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H.5418 (Continuing Resolution), H.4813 (Budget) & H.4814 (CRF)

June 28, 2012

There are a series of Bill's that will be debated today to provide for the operation of government for FY 2012/13. The key points of each of these are provided below:

H.5418 - Continuing Resolution

- Will provide for the operation of state government for July 1, 2012 until vetoes have been submitted. This will operate government at current levels.
- This is also the vehicle for H.4996 (Small Business Tax Relief). Tax rates on Active Trade or Business Income will go from 5% (current) to 3% over a three year period of time. Rates for 2012 will be 4.33%, 2013 will be 3.67%, and 2014 will be 3%. *This provision creates total new tax relief of \$60 million.*

H. 4813 (Annual Appropriations Bill)

- The above discussed CR will be superseded by the full budget when the House receives vetoes (or when/if the Governor signs the Budget).
- Some specifics of the Conference Committee Report are:

Port of Charleston Harbor Deepening Reserve Fund

- Put \$300 million on the line for the deepening of the Charleston Harbor. This is sufficient to fully fund the entire project should federal funds not materialize. The funds can only be used for Harbor Deepening.

Statewide Items and Employee Provisions

- Provides for a 3% state employee pay raise and fully funds needed increases for the Employee Health Insurance Program.
- Added \$30 million to the Local Government Fund.
- Provided \$77M in Unemployment Insurance tax relief - SUTA (\$34M in H.4813).

Education (K-12 and Higher Education)

- Maintained the \$152 million directed to the EFA - achieving a Base Student Cost of \$2,012/student and the additional \$48 million in the EIA Salary Supplement to guarantee a 2% *state-funded* pay rise for all teachers.
- Puts \$36 million on the line to replace the possible loss of Federal IDEA (Special Needs) funds.
- Scholarships are fully funded.

Economic Development and Natural Resources

- Increased funding to the Closing Fund at the Department of Commerce.
- Replaced one-time operational funds with recurring dollars at the Department of Commerce.
- Increased total funding for the Department of Agriculture by \$3.5 million, to include funds for marketing and branding.

Health

- Fully funds the Medicaid budget request to include express lane eligibility for children.
- In addition to the \$1.8 million provided for Community Health Centers, the amendment includes \$800,000 in additional funding for local health departments and \$500,000 for the Rural Physician Program.

Law Enforcement and Criminal Justice

- The amendment does include an additional 2% pay raise for Class 1 law enforcement officers for those earning less than \$50,000/year, this is in addition to the 3% for all state employees.
- Increased funding for both Prosecution Coordination Commission and the Commission on Indigent Defense.

H.4814 Capital Reserve Fund

- Funds \$43 million of the \$77 million in SUTA tax relief.
- Provides \$50,000 for the Farmer's Market Project - this represents sufficient funds for an appraisal.
- All higher education deferred maintenance projects originally included in the House passed CRF are included.