



South Carolina House of Representatives

Legislative Update & Research Reports

Robert J. Sheheen, Speaker of the House

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House Week in Review

House members saluted two retiring members, elected a new Clerk of the House after reluctantly accepting the resignation of Clerk Lois Shealy, and waited for conference committees to complete work on some significant legislation.

Special Order Bills

As the House headed into the final week of the 1988 General Assembly, two special order bills were still left to debate Monday. Last week, the House finished consideration of S.1, uniform pay for magistrates, masters-in-equity and probate judges. After special order debate, the House gave the Senate bill second reading Thursday, and third reading Friday. S.1 would provide a uniform judicial system and compensation rate for magistrates, masters-in-equity and probate judges.

With work completed on S.1 last week, two other special order bills were given second reading Monday. S.411, the annexation bill, and S.711, were given tentative approval by the House during the Monday session.

Conference Committees

While the House worked to clear its calendar before the final legislative week, a number of important bills were before conference committees.-- among them, H.3880, the State Appropriations Bill. House Ways and Means Committee Chairman Robert McLellan, Speaker Pro Tem Jack Rogers and Rep. Bill Boan were appointed by the Speaker as the House conferees on the budget. Senate conferees are Sens. Waddell, Lindsay and Moore. Also appeared heading for conference committee is H.3882, the Capital Reserve Fund Appropriations bill. Last week, the House refused to go along with Senate amendments to the bill.

Also before a conference committee is H.3713, the Beachfront Management bill. House Agriculture and Natural Resource Committee Chairman "Pete" Pearce, Rep. Sturkie and McEachin were appointed to this conference committee. Joining them are Sens. Doar, Long and Hayes. The conference committee is scheduled to continue work today.

H.3983, Higher Education's "Cutting Edge" legislation, also headed to a conference committee. Appointed as House conferees were House Education and Public Works Chairman Lewis Phillips, Rep. Beasley and Rep. McGinnis. Senate conferees are Sens. Garrison, Setzler and Courson.

Bond Bill

Much of the House's time last week was taken up considering H.4025, the state's \$243.8 million bond bill. Although there were over 700 amendments on the desk, the bill remained largely intact. By a vote of 54-51, House members tabled an amendment that would have authorized bond bills in odd-numbered years instead of even-numbered years. Proponents of the change argued that it would take election-year pressures off the bill. Despite the huge number of amendments, many aimed at striking local projects from the bill, the House maintained the projects. By a vote of 58-36, second reading of H.4025 was given Wednesday. Third reading was given Thursday.

More Elections

House members face two more elections this session. On Wednesday, they will meet in joint session with the Senate to fill the seats on the new trustee boards for the College of Charleston, Francis Marion College and Lander College.

The college trustee screening committee issued its report last Friday. Here are the names of the screened candidates for the trustee boards. Under the new law, each board will have 16 members, 15 elected by the General Assembly, one appointed at-large by the governor.

College of Charleston Board of Trustees:

- Seat 1: Dr. Gordon B. Stine*
- Seat 2: Martha Ann Archibald
John A. Hamilton
Cheryl D. Whipper
Richard E. Seabrook Jr.
Kathryn G. Rentiers
- Seat 3: Joe E. Berry Jr.*
- Seat 4: Joel H. Smith
- Seat 5: Thomas W. Weeks*

College of Charleston (cont'd):

- Seat 6: William J. Day**
- Seat 7: Robert S. Small**
- Seat 8: Merl F. Code**
- Seat 9: F. Creighton McMaster***
- Seat 10: J. Vincent Price
Harry E. Lawhon Jr.
Virginia Ann Mullikin**
- Seat 11: Henrietta Golding
J. David Watson
Texas T. Smith**
- Seat 12: Marie M. Land**
- Seat 13: Alton E. Jones***
- Seat 14: Timothy N. Dangerfield
Sylvia Harvey
H. Simmons Tate Jr.**
- Seat 15: Ashriel I. Mose***

As members of the old State College Board of Trustees, Dr. Stine, Joe Berry, Thomas Weeks, Creighton McMaster, Alton Jones and Ashriel Mose are exercising the option allowed under the new law to run for odd-numbered seats on the three new college boards without opposition. The new law allows the former trustees to run for a trustee post on the college board for which they served as a planning committee member on the old State College Board.

