

# SECRETARY OF STATE'S OFFICE

## BUDGET REQUEST

### 2020-2021

## HOUSE OF REPRESENTATIVES



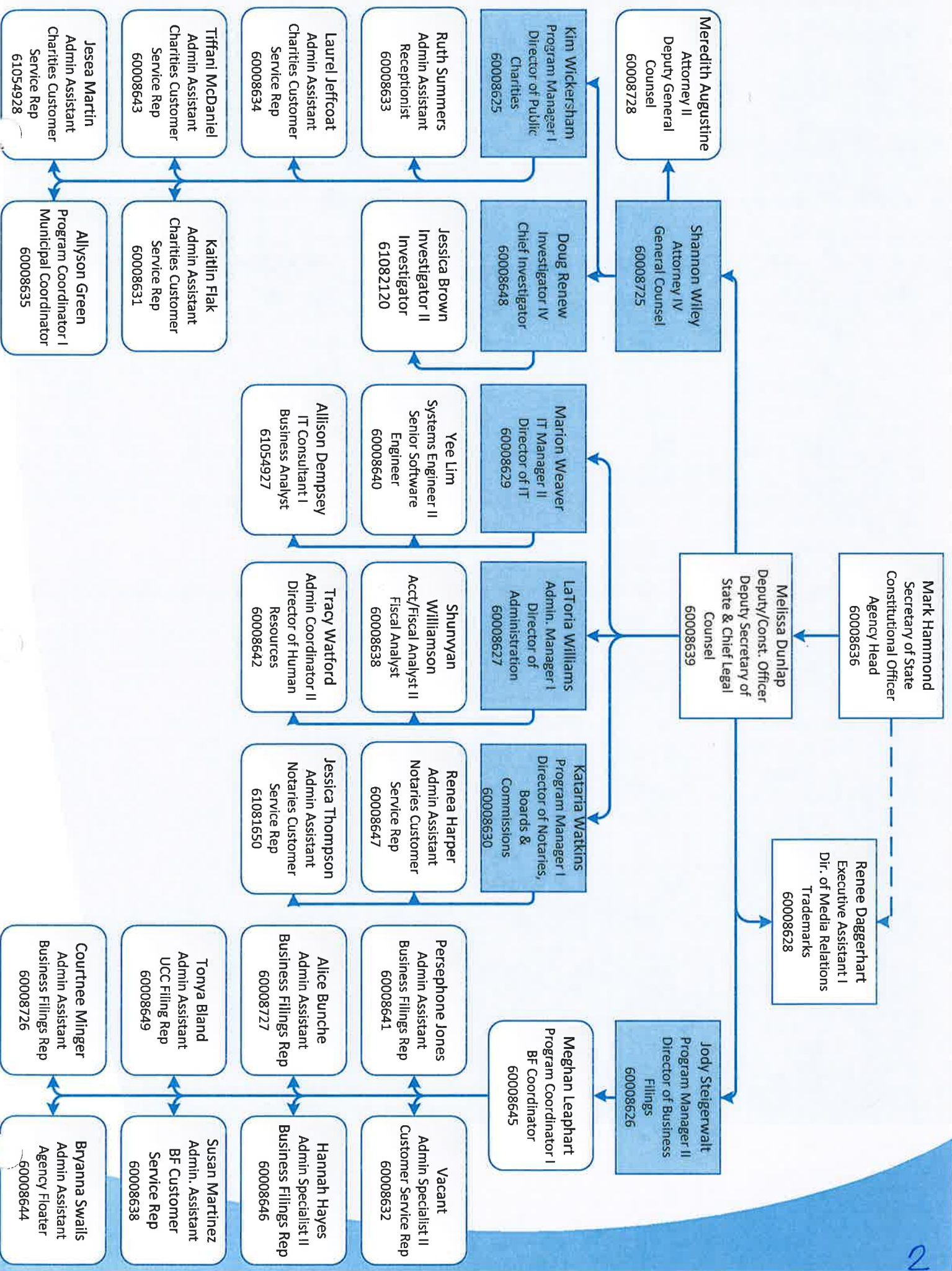
**JANUARY 15, 2020**

# **Secretary of State's Office Budget Request Fiscal Year 2020-2021**

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## Secretary of State's Office Key Officials Fiscal Year 2020-2021

- **Mark Hammond, Secretary of State**  
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- **Melissa Dunlap, Deputy Secretary of State and Chief Legal Counsel**  
[Mdunlap@sos.sc.gov](mailto:Mdunlap@sos.sc.gov) 803-734-2157
- **LaToria Williams, Director of Administration**  
[Lwilliams@sos.sc.gov](mailto:Lwilliams@sos.sc.gov) 803-734-1723



## Mission Statement

The mission of the Secretary of State's Office is to provide innovative technology to enhance the transaction of business in the state, to serve the business community and members of the public with prompt and efficient customer service, to protect the charitable donors of South Carolina, and to fulfill all other statutory duties of the office.

