

*Economic Development, Transportation, and Natural Resources Subcommittee Meeting*  
Thursday, March 4, 2021

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# AGENDA

South Carolina  
House of Representatives



Legislative Oversight Committee

*ECONOMIC DEVELOPMENT, TRANSPORTATION,  
AND NATURAL RESOURCES SUBCOMMITTEE*

*The Honorable William M. "Bill" Hixon, Chair*

*The Honorable Adam M. Morgan*

*The Honorable Russell L. Ott*

*The Honorable Marvin R. Pendarvis*

*Thursday, March 11, 2021*

*1 hour after adjournment of the House*

*110 - Blatt Building*

*Pursuant to Committee Rule 6.8, S.C. ETV shall be allowed access for internet streaming whenever  
technologically feasible.*

**AGENDA**

- I. Approval of Minutes**
- II. Discussion of the study of the Department of Commerce**
- III. Adjournment**

# MEETING MINUTES

*Chair Wm. Weston J. Newton*

*First Vice-Chair:  
Laurie Slade Funderburk*

## **Legislative Oversight Committee**

*Micajah P. (Micah) Caskey, IV  
Neal A. Collins  
Patricia Moore (Pat) Henegan  
William M. (Bill) Hixon  
Jeffrey E. (Jeff) Johnson  
Marvin R. Pendarvis  
Tommy M. Stringer  
Bill Taylor  
Robert Q. Williams*



**South Carolina House of Representatives**

*Gary E. Clary  
Chandra E. Dillard  
Lee Hewitt  
Joseph H. Jefferson, Jr.  
Mandy Powers Norrell  
Robert L. Ridgeway, III  
Edward R. Tallon, Sr.  
John Taliaferro (Jay) West, IV  
Chris Wooten*

*Jennifer L. Dobson  
Research Director*

*Cathy A. Greer  
Administration Coordinator*

**Post Office Box 11867  
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*Charles L. Appleby, IV  
Legal Counsel*

*Lewis Carter  
Research Analyst/Auditor*

*Kendra H. Wilkerson  
Fiscal/Research Analyst*

### **Economic Development, Transportation, and Natural Resources Subcommittee**

Thursday, December 5, 2019

10:00 am

Blatt Room 410

#### **Archived Video Available**

- I. Pursuant to House Legislative Oversight Committee Rule 6.8, South Carolina ETV was allowed access for streaming the meeting. You may access an archived video of this meeting by visiting the South Carolina General Assembly's website (<http://www.scstatehouse.gov>) and clicking on *Committee Postings and Reports*, then under *House Standing Committees* click on *Legislative Oversight*. Then, click on *Video Archives* for a listing of archived videos for the Committee.

#### **Attendance**

- I. The Economic Development, Transportation, and Natural Resources Subcommittee meeting was called to order by Chairman William M. (Bill) Hixon, on Thursday, December 5, 2019, in Room 410 of the Blatt Building. The following members of the Subcommittee were present for either all or a portion of the meeting: Chairman Hixon, Representative Hewitt, Representative Pendarvis, and Representative Powers-Norrell.

## Minutes

- I. House Rule 4.5 requires standing committees to prepare and make available to the public the minutes of committee meetings, but the minutes do not have to be verbatim accounts of meetings. It is the practice of the Legislative Oversight Committee to provide minutes for its subcommittee meetings.
- II. Representative Hixon makes a motion to approve the meeting minutes from the prior Subcommittee meeting.

| Rep. Hixon's motion to approve the minutes from the September 12, 2019 meeting: | Yea | Nay | Not Voting  |
|---|-----|-----|-------------|
| Rep. Hewitt   | ✓   |     |             |
| Rep. Hixon  | ✓   |     |             |
| Rep. Pendarvis  |     |     | Not Present |
| Rep. Powers-Norrell   | ✓   |     |             |

## Discussion of the S.C. Housing and Finance Development Authority

- I. Chairman Hixon explains the purpose of the meeting is to hear a summary of the findings from the State Inspector General's Office related to the allegations the Subcommittee referred to their office. Chairman Hixon notes the Subcommittee received the written summary of the findings on November 8, and it is included in the meeting packet beginning on page 9.
  - II. Chairman Hixon swears in the following representatives from the State Inspector General's Office:
    - a. Ms. Bessie Watson; and
    - b. Mr. Leslie Wiser.
- Chairman Hixon reminds personnel who were sworn in during prior meetings that they remain under oath anytime they are with the Subcommittee or Committee.
- III. State Inspector General Lamkin provides a summary of his office's findings. Subcommittee members ask questions which State Inspector General Lamkin answers.
  - IV. Ms. Karen Wingo, Director of State Human Resources, Department of Administration provides testimony on personnel settlements. Subcommittee members ask questions that Ms. Wingo answers.

V. Subcommittee members ask questions that Ms. Bonita Shropshire, Executive Director, S.C. Housing and Finance Development Authority, and other agency personnel answer.