Francis Marion College Board of Trustees:

- Seat 1: Mary L. McQueen
Howard Gordon Lundy Jr.
- Seat 2: Elizabeth Bliss
J. Michael Murphree
- Seat 3: Earl E. McLeod Jr.*
- Seat 4: Lorraine Harris Knight
- Seat 5: Gail N. Richardson
- Seat 6: William A. Collins
- Seat 7: Ellen C. Watson*
- Seat 8: Robert E. Lanford Jr.
- Seat 9: E.S. Ervin*
- Seat 10: Tracy L. Eggleston
- Seat 11: Peter D. Hyman*
- Seat 12: William W. Coleman Jr.
James A. Franklin Sr.
Dr. John M. Whittington
- Seat 13: W. Jennings Duncan*
- Seat 14: M. Russell Holliday Jr.
- Seat 15: Allard A. Alton*

As members of the old State College Board of Trustees, Earl McLeod, Ellen Watson, E.S. Ervin, Peter Hyman, Jennings Duncan and Allard Alton are exercising the option allowed under the new law to run for odd-numbered seats on the three new college boards without opposition. The new law allows the former trustees to run for a trustee post on the college board for which they served as a planning committee member on the old State College Board.

Lander College Board of Trustees:

- Seat 1: Thomas L. Hansen
Dr. Thomas W. Parkinson
- Seat 2: Nancy J. Cash
- Seat 3: D. Don Caughman*
- Seat 4: Shelvie Burnside Belser
- Seat 5: Martha W. Barnette*
- Seat 6: Jean T. McFerrin
- Seat 7: Martha S. Whitener*
- Seat 8: E.B. Coleman
- Seat 9: Jack H. Boger
- Seat 10: S. Anne Walker
- Seat 11: Glenn J. Lawhon
- Seat 12: Walter D. Smith
- Seat 13: Sara V. Liverance*
- Seat 14: Fred W. Teeter
- Seat 15: John E. Johnston*

As members of the old State College Board of Trustees, Don Caughman, Martha Barnette, Martha Whitener, Sara Liverance and John Johnston are exercising the option allowed under the new law to run for odd-numbered seats on the three new college boards without opposition. The new law allows the former trustees to run for a trustee post on the college board for which they served as a planning committee member on the old State College Board

Another joint assembly will be held Thursday, June 2, to fill four seats on the state Consumer Affairs Commission. Two seats are open due to vacancies; two others, by members whose terms have expired.

More Legislation Passed

Conference committee reports on the new state symbols have been adopted by the House and the Senate. The report on S.1006, making the loggerhead turtle the state reptile, was adopted by the House last Thursday. The reptile bill now joins S.1295, the state insect bill, whose conference committee report also has been adopted by both chambers.

Last week, the House also gave final approval to S.1330, which would stagger the renewal periods for liquor licenses.

A Goodbye to Longtime Members and a New Clerk

Two longtime House members, Rep. Clyde M. Dangerfield and Rep. James M. Arthur, were saluted by the House last week for their years of service to the General Assembly and the people of South Carolina. Both Rep. Dangerfield and Rep. Arthur are retiring at the end of this session. On Monday, the House also saluted Rep. Ben Thrailkill, who also is retiring from the House after this session.

Meeting Monday, the House elected a new Clerk of the House. Mrs. Sandra McKinney was elected by acclamation to fill the unexpired term of Mrs. Lois Shealy who is resigning effective June 29.

During the Memorial Day session, the House also voted that following mandatory adjournment on Thursday, members will return June 20 to finish up work before sine die adjournment at 5 p.m. June 23.

More Ratified Legislation

Last week, the Legislative Update printed a list of the legislation ratified by the General Assembly this session. Here is a reprint of that list with the addition of bills ratified last week.

