

South Carolina Board of Economic Advisors

Statement of Estimated Revenue Impact

Date: February 9, 2011

Bill Number: H. 3368

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Committee Requesting Impact: Ways and Means

Bill Summary

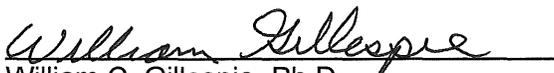
A bill to amend the Code of Laws of South Carolina, 1976, by adding Section 11-11-415 so as to provide that the limit on General Fund appropriations for a fiscal year is the total amount of the General Fund revenue estimate as of February 15, 2010 for fiscal year 2010-2011, increased annually and cumulatively by a percentage determined by population increases and increases in the consumer price index, to provide for the limitation to be suspended for a fiscal year for a specific amount upon a special vote of the General Assembly and to define this special vote, to establish the Spending Limit Reserve Fund to which all surplus General Fund revenues must be credited, to provide for the priority uses of the revenues of this fund, to provide for the appropriation of fund revenues after these priorities are met, to require that appropriation of revenues of this fund must be by a Joint Resolution originating in the House of Representatives, and to provide that this limit first applies for fiscal year 2011-2012.

REVENUE IMPACT ^{1/}

This bill would have no impact on state General Fund revenue. Annual appropriations would be limited to the lessor of the current limitations contained in Section 11-11-410, the adjusted base-year estimate increased by six percent, or the adjusted base-year estimate increased by the percentage growth in population and the consumer price index.

Explanation

This bill provides that General Fund revenue available for appropriations is limited to the lessor of the current limitations pursuant to Section 11-11-410, the adjusted base-year estimate increased by six percent, or the adjusted base-year estimate increased by the percentage growth in population and the consumer price index. The adjusted base-year estimate is defined as the Board of Economic Advisors February 15, 2010 General Fund estimate including recurring and nonrecurring revenues. The General Assembly may declare an emergency and suspend the limitations for any one fiscal year by a specific amount by enactment of legislation relating only to this matter. All General Fund revenue collections in excess of the appropriations limit are allocated to the newly created Spending Limit Reserve Fund. Revenues from this fund must first replenish the General Reserve Fund if necessary. Remaining balances may be appropriated for temporary tax reductions, infrastructure improvements, school buildings, school buses, and expenses as a result of a natural disaster. This act would take effect for appropriations made for FY 2011-12.


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^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact, or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.