



South Carolina House of Representatives

# Legislative Update & Research Reports

Robert J. Sheheen, Speaker of the House

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STATE DOCUMENTS

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## House Week in Review

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A number of bills to enhance economic development opportunities were ratified last week, and the House finished work on the Highway Safety bill by adopting the free conference report on the legislation.

The House also participated in a joint assembly with the Senate electing a new circuit judge for the 5th Judicial Circuit and number of Family Court judges.

### Ratified Legislation

A number of important bills were ratified as acts last week. Among them was H.3706, the payment in lieu of taxes bill. Also among the economic development legislation ratified was H.3405, which will permit state corporate income tax credits for corporate contributions for infrastructure construction or improvement.

The name of the Department of Parole and Community Corrections will soon be changed to the Department of Probation, Parole and Pardon Services with the ratification of S.1196. Also ratified was S.1178, which will enhance state employee retirement benefits, and H.2807, the AIDS bill.

### More Judgeship Elections

During last Wednesday's joint assembly, J. Ernest Kinard Jr. was elected by acclamation to the Circuit Court bench for the 5th Judicial Circuit.

Also elected by acclamation to the Family Court bench were Alvin C. Biggs, 1st Circuit, Seat 2; Peter R. Nuessle, 2nd Circuit, Seat 1; B.J. Warshauer, 3rd Circuit, Seat 1; Jamie F. Lee, 4th Circuit, Seat 1; Robert H. Burnside, 5th Circuit, Seat 1; William M. Campbell, 5th Circuit, Seat 4; Stuart H. Hall, 7th Circuit, Seat 3; L. Mendel Rivers, 9th Circuit, Seat 1; Judy C. Bridges, 9th Circuit, Seat 3; Robert H. Cureton, 10th Circuit, Seat 2; W. Frank Rogers, 11th Circuit, Seat 1; Wylie H. Caldwell Jr., 12th Circuit, Seat 3; Willie T. Smith, 13th Circuit, Seat 3; Joseph W. Board, 13th Circuit, Seat 4; Albert L. Kleckly, 14th Circuit, Seat 2; Kaye G. Hearn, 15th Circuit, Seat 2, and David N. Wilburn Jr., 16th Circuit, Seat 1.

*Legislative Update, May 3, 1988*

In the contested races, John M. Rucker was elected as a Family Court judge from the 8th Circuit, Seat 2. In the 9th Circuit, Seat 4, Wayne M. Creech was elected to the Family Court bench. And Joseph A. Wilson II was elected as a Family Court judge to the 5th Circuit, Seat 2

Special Order Legislation

The House also dealt quickly with a number of bills set for special order last week. The House set H.4114, a bill to increase the penalties for drug trafficking, for special order, giving it second and third reading last week.

Among the bills set for special order and given second reading were H.3896, dealing with rural electric cooperatives; H.4073, allowing regional councils of government to find highway work of a multijurisdictional nature; and and H.3556, relating to the requirements and designations of producers by the Insurance Commission and the Reinsurance Facility Governing Board.

Bill Tabled

The House also tabled a bill that would have required the six members of the Clemson University trustee board, elected by the General Assembly, to be elected from each of the state's six congressional districts. By a vote of 42-41, the House tabled H.2197.

Bills Introduced

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Here is a sampling of bills introduced in the House during the previous week. Not all House bills introduced last week are featured here. The bills are organized by the standing committees to which they were referred.

*Agriculture and Natural Resources Committee*

Municipal Beach Erosion Prevention Act (H.1339, Sen. Waddell). This Senate bill would allow municipalities along the South Carolina coast to undertake beach erosion control efforts by granting them additional authority, including the levying of ad valorem taxes, assessments, use of accommodations taxes, and the issuance of general obligation bonds.

Under this legislation, municipalities could devise a beach erosion prevention plan within, and adjacent to, the corporate limits. If the municipality chooses to finance the plan with ad valorem taxes or assessments, it may establish varying rates commensurate with the benefits derived by the property owner.

Beach erosion prevention projects are defined by the bill as "seawalls, groins, breakwaters, bulkheads, fills, renourishment, and other works, structures, equipment, or other facilities necessary or useful for beach renourishment or erosion prevention...."

