

AGENDA

South Carolina
House of Representatives



Legislative Oversight Committee

EXECUTIVE SUBCOMMITTEE

Chairman Gary E. Clary

The Honorable Chandra E. Dillard

The Honorable Laurie Slade Funderburk

The Honorable Wm. Weston J. Newton

Monday, October 28, 2019

10:30 a.m.

Room 321, Blatt Building

Pursuant to Committee Rule 6.8, S.C. ETV shall be allowed access for internet streaming whenever technologically feasible.

AGENDA

- I. Approval of Subcommittee Meeting Minutes**
- II. Discussion of the study of the Secretary of State's Office**
- III. Adjournment**

MEETING MINUTES

Chair Wm. Weston J. Newton

*First Vice-Chair:
Laurie Slade Funderburk*

Legislative Oversight Committee

*Micajah P. (Micah) Caskey, IV
Neal A. Collins
Patricia Moore (Pat) Henegan
William M. (Bill) Hixon
Jeffrey E. (Jeff) Johnson
Marvin R. Pendarvis
Tommy M. Stringer
Bill Taylor
Robert Q. Williams*



South Carolina House of Representatives

*Gary E. Clary
Chandra E. Dillard
Lee Hewitt
Joseph H. Jefferson, Jr.
Mandy Powers Norrell
Robert L. Ridgeway, III
Edward R. Tallon, Sr.
John Taliaferro (Jay) West, IV
Chris Wooten*

*Jennifer L. Dobson
Research Director*

*Cathy A. Greer
Administration Coordinator*

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Columbia, South Carolina 29211
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Room 228 Blatt Building**

*Charles L. Appleby, IV
Legal Counsel*

*Kendra H. Wilkerson
Fiscal/Research Analyst*

Executive Subcommittee

Friday, September 27, 2019

10:30 a.m.

Blatt Room 321

Archived Video Available

- I. Pursuant to House Legislative Oversight Committee Rule 6.8, South Carolina ETV was allowed access for streaming the meeting. You may access an archived video of this meeting by visiting the South Carolina General Assembly's website (<http://www.scstatehouse.gov>) and clicking on *Committee Postings and Reports*, then under *House Standing Committees* click on *Legislative Oversight*. Then, click on *Video Archives* for a listing of archived videos for the Committee.

Attendance

- I. Subcommittee Chairman Gary E. Clary calls the Executive Subcommittee meeting to order on Friday, September 27, 2019, in Room 321 of the Blatt Building. The following members of the Subcommittee are present during all or part of the meeting: Subcommittee Chairman Clary, and Representative Wm. Weston J. Newton. Representative Chandra E. Dillard and Representative Laurie Slade Funderburk were absent from the meeting.

Discussion of the Secretary of State's Office

- I. Subcommittee Chairman Clary explains the purpose of today's meeting is for the S.C. Secretary of State's Office (SoS) to present information on its history and mission; qualifications and duties of the agency head; overview of divisions, finances, and employees; federal and local counterparts; compliance with records management, regulations and reporting; audit and risk mitigation practices; and successes, challenges, and emerging issues
- II. Subcommittee Chairman Clary explains that all testimony given to this subcommittee, which is an investigating committee, must be under oath. He places the following agency personnel under oath:
 - a. Secretary of State Mark Hammond;
 - b. Ms. Melissa Dunlap, Deputy Secretary of State and Chief Legal Counsel;
 - c. Ms. Shannon Wiley, General Counsel;
 - d. Ms. Meredith Augustine, Deputy General Counsel;
 - e. Ms. LaToria Williams, Director of Administration;
 - f. Ms. Renee Daggerhart, Executive Assistant to Secretary Hammond/Media Relations/Trademarks;
 - g. Ms. Jody Steigerwalt, Director of Business Filings;
 - h. Ms. Kimberly Wickersham, Director of Public Charities;
 - i. Mr. Doug Renew, Chief Investigator;
 - j. Ms. Kataria Watkins, Director of Notaries, Boards & Commissions, Apostilles & Authentications; and
 - k. Mr. Marion Weaver, Director of Information Technology.
- III. Secretary of State Mark Hammond provides remarks and introduces Ms. Melissa Dunlap, Deputy Secretary of State and Chief Legal Counsel, who will present the agency information.
- IV. Ms. Dunlap presents information about the agency, which includes the following:
 - a. Agency head qualifications;
 - b. Current agency head background;
 - c. Purpose of agency;
 - d. Overview of divisions;
 - e. History;
 - f. Mission;
 - g. Finance overview;
 - h. Employee Overview;
 - i. Organizational chart;
 - ii. Onboarding processes;
 - iii. Retention;

