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A legislative update from the Municipal Association of SC

2017 session
122nd General Assembly

Legislative Report

2017 session of the 122nd General Assembly

Prepared by the Municipal Association of South Carolina

The first year of the 2017-2018 regular session of the 122nd General Assembly was gaveled to a close on Thursday, May 11, 2017, at 5 p.m. However, legislators returned to Columbia on May 23 and June 6 to handle conference committee reports and vetoes.

The state budget

The final budget includes

- \$10 million in new recurring funding in the Local Government Fund, bringing the recurring total to \$222.6 million (\$37.2 million for cities) for FY 2017-2018. This is a decrease in total dollars from last year by \$600,000. This puts the total appropriation at 68 percent of full funding as required by state law.
- One percent of the 2 percent increase in the S.C. Retirement System and the Police Officers Retirement System employer contribution rates funded with recurring revenue sent directly to the Public Employee Benefit Authority. The funding reduces the employer contribution rate for SCRS from 13.56 percent to 12.56 percent and PORS from 16.24 percent to 15.24 percent.
- \$68 million for Hurricane Matthew FEMA match.
- \$1.25 million for Pinnacle Mountain FEMA match.
- \$5 million for 2014 winter storm match.
- \$5 million for beach renourishment.
- \$700,000 out of the Hurricane Matthew FEMA match to the Town of Nichols for Hurricane Matthew recovery.
- \$500,000 in nonrecurring funds for first responder PTSD treatment.
- \$550,400 in recurring funds for S.C. Criminal Justice Academy psychological screening.

Municipal Association 2017 Advocacy Initiatives

More than 300 municipal officials and legislators attended the Association's Regional Advocacy Meetings in the fall of 2016 to identify major challenges facing South Carolina's cities and towns. Based on these challenges, the board of directors approved the 2017 Advocacy Initiatives that propose legislative actions to meet these challenges.

Encourage business growth and development

For businesses, time is money. Implementing standardized business licensing practices saves businesses time and supports local economic growth.

Action item

Standardize business license tax collection across the state.

Action

Municipal Association staff worked with state Chamber of Commerce staff for several years to identify the challenges businesses were facing with business licensing.

With input from business owners, accountants and business licensing officials, Association staff drafted a bill that would standardize business licensing across all cities and towns without cutting local revenue.

However, House Labor, Commerce and Industry Committee Chairman Bill Sandifer (R – Oconee) and 13 other sponsors introduced two business licensing bills, H3650 and H3651, that drastically cut city revenues and created tax inequities for small businesses due to special tax exemptions. The full House LCI Committee approved and sent both bills to the House in February. In March, Rep. Sandifer requested that House members allow him to recommit the bills to committee for further work. This followed weeks of contact from

municipal officials communicating to legislators the importance of standardizing the business license process without cutting local revenues. House members agreed to the request. The Municipal Association staff continues to work with business interests and legislative committee staff to return the bills to the initial intent of standardizing the business license process. These two bills remain in the House LCI Committee going into the 2018 legislative session.

Provide quality services

Residents and businesses expect a positive quality of life and economic prosperity in their hometowns. To achieve this, dependable and consistent revenue sources are necessary to support the efficient and effective delivery of municipal services.

Action item

Increase funding for the Local Government Fund to the level required in state law.

Action

Municipal Association staff and local elected officials supported additional recurring and nonrecurring funding for the Local Government Fund. Municipal Association staff testified at budget subcommittee hearings to explain the need for full funding of the Local Government Fund and for separate legislation that changes the formula to guarantee consistent funding levels. See details about the LGF in the state budget section of this report.

Action item

Increase options for municipalities to fund specific capital projects.

Action

Working with local elected officials on the Grand Strand, the Upstate and the Pee Dee, along with Municipal Association and Senate legislative staff, Senator Greg Hembree (R – Horry) introduced S426, the Municipal Tax Relief Act. This bill allows a municipality through a referendum to impose a sales tax of up to 1 percent. The tax would be designated for municipal tax relief and certain authorized capital projects. The bill was referred to the Senate Finance Committee, but time ran out in the session before a subcommittee could take up the bill. It remains in the Senate Finance Committee for the 2018 legislative session.