Beach erosion prevention districts would be established by ordinance. The resolution would describe the district, the plan, the estimated cost and the area affected by the plan. The resolution also must state how the municipality would pay for the plan. A public hearing must be held prior to the adoption of the ordinance.

The legislation gives the municipalities the discretion of deciding how the improvement plan will be financed

*Judiciary Committee*

Dangerous Material for Minors (H.4209, Rep. Fair) This bill pertains to the offense of disseminating harmful materials to minors. The bill would exempt those who hire minors to work in a theater as long as the parents of the minor consent to allow the

youth to work there, and the minor does not work in the viewing area when harmful material is being shown. Also, the definition of library is expanded for use in a defense against the charge of disseminating dangerous materials to minors.

Competitive Sealed Proposals (H.4222, Rep. J.W. McLeod) This bill would repeal part of the law concerning how contracts for government projects or expenditures are awarded. Competitive sealed bids are usually used, but in cases where the chief procurement officer or head of a purchasing agency decides that competitive sealed bids are not appropriate, competitive sealed proposals are used. This bill would eliminate the use of competitive sealed proposals.

Family Court Jurisdictions (S.1370, Sen. Hayes) This bill from the Senate adds to the powers of Family Courts by allowing them to order any party in a proceeding to participate in mediation over visitation and custody provisions. This can only be done, however, in counties where the Supreme Court has approved county-wide mediation plans.

Annexation (S.411, Sen. Bryan). The Senate bill sets out the provision for annexation into a municipality by petition. Under this bill, any area contiguous to a municipality may be annexed by the municipality if a petition is filed by 25 percent of the resident property owners within the area. The legislation spells out the procedure the municipality is to follow when an annexation petition is received.

If a majority of the property owners vote to be annexed, the municipality may proceed unless 5 percent of the municipal property owners petition the council requesting a vote within the municipality. If a majority of the municipality property owners vote against the annexation, the council must table any ordinance.

Any property owner who owns 25 percent or more of the total assessed value of the property to be annexed, or any owner of agriculture property within the area, must be given written notice of the annexation. If the owner objects in writing, his land must be excluded from the area to be annexed.

As to special purpose districts, the bill states that at the time of the annexation or thereafter, the municipality may elect at its sole option to provide the services formerly provided by the district within the annexed area. The district may be allowed to continue to provide service until it receives reasonable written notice from the municipality.

*Legislative Update, May 3, 1988*

*Ways and Means Committee*

Palmetto Indian Affairs Commission (H.4226, Rep. J. Rogers) A new South Carolina Palmetto Indian Affairs Commission, to replace the current Palmetto Indian Affairs Commission, would be created under this bill. This commission would consist of ex officio members from state government, along with members appointed by the governor including representatives of each of the five major Indian groups. The duties of the commission would include studying the status of Indians in the state, serving as a planning body for Indian affairs, and advising the state legislative and executive branches on Indian concerns.

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Bill summaries by USC Legislative Intern Larry Slovensky

## Economic Impact of the Cultural Industry

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*In March, the Joint Legislative Committee on Cultural Affairs released a study on the impact of the Arts on the economy of South Carolina. Although in the past it has often been said that cultural activities are an economic benefit to South Carolina, the study is the first of its kind to present actual statistics.*

*As a way to recognize the contribution of the Arts in this the month of the annual Verner Awards, here is a reprint of the executive summary of the study, commissioned by the Joint Legislative Committee on Cultural Affairs and the S.C. Arts Commission. The study was conducted by the University of South Carolina's College of Business Administration. Drs. Sandra J. Teel and Douglas P. Woodward served as principal researchers for the study.*

*The report details the positive impact the Arts have on such factors as sales tax revenues and job creation.*

*Many thanks to the Joint Legislative Committee on Cultural Affairs for providing a copy of the study and the executive summary.*

The South Carolina cultural industry is composed of arts organizations, artists, libraries, festivals, museums, historical associations and sites, arts education and other humanities organizations. Each segment of the industry was surveyed in order to project the direct and indirect effect of the cultural industry on South Carolina's economy.

The total impact of cultural expenditure on gross state output, earnings, and employment was estimated from the survey data via the U.S. Department of Commerce, Bureau of Economic Analysis' Regional Input-Output Modeling System (RIMS). The cultural industry serves as a direct source of income for many individuals and businesses in South Carolina.

