



South Carolina House of Representatives

Legislative Update

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

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HOUSE WEEK IN REVIEW

The House of Representatives amended, approved, and sent to the Senate H.4657, the **GENERAL APPROPRIATIONS BILL** for fiscal year 2010-2011.

The Board of Economic Advisors has provided a fiscal year 2010-2011 revenue forecast of \$5,621,810,481. Following the subtraction of \$545.8 million for the Property Tax Relief Trust Fund, revenues available for appropriation are \$5,075,930,269.

Current base allocations are \$5,275,343,200, necessitating a budget reduction of \$199.4 million. Numerous funding obligations also exist such as: \$98.2 million for the loan from the deposit account for the fiscal year 2008-2009 shortfall; \$55.4 million to replenish the General Reserve Fund; \$23.1 million for debt service; \$99.7 million for the Homestead Exemption shortfall; \$57.4 million for the State Employee Health Plan; \$364 million for Medicaid Maintenance of Effort; and \$50 million to avoid a deficit at the Department of Corrections.

To offset some reductions, the proposed budget incorporates \$346 million in federal stimulus funds available under the American Recovery and Reinvestment Act, \$239.3 million in federal enhanced Medicaid match rates, and \$195.5 million from the Medicaid Maintenance of Effort Fund.

Following the use of federal dollars and other nonrecurring revenues, agency cuts to recurring allocations amount to \$337.5 million. The new base allocation has been reduced to \$5,068,031,567.

The legislation does, however, include provisions that allow for the use of \$213 million in additional federal funds that would become available upon passage of federal legislation extending the enhanced Medicaid Federal Medical Assistance Percentage (FMAP) that states have been receiving for two additional quarters. Anticipated federal funds available under the continuation of the enhanced federal Medicaid match are allocated to avoid proposed cost-saving measures such as: the imposition of a three-prescription limit under Medicaid coverage; the closing of the State Children's Health Insurance Program (SCHIP) to the enrollment of new participants from families with incomes that range from 150% to 200% of the federal poverty level; and, the elimination of funding that assists AIDS patients in obtaining medication they are unable to afford.

The legislation suspends state mandated assessments not required by federal No Child Left Behind provisions, formative assessments, and financial literacy programs.

Textbook purchases beyond that required for replacement of instructional material currently on the state adopted textbook list must be suspended.

Printing of school and district report cards is suspended. A parent must be provided a printed copy of such a report card at no cost only upon request.

The savings generated from the suspension of these activities must be redirected to the Education Finance Act for teacher salary purposes.

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Effective July 1, 2010, the legislation discontinues the National Board Certification program, with its teacher salary supplements, by closing the program to new participants. The Department of Education and the Education Oversight Committee are charged with jointly developing a pilot program to determine the effectiveness of using the Salary Incentives for Teacher Excellence (SITE).

The legislation provides for a \$4.7 million cut to central administration at the State Department of Education.

In order for a school district to take advantage of financial flexibility provisions, at least seventy percent, rather than the current sixty-five percent, of the school district's per pupil expenditures must be utilized within the categories of instruction, instructional support, and noninstruction pupil services.

The legislation increases the tax collected on each cigarette by 1.5 cents, which amounts to an additional 30 cents for each pack of cigarettes. Revenue generated by the increase is deposited in a newly-created Medicaid Reserve Fund to be used to address budget shortfalls affecting the Medicaid program. To fulfill its purposes, the Medicaid Reserve Fund must maintain a balance equal to 1.5% of the total appropriations authorization for the Medicaid program for the current fiscal year. Revenues in excess of that balance must first be used for any needed replenishment of the General Reserve Fund and then credited to the state's general fund. Each year, the revenue of 0.05 of a cent of the surtax on each cigarette must be transferred to the Department of Agriculture to be used for agricultural natural disaster relief and for the marketing and branding of South Carolina grown produce for retail customers.

The legislation provides for a more complete prohibition on State Health Insurance Plan coverage of abortion services by eliminating existing language that provides for exceptions in the cases of rape or incest. Under the new provisions, State Health Insurance funds can only be used in cases where the life of the mother is at risk and the termination of the pregnancy is incidental to the lifesaving intervention. The physician shall act in accordance with the standard of care to preserve both the life of the mother and the life of the pre-born child.

If an agency head uses his authority to institute an employee furlough program, he is authorized to direct that the first five days of the furlough be taken on legal state holidays.

\$5 million in Department of Revenue collections enforcement funds is appropriated to reinstate the Deal Closing Fund that the Department of Commerce utilizes to attract business investment in the state.

The legislation authorizes a possible loan of up to \$10 million from the state's insurance reserve fund for the Heritage Golf Tournament in Beaufort County to allow for the continuation of the event should the tournament be unable to secure new corporate sponsorship in a timely manner.

\$7 million in Department of Revenue collections enforcement funds is appropriated to Center for Accelerated Technology Training at the State Board for Technical and Comprehensive Education which provides industry-specific job training.

Unexpended Motion Picture Incentive Wage Rebate funds carried over from the previous fiscal year are transferred from the Department of Revenue to the Department of Parks, Recreation and Tourism to be used for the Destination Specific Tourism Program.

