

Key Legislative Issues



Here is a summary of the issues the Forestry Association is working on this year at the South Carolina Statehouse.

■ **Protecting Agriculture.** Since 2016, the House Tax Policy Review Committee has been considering reforming the state's tax code including eliminating sales tax exemptions. The Committee unveiled draft legislation that would cut South Carolina's sales tax rate from 6% to 3%. To accomplish this, all sales tax exemptions would be eliminated. Important sales tax exemptions for forestry are off-road fuel, replacement parts, logging equipment and certain manufacturing machinery and equipment. In addition, the proposal calls for the sales tax to be levied on all services, most of which are not currently taxed. On March 1, the House Tax Policy Review Committee decided not to introduce a bill to eliminate the sales tax exemptions this year but stated they will take the issue up in 2019.

It should be noted that the Committee intends to address property taxes in the future. The Forestry Association will aggressively work to protect the agriculture use exemption for timberland and sales tax exemptions for the wood supply chain.

■ **Protecting Dam Owners from Excessive Regulations and Compliance Costs.** House Bill 3218 passed the House during the 2017 legislative session. This bill increases the number of dams that would be regulated by the Department of Health and Environmental Control pursuant to the Dams and Reservoirs Safety Act. The legislation is pending in the Senate Agriculture Committee. The Forestry Association and the Farm Bureau are working on a proposed amendment to provide up to a \$50,000 tax credit to offset the cost of repairs that are required because a dam has been reclassified by DHEC. According to DHEC, the Dam Safety Program has greatly improved since the historic 2015 flood. In 2016, the General Assembly increased funding for the Dam Safety Program by \$595,000 and increased staff from 7 to 15. This raises the question of whether additional dam regulations are necessary.

■ **Conservation Bank.** The mission of the Conservation Bank is vital to the State of South Carolina and the Conservation Bank should be preserved. Most conservation easements allow for the harvesting of timber. The Conservation Bank should not mandate public access when awarding grants for conservation easements. The overwhelming majority of private timberland owners will not agree to allow citizens unrestricted access on their private property. House Bill 4727 that re-authorizes the Conservation Bank passed the House by a vote of 107 to 3 on February 14. An amendment was adopted that increased the cap for conservation easements to \$1 million and provides that easements valued at more than \$1 million are required to receive approval from the State Fiscal Accountability Authority (formerly the Budget and Control Board). The State Forester would serve on the Conservation Bank Board as a voting member. In addition, the House Ways and Means Committee funded the Conservation Bank with \$8.5 million. On March 8, the Senate Natural Resources Subcommittee held a hearing on H. 4727. The Senate subcommittee struck the House provision making the State Forester a voting Conservation Bank Board member and adopted an amendment to put the Chairman of the SC Forestry Commission on the Conservation Bank Board as a non-voting member. In addition, language was added to include forestry to the list of qualification criteria to be considered for appointments to the Conservation Bank Board or when hiring the Conservation Bank's executive director.

■ **Reforming the Automatic Stay in Contested Cases.** Under current law, a plaintiff can receive an automatic stay for an indefinite period of time when contesting a permit without offering any evidence that a permit should not be issued for a project. The Forestry Association believes this is unfair and can lead to unnecessary delays with important projects. On March 9, 2017 the Senate passed S. 105 reforming the issuance of an automatic stay in contested cases by allowing after 90 days a party to move to have the stay lifted. The House of Representatives passed S. 105 by a vote of 86 to 30 on February 27, 2018. S. 105, the Automatic Stay bill, was endorsed by the FASC Board of Directors. The legislation is headed to Governor McMaster for his signature. McMaster previously endorsed the legislation.

■ **Liability Insurance Costs for Log Trucks.** The Forestry Association is working

with Governor McMaster and the Department of Insurance to identify solutions to the insurance crisis facing log truck owners. Insurance rates have tripled for many companies. The Insurance Department released its report identifying the factors driving up insurance costs on January 19, 2018. The Forestry Association is working with Rep. Jay West, Chairman of the House Transportation Subcommittee, on holding hearings to address the issues identified in the report. The Subcommittee has already taken action on one issue identified in the report - distracted driving. Distracted driving such as cell phone usage and texting is seriously impacting insurance premiums due to accidents caused by texting and driving. On March 7, the Transportation and Motor Vehicle Joint Subcommittee passed House Bill 4480 sponsored by Rep. Bill Taylor that increases penalties for using cell phones including texting while driving.

■ **Supporting efforts to increase CDL Drivers.** The forest industry needs more CDL drivers. The Forestry Association supports Be Pro Be Proud and other programs to recruit and train CDL drivers. The Forestry Association working with the Associated Industries of SC gained Governor McMaster's endorsement of the Be Pro Be Proud program. The Governor provided \$950,000 for the program in his Executive Budget. The House Ways and Means Committee did not fund the program. The Forestry Association is requesting that the Senate provide funding for Be Pro Be Proud. SC Secretary of Commerce Bobby Hitt supports the Be Pro Be Proud program and has committed to assisting the Forestry Association with securing funding in the SC Senate.

■ **Support SC Crop Pest Commission's (Clemson) Statewide Quarantine on Emerald Ash Borer.** On October 2, 2017 a statewide emergency quarantine was declared for the insect pest Emerald Ash Borer. The Forest Industry prefers a statewide quarantine as opposed to a county by county quarantine. On January 15, 2018, the Forestry Association submitted comments supporting the statewide quarantine to the Crop Pest Commission. The General Assembly must approve the SC Crop Pest Commission's action. The House Regulations Committee approved the EAB Quarantine Regulation on March 8. The Senate Agriculture Committee is expected to address the EAB quarantine before the end of the legislative session.

■ **Protecting Private Property Rights against Eminent Domain.** The General Assembly passed Senate Bill 868 which prohibits petroleum pipeline companies from having eminent domain authority until June 30, 2019. The Petroleum Pipeline Study Committee issued a report in December 2017 to the General Assembly. Senators Tom Young, Brad Hutto and Shane Massey introduced Senate Bill 1101 and Rep. Bill Hixon introduced House Bill 5109 to extend the prohibition against pipeline companies having eminent domain authority until November 30, 2020 allowing the General Assembly more time to address this issue.

■ **Prohibiting Counties from putting Unauthorized Agricultural Use Exemption Requirements on Timberland Owners.** Last year, the General Assembly adopted Proviso 113.8 in the State Budget. The proviso authorizes the State Treasurer to withhold state funds from any county requiring landowners to obtain a forest management plan before approving an application for an agricultural use exemption on their timberland. FASC is seeking renewal of the proviso. The House Ways and Means Committee included the proviso in the 2018-2019 Budget Bill.

■ **SC Forestry Commission Budget.** The House Ways and Means Committee provided the State Forestry Commission with \$945,000 to replace Declining Federal Funds including funding for the Forest Inventory and Best Management Practices programs, \$1.5 Million for Employee Benefits and Retention, and \$1.5 Million non-recurring for Firefighting Equipment. FASC is placing a high priority on obtaining funding for the FIA and BMP programs.

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