### **Other Funds Authorization Increase-\$145,000**

- The office is seeking an increase in spending authority in order to self-fund several information technology initiatives rather than asking for an increase in General Fund appropriations or requesting a large capital request.
- The requested amount is required to accomplish the statutorily mandated duties and mission of the Secretary of State's Office, including the enforcement of the Solicitation of Charitable Funds Act, SC Code §3-56-10, et seq.
- The application is in the process of being updated to provide security and other enhancements for customers, but funding is needed to complete the necessary upgrades.
- In addition, other improvements to the charities web application are necessary to provide increased functionality for public users and charities staff.
- An increase of \$145,000 in operating will be spread throughout the programs in the agency, and would encompass application support for information technology throughout the office with an emphasis on the charities database.

### **Other Funds Retirement, Health and Pay Allocation-\$40,000**

- The requested amount would support all divisions of the agency that are staffed by employees whose compensation is supported by other funds. Therefore, all goals and strategies that the office seeks to meet would be impacted by the fulfillment of this funding request.
- The Secretary of State's Office has 14 FTEs supported by other funds. The requested amount would support the 2% Pay Plan Allocation. With increasing rates, the Secretary of State's Office needs an increase in its other funds authorization in retirement, health and dental to cover the employer portion.

### **New Proviso-Charity Fine Revenue-\$100,000**

- Currently, the Secretary of State may retain administrative fine revenue collected pursuant to SC Code §33-56-140 in the amount of \$200,000.
- In FY 2018-19, the agency collected \$381,910 in fine revenue. This fine revenue is collected from violations of the Solicitation of Charitable Funds Act.
- The agency is requesting that any additional fine revenue not to exceed \$300,000 be retained to assist with the expenses for enforcement of the Solicitation of Charitable Funds Act. Fine revenue received over \$300,000 would be forwarded to the General Fund.

### **Amend Proviso- UCC Increase in Revenue Retained from Filing Fees-\$70,000**

- The amendment would allow the Secretary of State to retain an additional \$70,000 in filing fees collected for UCC filings for the administration of the UCC division. Revenues from fees raised pursuant to SC Code §36-9-525(a) for the filing of Uniform Commercial Code documents may be retained by the Secretary of State for purposes of UCC administration.

# Secretary of State's Office Accountability Report Summary Fiscal Year 2018-2019

- In FY 2018-19, the Secretary of State's Office returned \$8,142,847 to the State General Fund, while receiving only \$1,143,160 in General Fund appropriations.
- The Secretary of State's Office is integral in the transaction of business in the state, and duties of the office are mandated by statute.
- Failing to accomplish our goals and objectives would have a detrimental impact on business and the economy in South Carolina, since articles forming, amending and dissolving businesses are filed in the Secretary of State's Office.
- The customers we serve include individual members of the public, business entities, nonprofits, charitable organizations, lending institutions, the legal community, accountants, state agencies, and members of the legislative and executive branches of government.

## Accountability Report Highlights

- In FY 2018-19, the Information Technology Division completed infrastructure upgrades including the installation of storage area networks (SANS), and updated servers, firewalls, and switches to ensure that the agency's technology remains secure and up-to-date.
- Work on the new Secretary of State's website continued during FY 2018-19, and the website was officially launched on August 18, 2019.
- In FY 2018-19, we continued to expand the functionality of our Business Entities Online application, which launched in January 2017, with the completed integration of the document/certificate requests component.
- The adoption rate for the Business Entities Online application was 74% as of June 30, 2019, a 14% increase over the previous fiscal year.
- The number of Uniform Commercial Code filings increased slightly by 1% from the previous year, from 100,879 filed in FY 2017-18 to 102,347 filed in FY 2018-19.
- The number of corporate filings increased by 10%, from 85,347 filed in FY 2017-18 to 95,778 filed in FY 2018-19.
- The total number of business filings for FY 2018-19 was 198,125, up 6% from the 186,226 filed in FY 2017-18.
- The Secretary of State's Office collected \$381,910 in fine revenue for violations of the Solicitation of Charitable Fund Act in FY 2018-19—a 24% increase over FY 2017-18.
- The number of Uniform Commercial Code filings increased slightly by 1% from the previous year, from 100,879 filed in FY 2017-18 to 102,347 filed in FY 2018-19.

