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Introduction

Every year, the South Carolina General Assembly introduces, debates, defeats, and passes hundreds of bills. Whether they pass or not, all of them have the potential to affect us in a variety of ways. It’s easy to wish government took a less active and intrusive role in the lives of citizens, but presently, at least, it doesn’t, and what happens at the State House from January to June has a direct bearing on all our lives.

Unfortunately, though, it’s literally impossible for one person to keep track of all the major legislation dealt with by the General Assembly each year. That’s why we publish The Best and Worst of the General Assembly every year. Government officials make it hard enough for average citizens to have any idea what they’re doing. With every major bill quickly and clearly summarized in one document, it’s possible for average citizens – i.e. citizens who lead productive lives and who aren’t full-time Columbia “politics” – to have some grasp of what their elected leaders are doing every year.

This year the legislature did not advance the cause of freedom in any substantial way, and in some respects set it back by, for example, handing the next generation $120 million in debt for the sake of one corporate welfare handout. Still, 2013 was the first of a two-year session, and most of the bills listed in this year’s Best and Worst are still alive for 2014.

The grading system remains the same: Every bill is among the “best” or the “worst.” Although some in the “worst” category are certainly improvable and some classified as “best” aren’t as strong as they ought to be, we’re sticking with the simpler categorization: If legislation makes citizens more free and burdens taxpayers less, it’s among the best. If it limits individual choice and expands government’s role at the expense of taxpayers, it’s among the worst. When you set aside all the politics and wonkish policy arguments, it’s really that simple. The goal, remember, isn’t to make government more efficient or to make South Carolina more attractive to investors; those are happy consequences, not the goal itself. The goal, rather, is to make South Carolina the freest state in the nation. Every bill in these pages is judged according to that criterion.

Our hope is that the 2013 Best and Worst of the General Assembly will aid citizens in the privilege and duty they bear to understand their government – and, of equal importance, to hold their elected leaders accountable.

We have used the following symbols throughout this document to denote “Best” or “Worst” status.

Note: Some flawed bills have received a ‘Best’ designation, indicating that they would at least take a step in the right direction.
Department of Administration

One of the notorious problems with South Carolina’s government structure is that the Budget and Control Board is in charge of procurement, or the purchasing of goods and services by the state. Procurement is an executive function, among other reasons because state purchasing arrangements lead easily to corruption and cronyism, and so one official, not an anonymous board drawn from separate branches, can be held accountable for it. (In the vast majority of other states, the governor is in charge of procurement.)

That’s why, when Senator Hugh Leatherman saw that a bill had passed the Judiciary Committee putting procurement wholly within the executive branch, he moved to have the bill recommitted to the Finance Committee, which he chairs. Senator Leatherman’s position on the Budget and Control Board gives him substantial influence over which companies the state contracts with, and moving procurement to the executive branch would have virtually ended that influence. When the bill emerged from the Finance Committee, procurement was back under a (renamed) hybrid agency that would have left legislative influence on procurement basically unchanged. (For different reasons entirely, the bill later got stymied down in the Senate.)

Infrastructure

South Carolina has the fourth largest state highway system in the country, and roads across the state are in a sad state of disrepair. To address the problem, the legislature passed a proposal, signed by the governor, that would infuse $50 million to the State Transportation Infrastructure Bank – an entity widely known to favor controversial new projects (as distinct from existing roads) and to lavish its funds on a few politically influential counties. Included in the membership of the Commission is State Senator Hugh Leatherman, one of the proposal’s key sponsors.

“The Boeing Bill”

When it was first announced in 2009 that Boeing would be relocating to Charleston, the state legislature had just wrapped up a special session approving nearly a half-billion dollar taxpayer-funded corporate welfare deal. This year, the legislature was already meeting in Columbia when news broke of yet another taxpayer-financed project for Boeing. Speaker of the House Bobby Harrell and Senator Hugh Leatherman got a $120 million bond deal approved by the General Assembly in a flash (their spokesmen called it “The Boeing Bill”). The measure cleared both the Senate and House in just six legislative days, and it was signed by the governor on the seventh. Things can move pretty quickly in Columbia when elected officials have the chance to give away millions of taxpayer dollars – or in this case millions in taxpayer debt – to a company whose profits dwarf South Carolina’s state budget.

Ethics

The House Judiciary Subcommittee and full Committee passed the year’s most controversial ethics bill despite the fact that, breaking with all known precedent, the bill was hidden from public view. It wasn’t made publicly available until the day after the Judiciary Committee sent it to the full House. Here’s why: it decriminalized most ethics violations. The Nerve reported on this ahead of the mainstream media, sparking a frenzy of State House press conferences, vows from lawmakers to amend the “mistake,” and even one very intense press release by the House Majority leader, Rep. Bruce Bannister. The bill was amended several times in a series of closed-door meetings before ultimately passing the House of Representatives. It would go through several mutations before time ran out on the bill in the Senate.
Limited Government

Our politicians’ job isn’t to manage the economy or to devise new ways to make our lives safer or more convenient. Their job is to keep government within its constitutional and practical limits and protect individual freedoms. That’s it. When they instead shield agencies from accountability, take money out of the private sector to perpetuate bureaucratic fiefdoms, take on ill-conceived and unaffordable new projects by simply borrowing more money, and reward their friends and allies with government resources, they’re not doing what citizens send them to Columbia to do.

Government Expansion
Freedom from government intrusion requires constant and deliberate efforts to keep it in check. With a state budget of $24 billion – and with a federal debt load that’s now literally beyond human comprehension – state officials should be finding ways to spend less and ask less of taxpayers. Too often, they’re doing precisely the opposite: devising ways to put government expansion on auto-pilot.

Pay Raises for Legislators
STATUS: Referred to House Ways and Means Committee

H.3108 would raise legislators’ salaries to $50,000 a year starting in 2015. We have long expressed the need for a citizen legislature. Legislators should spend less time in the capital, not more. The more time lawmakers spend in session, the more time they spend in consultation with lobbyists and special interests. Raising legislative salaries would further entrench the concept of the professional legislator – that is, the full-time politician whose goal is to stay in office.

