**A** **BILL**

TO AMEND SECTION 11‑9‑880, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO FORECASTS OF ECONOMIC CONDITIONS MADE BY THE BOARD OF ECONOMIC ADVISORS, ADJUSTMENTS TO THOSE FORECASTS, REVENUE REVIEWS, THE PRODUCTION OF A SYNOPSIS OF REVENUE SHORTFALLS, AND THE PUBLICATION OF REPORTS, TO PROVIDE THAT THE FINAL REVENUE FORECAST PRODUCED BY THE BOARD OF ECONOMIC ADVISORS IS LIMITED TO A THREE PERCENT INCREASE OVER THE PREVIOUS YEAR’S FINAL FORECAST, TO PROVIDE THAT HALF OF ANY REVENUE COLLECTED IN EXCESS OF THE FINAL FORECAST MUST BE CREDITED TO THE STATE BUDGET SURPLUS TAX RELIEF FUND AND HALF OF THE REVENUE COLLECTED IN EXCESS OF THE FINAL FORECAST MUST BE CREDITED TO THE DEPARTMENT OF TRANSPORTATION STATE NONFEDERAL AID HIGHWAY FUND; BY ADDING SECTION 11‑11‑360 SO AS TO ESTABLISH THE STATE BUDGET SURPLUS TAX RELIEF FUND AND PROVIDE THAT REVENUE IN THIS FUND MUST BE USED TO OFFSET REVENUES NOT COLLECTED BECAUSE OF THE INCOME TAX CREDIT ADDED BY THIS ACT AND PROVIDE FOR THE CALCULATION OF THE CREDIT; AND BY ADDING SECTION 12‑6‑3490 SO AS TO ALLOW AN INDIVIDUAL INCOME TAX CREDIT FOR TAXPAYERS WHO FILED INCOME TAX RETURNS REPORTING AN INDIVIDUAL INCOME TAX LIABILITY FOR THE PRIOR TAXABLE YEAR.

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

SECTION 1. Section 11‑9‑880 of the 1976 Code, as last amended by Act 501 of 1992, is further amended to read:

“Section 11‑9‑880. (A) The Board of Economic Advisors shall make an initial forecast of economic conditions in the State and state revenues for the next fiscal year no later than November tenth of each year. Adjustments to the forecast must be considered on December tenth and January tenth. A final forecast for the next fiscal year must be made on February fifteenth. The February fifteenth forecast may be adjusted monthly if the board determines that changing economic conditions have affected the February fifteenth forecast. Before making or adjusting any forecast, the board must consult with outside economic experts with respect to national and South Carolina economic business conditions. All forecasts and adjusted forecasts must contain:

(1) a brief description of the econometric model and all assumptions and basic decisions underlying the forecasts;

(2) a projection of state revenues on a quarterly basis;

(3) separate discussions of any industry which employs more than twenty percent of the state’s total nonagricultural employment and separate projections for these industries.

(B)(1) The final forecast for the next fiscal year and the aggregate amount of any adjustments, may not exceed by more than three percent the total adjusted forecast as of February fifteenth for the current fiscal year. The Office of State Budget shall certify the amount of the final forecast, and any monthly adjustments, to the Governor and the chairmen of the House Ways and Means Committee and the Senate Finance Committee. The total amount of state revenue appropriated by the General Assembly for a fiscal year may not exceed the certified final forecast of state revenue for that fiscal year, as provided by this subsection.

(2) Prior to closing the books each fiscal year, fifty percent of the state revenue collected in excess of the limit provided by subsection (B)(1), must be credited to the State Budget Surplus Tax Relief Fund to be used to offset revenue not collected because of tax credits allowed pursuant to Section 12‑6‑3490. The remaining fifty percent must be credited to the Department of Transportation State Nonfederal Aid Highway Fund.

(3) This section may not be temporarily or permanently amended or suspended without an affirmative vote of two thirds of the membership of each house of the General Assembly by roll call vote with yeas and nays recorded in the journal.

(4) This subsection is intended to ensure compliance by the General Assembly with the mandate in Article X, Section 7(a) of the South Carolina Constitution to provide for a budget process that ensures that the annual expenditures of state government do not exceed annual state revenue.

~~(B)~~(C) In addition to fulfilling its economic and revenue forecasting responsibilities for future fiscal years, the board at each session shall monitor and review the flow of revenue for the current fiscal year in comparison to current year revenue estimates. If actual revenue collections represent an overall shortfall for any quarter of over one and one‑half percent of projected revenue collections for that quarter, a synopsis must be prepared which shall include a detailed analysis of the factors contributing to the shortfall, the impact of the shortfall for the present fiscal year, a projection of whether the shortfall will be compensated for in the remaining quarters of the present fiscal year, and the impact of the shortfall on revenue estimates for the ensuing fiscal year. In addition, a similar detailed synopsis must be provided if a shortfall of one and one‑half percent or more is experienced in any of the following individual revenue categories: sales and use taxes, individual income taxes, corporate income taxes, taxes on insurance premiums including workers’ compensation insurance, and earnings on investments.

~~(C)~~(D) All forecasts, adjusted forecasts, and reports of the Board of Economic Advisors, including the synopsis of the current year’s review as required by subsection (B), must be published and reported to the Governor, the members of the Budget and Control Board, the members of the General Assembly and made available to the news media.”

SECTION 2. Article 3, Chapter 11, Title 11 of the 1976 Code is amended by adding:

“Section 11‑11‑360. (A) There is established in the State Treasury the State Budget Surplus Tax Relief Trust Fund (Fund) that must be maintained separately from the general fund and all other funds. Revenue must be credited to the Fund as provided pursuant to Section 11‑9‑880(B)(2). The Board of Economic Advisors shall account for the revenue in the Fund separately from general fund revenues in reports to the Governor and the General Assembly.

(B) In years when revenue is credited to the Fund, the revenue must be used to offset revenues not collected because of the tax credit allowed pursuant to Section 12‑6‑3490. The board shall determine the amount of each tax credit by dividing the revenue credited to the Fund by the number of individual tax returns the board estimates will be filed for the current taxable year that report a liability for the tax imposed pursuant to Section 12‑6‑510. The board shall adjust this number to reflect joint returns. The amount of the credit must be certified to the Director of the South Carolina Department of Revenue no later than September fifteenth following the end of the fiscal year in which revenues were credited to the Fund. Fund revenue attributable to unused credits must be credited to the State Nonfederal Highway Aid Fund.”

SECTION 3. Article 25, Chapter 6, Title 12 of the 1976 Code is amended by adding:

“Section 12‑6‑3490. An individual taxpayer who filed an individual income tax return, whether as a single filer or married, filing jointly, and who on that return reported a liability for the tax imposed pursuant to Section 12‑6‑510 for the preceding taxable year is allowed a credit against the tax imposed pursuant to that section for the current taxable year in the amount calculated by the Board of Economic Advisors pursuant to Section 11‑11‑360. Two credits are allowed married taxpayers filing jointly and one credit for a single taxpayer.”

SECTION 4. This act takes effect upon approval by the Governor and applies for fiscal years beginning after June 30, 2009.

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