- The number of corporate filings increased by 10%, from 85,347 filed in FY 2017-18 to 95,778 filed in FY 2018-19.
- The total number of business filings for FY 2018-19 was 198,125, up 6% from the 186,226 filed in FY 2017-18.
- The Secretary of State's Office collected \$381,910 in fine revenue for violations of the Solicitation of Charitable Fund Act in FY 2018-19—a 24% increase over FY 2017-18.
- The Secretary of State's Office offers a notary public webinar that is now available on its website.

FY 20-21 Budget Priorities Summary

Agency Name

Budget Priorities		Funding					FTEs					
Priority No.	Priority Type (recurring/ non-recurring/ other funds adjustment/ federal funds adjustment)	Priority Title	Priority Description	Recurring	Non - Recurring	Other	Federal	Total	State	Other	Federal	Total
1	Recurring	Other Funds Authorization Increase	Other funds authorization increase of \$145,000 to assist with operating throughout all programs in the agency.	\$145,000				\$145,000				
2	Recurring	Other Funds Retirement, Health and Pay Allocation	Other funds increase to support the employer portion increase in retirement, health and dental.	\$40,000				\$40,000				



<b>AGENCY NAME:</b>	Secretary Of State's Office		
<b>AGENCY CODE:</b>	E080	<b>SECTION:</b>	96



## Fiscal Year 2020-21 Agency Budget Plan

### FORM A - BUDGET PLAN SUMMARY

<b>OPERATING REQUESTS (FORM B1)</b>	<b>For FY 2020-21, my agency is (mark "X"):</b> <input type="checkbox"/> Requesting General Fund Appropriations. <input checked="" type="checkbox"/> Requesting Federal/Other Authorization. <input type="checkbox"/> Not requesting any changes.
<b>NON-RECURRING REQUESTS (FORM B2)</b>	<b>For FY 2020-21, my agency is (mark "X"):</b> <input type="checkbox"/> Requesting Non-Recurring Appropriations. <input type="checkbox"/> Requesting Non-Recurring Federal/Other Authorization. <input checked="" type="checkbox"/> Not requesting any changes.
<b>CAPITAL REQUESTS (FORM C)</b>	<b>For FY 2020-21, my agency is (mark "X"):</b> <input type="checkbox"/> Requesting funding for Capital Projects. <input checked="" type="checkbox"/> Not requesting any changes.
<b>PROVISOS (FORM D)</b>	<b>For FY 2020-21, my agency is (mark "X"):</b> <input checked="" type="checkbox"/> Requesting a new proviso and/or substantive changes to existing provisos. <input type="checkbox"/> Only requesting technical proviso changes (such as date references). <input type="checkbox"/> Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
<b>PRIMARY CONTACT:</b>	Melissa Dunlap	803-734-2157	mdunlap@sos.sc.gov
<b>SECONDARY CONTACT:</b>	LaToria Williams	803-734-1723	lwilliams@sos.sc.gov

I have reviewed and approved the enclosed FY 2020-21 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<u>Agency Director</u>	<u>Board or Commission Chair</u>
<b>SIGN/DATE:</b>		
<b>TYPE/PRINT NAME:</b>	Mark Hammond	

*This form must be signed by the agency head – not a delegate.*

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## FORM B1 – RECURRING OPERATING REQUEST

<b>AGENCY PRIORITY</b>	1
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*Provide the Agency Priority Ranking from the Executive Summary.*

<b>TITLE</b>	Other Funds Authorization Increase
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>General:</b> <b>Federal:</b> <b>Other:\$145,000</b> <b>Total:\$145,000</b>
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*What is the net change in requested appropriations for FY 2020-21? This amount should correspond to the total for all funding sources on the Executive Summary.*

<b>NEW POSITIONS</b>	
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*Please provide the total number of new positions needed for this request.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input checked="" type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority # _____	

<b>STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES</b>	<b>Mark "X" for primary applicable Statewide Enterprise Strategic Objective:</b>	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
	<input checked="" type="checkbox"/>	Government and Citizens

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**ACCOUNTABILITY OF FUNDS**

The requested funding is necessary for the agency to meet the goals of providing the needed information technology applications and security in order to fulfill the statutorily mandated duties of the Secretary of State's Office. The agency continues to expand its IT services for customers to provide up-to-date, secure, and convenient IT offerings for on-line customers and in-house users while maintaining necessary infrastructure and security.

