



South Carolina House of Representatives

Legislative Update

Robert W. Harrell, Jr., Speaker of the House

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HOUSE WEEK IN REVIEW

By approving H.3710, the General Appropriations Act and H.3711, the joint resolution making appropriations from the Capital Reserve Fund, the House of Representatives sent the Senate its Fiscal Year 2013-2014 **STATE GOVERNMENT BUDGET** totaling \$22.7 billion, which includes \$6.3 billion in recurring state general funds and \$113 million in capital reserve funds.

The budget legislation fully funds the state's reserve accounts that are used to cope with revenue shortfalls. The growth in appropriations under the proposed budget falls within the spending limitations criteria that the House has approved in several bills in recent years.

The budget accommodates the redirection of motor vehicle sales tax revenue to fund highway, road, and bridge maintenance, construction, and repair which the House recently approved by sending the Senate **H.3412**. Phased in over the course of two years, this redirection credits tax revenue collected on the sales of motor vehicles, except for revenues supporting the Education Improvement Act, to the State Non-Federal Aid Highway Fund so that the total, representing \$82.8 million, will ultimately serve as a dedicated funding source for the state's infrastructure needs. Additionally, the budget legislation devotes \$60 million in unobligated general fund revenue generated during the current fiscal year to bridge rehabilitation and replacement. For Fiscal Year 2013-2014, the budget legislation transfers to the Non-Federal Aid Highway Fund certain fuel tax monies from the Department of Natural Resources and the Department of Agriculture and these agencies are provided general fund appropriations to supplant this loss of revenue.

\$25 million from the Capital Reserve Fund is included to provide at least one additional year of consumer protection services for citizens whose personal financial information was compromised as a result of the Department of Revenue computer security breach of 2012. Any remaining funds are to be used for state agency cyber security improvements. The budget legislation repays the \$20 million dollar loan from the Insurance Reserve Fund for costs associated with the data breach and fully funds DOR's \$7.5 million request for a new information technology system.

The budget legislation does not include an expansion in eligibility for the state's Medicaid Program as allowed by the federal "Patient Protection and Affordable Care Act" of 2010. Instead, the proposed budget includes a redirection of Medicaid spending under a new comprehensive Medicaid Accountability and Quality Improvement Initiative to be undertaken by the state Department of Health and Human Services upon approval by the Centers for Medicare and Medicaid Services (CMS). A total of up to \$35 million (\$10.5 million in state funding) is devoted to the Healthy Outcomes Initiative which would provide financial incentives for hospitals to reduce reliance on comparatively expensive emergency room treatment. This initiative involves participating in price and quality transparency efforts and entering into agreements with primary care providers to help meet the needs of chronically ill uninsured patients through home visits and care in other settings outside the emergency room. \$20 million (\$6 million in state funding) is provided to pay 100% of the uncompensated care costs at designated rural hospitals. New Disproportionate Share Hospital (DSH) payment accountability provisions are

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included for uncompensated care payment claims-level data improvements. \$10 million is devoted to a primary care safety net program for the treatment of low-income, uninsured patients that involves Federally Qualified Health Centers, rural health clinics, free clinics, and Welvista. \$8 million is provided to enhance a telemedicine program at the Medical University of South Carolina. \$1.6 million is devoted to an initiative to enhance rural provider capacity by leveraging the state's Graduate Medical Education program, Supplemental Teaching Payments, and teaching hospitals to encourage physicians to work in underserved areas, expanding the use of telemedicine to allow rural areas to take advantage of medical expertise from elsewhere in the state, and providing for targeted placement and support of OB/GYN services in at least four counties with demonstrated needs. \$7 million is provided for the Optional State Supplement that assists elderly, blind, or disabled individuals in paying for community residential care facilities.

Should the federal Department of Health and Human Services notify the states that it will accept applications for waivers for Medicaid eligibility for non-disabled childless adults whose income is up to 100% of the Federal Poverty Level, a proviso authorizes the South Carolina Department of Health and Human Services to submit an application for this waiver which must include strategies for improving health outcomes, purchasing the most healthcare for the least possible cost, and continuing implementation of coordinated care.

The state's maintenance of effort for the Medicaid program is fully funded with \$157 million. \$5 million is included for an across the board rate increase for nursing home services.

The Department of Health and Human Services is charged with coordinating a multi-agency initiative to combat obesity in the state.

Of the cigarette surtax funds received by the Department of Health and Environmental Control, \$1 million must be used for Best Chance Network breast cancer screenings and \$1 million must be used for Colorectal Cancer Awareness/Protection initiatives.

The proposed budget devotes around \$175 million new dollars to K-12 education for the 2013-2014 fiscal year.

\$77 million in new funding is directed to the Education Finance Act, with \$20.5 million used to maintain the current base student cost of \$2,012 in the face of enrollment growth and an additional \$56.4 million used to increase the base student cost to \$2,100 for each student.

Funds provided should be sufficient for school districts to award their teachers a salary step increase.

