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Feb 8

**Click here** for a printable version of the *Competitiveness Update*.

**Thumbs Up:** To House Speaker Bobby Harrell (Charleston) for leading the infrastructure conversation in the

### **House Takes Action on Infrastructure**

This week, conversations continued on finding a sustainable, recurring source of funding for South Carolina's roads and bridges in the business community's *Road Map to the Future*, the General Assembly has an array of common sense options available for infrastructure that do not increase taxes or fees.

One proposal gained momentum this week in the House. Legislation to move the sales tax on vehicles from the General Fund Highway Fund passed a House Ways and Means subcommittee. The legislation, introduced by House Speaker Bobby Harrell, was amended to exempt 20 percent of the dollars that currently go to education funding. The legislation would phase in the funds over two years, resulting in approximately \$80 million in infrastructure dollars. The legislation will be considered by the Finance and Means Committee in the coming weeks.

The legislation is one component of the business community's *Road Map to the Future*, but cannot be the only mechanism for a session to #InvestInOurRoads.

### **Finance Committee Continues Work on Dept. of Administration**

A Senate Finance subcommittee, chaired by Senator Thomas Alexander (Oconee), heard testimony from three speakers this week and will not take action on legislation to create a Department of Administration. Dr. Fred Carter, former executive director of the South Carolina Budget and Control Board, told the committee that agency deficits should be reported and resolved by the General Assembly, but that does not take place under the current structure.

The comprehensive legislation transfers powers back to the executive branch and increases legislative oversight and accountability. The Senate Finance Committee will consider the bill on Tuesday, February 19 before sending the legislation back to the Senate floor for an interrupted debate priority status.

### **DEW Changes Delivery of Services**

This week, the South Carolina Department of Employment and Workforce (DEW) announced there would be staff reductions at impacted offices due to a decrease in federal funding from the U.S. Department of Labor. The reduction in funding has been attributed to South Carolinians filing for unemployment insurance benefits. DEW notes that in the last week of January 2011, there were more than 60,000 claims filed for benefits. Conversely, in the same week of 2013, just over 60,000 claims were filed. Claimants will no longer be able to receive unemployment benefits in person at the impacted offices.

DEW representatives, who testified in front of a Senate Labor, Commerce and Industry subcommittee chaired by Kevin Bryant, also informed members of the General Assembly that there are three statutory changes that have been mandated by the U.S. Department of Labor that must be implemented by October. Those changes include imposing a monetary penalty on claimants who receive incorrect overpayments, providing for penalties against employers who have a habit of not responding to claims that then result in an overpayment to a claimant and expanding the definition of a "newly hired employee."

During the hearing, Senator Bryant (Anderson) expressed concerns over the agency still being singled out as one of the national agencies with the highest overpayments. DEW says it is continuing its work to improve and is waiting on the U.S. Department of Labor to provide a free and better safeguard employer taxes paid into the Unemployment Insurance (UI) Trust Fund. The South Carolina Chamber of Commerce believes that DEW should take all the necessary steps to protect employer tax dollars from any sort of improper benefit payout.

include overpayments and fraudulent payments.

### **Angel Investment on Senate Floor**

This week, the Senate Finance Committee passed S.262, legislation creating an angel investment fund and focusing on private help start-up ventures flourish. The legislation was authored by Senate Finance Committee Chairman Hugh Leatherman (Florence). The South Carolina Chamber has consistently supported this legislation, which narrowly failed to pass in 2012. S.262 includes an \$5 million and will sunset in six years. The legislation now moves to the full Senate.

### **Workers' Compensation Legislation Vetted**

This week, the House Judiciary Special Laws subcommittee chaired by Representative Jenny Horne (Dorchester), began debating legislation offered by Representative Tommy Pope (York) that would expand workers' compensation coverage for workers with mental illnesses. The legislation is a result of *Bentley v. Spartanburg County*, a case in which a Spartanburg sheriff's deputy was a suspect in the line of duty and claimed to have suffered from post-traumatic stress disorder (PTSD).

The Workers' Compensation Commission (appellate panel) unanimously denied the claimant benefits because "he failed to meet the burden of proof in establishing a compensable mental injury that arose out of an 'unusual or extraordinary condition' of employment for the Spartanburg County deputy sheriff." The law enforcement community is seeking certain protections to ensure that officers and employees mentally injured in the line of duty in "unusual and extraordinary" circumstances are able to be compensated for those injuries.

As drafted, the legislation does not limit compensation to just law enforcement and firefighters. The business community is opposed to the legislation as drafted because it could result in a drastic increase in workers' compensation claims due to normal stress related to the job, driving workers' compensation premiums for employers even higher. The South Carolina Chamber is working with policy makers in the law enforcement community to craft a fix to the 3-2 South Carolina Supreme Court decision without exposing private sector employees to additional claims and costs.

### **In Other News...**

The Senate Banking and Insurance Committee reported out favorably the appointment of **Ray Farmer** to lead the **South Carolina Department of Insurance**. The appointment now moves to the full Senate for approval.

**Mike Burns** defeated Chris Sullivan in the **Special Republican Primary Runoff** for House District 17 (Greenville) and will now be unopposed in the Special General Election on March 12.

The following candidates for the **1st Congressional District** will face Special Republican and Democrat Primaries on March 12. Republicans: Keith Blandford, Curtis Bostic, Ric Bryant, Larry Grooms, Jonathan Hoffman, Jeff King, John Kuhn, Tim Larkin, Tom Limehouse, Peter McCoy, Elizabeth Moffly, Ray Nash, Andy Patrick, Shawn Pinkston, Mark Sanford and Teddy Turner. Democrats: Elizabeth Colbert Busch, Ben Frasier and Martin Skelly. Primary runoff elections will be held April 2 if necessary.

The **House** will be on **furlough** next week and will return to Columbia Tuesday, February 19.

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