Automatic Pay Raises for State Employees
STATUS: Referred to Senate Finance Committee

S.302 would establish a longevity pay plan for state employees, meaning employees would receive automatic pay raises based on their length of employment. Establishing these kinds of automatic raises disincentives employee performance and makes government less efficient than it is naturally. Employee pay should be based on performance and position responsibility, not seniority.

Holding the Legislature Accountable for Fines and Fees
STATUS: Passed House, Passed Senate

Originally a bill (S.90), this one-year budget proviso would prohibit the General Assembly from authorizing state agencies to increase or implement new fees, penalties, or fines in the annual appropriations bill. Instead, any increase or new fine or fee would have to be authorized in a separate bill. The “Other Funds” section of our budget, which includes revenue from fines and fees, accounts for over one third of the state’s entire budget and has grown at a much faster rate than the General Fund in the past decade. If this bill were enacted, lawmakers would have to own up to these tax increases instead of letting bureaucrats do it with no accountability.

Perpetuating Irresponsible Highway Funding
STATUS: Referred to Senate Finance Committee

S.14 would create a new funding mechanism, the Palmetto Highway Improvement Fund, for the Department of Transportation (DOT) and the State Transportation Infrastructure Bank (STIB) indepen-
dent of the funds the agency already receives from the budget. This new fund would start as 1 percent of all General Fund revenues and would have the potential to grow up to 5 percent of all General Fund revenues. The STIB is a largely unaccountable agency that has a history of serving only a few politically important counties. Rather than expanding its funding, the agency’s responsibilities should be given to the DOT, where at least a level of responsibility attaches to major funding decisions. This isn’t to say the DOT ought to get these new funds: that agency, like every other agency, should receive its funding from the state budget in the appropriations process.

**Debt/Borrowing**

Borrowing money increases the tax burden on future taxpayers, obliging them to send more of their income to government as a consequence of long-ago benefits and preventing them from investing that income in their own work and interests. Elected officials should strive to make the state debt-free. Too often, they use the state’s authority to issue bonds as a way not to limit the size and cost of state government.

**Creating New Debt for a Giant Corporate Welfare Handout**

STATUS: Passed Senate, Passed House, Act No. 13

In addition to the $54.1 billion in bond debt the state was already carrying this year, the legislature approved S.578 in April issuing $120 million in bonds to “help offset some of Boeing’s upfront expansion costs,” as if one of the largest companies in the U.S. couldn’t expand without freebies from South Carolina taxpayers. Making the bill even more egregious was the fact that very few lawmakers had any details of how the money would be spent.

**Funding Road Repairs through Borrowing (H.3710 Proviso/H.3360/731)**

STATUS: Passed House, Passed Senate

In the recently passed state budget is a provision proposed by Senator Leatherman that would transfer $50 million from the Department of Transportation to the highly unaccountable State Transportation Infrastructure Bank (STIB) for bridge replacement, rehabilitation projects, and expansion and improvements to existing mainline interstates. This $50 million could be used to borrow up to $500 million, which would only add to our worsening debt problem.

S.731, as proposed and then amended by Senator Leatherman in the Senate Finance Committee he chairs, would mandate that this money transfer happen annually. If the state does need money for road and bridge repair, there is no reason to give it to the STIB – remember, a full third of its money has gone to a single county (Charleston). Furthermore, there

**Insurance Subsidies for Coastal Residents**

STATUS: Referred to Senate Banking and Insurance Committee

S.569 would seek to further subsidize the choices of people who decide to live in coastal regions of South Carolina. The bill would require the Director of the Department of Insurance to hold annual meetings informing coastal residents among other things of rate discounts insurance companies are compelled by law to give coastal residents who perform certain upgrades on their property (there are state grants available for some of these personal property improvements). Insurers offering residential property policies would be compelled to notify consumers of options to legally decrease their premium costs. The bill would also reward insurers whose coastal market share of homeowners insurance is 80 percent of their statewide market share (those who have a strong presence in the coastal home insurance market). Finally, S.569 would increase the share of the state’s revenue from its tax on insurers’ premiums that goes towards the Hurricane Damage Mitigation Program. This is a special interest bill through and through. Those who choose to live in coastal regions do so knowing they are at increased risk of property damage from hurricanes. It’s not the duty of everyone else to insure their decisions.
are responsible, cheaper solutions, to fix our roads without hiking taxes and borrowing money for later generations to pay back (likely by raising taxes).

**Borrowing Half a Billion Dollars for County Transportation**

*STATUS: Referred to Senate Finance Committee*

S.411 would authorize the issuance of $500 million in general obligation bonds to finance county transportation infrastructure. While South Carolina’s transportation system has its array of problems, those problems have much more to do with the priorities of the State Transportation Infrastructure Bank than any failure of taxpayers to send the state enough money. Spending $500 million that we don’t have is not the solution.

**Giving Legislators More Authority to Issue Bonds**

*STATUS: Referred to Senate Finance Committee*

S.491 would add large “port projects” to the criteria of what can be considered an “economic development project” for the purposes of general obligation bonds. Currently, annual general obligation debt service – interest and capital owed on bonds – is limited to six percent of the General Fund revenue in a given year, and half of one percent can be devoted to these “economic development projects.” Rather than getting the state further involved in the business of investing – an area in which it will always perform badly – lawmakers would do the state more good by abolishing any authority to borrow money for “economic development.”

**Tax Favors**

Every time government offers special tax favors for a specific company or industry, it loads more of the tax burden on everybody who doesn’t receive the favor. Lawmakers should lower taxes on everyone instead of rewarding companies that happen to have talented lobbyists.

**Taxpayer Subsidized Angel Investing (S.262)**

*STATUS: Passed Senate, Passed House, Act No. 80*

H.3505 gives the Department of Commerce power to allocate income tax credits for investments in certain startup businesses. The initiative, commonly referred to as angel investing, has been under way since 2011. Essentially it gives bureaucrats more power to play investment banker with taxpayer resources.

**Another Tax Credit for Darlington Raceway (H.3626)**

*STATUS: Passed Senate, Passed House, Act No. 68*

S.481 would require “a NASCAR-sanctioned motor speedway” to host at least one NASCAR race a year in order to get the admission license tax exemption, instead of requiring a speedway to have at least 60,000 seats. No prizes for guessing which speedway this was written for.