VI. Members make various motions during the meeting which are listed below.

| Rep. Norrell-Powers' motion that the Subcommittee Study include a recommendation that Division of State Human Resources implement the State Inspector General's recommendation to consider the possibility of updating state Human Resource regulations related to personnel settlements to clarify the types of agreements that require review including consideration of providing guidance on obtaining outside counsel. The division should report its conclusions to the Committee within six months after approval of the full Committee's report: | Yea | Nay | Not Voting |
|--|-----|-----|------------|
| Rep. Hewitt  | ✓   |     |            |
| Rep. Hixon   | ✓   |     |            |
| Rep. Pendarvis   | ✓   |     |            |
| Rep. Powers-Norrell  | ✓   |     |            |

| Rep. Hewitt's motion that the Subcommittee Study include a recommendation that S.C. Housing and Finance Development Authority allow the Office of the State Inspector General to conduct an independent, anonymous employee climate survey and report the results to the Committee by March 2020: | Yea | Nay | Not Voting |
|---|-----|-----|------------|
| Rep. Hewitt   | ✓   |     |            |
| Rep. Hixon  | ✓   |     |            |
| Rep. Pendarvis  | ✓   |     |            |
| Rep. Powers-Norrell   | ✓   |     |            |

| Rep. Pendarvis' motion that the Subcommittee Study include a recommendation that S.C. Housing and Finance Development Authority take advantage of management training offered by the S.C. Department of Administration, such as the Certified Public Manager Program, for its executive leadership: | Yea | Nay | Not Voting |
|---|-----|-----|------------|
| Rep. Hewitt   | ✓   |     |            |
| Rep. Hixon  | ✓   |     |            |
| Rep. Pendarvis  | ✓   |     |            |
| Rep. Powers-Norrell   | ✓   |     |            |

| Rep. Hewitt's motion that the Subcommittee Study include a recommendation that S.C. Housing and Finance Development Authority implement the State Inspector General's recommendation to develop, with the approval of its board, a policy regarding minimum cash reserves for bond debt service, operations, and emergency funds: | Yea | Nay | Not Voting  |
|---|-----|-----|-------------|
| Rep. Hewitt   | ✓   |     |             |
| Rep. Hixon  | ✓   |     |             |
| Rep. Pendarvis  | ✓   |     |             |
| Rep. Powers-Norrell   |     |     | Not present |

| Rep. Hewitt's motion that the Subcommittee Study include a recommendation that S.C. Housing and Finance Development Authority implement the State Inspector General's recommendation to adopt an appropriate reporting structure that allows direct interaction between the agency's internal auditor and its governing board: | Yea | Nay | Not Voting |
|--|-----|-----|------------|
| Rep. Hewitt  | ✓   |     |            |
| Rep. Hixon   | ✓   |     |            |
| Rep. Pendarvis   | ✓   |     |            |
| Rep. Powers-Norrell  | ✓   |     |            |

| Rep. Hewitt's motion that the Subcommittee Study include a recommendation that S.C. Housing and Finance Development Authority implement the State Inspector General's recommendation to revise its management structure to reduce the executive director's span of control and clarify division responsibilities: | Yea | Nay | Not Voting |
|---|-----|-----|------------|
| Rep. Hewitt   | ✓   |     |            |
| Rep. Hixon  | ✓   |     |            |
| Rep. Pendarvis  | ✓   |     |            |
| Rep. Powers-Norrell   | ✓   |     |            |



| Rep. Powers-Norrell's motion that the Subcommittee Study include a recommendation that S.C. Housing and Finance Development Authority consider the issues discussed during the Subcommittee study related to property management and crime at affordable housing properties, and present recommendations for possible solutions by January 10, 2020: | Yea | Nay | Not Voting |
|--|-----|-----|------------|
| Rep. Hewitt  | ✓   |     |            |
| Rep. Hixon   | ✓   |     |            |
| Rep. Pendarvis   | ✓   |     |            |
| Rep. Powers-Norrell  | ✓   |     |            |

| Rep. Pendarvis' motion that the Subcommittee Study include a recommendation that S.C. Housing and Finance Development Authority post email addresses for Commissioners on its website: | Yea | Nay | Not Voting |
|--|-----|-----|------------|
| Rep. Hewitt  | ✓   |     |            |
| Rep. Hixon   | ✓   |     |            |
| Rep. Pendarvis   | ✓   |     |            |
| Rep. Powers-Norrell  | ✓   |     |            |

VII. The meeting is adjourned.

# STUDY TIMELINE

The House Legislative Oversight Committee's (Committee) process for studying the Department of Commerce (agency) includes actions by the full Committee; Economic Development, Transportation, and Natural Resources Subcommittee (Subcommittee); the agency; and the public. Key dates and actions are listed below in Figure 1.

## Legislative Oversight Committee Actions

- December 9, 2019 – Holds **Meeting #1** and prioritizes the agency for study
- January 15, 2020 - Provides the agency notice about the oversight process
- February 28 – April 1, 2020 - Solicits input about the agency in the form of an online public survey

## Economic Development, Transportation, and Natural Resources Subcommittee

- March 4, 2021 - Holds **Meeting #2** to discuss the agency's vision; mission; director responsibilities; organizational structure; history; and general information about finances and employees

## Department of Commerce

- March 31, 2015 - Submits its **Annual Restructuring and Seven-Year Plan Report**
- January 12, 2016 - Submits its **2016 Annual Restructuring Report**
- September 2016 - Submits its **2015-16 Accountability Report**
- September 2017 - Submits its **2016-17 Accountability Report**
- September 2018 - Submits its **2017-18 Accountability Report**
- September 2019 - Submits its **2018-19 Accountability Report**
- March 13, 2020 - Submits its **Program Evaluation Report**
- September 2020 - Submits its **2019-20 Accountability Report**
- December, 2019 - Present - Responds to Subcommittee's inquiries

## Public's Actions

- February 28 – April 1, 2020 - Provides input about the agency via an **online public survey**
- Ongoing - Submits written comments on the Committee's webpage on the General Assembly's website ([www.scstatehouse.gov](http://www.scstatehouse.gov))

Figure 1. Key dates in the study process.

