



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number: H. 4832 Introduced on January 11, 2024
Author: Hardee
Subject: Paid Family Leave Insurance
Requestor: House Labor, Commerce, and Industry
RFA Analyst(s): Vesely
Impact Date: January 23, 2024

Fiscal Impact Summary

This bill adds Chapter 103 of Title 38, authorizing insurance for paid family leave. Insurers licensed to sell life insurance or disability income insurance may issue these policies in accordance with bulletins adopted by the Department of Insurance (DOI). This bill is effective beginning on July 1, 2025.

DOI has indicated that because paid family leave is not under the purview of the Affordable Care Act federal insurance reform, it does not trigger potential state defrayal of costs. DOI has also indicated that they anticipate that there will be no expenditure impact and that the duty of supervising paid family leave insurance will be handled within existing appropriations.

This bill will result in an undetermined increase in General Funds and Other Funds revenue from insurance premium taxes beginning in FY 2025-26 because of the new insurance product. Insurance companies that provide paid family leave insurance would be subject to a tax levied at 1.25 percent of the total value of premiums written. Of these premium taxes, 97.75 percent is transferred to the General Fund, 1.00 percent is transferred to the S.C. Forestry Commission, 1.00 percent is transferred to the V-SAFE program, and 0.25 percent is transferred to EMS regional councils to fund EMT and paramedic training. However, the amount of tax revenue is based on the amount of premiums written, which is undetermined, and will depend on market adoption of this new product.

Explanation of Fiscal Impact

Introduced on January 11, 2024

State Expenditure

This bill adds Chapter 103 of Title 38, authorizing licensed insurers of life insurance or disability income insurance to issue policies for paid family leave insurance. These insurance policies provide benefits for leave from work taken by individuals that temporarily leave in order to provide physical or psychological care for a family member who has a serious health condition, bond with their child in the first twelve months of a child's birth, adoption, or placement for foster care, care for family as a result of a family member's active duty status in the Armed Forces, or other type of family leave as stated in the insurance policy.

DOI is responsible for supervising and regulating insurance providers in the state of South Carolina. DOI has indicated that because paid family leave is not under the purview of the Affordable Care Act federal insurance reform, it does not trigger potential state defrayal of costs. DOI has also indicated that they anticipate that there will be no expenditure impact and believe that overseeing these new policies will be handled with existing staff and resources.

State Revenue

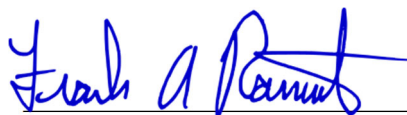
Insurance companies must pay a tax on insurance premiums for most types of insurance. Paid family leave insurance would be subject to a tax levied at 1.25 percent of total premiums written, excluding return premiums on risks and dividends paid or credited to policyholders. The allocation of insurance premium taxes is as follows: 97.75 percent is transferred to the General Fund, 1.00 percent is transferred to the S.C. Forestry Commission, 1.00 percent is transferred to the V-SAFE program, and 0.25 percent is transferred to EMS regional councils to fund EMT and paramedic training. This bill is effective on July 1, 2025. Therefore, this bill will increase both General Funds revenue and Other Funds revenue for the issuance of these new policies beginning in FY 2025-26. However, the amount of revenue will depend on the amount of paid family leave insurance premiums written, which is undetermined.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director