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A legislative update from the Municipal Association of SC

118th General Assembly  
2009 Session



**Legislative Report**  
**118<sup>th</sup> session**  
**First half of the 2009-2010 Session**  
***Prepared by the Municipal Association of South Carolina***

During the 2009 legislative session, South Carolina cities and towns faced new challenges in providing efficient and effective services for residents and businesses because of the current economic climate.

The Association tracked more than 480 bills during the 2009 legislative session, all included in the legislative tracking system accessible through the Association's new Web site ([www.masc.sc](http://www.masc.sc)). This 2009 legislative report includes bills that passed during the 2009 legislative session, along with a listing and current status of the major bills the Association staff actively followed. Information on all 481 bills tracked by the Association is searchable by topic, bill number and sponsor in the online tracking system.

The main goal of the Association's advocacy efforts is to ensure cities and towns have the resources and flexibility to meet the expectations of their residents. The Association uses a four-prong approach to accomplish this goal:

- Engaging local grassroots by encouraging local elected leaders, residents and businesses to advocate on behalf of their city or town
- Employing direct lobbying of legislators by the Association's lobbying team on the front lines at the State House
- Using the news media to communicate our issues by developing relationships with reporters and providing accurate and timely information on municipal issues
- Understanding the rules and procedures of the House and Senate and how they affect the passage of legislation

**Legislative Issues for the 2010 General Assembly**

During the summer and fall, Association staff work on issues that are still pending in the legislature for the upcoming session. Several legislative committees requested the Association work with interested parties on financial accountability legislation, annexation reform and point of sale legislation.

Point of sale – The General Assembly adjourned on May 21, 2009, without taking final action on H3272, legislation that would eliminate point of sale language in Act 388, the 2006 tax reform legislation. H3272 keeps property from being put on the tax rolls at its full market value when it is sold. If passed next session, this bill would force residents living in neighborhoods with slower growing home values to pay an increasing percentage of city and county services and school operations. The legislature will give final consideration to this bill when the 2010 session begins in January.

Annexation – There are seven bills pending in House and Senate committees that make changes to South Carolina’s annexation law. None of these bills address the issue of enclave annexation. The Association will continue to push for reform of the state’s annexation law so that cities and towns can grow to their natural boundaries.

Financial Accountability –The issues of local fiscal responsibility and accountability were a priority this session. The Municipal Association formed a task force of municipal, legislative and state leaders to make recommendations on two bills (H3839 and S699) introduced this session that focus on providing assistance to cities and towns that may be heading toward financial distress. The task force met for the first time in June and will continue its work through the fall.

Local Government Fund – Cities and towns fought hard with legislative allies against H3581, legislation that changed the current law and allowed the legislature to cut the Local Government Fund. While the 17.4 percent cut that was adopted was not as much as initially proposed, it is still a blow to local government budgets, especially in a slow economy. The Association remains opposed to any future cuts to the Local Government Fund.

**2009 Passed bills tracked by the Municipal Association**

This chart shows bills that passed during the 2009 legislative session and what each bill means for cities and towns.

**2009 Major bills worked by the Municipal Association**

This chart shows the current status of major bills the Association staff actively followed this session.