- iv. Staff certifications;
 - v. Demographics;
 - vi. Equal employment opportunity ranking;
 - vii. Small and minority business contracting and certification report;
- i. Counterparts, federal and local;
 - i. Internal Revenue Service;
 - ii. United States Patent and Trademark Office;
- j. Compliance;
 - i. Records management;
 - ii. Review of agency regulations;
 - iii. Reports of agency;
- k. Audit & Risk Mitigation;
 - i. Internal audit processes;
 - ii. State seal;
- l. Successes;
 - i. Business entities online;
 - ii. Uniform commercial code online filing search and document retrieval;
 - iii. Charities online filing;
 - iv. Boards and commissions online searchable database
- m. Challenges;
 - i. Technology;
 - ii. Participation in additional multistate charity actions;
 - iii. Physical security;
- n. Emerging Issues;
 - i. Electronic and remote online notarization;
 - ii. Emergence of crowdfunding platforms; and
 - iii. Collection of beneficial ownership information.

Members ask questions, which Ms. Dunlap answers.

- V. There being no further business, the meeting is adjourned.

Chair Wm. Weston J. Newton

*First Vice-Chair:
Laurie Slade Funderburk*

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Executive Subcommittee

**Tuesday, June 25, 2019
9:00 a.m.
Blatt Room 403**

Archived Video Available

- II. Pursuant to House Legislative Oversight Committee Rule 6.8, South Carolina ETV was allowed access for streaming the meeting. You may access an archived video of this meeting by visiting the South Carolina General Assembly's website (<http://www.scstatehouse.gov>) and clicking on *Committee Postings and Reports*, then under *House Standing Committees* click on *Legislative Oversight*. Then, click on *Video Archives* for a listing of archived videos for the Committee.

Attendance

- II. Subcommittee Chairman Gary E. Clary calls the Executive Subcommittee meeting to order on Tuesday, June 25, 2019, in Room 403 of the Blatt Building. The following members of the Subcommittee are present during all or part of the meeting: Subcommittee Chairman Clary, Representative Chandra E. Dillard, Representative Laurie Slade Funderburk, and Representative Wm. Weston J. Newton.

Minutes

- I. House Rule 4.5 requires standing committees to prepare and make available to the public the minutes of committee meetings, but the minutes do not have to be verbatim accounts of meetings. It is the practice of the Legislative Oversight Committee to provide minutes for its subcommittee meetings.
- II. Representative Newton moves to approve the minutes from the prior Subcommittee meeting. A roll call vote is held, and the motion passes.

Rep. Newton moves to approve the minutes from the Subcommittee's March 26, 2019, meeting:	Yea	Nay	Not Voting (Not present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Discussion of the S.C. Aeronautics Commission

- VI. Subcommittee Chairman Clary explains the purpose of today's meeting is to ask questions and make motions based on information received in prior meetings and for the S.C. Aeronautics Commission (SCAC) to present information on its administration organizational unit.
- VII. Subcommittee Chairman Clary explains that all testimony given to this subcommittee, which is an investigating committee, must be under oath. He reminds all agency personnel previously sworn in that they remain under oath.
- VIII. Director James Stephens presents information on the agency's administration unit. Members ask questions, which Director Stephens answers.
- IX. Members make motions during the meeting, which are listed on the next page. A roll call vote is held for the motions, and, among the members present, the motions pass unanimously.