# AGENCY SNAPSHOT

## Department of Commerce

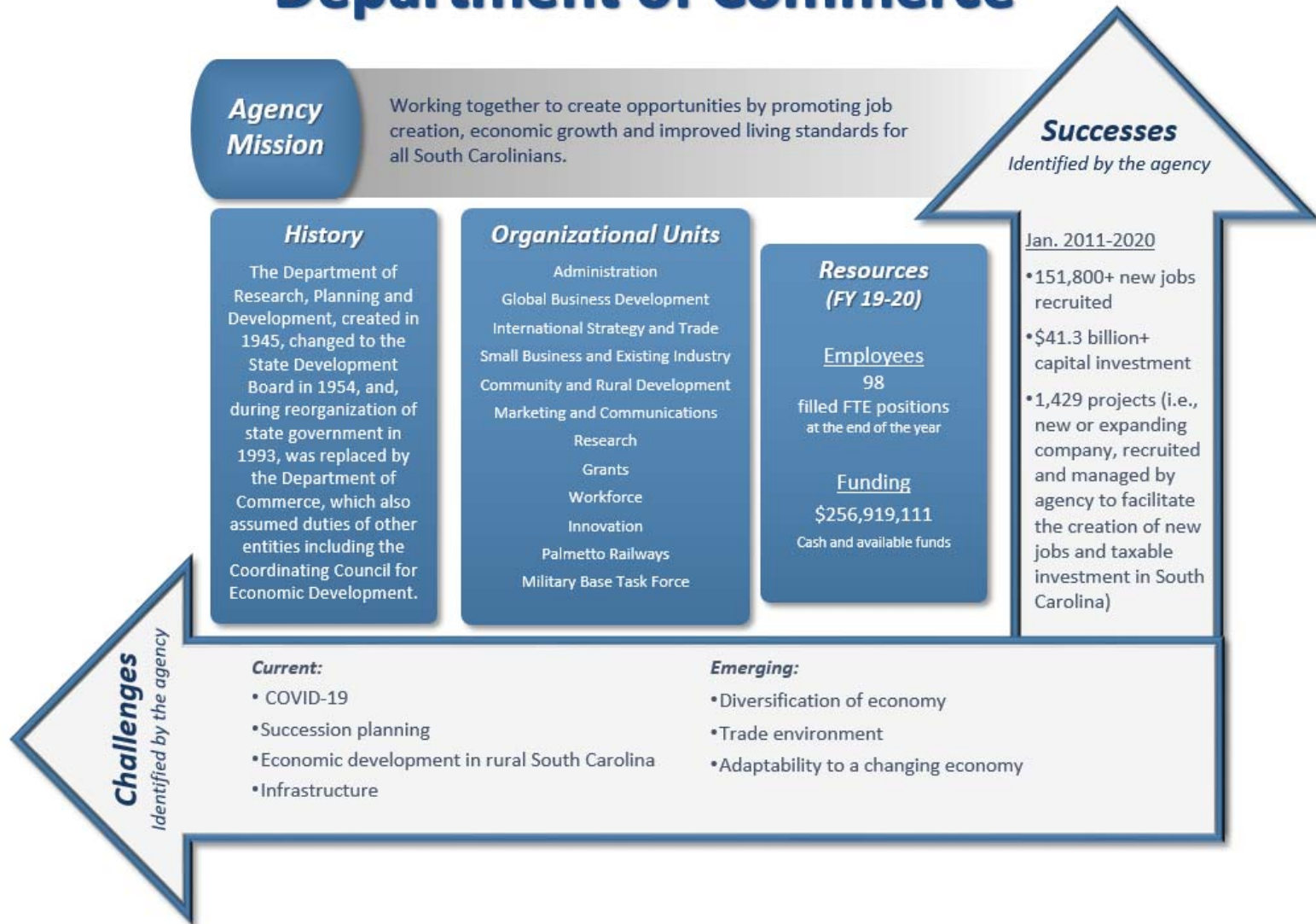


Figure 2. Snapshot of the agency's major organizational units, fiscal year 2019-20 resources (employees and funding), successes, and challenges.<sup>1</sup>

# AGENCY PRESENTATION – AGENCY OVERVIEW

# House Legislative Oversight Committee

March 4, 2021



**South Carolina**  
Department of Commerce

Just right for business.

# Presentation Outline

- **AGENCY** Overview
- **SETTING** the Table
- **MARKETING** the State
- **PROJECT MANAGEMENT/Incentives**
  - **SERVICE** After the Sale
  - **AGENCY/LEGAL** Changes



# Agency Overview



**South Carolina**  
Department of Commerce

Just right for business.

