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COMMITTEE REPORT

February 10, 2022

**H. 3346**

Introduced by Reps. W. Cox, White, Fry, Haddon, Long, Forrest, G.M. Smith, Caskey, Gagnon, Hyde, West, Thayer, Ligon, Daning, Erickson and Bradley

S. Printed 2/10/22--H.

Read the first time January 12, 2021.

**THE COMMITTEE ON WAYS AND MEANS**

To whom was referred a Bill (H. 3346) to amend Section 11‑11‑310, Code of Laws of South Carolina, 1976, relating to the statutory General Reserve Fund, so as to provide that the General, etc., respectfully

**REPORT:**

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

G. MURRELL SMITH, JR. for Committee.

**A** **BILL**

TO AMEND SECTION 11‑11‑310, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE STATUTORY GENERAL RESERVE FUND, SO AS TO PROVIDE THAT THE GENERAL RESERVE FUND OF FIVE PERCENT OF GENERAL FUND REVENUE OF THE LATEST COMPLETED FISCAL YEAR MUST BE INCREASED EACH YEAR BY ONE‑HALF OF ONE PERCENT OF GENERAL FUND REVENUE OF THE LATEST COMPLETED FISCAL YEAR UNTIL IT EQUALS SEVEN PERCENT OF SUCH REVENUES; TO AMEND SECTION 11‑11‑320, RELATING TO THE STATUTORY CAPITAL RESERVE FUND OF TWO PERCENT OF GENERAL FUND REVENUE OF THE LATEST COMPLETED FISCAL YEAR, SO AS TO INCREASE IT TO THREE PERCENT OF GENERAL FUND REVENUE OF THE LATEST COMPLETED FISCAL YEAR; AND TO PROVIDE THAT THE ABOVE PROVISIONS TAKE EFFECT UPON RATIFICATION OF AMENDMENTS TO SECTION 36, ARTICLE III OF THE CONSTITUTION OF THIS STATE PROVIDING FOR THE ABOVE.

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

SECTION 1. Section 11‑11‑310 of the 1976 Code is amended to read:

“Section 11‑11‑310. (A) The State Fiscal Accountability Authority shall provide for a General Reserve Fund. Funds accumulating in excess of the annual operating expenditures must be transferred to the General Reserve Fund and the transfer must continue to be made in succeeding fiscal years until the accumulated total in this reserve reaches an amount equal to the applicable percentage amount of the general fund revenue of the latest completed fiscal year.

(B) If there is a year‑end operating deficit, so much of the General Reserve Fund as is necessary must be used to cover the deficit. The amount so applied must be restored to the General Reserve Fund out of future revenues as provided in Section 36, Article III of the Constitution of this State and out of funds accumulating in excess of annual operating expenditures as provided in this section until the applicable percentage amount is reached and actually maintained.

(C) In the event of a year‑end operating deficit, so much of the reserve fund as may be necessary must be used to cover the deficit, and the amount must be restored to the reserve fund within five fiscal years out of future revenues until the applicable percentage amount required to be transferred to the General Reserve Fund, is reached and maintained. Provided, that a minimum of one percent of the general fund revenue of the latest completed fiscal year, if so much is necessary, must be restored to the reserve fund each year following the deficit until the applicable percentage amount required by general law to be transferred to the General Reserve Fund is restored.

(D) For purposes of this section ‘applicable percentage amount’ means ~~five~~ seven percent of general fund revenue of the latest completed fiscal year. The ~~five~~ seven percent requirement shall be reached by adding a cumulative one‑half of one percent of such revenue in each fiscal year succeeding the last fiscal year to which the ~~three~~ five percent limit applied until the percentage of such revenue equals ~~five~~ seven percent which then and thereafter shall apply.”

SECTION 2. Section 11‑11‑320(A) of the 1976 Code is amended to read:

“(A) The General Assembly, in the annual general appropriations act, shall appropriate, out of the estimated revenue of the general fund for the fiscal year for which the appropriations are made, into a Capital Reserve Fund, which is separate and distinct from the General Reserve Fund, an amount equal to ~~two~~ three percent of the general fund revenue of the latest completed fiscal year.”

SECTION 3. (A) The provisions of SECTION 1 of this act take effect upon the ratification of an amendment to Section 36(A), Article III of the Constitution of this State raising the general reserve fund from five percent of general fund revenue of the latest completed fiscal year to seven percent of such revenues in the manner provided in the section.

(B) The provisions of SECTION 2 of this act take effect upon the ratification of an amendment to Section 36(B), Article III of the Constitution of this State raising the capital reserve fund from two percent of the general fund revenue of the latest completed fiscal year to three percent of such revenues.

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