

**PROVISO SUBCOMMITTEE
ECONOMIC DEVELOPMENT AND NATURAL RESOURCES
RECOMMENDATIONS FOR FY 2014-15
TO THE HOUSE WAYS AND MEANS COMMITTEE**

SECTION 44 - P16-DEPARTMENT OF AGRICULTURE

44.9 **DELETE** (Farmers Market Appraisal) Directs the department to remit to the general fund any state farmers market appraisal funds that remain from the appropriation received in Act 290 of 2012 for that purpose.

PROVISO SUBCOMMITTEE RECOMMENDATION: DELETE proviso. Requested by Department of Agriculture. *Agency indicates a balance of \$9,872.54, after appraisal and related assessments, is being returned to the general fund.*

~~44.9. (AGRI: Farmers Market Appraisal) The department shall remit to the general fund any remaining funds from the appropriation received by Act 290 of 2012 for the Farmers Market Phase II Property Acquisition and Expansion and used for the state farmers market appraisal.~~

44.10 **DELETE** (Farmers Market Purchase) Requires the department to work with the Attorney General's Office to ensure that new State Farmers Market property acquisition will not restrict the department from facilitating the sale of market-related products on property owned by the department. Specifies that any contract to acquire State Farmers Market property is subject to JBRC and B&C Board approval.

PROVISO SUBCOMMITTEE RECOMMENDATION: DELETE proviso. Requested by Department of Agriculture.

~~44.10. (AGRI: Farmers Market Purchase) The Department of Agriculture, while negotiating the purchase of any property located at the State Farmers Market in Lexington County, shall work with the Attorney General's office to ensure that no new acquisition of property will restrict the department from facilitating the sale of market related products on any property owned by the department. The department shall forward to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee copies of any recorded changes to the original farmers market development agreement or the declaration of covenants, conditions and restrictions for the wholesalers section. Any contract for the acquisition of property at the State Farmers Market is subject to approval of the Joint Bond Review Committee and the Budget and Control Board.~~

SECTION 50 - P32-DEPARTMENT OF COMMERCE

50.13 **AMEND** (Regional Economic Development Organizations) Directs the department to use the \$5,000,000 appropriated for Regional Economic Development Organizations to provide funds to the designated organizations and counties and provides a mechanism by which the funds should be distributed. Requires a 1:1 private fund match and requires the receiving organization to certify that the private funds match are new dollars specifically designated for this purpose. Directs the organizations provide an annual expenditure report and outcome measures to the Chairmen of the Senate Finance and House Ways and Means Committees and the Secretary of Commerce by November 1st. Directs unexpended or undistributed funds from prior fiscal years be transferred to the Rural Infrastructure Fund at the Department of Commerce.

PROVISO SUBCOMMITTEE RECOMMENDATION: AMEND proviso to change "\$5,000,000" to "\$4,800,000;" update fiscal year reference to 2014-15; add "TheLINK Economic Alliance \$350,000" to the list of organizations receiving funds; provide the

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remaining \$100,000 to Beaufort County if it meets the requirements established by this provision; delete the following county disbursements: Beaufort \$250,000; Sumter \$250,000; Lancaster \$75,000; and Saluda \$75,000. Prohibit the organizations from using these funds for routine operating costs as defined by the Department of Commerce. Direct that “unallocated” funds also be transferred to the Rural Infrastructure Fund.

50.13. (CMRC: Regional Economic Development Organizations) The Department of Commerce shall utilize ~~the \$5,000,000~~ \$4,800,000 appropriated in Fiscal Year ~~2013-14~~ 2014-15 for Regional Economic Development Organizations to provide funds to the following economic development organizations: ~~Of the \$5,000,000 appropriated for this purpose, \$4,350,000~~ and must be disbursed as follows:

- (1) Upstate Alliance, \$750,000;
- (2) Central SC Economic Development Alliance, \$750,000;
- (3) North Eastern Strategic Alliance (NESAs), \$650,000;
- (4) Charleston Regional Development Alliance, \$650,000;
- (5) I-77 Alliance, \$575,000;
- (6) Economic Development Partnership, \$500,000; ~~and~~
- (7) Southern Carolina Alliance, \$475,000; and
- (8) TheLINK Economic Alliance, \$350,000.

