~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

January 18, 2012

**S. 3**

Introduced by Senators McConnell, Peeler, McGill, Rose, Campsen, Fair, Rankin and Knotts

S. Printed 1/18/12--S.

Read the first time January 11, 2011.

**THE COMMITTEE ON JUDICIARY**

To whom was referred a Joint Resolution (S. 3) 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 with amendment:

Amend the joint resolution, as and if amended, page 2, by striking lines 21-23 in their entirety, and inserting the following:

/ implementing the limit must specify the base year to which the limit shall apply, 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 /

Renumber sections to conform.

Amend title to conform.

LARRY A. MARTIN for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

See Below

**EXPLANATION OF IMPACT:**

The State Election Commission reports this bill would require amendments on the ballot and the cost would be covered with funds appropriated for statewide elections.

*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 TO GENERAL FUND REVENUES; TO PROVIDE FOR 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 REVENUES TO WHICH THE LIMIT APPLIES, THE METHOD OF AND SOURCES FOR CALCULATING THE LIMIT, AND THE RESTRICTIONS ON 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 to require that general fund revenue available for appropriations for a fiscal year must not exceed the total of the prior year’s general fund revenue available for appropriations increased by an amount equal to the average of the previous ten years’ annual revenue growth rates. 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 provide for the disbursements of funds from the Budget Stabilization Fund in accordance with the limit. Any disbursements from the Budget Stabilization Fund other than for revenue stabilization, declared emergencies, or for use of the cash balances in the Budget Stabilization Fund that are greater than fifteen percent of the prior year’s actual general fund revenue collections shall be by affirmative vote of 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 limit by general law, ~~such~~ the general law may not be amended or repealed except by ~~the special vote as provided in this subsection. The special vote referred to in this subsection means~~ an affirmative vote in each branch of the General Assembly ~~by~~ consisting of 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 to have budget processes designed to keep revenues and expenditures in balance and a limitation on state appropriations, so as to amend the existing state spending limitation that by general law provides a limit on general fund appropriations so that general fund revenue available for appropriations for a fiscal year must not exceed a total of the prior year’s general fund revenue increased by an amount equal to the average of the previous ten years’ annual growth rates; provides for the creation of a Budget Stabilization Fund; provides for the funding of the Budget Stabilization Fund from the appropriate available revenues; provides for the specification of revenues and sources of revenue to which the limit shall apply; provides for enacted revenue adjustments that affect the calculation; provides for emergencies and other extraordinary economic and fiscal conditions that would require an adjustment to the limit; provides for procedures to implement; provides for the conditions to authorize disbursements of funds from the Budget Stabilization Fund; and provides for restrictions on amending the general law that would implement these provisions?

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:

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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