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South Carolina House of Representatives

Legislative Update

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Robert J. Sheheen, Speaker of the House

STATE DOCUMENTS

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House Week in Review

In the aftermath of working for five straight days on the state budget bill, the House of Representatives put in a short week last week, agreeing to meet Tuesday and Wednesday but taking Thursday off.

Despite the shorter week, the House worked quickly to clear the calendar and set three bills for special order: H.4807, the SUPERB Fund Bill; H.4801, the Supplemental Appropriations Bill; and H.4802, the Capital Reserve Fund Bill.

On Tuesday, the House gave third reading to H.4800, the General Appropriations Bill. Also receiving House approval last week were H.3603, legislation which would prohibit dwarf tossing in South Carolina, and H.4661, which would make it a felony to provide contraband materials to a DYS juvenile or for a juvenile in the custody of DYS to possess it.

Of great interest to a number of small businessmen around the state who own underground gas tanks was House action on H.4807, the State Underground Petroleum Environmental Response Bank (SUPERB) bill. After setting the legislation for special order consideration, the House gave the bill second reading on Wednesday and third reading on Friday.

Provisions of the bill include:

- An initial registration fee of \$100 per tank and an annual renewal fee of \$100 per tank until December 31, 1998 when the fee would be reduced to \$25 per tank.
- An additional one-half cent a gallon environmental impact fee with the proceeds going to the SUPERB account. In addition, a one-fourth cent a gallon inspection fee would be established. The environmental impact fee would be collected by the State Department of Agriculture but transferred to DHEC. The amount used for administration of the program may not be more than \$450,000 a year.

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- The one-half cent environmental impact fee would be suspended any time the SUPERB account exceeds \$15 million. The fee suspension would continue until the account drops below \$5 million.
- The bill would substantially decrease the amount of financial responsibility tank owners must carry. The bill states the owners must maintain financial liability in the lesser amount required by the federal government or in the amount of \$25,000 for corrective action or clean up of spills, \$25,000 for third party property damage, and \$25,000 for third party bodily injury per occurrence with an annual aggregate of \$25,000. Current financial responsibility requires the owner to carry coverage of \$100,000 for clean up or corrective action, \$300,000 for third party property damage an occurrence with a \$300,000 annual aggregate.
- The financial responsibility required by the bill, along with the SUPERB account, may be used by tank owners to demonstrate their compliance with federal financial responsibility requirements.
- The bill spells out what the SUPERB account is to be used for, including to pay the costs of site rehabilitation by owners or operators who qualify for reimbursement or direct billing. DHEC also may use the fund to clean up a site which does not qualify for reimbursement, direct billing or any site wich does not qualify but the owner is unwilling or unable to undertake the rehabilitation. The bill directs DHEC to "diligently pursue" recovery of any sum from the owner or operator or the federal government, unless the amount is too small or the likelihood of success too uncertain.
- The provisions of this section would not apply to any site where the owner of the underground gas tank has not paid the required registration fee.
- The bill also notes that if liability insurance or another financial reponsibility mechanism providing coverage for sudden or nonsudden leaks has been executed for a underground tank site, then this coverage must be exhausted before funds from the SUPERB Account may be used.

Bills Introduced

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

Agriculture and Natural Resources Committee

Pesticide Container Recycling (H.4875, Rep. Bruce) This joint resolution would establish a pesticide container collection and recycling pilot project under the authority of the College of Agricultural Sciences at Clemson and the commissioners of DHEC. The pilot project would be designed and ready to implement by June 30, 1991.

The aim of this project would be to collect, recycle and dispose of empty triple-rinsed pesticide containers; to develop and promote proper pesticide container management, and to evaluate the current pesticide container problem, its cause and extent.

The project's director would establish temporary collection sites for the containers. Surveys would be conducted on the proper and improper way to store and dispose of pesticide containers. Recommendations for legislation on the disposal of pesticide containers would be made by November 30, 1991.

Flotation Devices (H.4876, Rep. J. Williams). Under this bill, any person 14-years-old or younger could not be a passenger in a watercraft at any time unless he or she was wearing a Coast Guard approved flotation device.

Distribution of Conservation Officers (S.798, Sen. Bryan). An independent organization would conduct a study of the placement and distribution of state wildlife officers every five years, if this legislation is enacted into law. The study would recommend the redistribution of officers to achieve, to the extent practicable, the proportionate number needed to meet the needs of the counties.

The executive director of the State Department of Wildlife and Marine Resources would redistribute the officers based on the study's recommendations. Before the change is made, however, the director would report the change in the number of officers in each county to the county's legislative delegation with a written justification for the change.

