**South Carolina General Assembly**

119th Session, 2011-2012

**H. 3641**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. G.R. Smith, Clemmons, Hamilton, Stringer, Corbin, Clyburn, Erickson, Frye, Hiott, Owens, Quinn, Parker, McCoy, Atwater, Ryan, Hearn, Thayer, Allison, Bannister, Battle, R.L. Brown, Daning, Delleney, Edge, Forrester, Hayes, Henderson, Hixon, Hosey, Long, V.S. Moss, Murphy, Nanney, Pinson, Simrill, Skelton, J.R. Smith, Toole, Willis, Knight and Young

Document Path: l:\council\bills\bbm\9974htc11.docx

Companion/Similar bill(s): 280

Introduced in the House on February 9, 2011

Currently residing in the House Committee on **Ways and Means**

Summary: Zero-base budget

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

2/9/2011 House Introduced and read first time ([House Journal‑page 11](file:///h:\hj%20archive\2011\02-09-11.docx))

2/9/2011 House Referred to Committee on **Ways and Means** ([House Journal‑page 12](file:///h:\hj%20archive\2011\02-09-11.docx))

2/9/2011 Scrivener's error corrected

2/23/2011 House Member(s) request name added as sponsor: Knight

3/31/2011 House Member(s) request name added as sponsor: Young, Taylor

**VERSIONS OF THIS BILL**

[2/9/2011](file:///p:\pprever\2011-12\3641_20110209.docx)

[2/9/2011-A](file:///p:\pprever\2011-12\3641_20110209A.docx)

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 11‑11‑35 SO AS TO DIRECT THE OFFICE OF STATE BUDGET OF THE STATE BUDGET AND CONTROL BOARD TO IMPLEMENT THE ZERO‑BASE BUDGET PROCESS IN THE MANNER PROVIDED BY THE REPORT ON ZERO‑BASED BUDGETING SUBMITTED BY THE OFFICE OF THE STATE TREASURER, TO PROVIDE THAT THE NEW BUDGET PROCESS MAY BE PHASED IN OVER TWO FISCAL YEARS BEGINNING WITH APPROPRIATIONS FOR FISCAL YEAR 2012‑2013 AND MUST BE FULLY IMPLEMENTED FOR THE BUDGET PROCESS FOR APPROPRIATIONS BEGINNING JULY 1, 2014, TO ESTABLISH THE SOUTH CAROLINA ZERO‑BASE BUDGET PROCESS ADVISORY COMMITTEE TO ASSIST THE OFFICE OF STATE BUDGET IN DEVISING, IMPLEMENTING, AND ADMINISTERING THE ZERO‑BASE BUDGET PROCESS AND PROVIDE FOR ITS MEMBERSHIP AND DUTIES; AND TO AMEND SECTIONS 2‑7‑60, 2‑7‑62, AS AMENDED, 2‑7‑68, AND 2‑7‑78, ALL RELATING TO ANNUAL GENERAL APPROPRIATIONS BILLS AND ACTS, SO AS TO PROVIDE FOR A BIENNIAL STATE BUDGET, AND TO DIRECT THE CODE COMMISSIONER TO UPDATE APPROPRIATELY REFERENCES TO THE ANNUAL GENERAL APPROPRIATIONS BILL AND ACT.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Article 1, Chapter 11, Title 11 of the 1976 Code is amended by adding:

“Section 11‑11‑35. (A) The Office of State Budget (OSB) of the State Budget and Control Board shall devise and implement a zero‑base budget process specifically designed to implement the principles for zero‑base budgeting provided in the Report on Zero‑Based Budgeting submitted by the Office of the State Treasurer pursuant to the mandate it was given in Paragraph 90.19, Part IB of Act 291 of 2010, the general appropriations act for fiscal year 2010‑2011. This process must be established and in place on a schedule that applies the new budget process for appropriations for fiscal year 2012‑2013.

(B) To assist OSB in devising and implementing and in the ongoing administration of the zero‑base budget process, there is established the South Carolina Zero‑Base Budget Process Advisory Committee (committee) consisting of twelve members as follows:

(1) three members appointed by the Governor;

(2) three members appointed by the Speaker of the House of Representatives;

(3) three members appointed by the President Pro Tempore of the Senate;

(4) ex officio, the Chairman of the House Ways and Means Committee or his designee from that committee, the Chairman of the Senate Finance Committee or his designee from that committee, and the Director of OSB.

