



June 23, 2021

State Budget

The General Assembly adopted the budget this week for Fiscal Year 2021-2022. They will return next week to address any items vetoed by the Governor. Here are some provisions that are of particular interest to counties:

- An increase in the Local Government Fund (LGF) of \$17.92 million statewide. This represents full funding to the LGF, including all back funding that was imperiled because of the state operating under a Continuing Resolution in light of the ongoing pandemic;
- 2.5 percent base pay increase for all state employees;
- \$32 million allocation that covers the approximate 1 percent credit for the local government employers' increase that has been in the budget since the employer contribution rate began to increase annually in 2017;
- \$10 million for the Rural County Stabilization Fund (See proviso 113.11 below). Any county that has a population growth, as determined by the 2020 Census, of less than 5.35 percent since the 2010 Census shall be eligible to receive monies from the fund. This will help make our rural counties whole in the LGF;
- \$50 million to County Transportation Commissions for road improvement projects;
- \$8 million to SC Department of Transportation for litter pickup;
- \$500,000 for PTSD treatment for first responders;
- \$3.784 million for firefighter cancer benefit plan;
- \$10 million for broadband expansion;
- \$50 million to the Office of Resiliency for Disaster Relief;
- \$3.5 million under the Rural Infrastructure Authority for a Water and Sewer Regionalization Fund;
- \$15 million for destination specific tourism;
- \$5 million for tourism advertising; and
- A raise in library per capita funding from \$2 to \$2.25;

A [PDF showing each county's estimated portion of the LGF](#) can be found on the SCAC website.

Here are some new or amended provisos of interest:

106.2 – Suspend SCRS & PORS Employer Contribution Rate Increase. This proviso provides that the increase in the employer contribution rate imposed by Section 9-1-1085 and Section 9-11-225 for Fiscal Year 2021-22, respectively, are suspended. The employer contribution rate for the South Carolina Retirement Systems and the Police Officers Retirement Systems during Fiscal Year 2021-22, expressed as a percentage of earnable compensation, shall increase by 1 percent from Fiscal Year 2020-21 rates as set in Act 135 of 2020.

34.62 – Solar Projects. This proviso directs DHEC to submit regulations relating to the end-of-life management of solar panels and energy storage batteries on solar projects and to offer guidance on the proper methods for decommissioning solar projects that are in excess of 13 acres. The proviso also requires DHEC to collaborate with stakeholders regarding the solid waste classification, preferred management methods, and necessary infrastructure that may be needed to develop cost-effective means of transporting solar panels and energy storage system batteries for refurbishment, recycling, or disposal. Before implementing the regulations, DHEC must also determine if financial assurance requirements are necessary for the decommissioning of solar projects in excess of 13 acres and whether manufacturer stewardship programs for the recycling of solar panels and batteries should be established for applications other than utility-scale solar projects. In addition to quarterly reports, DHEC would be required to submit a final report with findings, including stakeholder input, to the Chairman of the Senate Judiciary Committee and the Chairman of the House Labor, Commerce and Industry Committee no later than June 30, 2022.

34.63 – DHEC Permit Extension. This proviso extends the expiration and any associated vested right of a critical area permit or navigable water permit issued by DHEC for the construction of a dock until June 30, 2022, provided the permit is valid on July 1, 2021, or at any time during the previous 18 months.

34.64 – DHEC Onsite Wastewater Systems. This proviso provides that in the current fiscal year, DHEC may expend funds appropriated and authorized in this act to regulate onsite wastewater systems, including septic takes and other sewage treatment and disposal systems, but the department only may regulate such onsite systems in the same manner as such systems were regulated on January 12, 2021.

49.20 – PARD Fund Expiration. This proviso extends Parks and Recreation Development (PARD) funds which were scheduled to expire in Fiscal Year 2020-21 until Fiscal Year 2021-22.

60.14 – Intake and Review Funding. This proviso provides for the distribution of Intake and Review Program funds. The proviso directs that \$135,000 be distributed to each circuit solicitor that establishes, maintains, and annually reports information and data regarding its Intake and Analysis Program.

61.1 – Defense of Indigents Formula. This proviso provides for a distribution to the Defense of Indigents funds to the public defenders and directs that counties contribute no less than they contributed as of July 1, 2020. The state shall authorize the Commission on Indigent Defense to receive up to or spend no more than \$3 million for the Death Penalty Trial Fund and to receive up to or spend no more than \$2.5 million to pay the fees and expenses of private counsel appointed in noncapital cases. The budget includes \$3.6 million to fund the proviso.

63.8 – In-Car Camera Funding. This proviso authorizes the Department of Public Safety to establish an In-Car Video Camera Fund to assist law enforcement agencies in purchasing and maintaining in-car video cameras and ongoing costs related to the maintenance and storage of data recorded by in-car video cameras. Also directs the Public Safety Coordinating Council to oversee the funds and establish an application and disbursement of funds process that gives priority to law enforcement agencies who prioritize DUI enforcement activity.