**Subsidizing the Film Industry**

*STATUS: Passed Senate, Passed House, Act No. 26*

S.163 and H.3357 would add more taxpayer-funded incentives to film productions taking place in South Carolina.
SPECIAL TAX BREAKS FOR VOLUNTEER CONSTABLES

**STATUS:** Passed House, Referred to Senate Finance Committee

H. 3089 would allow a tax credit of up to $3,000 for volunteer state constables. The best part of this is that one of the co-sponsors of the tax break is also a volunteer constable.

BUDGET

Every dollar government spends must be taken from taxpayers first. The question policymakers must ask before allocating that dollar to government is not, Is it a good thing? The question they must ask instead is, Is it worth taking it from private citizens to accomplish the end in view? A related question suggests itself, too: Can government accomplish the end better than the private sector? Presently, the answer to both these latter questions is almost always No.

SPENDING $24 BILLION TO FUND STATE GOVERNMENT

**STATUS:** Passed House, Passed Senate

H. 3710, commonly called the state budget, appropriates roughly $24 billion to fund state government for the 2014 fiscal year. As in years past, the House Ways and Means Committee violated state law by refusing to hold joint, public hearings over the governor’s budget, so as a practical matter taxpayers are unlikely to have any idea what’s actually in the budget.

Part 1A of the budget gives an agency-by-agency breakdown of their respective budgets. The recapitulation section of 1A gives a brief breakdown of the total budgets of each agency, including the total General, Other, and Federal Funds spent altogether. Bear in mind that roughly $1.5 billion is omitted from the Federal Funds section; the money (received from the federal government for the food stamp program) is now “transferred” to an “unbudgeted account.”

Finally, Part 1B contains countless “provisos” that allocate even more tax dollars to agencies – allocations that aren’t included in Part 1A. This section is almost impossible for an average person to read and understand, but it does have the virtue of being published on one web page, enabling web users to search the document easily.

IMPLEMENTING ZERO-BASED BUDGETING

**STATUS:** Referred to House Ways and Means Committee

H. 3303 would implement a zero-based budget process in South Carolina. Zero-based budgeting is vastly superior to the current budget structure, which is set up in such a way to ensure constant growth of government and green lighting of superfluous projects. Under zero-based budgeting, agencies must justify their entire budget each year; no expenditure is assumed. In the current budget process, by contrast, once a General Fund line item is approved for an agency in one fiscal year, that line item and its level of funding automatically become part of the agency’s base budget, and its expenditure is simply assumed in the starting discussion for the next year’s budget. Programs, even when proven less than beneficial, are extremely hard to eliminate under this system. Implementing zero-based budgeting would not solve the problem, but it would help to put reins on the growth of government and give proper scrutiny to programs that deserve it.

LIMITING THE CAPITAL RESERVE FUND TO CAPITAL PROJECTS

**STATUS:** Referred to Senate Judiciary Committee

S. 111 will remove the ability to pay for projects other than capital improvements or construction through the Capital Reserve Fund. This should help to cut down on unnecessary spending: without this restriction the Capital Reserve Fund has become a slush fund for lawmakers who couldn’t get their favored spending item into General Funds or provisos.
**Time Wasters**
One of the many unfortunate consequences of South Carolina’s excessively long legislative session is that lawmakers spend time on pointless and ridiculous legislation. This is a waste of public resources, an abuse of the law code, and frequently little more than campaigning on the public dime. A free citizenry should never have to pay their elected officials to waste time.

**“Etiquette Day”**
*STATUS: Introduced and Adopted*

H.3780 declares March 14, 2013 as “Etiquette Day in South Carolina.” Regardless of the varying opinions on the importance of etiquette, bills like this distract legislators, waste time, and provide further backing to the argument that session should be shortened.

**Creating a “Bingo Advisory Committee”**
*STATUS: Requests for Debate*

H. 3765 would create the Charitable Bingo Advisory Committee. This committee’s purpose would be to advise the charitable bingo industry (private lotteries) in complying with laws governing charitable bingo games. Two points are salient here: (a) if the government needs to provide a board to advise private lotteries on how to comply with the law, the law may be too complicated. (b) A private group already provides this service. And (c) why should taxpayer resources be used to provide a service that almost no one will actually use?

**Asking Congress to Give DC Statehood**
*STATUS: Committed to House Judiciary Committee*

H.3178 “memorializes” (a fancy word for “urges”) the U.S Congress to enact legislation making the District of Columbia a state in the full sense of the word. Leave aside the sheer unwisdom of the proposal itself. South Carolina taxpayers don’t send lawmakers to Columbia to air opinions on matters like this.
This year’s budget process took a full six months – Gov. Haley issued her executive budget on December 20, and the General Assembly concluded their veto session on June 27. The House and Senate should have begun joint open meetings on the executive budget on January 30, according to state law. On March 5, the House Ways and Means Committee introduced their $24.2 billion budget. One week later, on March 13, the House spending plan passed.

The Senate Finance Committee’s $24.3 billion budget was introduced May 8. In violation of yet another state law, the Senate did not follow roll call voting procedures when giving the bill second reading. The bill was passed on May 28, with roll call votes on each section. The House and Senate conference committee (made up of three members from each chamber, appointed to work out the differences in the bill) came to an agreement on a $24.3 billion spending plan. That plan passed the General Assembly on June 19.

Gov. Haley issued vetoes worth $95 million – $50.7 million of which was simply a transfer of funds – on June 25. By June 27 the legislature had concluded their consideration of the governor’s vetoes – sustaining only $5.9 million, or about .024 percent of the total budget.
Choice

The private sector uses resources more efficiently and productively than government. That’s why our policymakers should always put decision-making powers – whether about money or property or education – in the hands of individuals and private-sector entities rather than government. When they fail to do so, the societal consequences are predictable: higher prices, higher taxes, overregulation, cronyism, and substandard education.

Prohibiting Smoking Near Where It Is Already Banned
STATUS: Referred to House Judiciary Committee

H.3344 would prohibit smoking within fifteen feet of an entrance or exit of an establishment where smoking is currently banned, and would prohibit smoking in an outdoor gated facility where athletic or other events are held. Much like other laws aimed at eliminating “bad behavior,” this bill would further violate the right of property owners to decide what they allow on their property. Finally, the provisions in this bill are the kind of laws that lend themselves to arbitrary enforcement and abuse of authority.