“ Working together to create opportunities by promoting job creation, economic growth and improved living standards for all South Carolinians. ”

## Mission





## Vision

“South Carolina’s economy will become more competitive in a global economy, providing South Carolinians of all ages and skill levels an opportunity to maximize their talents and abilities.”



# Agency Head Duties and Background



**South Carolina**  
Department of Commerce

Just right for business.

# Past Agency Directors

| Name of Director      | Time of Service | Years of Service | Governors                   |
|-----------------------|-----------------|------------------|-----------------------------|
| John A. Warren        | 1993-1994       | 1 year           | Carroll A. Campbell, Jr.    |
| Robert V. Royall, Jr. | 1995-1998       | 4 years          | David Beasley               |
| Charles S. Way, Jr.   | 1999-2002       | 4 years          | Jim Hodges                  |
| Robert A. Faith       | 2003-2005       | 3 years          | Mark Sanford                |
| Joe E. Taylor, Jr.    | 2006-2010       | 5 years          | Mark Sanford                |
| Robert M. Hitt III    | 2011-Present    | 10+ years        | Nikki Haley; Henry McMaster |



# Agency Head Qualifications, Selection & Key Duties

## Qualification to serve in position

- No specific qualifications outlined in statute

## Selection process

- Appointed by Governor upon advice and consent of Senate
- Subject to removal by Governor as provided in Section 1-3-240

## Key Duties

- Oversee, manage and control the Department
- Chair of the Coordinating Council for Economic Development and Rural Infrastructure Authority
- Chair (or appoint a designee to chair) the Coordinating Council for Workforce Development
- Appoint an advisory council/councils to advise with respect to each broad function which may be the responsibility of the Secretary of Commerce



Applicable laws:

Section 13-1-30, -40, -45, -380, 1710, -2030

# Agency Head Background

Robert “Bobby” M. Hitt III, a native of Charleston, was appointed by Governor Nikki Haley to serve as Secretary of Commerce in January 2011.



## Prior Experience

- Chair of the Board of Directors at the S.C. Manufacturers Alliance
- Vice Chair of Southeast Region for the National Association of Manufacturers
- Executive committees of AdvanceSC and the Upstate Alliance
- Manager of Corporate Affairs, BMW Manufacturing Company in Spartanburg County (1993-2011)
- Director of Planning and Development, Nelson Mullins Riley & Scarborough law firm in Columbia (1991-1993)
- Managing Editor, The State and Columbia Record newspapers (1971-1991)

## Education

- Harvard University, Nieman Fellow, Politics, Law, Business (1988-89)
- University of South Carolina, BA Journalism (1968-1973)



# About SC Commerce

**25+**

**YEARS**

of economic development  
excellence

**100+**

**EMPLOYEES**

full-time basis

**92%**

**EMPLOYEES**

Hold Bachelor's degree  
or higher

**5**

**INTERNATIONAL  
LOCATIONS**

Representatives in China,  
Germany, India, Japan & Korea

**23**

**LANGUAGES**

spoken by  
SCDOC staff

Areas of Service:

