R. Smith

Document Path: l:\council\bill\bbm\9100dg15.docx

Introduced in the House on January 13, 2015

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

Summary: General Fund Appropriations

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
12/11/2014	House	Prefiled
12/11/2014	House	Referred to Committee on Ways and Means
1/13/2015	House	Introduced and read first time (<u>House Journal-page 116</u>)
1/13/2015	House	Referred to Committee on Ways and Means (<u>House Journal-page 116</u>)

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VERSIONS OF THIS BILL

12/11/2014

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A BILL

TO AMEND 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 15, 2015, FOR FISCAL YEAR 2015-2016, INCREASED ANNUALLY AND CUMULATIVELY BY A PERCENTAGE DETERMINED BY POPULATION INCREASES AND INCREASES IN THE CONSUMER PRICE INDEX, TO EXCLUDE FROM THIS LIMIT CONSTITUTIONAL AND STATUTORY REQUIREMENTS, TO PROVIDE FOR THE LIMITATION TO BE SUSPENDED FOR A FISCAL YEAR FOR A SPECIFIC AMOUNT UPON A SPECIAL VOTE OF THE GENERAL ASSEMBLY AND TO DEFINE THIS SPECIAL VOTE, TO ESTABLISH THE SPENDING LIMIT RESERVE FUND TO WHICH ALL SURPLUS GENERAL FUND REVENUES MUST BE CREDITED, TO PROVIDE FOR THE PRIORITY USES OF THE REVENUES OF THIS FUND, TO PROVIDE FOR THE APPROPRIATION OF FUND REVENUES AFTER THESE PRIORITIES ARE MET, TO REQUIRE THAT APPROPRIATION OF REVENUES OF THIS FUND MUST BE BY A JOINT RESOLUTION ORIGINATING IN THE HOUSE OF REPRESENTATIVES, AND TO PROVIDE THAT THIS LIMIT FIRST APPLIES FOR FISCAL YEAR 2016-2017.

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

SECTION 1. Article 5, Chapter 11, Title 11 of the 1976 Code is amended by adding:

1 “Section 11-11-415. (A)(1) In addition to all other applicable
2 constitutional and statutory limitations on general fund
3 appropriations, notwithstanding any other provisions of law, and
4 only to the extent that the limit on general fund appropriations for a
5 fiscal year imposed by this subsection is lower than the annual limit
6 imposed pursuant to Section 7(c) of the Constitution of this State
7 and Section 11-11-410, total general fund appropriations for the
8 fiscal year, excluding the constitutional and statutory requirements
9 of the State, may not exceed the lesser of:

10 (a) one hundred six percent of the adjusted base-year
11 estimate; or

12 (b) the adjusted base-year estimate increased by a
13 percentage equal to the state’s growth in population applied ratably
14 over the period of the decennial United States census assuming a
15 rate of increase equal to the rate in the most recently completed
16 United States census for which population figures are available over
17 the next preceding census and a percentage equal to the increase, if
18 any, in the consumer price index in the most recently ended federal
19 fiscal year, as determined by the Bureau of Labor Statistics of the
20 United States Department of Labor.

21 (2) As used in this subsection, the ‘adjusted base-year
22 estimate’ is the general fund revenue estimate made by the Board of
23 Economic Advisors on February 15, 2015, for Fiscal Year
24 2015-2016, including both recurring and nonrecurring revenues
25 from whatever source derived as adjusted annually and
26 cumulatively as provided in item (1).

27 (3) The Revenue and Fiscal Affairs Office shall calculate and
28 provide the appropriate percentages for population and consumer
29 price index growth to the Ways and Means Committee of the House
30 of Representatives and the Senate Finance Committee no later than
31 November tenth of each year.

32 (4) Before the Governor may submit the proposed budget for
33 these fiscal years, the proposal must include the certificate of the
34 Revenue and Fiscal Affairs Office that the proposed budget
35 conforms to the limitation imposed by this subsection. The annual
36 general appropriations bill may not be given third reading in the
37 House of Representatives and Senate unless a similar certificate is
38 received by the presiding officer in each house from the Revenue
39 and Fiscal Affairs Office before the bill is given third reading.

40 (B)(1) Notwithstanding the provisions of subsection (A), the
41 General Assembly may declare a financial emergency and suspend
42 the spending limitation imposed pursuant to subsection (A) for any
43 one fiscal year for a specific amount by a special vote as provided

1 in this item by enactment of legislation which relates only to that
2 matter. The state general fund appropriations for the fiscal year
3 following the suspension must be determined as if the suspension
4 had not occurred and, for purposes of determining subsequent limits,
5 must be presumed to have been the maximum limit which could
6 have been authorized if the limitation imposed pursuant to
7 subsection (A) had not been suspended.

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

12 (C)(1) There is created in the State Treasury a fund separate and
13 distinct from the general fund of the State, the Capital Reserve Fund,
14 and all other funds entitled the Spending Limit Reserve Fund.
15 Notwithstanding any other provision of law providing for the use of
16 surplus general fund revenue, all general fund revenues accumulated
17 in a fiscal year in excess of the limit on appropriations provided
18 pursuant to subsection (A) must be credited to this fund. Revenues
19 credited to this fund in a fiscal year may be appropriated by the
20 General Assembly in its regular session in the year following the
21 close of the applicable fiscal year. Revenues in this fund may be
22 appropriated only for the purposes provided in item (2) of this
23 subsection.

24 (2)(a) If the balance in the general reserve fund established
25 pursuant to Section 36, Article III of the Constitution of this State
26 and Section 11-11-310 is less than the required balance, there must
27 be transferred to it all amounts in the Spending Limit Reserve Fund
28 up to the total necessary to replenish the general reserve fund. This
29 amount does not replace or supplant the minimum replenishment
30 amounts otherwise required to be made to the General Reserve Fund
31 but this transfer must be made before the replenishment required
32 pursuant to Section 36(B)(1), Article III of the Constitution of this
33 State.

34 (b) After the transfer of amounts required pursuant to
35 subitem (a) of this item, any remaining balance may be appropriated
36 for or used to offset revenue reductions for:

- 37 (i) temporary tax reductions;
- 38 (ii) infrastructure improvements; and for purposes of this
39 item, infrastructure includes, but is not limited to, fixed
40 transportation facilities, to include highway, rail, water, and air, and
41 the basic facilities, services, and installations needed for the
42 functioning of government, to include water, sewer, and public
43 sector communications;

1 (iii) school buildings;
2 (iv) school buses; and
3 (v) expenses incurred by this State as a result of natural
4 or other disasters declared by the President of the United States.

5 (c) The total state share of a capital project funding for
6 which is derived in whole or in part from the Spending Limit
7 Reserve Fund, must be appropriated from the Spending Limit
8 Reserve Fund in one installment.

9 (d) Appropriations from the Spending Limit Reserve Fund
10 must be made by means of a joint resolution originating in the House
11 of Representatives.”

12
13 SECTION 2. This act takes effect upon approval by the Governor,
14 and first applies for general fund appropriations made for and
15 surplus general fund revenues accruing in Fiscal Year 2016-2017.

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