



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 390 Introduced on February 8, 2017
Author: Kimpson
Subject: Consumer Litigation Funding Company
Requestor: Senate Banking and Insurance
RFA Analyst(s): Heineman
Impact Date: February 28, 2017

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill does not significantly impact operations of the South Carolina Department of Consumer Affairs (DCA) or Board of Financial Institutions Consumer Finance Division (BOFI). Therefore, the bill does not have an expenditure impact on the General Fund, Federal Funds, or Other Funds.

Explanation of Fiscal Impact

Introduced on February 8, 2017

State Expenditure

This bill requires consumer litigation funding companies to make certain disclosures on a litigation financing contract. Required disclosures include special language on alternatives to litigation funding amounts repaid by the consumer at specified intervals, cancellation provisions, contract review admonishments, and restrictions on loan repayments that exceed amounts recovered. Consumer litigation funding companies should file an annual report containing information related to a company's business and operations.

Consumer litigation funding is defined as a transaction where a person makes a consumer loan and in return, the consumer assigns to such person a right to receive an amount of the proceeds of a settlement, insurance payment, judgment, award or verdict the consumer may receive in an action or claim.

South Carolina Department of Consumer Affairs. The department indicates the bill will not increase any duties of the DCA. When the DCA does compliance reviews of litigation funding

companies they would add the additional regulations outlined in this bill to their checklist when reviewing complaints against the industry or enforcing the code. The provisions of this bill would also be integrated into the DCA's business education and outreach program. Based on the DCA's response, this bill does not significantly impact DCA operations. Therefore, there is no expenditure impact on the General Fund, Federal Funds, or Other Funds.

Board of Financial Institutions Consumer Finance Division. The board currently issues licenses and regulates entities as supervised lenders who offer consumer loans in excess of 12 percent annual percentage rate (APR). However, if a supervised lender offers loans at 12 percent APR or less or in excess of 12 percent APR, the lender still must comply with all existing regulations stated in Chapter 3 of Title 37, which is administered and enforced by the DCA. Further, BOFI will add requirements to its compliance examinations to ensure licensees comply with the code changes proposed in the bill. Therefore, this bill does not significantly impact BOFI operations and will have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director