Rep. Newton moves that the Subcommittee Study include a recommendation that the Aeronautics Commission determine benefits of, and what is necessary for, it to track and validate scheduled times and mileage of aircrafts subject to the airline property tax and provide its analysis to the Committee within the next twelve months.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Newton moves that the Subcommittee Study include a recommendation that the General Assembly consider clarifying the transportation company aircraft fuel sales tax exemption by revising S.C. Code Ann. § 12-36-2120(9)(d) [exemptions from sales tax] to make the exemption only available to entities that pay the airline property tax.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Newton moves that the Subcommittee Study include a recommendation that the Aeronautics Commission develop a schedule to digitize the physical maps, photos, and other SCAC printed materials stored at its office.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Newton moves that the Subcommittee Study include a finding that if a dedicated source of funding for matching state grants is accessible each year in July, the state may further leverage federal funding for airports within the state recognized in National Plan of Integrated Airport Systems (NPIAS).	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Dillard moves that the Subcommittee Study include a finding that the determination of whether a flight on a state-owned aircraft is for official business is not made by SCAC; rather, it is made by the entity requesting the flight with oversight provided by those regulating the entity's actions.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Dillard moves that the Subcommittee Study include a recommendation that the Aeronautics Commission establish a method to electronically collect flight information (e.g., passenger names, purpose of each flight, etc.) in advance of a flight and publish it, after the flight, in a searchable, online format (e.g., search by purpose, agency, passengers, reimbursement status, etc.).	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Dillard moves that the Subcommittee Study include a recommendation that the General Assembly consider codifying state operated aircraft flight log requirements in Proviso 117.22 from the 2018-19 General Appropriations Act and require the log to be in an online, searchable format.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Dillard moves that the Subcommittee Study include a finding that SCAC has no minority representation on its commission and has not since at least 2005.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Dillard moves that the Subcommittee Study include a recommendation that the Aeronautics Commission provide notice to the appropriate congressional district legislative delegation one year prior to the expiration of a commissioner's term and include in the notice a copy of the laws applicable to the commission, such as S.C. Code Section 13-1-1020, which states in part, "The elections or appointments shall take into account race and gender so as to represent, to the greatest extent possible, all segments of the population of the State . . ."	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Dillard moves that the Subcommittee Study include a recommendation that the Aeronautics Commission request a waiver from the State Fiscal Accountability Authority (SFAA) and Joint Bond Review Committee (JBRC), authorizing it to participate in the federal asset transfer program if the prerequisite approval from its commission prior to accepting any assets remains.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Funderburk moves that the Subcommittee Study include a recommendation that the Aeronautics Commission determine if there are potential cost savings it may obtain through the purchase of a utility plane versus entering into agreements with another state agency for use of a utility plane and provide the analysis to the Committee within the next twelve months.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Funderburk moves that the Subcommittee Study include a recommendation that the Aeronautics Commission require adherence to airport land use and safety zones as a prerequisite to receiving state grants administered by SCAC (e.g., include in forthcoming regulations).	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Funderburk moves that the Subcommittee Study include a finding that as of June 2019, (a) SCAC has never exercised its authority to separately or jointly acquire, establish, construct, expand, own, lease, control, equip, improve, maintain and operate its own airports, or, among other things, acquire land by condemnation or purchase; and (b) Clemson University has never exercised its authority to develop an airport.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Funderburk moves that the Subcommittee Study include a finding that (a) no entity or division within state government is tasked with centralized management of manned aircraft (i.e., airplanes, helicopters) or information pertaining to their operations, and (b) no entity or division within state government is tasked with centralized management of unmanned aircraft systems (e.g., drones) or information pertaining to their operations.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Newton moves that the Subcommittee Study include a finding that four provisos related to SCAC have been included, with minimal to no change, in the General Appropriations Act for more than a decade, and the General Assembly may wish to consider codifying one or more of them. Topics addressed by these provisos include: reimbursement for services; carry forward; office space rental; hangar/parking facilities; and aviation grants.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Newton moves that the Subcommittee Study include a finding that if more state-owned aircraft move to using a central source (i.e., SCAC) for fuel and maintenance, when possible, there may be a potential cost savings for the state.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Funderburk moves that the Subcommittee Study include a recommendation that the General Assembly consider removing the requirement that SCAC provide State Law Enforcement Division personnel methods to test flight crew members' blood alcohol content in S. C. Code Ann. § 55-1-100(B) [Operating or acting as flight crew member of aircraft while under influence of alcohol or drugs unlawful; criminal prosecution and rights of accused; penalties].	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Dillard moves that the Subcommittee Study include a recommendation that the General Assembly consider revising S.C. Code Ann. § 15-9-410 [Provisions as to nonresident aircraft operators are not applicable to certain air carriers] to conform to Federal Aviation Administration requirements.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Dillard moves that the Subcommittee Study include a recommendation that the General Assembly consider repealing S.C. Code Ann. §§ 23-33-10 [“Missile” defined] and 23-33-20 [Permit required for firing missile], as federal laws and regulations supersede these statutes.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