Health Care
Our policymakers are concerned about the soaring costs of health care, and rightly so. Yet the way to bring those costs down isn’t to bring in more government money and regulation: that’s why they’re high in the first place. The way to bring health care costs down is to remove the barriers to market competition.

Protecting SC Citizens from Obamacare Penalties
STATUS: Referred to House Judiciary Committee

In addition to prohibiting the state from establishing a state health care exchange per the Affordable Care Act (ACA) and allowing the state attorney general to bring an action against anyone causing harm when implementing the federal overhaul, H.3473 would provide tax credits in the amount of the federal penalties imposed for not having health insurance. South Carolinians should not be penalized for choosing not to have health insurance, and these penalties imposed by the federal government hurt the lower-middle class the most since people in this category make too much money to qualify for Medicaid, but don’t make enough money to pay for the ever-increasing health insurance costs the ACA has helped perpetuate. As long as the costs of these tax credits are offset by cuts in government waste elsewhere, this bill would go some way toward protecting South Carolinians from the harmful provisions of Obamacare.

Loosening Employer HMO Regulations
STATUS: Requests for Debate

H.3818 would remove a requirement that employers with over 50 employees who provide health coverage through a health maintenance organization (HMO) also provide a point of service option (POS). Requiring companies offer coverage from a larger selection of programs pushes up employer business costs, and part of this increase is undoubtedly pushed on to employees. Ideally, individuals should purchase insurance independent of their employer. Even if that’s not yet feasible, however, employers should at least be able to offer the insurance coverage they deem best suited to their company and employees. This bill would move the state insurance regulations a step closer to that form of freedom.

To see how your legislator voted on bills in Best & Worst of 2013, please visit scstatehouse.gov/vote-history.php
**Requiring Health Insurance Plans to Cover the Cost of Hearing Aids**

*STATUS: Referred to Senate Banking and Insurance Committee*

*S.65* would require group health insurance plans in South Carolina to cover the cost of providing and replacing hearing aids for individuals under the age of 21. That’s exactly the kind of intervention – requiring all health insurance plans to cover certain conditions – that has driven up the cost of health insurance for everyone over recent decades.

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**Requiring Insurers to Cover Telemedicine**

*STATUS: Passed Senate, Referred to House Labor, Commerce, and Industry Committee*

*S.290* would require that insurers in the state of South Carolina cover the cost of telemedicine services from health care providers. Telemedicine is defined as the delivery of health care, including diagnosis, treatment, or transfer of medical data, by means of interactive audio, video, or data communications by a consulting health care provider to a patient at a referring site. It’s precisely this kind of interference in the health insurance market – requiring every plan to cover so many different treatments and methods of health care delivery – that has caused premiums to rise for the entire population. (Imagine a government mandate requiring all restaurants to serve a list of 20 or 25 dishes: menu prices would double or triple overnight.) Insurers should be able to determine what services their plans cover and consumers should be free to choose among these plans.

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**Education**

What distinguishes many states’ education systems, and South Carolina’s in particular, is an absence of choice. When that changes, the performance of South Carolina’s education system will improve. As long as it doesn’t, it won’t.

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**School Choice?**

*STATUS: Referred to Senate Finance Committee*

*S.279* would allow an annual state income tax deduction up to $2,000 for the parents/guardians of each home-schooled student. It would allow a similar deduction up to $4,000 for each private school student, and up to $1,000 for each student attending a public school outside his/her resident public school district. The bill also offers tax credits to those who donate to organizations that provide primary education scholarships to children who qualify for various kinds of government assistance. Unfortunately, the main provision of this bill (the deductions) falls short of offering to average South Carolinians real alternatives to our current public education system. A $4,000 deduction for a family making the median income in South Carolina would save that family roughly $280 – hardly enough to pay for a private education.

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**Public School Choice**

*STATUS: Recommitted to Senate Education Committee*

*S.313* would implement a school district choice program in South Carolina. In other words, public funding for schools would be directly tied to the student, allowing students and parents to choose schools outside of their district to attend. If a school has failed the student in the past, then under this system the student would now be permitted to shop around for other options, including public charter schools, magnet schools, and other specialized programs. This bill, although limited in scope, would at least introduce free market principles to South Carolina’s consistently bottom-tier public education system.
**REQUIRE HOMESCHOOL CHILDREN TO TAKE STANDARDIZED TESTS**

**STATUS: Referred to House Education and Public Works Committee**

H.3478 would require homeschooled students to take the same annual statewide test as children attending public schools. The bill would also require the test to be administered by certified school district employees, and that the cost of administering the test be paid for by the parents of the home-schooled child if the test is administered in the child’s home. At a time when our public school test performances continue to stagnate or worsen, the state should focus its efforts on students in these institutions, not on further regulating home-schooled children whose academic achievements frequently eclipse their public schooled peers.

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**PROHIBIT COMMON CORE STANDARDS**

**STATUS: Referred to Senate Education Committee**

S.300 would prohibit Common Core State Standards, essentially a national curriculum developed by the Common Core State Standards Initiative, from being imposed on South Carolina. Education is constitutionally a state issue, not a national one. Insofar as government should be involved in education, its policies and standards should be left with a government closest to the people whose children it effects. This bill would ensure that the state’s educational curriculum isn’t micromanaged by Washington bureaucrats with neither interest in nor knowledge of South Carolina students.

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**TAX PRIVATE SCHOOLS IN SAME MANNER AS PUBLIC SCHOOLS**

**STATUS: Referred to Senate Finance Committee**

S.451 would give private schools and home schools the same tax exemptions that public schools get. Tax exemptions are far from ideal. But since they are reality for the present, it’s only fair that private schools and home schools not be put at an unfair disadvantage. This would be a positive step towards giving parents a choice over their children’s education and not penalizing them for choosing private school or home schooling.
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**Prosperity through the Free Market**

Our policymakers speak incessantly about “economic development.” If the goal is really to “develop” South Carolina’s economy, the answer isn’t to manage it or market it with government ad schemes. The answer is to free it. That means making the state’s taxes the lowest in the nation, and its regulations the least burdensome in the nation.