The expenditures first enter the economy in the form of wages and salaries, purchase of materials, and so forth. Part of every dollar spent by the cultural industry goes to local suppliers and employee compensation. Subsequently, this income engenders new

spending in the state and, in turn, this expenditure becomes income that is re-spent once again. This process or recirculation, called the multiplier effect, continues through many rounds.

#### Direct Spending of the Cultural Industry

The direct spending of the cultural industry in South Carolina is currently \$127,498,929. Using RIMS, a total output multiplier of 1.92 has been calculated. This means that every \$1 spent by the cultural industry gives rise to \$1.92 in gross state output. A direct spending of \$127,498,929 leads to indirect spending of \$244,272,035 by the cultural industry. Further, direct expenditures by the cultural industry produces an estimated \$2.2 million in sales tax revenue for the state.

The cultural industry has a strong impact statewide on earnings -- primarily in the miscellaneous services (which includes the cultural industry), business services and real estate industries. \$127,498,929 in expenditures by the cultural industry yields \$85,049,254 in state earnings. The earnings multiplier is .67, meaning that each \$1 spent by the cultural industry creates \$0.67 in wages and salaries for state residents.

#### Job Creation

The cultural industry also creates many jobs for South Carolina. 12,745 persons are employed (many part-time) directly in the cultural industry, and work a total of 4,623,427 hours per year. For every \$1 million of direct expenditure by the cultural industry, 47 jobs in the State are generated (an employment multiplier of 47.3). Overall, 6,026 full-time jobs for South Carolinians are created by the cultural industry.

Additionally, 56,557 volunteers contribute approximately 1.5 million hours to the cultural industry in South Carolina. The contribution of the volunteers helps to produce the 42,567 programs serving 13.8 million people per year. Overall, 81% of these people receive free admission or services from the cultural industry.

Therefore, capital investment in the cultural industry produces measurable direct and indirect economic returns to the state, just as do other important industries. However, the benefits of the cultural industry extend far beyond these quantifiable effects on employment, earnings, and output mentioned above.

Benefits Beyond Capital Investment

The cultural industry enriches the quality of life and provides amenities for state residents. It creates an image of vibrancy and innovation in the State and attracts discriminating people and businesses. Across the nation, "quality of life" is becoming a pivotal factor in today's industrial recruitment and economic development efforts.

Priorities for relocation and expansion of industry are changing. The availability of cultural activities has been ranked third in the concerns of large businesses in a national survey conducted by the Conference Board in New York.

In a survey of South Carolina business conducted by the Cultural Affairs Committee in 1986, 99% of the chief executive officers stated that the availability of cultural activities in an area was an important consideration in choosing new locations. Therefore, in addition to the direct economic benefits, South Carolina's cultural industry plays an important role in the future of the state.

The following reports the economic impact of the cultural industry by individual segments comprising the industry:

MUSEUMS AND HISTORICAL SITES:

How many: 140  
Total Revenues and Income: \$18.9 million  
Total Expenditures in S.C.: \$15.5 million  
Economic Impact: \$29.7 million  
Employment: 814 full and part-time jobs  
Number of Hours Worked: 1,015,235  
Number of Volunteers: 1,258  
Volunteer Hours Contributed: 85,249  
Annual Programs: 15,000  
Number of People Served: 3.5 million  
Percentage with Free Admissions/Services: 85 percent

**HISTORICAL SOCIETIES & ASSOCIATIONS:**

How many: 98  
Total Revenues and Income: \$9 million  
Total Expenditures in S.C.: \$6.3 million  
Economic Impact: \$12.1 million  
Employment: 868 full and part-time jobs  
Number of Hours Worked: 410,575  
Number of Volunteers: 5,271  
Volunteer Hours Contributed: 52,158  
Annual Programs: 200  
Number of People Served: 100,000  
Percentage with Free Admissions/Services: 99 percent

**PUBLIC LIBRARIES:**

How many: 50  
Total Revenues and Income: \$23.9 million  
Total Expenditures in S.C.: \$22 million  
Economic Impact: \$42.1 million  
Employment: 992 full and part-time jobs  
Number of Hours Worked: 1,204,813  
Number of Volunteers: 67  
Volunteer Hours Contributed: 11,712  
Annual Programs: 15,000  
Number of People Served: 1.2 million  
Percentage with Free Admissions/Services: 100 percent

