

SOUTH CAROLINA

State Profile

Capitol City	Columbia
Governor	Nikki R. Haley (R)
General Elections	Statewide every four years (2014) House every two years (2012) Senate every four years (2012)
Legislature Convenes	Second Tuesday in January (January 10, 2012 and January 8, 2013)

Senate

Republicans	26 (McConnell seat vacant and special election to be held)
Democrats	19
Term	4 years
Presiding Officer	Lt. Gov. Glenn McConnell (R)(former President Pro-Tem) *Lt. Gov. Ken Ard resigned in 2012 due to campaign finance law violations. SC Constitution provides that President Pro-Tem becomes Lt. Gov.
Majority Leader	Sen. Harvey Peeler (R)
Minority Leader	Sen. John Land (D)
Major Utility Committee	Judiciary Committee

House

Republicans	75 (One vacancy to be filled-Rep. Thad Viers seat.)
Democrats	48
Term	2 years
Presiding Officer	Speaker Bobby Harrell (R)
Majority Leader	Rep. Kenny Bingham (R)
Minority Leader	Rep. Harry Ott (D)
Major Utility Committee	Labor, Commerce and Industry

Regulatory Body

Members	Public Service Commission 7 (5 men, 2 women)
Method of Appointment/Election	Elected by the General Assembly; Staggered terms Elections delayed due to redistricting. Election expected to be held in 2013.
Current Issues	Energy Efficiency and Renewable Energy, Cost Recovery, New Nuclear Construction

**Due to passage of the 2004 reform legislation, the PSC is now primarily an adjudicatory body. Other regulatory functions lie with the Office of Regulatory Staff.*

SOUTH CAROLINA LEGISLATIVE REPORT 2012

The South Carolina General Assembly convened on January 10, 2012. The statutory adjournment date was June 7, 2012. The legislature returned into session on June 19-21 to take up various conference reports and address several gubernatorial vetoes. Items to be handled included conference reports on the budget, government restructuring, and retirement system reform. The conference committee on retirement reform was adopted. **AS OF THE DATE OF THIS REPORT, CONFERENCE REPORTS ON THE BUDGET AND RESTRUCTURING HAVE NOT BEEN ADOPTED. THE LEGISLATURE IS SCHEDULED TO RETURN ON JUNE 26 TO CONSIDER GUBERNATORIAL VETOES AND HOPEFULLY ADOPT A BUDGET CONFERENCE REPORT.** The fiscal year begins on July 1, and a continuing resolution has been filed to keep state government running should a budget not be adopted and approved by July 1.

For the 2012 session, there were 616 bills or resolutions introduced in the Senate and 1,006 bills or resolutions introduced in the House. Of those bills, 200 have been ratified. This is the second year of a two-year session. Therefore, any legislation that has not passed when the legislature adjourns is dead for the session, and will have to be reintroduced in 2013.

This year, the legislature enjoyed a budget surplus of more than \$1 billion. The extra funds are proposed to be used to restore cuts from previous years, give state employees and teachers a pay raise, fund dredging of the port canal to allow larger boats, fund Medicaid, fund mental health programs, and fund more law enforcement. The House has also proposed tax relief for small business. The Senate has not yet agreed to that relief.

2012 is also an election year for the House of Representatives, Senate, and Congressional seats. A primary was held on June 12, 2012. The election was overshadowed by a ballot problem created when the SC Supreme Court disqualified many challengers because they did not file their paperwork on time. Voter turnout was the lowest in many years at less than 12%. Six incumbents lost, two in the Senate and four in the House. Two of the incumbents who lost in the House had been placed in districts with another House member during the redistricting process. After the general election is held in November, the Republicans are expected to continue to hold majorities in both Houses.

I. LEGISLATION THAT PASSED

A. ENERGY AND ENVIRONMENT

- 1. H. 3059 (Act 161) – Plug-in Hybrid Vehicles:** Provides for maximum tax credit of \$2000 for plug-in hybrid vehicle. Amount of the credit is dependent on the battery capacity of the car. Provides for cap for all claims per calendar year of \$200,000. Credit given on first-come, first-served basis.
- 2. H. 3083 (Act 162) – Conservation Bank Reauthorization:** Extends for 5 years the funding of the Conservation Bank which allows purchases of land for conservation purposes.
- 3. H. 4108 (Act 122) – Termination of service for special needs:** Prohibits termination of service of a customer who suffers from Alzheimer’s disease or dementia as certified by a licensed health care provider.
- 4. H. 4639 (Act 143) – International Energy Conservation Code of 2009:** Adopts the 2009 edition of the International Energy Conservation Code as the energy standard of SC.
- 5. H. 4654 (Act 198) – Pollution Control Act:** Reverses SC Supreme Court decision in the Smith Land Trust case regarding the state’s Pollution Control Act (PCA). A compromise was reached between the business community and environmentalists that does the following:
 - i.** Restores the intent of the PCA to require permits only when a regulatory permitting program applies and to explicitly state that no private right of action exists under the PCA.
 - ii.** Removes language that would make the legislation retroactive and end existing lawsuits filed after the Supreme Court case. This means SCANA and Santee Cooper continue to fight.
 - iii.** Establishes a task force to study Carolina Bays and other isolated wetlands and to study the need for a stand-alone wetlands permitting program in SC. This study committee is being appointed now and expected to meet at the end of the summer.
 - iv.** Allows a private citizen the right to petition DHEC to determine if a company is required to have a permit for certain activity. This protest is limited to permit protests before the Administrative Law Court.