Medical, Military, Public and Municipal Affairs Committee

"Nonionizing Radiation" (H.4862, Rep. Rama). This legislation would add "nonionizing radiation" to the state regulations which now oversee the matters pertaining only to ionizing radiation. The state Atomic Energy and Radiation Control Act would be amended to include the definition of nonionizing radiation. Nonionizing radiation is a form of electromagnetic radiation which does not have the capability of ionizing the medium through which it passes. This includes electromagnetic radiation having wavelengths greater than 100 nanometers, specifically radio waves and microwaves and infrared, visible and ultraviolet light.

Under the legislation, DHEC would be advised on such matters pertaining both to ionizing and nonionizing radiation by the Technical Advisory Radiation Control Council, already in existence, which would have to have expertise in both kinds of radiation. DHEC also would have the authority to promulgate regulations pertaining to nonionizing radiation, just as it has for ionizing radiation. The legislation would also prohibit anyone for using nonionizing radiation on a person without being certified by the state health department. Those using this form of radiation would have to be licensed and certified by DHEC.

Ways and Means Committee

Bottled Soft Drinks (H.4864, Rep. Simpson). This legislation proposes doubling the state tax now collected on bottled soft drinks. Under this legislation, the state tax would increase from one cent to two cents for each 12 ounces or fraction of a part and from \$1.22 a gross for each one cent of face value to \$2.44 a gross in connection with the alternate method of taxation.

If enacted, this legislation would take effect July 1, 1991.

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Bonding Hugo Expenses (H.4868, Rep. Haskins). The \$31.2 million state match for Hurricane Hugo relief obligations would be paid for with the issuance of state capital improvement bonds if this legislation is enacted. The bill stipulates the \$3.5 million going to the Division of Local Governments and the \$20.6 million for the Department of Social Services is repaying those agencies for money transferred from their accounts to meet the emergency hurricane relief needs. Also the \$3.7 million stipulated for beach restoration repayment would go to the beach renourishment projects originally prioritized by the Coastal Council. This money was diverted from the beach renourishment fund to help pay for the artificial dune constructed by the Army Corps of Engineer after the hurricane to protect the coast from further damage due to unusually high tides.

Joint Committee on Comprehensive Base Budget Analysis (H.4883, Rep. Corning). The aim of this legislation would be to improve the budgetary analysis of the state's General Appropriations Bill. The joint committee would be made up of the chairmen of the House Ways and Means Committee and the Senate Finance Committee. These chairmen would select two members of their respective committees to serve on the joint committee with them.

The committee would meet each Fall to identify a limited number of programs that would undergo base budget analysis. Attention would be given to those programs expending the greatest amounts of funds. By February 1 of each year, the Ways and Means Committee would initiate a joint resolution designating the programs to undergo the analysis. The base budget studies must be completed and reported to the General Assembly by December 1 of the same year.

Without Reference

S.C. Law Enforcement Training Council (H.4873, Rep. Moss). This legislation authorizes the continued existence of the S.C. Law Enforcement Training Council, which went out of existence when Gov. Campbell vetoed H.4461, the law enforcement training bill, last week.

Capital Reserve Fund and Supplemental Appropriations Bills

Third reading of H.4800, the 1990 Appropriations Bill, last week did not end the budget debate in the House. The chamber still must consider two other important budget bills -- the \$58.6 million Capital Reserve Fund Bill (H.4802) and the \$20.2 million Supplemental Appropriations Bill (H.4801). Set for special order consideration, these two bills will be debated in the House this week.

The following are outlines of these important bills

H.4801

Supplemental Appropriations Bill

Revenues

The \$20.2 million revenues for the 1990 Supplemental Appropriations Bill are drawn from following seven sources:

Maintaining tax conformity	\$8.3 million
Impact of minimum wage increase	\$1.3 million
Nuclear Waste Tax	\$1 million
Infectious Waste Fee	\$1 million
Education Finance Act Lapsed Funds	\$6 million
1989-90 Lapse in Operating Funds	\$2 million
State Employee Bonus Lapsed Funds	\$ <u>600,000</u>
TOTAL	\$20.2 million

Expenditures

The following are additional appropriations to be made for the current budget year. They are listed in priority order so that if the estimated funds are not available, the state Comptroller General is authorized to reduce the appropriations beginning with the last item. However, this supplemental bill stipulates that no funding reduction may be made from the last priority item, the Savannah Valley Authority, Hampton Project.