The budget legislation suspends state-funded teacher salary supplements for National Board Certification for new applicants during the coming fiscal year and requires a study on the effectiveness of the state's National Board Certification incentive program.

Around \$13 million dollars is devoted to school transportation for the maintenance and upkeep of the state's school bus fleet. \$10.5 million from the Capital Reserve Fund is included for the purchase or lease of new school buses.

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School districts are directed to make use of funding flexibility provisions to ensure that district-approved safety precautions are in place at every school.

Funding for charter schools is increased by \$12.1 million.

Over \$36 million is set aside in a contingency fund to replace the possible loss of federal Individuals with Disabilities Education Act (IDEA) funds. Should the state prevail in its lawsuit regarding its funding of education for students with disabilities the contingency fund will, instead, be distributed to the school districts using the Education Finance Act funding formula.

Full funding is provided for the LIFE, HOPE, and Palmetto Fellows higher education scholarship programs. The National Guard Tuition Repayment Program is provided an additional \$2.85 million to address recent shortfalls.

The state's colleges and universities receive nearly \$12 million in General Fund increases and \$10 million in one-time funding. A proviso is included that prohibits the state's institutions of higher learning from making use of state aircraft for athletic recruiting purposes.

\$7.5 million is devoted to worker training through the Ready SC Program at the state's technical colleges. \$5.5 million is included for System-wide Infrastructure and Workforce Development at the State Board for Technical and Comprehensive Education. \$2.5 million is provided for the Board's Manufacturing Skills Standards Council Initiative.

\$13.3 million is provided for the Deal Closing Fund that the Department of Commerce uses to recruit new business to the state. \$1 million in capital reserve funds is included for the Department's Business Incubator Program.

In response to a recent initiative for regionalizing services at the Department of Employment and Workforce which closed several unemployment offices in rural areas, DEW is directed to use up to \$1.5 million of its funding to provide all counties affected by the recent closures with functioning Unemployment Insurance centers to assist with both unemployment insurance claims and reemployment training. DEW is afforded funding flexibility for the purpose of maintaining Unemployment Insurance centers in each county.

\$3 million is included for tourism sales and marketing at the Department of Parks, Recreation, and Tourism the Department \$4 million is included for the destination-specific tourism advertising program.

Increased costs for operating the state's health insurance plan are addressed through a 6.8% increase in employer premiums and no increase in the premiums paid by employees, but an increase in co-payments and deductibles of up to 20%. The State Budget and Control Board is prohibited from making unauthorized adjustments to State Health Plan premiums.

The House having approved **H.3501**, legislation to suspend for another year the statutory requirement for distributing 4.5% of the previous year's state General Fund

amount to the counties and municipalities, the budget legislation keeps local government funding at its current level of \$212 million.

\$1.7 million is included for a 3% pay raise for correctional officers at the state's maximum security prisons and the Department of Corrections is provided \$9.7 million for capital projects.

Total funding for the State Law Enforcement Division is increased by \$4.4 million.

\$1.8 million in nonrecurring revenue is directed to provide for vehicle replacement at the State Law Enforcement Division, the Department of Public Safety, and the Department of Natural Resources.

\$1 million is provided for 25 new parole agents.

\$8.5 million is provided for the restoration of the general fund base of the Department of Juvenile Justice, addressing budget cuts sustained by the agency during the recent years of recession.

An additional \$4.2 million is provided for agency operations at the Department of Health and Environmental Control.

\$2 million from the Capital Reserve Fund is included for Forestry Commission firefighting equipment and funding is provided for 12 new firefighters.

\$5 million is provided to the Election Commission for a new statewide voting system.

The Arts Commission continues to be funded at current state dollar levels.

The budget legislation continues the funding rationale that eliminates all general funds for South Carolina Educational Television, but allows SCETV to retain revenue derived from contracts for the use of its broadcast towers, signal spectrum and other facilities and services in order to fund its operations.

The Lt. Governor's Office on Aging is afforded \$4.2 million for home and community based services and caregivers.

BILLS INTRODUCED IN THE HOUSE THIS WEEK

AGRICULTURE, NATURAL RESOURCES, AND ENVIRONMENTAL AFFAIRS

H.3814 *MIGRATORY WATERFOWL COMMITTEE* Rep. Vick

This bill increases the membership from nine to ten. The added member will be a designee of the Delta Waterfowl Association of South Carolina who is not a paid employee.

EDUCATION AND PUBLIC WORKS

S.10 AUTHORITY OF SCHOOL TRUSTEES TO SELL OR LEASE SCHOOL PROPERTY FOR FISCAL YEAR 2012-2013 Sen. L. Martin

Notwithstanding Section 59-19-250, this legislation provides for Fiscal Year 2012-2013, school trustees of a school district that do not currently have the authority to do so, may sell or lease school property, real or personal, in the school district at any time they deem it expedient to do so and apply the proceeds of the sale or lease to the school fund of the district.