This list should help House members answer the age-old question, "What did you do this session?" as they hit the campaign trail, the civic club luncheon circuit, answer constituent correspondence, and write legislative wrap-up columns for their local newspapers.

A reminder: Later in the summer, the House Research Office will publish the 1988 Post Session report, which will have a more extensive list of bills passed, including those that did not make it through the legislative process before mandatory adjournment.

Insurance

Excessive Insurance Profits

H.3395, signed into law 4/18/88

This new law gives the chief insurance commissioner the authority to take action if he believes an insurance company has made excessive or unreasonable profits. The new law allows the chief commission to order a general reduction in the insurance rates of a company that is found to be making what the commissioner believes to be excessive profits. The commissioner may take this action in connection with property, casualty, surety, marine, title or allied lines of insurance. The decision must be based on the results of an investigation of the insurance companies profits over a three year period.

In addition to ordering a general reduction in rates, the commissioner can also order a pro rata refund of and excessive or unreasonable profits with interest. The commission can determine the rate of interest, which must be two points above the average prime rate for the three year period. The refund, which must be equitably divided among the policyholders, may be given in cash or as a credit toward future premiums.

Long Term Care Insurance

H.3573, signed into law 4/22/88.

Long term care insurance is an emerging private financing mechanism for the type of medical services required due to a chronic illness or conditions lasting over a long period of time.

This new law defines long term care insurance and the minimum insurance that must be provided. It includes provisions that will protect people seeking this kind of insurance from unfair or deceptive practices in sales or enrollment. With enactment of this law, South Carolina becomes one of the first states to enact long term care insurance legislation, a law that will benefit and protect the state's senior citizens.

Law Enforcement

Drug Trafficking Penalties

H.4114, ratified 5/24/88.

When signed into law, this act will increase the penalties for trafficking in marijuana, cocaine, methaqualone and other illegal drugs. It also states that no part of the penalties may be suspended. In addition, any person convicted of a drug trafficking offense under these provisions and receives a sentence of a mandatory minimum term of 25 years or more is not eligible for parole, work release or supervised furlough. Any person convicted of conspiracy in connection in connection with these provisions must be sentenced to the full penalty provided under this act and not half of the sentence.

Forfeited Property

H.3937, ratified 5/24/88

This act will amend the percentage of proceeds law enforcement agencies get as the result of the sale of forfeited property or money seized in connection with drug enforcement. The new act allows the law enforcement agency, which initiated the seizure, to received 90 percent of the proceeds. The old law allowed the law enforcement agency to keep only 25 percent. The proceeds must be used to further the agency's drug enforcement activities. The money could not be used for general operating expenses.

The new act says the remaining 10 percent of the proceeds must be transferred by the state treasurer to the state general fund.

Law Enforcement Officers Retirement

H.3356, signed into law 4/5/88.

This law will allow law enforcement officers to retire at any age with full benefits after 25 years of service. This bill also makes adjustments in the calculation of retirement allowances, thereby enhancing retirement benefits for the state's lawmen and women.

Sheriff Qualifications -- Constitutional Amendment

H.2862, signed into law 3/22/88.

This joint resolution amends the State Constitution to allow the General Assembly to set minimum requirements for sheriff. The constitutional amendment now goes to the voters for approval during the November general election.

With the passage of H.2862, South Carolina joins a few other states in moving toward establishing minimum qualifications for sheriffs. The South Carolina Sheriffs Association, as well as many others, have argued that setting basic requirements for sheriff candidates would enhance the quality and prestige of the state's sheriffs.

Currently, South Carolina does not have any significant minimum requirements for sheriff candidates. In Article V, Section 24 of the South Carolina State Constitution, the General Assembly is given authority to "provide by law for their duties and compensation," but is not specifically authorized to set minimum qualifications for those running for sheriff.

The impetus for establishing minimum standards has come from several fronts. Better training for all segment of law enforcement, as well as more stringent standards for sheriff's deputies, have pointed to the fact that equally high standards for training and professionalism should be required of the sheriffs themselves.

The bill that actually sets the qualifications, H.3175, has been given approved by the House and is now before the Senate Judiciary Committee. For additional information, see the *Legislative Update* No. 15, April 19, 1988.