1.	General Reserve Fund	\$ 6.1 million
2.	State Employee Merit Pay	\$12.1 million
3.	Repayment to DHEC for funding for Children's Rehabilitative Services	\$ 800,000
4.	Office Equipment, Attorney General's Office	\$ 100,000
5.	Blind/Handicapped Vehicle, State Library	\$ 20,000
6.	Arts in Basic Curriculum (ABC Grants), State Arts Commission	\$ 50,000
7.	Architectural design services, Archives and History Department	\$ 30,000
8.	Savannah Valley Authority Hampton Project	\$ <u>1 million</u>
	TOTAL SUPPLEMENTAL BILL	\$20.2 million

H. 4802

Capital Reserve Fund Bill

In 1988, the General Assembly restructured the state's two budgetary reserve funds, the General Reserve Fund and the Capital Reserve Fund. Aside from changing the names of both funds, the constitutional change reduced the General Reserve Fund from 4 to 3 percent of revenues and required this money to be used only for year-end operating deficits.

The constitutional amendment also capped the Capital Reserve Fund at 2 percent of the general fund revenue, and provided that before March 1, the fund could be used only for mid-year budget reductions. After March 1, the Capital Reserve Fund may be used to pay for previously authorized capital improvement bonds, to retire the interest of bonds already issues, or to finance capital improvements or other non-recurring expenses. The projects must be ranked in priority order of funding, and use of the Capital Reserve Fund money must be approved in separate legislation by a "super vote" of the chamber.

According to these requirements, the Ways and Means Committee listed the following proposed Capital Reserve Fund expenditures in priority order:

- | | |
|---|-----------------|
| 1. Statewide Elections | \$ 1.95 million |
| 2. Hurricane Hugo
DSS Repayment for Family Assistance Grants | \$20.65 million |
| 3. Hurricane Hugo
FEMA Match | \$ 3.3 million |
| 4. Hurricane Hugo
Local Government Division Repayment | \$ 3.5 million |
| 5. B&CB Local Government Division | \$ 5.0 million |
| 6. One-fourth percent State Employee Bonus | \$ 2.7 million |
| 7. Formula Funding, Colleges and Universities | \$ 8.3 million |
| 8. Higher Education's "Cutting Edge" Program | \$ 5.0 million |

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9.	State Department of Corrections New Facilities, vehicle replacement, Evans Corrections Institution	\$ 1.6 million
10.	ETV Equipment	\$ 600,000
11.	DYS statewide data network	\$ 442,894
12.	Probation and Parole statewide data network	\$ 308,500
13.	PRT park improvements	\$ 68,714
14.	Development Board statewide data network	\$ 172,591
15.	Worker's Compensation Comm. data processing	\$ 50,000
16.	B&CB financial data systems mainframe	\$ 359,227
17.	Tax Commission equipment lease payment	\$ 500,000
18.	Appellate Defense computer network	\$ 28,576
19.	Governor's Office public safety grant match	\$ 125,000
20.	Adjutant General armory maintenance	\$ 75,000
21.	DHEC clinic renovations	\$ 130,000
22.	Hurricane Hugo Beach Renourishment	<u>\$ 3.75 million</u>
	TOTAL CAPITAL RESERVE FUND	\$58,666,285

Average Automobile Insurance Premiums by State

Automobile insurance has been, and continues to be, an issue of interest in South Carolina. For the past several years, the Legislative Update has published state-by-state comparisons of automobile insurance premiums. Here are two lists, one from the National Association of Insurance Commissioners, the other from A.M. Best Company through its publication, Best's Insurance Management Reports.

The National Association of Insurance Commissioners warns that "extreme caution must be exercised in interpreting average premium measures." "The average premium is an imperfect measure of the 'relative' price of insurance across states because...the average premium is affected by a number of other factors. For instance, a state's average premium will be relatively higher if policyholders in that state tend to purchase higher limits or insure more expensive cars." Compulsory insurance laws, minimum financial responsibility limits and other state laws also affect the coverage and limits purchased, the association points out. It also notes that states with higher accident rates will tend to have higher average premiums.

The A.M. Best Company acknowledges its averages can be distorted by the unknown number of vehicles that are registered but uninsured in states that do not mandate coverage. The newsletter also points out that premium averages can be affected by differing requirements among the states for minimum limits of coverage.