Global Business Development

International Strategy & Trade

Business Services

Innovation Development

Workforce Development

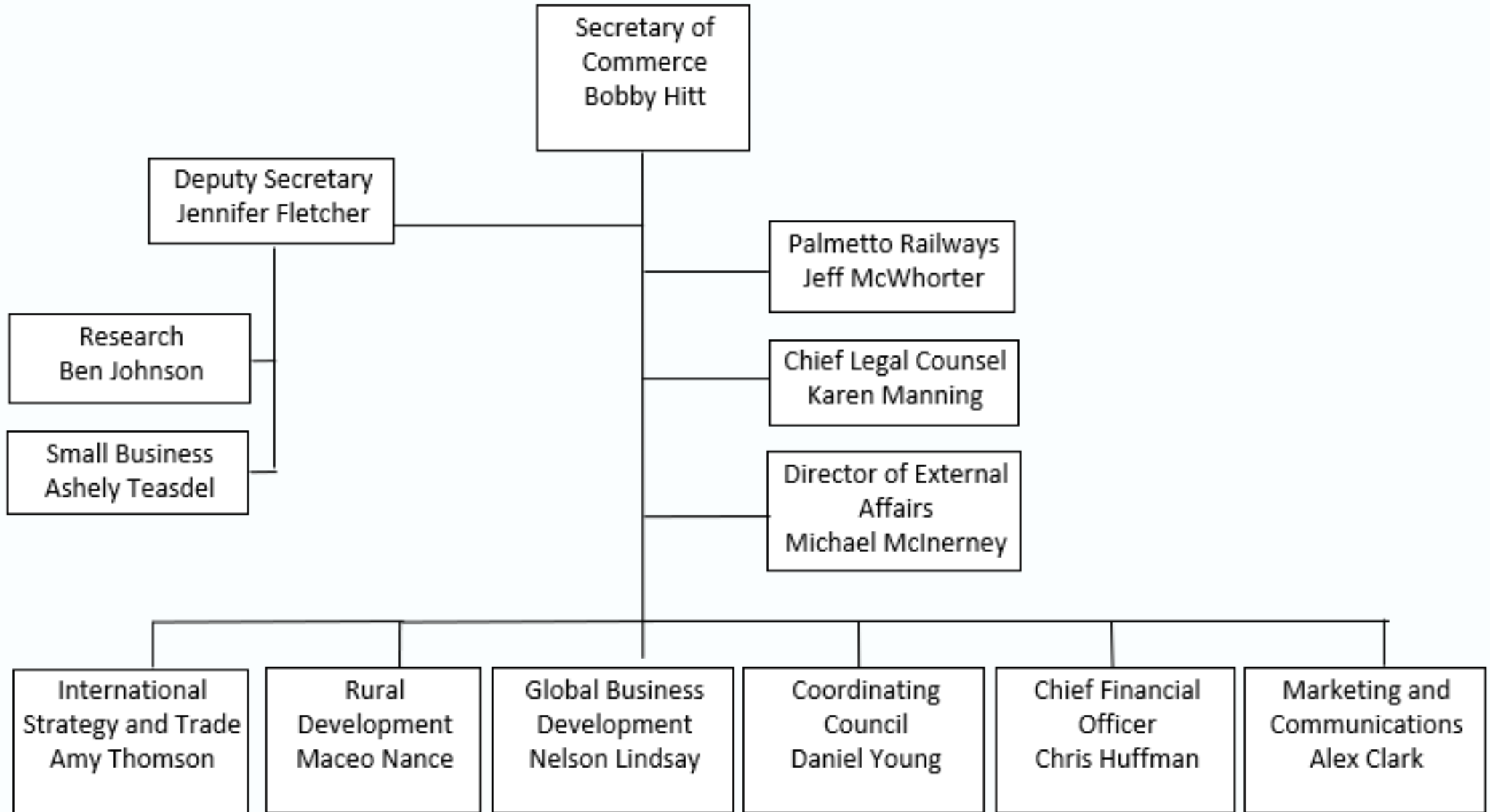
Grants & Incentives

Research & Product Development

Rural Development



# Organizational Chart



# Agency Successes

**151,800+**

**JOBS**

recruited Jan 2011-2020

**\$43.1B+**

**CAPITAL INVESTMENT**

recruited Jan 2011-2020

**1,429**

**PROJECTS**

recruited Jan 2011-2020

**153,000**

**South Carolinians**

employed by foreign-affiliated  
companies

**\$30.3B**

**EXPORT SALES**

in 2020

**130,000+**

**TIRES MADE EACH DAY**

making S.C. the top U.S. tire  
manufacturer

**16%**

**MFTG. GROWTH**

in the last 10 years

**195**

**MARKETS**

were destinations for  
S.C. exports in 2020

**1,200+**

**OPERATIONS**

of international companies  
in S.C.

\*Note: A project refers to a new or expanding company, recruited and managed by Commerce to facilitate the creation of new jobs and taxable investment in South Carolina. The recruited capital investment and jobs shown are new and are a direct reflection of the recruited projects.





# History

- The Dept. of Commerce prepared for transitioning the staff of the Office of Rural Development, Division of Economic Development from the Governor's Office to Commerce's Office of Community Development located in the State Development Division.
- The Community Development Block Grant (CDBG) program was transferred from the Governor's Office.

1993

1994

1995

- The General Assembly reorganized state government, eliminated the State Development Board and created the Dept. of Commerce as part of the Executive Branch, to be led by a Secretary of Commerce, appointed by the Governor and approved by the Senate.
  - All previous departments and functions remained intact except the SC Film Office, which was moved to Parks, Recreation and Tourism (PRT).
  - The Dept. of Commerce inherited the functions, duties and powers of the State Development Board; Savannah Valley Authority; SC Aeronautics Commission; SC Public Railways Commission and Coordinating Council for Economic Development.
  - The Recycling Market Advisory Council was established within Commerce.

- The Enterprise Zone Act (EZA) was enacted with the purpose of encouraging economic development in rural and underdeveloped areas and areas in which significant job losses had occurred.
  - The EZA established job development fees (the precursor to credits).



# History

- The Closing Fund was created when additional, more flexible funding was appropriated by the General Assembly to assist with high impact economic development projects.

1996

- The Rural Development Act (RDA) was enacted and established tiers for job development fees, and also gave the Coordinating Council for Economic Development the responsibility for administering the newly created Rural Infrastructure Fund (RIF).

2006

2012

- The assets and liabilities of the Savannah Valley Division were transferred to other interested parties upon approval of the Budget and Control Board.  
- The Applied Research Fund received its first appropriation from the General Assembly.



# History

- The Regional Education Center Program was transferred from Dept. of Education.
- The administration of the Enterprise Zone Retraining Program was transferred to the State Board for Technical and Comprehensive Education.
- The LocateSC fund was created when additional funding was appropriated by the General Assembly to assist with proactive site preparation and development.