Rep. Dillard moves that the Subcommittee Study include a recommendation that the Aeronautics Commission conduct a formal evaluation of SCAC’s executive director on a regular basis (e.g., annual or biennial) and include the requirement of, and procedures for, this evaluation in SCAC’s written policies.	Yea	Nay	Not Voting (Not Present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton	✓		

X. There being no further business, the meeting is adjourned.

STUDY TIMELINE

The House Legislative Oversight Committee's (Committee) process for studying the Secretary of State's Office (agency or Office) includes actions by the full Committee; Executive Subcommittee (Subcommittee); the agency; and the public. Key dates and actions are listed below.

Legislative Oversight Committee Actions

- December 5, 2018 - Holds **Meeting #1** to prioritize the agency for study
- January 9, 2019 - Provides the agency notice about the oversight process
- February 27 - April 1, 2019 - Solicits input about the agency in the form of an online public survey
- August 13, 2019 - Holds **Meeting #2** to obtain public input about the agency

Executive Subcommittee Actions

- September 27, 2019 - Holds **Meeting #3** to discuss the agency's history and mission; qualifications and duties of the agency head; overview of divisions, finances, and employees; federal and local counterparts; compliance with records management, regulations and reporting; audit and risk mitigation practices; and successes, challenges, and emerging issues
- October 28, 2019 - (TODAY) Holds **Meeting #4** to discuss the agency's public charities unit and related deliverables

Aeronautics Commission

- March 31, 2015 - Submits its **Annual Restructuring and Seven-Year Plan Report**
- January 12, 2016 - Submits its **2016 Annual Restructuring Report**
- September 2016 - Submits its **2015-16 Accountability Report**
- September 2017 - Submits its **2016-17 Accountability Report**
- September 2018 - Submits its **2017-18 Accountability Report**
- May 3, 2019 - Submits its **Program Evaluation Report**

Public's Actions

- February 27 - April 1, 2019 - Provides input about the agency via an **online public survey**
- Ongoing - Submits written comments on the Committee's webpage on the General Assembly's website (www.scstatehouse.gov)