**ARTS ORGANIZATIONS:**

How many: 400  
Total Revenues and Income: \$24.3 million  
Total Expenditures in S.C.: \$22.9 million  
Economic Impact: \$43.9 million  
Employment: 5,747 full and part-time jobs  
Number of Hours Worked: 1,349,202  
Number of Volunteers: 24,874  
Volunteer Hours Contributed: 749,208  
Annual Programs: 5,000  
Number of People Served: 2.5 million  
Percentage with Free Admissions/Services: 50 percent

OTHER HUMANITIES ORGANIZATIONS:

How many: 38  
Total Revenues and Income: \$5 million  
Total Expenditures in S.C.: \$1.7 million  
Economic Impact: \$3.3 million  
Employment: 114 full and part-time jobs  
Number of Hours Worked: 154,736  
Number of Volunteers: 357  
Volunteer Hours Contributed: 15,580  
Annual Programs: 1,262  
Number of People Served: 469,000  
Percentage with Free Admissions/Services: 100 percent

ARTISTS:

How many: 2,400  
Total Revenues and Income: \$16.6 million  
Total Expenditures in S.C.: \$3.4 million  
Economic Impact: \$6.5 million  
Employment: 534 full and part-time jobs  
Number of Hours Worked: 102,818  
Number of Volunteers: 3,181  
Volunteer Hours Contributed: 53,552  
Annual Programs: N/A  
Number of People Served: N/A  
Percentage with Free Admissions/Services: N/A

FESTIVALS:

How many: 204  
Total Revenues and Income: \$15 million  
Total Expenditures in S.C.: \$9 million  
Economic Impact: \$17.2 million  
Employment: 1,807 full- and part-time jobs  
Number of Hours Worked: 311,288  
Number of Volunteers: 21,549  
Volunteer Hours Contributed: 566,448  
Annual Programs: 205  
Number of People Served: 5.3 million  
Percentage with Free Admissions/Services: 50 percent

PUBLIC SCHOOL ARTS EDUCATION:

How many: 92 school districts  
Total Revenues and Income: \$46.7 million  
Total Expenditures in S.C.: \$46.7 million  
Economic Impact: \$89.5 million  
Employment: 1,869 full and part-time jobs  
Number of Hours Worked: 74,760  
Number of Volunteers: N/A  
Volunteer Hours Contributed: N/A  
Annual Programs: 5,900  
Number of People Served: 778,035  
Percentage with Free Admissions/Services: 85 percent

TOTAL CULTURAL INDUSTRY:

Revenues and Income: \$159.4 million  
Total Expenditures in S.C.: \$127.5 million  
Economic Impact: \$244.3 million  
Employment in Cultural Industry: 7,895 full jobs employing  
12,475 people  
Number of Hours Worked: 4,623,427  
Number of Volunteers: 56,557  
Volunteer Hours Contributed: 1.5 million  
Annual Programs: 42,567  
Number of People Served: 13.8 million  
Average Percentage with Free Admissions/Services: 81 percent

State by State Legislative Action on Lotteries

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*The issue of whether South Carolina should have a state lottery continues to be a popular subject with the media and with some segments of the public. During past legislative sessions, a number of state lottery bills have been introduced. The most recent is S.1224, introduced by Sen. Shealy, which would create the State Lottery Act. This bill, which is pending before the Senate Judiciary Committee, requires excess revenues to go to the Indigent Health Care Fund to be distributed back to the counties under that formula. The bill also calls for a \$1.4 million start up appropriation.*

*The following is a state by state update on what other Legislatures are doing in connection with lottery legislation and similar bills. The article is taken from the April 15 issue of "Gaming and Wagering Business."*

States grappling with budget deficits are busy reexamining the question of legalized gambling and parimutuel gambling to raise revenues. To date, bills to legalize state lotteries or parimutuel wagering have been introduced in 13 states.

Currently, 26 states and the District of Columbia operate lotteries. By mid-1988, this number will rise to 29 jurisdictions when the new Virginia and Wisconsin lotteries begin play with an instant game.

Three states will put the question of legalizing a lottery before the voters in 1988. Referendums to change the constitutional prohibition against lotteries are scheduled for June in North Dakota and November in Indiana and Idaho. For North Dakotans, the June vote represents a return to the polls as a lottery referendum was defeated in November 1986.

