**A** **BILL**

TO AMEND CHAPTER 11, TITLE 11 OF THE 1976 CODE, RELATING TO THE STATE BUDGET SYSTEM, BY ADDING SECTION 11-11-360 TO ESTABLISH THE PALMETTO HIGHWAY IMPROVEMENT FUND, TO PROVIDE THAT THE INITIAL CREDIT TO THE FUND AND SUBSEQUENT INCREASES IN CREDITS TO THE FUND SHALL BE DERIVED FROM REVENUE SURPLUSES, TO PROVIDE FOR THE PROPER USE OF THE FUNDS IN THE FUND, AND TO CAP THE AMOUNT CREDITED TO THE FUND IN ANY SINGLE YEAR.

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

SECTION 1. 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 Palmetto Highway Improvement Fund which must be maintained separately from the general fund of the State and all other funds. There shall be automatically credited to the fund an amount determined pursuant to this section.

(B) The initial credit to the fund shall not occur until the July first following the first February fifteenth forecast by the Board of Economic Advisors following the effective date of this section that reflects annual general fund revenue growth for the upcoming fiscal year at least equal to three percent of the most recent estimate of general fund revenue by the board for the current fiscal year. The initial credit to the fund shall be equal to one percent of the projected general fund of the succeeding fiscal year. The one percent credit shall continue for succeeding fiscal years until increased pursuant to subsection (C).

(C) Beginning with the fiscal year following the initial credit, and annually thereafter, if the February fifteenth forecast by the Board of Economic Advisors of annual general fund revenue growth for the upcoming fiscal year, and annually thereafter, equals at least three percent of the most recent estimate of general fund revenue by the board for the current fiscal year, then the amount credited to the fund must be increased by one percentage point. The increased credit shall continue in succeeding fiscal years until another increase is required pursuant this subsection.

(D) The amount credited to the fund may not increase beyond five percent of projected general fund revenue. When the amount credited to the fund equals five percent of general fund revenue, the annual credit shall remain at five percent for succeeding fiscal years and the provisions of this section related to increases in the percentage credited to the fund no longer apply.

(E) If the February fifteenth forecast meets the requirement for the initial credit, or for increases after the credits have begun, the board shall promptly certify this result to the Chairman of the Senate Finance Committee, the Chairman of the House Ways and Means Committee, the Governor, and the Treasurer.

(F) If the February fifteenth forecast meets the requirement for an increase, the board shall promptly certify this result in writing to the Chairman of the Senate Finance Committee, the Chairman of the House Ways and Means Committee, the Governor, and the Treasurer.

(G)(1) The Department of Transportation Commission and the South Carolina Transportation Infrastructure Bank Board must collaborate to formulate a five-year strategic plan to address the maintenance and additional capacity needs of existing state-maintained highways and bridges in the state highway system as defined in Section 57-5-10. The strategic plan must be updated annually. The strategic plan shall apportion the funds in the improvement fund between the department and the bank. Both the department and the bank must maintain and utilize a priority ranking system for the expenditure of funds allocated to each entity from the improvement fund.

(2) Funds apportioned to the department shall be deposited into an account separate and distinct from any other account maintained by or on behalf of the department. The funds in this account must only be utilized in a manner consistent with the strategic plan for preservation, rehabilitation, and reconstruction of existing state-maintained highways and bridges in the state highway system as defined in Section 57-5-10. The funds in this account must be utilized to supplement and not supplant existing funds utilized for these purposes from other accounts. The department may carry forward unexpended funds into succeeding fiscal years provided, however, that funds carried forward pursuant to this item must be utilized for the purposes provided in this item. The account must be credited for any earnings that it accrues.

(3) Funds apportioned to the bank shall be deposited with the bank and utilized to capitalize the bank pursuant to Section 11-43-160. However, the capitalization provided for by the deposit from the improvement fund must only be utilized by the bank in a manner consistent with the strategic plan to provide additional capacity, including construction and maintenance associated with adding the new capacity, to roads and bridges that are part of the existing state highway system as defined in Section 57-5-10. The funds utilized to capitalize the bank pursuant to this item must be utilized to supplement and not supplant existing funds from other accounts utilized for these purposes. The bank may carry forward unexpended funds into succeeding fiscal years provided, however, that funds carried forward pursuant to this item must be utilized for the purposes provided in this item. Any earnings accrued by the bank pursuant to capitalization provided from the improvement fund must be credited to the bank.”

SECTION 2. This act takes effect upon approval by the Governor.

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