**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 11‑11‑75 SO AS TO REQUIRE THE ANNUAL STATE BUDGET TO EMPLOY A ZERO‑BASED BUDGET PROCESS IN BOTH THE PREPARATION OF THE GOVERNOR’S PROPOSED STATE BUDGET AND IN THE GENERAL ASSEMBLY’S CONSIDERATION OF THE STATE BUDGET BEGINNING JULY 1, 2015, AND EVERY SECOND FISCAL YEAR THEREAFTER.

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

SECTION 1. Article 1, Chapter 11, Title 11 of the 1976 Code is amended by adding:

“Section 11‑11‑75. (A) The proposed annual state budget submitted by the Governor to the General Assembly and considered by each house of the General Assembly, beginning July 1, 2015, and every second fiscal year thereafter must employ zero‑based budgeting principles in its executive preparation and in its legislative consideration.

(B) For purposes of this section, a ‘zero‑based 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‑based budget, each activity to be funded must be justified as the budget is prepared and considered.

(C) In compliance with current literature on zero‑based budgeting, the Office of State Budget of the State Budget and Control Board shall develop a format and criteria for agencies to use in preparing zero‑based budgets for submission. These criteria must incorporate existing best practices among states and may include, but are not limited to, performance‑based reviews and program budgeting. The zero‑based budget submission of each agency must be submitted to the Governor for the annual proposed state budget and to the House Ways and Means and Senate Finance Committees for use in committee consideration of the budget.”

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

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