6. **S. 1031 (Rat. 269, no act # yet) – Nonferrous Metals:** Makes additional good changes to copper theft law:
 - i. Requires secondary metals recycler to obtain a permit from the sheriff of each county in which the recycler intends to purchase metals if the recycler does not have a fixed site.
 - ii. Sheriff may investigate a recycler’s background prior to issuing a permit.
 - iii. Secondary metals recycler shall update seller’s photograph they have on file annually unless they have a video at their place of business.
 - iv. Recycler may not enter into a cash transaction for the purchase of copper, catalytic converters, or beer kegs. Payment must be made by check alone.

7. **S. 1220 (Rat. 276, no act # yet) – Surface Water Withdrawal Fees:** Establishes fees for the new Surface Water Withdrawal Permitting Program.

8. **S. 1247 (Act 208) – Electronic Filing:** Allows the Public Service Commission to serve a final order or decision by electronic service, registered mail, or certified mail.

B. OTHER LEGISLATION OF INTEREST

1. **H. 3506 (Rat. 286, no act # yet) – Job Tax Credits:** Provides for investment tax credits for tire manufacturers. Credits allowed if:
 - i. Company employs 5,000 or more workers in the state and has a total capital investment in the state of not less than \$2 billion; and commits to invest \$500 million between January 1, 2006 and July 1, 2011; or
 - ii. Commits to employing 1,200 full-time employees in the state by January 1, 2022, and commits to invest \$400 million in capital investment in the state between September 1, 2011 and January 1, 2022.

2. **H. 3720 (Act 187) – Jobs Tax Credits:** Provides for several good economic development incentives:
 - i. Tax credits for qualifying service-related facility technology intensive facility.
 - ii. Increases the Utility Tax Credit from \$300,000 to \$400,000 for utilities to provide infrastructure for local economic development projects. Expands the qualifying projects to include clearing, grading, and refurbishment of existing buildings owned by the county.

- iii. Simplifies fee in lieu of taxes.
 - iv. Provides for new sales tax exemption for computer equipment, electricity and business property for data centers.
3. **H. 4652 (Act 197) – Labor Organizations:** Strengthens the state’s right to work laws by not requiring employers to hang posters notifying employees of right to work law; prohibits local or state governments from requiring project labor agreements; and requires that employees who are union members and who have authorized a payroll deduction for union dues to be allowed to stop the deduction at any time.
 4. **S. 1125 (Rat. 274, no act # yet) – Unemployment Benefits:** Disqualifies a person who is fired for misconduct from receiving state unemployment benefits. A person discharged for cause is partially ineligible. The bill also allows an employer to recover funds for fraudulently paid unemployment benefits.

II. LEGISLATION THAT DID NOT PASS

A. ENERGY AND ENVIRONMENT

1. **S. 32 – Renewable Tax Credit:** Adds machinery and machine tools used in the production of electricity from a renewable source (such as solar, wind, tides, geothermal, and biomass) as eligible for 20% state income tax credit. (Died In committee)
2. **S.92 – Resolution:** Endorsing the Yucca Mountain Repository for radioactive materials. (Died on Senate calendar)
3. **S. 95 – Renewable Energy Resources:** Defined as solar photovoltaic energy, solar thermal energy, wind power, hydroelectric, geothermal energy, tidal energy, recycling, hydrogen fuel derived from renewable resources, biomass energy, and landfill gas. (Died in committee)
4. **S. 96 – Resolution:** Opposing cap and trade legislation and encourage a renewable energy portfolio. (Died on Senate calendar)
5. **S. 152 – Energy Department Restructuring:** Establishes a State Department of Energy with a director appointed by the governor. (Died in subcommittee)
6. **S. 474 – Solar Tax Credit:** Provides for a 35% tax credit for the installation of solar equipment, subject to certain investment ceilings. (Died in committee)

