



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:	S. 1031	Introduced on February 7, 2024
Author:	Cromer	
Subject:	Uniform Money Services Act	
Requestor:	Senate Banking and Insurance	
RFA Analyst(s):	Vesely	
Impact Date:	March 20, 2024 - Updated for Additional Agency Response	

Fiscal Impact Summary

This bill amends Chapter 11 of Title 35, related to financial crime and the licensing of money transmission professionals, and defines various terms around the business of money transmission. This bill also increases the license fee and annual renewal fee for money transmission professionals from \$750 to \$1,600, permits the Attorney General's Office (AG) to set reasonable filing fees, and specifies the agency may retain all revenue collected pursuant to this Chapter 11 of Title 35 to offset administrative costs. Further, this bill will transition the license renewal timing from a license that is valid for one year beginning at the time of the initial licensing to all licenses being valid from January to December.

This bill will have no expenditure impact for the AG. The agency regulates and supervises money transmissions business. The agency has indicated that the changes stipulated by this bill will be handled by existing staff and resources.

This bill will decrease General Funds revenue and increase Other Funds revenue. The AG has noted that total money transmission fees in FY 2022-23 were \$192,000. Currently, this revenue is transferred to the General Fund. As a result of changes to the schedule of renewing money transmission licenses, the increase of the license fee to \$1,600 from \$750, and the increase in other fees, the AG expects that this bill will reduce General Funds revenue by \$145,000 in FY 2024-25 and by \$198,750 in FY 2025-26, but other Funds revenue allocated to the AG for the purposes of administering Chapter 11 of Title 35 will increase by \$143,550 in FY 2024-25 and by \$386,500 in FY 2025-26.

This impact statement has been updated to include information on fee revenue and estimates on the revenue impact from the Attorney General's Office.

Explanation of Fiscal Impact

Updated for Additional Agency Response on March 8, 2024

Introduced on February 7, 2024

State Expenditure

This bill amends Chapter 11 of Title 35, related to financial crime and the licensing of money transmission professionals, and defines various terms around the business of money

transmission. This bill also increases the license fee and annual renewal fee for money transmission professionals from \$750 to \$1,600 and specifies the AG may retain all revenue collected pursuant to this Chapter 11 of Title 35 to offset administrative costs.

The AG regulates and supervises money transmissions business. The agency has indicated that the changes stipulated by this bill will be handled by existing staff and resources. Therefore, this bill will have no expenditure impact for the AG.

State Revenue

This bill increases the license fee for money transmission licenses to \$1,600 from \$750. The application fee for the license remains at \$1,500. Further, this bill authorizes the AG to establish reasonable filing fees. This bill also allows the AG to retain the funds collected pursuant to Chapter 11 of Title 35 for the purposes of administration of this chapter. Currently, the license fee and application fee are collected by the AG, then transferred to the General Fund. Renewal for licenses is annual, contingent on the one-year anniversary of the issuance of the license. This bill would change this process so that licenses would expire December 31st and renew on January 1st annually (unless the initial license was approved in November or December, in which case their license would expire the following December 31st instead of the immediate December 31st).

The AG has noted that total money transmission fees in FY 2022-23 were \$192,000. Currently, they estimate total money transmission fees of \$200,000 for FY 2023-24 and \$145,000 for FY 2024-25. However, the AG expects to have a reduced number of renewals in FY 2024-25 as it conforms to the new license renewal schedule and an increase in renewals in FY 2025-26 so that all licenses meet the procedure set in this bill by January 1, 2026. On net, the change in the schedule of renewals, the increase in the license fee, and the increase in other fees is expected to, decrease revenue in FY 2024-25 by \$1,450 and increase revenue by approximately \$187,750 beginning in FY 2025-26.

As this revenue is allocated to the General Fund under current law, this bill would reduce General Funds revenue by \$145,000 in FY 2024-25 and \$198,750¹ beginning in FY 2025-26. Instead, Other Funds revenue allocated to the AG for the purposes of administering Chapter 11 of Title 35 would increase by \$143,550 in FY 2024-25 and \$386,500 in FY 2025-26. To summarize, the following table displays the current General Fund revenue projection, the proposed Other Fund revenue, and the change in the total amount of revenue generated.

	Current General Fund Revenue	Proposed Other Fund Revenue	Total Change in Revenue
FY 2024-25	145,000	143,550	(1,450)
FY 2025-26	198,750	386,500	187,750

¹This projection is calculated by RFA based on projected initial licensing and renewals provided by the AG and the fee structure under current law.

This section has been updated to include information on fee revenue and estimates on the revenue impact from the Attorney General's Office.

Local Expenditure

N/A

Local Revenue

N/A

Introduced on February 7, 2024

State Expenditure

This bill amends Chapter 11 of Title 35, related to financial crime and the licensing of money transmission professionals, and defines various terms around the business of money transmission. This bill also increases the license fee and annual renewal fee for money transmission professionals from \$750 to \$1,600 and specifies the AG may retain all revenue collected pursuant to this Chapter 11 of Title 35 to offset administrative costs.

The AG regulates and supervises money transmissions business. The agency has indicated that the changes stipulated by this bill will be handled by existing staff and resources. Therefore, this bill will have no expenditure impact for the AG.

State Revenue

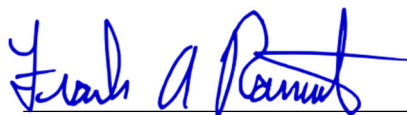
This bill increases the license fee for money transmission licenses to \$1,600 from \$750. The application fee for the license remains at \$1,500. Further, this bill authorizes the AG to establish reasonable filing fees. This bill also allows the AG to retain the funds collected pursuant to Chapter 11 of Title 35 for the purposes of administration of this chapter. Currently, the license fee and application fee are collected by the AG, then transferred to the General Fund. For context, in FY 2021-22 the AG collected \$199,250 in revenue from both applications and license fees for money services providers. The revenue impact of this bill is pending, contingent upon an additional response from the AG.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director