HOUSE COMMITTEE ACTION

AGRICULTURE, NATURAL RESOURCES, AND ENVIRONMENTAL AFFAIRS

The full committee met briefly on Wednesday, March 17, 2010, and reported on two bills.

The full committee gave a favorable with amendment report to **H.4563** requiring the Department of Agriculture to promulgate regulations regarding **GOOD MANUFACTURING PRACTICE**. The bill states that a person may not engage in the business of manufacturing, processing, warehousing or packaging food in any manner without first registering for a permit. This provision does not apply to facilities inspected and regulated by the United State Department of Agriculture (USDA) or the Clemson Livestock-Poultry Health Meat Inspection Division. Registration is required beginning January 1, 2011, and must be renewed annually thereafter. The Department of Agriculture may establish and retain by regulation a registration fee to cover the cost of administering this program. A person who willfully violates these provisions is subject to a civil penalty of up to one thousand dollars for each violation. Any person violating this section is also guilty of a misdemeanor and, upon conviction, must be fined not more than one thousand dollars or imprisoned for not more than thirty days.

S.914, regarding catch limits for **BLACK BASS**, was given a favorable recommendation by the full committee. This bill states that it is unlawful to possess any black bass (largemouth) less than fourteen inches in total length in Lakes Marion or Moultrie or the upper Santee River. The lawful catch limit for black bass (largemouth) or a combination of them in Lakes Marion or Moultrie or the upper Santee River is five per day. It is also unlawful to land black bass without the head and tail fin intact.

EDUCATION AND PUBLIC WORKS

The full committee did not meet this week.

JUDICIARY

The full committee did not meet this week.

LABOR, COMMERCE AND INDUSTRY

The full committee did not meet this week.

MEDICAL, MILITARY, PUBLIC AND MUNICIPAL AFFAIRS

The full committee did not meet this week.

WAYS AND MEANS

The full committee did not meet this week.

BILLS INTRODUCED IN THE HOUSE THIS WEEK

AGRICULTURE, NATURAL RESOURCES, AND ENVIRONMENTAL AFFAIRS

S.452 "SOUTH CAROLINA WATER WITHDRAWAL, PERMITTING, USE, AND REPORTING ACT" Senator Campbell

This bill makes comprehensive revisions with regards to water rights and usage.

EDUCATION AND PUBLIC WORKS

H.4743 OPERATION OF GOLF CARTS ALONG THE STATE'S HIGHWAYS Rep. McEachern

This bill provides that an agent or employee of an owner of a golf cart who possesses a valid driver's license may operate the vehicle along certain highways and streets.

JUDICIARY

S.1137 REVISIONS TO MONITORING THE SALE OF PRODUCTS CONTAINING EPHEDRINE, PSEUDOEPHEDRINE OR PHENYLPROPANOLAMINE Sen. Fair

This bill regulates nonprescription products whose sole active ingredient is ephedrine, pseudoephedrine or phenylpropanolamine. Among other things, the bill prohibits a retailer from selling to any individual in any single day a nonprescription product or a combination of nonprescription products containing more than 3.6 grams of ephedrine, pseudoephedrine or phenylpropanolamine. During a 30 day period, a retailer may not sell a nonprescription product or a combination of nonprescription products containing

more than nine grams of ephedrine, pseudoephedrine, or phenylpropanolamine. These same restrictions are placed on individuals for purchase of these items. Before completing a sale of one of these regulated products, the retailer must transmit certain information to a data collection system provided by the National Association of Drug Diversion Investigators. The system must collect this data in real time and may generate a stop sale alert. Retailers must comply with a stop sale alert. The legislation includes certain exemptions from the electronic log requirements. The legislation also includes provisions pertaining to State Law Enforcement Division's electronic monitoring system of these regulated products.

H.4742 HANDICAPPED PARKING VIOLATIONS Rep. Delleney

Relating to the unlawful parking of a vehicle in a place designated for handicapped persons, this bill provides that a violation of these provisions must be tried exclusively in summary court.

H.4748 REGISTER OF DEEDS ALLOWED TO CARRY CONCEALED WEAPONS WHILE CARRYING OUT THE DUTIES OF THEIR OFFICE Rep. Nanney

This bill authorizes registers of deeds to carry a concealed weapon while carrying out the duties of their office.

WAYS AND MEANS

S.332 ALLOWED USES FOR LOCAL ACCOMMODATIONS AND HOSPITALITY TAX REVENUE Sen. Leventis

This bill revise the uses allowed for the revenue of the local accommodations and local hospitality tax, so as to increase from twenty to fifty percent, in counties in which less than nine hundred thousand dollars in state accommodations tax is collected annually, the amount of the revenue of the local taxes that may be used for operations and maintenance.

S.1204 USES OF THE CLEAN WATER FUND Sen. Leatherman

This bill revises provisions relating to the uses of the clean water fund to allow any use prescribed by any federal law governing or appropriating funds for the clean water fund.

H.4746 "SOUTH CAROLINA ENVIRONMENTAL JUSTICE EQUITABLE REDEVELOPMENT COMMISSION" Rep. Mitchell

This bill creates the "South Carolina Environmental Justice Equitable Redevelopment Commission" and the South Carolina Interagency Working Group on Environmental Justice, an advisory committee to the commission, and to provide for their members, powers, and duties.

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