63.9 – School Resource Officers. This proviso moves school resource officers from under the South Carolina Department of Education to the Department of Public Safety (DPS) and funds a resource officer for every school. DPS shall provide the funding directly to the local law enforcement agency to pay for the cost of the law enforcement officer and law enforcement agencies must report the number of full- and part-time school resources officers quarterly.

92D.1 – Catastrophic Weather Event. This proviso directs that improvements to real or personal property used as a residence, such as a mobile home or manufactured housing unit, resulting from damage caused by the catastrophic weather event in October 2015, Hurricane Matthew of 2016, or Hurricane Florence of 2018, after the event and before June 30, 2022, is not considered an improvement and may not be reassessed at a higher rate as a result of the improvement. Also directs that for the current fiscal year, an eligible property's tax value shall remain the same unless assessable transfer of interest occurs.

98.9 – Penalties for Non-Reporting. Directs that if a municipality does not submit audited financial statements within 13 months of the end of their fiscal year, the State Treasurer must withhold their state payments until the statement is received. Also provides penalties for deficiencies and delinquent reports. The proviso suspends the penalty provisions during Fiscal Year 2021-22 and authorizes and directs the State Treasurer to release all funds withheld from municipalities in previous fiscal years due to a municipality not submitting the required audited financial statements or financial information.

101.4 – Veterans' Base Protection Plan Allocation. This proviso provides that funds appropriated to the Department of Veterans' Affairs for the Base Protection Plan may be allocated to items including, but not limited to, land acquisition, recreational purposes, educational purposes, and facilities for military personnel. Eligible recipients are counties and municipalities with federal military installations.

106.2 – Suspend SCRS & PORS Employer Contribution Rate Increase. This proviso provides that the increase in the employer contribution rate imposed by Section 9-1-1085 and Section 9-11-225 for Fiscal Year 2021-22, respectively, are suspended. The employer contribution rate for the South Carolina Retirement Systems and the Police Officers Retirement Systems during Fiscal Year 2021-22, expressed as a percentage of earnable compensation, shall increase by 1 percent from Fiscal Year 2020-21 rates as set in Act 135 of 2020.

108.6 – State Health Plan. This proviso provides that an employer increase of 0.8 percent and a subscriber premium increase of zero percent will result for the standard State Health Plan for Plan Year 2022.

108.12 – COVID-19 Return to Work. This proviso provides that for Fiscal Year 2021-22, the earnings limitation does not apply to retired members of the South Carolina Retirement System or the Police Officers Retirement System who return to covered employment to participate in the state's public health preparedness and response to the COVID-19 virus.

108.14 – Non-State Agency Furloughs. This proviso provides that for the current fiscal

year, a participating employer in the South Carolina Retirement System or Police Officers Retirement System that is not a state agency or institution of higher learning may make employee and employer contributions for a period of not more than 90 working days during a furlough program that was implemented as a result of and took place during the COVID-19 Public Health Emergency.

109.9 – Accommodation Tax. This proviso adds fire safety and emergency medical services to the proviso that allows Horry County to set aside up to one third of the total allocation of accommodation taxes returned to cover policing activities during events held in May and December that significantly increase the burden of law enforcement and other first responders and require additional resources to ensure public safety during those events.

109.17 – Electronic Filing. This proviso allows the Department of Revenue to require a statement subject to penalties of perjury in order for certain applications for licenses or permits to be filed electronically.

109.18 – Referendum Notification. This proviso requires a county or municipal election commission to notify the department 60 days before a referendum on imposing a local sales tax or local option permit.

113.9 – Excess Sales Tax Collections. This proviso provides that in the current fiscal year, if a county has capital project sales tax collections in excess of the amount necessary to complete all projects for which the tax was imposed and the tax has not yet expired, the county may pledge and use the excess collections to fund road improvements, intersection improvements, and pedestrian transportation. However, prior to the expiration of the tax, an eligible county must adopt an ordinance specifying the purposes for which the excess funds will be used. A county may expend distributions received pursuant to the Aid to Subdivisions, State Treasurer section to meet the requirements of this provision.

113.11 – Rural County Stabilization Fund. Due to the recent census and the shifting of population into the state and throughout the state, this year's LGF distribution will be different than last year's. As a result, many rural counties who did not see a population growth as high as 5.35 percent would lose a substantial amount of money under the current distribution model. The General Assembly recognized this and put \$10 million into a Rural County Stabilization Fund in the budget. Under this proviso, any county that has a population growth, as determined by the 2020 Census, of less than 5.35 percent since the 2010 Census shall be eligible to receive monies from the fund as follows:

1. a baseline of \$300,000 to each eligible county;
2. an additional \$100,000 to eligible counties with a population between 50,000 and 99,999; and
3. an additional \$200,000 to eligible counties with a population of more than 100,000.

