



Drug Testing Provision Stalls in House

This week, the House Judiciary Committee debated H.4043, legislation introduced by Rep. Eddie Tallon (Spartanburg) that would allow prospective employers to submit failed certified drug tests to the South Carolina Department of Employment and Workforce (DEW) as a basis for disqualification of unemployment benefits. The legislation contends that prospective employees failing drug tests are not able and available to work, a key component to continue to draw benefits.

Rep. Tallon and Rep. Tom Young (Aiken) offered an amendment to the bill to allow the prospective employer to submit the failed drug test and an affidavit, so the employer would not have to appear before an appellate panel in Columbia. Many lawyers on the House Judiciary Committee argued that the prospective employee's due process rights would be violated. However, the South Carolina Chamber of

Commerce and other supporters of the Tallon/Young amendment maintain the prospective employer would have no reason to testify because the employer does not accompany the employee to the drug screening. They simply make a determination based on certified drug lab results.

With today's certified drug tests, samples are split so false positive claims can be avoided. Moreover, certified labs ask questions related to other prescription medications a person may be taking at the time. Ultimately though, there were too many unanswered questions related to drug testing, thus the amendment and the legislation were carried over to the next House Judiciary Committee meeting.

On the Senate side, two key unemployment insurance bills passed the Senate Labor, Commerce and Industry Committee. Sen. Kevin Bryant's (Anderson) legislation to repeal benefits for those seeking only

part-time work advanced to the Senate floor (S.1026). The South Carolina Chamber supports this legislation as a measure to encourage prospective employees to seek full-time work. S.1069, also authored by Sen. Bryant, would change the way seasonal benefits are calculated. This issue passed the General Assembly last year, but the U.S. Department of Labor did not approve the language, and the General Assembly must now rewrite the statute before implementation. Both bills could be debated in the Senate as early as next week.

Also this week, reports surfaced that the DEW paid out approximately \$86 million in fraudulent claims during the last fiscal year. It is unclear if any of the funds have been recovered. This is in addition to the \$50 million in benefits paid to claimants fired for cause, which was found in a recent internal audit. The total \$136 million represents approximately 30 percent of total benefits paid out in the last fiscal year. The South Carolina Chamber is aggressively advocating for tighter controls of benefit payouts and will continue to investigate the \$86 million paid out for fraudulent claims.

COMPETITIVENESS AGENDA

Description	Bill No.	Position	Status
Angel Investment Act	H.3779	Support	Passed House; In Senate Finance Committee
Business License Fees	H.3472	Support	In House Ways and Means
Charter Schools	H.3241	Support	Passed House; On Senate Floor
Department of Administration	H.3066	Support	Passed House; On Senate Floor
Gov. Restructuring – Jointly Electing Gov./Lieut. Gov.	H.3152	Support	Passed House; In Senate Judiciary Committee
Gov. Restructuring – Superintendent of Education	H.3070	Support	Passed House; In Senate Judiciary Committee
Highway Funding	S.37/S.101	Support	In Senate Finance Committee
Pollution Control Act	S.1126/ H.4654	Support	In Senate Medical Affairs Committee; In House Agriculture, Natural Resources and Environmental Affairs Committee
Spending Limits	H.3368	Support	Passed House; In Senate Finance Committee
Unemployment Insurance - Drug Testing	H.4043	Support	In House Judiciary Committee
Unemployment Insurance – Part Time	S.1026	Support	Passed Senate Labor, Commerce and Industry Committee
Unemployment Insurance – Seasonal	S.1069	Support	Passed Senate Labor, Commerce and Industry Committee

Senate Panel Examines Retirement System

This week, South Carolina State Treasurer Curtis Loftis testified before a Senate panel that the state's retirement system was not performing as well as other state retirement systems. Treasurer Loftis told panel members he is concerned about high fees and transparency within the system. Others, including Sen. Greg Ryberg (Aiken), disagree with the treasurer's assessment and believe that higher fees are a sign that values of state investments are increasing.

The state retirement system's unfunded liability has grown exponentially since the beginning of the decade. In the early 2000s, the unfunded liability was several hundred million dollars. In 2011, that amount ballooned to more than \$17 billion. The South Carolina Chamber is calling for workable solutions to the state retirement system's unfunded liability.

Right-to-Work Act Advances

This week, the House Labor, Commerce and Industry (LCI) Committee advanced the South Carolina Right-to-Work Act of 2012 (H.4652), legislation introduced by House LCI Chairman Bill Sandifer (Oconee). The legislation continues the protection of workers' freedom to choose whether or not to join a labor union. All republican members of the House of Representatives cosponsored the bill.

During the lengthy discussion, Chairman Sandifer stressed the legislation will provide employee choice as it relates to union membership, and the legislation should not be considered anti-labor. The Right-to-

Work Act is intended to level the playing field and provide an environment where employees are free from pressure from either a union or their company. The bill also addresses fines for violations as well as financial and membership reporting requirements.

Section 1, which the South Carolina Chamber was concerned about, was amended to eliminate a provision that would require all employers to display a poster outlining provisions of the Act. The committee deleted the requirement post and replaced it with "may post."

In Other News...

By a vote of 34-3, the Senate passed H.3506, **job tax credit** legislation that includes a number of economic development incentives. The House passed the legislation in 2011.

Senate Passes DHEC Resolution

The Senate voted unanimously to pass a joint resolution to disregard decisions made by the South Carolina Department of Health and Environmental Control (DHEC) since 2007. The joint resolution, introduced by Senate President Pro Tempore Glenn McConnell (Charleston), was cosponsored by all 45 other senators. The Senate did amend the resolution to specifically apply to the Savannah port issue and not other permits issued by DHEC along the Savannah River Basin. The House unanimously passed a similar resolution last week.

The South Carolina Chamber has not taken a position on the legislation but remains committed to working with state and congressional leaders to ensure necessary funding is achieved for the port feasibility study and dredging.