1988 State Average Premiums Ranked by Highest Average Premium

National Association of Insurance Commissioners

<u>Rank</u>	<u>State</u>	<u>Combined Avg. Premium</u>
1	New Jersey	\$1092.13
2	District of Columbia	\$ 878.69
3	Massachusetts	\$ 814.67
4	California	\$ 800.82

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<u>Rank</u>	<u>State</u>	<u>Combined Avg. Premium</u>
5	Rhode Island	\$ 780.55
6	Connecticut	\$ 780.27
7	New York	\$ 778.80
8	Hawaii	\$ 727.57
9	Alaska	\$ 690.54
10	Nevada	\$ 670.07
11	Pennsylvania	\$ 667.89
12	Florida	\$ 656.71
13	Maryland	\$ 656.57
14	Louisiana	\$ 648.72
15	New Hampshire	\$ 618.89
16	Delaware	\$ 616.44
	<u>National Average</u>	\$ 605.72
17	Arizona	\$ 605.70
18	Michigan	\$ 601.07
19	Georgia	\$ 600.56
20	<u>SOUTH CAROLINA</u>	\$ 588.49
21	Texas	\$ 579.77
22	Colorado	\$ 576.29
23	Illinois	\$ 529.80
24	Washington	\$ 520.31
25	Mississippi	\$ 514.50
26	New Mexico	\$ 507.54
27	Oklahoma	\$ 500.21
28	Oregon	\$ 500.04
29	West Virginia	\$ 496.91
30	Tennessee	\$ 494.42
31	Missouri	\$ 494.28
32	Vermont	\$ 487.73
33	Minnesota	\$ 487.59
34	Virginia	\$ 480.82
35	Alabama	\$ 478.26
36	Ohio	\$ 475.23
37	Maine	\$ 466.87
38	Indiana	\$ 453.95
39	Kentucky	\$ 451.73
40	Arkansas	\$ 447.99
41	Utah	\$ 447.83
42	North Carolina	\$ 443.84
43	Montana	\$ 427.75
44	Wisconsin	\$ 411.61
45	Wyoming	\$ 410.14
46	Kansas	\$ 409.48
47	Idaho	\$ 403.52
48	South Dakota	\$ 355.22
49	North Dakota	\$ 352.42
50	Iowa	\$ 344.58
51	Nebraska	\$ 336.79

1988 Average Auto Insurance Premiums by State

A.M. Best Company

<u>'88 Rank</u>	<u>State</u>	<u>Premium</u>	<u>'87 Rank</u>
1	Massachusetts	\$834.76	1
2	New Jersey	\$733.66	2
3	Nevada	\$691.05	4
4	California	\$673.18	3
5	Pennsylvania	\$620.33	9
6	Arkansas	\$613.58	21
7	Washington, D.C.	\$606.39	8
8	Maryland	\$604.41	5
9	Rhode Island	\$604.28	10
10	New York	\$601.84	7
11	Delaware	\$581.46	13
12	Arizona	\$580.47	11
13	Alaska	\$576.25	6
14	Connecticut	\$560.27	15
15	Hawaii	\$551.59	13
16	Georgia	\$529.75	20
17	SOUTH CAROLINA	\$526.75	16
	NATIONAL AVERAGE	\$517.71	
18	New Hampshire	\$516.16	18
19	Michigan	\$509.33	17
20	Texas	\$494.66	22
21	West Virginia	\$494.06	19
22	Louisiana	\$490.50	14
23	Colorado	\$474.46	28
24	Missouri	\$473.76	23
25	Minnesota	\$469.60	24
26	Virginia	\$469.54	26
27	Florida	\$462.66	29
28	Washington	\$455.25	32
29	Vermont	\$452.03	38
30	Illinois	\$448.00	25
31	North Carolina	\$445.19	35
32	Oklahoma	\$444.73	30
33	Oregon	\$444.48	27
34	New Mexico	\$439.45	34
35	Utah	\$436.10	31
36	Maine	\$435.20	41
37	Kentucky	\$431.73	36
38	Wisconsin	\$421.15	37
39	Indiana	\$414.42	33
40	Montana	\$405.86	39
41	Kansas	\$379.89	40

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<u>'88 Rank</u>	<u>State</u>	<u>Premium</u>	<u>'87 Rank</u>
42	Ohio	\$376.82	42
43	Nebraska	\$367.02	43
44	Mississippi	\$360.28	46
45	Wyoming	\$359.53	45
46	Idaho	\$356.95	44
47	North Dakota	\$343.85	48
48	Tennessee	\$338.46	47
49	South Dakota	\$324.90	50
50	Iowa	\$292.51	51
51	Alabama	\$278.33	49

*It should be noted that A.M. Best compiles its premium figures by dividing the private passenger auto direct premiums written for each state by the number of each state's registered vehicles, as reported by the Federal Highway Administration.

The company also notes that this year the state with the lowest average annual premium, Alabama, represents a figure that is "grossly underreported" since one of the state's leading writers, the Champion Insurance Company, did not file an annual statutory statement with the A.M. Best Company for 1988 and was later declared insolvent by the Louisiana Department of Insurance. The average premiums for Louisiana also are underreported for this same reason. In both states, Champion Insurance wrote 5 percent of the total private passenger auto premiums.