Action item

Allow cities to annex certain enclaves by ordinance.

Action

Rep. Mandy Powers Norrell (D – Lancaster) heard the concerns of municipal officials regarding inefficient service delivery caused by enclaves and introduced H3158, the Local Government Efficiency Act. This bill authorizes a city council to annex an area by ordinance if the area does not exceed 25 acres and has been completely surrounded by the municipality for at least five years. The bill was referred to the House Judiciary Committee, but time ran out in the session before the House Judiciary Special Laws subcommittee could hold a hearing on the bill. It remains in subcommittee for the 2018 legislative session.

Repair roads

Repairing and maintaining existing roads and infrastructure is about more than fixing potholes. It's about encouraging and supporting statewide economic development with infrastructure that can accommodate new industry and support existing industry.

Action item

Support reliable funding sources for roads and increase municipal representation on County Transportation Committees.

Action

H3516, the S.C. Infrastructure and Economic Development Reform Act, increases the gas tax to pay for repair and ongoing maintenance of roads and interstates, among other reforms. While it did not include changes to the makeup of County Transportation Committees, it did increase overall funding to the C-Fund and increased funding to donor counties. The bill

- Increases the gas tax 2 cents every year for six years beginning July 1, 2017.
- Increases sales taxes on cars, hybrid car fees and vehicle registration fees beginning July 1, 2017.
- Increases the C-Fund allocation by \$40 million from the current annual amount of approximately \$75 million. The law also increases from \$9.5 million to \$17 million the amount donor counties receive to close the gap between what they contribute to the C-Fund and what they receive from it. The law adds another \$3 million for donor counties that still aren't made whole by their portion of the \$17 million fund. These are funds cities and towns may seek from their County Transportation Committee for road projects within their jurisdictions.

- Grants the governor authority to appoint all nine members of the S.C. Department of Transportation Commission. Two at-large commissioners will be appointed with the advice and consent of the General Assembly. Seven of the commissioners are appointed with the approval of House and Senate members within each of the seven S.C. DOT districts. The new law allows the governor to remove S.C. DOT commissioners for any reason without approval of the House and Senate.
- Exempts 14.3 percent of manufacturing property tax value, phased in over six years. The exemption translates to reducing the property tax assessment rate from 10.5 percent to 9 percent for manufacturers. The law includes a reimbursement to counties, cities and school districts from the state's general fund up to \$85 million per year to cover the losses. Once the reimbursement reaches the \$85 million cap, the manufacturing property tax exemption will be reduced proportionately. This exemption will not impact the local government bonded indebtedness cap.

Reduce blight

Dilapidated structures pose a public safety threat in municipalities of all sizes. Cities and towns need additional tools to clear blight to ensure the safety of residents and visitors and to spur economic development opportunities for business owners.

Action item

Establish options for cities and towns to recover public funds spent to demolish or clean blighted property.

Action

Municipal Association staff met with city and county officials and a bipartisan group of legislators to gauge interest in changing the law to require counties to collect city code enforcement liens on behalf of cities. After several meetings, there was no interest from legislators in introducing a bill because of opposition at the county level.

Increase law enforcement training

Law enforcement agencies face challenges of recruiting, hiring and training highly qualified officers. Increased funding for quality training will result in safer streets and communities.

Action item

Support reliable funding for the S.C. Criminal Justice Academy to allow for more training opportunities for law enforcement officers.

Action

The state budget for 2017-2018 includes an additional \$550,400 for reimbursement to local governments for psychological screening of police trainees. Municipal Association staff testified at budget subcommittee hearings in support of the screening reimbursement and increased reliable funding for the S.C. Criminal Justice Academy to train officer candidates. The budget for FY 2017-2018 did not include any other additional funding for training. Municipal Association staff also testified at a House Legislative Oversight subcommittee hearing against proposals to withhold Local Government Fund money from local governments when the police and sheriff departments fail to properly report information to the Criminal Justice Academy regarding new hires and separated officers. That proposal was taken off the table, but other proposals regarding compliance with reporting requirements are still in discussions.