*What specific strategy, as outlined in the FY 2019-20 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

**RECIPIENTS OF FUNDS**

Anticipated fund recipients would include information technology vendors for IT equipment and upgrades, and IT staff who provide services to the agency including working with IT vendors and project management for the agency.

*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

**JUSTIFICATION OF REQUEST**

The Secretary of State's Office returned over \$8,100,000 to the State General Fund last year. The agency continues to have increases in general operating expenses that are out of the agency's control. The office is seeking an increase in spending authority in order to self-fund information technology initiatives rather than requesting a large capital expenditure. The requested amount is required to accomplish the statutorily mandated duties and mission of the Secretary of State's Office, including the enforcement of the Solicitation of Charitable Funds Act, SC Code §33-56-10, et seq. An increase of \$145,000 in operating funds will be spread throughout the programs in the agency, and would encompass application support for information technology throughout the office with an emphasis on the charities database. The charities/raffles/professional fundraiser web application is presently undergoing a modernization process to provide customers with expanded online offerings to include mobile and tablet capabilities. In addition, other improvements to the charities web application are necessary to provide increased functionality for public users and charities staff. Additional existing hardware will also be replaced to ensure serviceability of the application. If the funds are not received, the necessary upgrades to the application cannot be made.

*Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.*

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## FORM B1 – RECURRING OPERATING REQUEST

<b>AGENCY PRIORITY</b>	<b>2</b>	<i>Provide the Agency Priority Ranking from the Executive Summary.</i>
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<b>TITLE</b>		<b>Other Funds Retirement, Health and Pay Allocation</b>
		<i>Provide a brief, descriptive title for this request.</i>

<b>AMOUNT</b>		<b>General:</b> <b>Federal:</b> <b>Other:\$40,000</b> <b>Total:\$40,000</b>
		<i>What is the net change in requested appropriations for FY 2020-21? This amount should correspond to the total for all funding sources on the Executive Summary.</i>

<b>NEW POSITIONS</b>	<b>0.0</b>	<i>Please provide the total number of new positions needed for this request.</i>
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<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority # _____	

<b>STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES</b>	<b>Mark "X" for primary applicable Statewide Enterprise Strategic Objective:</b>	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
<input checked="" type="checkbox"/>	Government and Citizens	

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**ACCOUNTABILITY OF FUNDS**

This funding request would support all divisions of the agency that are staffed by employees whose compensation is supported by other funds. Therefore, all goals and strategies that the office seeks to meet would be impacted by the fulfillment of this funding request.

*What specific strategy, as outlined in the FY 2019-20 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

**RECIPIENTS OF FUNDS**

Secretary of State's Office employees whose compensation is supported by other funds, and who are eligible for health insurance and participating in the SCRS retirement plan.

*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

**JUSTIFICATION OF REQUEST**

The Secretary of State's Office has 14 FTEs supported by other funds. This funding request would support the 2% Pay Plan Allocation. With increasing rates, the Secretary of State's Office needs an increase in its other funds authorization in retirement, health and dental to cover the employer portion.

*Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.*

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## FORM D – PROVISO REVISION REQUEST