Economic Development

South Carolina Business Corporation Act

S.415, signed 4/22/88.

The 901-page Business Corporation Act of 1988 will substantially revise state laws regarding business and professional corporations. The act incorporates provisions of the 1984 Model Business Corporation Act, with amendments, into state laws. Because the state's Business Corporation Act, last amended in 1981, includes much of the original Model Business Corporation Act, the additional changes made this session do not make major changes in substantive law. Rather it will modernize, clarify and simplify South Carolina law in this area.

According to the report of the Corporation Code Revision Study Committee, the revisions enacted into law this session will give South Carolina "a statute that will place its corporate law in the mainstream of American corporate law." This will benefit new and existing industry here, create an attractive legal climate to attract new business and simplify the task of corporate and legal advisors.

Payment in Lieu of Taxes

H.3706, signed into law 5/2/88.

This law will allow industrial development projects, valued at \$85 million or more which are financed by industrial revenue bonds, to make payments in lieu of taxes. The effect of the new law was seen immediately when Union Camp announced it was considering a major expansion of its Eastover facility in light of the new law.

Under the law, businesses would be allowed to pay a predetermined annual payment for not more than 20 years for an amount not less than the property taxes due but using an assessment ratio of not less than 6 percent. The millage would be set at the rate at the time of the agreement, and the fair market value estimate using the original cost of the property less allowable depreciation.

An alternate payment for 20 years may be used as long as it does not yield a fee any less than that calculated by the method above.

This law prohibits the gross school district revenues from being reduced by the payment in lieu of fees. The law states that as the result of the negotiations the gross revenues of a school district in which the project is located may not be less than the gross revenues of the district received prior to the first year the payment is made.

In order to change any of the formulas in this law, a "super vote" of the General Assembly would be necessary.

Corporate Tax Credit for Infrastructure Improvements

H.3405, signed into law 5/2/88.

Under this new law, businesses could claim a state corporate income tax credit for half the expense of infrastructure improvements that benefit the public. Infrastructure here means any water lines, sewer lines or roads dedicated to public use. Taxpayers who do the same could also claim the tax credit.

Uniform Commercial Code Revision

S.236, signed into law 5/9/88.

This new act amends Article 9 of the state's Uniform Commercial Code. This article of the UCC is designed to secure financing so that a creditor has rights in goods if a buyer misses a payment. Goods referred to here include consumer goods (autos, furniture, etc.), equipment and all other types of property except real property.

The new act primarily is based on the 1972 official amendments to the UCC, already adopted by over 40 states. Specifically, the new acts consists of clarifying amendments -- some designed to shed light on areas of litigation, some technical in nature.

Education

Comprehensive Health Education

S.546, signed into law 4/18/88.

Here are highlights of this important education bill:

Instruction for Grades K-5:

Beginning with the 1988-89 school year, comprehensive health education must be taught in kindergarten through the 5th grade. Comprehensive health education include course work to promote wellness, health maintenance and disease prevention.

The law specifies that sexually transmitted diseases must be excluded from instruction on the prevention and control of disease in these grades. The bill does give the local school boards the authority to include age-appropriate reproductive health instruction. However, the law specifies that contraceptive methods may not be taught before the 6th grade.

Instruction for Grades 6-8.

Beginning next fall, students in grades 6-8 would receive instruction in comprehensive health education and reproductive health education. Reproductive health education includes instruction in human physiology, conception, prenatal care and development, child birth and postnatal care.

The law specifies that in addition to reproductive health education, information on sexually transmitted diseases are to be included as part of instruction on the prevention and control of disease and disorders.

Local school boards are given the discretion to decide whether instruction in family life education and/or pregnancy prevention would be included for these grades. If the school board approved instruction in pregnancy prevention for these grades, the instruction must be taught to separate classes of male and female students.

Instruction for High School Level Students

Beginning with the 1989-90 school year, students in grades 9-12 would receive at least 750 minutes of instruction in comprehensive health, including reproductive health education and pregnancy prevention. Pregnancy prevention instruction includes the methods of contraception and the risks and benefits associated with each method. The law states specifically that abortion cannot be included as a contraceptive method, and that contraception must be taught in the context of future family planning.