2013

2014

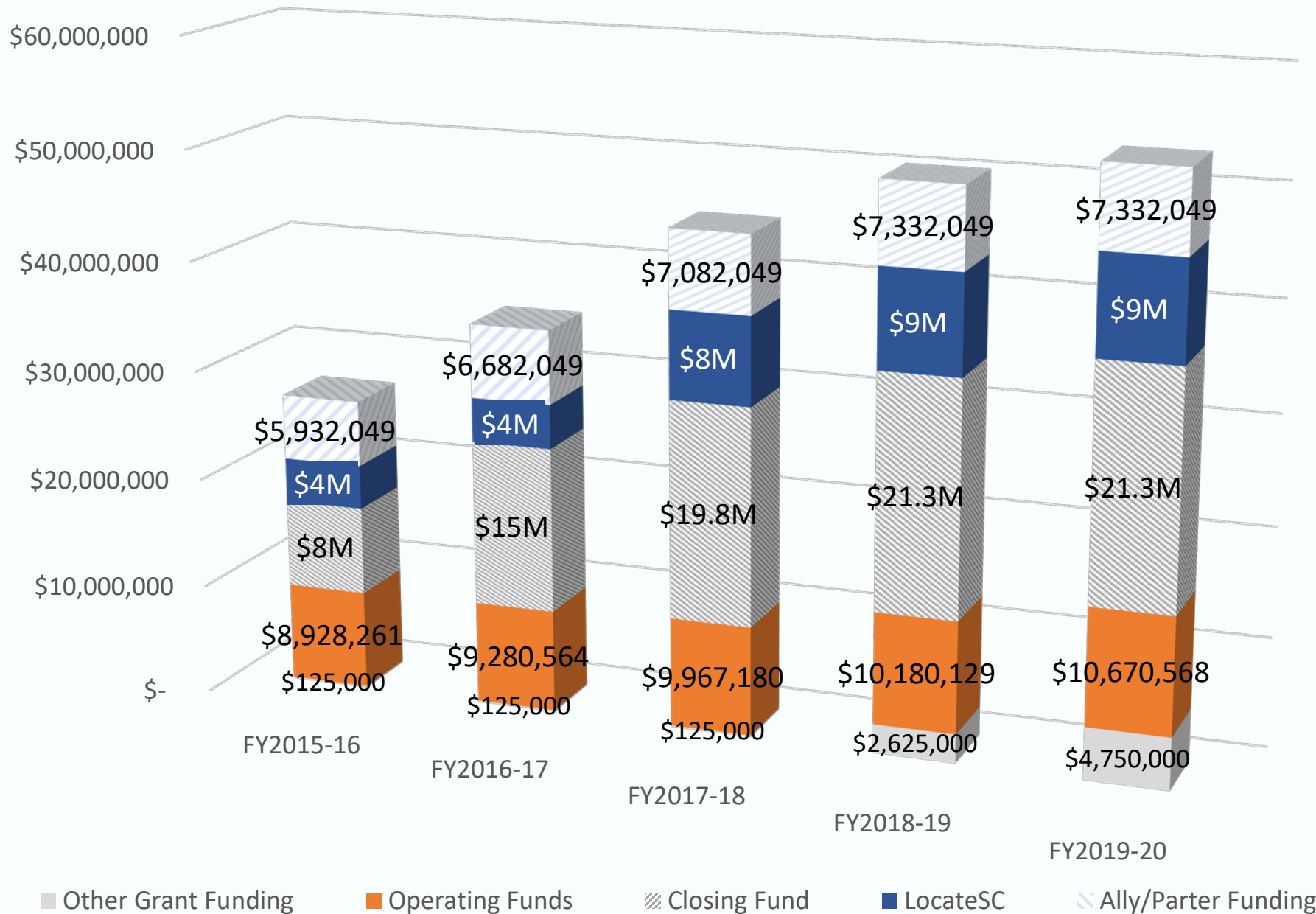
2019

- The Office of Innovation was created at Commerce.
- The administration of the Military Base Task Force was transferred to Commerce.
- Commerce rebranded the agency's special events fund as Palmetto Partners.
- Commerce unveiled the 'Just right' statewide image campaign to better coordinate marketing efforts in coordination with Parks, Recreation & Tourism and the SC Ports Authority.