# 2009 Passed bills tracked by the Municipal Association

Bill number	Act and Ratification number	Short Title/Description	What does this do?
<b>BUDGET AND FINANCE</b>			
H3560	A23, R49	2009-2010 Appropriations Bill	Makes appropriations and provides revenues to meet the expenses of state government for fiscal year 2009-2010.
H3581	A87, R50	Removes prohibition against cutting LGF	Allows the General Assembly to cut the Local Government Fund to cities and towns for FY 09-10 by 17.4 percent.
H3022	A36, R89	Collecting fees for expungement or destruction of records	Prevents a municipal, county or state agency from collecting a fee for expunging records when a charge is dismissed or the person is found innocent.
H3482	A45, R103	Excludes aircraft from personal property taxes	Exempts from property taxes aircraft owned by a company engaged in air transport of specialized cargo.
H3018	A76, R88	Property tax exemption of home improvements	Exempts from property tax newly built one and two-family residences until the property is sold or occupied (rented) OR for five years after it was built, whichever comes first. The exemption does not apply to the value of the land.
S483	A3, R11	Local Option Tourism Development Fee Act	Allows municipalities in counties that collect at least \$14 million in accommodations taxes in a year to impose a fee for tourism promotion, property tax rollback and capital projects promoting tourism causes.
S13	A18, R44	Motor vehicle fees	Puts revenue from motor vehicle fees and penalties into the Transportation Infrastructure Bank.
S278	A88, R60	Allows county council to waive or reduce property tax penalties	Allows county officials, with the consent of a city or town located in the county, charged with collecting taxes to waive or reduce the penalties for late payments by majority vote of a county council.
S235	A99, R2	Authorizes Dorchester School District 2 to impose an impact fee	Authorizes Dorchester School District 2 to impose an impact fee.
S360	A49, R65	Deletes collection amount requirement from the capital project sales and use tax	Deletes a requirement that the one percent capital project sales and use tax imposed by a county is to collect a limited amount of money.
H3730	A89, R52	Stimulus funds for the Clean Water State Revolving Fund	Accepts the stimulus money for the clean water state revolving fund and drinking water state revolving fund.
H3148	A68, R96	Federal Educational Tax-Credit Bond Implementation Act	Provides conditions for the allocation of stimulus funds to school districts in South Carolina.

Bill number	Act and Ratification number	Short Title/Description	What does this do?
S364	A74, R67	Volunteer Strategic Assistance and Fire Equipment Program (V-SAFE)	Offers grants to fire departments with at least 50 percent volunteers.
<b>COMMUNICATIONS</b>			
H3299	A7, R32	Customer Choice and Technology Investment Act of 2009	Allows some local exchange carriers to opt out of regulation when providing certain services.
<b>ELECTIONS</b>			
H3232	A84, R4	Certification date of results from a local referendum	Changes the certification date of a capital project sales tax referendum held in November 2008 from no later than November 30, 2008, to no later than December 11, 2008.
<b>BUILDING</b>			
S268	A20, R46	Building code enforcement officers	Creates a special building inspector to perform certain types of inspections that are not carried out by municipal officials. These inspectors are qualified through the state Labor, Licensing and Regulation department.
S234	A98, R1	Report of development on schools in Dorchester County	Requires the superintendent of Dorchester County School District 2 to prepare and submit to the county and municipalities within that school district an annual report detailing information about the impact of development on district schools.
H3550	A46, R105	Revises title of current Building Energy Efficiency Standard Act	Adopts the international energy conservation code as the energy standard and requires all new and renovated buildings to comply with this standard. Also establishes an appeals process.
<b>TRANSPORTATION</b>			
S166	A92, R58	Highway beautification and billboards	Establishes a pilot project through the Department of Transportation to reduce the number of nonconforming billboards on I-26 and I-95.
<b>LAW ENFORCEMENT</b>			
S593	A32, R74	Concealed weapon inside a vehicle on school property	Provides that the section of the law that relates to carrying a weapon on school property does not apply to a person who is authorized to carry a concealed weapon when the weapon is inside a vehicle.
H3013	A56, R87	Increases penalties and jurisdiction for removal of agriculture fencing	Allows an increase in the penalty for removing or destroying fences, gates or other barriers enclosing animals, crops or uncultivated land. This bill also gives magistrates court the jurisdiction to hear these cases.