**Taxes**

South Carolina lawmakers are constantly talking about “attracting industry” and making the state “business friendly.” The first and most obvious way to do that – it’s really this simple – is to make sure our taxes are lower than anywhere else.

**Imposing a 62.5 Percent Gas Tax Increase (H.3645, H.3640)**

*STATUS: Referred to House Ways and Means Committee*

If H.3498 were to pass, the gas tax would increase from 16 cents to 26 cents per gallon and would change based on increases and decreases in the price of gasoline. Increased revenue would be divided amongst the counties based on land, population, and roads. As most South Carolina drivers have noticed, the price of gasoline has consistently risen since late 2008, and this increase would add to this burden for all drivers. The bill proposes to offset the increase with a $26 tax credit for 2013 and $56 tax credit for the following two years for each South Carolina-registered vehicle a person owns. South Carolina’s gas tax is the fourth lowest in the nation. That’s a real economic advantage over other states; scrapping it for the sake of increasing revenue would be sheer folly.

**Eliminating Taxes on Capital Gains**

*STATUS: Referred to Senate Finance Committee*

S.57 would eventually eliminate capital gains taxes on trusts, estates, and individuals by gradually increasing the percentage of capital gains allowed to be deducted. Currently at 40 percent, the deduction allowance would rise to 100 percent in 2022 and thereafter. This bill recognizes the importance of capital mobility to a functioning market, and it would make South Carolina an attractive state in which to invest. The General Assembly ought to take that reasoning further and eliminate all income taxes, not just the ones on gains derived from capital.

**Simplifying Income Tax Brackets**

*STATUS: Referred to House Ways and Means Committee*

H.3266 would eliminate the four, five, and six percent income tax brackets and implement just three brackets: Zero percent for those making $0–$2,850, three and three-quarters percent for those making $2,850–$14,250, and seven percent for those making over $14,250. Although this bill goes further than the governor’s proposal of just eliminating the six percent bracket, it would have to go much further to truly relieve the tax burden on South Carolinians and cut off the flow of tax dollars to politicians.
**Eliminating Corporate Income Tax**

*STATUS: Referred to House Ways and Means Committee*

H.3264 would eliminate South Carolina’s corporate income tax over a four-year period, which would be a great step towards making South Carolina an economically competitive state. Legislation like this would best be coupled with the elimination of taxpayer-funded incentives that put small businesses at a disadvantage and haven’t proven to boost the state’s overall economy.

**Tax Credits for Renovating Abandoned Buildings (S.234)**

*STATUS: Passed House, Passed Senate, Act No. 57*

H.3093 would give a person or a business that rehabilitates an abandoned building a tax credit equal to 25 percent of the cost of the revitalization of the building of up to $400,000 per building. The assumption here is that rehabilitating an abandoned building is always and everywhere a wise financial decision. But that is not the case, and public money shouldn’t be used to back investments merely because those investments sound nice.

**Regulation**

South Carolina is one of the most over-regulated states in the nation. That means South Carolina businesses are at a disadvantage when competing with those of other states. Obvious but no less true: That should change.

**Regulatory Reform Act**

*STATUS: Referred to Senate Judiciary Committee*

S.256 would ensure that regulations would have to be approved by a vote of both chambers of the General Assembly. Unelected bureaucrats would not be permitted to in effect make law.

**Requiring Businesses to Make Bathrooms Available**

*STATUS: Referred to House Committee on Labor, Commerce and Industry*

H.3831 would require every store that sells “tangible personal goods” to have a bathroom that would be made available to customers during business hours upon request.

**Shutting Out Competition**

*STATUS: Requests for Debate*

H.4123 would prohibit businesses in Richland County that require a “Retail Dealer License” from opening within five miles of another business which offers the same service.

**Regulating Midwifery**

*STATUS: Referred To House Medical Military, Public, and Municipal Affairs Committee*

H.3731 seeks to regulate natural births by creating a licensure requirement for lay midwives to practice.

**Regulating Interior Designers**

*STATUS: Referred to House Labor, Commerce and Industry Committee*

H.3417 would make interior design a regulated profession.
Self-Governance

Debates over “government restructuring,” “ethics,” and “transparency” can become excessively complicated and confusing. But the issue is actually very simple. The point of legislation on all these topics is to diffuse power and concentrate accountability. In order for a free people to govern themselves, power must be dispersed among many, not concentrated in the hands of a few, and citizens must know who to hold accountable. Any legislation claiming to restructure government, reform ethics laws, or increase transparency that doesn’t achieve these simple aims is going in the wrong direction.

Restructuring

The aim of restructuring isn’t to “save taxpayer dollars” or to make government “more efficient.” These are outcomes, not the aim. The aim of restructuring is to separate powers and therefore establish clear lines of accountability. Restructuring legislation that doesn’t accomplish that aim may reshuffle agencies, but it won’t make government’s officials accountable for their decisions.

Government Reshuffling

(H.3646, S.28)
STATUS: Passed Senate, Passed House, Referred to Conference Committee

S.22 is a government “restructuring” bill that would create a Department of Administration as a part of the executive branch. Unfortunately, like a similar bill that nearly passed last year, both versions of this bill failed to restructure state government in a way that creates a clear separation of powers between the executive, legislative, and judicial branches. Both the House and Senate passed a bill that would eliminate the Budget & Control Board, but create several small hybrid boards instead. As for the improperly mixed functions of government, procurement (a proper executive function) would be placed with the SPAA in the senate version, and given to the SCAA for procurements over $500,000 in the house version. Bonding, a proper legislative function, would be left to the respective authorities in each version of the bill. Finally, deficit recognition, another proper legislative function, is the one area which could potentially be improved upon, as the House properly places this responsibility with the General Assembly while the Senate gives an executive agency the power to recognize agency deficits under $1 million.

Removing the Power of an Unaccountable and Duplicative Agency

(H.3476)
STATUS: Referred to Senate Finance Committee

S.209 and H.3476 would place the State Transportation Infrastructure Bank (STIB) under the state Department of Transportation (DOT) and would further eliminate the STIB’s board of directors. These bills would also make any project for STIB ineligible for funding unless the STIB currently has funds available to see the project through to completion. Moving the responsibility for funding more transportation projects in the state back under the direct control of the DOT would make the department and the executive more accountable for these projects – and would lead to more careful consideration when contemplating controversial projects like the expansion of Interstate 526.

