**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 11‑1‑130 SO AS TO PROVIDE THAT ANY AGENCY OR OFFICIAL OF STATE GOVERNMENT APPLYING FOR OR RENEWING A GRANT AGREEMENT SHALL PROVIDE CERTAIN INFORMATION TO THE GOVERNOR, THE EXECUTIVE BUDGET OFFICE, THE CHAIRMAN OF THE HOUSE WAYS AND MEANS COMMITTEE, AND THE CHAIRMAN OF THE SENATE FINANCE COMMITTEE, AND TO PROVIDE THAT AN APPLICATION FOR A GRANT MAY NOT BE SUBMITTED UNLESS THE GOVERNOR PROVIDES WRITTEN CONSENT.

Whereas, the Framers established, and the States ratified, the Constitution of the United States of America for purposes of protecting our rights and ensuring that citizens direct the course of government; and

Whereas, in order to preserve liberty, the constitutional structure rests on a system of dual sovereign governments; and

Whereas, under that structure, the federal government is intended to have limited powers, with the broader, residual powers being reserved for the states or the people; and

Whereas, in denigration of that structure, federal assistance to a state in the form of federal grants requires the state to surrender such powers to the federal government in exchange for federal funding; and

Whereas, many such federal grant programs require the state to provide matching state funds and additional resources, and to conform its policies and programs to those preferred by the federal government; and

Whereas, contrary to popular opinion, federal grant money is not free money to the state. When federal grant programs become unfunded once the grant period ends, it falls upon the state to finance the federally imposed programs; and

Whereas, the unfunded federal grant programs result in permanently larger state government spending that must be financed by permanently higher levels of state taxation. Specifically, the Mercatus Center found that every additional dollar in federal grants stimulates a permanent increase in state and local taxes of 33‑42 cents; and

Whereas, the federal government often subverts the authority of the state by entering into grant agreements directly with state agencies without the knowledge or consent of the state legislature or governor; and

Whereas, that breakdown in the state constitutional structure negates political accountability and leaves the state in a poor position to negotiate the terms of the grant agreement with the federal government; and

Whereas, the authority to control taxation and appropriations and to establish laws governing state programs and policies is vested in the state legislature; and

Whereas, the authority is undermined if state agencies are allowed to obligate state resources or adopt federal policies and priorities independent of executive or legislative control. Now therefore,

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

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

“Section 11‑1‑130. (A) Any agency, as defined in Section 2‑2‑10, or official of state government applying for or renewing a grant agreement, either as the recipient or subrecipient of the grant, shall, at least sixty days before submitting the grant application, provide the following to the Governor, the Executive Budget Office, the Chairman of the House Ways and Means Committee, and the Chairman of the Senate Finance Committee:

(1) the authorizing state statute for the proposed grant;

(2) a cost benefit analysis reported as quantified and monetized, quantified, but not monetized, or not quantified. In addition to a clear statement of whether the benefits of the proposed grant will exceed its costs, the evaluation must include, but is not limited to, the following criteria:

(a) any direct or indirect costs associated with the implementation of the grant to the state, the grant recipient, and local government, with projections covering at least ten years after the expiration of the grant period;

(b) any direct or indirect benefits associated with the implementation of the grant to the state, the grant recipient, and local government, with projections covering at least ten years after the expiration of the grant period; and

(c) any sources of revenue affected by the proposed grant, and the estimated increase or decrease in revenues or expenditures of state and local government that would result from the implementation of the proposed grant, including the costs necessary to enforce any rules associated with the grant;

(3) a written determination as to whether the programs, policies, or practices, implemented under the grant will continue after the grant period expires. If the state agency determines the programs, policies, or practices, implemented under the grant will continue after the grant period expires, it shall identify the revenue source for any costs identified under subsection (B)(2);

(4) the impact on state and local policy, including any resulting line of accountability or transfer of governing control from state or local officials to any entity inside or outside this State, whether the federal government, a private corporation or association, or any other entity;

(5) the purpose and effect of the grant program, including its effect on and interrelationship with any existing program or policy currently operating within this State;

(6) all compliance mandates, both existing and new, and policy directives associated with satisfying the terms of the grant; and

(7) any laws that must be passed or rescinded to comply with the terms of the grant, including budgetary considerations.

(B)(1) The Executive Budget Office shall provide a report on each grant to the Governor and the General Assembly thirty days after the submission required by subsection (A).

(2) The report must include an assessment of the agency’s compliance with procedural steps required by subsection (A) and an assessment of whether the grant imposes any new limits or mandates on private sector activity.

(3) The grant applicant shall cooperate with the Executive Budget Office by providing information relevant to the Executive Budget Office report under subsection (A).

(4) All grant applications and reports required by this section must be recorded in a public database managed by the Executive Budget Office.

(C) Unless authorized or directed by law, a grant may not be submitted to the grant‑making entity for application unless the Governor provides written consent. At the Governor’s discretion, he may allow the grant applicant to revise and resubmit the grant application for the Governor’s reconsideration.”

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

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