Bill number	Act and Ratification number	Short Title/Description	What does this do?
H3653	A95, R110	Municipal court jury lists	Moves the date for the expansion of municipal court jury lists to December 2009 and uses information from the SC Department of Motor Vehicles.
H3761	A62, R114	Procedures for drug proceeds	Requires proceeds from forfeited cash or property to be deposited in a separate, special account and used only for drug enforcement and training.
H3087	A77, R91	Residence of sex offenders related to local ordinances	Prevents a municipality from enacting an ordinance that changes the boundaries from 1,000 feet where a sex offender may reside.
H3463	A1, R15	Requirements of printing electronic traffic tickets in different colors	Removes the requirement that electronic traffic tickets be printed in certain colors.
<b>UTILITIES</b>			
S668	A33, R76	Christmas Eve as a legal holiday for state employees	Establishes Christmas Eve as a legal holiday for state employees.
S793	A55, R85	Restrictions on the Beaufort-Jasper Water and Sewer Authority	Sets up the conditions and terms for municipalities and other public bodies operating water distribution and wastewater systems in Beaufort, Jasper, Hampton and Colleton counties to get services from the authority.
H3957	A22, R54	Water quality monitoring near an oyster factory	Requires DHEC to use local qualified personnel to monitor water quality in a river near an oyster factory.
<b>TAX REFORM</b>			
S12	A81, R121	SC Taxation Realignment Commission	Establishes a commission to study the tax structure in the state.
<b>OTHER</b>			
H3651	A48, R109	Limits authority of counties and municipalities to regulate forestry activities	Limits the authority of counties and municipalities to restrict or regulate certain forestry activities. See Section 1 part B of the bill for the list.
H3301	A78, R98	Database for deferred presentment providers	Requires the consumer finance division of the Board of Financial Institutions to implement a real-time internet accessible database for payday lenders to verify if deferred presentment transactions are outstanding for a particular person.
S232	A19, R45	Use of clean energy sources	Encourages the use of clean energy sources, to include nuclear energy, and provides a definition for renewable energy resources.
S453	A75, R70	Local ordinances dealing with livestock and poultry	Preempts municipalities from enacting ordinances that regulate the handling of livestock or poultry.



# 2009 Major bills worked by the Municipal Association



Legislative principle	Bill number	Short Title	Description	Latest action during 2009 session
<b>BUDGET AND FINANCE</b>				
Encouraging local accountability and fiscal responsibility	H3581	Removes prohibition against cutting LGF	Allows the General Assembly to cut the Local Government Fund to cities and towns for FY 09-10 by 17.4 percent.	Enacted into law; signed by the governor
Encouraging local accountability and fiscal responsibility	S304	Revenue bonds	Allows local accommodations fees and hospitality fees to be pledged as security for revenue bonds.	Two different versions passed by the House and Senate; In conference committee
Encouraging local accountability and fiscal responsibility	S483	Local Option Tourism Development Fee Act	Allows municipalities in counties that collect at least \$14 million in accommodations taxes in a year to impose a fee for tourism promotion, property tax rollback and capital projects promoting tourism causes.	Enacted into law; became law without the governor's signature
Encouraging local accountability and fiscal responsibility	S346	Projects eligible for funding from a capital projects sales tax	Allows the revenues from a capital projects sales tax to be used for development rights for economic development, conservation, blight remediation or military base protection.	Senate Finance committee carried this bill over
Encouraging local accountability and fiscal responsibility	H3479	Formula for the calculation of rollback millage	Establishes a formula for the calculation of rollback millage. The formula takes prior year property tax collections divided by the adjusted total reassessed value divided by the average property tax collection rate from the prior three years.	Ways and Means Property Tax subcommittee adjourned debate; still in play for 2010 session
Encouraging local accountability and fiscal responsibility	S278	Allows county council to waive or reduce property tax penalties	Allows county officials, with the consent of a city or town located in the county, charged with collecting taxes to waive or reduce the penalties for late payments by majority vote of a county council.	Enacted into law; signed by the governor
<b>ANNEXATION</b>				
Promoting economic growth	H3074	Density requirement for annexation	Density requirement must remain in effect for two years when a municipality annexes property in a county that has zoning and the municipality allows for greater density than the county allows.	House Judiciary committee adjourned debate
Promoting economic growth	H3774 (company on bill to S479)	Utility requirement for annexation	As a condition of providing utility services, a municipality may not require annexation once a property becomes contiguous to the city.	House Judiciary committee adjourned debate