Restoring Judicial Independence

STATUS: Referred to Senate Judiciary Committee

S.197 and S.200 would abolish the legislature’s unilateral power to choose state judges. S.200 proposes a constitutional amendment to provide that Supreme Court justices, judges on the Court of Appeals, and Circuit Court Judges be appointed by the Governor with the advice and consent of the Senate rather than elected by the General Assembly. In addition, it repeals provisions requiring the General Assembly to establish a Judicial Merit Screening Commission.

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S.197 would amend the state code to provide these same provisions for appointing Family Court and Administrative Law Court judges.

Currently, South Carolina is the only state in the nation in which the legislature is involved in both the nominating and appointment process of state judges. Enacting these reforms would eliminate lawmakers’ power of being the only ones who have a say in who is judging the laws they make. Additionally, it would give the governor, who represents the entire state – not just a district – some say in making judicial appointments.

**Shortening Session**

**STATUS:** Passed the House, Referred to Senate Judiciary Committee

**H.3340** proposes a constitutional amendment that provides that the General Assembly not convene until the second Tuesday of February and must adjourn sine die no later than the first Thursday in May. The longer lawmakers are in session, the more time they have to spend money on superfluous programs, listen to lobbyists and consultants, make decent legislation egregious, and pass ridiculous and time-wasting resolutions.

**Enforcing Agency Audits Every Five Years**

**STATUS:** Referred to Senate Judiciary Committee

**S.104** would require the Legislative Audit Council (LAC) to conduct audits of state agencies every five years and submit reports on their findings. Currently, the LAC only conducts audits if “authorized by the council, upon request of the General Assembly or either of its respective bodies, a standing committee, the Speaker of the House, the President Pro Tempore of the Senate, or not less than five members of the General Assembly.” Making audits less prone to the whims of the all-powerful legislature and thus more objective is a reasonable idea.

**Ethics**

What should drive efforts to reform our ethics laws is this simple principle: that elected officials are under the law, just like those they represent. Citizens are free only when they are governed by laws rather than men. This principle seems to be missing in too many “ethics reform” bills.

**Creating a “Commission on Ethics Enforcement and Disclosure” (H.3772)**

**STATUS:** Passed House, Set for Special Order in Senate

**H.3945** was originally an attempt by the House leadership to quietly decriminalize violations of the state ethics code and force citizen activists to register as lobbyists. The Senate version of this bill restored the criminal penalties but wasn’t otherwise a great deal better. The bill did have a surprisingly strong income disclosure provision, but it actually rendered the most notorious problem with the state’s ethics laws – legislative self-policing – worse. Although investigative powers are given to the Ethics Commission, the House and Senate ethics committees would remain in business, and the Commission itself would become another tool of the legislature. Whereas currently its members are appointed by the governor with advice and consent of the legislature, under H.3945 the legislature and the governor would unilaterally appoint four, respectively, of the Commission’s members.

**Strengthening Ethics Laws (S.13)**

**STATUS:** Recommitted to House Judiciary Committee

**H.3407** would improve South Carolina’s ethics laws in a number of important ways. The bill would prohibit political action committees, or PACs, organized by or for constitutional officers or members of the General Assembly; allow General Assembly members to be investigated by the State Ethics Commission; require disclosure of all governmental income including income from the federal government; prohibit lawmakers from serving as lobbyists for five years after leaving office instead of one; strengthen the reporting requirements for gifts or remuneration from lobbyists, vendors, and employers; and require copies of receipts for all campaign expenditures to be included on certified campaign reports. The bill, by making members of the General Assembly accountable to an independent agency – the Ethics Commission – appears to be a serious attempt to strengthen our state’s ethics laws.
ENDLING LEGISLATIVE SELF-POLICING
STATUS: Referred to Senate Judiciary Subcommittee

S.347 would eliminate the House and Senate ethics committees and make lawmakers accountable to the State Ethics Commission, as other elected officials are.

PROHIBITING NEPOTISM IN UNIVERSITY BOARDS AND THE JUDICIAL BRANCH
STATUS: Referred to House Judiciary Committee

H.4068 would prohibit members of the General Assembly and their immediate family members from being elected or appointed to boards of public colleges and universities for one year after the legislator is no longer in office. The code would also be amended to prohibit immediate family of state lawmakers from being elected to a judicial office during the lawmaker’s tenure in office and for one year after he or she has left office. The timing of this bill could quite possibly be a reaction to a joint session this year in which a brother of a lawmaker, sister of a lawmaker, and a former lawmaker were all elected to university and college boards. Nepotism is rampant at high levels of South Carolina state government; the changed proposed in H.4068 would therefore be welcome.

HIGHER EDUCATION RESTRUCTURING

Soon, if indeed it hasn’t happened already, South Carolinians who’ve paid taxes all their lives will not be able to send their children to a state university. Why? Because these allegedly public institutions have priced them out of the market. At a time when higher education institutions have become notorious for sky-high tuition, overpaid administrators, and mission creep, restructuring South Carolina’s unaccountable public colleges ought to be a priority.

BASEING HIGHER ED BUDGET ON BASE STUDENT COST
STATUS: Referred to Senate Education Committee

S.89 would have the General Assembly establish a higher education base student cost each year. Each public higher education institution would then only be funded based on the number of students enrolled multiplied by this base student cost. Public universities have seen their funding increase even as graduation rates have decreased. Preventing these institutions from arbitrarily increasing their budgets is therefore in the interest of taxpayers.

EXEMPTING EMPLOYED 60 YEAR OLDS FROM PAYING TUITION
STATUS: Passed Senate, Referred to House Ways and Means Committee

S.259 would exempt South Carolina citizens 60 or older who receive compensation as full-time employees from paying tuition at state universities under the jurisdiction of the State Board for Technical and Comprehensive Education. At a time when tuition for South Carolina universities continues to rise and when the young are accumulating shocking levels of debt as a result, why would the state exempt older citizens from paying for education? Medicare and Social Security operate essentially by redistributing wealth from the relatively poor young to the relatively wealthy old: there’s no good reason for South Carolina to further contribute to this trend.

