**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING CHAPTER 32 TO TITLE 2 SO AS TO ENACT THE “SOUTH CAROLINA ZERO‑BASE BUDGET ACT”, TO ESTABLISH THE ZERO‑BASE BUDGET COMMITTEE AND PROVIDING FOR ITS MEMBERSHIP, POWERS, AND DUTIES.

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

SECTION 1. Title 2 of the 1976 Code is amended by adding:

“CHAPTER 32

South Carolina Zero‑Base Budget Act

Section 2‑32‑10. This chapter may be cited as the ‘South Carolina Zero‑Base Budget Act’.

Section 2‑32‑20. In enacting this chapter it is the intent of the General Assembly to provide a systematic outside prepared zero‑base budget for state agencies, boards, commissions, and institutions.

Section 2‑32‑30. There is established the Zero‑Base Budget Committee consisting of three members appointed as follows: one by the Speaker of the House, one by the President Pro Tempore of the Senate, and one by the Governor. Persons appointed must be from the private sector with backgrounds in auditing and accounting. The members shall serve for terms of two years and until their successors are appointed and qualify. Members shall serve without compensation, but are allowed the mileage, subsistence, and per diem allowed by law for members of state boards, committees, and commissions, to be paid from the approved accounts of their employing authority. Vacancies must be filled in the manner of original appointment, for the unexpired portion of the term.

Section 2‑32‑40. (A) The committee shall retain professional auditors from the private sector who shall prepare a zero‑base budget for an agency. The committee shall meet regularly throughout the year and examine the missions, programs, and budgets of all state agencies, boards, committees, and institutions according to a schedule it shall determine, grouping agencies by subject matter and scheduling agencies for review so that an agency is selected for a zero‑base proposed budget quadrennially by the committee. The schedule may be established so that state agencies with the largest budgets are selected initially, after which the schedule may conform to review of agencies expending approximately one‑fourth of state revenues in each year. Agencies selected for zero‑base budgeting shall have their proposed budget prepared by the committee using zero‑base budget principles as provided in Section 2‑32‑50. Agency heads shall cooperate fully and promptly with the committee requests and shall provide review data in the format the committee requires.

(B) After the committee has prepared an agency’s proposed zero‑base budget, the committee shall provide it to the agency head for review, comment, and proposed changes. The committee shall revise the proposed budget as it determines appropriate and forward it to the Office of State Budget for inclusion in the Governor’s proposed state budget.

(C) Savings realized by adoption of the agency’s zero‑base budget must be credited to a fund in the State Treasury separate and distinct from the general fund which carries forward to succeeding fiscal years, the proceeds of which must be appropriated for the use of the Zero‑Base Budget Committee.

Section 2‑32‑50. (A) A zero‑base budget is an agency budget developed using a process of preparing an operating plan or budget that starts with no authorized or appropriated funds. In a zero‑base budget, each activity to be funded must be justified as the budget is prepared.

(B) In compliance with current literature on zero‑base budgeting, the Zero‑Base Budget Committee shall develop a format and criteria for an agency selected by the committee to use in preparing its zero‑base budget for submission.”

SECTION 2. This act takes effect upon approval by the Governor and applies for state fiscal year beginning after June 30, 2012.

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