*Legislative Update, May 3, 1988*

On the parimutuel side, some form of wagering on horse racing is legal in 41 states while greyhound racing is legal in 17 states and jai-alai in four. Texas was the latest state when residents approved horse racing last November 3.

Legislation at a Glance

The following is a synopsis of relevant legislation in each state.

Alabama: HB 574. Will establish the Alabama Bureau of State Non-Racing Lotteries and provide for the administration and operation of state lottery or lotteries; establish Legislative Lottery Oversight Committee; earmark revenues for general fund, medicaid, special education trust fund and public works program.

Alaska: HB 236. Provides authorization of state-operated lottery administered by a public, for-profit corporation; earmarks net revenues for special "Arts and Public Broadcasting Fund" within General Fund. Pending in House Judiciary and Finance Committee.

Hawaii: HB 2261. Enabling legislation to establish state lottery. SB 2174. Enabling legislation to establish state lottery. House Ways and Means Committee.

Iowa: Bill that would have allowed casino-style gambling on Mississippi river boats was killed by Senate amendment, but there are plans to re-introduce it.

Kentucky: HB 1. Supported by newly-elected Gov. Wallace Wilkinson, proposed constitutional amendment to establish state lottery and multi-state lottery games. HB 192. Proposes constitutional amendment to establish state lottery, with net proceeds earmarked for educational endowment program. Net income from trust fund would be allocated as follows: elementary, secondary schools, 50 percent; higher education, vocational education, 25 percent. HB 201. Authorizes government agency to conduct lottery or sweepstakes with proceeds divided between education, counties and cities. There would be a one-time bonus to Kentucky's Vietnam veterans. SB 125. Empowers Assembly to establish annual state lottery on Kentucky Derby.

Michigan: Bill that would allow casinos in Detroit before Senate Committee on Regulatory Affairs. No action likely until May report from Detroit citizens committee on possible benefits of casino gambling.



*Legislative Update, May 3, 1988*

Minnesota: HF 4. Proposes constitutional amendment to establish state lottery. HF 218. Proposes constitutional amendment to establish state lottery, if net proceeds are dedicated to public education. HF 633. Authorizes operation of a state lottery by independent contractor. Five member lottery board would hire executive lottery director to discharge its duties. Contractor would be required to pay franchise fee equal to 20 percent of gross sales. This bill cannot take effect unless constitutional prohibition against a lottery is removed. HF 1270. Enabling legislation to create state lottery agency; earmarks net revenues for economic development in state and to reinvest in Minnesota Resources Fund.

Mississippi: HCR 4. Proposes constitutional amendment to establish state lottery. Requires sales tax and earmark net revenues for education. HB 406. Provides for non-binding referendum on question of establishing a state lottery on Nov. 9, 1988. HB 520. Provides for legalization of jai-alai in certain counties; creates Mississippi Jai-Alai Commission. Referendums would be held in any county that actively promotes resort trade and tourism, borders on Gulf of Mexico and has a minimum population base of 150,000 or has at least three municipalities.

Nebraska: LR 252. Proposes constitutional amendment to establish state lottery, with net proceeds earmarked to support local school districts and higher education. LB 724. Enabling legislation to create Nebraska state lottery. Bans use of pickle-card (break open games) as "instant win" lottery. Permits on-line game hooked up to central computer via telecommunications lines, paving way for reintroduction of video lottery terminals.

Ohio: Bill that allows casino in depressed Lorain now in Assembly subcommittee. No action expected until after November.

Oklahoma: HB 1455. Directs Secretary of State to refer to the people for their approval or rejection of proposed Oklahoma Lottery Act to be codified in state's statutes.

Tennessee: SRJ 29. Proposes constitutional amendment to establish state lottery.

Utah: HRJ 4. Proposes constitutional amendment to be submitted to electors of state to establish state lottery; legislature may authorize lottery if more than half of net proceeds are used to fund public education. Died in Rules Committee.

*Legislative Update, May 3, 1988*

Virginia HB 900. Amends code to authorize horse racing and parimutuel betting and provides for a referendum on issue. Passed House, Senate General Laws committee.

Wyoming HB 15. Draft lottery referendum bill failed to gain two-thirds majority vote needed for introduction.