CREATING A BOARD OF REGENTS
STATUS: Referred to Senate Education Committee

S.68 and H.3132 would place public higher education institutions under a governing body. Rarely would the Policy Council advocate the creation of any government entity, but the reality is that the state’s public colleges and universities – which, whether their administrators admit it or not, are in fact state agencies – simply do what they want, without regard to the interests of the state or its taxpayers. Hence the mission creep, mindless duplication of programs, and outrageous upward spiral of tuition. A Board of Regents would not put a stop to all of this, but it would at least be empowered to put a check on the seemingly never-ending growth of what is now ominously called the “higher education sector” in South Carolina.
TRANSPARENCY

Every purchase or decision made by government must be visible to the taxpayer. When it isn’t, government authority expands into areas over which it has neither the right nor the competence to govern.

Repealing Joint Open Budget Hearings Law

**STATUS: Referred to House Judiciary Committee**

H.3647 would repeal a section of state code, 11-11-90, which mandates that House and Senate budget-writing committees meet in joint open sessions at the outset of each budget year in order to consider the governor’s executive budget. The aim of the law is to allow the public to have some input into the state budget as a whole. In practice, lawmakers consistently ignore 11-11-90, with the result that the public has little idea of what’s actually in (or not in) the state budget until very late in the appropriations process. Which is evidently how the sponsors of this bill like it.

Prohibiting Taxpayer-Funded Lobbying

**STATUS: Referred to House Judiciary Committee**

H.3152 would make it unlawful for a state entity to spend public money on a lobbyist. Taxpayer-funded lobbying is one of the key drivers of budget increases: the practice funnels money to people whose job is to make sure state agencies get budget increases. In the past, such bills have been amended to only apply to General Fund dollars. As the bill stands now, “public funds” means all public funds, including revenue from fines and fees (what the state budget calls Other Funds).

Depositing State Agency Collected Funds in the General Fund

**STATUS: Referred to House Ways and Means Committee**

H.3299 would require that all funds collected by state agencies, with a few exceptions, be deposited in the state’s General Fund. (The exceptions: tuition, funds dedicated to debt service, funds for e-filing of court documents, and funds dedicated to a specific purpose.) This reform would allow for increased transparency and heightened scrutiny of the budget. That’s true for two reasons. First, the General Fund is the portion of the budget most commonly reported on by the media and is often erroneously labeled as the entire budget; transferring more spending to this fund would allow the public a better idea of the size of the budget. And second, Other Funds (fine and fee revenue) are currently grouped together with Federal Funds in section 1A of the budget, making it difficult to determine exactly how many state agency and federal dollars are going to different programs. While this bill stops far short of clarifying the state budget’s opacity, any component of transparency is a welcome one.

Strengthening FOIA

**STATUS: Recommitted to House Judiciary Committee**

H.3163 would strengthen the state’s Freedom of Information law by stipulating that records must be furnished at the lowest costs to the person who requested them. The monetary deposit requested by the agency couldn’t be more than 25 percent of the total cost of furnishing the documents. A response would have to be given within seven calendar days of the request, and if granted it would have to be made available in 30 calendar days. The bill fixes some issues with the current FOIA law, but it does not deal with one of the worst parts of the law: state lawmakers’ exemption from it. Strong as this bill is, lawmakers should be ashamed to pass it if they’re not going to strike their exemption.

Requiring Local Lobbyists to Register With the State Ethics Commission

**STATUS: Passed Senate, Referred to House Judiciary Committee**

S.601 would extend the registration requirement currently in place for state-level lobbyists to the local level – a logical extension since a great deal of economic development lobbying is done at the local level.
Civil Liberties
Civil freedoms are under threat across the nation – banning smoking on private property, telling restaurants what kind of foods and drinks they can’t sell, collecting personal information from citizens who’ve done nothing wrong, etc. Our lawmakers should be vigilant in the protection of these freedoms.

Ban on Unlawful Seizure of Recording Devices
STATUS: Referred to House Judiciary Committee
H.3059 would make it illegal for a police officer to confiscate recording devices (cell phones, video recorders, etc.) provided that the recording device doesn’t “substantially impede or interfere with the investigation or arrest.” The maximum punishment for an officer doing this would be a $500 fine or imprisonment for 30 days. While this bill is a small step in the right direction, the phrase “substantially impede or interfere with the investigation or arrest” is still too broad and open to interpretation.

Restricting the Use of Drones by Police Agencies (H.3415, H.3514)
STATUS: Referred to Senate Judiciary Committee
S.395 would prohibit state agencies from owning or obtaining drones to be used for surveillance of individuals. The bill would also have restricted the use of drones to cases where criminal search warrants were first obtained. The South Carolina Constitution protects against “unreasonable invasions of privacy” (Article 1, Section 10).

Prohibiting Texting While Driving
STATUS: Referred to Senate Judiciary Subcommittee
S.416 created a ticketable offense for persons who use their cell phones to text while operating a motor vehicle. The law requires that law enforcement may not stop a driver unless there is probable cause that a violation has occurred. Yet it’s incredibly difficult to see what a person is or isn’t doing inside a vehicle, and there are already laws against reckless driving. In any case, why single out texting? Wrecks occur all the time as a result of drivers talking, falling asleep, or trying to light cigarettes. Making these offenses would be as impractical as enforcing a law against texting while driving.

Creating a Public Litter Offender Registry
STATUS: Referred to Senate Judiciary Committee
S.199 would require the Department of Health and Environmental Control to post a registry of convicted litter offenders in a “conspicuous location on the department’s Internet website.” We already have laws against littering. If litter continues to be a problem, the reason is almost certainly that the laws are enforced with insufficient consistency. Publicly shaming the few people caught littering is highly unlikely to remedy the problem.

Property Rights
If the right to own private property is compromised, so is every other right enshrined in the U.S. Constitution. Lawmakers have a duty to
reject every attempt to tamper with property rights, whether or not they agree with the ends in view.

**Creating an Unaccountable “Enterprise Division” for Clemson (H.4039)**

**STATUS:** Passed Senate, Referred to House Ways and Means Committee

S.535 would establish an Enterprise Division as a part of Clemson University. Various assets, programs, and operations of the university would be transferred to this new division, and the division would be exempt from certain laws governing procurement, human resources, personnel, and disposition of property. Furthermore, the Enterprise Division would have the power to acquire property under terms it considers appropriate, retain services of consultants and attorneys, issue bonds, enter relationships with non-profits, and even finance capital improvements, which wouldn’t be subject to normal procurement processes.

