COMMITTEE REPORT

April 23, 2015

**H. 3027**

Introduced by Reps. Clemmons, Long and G.R. Smith

S. Printed 4/23/15--H.

Read the first time January 13, 2015.

**THE COMMITTEE ON WAYS AND MEANS**

To whom was referred a Bill (H. 3027) to amend the Code of Laws of South Carolina, 1976, by adding Section 2‑65‑140 so as to require that by October thirty‑first of each year, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, Section 2‑65‑140(B), as contained in SECTION 1, page 1, by striking lines 38 and 39 and inserting:

/ (B) By October thirty‑first of each year, each agency shall submit a report to the Executive Budget Office that: /

Amend the bill further, Section 2‑65‑140(D), as contained in SECTION 1, page 2, by striking lines 19‑22 and inserting:

/ (D) By November thirtieth of each year, the Executive Budget Office shall submit a report to the Governor, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee that: /

Renumber sections to conform.

Amend title to conform.

W. BRIAN WHITE for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Fiscal Impact Summary**

The expenditure impact on this bill is pending.

This bill would have no revenue impact on the general fund, other funds, or federal funds.

**Explanation of Fiscal Impact**

**State Expenditure**

This bill requires each state office, department, institution, board, commission, council, or committee except the Judicial Department and the General Assembly to submit a report by October thirty-first to the Office of State Budget1. The report must: delineate the value of federal receipts received by the agency for the preceding fiscal year, delineate the value of federal receipts appropriated by the General Assembly to the agency for the preceding fiscal year, identify any obligations or agreements that may be impacted by federal or state decisions regarding federal receipts, calculate the percentage of the agency’s budget from federal receipts, and develop plans for a ten or twenty-five percent reduction in federal receipts. The Office of State Budget must submit a report to the Governor and the General Assembly that summarizes the data received from the agencies by November thirtieth. By February fifteenth, the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee must place the report on the agenda for review and consideration.

The expenditure impact on this bill is pending. Of the total 108 agencies, the Revenue and Fiscal Affairs Office has identified 64 that receive federal funds and is compiling the agencies’ fiscal impact estimates. Federal funds appropriations for the 64 agencies impacted by this bill totaled over $7.6 billion in the FY 2014-15 base budget.

**State Revenue**

This bill would have no revenue impact on the general fund, other funds, or federal funds.

1The Office of State Budget functions were reassigned to the Revenue and Fiscal Affairs Office and the Executive Budget Office pursuant to Act 121 of 2014.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 2‑65‑140 SO AS TO REQUIRE THAT BY OCTOBER THIRTY‑FIRST OF EACH YEAR, EACH STATE AGENCY SHALL SUBMIT A REPORT DETAILING ITS FEDERAL RECEIPTS AND DEVELOPING A PLAN SHOULD ITS FEDERAL RECEIPTS BE REDUCED, TO REQUIRE THAT BY FEBRUARY FIFTEENTH OF EACH YEAR, THE CHAIRMAN OF THE SENATE FINANCE COMMITTEE AND THE CHAIRMAN OF THE HOUSE WAYS AND MEANS COMMITTEE MUST PLACE THE MOST RECENTLY RECEIVED REPORT ON THE AGENDA FOR REVIEW AND CONSIDERATION.

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

SECTION 1. Chapter 65, Title 2 of the 1976 Code is amended by adding:

“Section 2‑65‑140. (A) As used in this section:

(1) ‘Agency’ means any state office, department, institution, board, commission, council, or committee, except the judicial department, and the General Assembly.

(2) ‘Federal receipts’ means federal financial assistance, as defined in 31 U.S.C. Section 7501, that is reported as part of a single audit.

(3) ‘Single audit’ is as defined in 31 U.S.C. Section 7501.

(B) By October thirty‑first of each year, each agency must submit a report to the Office of State Budget that:

(1) delineates the aggregate value of federal receipts the agency received for the preceding fiscal year;

(2) delineates the aggregate amount of federal funds appropriated by the General Assembly to the agency for the preceding fiscal year;

(3) calculates the percentage of the agency’s total budget for the preceding fiscal year that constitutes federal receipts that the agency received for that fiscal year;

(4) identifies any obligations, agreements, joint exercise of powers agreements or memoranda of understanding that may be impacted by federal or state decisions regarding federal receipts; and

(5) develops plans for operating the agency if there is a reduction of:

(i) ten percent or more in the federal receipts that the agency receives; and

(ii) twenty‑five percent or more in the federal receipts that the agency receives.

(C) The report submitted by the State Department of Education must include the information required by subsection (B) for each school district and charter school in this State.

(D) By November thirtieth of each year, the Office of State Budget shall submit a report to the Governor, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee that:

(1) compiles and summarizes the reports received pursuant to subsection (B);

(2) compares the aggregate value of federal receipts each agency received for the previous fiscal year to the aggregate amount of federal funds appropriated by the General Assembly to that agency for that fiscal year; and

(3) lists the agencies that did not submit a report pursuant to subsection (B).

(E) By February fifteenth of each year, the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee must place the most recently received report on the agenda for review and consideration.”

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

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