

South Carolina Board of Economic Advisors

Statement of Estimated Revenue Impact

Date: February 1, 2011

Bill Number: S. 2

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Committee Requesting Impact: Senate Finance

Bill Summary

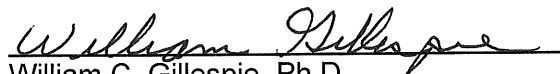
A bill to amend Section 11-11-410 of the 1976 Code, relating to the spending limit required by Section 7(c), Article X of the Constitution of South Carolina, 1895, to revise the limit by imposing an annual limit which shall be the General Fund revenues collected in the latest completed fiscal year plus seventy-five percent of any increase in recurring General Fund revenues, to create the Budget Stabilization Fund in the State Treasury to which must be credited twenty-five percent of any increase in General Fund revenues, to provide that funds in the Budget Stabilization Fund shall be used to offset mid-year reductions, and to define emergencies and provide for the suspension of the spending limit in case of an emergency.

REVENUE IMPACT ^{1/}

This bill would have no effect on state General Fund revenue. Annual appropriations would be limited to prior year's recurring revenue plus seventy-five percent of the growth in the Board of Economic Advisors recurring General Fund revenue forecast. The remaining twenty-five percent increase in recurring revenues is credited to the Budget Stabilization Fund (BSF).

Explanation

This bill provides that General Fund revenue available for appropriations is limited to the prior year's base revenue plus seventy-five percent of any increase in recurring General Fund revenue as forecast by the Board of Economic Advisors. The remaining twenty-five percent of the increase in General Fund revenue is credited to the BSF. The bill provides for appropriations from the BSF for non-recurring tax rebates, to Other Post Employee Benefits, and to reduce any unfunded liabilities to the retirement system if cash balances exceed fifteen percent of the General Fund revenue for the prior year. The General Assembly may appropriate BSF balances of less than fifteen percent of the prior year General Fund revenue by two-thirds vote of the House and Senate. With a finding of emergency by the General Assembly, the annual limit on appropriations may be exceeded and transfers may be made from the BSF to the General Fund for that fiscal year.



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^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact, or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.