7. **S. 536 – Geothermal Heat Pump Tax Credit:** Allows for a credit of 25%. (Died in committee)
8. **S. 719 – Renewable Energy and Efficiency Portfolio Standard:** Establishes a target of generating 20% of total retail sales of electricity in South Carolina from eligible renewable energy resources by December 31, 2022. Permits the recovery of all reasonable and prudent costs incurred by an electric power supplier. (Died in subcommittee)
9. **S. 832 – Economic Incentive Transparency Act:** Any economic development incentive must be introduced as separate legislation. (Died in committee)
10. **S. 1103 – Installation of Solar Energy System:** Provides that a local government may not enact or enforce an ordinance, policy or regulation that prohibits a residence or business from installing a solar energy production system. (Died in subcommittee)
11. **S. 1160 – Meter Electricity:** Permits an owner, developer or governing body of any multi-tenant business or residential property to meter electricity. (Died in committee)
12. **S. 1455 – Income Tax Credit for Hybrid Vehicles:** Allows tax credit for new qualified hybrid electric vehicle. (Died in committee)
13. **H. 3735 – The Incandescent Light Bulb Freedom Act:** Allows the bulbs, which are being phased out, to be made in South Carolina for sale only in the Palmetto State. (Passed the House, died on Senate calendar)
14. **H. 3077 – Redistribution of Electric Generation Property Taxes:** Requires 85% of property taxes for new electric generation to be subject to a state property tax and proportioned among the other counties pursuant to a formula basis. (Died in committee)
15. **H. 3094 – DHEC Restructuring:** Divides up the responsibilities of the Department of Health and Environmental Control. (Died in committee)
16. **H. 3346 – Solar Energy Tax Credit:** Provides a state tax credit for the installation of solar energy equipment in an amount equal to 35% of the cost of the equipment. (Passed the House, died in Senate committee)
17. **H. 3412 – Energy Department Restructuring:** Establishes a State Department of Energy with a director appointed by the governor. (Died in committee)

- 18. H. 3930 – Commercial and Industrial Imported Fuels Reduction Act:** Permits a governing body to establish a district to promote, encourage and facilitate the development of renewable energy and energy efficiency through an assessment for financing such projects. (Died in committee)
- 19. H. 3962 – Buried Power Lines:** Requires an electrical utility to bury all new transmission lines installed in a municipality after January 2, 2012 and all existing transmission lines located within a municipality on a graduated scale before January 1, 2020. (Died in committee)
- 20. H. 4817 – Biomass Purchases:** Provides for incentive payments for alternative fuel purchase and production of electricity or energy from biomass resources. (Died in committee)

B. OTHER LEGISLATION OF INTEREST

- 1. H. 3740 – Permit Denial:** If a person applied for the renewal of a permit issued pursuant to the Pollution Control Act, and the state Department of Health and Environmental Control (DHEC) did not renew or deny the permit renewal or revoke the original permit within six months, the permit would be considered denied. (Failed in a House Subcommittee)
- 2. S. 225 – Texting and Driving:** Makes it illegal to compose, send, or read a text-based communication while driving. (Died on Senate calendar)
- 3. S. 532 – Drug Testing and Employment Benefits:** Halts benefits to a worker who is referred by the South Carolina Department of Employment and Workforce for a job and then subsequently fails to pass the company's required drug test. (Died on Senate calendar)
- 4. S. 591 – Tax Credit for Hiring Unemployed:** Provides for tax credit of \$100 per month per qualifying employee. (Died on Senate calendar)

III. OTHER ISSUES OF INTEREST TO UTILITIES

A. ENERGY ADVISORY COUNCIL

The Public Utilities Review Committee (PURC) appointed a 17-member Energy Advisory council (EAC) charged with addressing how to meet South Carolina's growing energy needs in a way that increases the state's energy security, creates jobs, and protects ratepayers. The diverse EAC has been meeting periodically since September 2010, and have engaged in the following activities:

- Appointed several working groups. The Energy Building Codes Working Group recommended legislation to update the energy code to the 2009 IECC. House Bill 4639 was enacted into law that updated the energy code.
- The EAC commissioned Black and Veatch to conduct a study on the potential for renewable energy resources in SC. Black and Veatch submitted their findings and the EAC received public comments. The Office of Regulatory Staff also studied the potential costs of renewable energy in South Carolina.
- The EAC could not come to a consensus on the findings of the various reports and have engaged the Nicolas Institute from Duke University to reexamine the findings of the various reports, receive additional comment, and make a recommendation to the EAC on how to move forward.
- Action on any legislative recommendations is not expected in the near future.

B. HOUSE REPUBLICAN CAUCUS TAX REFORM STUDY COMMITTEE

Last fall, the House Republican Caucus formed a Caucus Tax Reform Study Committee to examine tax policy in South Carolina. After eight months of study, in March 2012, the caucus presented a comprehensive package of tax legislation:

- Cut business property tax rate from 10.5% to 6%.
- Eliminate two-thirds of sales tax exemptions and provide for sales tax rate decrease.
- Reduce small business income taxes from 5% to 3%.
- Flatten the income tax to three brackets instead of six brackets.
- Review all sales tax exemptions every 5 years.
- Drop the property tax from 6% to 5% on commercial and rental property.
- Eliminate the corporate income tax over four years.

The House ultimately passed two bills in the package. They approved a bill to reduce the small business income tax, and a bill to flatten the income tax to two brackets. The Senate did not act on the tax reform bills.