**Authorizing Counties to Monitor your Lawn Upkeep**

**STATUS:** Referred to House Committee on Medical, Military, Public and Municipal Affairs

H.3288 would grant county governments the authority to make laws requiring that property-owners keep their lots clear of “rubbish, debris, and other unhealthy and unsightly material or conditions.” The bill would also allow county authorities to “correct” the lot’s conditions and then pass the costs back to the property owner as a lien on the property collectible as county taxes. This is a clear violation of property rights, and activities of this kind should be left to private homeowners associations and the like.

**Protecting Property Rights**

**STATUS:** Referred to House Judiciary Committee

H.3040 would prevent the indefinite holding of citizens’ property by law enforcement agencies. All property seized would have to be returned to its rightful owner within 30 days unless a court finds probable cause.

**Guns**

Lawmakers are always tempted to “do something” about bad things, and that’s certainly been true in the area of firearms. But individual liberty can guarantee security better than government can, and politicians have a duty to prize liberty over the appearance of good intentions.

**H 3560 Mental Health Database for Gun Background Checks (H.3564, S.413)**

**STATUS:** Passed the House, Passed the Senate, Act No. 22

H.3560 would require persons deemed mentally ill by a court to be reported to the State Law Enforcement Division, which would forward the information to the federal database. When a person deemed mentally ill attempts to buy a handgun, he or she would be flagged in the database and prevented from purchasing the gun. The intentions here are good, but it’s far more important to withhold from government the power to deem people mentally unfit for activities of its choice – a power that can lead easily to abuse.

**Prohibiting Healthcare Providers from Inquiring into Gun Ownership**

**STATUS:** Referred to House Committee on Judiciary

H.3416 would seem to protect the right to privacy by prohibiting health care professionals from inquiring about one’s ownership of a firearm. However, with the number of exceptions for which a health care professional can inquire about one’s firearm ownership, the attempt is close to meaningless.

**Permitting CWP Holders to Carry in Restaurants**

**STATUS:** Passed the Senate, Passed the House

S.308 would allow individuals with a Concealed Weapons Permit (CWP) to carry in restaurants that serve alcohol unless otherwise prohibited by the business owner. The bill took some interesting turns during its debate, including a compromise in the Senate that would have imposed a curfew for CWP holders in these establishments. That provision was rejected by the House. The Senate now has the option to adopt the House version.

To see how your legislator voted on bills in Best & Worst of 2013, please visit scstatehouse.gov/votehistory.php
Independence from DC

South Carolina is a republic, not a vassal state of the federal government. In recent decades, however, the federal government has offered billions of dollars to the state – money enthusiastically accepted by the legislature through the state budget – and by that means effectively forced South Carolina into policy changes taxpayers did not ask for and don’t want. The first and best way to push back against the federal government’s hegemony is for lawmakers to turn down the money: without a transfer of funds, federal regulators have little power over state policymakers. But there are ways of resisting unconstitutional power through legislation, too, and lawmakers are right to consider them – so long as they are more than rhetorical gestures.

Nullification

The concept of “nullification” is back. Its effectiveness is untested; it may or may not be an effective way to push back against federal overreach. What South Carolina lawmakers proved beyond doubt in 2013, however, is that the presence of the word “nullify” in legislation doesn’t make it about nullification.

“Nullifying” Obamacare (S.147)

 STATUS: Passed House, Set for Special Order in Senate

H.3101 seems to have been written with the purpose of blocking the implementation of Obamacare in South Carolina. Once the bill began to be debated, however, it was evacuated – to the point at which it no longer “nullifies” anything. The bill’s carefully crafted language would allow outright participation in some of Obamacare’s most detrimental provisions, including Medicaid expansion.

National Defense Authorization Act Nullification

 STATUS: Passed Senate, Referred to House Judiciary Committee

S.92 asserts state sovereignty by prohibiting state agents from assisting the federal government in violating state citizens’ civil liberties through unlawful detention.

Refusing to Enforce Limitations on Constitutional Rights

 STATUS: Referred to Senate Judiciary Committee

S.316 seeks to obviate federal limitations on citizens’ Second Amendment right to “keep and bear arms” by refusing to enforce those laws.
Health Care Intrusion

With federal money comes federal control. That is as true in health care as it is in education, road construction, and welfare. The most effective way to resist federal control in health care is therefore to reject Washington’s money.

Expanding Medicaid per Obamacare

**STATUS: Referred to House Ways and Means Committee**

**H.4095** would in effect opt the state into the expansion of Medicaid under the Affordable Care Act. The bill expressly states that the Department of Health and Human Services would create a new program – the Responsible Consumer Health Care Program – funded “through Medicaid expansion funds provided pursuant to the Patient Protection and Affordable Care Act.”

Prohibiting Medicaid Expansion Under the Affordable Care Act

**STATUS: Referred to House Ways and Means Committee**

**H.3355** would prohibit the state Department of Health and Human Services from implementing or otherwise participating in expansion of the state’s Medicaid program under the Affordable Care Act. While the federal dollars that come with Medicaid expansion may be tempting to some, there is no empirical evidence that expansion will produce the benefits its backers claim, and South Carolina will be hard pressed to come up with its required share of spending for the program. This bill is an important attempt to keep state spending in check.

Rejecting State Health Care Exchange

**STATUS: Passed House, Referred to Senate Banking Committee**

**H.3096** would mandate that the state not establish or operate an American Health Benefit Exchange as provided for in the federal Affordable Care Act. Creating an exchange would not give our state any real flexibility in health care. Furthermore, since South Carolina’s biggest insurer already controls 65 percent of the market, more regulation will only hurt other competing insurance companies, giving patients fewer choices and therefore higher prices. The governor has indicated that she will not use state resources on an exchange, but a law to solidify that decision seems wise.
The South Carolina Policy Council was founded in 1986 as an independent, private, non-partisan research organization to promote the principles of limited government, free enterprise, and individual liberty and responsibility in the state of South Carolina.