H.3796 REVISIONS PERTAINING TO FEES FOR HANDICAPPED PERSONS OR PERSONS OF CERTAIN AGES FOR PRIVATE PASSENGER MOTOR VEHICLES AND PROPERTY-CARRYING VEHICLES WEIGHING SIX THOUSAND POUNDS OR LESS Rep. Pitts

This legislation makes revisions pertaining to Section 56-3-620, which relates to fees for handicapped persons or persons of certain ages for private passenger motor vehicles and property-carrying vehicles weighing six thousand pounds or less. Currently, trucks are excluded from these provisions and applicable truck fees required under Section 56-3-660 are not negated. This legislation provides that a truck included in the definition of private passenger motor vehicle, which is not used in a trade or business, may be registered upon payment of the biennial registration fees provided pursuant to Section 56-3-620. This legislation further provides that when a governing body of a political subdivision imposes a schedule of road fees on motor vehicles registered in the county based on vehicle class, the lowest fee in the schedule must apply to all motor vehicles subject to the state biennial registration fee for private passenger motor vehicles imposed pursuant to Section 56-3-620.

JUDICIARY

S.446 RATIFICATION OF CONSTITUTIONAL AMENDMENT ALLOWING THE JOINT ELECTION OF THE GOVERNOR AND THE LIEUTENANT GOVERNOR Sen. Massey

Having been submitted to the qualified electors at the General Election of 2012 and having received a favorable vote, this legislation ratifies a constitutional amendment allowing the joint election of the Governor and the Lieutenant Governor beginning with the General Election of 2018. Under this amendment to the South Carolina Constitution, a gubernatorial candidate selects a running mate to fill the position of Lieutenant Governor in a manner similar to the election of the President and Vice President at the national level. The General Assembly shall provide by law the manner in which a candidate for Lieutenant Governor is selected. The legislation also revises the role that the Lieutenant Governor plays under the state's constitution by eliminating the office's legislative duties and revising the manner in which vacancies in the office of Lieutenant Governor are to be filled. The legislation eliminates the Lieutenant Governor's authority to serve as President of the Senate and cast tie-breaking votes in that body. Instead, the Senate, every four years, elects from among its members a President to preside

over the Senate and perform other duties as provided by law. The legislation eliminates the constitutional role of the President Pro Tempore of the Senate, who is currently called upon to fill a vacancy in the office of Lieutenant Governor. In the case of the removal of the Lieutenant Governor from office by impeachment, death, resignation, disqualification, disability, or removal from the State, the legislation provides that the Governor would appoint, with the advice and consent of the Senate, a successor to fulfill the unexpired term.

H.3803 PROVISIONS FOR EMERGENCY RESPONDERS TO CAST BALLOTS

Rep. Funderburk

This legislation allows South Carolina emergency responders, including firefighters, public utility workers, law enforcement personnel, emergency medical personnel, insurance company catastrophe response personnel, or skilled volunteers who are dispatched to assist with disaster relief or recovery efforts outside their county of residence to have the opportunity to receive and cast any ballot they would have been eligible to cast had they remained within their county of residence.

H.3804 CYBERBULLYING Rep. Funderburk

This legislation creates the offense of cyberbullying and provides penalties for violations.

H.3816 FOSTER CARE Rep. G. M. Smith

Relating to protecting and nurturing children in foster care, this legislation provides that the goal of the State is that no more than two thousand six hundred seventeen Title IV-E funded children will remain in foster care for more than twenty-four months in any fiscal year.

LABOR, COMMERCE AND INDUSTRY

H.3797 CAPTIVE INSURANCE COMPANIES Rep. Sandifer

This bill revises provisions governing the operation of captive insurance companies.

H.3815 BIENNIAL LICENSURE OF AUCTIONEERS Rep. Sandifer

This bill provides for the licensure of auctioneers to be biennial, rather than annual. The legislation conforms continuing education requirements for auctioneers to the new schedule by doubling the requirements for a licensing period to make it eight hours rather than four hours.

H.3818 CLOSED PANEL HEALTH PLANS Rep. K. R. Crawford

This bill eliminates the requirement that an employer who employs more than fifty eligible employees and who offers to employees major medical, hospitalization, and surgical health insurance coverage only under a closed panel health plan must also offer its employees a point-of-service option for this health insurance coverage.

WAYS AND MEANS

**S.294 USE OF LOCAL ACCOMMODATIONS TAX REVENUE FOR BEACH
RENOURISHMENT Sen. Cleary**

This bill revises conditions for the expenditure of local accommodations tax revenues, so as to clarify that in certain situations, funds may be used for beach renourishment. The legislation establishes a procedure that allows a municipality or county, upon a two-thirds vote of the membership of the local governing body, to hold these funds for more than two years so long as the funds are exclusively committed to the control and repair of waterfront erosion, including beach renourishment.

**H.3802 PROHIBITION ON REGIONAL COUNCIL OF GOVERNMENT
INVOLUNTARY MEMBERSHIP FEES Rep. Funderburk**

This bill revises the terms of an agreement creating a regional council of government, so as to prohibit the agreement or council bylaws from charging, assessing, requiring, or demanding an involuntary membership fee. Such fees must be optional for member counties and municipalities.

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