

Under the Dome – Legislative Report / Summer Update August 31, 2018 | 21-2018

Special Session likely in October

The General Assembly is expected to return in Special Session sometime in October to consider Governor McMaster's FY 2018-19 budget vetoes and potentially debate [S.1258](#) / [H.5341](#) regarding state tax conformity to the federal Tax Cuts and Jobs Act. The issue of tax conformity has proven to be a challenge with scheduling meetings and generally coming to an agreement on whether or not conformity is in the best interest of the state. Most expect the Special Session dates to be set as legislators move closer to reaching an agreement on the conformity initiative, as a Senate Finance Subcommittee hearing and full Committee meeting must be held to pass the bills out to the floor of the Senate for consideration. The [veto on S.1043](#) (Abandoned Buildings Revitalization date extension) and items contained in the [Sine Die Resolution](#) could also be considered in the Special Session.

Board of Economic Advisors Projection

The state Board of Economic Advisors ("BEA") met this past Wednesday and announced final numbers for the FY 2017-18 budget year which ended on June 30th. The state has a revenue surplus of \$172.2 million dollars due to higher than expected individual income tax payments, plus lower than expected refunds. A "stock market rally" in December 2017 contributed to the surplus and other budget items added \$4.9 million dollars resulting in a total budget surplus of \$177.1 million.

The State newspaper [reported on August 22nd](#) that House Ways and Means Chairman Brian White (R, Anderson) already has ideas on how to spend the surplus dollars such as replacing the state's voting machines. The legislature could potentially introduce a supplemental appropriations bill in early 2019.

Public Service Authority Evaluation and Recommendation Committee (Santee Cooper)

The Public Service Authority Evaluation Committee met on Wednesday, August 22nd to receive an overview from Santee Cooper regarding its overall financial health and holdings. The nearly five-hour meeting included in-depth discussion on debt, bond holders and structure, and numerous questions on how different scenarios – such as if the General Assembly were to decide Santee Cooper should be sold – would impact both Santee

Cooper's ability to remain viable and how current electric co-op member rates would be impacted. Highlights of the presentation include:

- Discussion on V.C. Summer Units 2 and 3 site equipment and materials, which the Santee Cooper Board has only approved maintenance and upkeep of through December 31, 2018;
- CFO Jeff Armfield noting \$4.2 billion dollars for the "stranded asset" being written off over the life of the debt – approximately 30 years (Armfield explained that is what Santee Cooper has invested in the project and what could be written off over life of the debt);
- Further clarification on "stranded asset" – Santee Cooper is allowed to write this off, and from an accounting perspective depends on Santee Cooper's ability to set rates;
- Book value of Santee Cooper vs. market value – of major concern to Senator Larry Grooms (R, Berkeley - Santee Cooper headquarters is in his district);
- Major bond discussion and how, should the General Assembly direct the sale of Santee Cooper or certain assets of Santee Cooper, the structure of bond holder payments and other creditors would be affected;
- Rights of bond holders and the bond trustee;
- Credit rating impact to bond holders and Santee Cooper's ability to remain operational;
- Clarification that it is clearly stated in the SC Code of Laws that the state of South Carolina has no responsibility to repay bond indebtedness;
- Two class action lawsuits currently pending against Santee Cooper; and
- Santee Cooper's general impact on the State, properties owned, etc.
- [Click here to review Santee Cooper's complete presentation.](#)

Representative Murrell Smith (R, Sumter) and Senator Paul Campbell (R, Berkeley) – set the following dates for future meetings:

- September 5th – [Agenda](#) – 10:00am, 105 Gressette
- September 19th
- October 3rd
- October 17th

Public Hearings of SCE&G Rate Relief Scheduled

SCE&G customers will have three opportunities to discuss their rates with ratepayers the opportunity to discuss their rates with the Public Service Commission with each meeting beginning at 6:00pm:

- Monday, September 24, Public Service Commission Hearing Room, Synergy Business Park, Saluda Building, 101 Executive Center Drive, Columbia, SC 29210
- Monday, October 8, Aiken County Government Center, 1930 University Parkway, Council Chambers, 3rd Floor, Aiken, SC 29801
- Monday, October 15, Lonnie Hamilton III Public Services Building, 4045 Bridgeview Drive, North Charleston, SC 29405

2018 – Meetings and Events

[Latest Senate meeting posts](#)

[Latest House meeting posts](#)

September 2018	
Wednesday, September 5th – Public Service Authority Evaluation and Recommendation Committee - AGENDA <ul style="list-style-type: none"> - Continued discussion of Santee Cooper’s financial health - Discussion concerning elements of the Coordination agreement between Santee Cooper and Central Electric Power Cooperative 	10:00am 105 Gressette – Live Broadcast
Thursday, September 6th – Governor McMaster’s Opioid Summit 2018 – Link to Register (registration closes August 31 st)	Columbia Metropolitan Convention Center
Tuesday, September 11th – State Regulation of Public Utilities Review Committee <ul style="list-style-type: none"> - Public Hearings re: Applicants for the SC Public Service Commission, Seat 2 	10:00am 207 Gressette
Tuesday, September 18th – House Opioid Abuse Prevention Study Committee Working Group meeting	1:00pm 110 Blatt – Live Broadcast
October 2018	
Thursday, October 11th – Final date for the Joint Citizens and Legislative Committee on Children to hold its Annual Hearings <ul style="list-style-type: none"> - Click here to review hearing dates and locations around the state 	10:00am – 12:00noon AND 5:00pm – 7:30pm 105 Gressette
November 2018	
Tuesday, November 6th – General Election	Governor, members of the House of Representatives and Statewide Offices
Tuesday, November 20th – General Election Run-offs (if necessary)	
Late November – Potential Dates TBA for Prefiled Legislation	

December 2018	
Early to Mid December – Prefiled Legislation to be issued	Historically, Senate and House prefiled legislation has been issued during a two-week timeframe in December
Early to Mid December – Organizational Session for the House of Representatives	Committee assignments, Freshman member orientation, etc. to prepare for 2019 session



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