Action item

Increase funding for body worn cameras.

Action

The state budget for 2017-2018 continues recurring funding of \$2.4 million for body worn cameras. Municipal Association staff joined law enforcement agencies in advocating for increased funding for the body cameras.

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Bills Passed by the General Assembly in 2017

The Association tracked more than 300 bills during the 2017 legislative session. For a complete list of passed bills impacting cities and towns, visit www.masc.sc (keyword: legislative tracking). Several of the passed bills from the 2017 session are highlighted here.

Freedom of Information Act

H3352 creates new guidelines for compliance with the Freedom of Information Act. These changes took effect on May 19, 2017.

Below is a high level summary of the changes to the Freedom of Information Act. For a detailed explanation, visit www.masc.sc (keyword: FOIA). The new law

- specifies that a public body can require a 25 percent deposit of the anticipated cost of producing records requested under the Freedom of Information Act before the public body searches for or copies records to fulfill the request;
- specifies that any outstanding balance of the fee charged for a FOIA request is due at the time of production;
- creates the opportunity for a public body or individual requesting public records to request an expedited initial hearing through the circuit court, which will rule on whether the public records request must be fulfilled;
- allows public bodies to request a circuit court hearing regarding relief from public records requests that are “unduly burdensome, overly broad, vague, repetitive or otherwise improper;”
- prohibits public bodies from being required to pay the requesting party’s legal fees and costs related to litigation on appeal when the circuit court finds in the initial hearing that the requested records are not subject to disclosure;
- changes the amount of time a public body has to respond to whether a FOIA request will be fulfilled from 15 days to 10 business days for records that are less than two years old and from 15 days to 20 business days for records that are older than two years; and
- specifies records must be produced within 30 calendar days of receiving a required deposit if the records are less than two years old and 35 calendar days if the records are more than two years old.

Pension system

H3726 pays down the unfunded liability of the state retirement systems and reduces the assumed annual rate of return from 7.5 percent to 7.25 percent. The new law also increases the employer contribution rate for the S.C. Retirement System and Police Officers Retirement System by 2 percent effective July 1, 2017. The employer contribution rate increases another 1 percent each year from 2018 through 2023 ultimately producing an employer rate of 18.56 percent for SCRS and 21.24 percent for PORS. It places a cap of 9 percent on the employee contribution rate effective July 1. There is no reduction in cost of living adjustments for retirees. See the state budget section of the report for additional information on the pension system. This law took effect on July 1, 2017.

Municipal elections

H3150 removes the authority to declare a winner without conducting a special or general municipal election when only one candidate registers to run for office. This change is effective for filing periods on or after January 1, 2018. The filing period changes from 10 days to eight for partisan special elections to fill a vacant seat. The date for these special elections moves from the 18th Tuesday following the vacancy to the 20th Tuesday following the vacancy. These changes are effective for filing periods on or after May 4, 2017.

Moped

H3247 requires a moped operator to be at least 15 years old and restricts the time of day operators younger than 16 years old may operate a moped without supervision. mopeds must be registered with the S.C. Division of Motor Vehicles and carry a state-issued license tag. Also, mopeds are excluded from the state’s ignition interlock requirement for individuals who have been convicted of DUI. This law takes effect on November 19, 2018.

Law enforcement training

S173 requires Class 1, 2 and 3 law enforcement officers to receive mental health or addictive disorder training once every three years. This law took effect on May 19, 2017.

Other important issues in the 2017 session

Many of the 300 bills the Association tracked during the 2017 session did not pass. Because this is the first year of a two-year session, any bill that did not pass is still active for the 2018 legislative session beginning on January 9, 2018. Find all the bills the Association tracked for cities and towns during the 2017 session online at www.masc.sc (keyword: legislative tracking).



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Advocacy Strategy Map

