

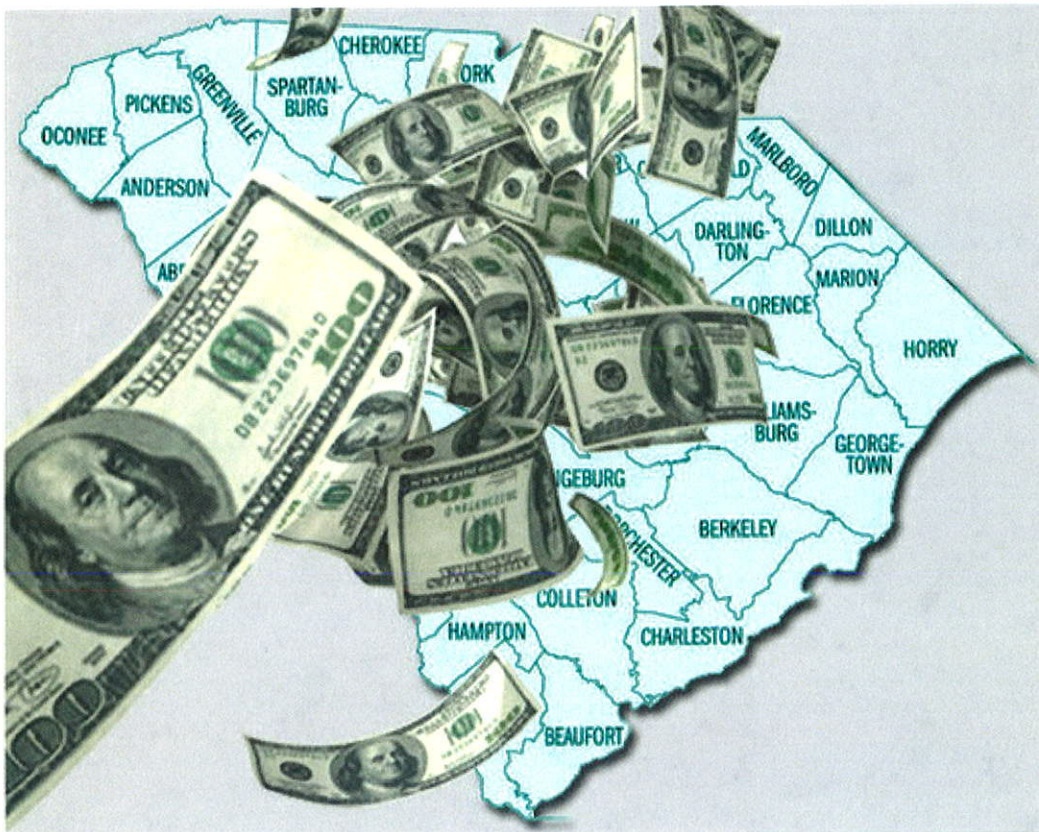
The State

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SC closes year with higher-than-expected surplus

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THE STATE

By SEANNA ADCOX — Associated Press

COLUMBIA, S.C. — South Carolina ended the fiscal year with a higher-than-expected surplus, handing legislators an additional \$68 million to distribute next year.

The fiscal-year closing report issued Wednesday by the state's chief accountant shows South Carolina collected more than enough taxes to fund every item on the Legislature's priority list for surplus revenue, as well as the full \$50 million for bridge repair.

"The results of what we closed out support that economic conditions look strong for the state," Comptroller Richard Eckstrom told The Associated Press on Friday. "Operating conditions look pretty sound."

He noted the \$6.2 billion "spent" in the year that ended June 30 included \$282 million set aside in a rainy-day fund, which represents 5 percent of the prior year's general fund revenues. That's more than legislators were required to have in the reserve account. A constitutional amendment approved by voters in 2010 allowed lawmakers to incrementally increase the reserves, but legislators hit the 5 percent mark two years ahead of schedule.

Eckstrom called that a significant plus.

"I think that's based on the difficult experience we had in 2007 to 2009 when we really started to find out that the rainy-day fund was inadequate to meet the needs of the state," he said. "When the recession hit and state revenues took a hit, the reserves on hand didn't get the job done."

A separate reserve account was fully funded at \$113 million in 2012-13. And \$50 million was transferred to the Department of Transportation for bridge repair.

The Legislature designated nearly \$160 million in the expected surplus for 2012-13 as part of this fiscal year's budget, in a section some lawmakers refer to as a "wish list." Those one-time designations are to be funded in the priority order listed, after Eckstrom closes the books. The law sets a Sept. 30 deadline for the distribution.

That includes \$30 million to be distributed to local governments across the state and \$23 million for public school textbooks.

A law approved in June that's meant to put more money toward infrastructure called for up to \$50 million in surplus from 2012-13 to go toward bridge work. Eckstrom's report shows the Department of Transportation will get that full amount, which lawmakers have said will replace or repair about 50 bridges statewide. According to the DOT, of the state's nearly 8,400 bridges, seven are closed, 420 have weight restrictions for crossing, and nearly 900 are rated in poor condition.

Last year, a lower-than-expected surplus for 2011-12 meant \$15 million worth of projects — about 20 items at the bottom of the list — couldn't be funded. The casualties included a flight academy at Patriots Point in Charleston Harbor, which will receive \$400,000 after surviving this year's list.

Money flowing into state coffers in 2012-13 exceeded economic advisers' mid-year revisions to collection estimates.

"After all the wish-list spending was done, all the supplemental appropriations, and all the capital reserve spending, the state had an additional roughly \$68 million available," Eckstrom said.

Despite the positive outlook, Eckstrom warned the state still faces large liabilities in the state's pension system for public employees and in a separate fund for retirees' health insurance.

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