Instruction in pregnancy prevention must be taught to separate classes of male and female students.

Specific Areas of Instruction

Contraception:

- Contraceptive information must be given in the context of future family planning.
- No instruction in the methods of contraception may be made in grades K-5.
- No contraceptive device or contraceptive medication may be distributed in or on the school grounds of any public elementary or secondary school.
- No school district may contract with any contraceptive provider for distribution of contraceptives in or on school grounds.
- Instruction in pregnancy prevention must be presented separately to male and female students.

Abortion:

- The bill specifically states that abortion may not be included as a method of birth control.
- School districts may not offer programs, instruction or activities including abortion counseling, information about abortion services, or assist in obtaining an abortion. The bill also prohibits material containing this information from being distributed in the schools. The exception is instruction relating to complications which may develop from all types of abortions.
- In grades 9-12, instruction must be given that adoption is a positive alternative to a crisis or unwanted pregnancy.

Homosexuality:

- Any discussion of homosexuality may only be made in the context of instruction dealing with sexually transmitted diseases. This stipulation also applies to any other sexual lifestyle alternative to heterosexual relationships.

Sexually Transmitted Diseases:

- Any course or instruction in sexually transmitted diseases must be taught within the reproductive health, family life or pregnancy prevention instruction, or it must be presented as a separate component.
- In grades K-5, sexually transmitted disease must be excluded from instruction in the prevention and control of disease and disorders.
- In grades 6-8, sexually transmitted diseases are to be included in instruction.

Local School Districts

Local school districts may use the materials developed by the department, or they may develop their own materials. Local school boards can appoint a 13-member local advisory committee to assist in the selection of curriculum and materials.

Parental Notification

Under the bill, all public school principals are required to notify parents of the content of the instructional materials used in teaching reproductive health, family life, pregnancy prevention and sexually transmitted diseases and that the parents have the option to exempt their child from this instruction. The notice must be given far enough in advance to allow the parents or guardians to preview the materials before the child is enrolled in the class.

A student may be exempted from any portion, or all, of the instruction if the school principal receives a signed statement from the student's parent or guardian stating that the program conflicts with the family's beliefs. Students may not be penalized or embarrassed as a result of their exemption.

Separate College Boards

H.3771, signed into law 5/5/88.

Under this new law, three state institutions -- the College of Charleston, Lander College and Francis Marion College -- will have separate boards of trustees instead of all falling under the governance of the State College Board of Trustees. Each of these separate trustee boards three ex-officio members made up of the governor, the House Education and Public Works Committee chairman and the Senate Education Committee chairman, or their designees. In addition to the three ex-officio members, the board would have 16 trustees -- 15 elected by the General Assembly, one appointed at

large by the governor. Of the legislatively elected trustees, two would be elected from each of the state's congressional districts and three at large. Elections are set for June 1.

Scholastic Requirements for Interscholastic Activities

S.1191, signed into law 5/9/88.

This law makes changes in the scholastic requirements for participation in interscholastic activities for high school students under the Education Improvement Act. Under this act, students in grades 9 through 12 must achieve an overall passing average and either pass at least four academic courses, including any graduation requirement, or pass a total of five academic courses. The student must achieve these academic requirements in the semester prior to the academic year of participation, if the activity extends over two semesters. The law also gives local school boards the authority to require stricter standards than these for participation in interscholastic activities.

First Grade Entry

H.3428, signed into law 3/21/88.

This new law allows children to enter the first grade if they are 6 one or before Nov. 1, if they have substantially initiated first grade in another state with a different age requirement, or if they have attended a public school kindergarten program for one full school year.

Courts and Other Judicial Issues

Tort Reform

H.2610, signed into law 4/5/88.