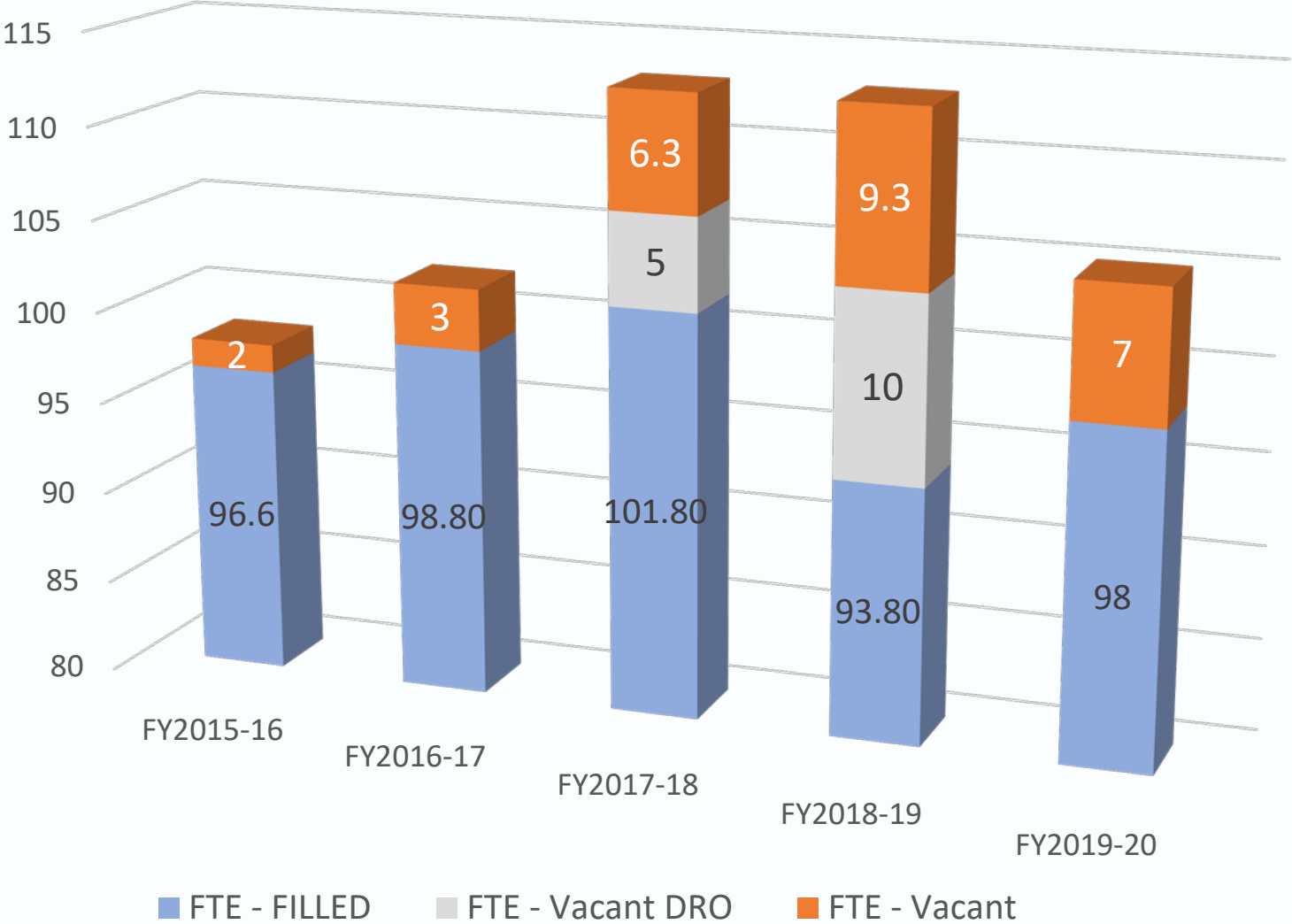
- Military Base Task Force was transferred to the Dept. of Veterans' Affairs.



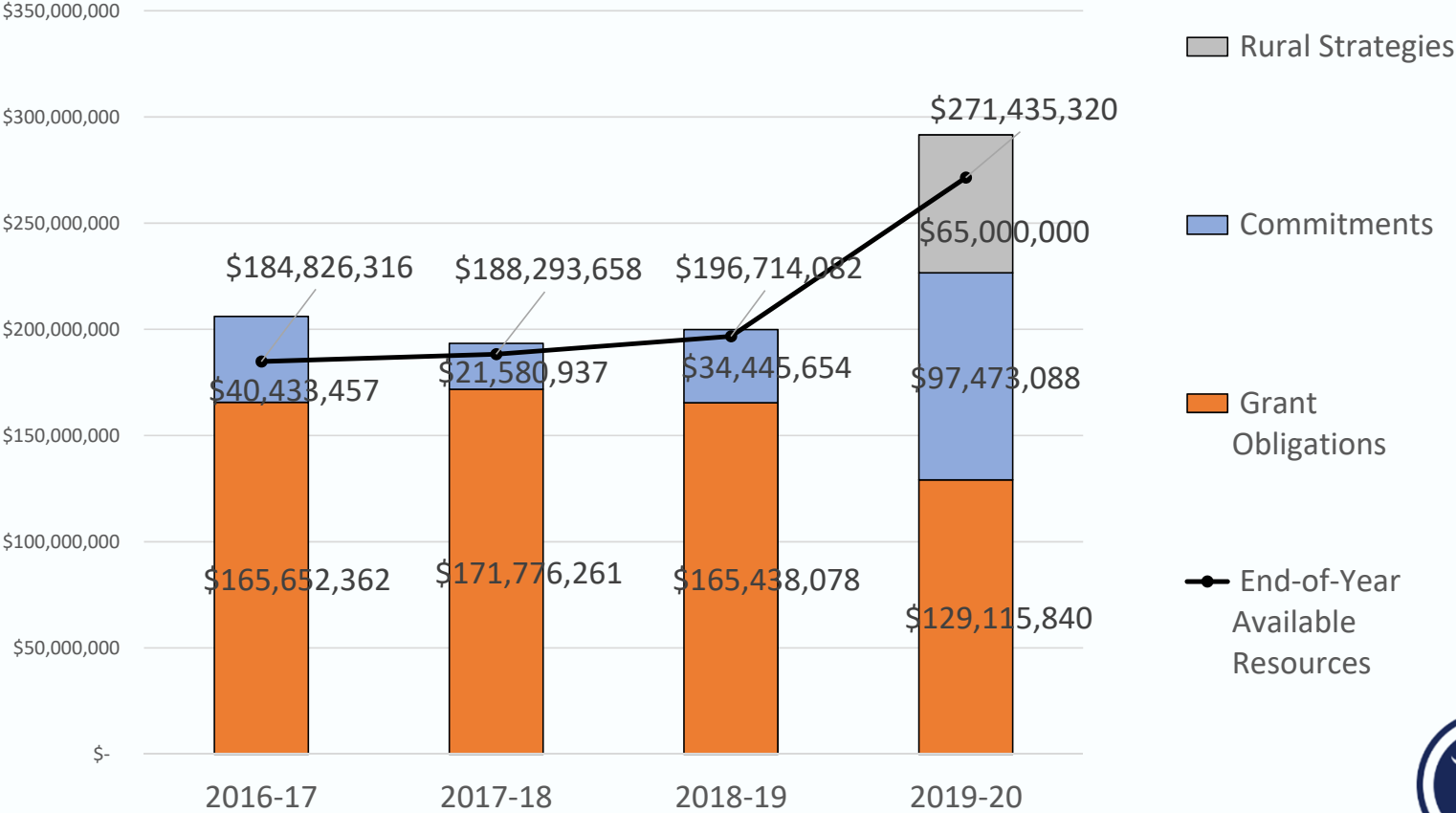
# State Recurring Appropriations by Fiscal Year