Each dollar of state funds must be matched with one dollar of private funds. The organization receiving state funds must certify that the private funds are new dollars specifically designated for the purpose of matching state funds and have not been previously allocated or designated for economic development. No funds appropriated in this proviso may be used for routine operating costs of the organization as defined by the Department of Commerce.

The remaining ~~\$650,000~~ \$100,000 shall be provided to ~~counties as follows~~ Beaufort County, provided ~~they meet~~ it meets the requirements established above:

- ~~(1) Beaufort County, \$250,000;~~
- ~~(2) Sumter County, \$250,000;~~
- ~~(3) Lancaster County, \$75,000; and~~
- ~~(4) Saluda County, \$75,000.~~

Upon receipt of the request for the funds and certification of the matching funds, the Department of Commerce shall disburse the funds to the requesting organization.

Funds recipients shall provide an annual report by November first, to the Chairmen of the Senate Finance Committee and the House Ways and Means Committee and the Secretary of Commerce on the expenditure of the funds and on the outcome measures.

Any unexpended, unallocated, or undistributed funds appropriated in prior fiscal years for Regional Economic Development Organizations shall be transferred to the Rural Infrastructure Fund at the Department of Commerce.

50.16 **AMEND** (Council on Competitiveness) Directs the department to use \$650,000 of the funds appropriated for the S.C. Council on Competitiveness to provide funds to existing businesses for economic development activities. Requires a 1:1 private funds match and for the Council to certify that the private funds have not been previously allocated or designated for economic development. Requires the Council provide a report on expenditures and outcome measures by January 1, 2014 to the Chairmen of the Senate Finance and House Ways and Means Committees and the Secretary of Commerce.

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PROVISO SUBCOMMITTEE RECOMMENDATION: AMEND proviso to delete the specific reference to \$650,000. Change the requirement that the funds be matched 1:1 with “private” funds and instead designate the match be made with “non-state appropriated” funds.

50.16. (CMRC: Council on Competitiveness) The Department of Commerce shall utilize ~~\$650,000~~ *the funds* appropriated in ~~Fiscal Year 2013-14~~ *the current fiscal year* for the South Carolina Council on Competitiveness to provide funds for existing business economic development activities. Each dollar of state funds disbursed must be matched equally with ~~private~~ *non-state appropriated* funds and prior to the disbursement of funds, the Council on Competitiveness must certify that ~~the private~~ *these* funds are new dollars specifically designated for the purpose of matching state funds and have not been previously allocated or designated for economic development. The Council on Competitiveness shall provide a report on the expenditure of the funds and on the outcome measures by January 1, ~~2014~~, to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee and the Secretary of Commerce.

50.bip **ADD** (Business Incubator/Innovation Program) **PROVISO SUBCOMMITTEE RECOMMENDATION:** ADD new proviso to require funds appropriated for the Business Incubator/Innovation Program be used for eligible projects that address one or more of the S.C. Innovation Plan goals and require investments to be accompanied by a 1:1 match from non-state appropriated funds. Authorize the department to use up to \$300,000 for program administrative costs.

50.bip. (CMRC: Business Incubator/Innovation Program) Any funds appropriated to the Department for the Business Incubator/Innovation Program shall be used for eligible projects that address one or more of the goals in the South Carolina Innovation Plan and any investments must be accompanied by a dollar-for-dollar match from non-state appropriated funds. Up to \$300,000 may be used by the department for administrative costs associated with this program.

SECTION 88 - Y14-STATE PORTS AUTHORITY

88.1 **AMEND** (Charleston Cooper River Bridge Project) Directs the State Ports Authority to pay the State Transportation Infrastructure Bank \$1,000,000 before June 30, 2013 to continue the Charleston Cooper River Bridge Project.

