

Budget Legislation for Fiscal Years 2006 and 2007 Restoring Funding to the Barnwell Extended Care Fund

**The balance of the Barnwell Extended Care Fund is projected
to be \$115 million by the end of Fiscal Year 2007**

Background and Overview

The Barnwell disposal facility extended care fund was established pursuant to Section 13-7-30, South Carolina Code of Laws, to provide funds to pay for the state's continuing responsibilities to monitor and maintain the disposal site for 140 years after its closure. The funds have come from a surcharge on waste disposed at the site that was first imposed in 1972, and from interest earned on the money deposited into the account. Since 1986, the surcharge has been \$2.80 per cubic foot.

The fund reached a peak balance of \$105.8 million in 2001. Due to state revenue shortfall, the General Assembly transferred funds from the Barnwell Extended Care Fund over a three-year period to meet other funding priorities. After legislative appropriations from the fund, the balance dipped to \$23.8 million by January 1, 2005.

The Budget Bill for Fiscal Year 2006, Part IB, Proviso 73.17, provides that up to \$20,472,134 be transferred into the Barnwell Extended Care Fund from moneys collected through the Department of Revenue program of enhanced collections, known as the "Maybank money." Funds are deposited into the Extended Care Fund, and other funds, quarterly throughout the fiscal year, as the money is collected.

In addition to the appropriation in the 2006 Budget Bill, the General Assembly appropriated an additional \$4.5 million to the Barnwell Extended Care Fund in Fiscal Year 2006 from the Capital Reserve Fund. The two appropriations together, along with interest earned on the balance, should bring the fund to a balance of approximately \$50 million by July 1, 2006.

If approved, the Fiscal Year 2007 Budget Bill will appropriate an additional \$64.6 million in unobligated funds to the Extended Care Fund. If the base of unobligated funds is sufficient, this appropriation will complete the restoration of all funds that were transferred from the Fund in the previous years, and will bring the Barnwell Extended Care Fund to a balance of approximately \$115 million once the Department of Treasury completes the transfers directed by the law.

Legislation Restoring Funding to the Barnwell Extended Care Fund

The text of the three bills restoring Barnwell funds is provided below.

1. The following Proviso was enacted as part of the Budget Bill for Fiscal Year 2006 (H. 3716)

Part 1B Provisos

73.17. (SR: Increased Enforcement Collections) For Fiscal Year 2005-06, the Department of Revenue shall continue its efforts pertaining to increased enforced collections as established in Fiscal Year 2004-05.

The department may collect revenues from any source within its jurisdiction, which may include but is not limited to corporate, individual or sales tax collections but especially shall focus on enforced collections and outstanding liabilities.

These funds shall be subsequently deposited in a fund separate and distinct from the general fund as established within the Office of the State Treasurer, except that any motor fuel funds collected as a result of the enforced collection efforts shall be distributed in the same manner as other motor fuel tax revenues are currently distributed. For the fiscal year beginning July 1, 2005 and ending June 30, 2006, the State Treasurer shall disburse the following funds on a quarterly basis:

E16 State Treasurer's Office
Barnwell Subfund 4693 Atmc Wste Brl Fd-
Chm Nclr \$ 20,472,134;

[Note: The law at this point goes on to list numerous other Funds and Subfunds that shall also receive funding through increased enforced collection.]

The funds in this account shall be appropriated for the purposes herein and disbursed quarterly on a pro rata basis as revenue is received subject to the minimum quarterly enforced collections restrictions below; however, no agency shall expend funds appropriated in this provision until they are received by that agency. Unexpended funds appropriated pursuant to this proviso may be carried forward to succeeding fiscal years and expended for the same purpose.

Any excess revenue collected after the above items are fully funded shall be credited to the South Carolina Budget and Control Board Grants Program.

To insure that customary and usual enforced collections are unaffected by this paragraph, the Office of the State Treasurer may not disburse funds from the new account until the following schedule of enforced collections are collected by the Department of Revenue by the end of each quarter in the fiscal year. If quarterly enforced collections do not reach the required levels, distributions from the new account are suspended for that quarter. However, the suspended distribution from the new account shall be made up in subsequent quarters. The required enforced collections by the end of each quarter (excluding amounts in the new account created by the department) are:

July to September 2005	\$ 60,000,000;
October to December 2005	\$120,000,000;
January to March 2006	\$210,000,000;
April to June 2006	\$300,000,000.

The Department of Revenue shall report on a quarterly basis to the finance committees of the General Assembly and to the Board of Economic Advisors on the collections

received in this fund.

If revenues collected and deposited into the new account are less than the amounts appropriated, agencies receiving appropriations shall have their appropriations reduced on a pro rata basis.

The Executive Director of the Budget and Control Board is authorized to use excess appropriations for the current fiscal year, as determined by the Director of the Office of State Budget, designated for statewide employer contributions for other statewide purposes. At the discretion of the Executive Director of the Budget and Control Board, such action may be considered a permanent transfer into the receiving agency's base budget. Funds appropriated in F30, Section 63B, Budget and Control Board, Employee Benefits may be carried forward from the prior fiscal year into the current fiscal year.

2. The following provision transferred funds from the Capital Reserve Fund to the Barnwell Extended Fund in Fiscal Year 2006 (H.3717)

A JOINT RESOLUTION TO APPROPRIATE MONIES FROM THE CAPITAL RESERVE FUND FOR FISCAL YEAR 2004-2005

Be it enacted by the General Assembly of the State of South Carolina:

Appropriations

SECTION 1. In accordance with the provisions of Article III, Section 36(B)(2) and (3), Constitution of South Carolina, 1895, and Section 11-11-320(C) and (D) of the 1976 Code, there is appropriated from the monies available in the Capital Reserve Fund for fiscal year 2004-2005 the following amounts:

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(2) Barnwell Trust Fund \$4,527,866

[Note: The legislation goes on to name various other funds that received funds from the Capital Reserve Fund.]

3. The following Proviso was enacted as part of the Budget Bill for Fiscal Year 2007 (H. 4810)

Part 1B Provisos

73.14. (SR: Unobligated FY 05-06 General Fund Revenue) (A) The source of general fund revenue appropriated in this provision is \$449,544,844 of Fiscal Year 2005-06 unobligated general fund revenue as certified by the Board of Economic Advisors.

This revenue is deemed to have occurred and is available for use in Fiscal Year 2006-07 after September 1, 2006, following the Comptroller General's close of the state's books on Fiscal Year 2005-06.

(B) From such Fiscal Year 2005-06 unobligated general fund revenues the appropriations in this provision are listed in priority order beginning with item (1) and each separate appropriation item or subitem must be fully funded before the next item or

subitem in order is paid. Provided, however, that any individual item may be partially funded in the order in which it appears to the extent that revenues are available.

The following sums are appropriated for the purposes stated:

(1) Trust Fund Repayment:

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c) E16-State Treasurer's Office

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ii) Subfund 4693 Atmc Wste Brl Fd-Chm Nclr (Barnwell) \$64,634,813;

[Note: The legislation lists numerous other funds in addition to the Barnwell Extended Care Fund (Atmc Wste Brl Fd-Chm Nclr)]