# Filled and Vacant FTEs by Fiscal Year



# Cash and Available Funds by Fiscal Year – All Programs



# Expenditures by Fiscal Year

|                                | FY2016-17          | FY2017-18          | FY2018-19          | FY2019-20          | Average |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|---------|
| <b>CCED* Grants</b>            | 67,222,322         | 68,609,081         | 46,932,733         | 51,127,422         | 49%     |
| <b>CDBG/ARC* Grant Program</b> | 18,522,340         | 18,023,681         | 19,505,544         | 16,422,006         | 15%     |
| <b>Operating Costs</b>         | 14,389,382         | 14,787,157         | 15,350,722         | 15,740,663         | 13%     |
| <b>LocateSC</b>                | 5,120,987          | 17,614,377         | 11,700,080         | 10,983,748         | 10%     |
| <b>Ally Funding</b>            | 6,632,049          | 7,112,544          | 7,343,512          | 7,382,049          | 6%      |
| <b>Other Costs</b>             | 7,106,408          | 9,767,675          | 7,473,175          | 8,746,256          | 7%      |
| <b>Normal Operations Total</b> | 118,993,488        | 135,914,515        | 108,305,766        | 110,402,144        | 100%    |
| <b>ED* Bond Funding</b>        | 55,025,879         | 6,832,905          | 25,186,654         | 18,825,016         |         |
| <b>Disaster Recovery</b>       | 15,006,246         | 61,579,343         | 36,205,964         | -                  |         |
| <b>Special Projects</b>        | 70,032,125         | 68,412,248         | 61,392,618         | 18,825,016         |         |
| <b>Grand Total</b>             | <b>189,025,613</b> | <b>204,326,763</b> | <b>169,698,384</b> | <b>129,227,160</b> |         |

\*Note: CCED means Coordinating Council for Economic Development; CDBG/ARC means Community Development Block Grants/Appalachian Regional Council; ED means economic development.



# Operating Costs by Fiscal Year

|                               | FY2016-17         | FY2017-18         | FY2018-19         | FY2019-20         | Average     |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| <i>Personnel Services</i>     | 7,353,040         | 7,696,740         | 8,096,116         | 8,078,423         | 52%         |
| <i>Employer Contributions</i> | 2,320,071         | 2,599,445         | 2,893,088         | 2,951,430         | 18%         |
| <i>Contractual Services</i>   | 2,733,039         | 2,605,932         | 2,291,975         | 2,565,586         | 17%         |
| <i>Supplies</i>               | 487,704           | 386,042           | 598,974           | 651,238           | 4%          |
| <i>Fixed Charges</i>          | 758,875           | 788,390           | 708,834           | 826,549           | 5%          |
| <i>Travel</i>                 | 638,449           | 628,192           | 640,519           | 472,604           | 4%          |
| <i>Other Costs</i>            | 98,204            | 82,416            | 121,216           | 194,833           | 1%          |
| <b>Grand Total</b>            | <b>14,389,382</b> | <b>14,787,157</b> | <b>15,350,722</b> | <b>15,740,663</b> | <b>100%</b> |





# VIDEO



# COMMITTEE CONTACT INFORMATION AND UPCOMING MEETINGS

## Legislative Oversight Committee



South Carolina House of Representatives

## Committee Mission

Determine if agency laws and programs are being implemented and carried out in accordance with the intent of the General Assembly and whether they should be continued, curtailed or eliminated. Inform the public about state agencies.

Website: <https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee.php>

Phone Number: 803-212-6810

Email Address: [HCommLegOv@schouse.gov](mailto:HCommLegOv@schouse.gov)

Location: Blatt Building, Room 228

## UPCOMING MEETINGS

### **Economic Development, Transportation, and Natural Resources Subcommittee**

Thursday, March 11<sup>th</sup>  
1 hour after adjournment  
Blatt Room 110

## END NOTES

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<sup>1</sup> Visual Summary Figure 2 is compiled from information in the Department of Commerce study materials available online under “Citizens’ Interest,” under “House Legislative Oversight Committee Postings and Reports,” and then under “Commerce, Department of”

<http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyPHPFiles/Commerce.php> (accessed February 25, 2021).