This new law will make major revisions in the way civil suits are handled in the state courts. Key provisions include:

- Reduction in the statute of limitation for most lawsuits from 6 to 3 years. The three-year period would bring South Carolina more in line with the rest of the states.
- Actions relating to childbirth injuries in medical malpractice cases must be taken by the time the child is 13. The old law allowed action to be taken until age 21.
- A provision that a plaintiff may not get punitive damages unless first awarded actual damages.
- Elimination of the defense of contributory negligence, the current doctrine which prohibits a party from suing if he is in any way contributed to the resulting injury. Substituted is comparative negligence, under which the plaintiff's recovery is reduced proportionately by his percentage of negligence as decided by a jury. This provision brings South Carolina in line with 44 other states.
- Provisions discouraging frivolous law suits.

Revisions in Governmental Tort Claims Act

S.732, signed into law 3/14/88.

Generally, this act amends the Governmental Tort Claims Act passed in 1986. This 1986 law established limited liability for governmental agencies and political subdivisions for the negligence of their employees. The legislation passed this year provides a variety of revisions, including:

- Covering government-employed physicians and dentists in the act but at higher liability limits. Coverage only applies when the doctor or dentist renders services in his capacity as a government employee.
- Further limiting the government's liability for highway defects.
- Granting the S.C. State Guard the same exemption from liability as is granted to the National Guard.

Changes in Juror Qualifications

S.1140, ratified 5/12/88.

This bill would amend the state Constitution to change juror qualifications. This joint resolution deletes the requirement that jurors be registered voters. Instead, the resolution provides that jurors must be state residents and meet any other qualification the Legislature may prescribe.

Health and Public Safety

Highway Safety Bill

S.704, signed into law 5/18/88.

While the new Highway Safety law makes a number of changes affecting motorists, it is probably best known for its get-tough measures against the drunken driver. Some key provisions in the new law are:

- Increases the fines for driving without a driver's license.
- Allows the State Highway Department to revoke the license of a driver if a review of his driving record show him to be a habitual offender.
- Increases the fines for speeding.
- Increases substantially the fines and jail time for DUI offenses, beginning with the 2nd offense:
Second offense DUI carries a fine of \$2,000 to \$5,000 and imprisonment from 48 hours to one year. In addition, a 2nd offense DUI fine could not be suspended to less than \$1,000, with \$250 of it going to the Victim's Compensation Fund.
Third offense carries a fine of \$3,500 to \$6,000. Jail time is set at least 60 days but no more than 3 years.
For 4th offense DUI and all subsequent offenses, the law allows jail time only: imprisonment of 1 to 5 years.
- Those convicted of 5th offense DUI will be barred forever from getting a driver's license in South Carolina.
- For 4th offense DUI or DUS conviction during a 10 year period, the new law requires forfeiture of the vehicle driven during the offense, if the driver is the owner of the vehicle or a resident of his household.
- Requires motorist to turn on their headlights during bad weather any time when windshield wipers are in use.
- Prohibits certain types of tinted windshields and windows in vehicles. Any tint must be non-reflective. Front windshield could be tinted only to a certain point above the steering wheel. Driver windows tint cannot inhibit light transmission of more than 35 percent; Rear windows, more than 20 percent.
- Raises the age of children required to use safety belts or safety seats. Children up to age 6 must be in a seat belt in the front seat, or be in a safety seat or seat belt while riding in the back.

AIDS Legislation

H.2807, signed into law 5/2/88.

This legislation made changes in the current laws governing venereal disease to include references to AIDS. Among the changes are:

- Anyone knowingly infecting another with the HIV virus, which causes AIDS, without first informing the other person of the risk can be charged with a felony carrying a 10 year prison sentence.
- This same penalty can be brought if an HIV infected person sells or donate blood products or bodily fluids.
- If a health care worker is possibly exposed to HIV while working with a patient's blood, the physician can require the patient to be tested.
- Provides that if a child infected with AIDS or HIV attends school, the district superintendent and the school nurse must be notified.
- States that if a school prohibits or limits attendance due to any contagious or infectious disease, such a decision must be made on sound medical evidence. Also, if the school board acts in good faith, it cannot be held liable for damages resulting from its decision.
- Outlines the process which DHEC must follow to isolate persons with sexually transmitted diseases. DHEC must file a petition with the Probate Court, which can order isolation up to 90 days.
- Adds the recommendation of the Legislative Committee on AIDS that persons convicted of rape, prostitution, buggery or committing a lewd act on a child under 14-years-old must be tested for HIV upon conviction.