After disbursement of funds, any monies remaining shall be distributed to each eligible county on a pro rata basis. In the event the amount of funds in the Fund is not sufficient to provide monies to counties according to the above formula, the amounts distributed to counties shall be reduced on a pro rata basis.

117.139 – Magistrates Compensation. Notwithstanding Proviso 117.169 (Employee Compensation), in the current fiscal year, the salary for each magistrate must be calculated using the same schedule and same circuit judge salary, at a minimum, as was in effect in Fiscal Year 2018-19.

117.161 – Statewide Mobile Health Units Coordination Project. This proviso allows the SC Center for Rural and Primary Healthcare to provide coordination and requested

technical assistance to mobile units to coordinate statewide delivery or services to increase access to preventative and diagnostic health care and to reduce health inequalities for rural, vulnerable, underserved, and displaced populations.

117.164 – Agribusiness Processor. This proviso exempts for the current fiscal year, local and state sales tax collection for material handling and construction materials on agribusiness facilities that invest at least \$100 million in the state.

117.166 – Federal Gun Law. For the current fiscal year, no law enforcement agency that receives state or local funds shall enforce a federal law, regulation, statute, executive order, or procedure related to firearms put into effect after January 1, 2021, if any such federal action requires the seizure of a firearm, firearm part, or firearm component solely because of its classification or type of weapon.

117.169. Employee Compensation. This proviso provides for a 2.5 percent pay increase for state employees and prescribes a plan for its implementation.

117.172 – Funds Transferred to Santee Cooper. This proviso provides that the funds held by the Department of Administration, related to the implementation of Act 95 of 2019, shall be transferred as follows for the purposes of reforming Santee Cooper: \$2 million to the Office of Regulatory Staff (ORS); \$1 million to the Public Service Commission (PSC); and the balance to Santee Cooper. The PSC and the ORS are authorized to employ, through contract or otherwise, third-party consultants and experts in carrying out their duties for purposes of reforming Santee Cooper.

117.178 – Mental Health Transport. The House Ways and Means Committee appropriated \$1 million in their version of the budget to assist in the transportation of mental health patients into custody or admission to a public or private hospital, mental health clinic, or mental health facility. Under the proviso, the Director of the Department of Mental Health (DMH) shall work with the State Fiscal Accountability Authority to develop and issue a Request for Proposals for an Alternative Transportation Program (Program) to provide transportation services for nonviolent individuals requiring immediate hospitalization. The second part of the proviso requires DMH to begin a pilot program and includes the requirements that must be a part of the Program.

117.186 – Homestead Exemption Fund. This proviso suspends Section 11-11-156(C) of the Code for Fiscal Year 2021-2022. This Section would require counties to provide an additional exemption credit with monies left over in the Homestead Exemption Fund at the end of a Fiscal Year. By suspending this section, counties will not be required to administer this one-time additional credit.

117.191 – Actions of Election Law. This proviso provides, among other things, that no county election commission may accept or expend any funds other than public funds to prepare for or conduct elections.

118.21 – Abandoned Buildings Tax Credit. For the income tax year that begins in the current fiscal year, rehabilitation expenses made at a property that is located within half a mile of a public university with an enrollment of at least 30,000 students in a business district that has a commercial vacancy rate of at least 10 percent qualify for tax credit provided for in the Abandoned Buildings Revitalization Act. The proviso also lays out other requirements that must be met in order to receive the tax credit and requires the municipality or county in which the building site is located to certify the building site pursuant to Section 12-67-160(A), making appropriate adjustments to such certification to be consistent with the proviso.

Other Items of Interest

Call for NACo Policy Steering Committee Nominations

Do you want a voice in creating the national legislative policies of the National Association of Counties (NACo)? Consider filling out the [NACo nomination form](#) to be appointed to one of the policy steering committees. As a steering committee member, you are responsible for developing national policies and priorities affecting counties and serve as NACo's frontline for grassroots efforts. Committees meet at the NACo legislative and annual conferences, and one other time during the year. You will be responsible for your own travel and conference expenses. To learn more about NACo's steering committees and legislative development process, visit [NACo's website](#).

Completed forms must be submitted to SCAC by Friday, June 25. The nominations will be processed by SCAC and forwarded to NACo for approval by the NACo President after the NACo Annual Conference in July. Appointments will be announced in September and NACo will contact the committee members directly. If you have any questions regarding the NACo Policy Steering Committee nomination process, please contact Anna Berger with SCAC at 1-800-922-6081 or via aberger@scac.sc.



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