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CONFERENCE COMMITTEE REPORT ADOPTED -- NOT PRINTED

May 20, 2019

**H. 3137**

Introduced by Reps. G.M. Smith, Lucas, Ott, Stavrinakis, Simrill, Rutherford, Pope, Clyburn, S. Williams, Cobb‑Hunter, Bailey, Erickson, Bradley, Yow, Forrest, Kirby, Sottile, Murphy, Chellis, Kimmons, Rose, Wheeler, Young, Clemmons, Cogswell, Gilliard, B. Newton, Anderson, Jefferson, Bales, Blackwell, McDaniel, Moore, R. Williams and Henderson‑Myers

S. Printed 5/7/19--S.

Read the first time February 5, 2019.

**A** **BILL**

TO AMEND CHAPTER 27, TITLE 6, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE STATE AID TO SUBDIVISIONS ACT, SO AS TO DELETE THE REQUIREMENT THAT THE FUND RECEIVE NO LESS THAN FOUR AND ONE‑HALF PERCENT OF THE GENERAL FUND REVENUES OF THE LATEST COMPLETED FISCAL YEAR, TO DELETE A PROVISION REGARDING MIDYEAR CUTS, TO PROVIDE THAT THE APPROPRIATION TO THE FUND MUST BE ADJUSTED BY THE SAME PERCENTAGE THAT GENERAL FUND REVENUES ARE PROJECTED TO INCREASE OR DECREASE, IF APPLICABLE, BUT NOT TO EXCEED FIVE PERCENT, TO REQUIRE THAT THE ADJUSTMENT, IF APPLICABLE, BE INCLUDED IN ALL STAGES OF THE BUDGET PROCESS, AND TO DELETE A PROVISION REQUIRING AMENDMENTS TO THE STATE AID TO SUBDIVISIONS ACT BE INCLUDED IN SEPARATE LEGISLATION.

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

SECTION 1. Chapter 27, Title 6 of the 1976 Code is amended to read:

“CHAPTER 27

State Aid to Subdivisions Act

Section 6‑27‑10. This chapter may be cited as the ‘State Aid to Subdivisions Act’.

Section 6‑27‑20. There is created the Local Government Fund administered by the State Treasurer. This fund is part of the general fund of the State. ~~It is the intent of the General Assembly that this fund not be subject to mid‑year cuts. However, if mid‑year cuts are mandated by the State Budget and Control Board to avoid a year‑end deficit, this fund is not subject to such cuts, except by a majority vote of the entire State Budget and Control Board which is separate and apart from any other reduction. These cuts are permitted only to the extent that counties and municipalities do not receive less funding than received in the immediate preceding fiscal year.~~ The Local Government Fund must be financed as provided in this chapter.

Section 6‑27‑30. (A) In the annual general appropriations act, ~~an amount equal to not less than four and one‑half percent of general fund revenues of the latest completed fiscal year must be appropriated~~ the General Assembly must appropriate funds to the Local Government Fund.

(B)(1) In any fiscal year in which general fund revenues are projected to increase or decrease, the appropriation to the Local Government Fund for the upcoming fiscal year must be adjusted by the same projected percentage change, but not to exceed five percent, when compared to the appropriation in the current fiscal year. For purposes of this subsection, beginning with the initial forecast required pursuant to Section 11‑9‑1130, the percentage adjustment in general fund revenues must be determined by the Revenue and Fiscal Affairs Office by comparing the current fiscal year’s recurring general fund expenditure base with the Board of Economic Advisors’ most recent projection of recurring general fund revenue for the upcoming fiscal year. Upon the issuance of the initial forecast, the Executive Director of the Revenue and Fiscal Affairs Office, or his designee, shall notify the Chairman of the Senate Finance Committee, the Chairman of the House Ways and Means Committee, and the Governor of the projected percentage adjustment. The executive director, or his designee, shall provide similar notice if subsequent modifications to the forecast change the projected percentage adjustment. However, the forecast in effect on February fifteenth of the current fiscal year is the final forecast for which the percentage adjustment is determined, and no subsequent forecast modifications shall have any effect on that determination.

(2) The Governor shall include the appropriation required by this chapter to the Local Government Fund in the Executive Budget.

(3) The Revenue and Fiscal Affairs Office shall determine the current fiscal year’s recurring general fund expenditure base, and determine any projected adjustment in general fund revenues. If a change is projected, the appropriation for the upcoming fiscal year must be adjusted accordingly.

(C) For purposes of this section:

(1) ‘Recurring general fund revenue’ means the forecast of recurring general fund revenues pursuant to Section 11‑9‑1130 after the amount apportioned to the Trust Fund for Tax Relief, as required in Section 11‑11‑150, is deducted.

(2) ‘Recurring general fund expenditure base’ means the total recurring general fund appropriations authorized in the current general appropriations act less any reduced appropriations mandated by the General Assembly or the Executive Budget Office pursuant to Section 11‑9‑1140(B).

Section 6‑27‑40. (A) Not later than thirty days after the end of the calendar quarter, the State Treasurer shall distribute the monies appropriated to the Local Government Fund as follows:

(1) Eighty‑three and two hundred seventy‑eight thousandths percent must be distributed to counties. Of the total distributed to counties, each county must receive an amount based on the ratio that the county’s population is of the whole population of this State according to the most recent United States Census.

(2) Sixteen and seven hundred twenty‑two thousandths percent must be distributed to municipalities. Of the total distributed to municipalities, each municipality must receive an amount based on the ratio that the municipality’s population is of the population of all municipalities in this State according to the most recent United States Census.

(B) In making the quarterly distribution to counties, the State Treasurer must notify each county of the amount that must be used for educational purposes relating to the use of alcoholic liquors and for the rehabilitation of alcoholics and drug addicts. Counties may pool these funds with other counties and may combine these funds with other funds for the same purposes. The amount that must be used as provided in this subsection is equal to twenty‑five percent of the revenue derived pursuant to Section 12‑33‑245 allocated on a per capita basis according to the most recent United States Census.

~~Section 6‑27‑50.~~ ~~No section of this chapter may be amended or repealed except in separate legislation solely for that purpose.~~

Section 6‑27‑55. From funds distributed to the county pursuant to Section 6‑27‑40, a county council shall provide a reasonable amount of funds for all county offices of state agencies for which the council is required to provide funding by state law.”

SECTION 2. This act takes effect upon approval by the Governor and first applies to the annual general appropriations bill process for Fiscal Year 2020‑2021.

/s/Sen. Ronnie W. Cromer Rep. Gilda Yevette Cobb‑Hunter

/s/Sen. John L. Scott, Jr. /s/Rep. Bruce Wyche Bannister

/s/Sen. Thomas D. "Tom" Corbin /s/Rep. Kirkman Finlay, III

On Part of the Senate. On Part of the House.

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