Legislative principle	Bill number	Short Title	Description	Latest action during 2009 session
Promoting economic growth	S247	Land use and zoning	Allows the county council to approve a proposal by the municipality for lesser requirements in a defined area within the annexed property when a property is annexed from a county that has a land use or zoning policy. The county infrastructure requirement must remain in effect for five years.	no action; still in play for 2010 session
Promoting economic growth	S246	County density requirement	Keeps any county density requirement in effect in the annexed area for five years after the annexation, unless otherwise approved by the county council. Allows a county council to approve a proposal by a municipality for greater density for a defined area within the annexed property.	no action; still in play for 2010 session
Promoting economic growth	H3253	Annexation reform of contiguity, standing, shoestring	Requires a "plan of services" before approval of all annexation proposals. Requires a new annexation be consistent with the county and the annexing municipality's comprehensive land use plans. Relative to the 75 percent annexation method, gives standing to other individuals or entities to bring suit to challenge a proposed or completed annexation. Requires public notice of a public hearing before acting on an annexation petition. Defines further urban area and contiguous.	House Judiciary Special Laws subcommittee gave this bill a favorable report (working with stakeholders over the summer on compromise)
Promoting economic growth	S479 (company on bill to H3774)	Annexation and utility requirement	As a condition of providing utility services, a municipality may not require annexation once a property becomes contiguous to the city.	no action; still in play for 2010 session
<b>TAX REFORM</b>				
Promoting economic growth	H3415	SC Taxation Realignment Commission	Establishes the SC Taxation Realignment Commission to conduct a comprehensive study of the state's tax system including sales tax and exemption structure.	House recommitted to the Ways and Means committee
Promoting economic growth	S12	SC Taxation Realignment Commission	Establishes the SC Taxation Realignment Commission to conduct a comprehensive study of the state's tax system.	conference report adopted by both House and Senate; signed by the governor and enacted into law; includes some language from H3415

Legislative principle	Bill number	Short Title	Description	Latest action during 2009 session
<b>BUSINESS LICENSE</b>				
Encouraging local accountability and fiscal responsibility	H3243	Business license based on size, not on gross income	Requires county and municipal governments to impose a business license tax based on the size of the business not on its gross income.	no action; still in play for 2010 session
Encouraging local accountability and fiscal responsibility	S349	Business license exemption for tow truck companies	A towing company operating within the corporate limits of a municipality is not subject to business license tax unless the company maintains a place of business within the municipality.	no action; still in play for 2010 session
<b>POINT OF SALE</b>				
Promoting economic growth	H3272	Point of sale (HOUSE VERSION)	Limits increases in fair market value of sold properties to 15 percent at the point of sale. A sunset provision returns to the current law after tax year 2014.	Passed by the House; Remains set for special order on the Senate calendar
Promoting economic growth	S435	Point of sale (SENATE VERSION)	Limits increases in fair market value of sold properties to 15 percent at the point of sale. Reverts property sold in 2007 and 2008 back to its presale fair market value.	language from this bill was included in H3272 making this bill dead
Promoting economic growth	H3130	Transfer of interest of a trust	Provides that an assessable transfer of interest does not occur when property is inherited or conveyed to a trust and the beneficiaries are the settlor's spouse or children.	House passed; in Senate Finance committee
Promoting economic growth	S598	Eliminates point of sale from SC Real Property Valuation Reform Act	Eliminates the point of sale valuation of real property tax valuation and returns to the former valuation system where real property and improvements are appraised by the assessor and periodically adjusted in countywide reappraisals.	no action; still in play for 2010 session
<b>FINANCIAL ACCOUNTABILITY</b>				
Encouraging local accountability and fiscal responsibility	H3839	Municipal Finance Oversight Act	Creates a commission to identify and assist municipalities in financial distress. Requires municipalities to submit an annual financial report and annual audit.	received procedurally incorrect subcommittee hearing with adjourned debate motion; still in play for 2010 session; MASC task force met on June 30

