~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

January 28, 2009

**S. 1**

Introduced by Senators McConnell, Peeler, Leatherman, Sheheen, Rose, Courson, Elliott, Massey, Hayes, Davis, Bright, Campsen, Campbell, L. Martin and Knotts

S. Printed 1/28/09--S.

Read the first time January 13, 2009.

**THE COMMITTEE ON JUDICIARY**

To whom was referred a Joint Resolution (S. 1) proposing an amendment to Section 7, Article X of the Constitution of South Carolina, 1895, relating to the requirement for the State and its political subdivisions to have budget processes, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

LARRY A. MARTIN for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

$0 (No additional expenditures or savings are expected)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

$0 (No additional expenditures or savings are expected)

**EXPLANATION OF IMPACT:**

The State Election Commission indicates there will be no impact on the General Fund of the State or on federal and/or other funds. While there is a cost associated with printing a referendum ballot, the funding for statewide general elections is sufficient to cover this cost.

**SPECIAL NOTES:**

The Board of Economic Advisors is the appropriate entity to address any revenue impact associated with this bill.

*Approved By:*

Harry Bell

Office of State Budget

**A** **JOINT RESOLUTION**

PROPOSING AN AMENDMENT TO SECTION 7, ARTICLE X OF THE CONSTITUTION OF SOUTH CAROLINA, 1895, RELATING TO THE REQUIREMENT FOR THE STATE AND ITS POLITICAL SUBDIVISIONS TO HAVE BUDGET PROCESSES DESIGNED TO KEEP REVENUES AND EXPENDITURES IN BALANCE, THE LIMITATION ON STATE APPROPRIATIONS, AND THE LIMITATIONS ON STATE EMPLOYEES, SO AS TO DELETE THE EXISTING STATE SPENDING LIMITATION AND REQUIRE THE GENERAL ASSEMBLY TO REPLACE IT BY A LAW IMPOSING AN ANNUAL LIMIT ON THE APPROPRIATION OF STATE GENERAL FUND REVENUES BY ADJUSTING SUCH REVENUES BY A ROLLING TEN‑YEAR AVERAGE IN ANNUAL CHANGES IN GENERAL FUND REVENUES; TO ALLOW THE CREATION OF A BUDGET STABILIZATION FUND IN THE STATE TREASURY TO WHICH MUST BE CREDITED ALL GENERAL FUND REVENUES IN EXCESS OF THE ANNUAL LIMIT; AND TO PROVIDE BY GENERAL LAW FOR THE APPROPRIATIONS TO WHICH THE LIMIT APPLIES, THE METHOD OF AND SOURCES FOR CALCULATING THE LIMIT; AND TO PROVIDE FOR THE DISBURSEMENTS FROM THE BUDGET STABILIZATION FUND.

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

SECTION 1. It is proposed that Section 7(c), Article X of the Constitution of this State be amended to read:

“(c) ~~The General Assembly shall prescribe by law a spending limitation on appropriations for the operation of state government which shall provide that annual increases in such appropriations may not exceed the average growth rate of the economy of the State as measured by a process provided for by the law which prescribes the limitations on appropriations; provided, however, the limitation may be suspended for any one fiscal year by a special vote as provided in this subsection.~~

~~During the regular session of the General Assembly in 1990 and during every fifth annual regular session thereafter, the General Assembly shall conduct and complete a review of the law implementing this subsection. During such session, only a vote of two‑thirds of the members of each branch present and voting shall be required to change the existing limitation on appropriation. Unless that is done, the existing limitations shall remain unchanged.~~

(1) The General Assembly by law shall prescribe a limitation on general fund appropriations providingthat general fund revenue available forappropriations for a fiscal year must not exceed the total of the prior year’s general fund revenue available for appropriations increased by the average of the previous ten years’ annual revenue growth rates. The revenue exceeding this limit shall be distributed to a Budget Stabilization Fund**.** The law implementing the limit must specify the revenues and sources of revenue to which this limit applies, specify the method and agency responsible for calculating the limit, and the sources that must be used in obtaining the information required for the calculation,provide for enacted revenue adjustments that affect the limit, and provide for emergencies and other extraordinary economic and fiscal circumstances that would require an adjustment to the limit and may be implemented as provided in general law. The law shall establish and provide for the funding of the Budget Stabilization Fund from the appropriate revenues that exceed the limitation. The law shall provide that the funds accumulated in the Budget Stabilization Fund shall not exceed a maximum of fifteen percent of the prior year’s actual general fund revenue collections. The law shall also provide for the withdrawal of funds from the Budget Stabilization Fund in accordance with the limit. Any withdrawal from the Budget Stabilization Fund other than for revenue stabilization, declared emergencies, or for use of balances greater than fifteen percent of the prior year’s actual general fund revenue collections shall be by affirmative vote in each branch of the General Assembly by two‑thirds of the members present and voting, but not less than three‑fifths of the total membership in each branch.

(2) Upon implementation of the provisions of this subsection by law, such law may be adopted by a majority vote of each branch of the General Assembly, and subsequently shall not be amended or repealed except by the special vote as provided in this subsection.

(3) The special vote referred to in this subsection means an affirmative vote in each branch of the General Assembly by two‑thirds of the members present and voting, but not less than three‑fifths of the total membership in each branch.”

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

“Must Section 7, Article X of the Constitution of this State be amended, relating to the requirement for the State and its political subdivisions to have budget processes designed to keep revenues and expenditures in balance and the limitation on state appropriations, so as to amend the existing state spending limitation and require the General Assembly to replace it by general law providing a limit on general fund appropriations so that general fund revenue available for appropriations must not exceed a total of the prior year’s general fund revenue increased by the average of the previous ten years’ annual growth rates, providing for the creation of a Budget Stabilization Fund from the revenue exceeding the limit, providing for the specification of revenues and sources of revenue to which the limit shall apply, providing for enacted revenue adjustments that affect the calculation, providing for emergencies and other extraordinary economic and fiscal circumstances that would require an adjustment to the limit, providing for procedures to implement, providing for a limit of revenues in the Budget Stabilization Fund that shall not exceed fifteen percent of that year’s actual general fund revenue collections, and providing for the withdrawal of the funds from the Budget Stabilization Fund; and to provide for the vote required for adoption of the implementing legislation and the special vote required for subsequent amendment or repeal?

Yes 

No 

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

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