Figure 1. Key dates in the study process, December 2018 to present

AGENCY SNAPSHOT

Secretary of State's Office

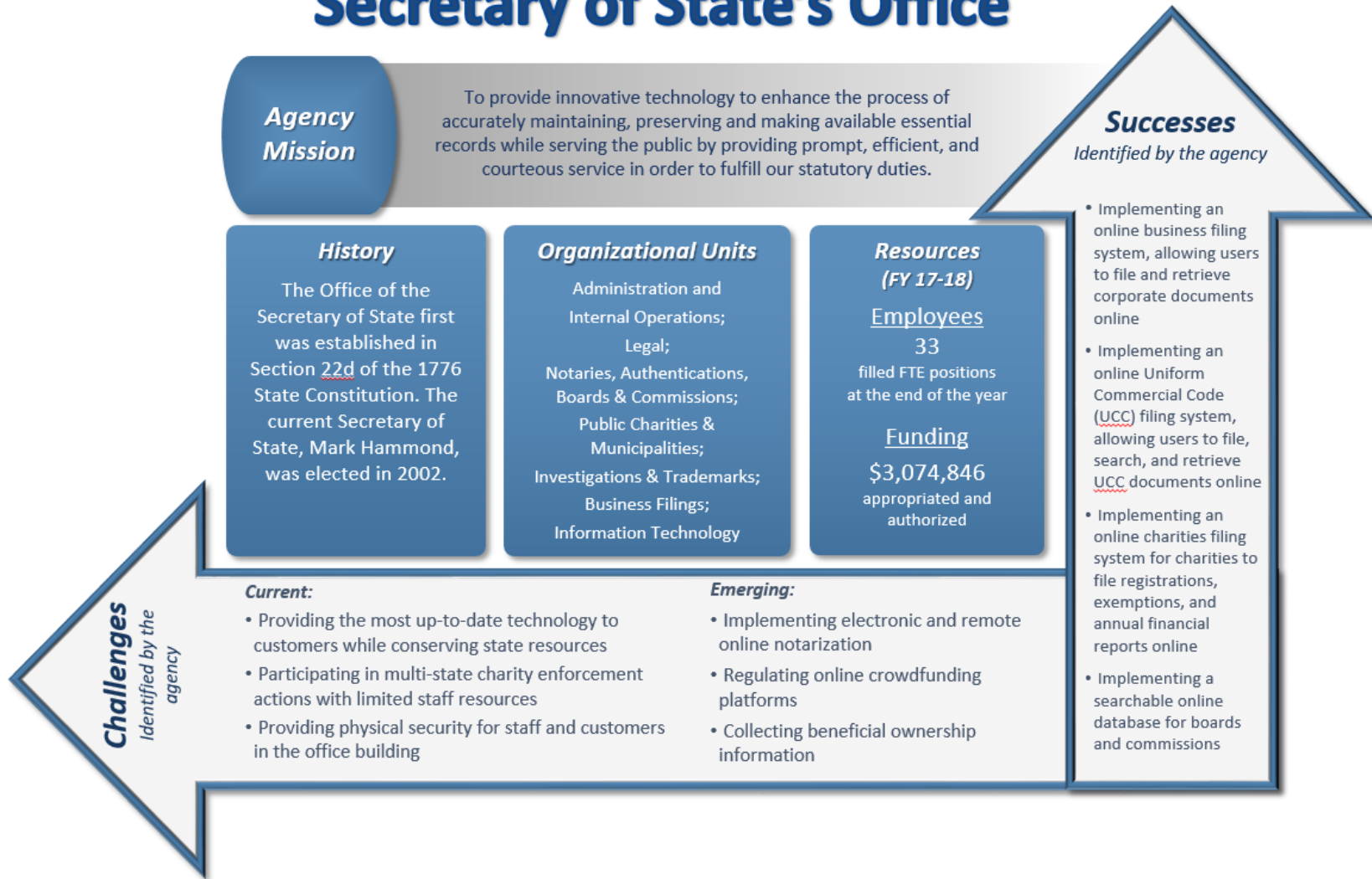


Figure 2. Snapshot of the agency's history, mission, organizational units, fiscal year 2017-18 resources (employees and funding), successes, and challenges¹

CHARITIES AND TRADEMARKS DELIVERABLES

COMMITTEE CONTACT INFORMATION AND UPCOMING MEETINGS

Legislative Oversight Committee



South Carolina House of Representatives

Committee Mission

Determine if agency laws and programs are being implemented and carried out in accordance with the intent of the General Assembly and whether they should be continued, curtailed or eliminated. Inform the public about state agencies.

Website: <https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee.php>

Phone Number: 803-212-6810

Email Address: HCommLegOv@schouse.gov

Location: Blatt Building, Room 228

UPCOMING MEETINGS

All at 10:30 a.m. in Blatt 321

Tuesday, November 5th

Monday, December 9th

END NOTES

¹ Visual Summary Figure 1 is compiled from information in the agency's study materials available online under "Citizens' Interest," under "House Legislative Oversight Committee Postings and Reports," and then under "Secretary of State, Office of the," <https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyPHPFiles/SecretaryofState.php> (accessed August 28, 2019); and information available on the agency's website, <https://sos.sc.gov/> (accessed August 28, 2019).