<b>Legislative principle</b>	<b>Bill number</b>	<b>Short Title</b>	<b>Description</b>	<b>Latest action during 2009 session</b>
Encouraging local accountability and fiscal responsibility	S699	Financial Accountability Act	Requires counties, municipalities, school districts, special purpose and public service districts, and regional councils of governments to have annual financial audits and provide copies of these audits to the state treasurer where not already required by law.	no action; still in play for 2010 session
Encouraging local accountability and fiscal responsibility	H3540	Truth in Spending Act	Requires every state agency and local government to post check registers online.	no action; still in play for 2010 session
<b>UTILITIES</b>				
Enhancing positive quality of life	H3247	Sub-metering of water provided to a multi-family dwelling	Allows a landlord of a multi-family residence to individually meter each single-family residence to determine the quantity of water used. This bill also allows the landlord to charge a tenant for water and wastewater used by his single-family residence.	House passed; in Senate Judiciary committee
Enhancing positive quality of life	H3441 (company bill to S8)	Creates Operation Empowered	Creates a nonprofit entity "Operation Empowered" to provide financial assistance to low-income households for energy-efficiency and conservation measures.	no action; still in play for 2010 session
Enhancing positive quality of life	S8 (company bill to H3441)	Creates Operation Empowered	Creates a nonprofit entity "Operation Empowered" to provide financial assistance to low-income households for energy efficiency and conservation measures.	no action; still in play for 2010 session
Encouraging local accountability and fiscal responsibility	H3847	Financial responsibility of a tenant for a utility bill	Allows a tenant to pay an outstanding utility bill owed by the landlord in certain circumstances.	no action; still in play for 2010 session
Enhancing positive quality of life	H3863	Income tax credits for installation of a solar or wind energy system	Allows a state income tax credit of 30 percent of the cost to purchase and install a solar or wind energy system.	no action; still in play for 2010 session
Enhancing positive quality of life	S10	Income tax credits for solar and fuel cell property	Allows a state income tax credit of 20 percent for qualified expenditures on photovoltaic, solar and fuel cell property.	no action; still in play for 2010 session

<b>Legislative principle</b>	<b>Bill number</b>	<b>Short Title</b>	<b>Description</b>	<b>Latest action during 2009 session</b>
Enhancing positive quality of life	S547	Requires minimum energy savings plans from electric providers	Requires electric providers collectively to achieve specific minimum energy savings using energy efficiency resource plans. This bill also creates a energy efficiency fund with contributions from electric and gas providers.	no action; still in play for 2010 session
Enhancing positive quality of life	H3628	Creates a state renewable energy plan	Creates the SC Renewable Energy Plan to authorize the Public Service Commission to approve renewable energy projects to demonstrate the feasibility and viability of clean energy systems. Also requires each municipal electric utility, rural electric cooperative and the public service authority to develop standards and require reporting for promotion, encouragement and expansion of renewable energy resources.	no action; still in play for 2010 session
Enhancing positive quality of life	S232	Use of clean energy sources	Encourages the use of clean energy sources, to include nuclear energy, and provides a definition for renewable energy resources.	Enacted into law; signed by the governor
Enhancing positive quality of life	S719	Energy Standards Act	Adopts the 2006 international energy conservation code as the energy standard. This bill also requires all new and renovated buildings to comply with this new standard and requires local building officials to enforce this energy standard.	no action; still in play for 2010 session
Enhancing positive quality of life	S677	Use of forest biomass for energy products	Recognizes and encourages the use of forest biomass for energy products as South Carolina's most abundant source of renewable energy.	Senate introduced and adopted the resolution
Encouraging local accountability and fiscal responsibility	S748	Water utility operating near a landfill	Requires a public or privately owned water utility operating within five miles of a landfill to provide a water line and supply to the landfill. Also requires the water utility to bear the cost of constructing the water line but allows the utility to recover the actual cost from the landfill owner.	no action; still in play for 2010 session
Enhancing positive quality of life	S452	Permitting for surface water withdrawals	Provides that subject to certain exceptions, surface water withdrawals must be made pursuant to a permit.	no action; still in play for 2010 session
Encouraging local accountability and fiscal responsibility	H3149	Water and sewer maintenance fees	Requires municipalities that collect water or sewer maintenance fees to use these fees only to maintain the water or sewer services.	no action; still in play for 2010 session

Legislative principle	Bill number	Short Title	Description	Latest action during 2009 session
<b>OTHER</b>				
Encouraging local accountability and fiscal responsibility	H3651	Preemption in forestry activities	Limits the authority of counties and municipalities to restrict or regulate certain forestry activities.	Enacted into law; signed by the governor
Encouraging local accountability and fiscal responsibility	S453	Preemption dealing with livestock and poultry	Preempts municipalities from enacting ordinances that regulate the handling of livestock or poultry.	Enacted into law; passed by both House and Senate; vetoed by the Governor; veto overridden by House and Senate





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