PROVISO SUBCOMMITTEE RECOMMENDATION: AMEND proviso to change July 1, “2013” to “2014” and June 30, “2014” to “2015.” *Meets the obligations of the State Ports Authority and the State Infrastructure Bank’s financial agreement.* Fiscal Impact: No impact on the General Fund. The funds used to pay the Transportation Infrastructure Bank are operating funds of the Ports Authority, none of which are state appropriated funds. Generates \$1,000,000 for the State Transportation Infrastructure Bank. Per the Ports Authority, the commitment of the agency is to provide \$1,000,000 per year for 25 years, until 2027.

88.1. (SPA: Charleston Cooper River Bridge Project) The State Ports Authority shall, from other general fund or operating fund surplus available and any funds appropriated to the authority in prior fiscal years and left unexpended as of July 1, ~~2013~~ *2014*, pay to the State Transportation Infrastructure Bank one million dollars before June 30, ~~2014~~ *2015*, to continue the Charleston Cooper River Bridge Project.

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88.sep **ADD** (Shore Electrical Power) **PROVISO SUBCOMMITTEE RECOMMENDATION:** ADD new proviso to direct the State Ports Authority, during construction of the newly permitted cruise facility at Union Pier Terminal, to use interest earned from an infrastructure development account to aid the availability of shore electrical power and other approved air emission reduction technologies at the new Charleston Cruise Facility.

88.sep. (SPA: Shore Electrical Power) The State Ports Authority, during the construction of the newly permitted cruise facility at Union Pier Terminal, shall utilize interest earned from an infrastructure development account to facilitate the availability of shore electrical power and other air emission reduction technologies approved by national or international regulatory agencies at the new Charleston Cruise Facility.

SECTION 106 - R44-DEPARTMENT OF REVENUE

106.10 **AMEND** (Rapid Response to Declared Disasters) Provides for an out-of-state business to perform work or services in the state related to a declared state disaster or emergency. **PROVISO SUBCOMMITTEE RECOMMENDATION:** AMEND proviso to update fiscal year references to “2014-15.”

106.10. (DOR: Rapid Response to Declared Disasters) (A) (1) For purposes of this proviso:

(a) ‘Registered business in this State’ or ‘registered business’ means a business entity that is registered to do business in this State before the declared state disaster or emergency.

(b) ‘Out-of-state business’ means a business entity that has no presence in the State and conducts no business in this State whose services are requested by a registered business or by a state or local government for purposes of performing disaster or emergency-related work in this State. This definition includes a business entity that is affiliated with the registered business in this State solely through common ownership. The out-of-state business must have no registrations or tax filings or nexus in the State before the declared state disaster or emergency.

(c) ‘Out-of-state employee’ means an employee who does not reside in or work in the State, except for disaster or emergency related work during the disaster period.

(d) ‘Infrastructure’ means property and equipment owned or used by communications networks, electric generation, transmission and distribution systems, gas distribution systems, water pipelines, and public roads and bridges and related support facilities that services multiple customers or citizens including, but not limited to, real and personal property such as buildings, offices, lines, poles, pipes, structures and equipment.

(e) ‘Declared state disaster or emergency’ means a disaster or emergency event:

(i) for which a Governor’s state of emergency proclamation has been issued;

(ii) for which a presidential declaration of a federal major disaster or emergency has been issued; or

(iii) other disaster or emergency event within this State for which a good faith response effort is required, and for which the Director of the South Carolina Department of Revenue designates the event as a disaster or emergency and thereby invokes this chapter.

(f) ‘Disaster period’ means a period that begins within ten days of the first day of the Governor’s proclamation, the President’s declaration or designation by the Director of the Department of Revenue, whichever occurs first, and that extends for a period of sixty calendar

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days after the end of the declared disaster or emergency period, or any longer period authorized by the designated state official or agency.

(g) ‘Disaster or emergency related-work’ means repairing, renovating, installing, building, rendering services or other business activities that relate to infrastructure that has been damaged, impaired, or destroyed by the event precipitating the declared state disaster or emergency.