All members appointed pursuant to items (1), (2), and (3) must have experience in private or governmental accounting, or academic credentials in those subjects, or both and no person appointed pursuant to items (1), (2), or (3) may hold elected office. Appointed members of the committee shall serve for terms corresponding to the terms of their appointing authority and until their successors are appointed and qualify. Members shall serve without compensation, but are allowed the mileage, subsistence, and per diem allowed by law for members of state boards, committees, and commissions to be paid from approved accounts of the State Budget and Control Board. Vacancies must be filled in the manner of original appointment for the unexpired portion of the term.

The committee shall meet and elect a chairman and such other officers as it determines necessary. The committee may call upon the staff and resources of the appropriate divisions of the State Budget and Control Board, the Office of the Governor, the Office of the State Treasurer, and the Office of the Comptroller General to assist the committee in its work.

The committee shall advise the Office of State Budget in the implementation and ongoing administration of the zero‑base budget process. Particularly, the committee shall consider and recommend the appropriate benchmarks and evaluation procedures necessary to measure the success of the revised process and provide advice as to how to make consistent with the new process all existing agency reporting and compliance requirements.

(C) In implementing the new budget process, the OSB may phase in the full requirements of the new process over two fiscal years, but the complete implementation must be in place in time for the preparation of the state budget for the state fiscal year beginning July 1, 2014, which, pursuant to Section 2‑7‑60, shall correspond to the first biennial state budget.”

SECTION 2. A. Section 2‑7‑60 of the 1976 Code is amended to read:

“Section 2‑7‑60. The General Assembly ~~shall annually~~ biennially shall provide for all expenditures in the general ~~appropriation~~ appropriations act and the appropriations made for any department, institution, board, or commission ~~shall~~ must be in a definite sum for each purpose or activity with ~~such~~ the itemization under the activity as ~~may be deemed~~ considered necessary by the General Assembly.”

B. Section 2‑7‑62 of the 1976 Code, as last amended by Act 164 of 2005, is further amended to read:

“Section 2‑7‑62. At each stage of consideration of the ~~annual~~ biennial general ~~appropriation~~ appropriations act, the State Budget and Control Board shall compile and submit a report to the members of the General Assembly containing any transfer of funds resulting from the transfer of programs, functions, or responsibilities between agencies and institutions of state government. A transfer must be designated as to its origin and subsequent placement in the act with reference to the appropriate page and line number.”

C. Section 2‑7‑68 of the 1976 Code is amended to read:

“Section 2‑7‑68. Beginning with the state general appropriation bill for the fiscal ~~year 1980‑81~~ years 2014‑2016 and in each ~~year~~ biennial state general appropriations bill thereafter, each section of the bill which provides for the employment of additional personnel shall include a separate line item for all new employees for whom compensation is provided in the section concerned and such line items shall be divided according to the job classifications of such additional employees.

Beginning with fiscal ~~Year 1984‑85~~ years 2014‑2016 and in each ~~year~~ biennial state general appropriations bill thereafter, every proviso appearing in Part I of the bill which regulates the expenditure of any funds appropriated or deals with related matters, but which did not appear as a proviso in Part I of the state general appropriation bill or state general appropriation act for the immediately preceding fiscal year, must be italicized.”

D. Section 2‑7‑78 of the 1976 Code is amended to read:

“Section 2‑7‑78. This section applies to the ~~annual~~ biennial appropriation recommendation of the Governor and to the report of the conference committee on the ~~annual~~ biennial general appropriations bill. A provision offered for inclusion in the ~~annual~~ biennial general appropriations bill by amendment or otherwise, by the Governor, or which increases or decreases the most recent official projection of general fund revenues of the Board of Economic Advisors must not be included in the bill or recommendation unless the revenue impact is certified by the board. Changes to the official general fund revenue estimate as a result of the provision may not exceed the amounts certified by the board. The requirements of this section are in addition to the other provisions of law regarding fiscal impact statements.”

E. (A) Wherever the terms “annual general appropriations bill,” and “annual general appropriations act” appear in the 1976 Code, they must be construed to mean “biennial general appropriations bill” and “biennial general appropriations act.” The Code Commissioner is directed to change all references at a time and manner as may be timely and cost effective.

(B) Wherever the terms “state general appropriations bill” and “state general appropriations act” appear in the 1976 Code, they must be construed to mean “biennial state general appropriations bill” and “biennial state general appropriations act.” The Code Commissioner is directed to change all references in a time and manner as may be timely and cost effective.

F. Notwithstanding the general effective date provided in this act, the provisions of this section take effect upon approval by the Governor and first apply for appropriations made for state fiscal years 2014‑2016.

SECTION 3. This act takes effect upon approval by the Governor.

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