Government Operations and Fiscal Issues

Compliance Review Act

S.1001, signed into law 4/22/88

The purpose of this law is to create a formal, structured process to determine whether a state agency is complying with the findings and recommendations of reports prepared by the Legislative Audit Council. This process, entitled the Compliance Review Act of 1988, would be the responsibility of the State Reorganization Commission, which would be charged with studying and reporting back to the General Assembly on agency compliance with LAC recommendations.

General Reserve and Capital Reserve Funds

H.3822, signed into law 3/10/88

The first of two bills dealing with the General Reserve and Capital Reserve funds, this legislation:

- Changes the name of the General Fund Reserve to the "General Reserve Fund."
- Reduces the accumulated total in the General Reserve Fund from 4 to 3 percent of the general fund revenue of the latest completed fiscal year.
- Requires that the General Reserve Fund be used to cover year-end operating deficits.
- Requires that funds from the General Reserve Fund are used, they must be restored within three fiscal years until the 3 percent General Reserve Fund is again fully funded. A minimum of one percent must be restored to the fund each year during the first three years following the deficit.
- Changes the name of the Capital Expenditure fund to the "Capital Reserve Fund."
- Caps the appropriation to the Capital Reserve Fund at 2 percent of the general fund revenue of the latest completed fiscal year.
- Provides that revenues in the Capital Reserve Fund only may be used for mid-year budget reductions. This would be determined prior to March 1. After March 1, the Capital Reserve Fund may be used to finance in cash previously authorized capital improvement bonds, retire the interest or principal on bonds already issued, or pay for capital improvements or other non-recurring purposes. This use must be approved in separate legislation. These projects must be ranked in priority order and not funded until 30 days after the end of the fiscal year. No project on the priority list may be partially funded. If there are insufficient monies to fully fund a project on the priority list, the funds for the project will be returned to the Capital Reserve Fund.

Constitutional Provisions for the General Reserve and Capital Reserve Funds

H.3823, ratified 3/9/88.

This joint resolution amends Section 36 of the State Constitution relating to the General Fund Reserve. It also adds Section 38, including the Capital Reserve Fund in the Constitution. Key provisions include:

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- Changes the name of the General Fund Reserve to the "General Reserve Fund."
- Reduces the General Fund Reserve from 4 to 3 percent.
- Deletes the provision allowing the special vote (so-called "super vote") to adjust the amount going into the General Reserve Fund, thereby capping the fund at 3 percent.
- Deletes the provision requiring the General Assembly to review the General Fund Reserve every five years.
- Provides a mechanism to restore the General Reserve Fund if used for year-end deficits.
- Requires the maintenance of a 2 percent Capital Reserve Fund.
- Provides that before March 1, the fund must be used to offset mid-year budget reductions.
- Allow that after March 1, the Capital Reserve Fund could be used for the purposes outlined above.

This constitutional amendment must be approved by the voters during the November general election.

Status of House-Passed Bills Not Yet Ratified

While a good number of bills have been ratified, there still remains a number of significant House passed bills still pending. Here is a list of those bills and their status:

- H.3880 Appropriations Bill -- Conference committee.
- H.3882 Capital Reserve Fund Appropriations Bill -- Conference committee
- H.3983 "Cutting Edge" legislation -- Conference committee.
- H.3713 Beachfront Management bill -- Conference committee.
- H.3675 Revision of the Legislative Article of the Constitution -- Reported out of Senate Judiciary Committee; up for 2nd reading.
- H.2368 Local Government Finance Act -- Up for 2nd reading.
- H.3175 Statutory Sheriff Qualifications -- Reported out of Senate Judiciary Committee; up for 2nd reading.
- H.2549 Changes in the Budget Process -- Pending before the Senate Finance Committee.
- H.4181 Omnibus Proviso Bill -- Pending before the Senate Finance Committee.