(B) (1) (a) An out-of-state business that conducts operations within this State during Fiscal Year ~~2013-14~~ 2014-15 for purposes of performing work or services related to a declared state disaster or emergency during the portion of a disaster period that occurs during Fiscal Year ~~2013-14~~ 2014-15 must not be considered to have established a level of presence that would require that business to register, file, and remit state or local taxes or that would require that business or its out-of-state employees to be subject to any state licensing or registration requirements or any combination of these actions. Except as provided in subsection (B)(1)(b), this exemption includes all state or local business licensing or registration requirements or state and local taxes or fees including, but not limited to, unemployment insurance, state or local occupational licensing fees, sales and use tax, or property tax on equipment used or consumed during the disaster period, and includes South Carolina Public Service Commission and Secretary of State licensing and regulatory requirements. For purposes of a state or local tax on or measured by, in whole or in part, net or gross income or receipts, all activity of the out-of-state business that is conducted in this state pursuant to this chapter must be disregarded with respect to any filing requirements for that tax including the filing required for a unitary or combined group of which the out-of-state business may be a part.

(b) An out-of-state employee is not considered to have established residency or a presence in the State that would require that person or that person’s employer to file and pay income taxes or to be subjected to tax withholdings or to file and pay any other state or local tax or fee during the disaster period that occurs during Fiscal Year ~~2013-14~~ 2014-15. This includes any related state or local employer withholding and remittance obligations.

(2) Out-of-state businesses and out-of-state employees are not exempted by this chapter from transaction taxes and fees including, but not limited to, fuel taxes and fuel user fees or sales and use taxes on materials or services subject to sales and use tax, accommodations taxes, car rental taxes or fees that the out-of-state affiliated business or out-of-state employee purchases for use or consumption in this State during the disaster period, unless the taxes or fees are otherwise exempted during a disaster period.

(3) An out-of-state business or out-of-state employee that remains in the State during Fiscal Year ~~2013-14~~ 2014-15 and after the disaster period becomes subject to the state’s normal standards for establishing presence, residency or doing business in this State and the resulting requirements.

(C) (1) (a) The out-of-state business that enters this State upon request, shall provide to the Department of Revenue a notification statement that it is in this State for purposes of responding to the disaster or emergency, which statement must include the business’ name, state of domicile, principal business address, federal tax identification number, date of entry, and contact information.

(b) A registered business in this State, upon request, shall provide the information required in item (1)(a) of this subsection for an affiliate that enters this State that is an out-of-state business. The notification also must include contact information for the registered business in this State.

(2) An out-of-state business or an out-of-state employee that remains in this State during Fiscal Year ~~2013-14~~ 2014-15 and after the disaster period shall notify the Department of

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Revenue and shall comply with state and local registration, licensing, and filing requirements that ensue as a result of establishing the requisite business presence or residency in this State.

SECTION 117 - X90-GENERAL PROVISIONS

117.118 AMEND (State Ports Authority Property) Directs that if the State Ports Authority has not completed the sale of the real property it owns on Daniel Island and Thomas (St. Thomas) Island, with certain exceptions, by December 31, 2013, the B&C Board shall transfer the property back to the Authority on January 1, 2014. Directs that if the Authority is not able to sell the property by June 30, 2014, it must be transferred back to the B&C Board for sale.

PROVISO SUBCOMMITTEE RECOMMENDATION: AMEND proviso to direct that if the Ports Authority has not sold the property by June 30, 2015, it must transfer the property to the B&C Board.

117.118. (GP: State Ports Authority Property) If the State Ports Authority has not completed the sale of its real property on Daniel Island and Thomas (St. Thomas) Island, except for the dredge disposal cells that are needed in connection with the construction of the North Charleston terminal on the Charleston Naval Complex and for harbor deepening and for channel and berth maintenance, by ~~December 31, 2013, the Budget and Control shall, on January 1, 2014, transfer the property back to the authority~~ June 30, 2015, the authority must transfer the property to the Budget and Control Board. The authority shall sell the real property under terms and conditions it considers most advantageous to the authority and the State of South Carolina ~~and the sale must be completed by June 30, 2014. The State Ports Authority must transfer the property to the Budget and Control Board for sale if the authority is unable to complete the sale by June 30, 2014.~~

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