<b>NUMBER</b>	NEW <i>Cite the proviso according to the renumbered list for FY 2020-21 (or mark "NEW").</i>
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<b>TITLE</b>	Charity Fine Revenue <i>Provide the title from the FY 2019-20 Appropriations Act or suggest a short title for any new request.</i>
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<b>BUDGET PROGRAM</b>	I. Administration II. Employee Benefits <i>Identify the associated budget program(s) by name and budget section.</i>
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<b>RELATED BUDGET REQUEST</b>	1 <i>Is this request associated with a budget request you have submitted for FY 2020-21? If so, cite it here.</i>
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<b>REQUESTED ACTION</b>	Add <i>Choose from: Add, Delete, Amend, or Codify.</i>
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<b>OTHER AGENCIES AFFECTED</b>	No other agencies are affected <i>Which other agencies would be affected by the recommended action? How?</i>
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<b>SUMMARY &amp; EXPLANATION</b>	<p>Currently, the Secretary of State may retain administrative fine revenue collected pursuant to SC Code §33-56-140 in the amount of \$200,000. In FY 2018-19, the agency collected \$381,910 in fine revenue. This fine revenue is collected from violations of the Solicitation of Charitable Funds Act. The agency is requesting that any additional fine revenue not to exceed \$300,000 be retained to assist with the expenses for enforcement of the Solicitation of Charitable Funds Act. Fine revenue received over \$300,000 would be forwarded to the General Fund. The Secretary of State is responsible for the regulation of charitable organizations and professional fundraisers pursuant to the Solicitation of Charitable Funds Act, and in 2015 began regulating the registration and financial reporting of certain nonprofit organizations wishing to conduct raffles in the state. The statutory language providing for the retention of \$200,000 in fine revenue has not been amended since 1998.</p> <p>There are approximately 14,000 charitable organizations, 683 raffles and 1,555 professional fundraisers registered with the office. The retention of additional funds would assist with increasing enforcement and educational efforts and increase protection for charitable donors.</p>
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*Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*

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**FISCAL IMPACT**

The fiscal impact on the Secretary of State's Office would depend on the amount of fine revenue collected for violations of the Solicitation of Charitable Funds Act in a fiscal year. As the number of charitable organizations and professional fundraisers increase, additional funding is needed to support the Charities Division. Any revenue collected above \$200,000, but not to exceed \$300,000, would enable the office to expand educational outreach and enforcement efforts.

*Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.*

**PROPOSED PROVISOR TEXT**

The Secretary of State may retain administrative fine revenue collected pursuant to SC Code §33-56-160 up to \$300,000 to offset the expenses of enforcing the Solicitation of Charitable Funds Act.

*Paste FY 2019-20 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*

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**FORM D – PROVISO REVISION REQUEST**

**NUMBER** 96.1  
*Cite the proviso according to the renumbered list for FY 2020-21 (or mark "NEW").*

**TITLE** **Uniform Commercial Code (UCC) Increase in Revenue Retained from Filing Fees**  
*Provide the title from the FY 2019-20 Appropriations Act or suggest a short title for any new request.*

**BUDGET PROGRAM** **I. Administration**  
**II. Employee Benefits**  
*Identify the associated budget program(s) by name and budget section.*

**RELATED BUDGET REQUEST** 1  
*Is this request associated with a budget request you have submitted for FY 2020-21? If so, cite it here.*

**REQUESTED ACTION** Amend  
*Choose from: Add, Delete, Amend, or Codify.*

**OTHER AGENCIES AFFECTED** No other agencies are affected  
*Which other agencies would be affected by the recommended action? How?*

**SUMMARY & EXPLANATION**  
 The amendment would allow the Secretary of State to retain an additional \$70,000 in filing fees collected for UCC filings for the administration of the UCC division. Revenues from fees raised pursuant to SC Code §36-9-525(a) for the filing of Uniform Commercial Code documents may be retained by the Secretary of State for purposes of UCC administration. This proviso was last amended in FY 2012-13, which increased the amount retained by the agency from \$120,000 to \$180,000. The agency is requesting an increase of \$70,000 to aid with supporting the costs of staff and operating the division. In FY 2019-20, the agency returned \$561,113 in revenue collected from UCC filings to the General Fund.

*Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*



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**FISCAL IMPACT**

There would be a reduction in the amount of revenue transferred to the General Fund in the amount of \$70,000. In FY 2019-20, the agency returned \$561,113 in revenue collected from UCC filings to the General Fund.

*Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.*

**PROPOSED PROVISIO TEXT**

**96.1.** (SS: UCC Filing Fees) Revenues from the fees raised pursuant to Section 36-9-525(a), not to exceed ~~\$180,000~~\$250,000, may be retained by the Secretary of State for purposes of UCC administration.

*Paste FY 2019-20 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*

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**FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION  
CONTINGENCY PLAN**

<b>TITLE</b>	Agency Cost Savings and General Fund Reduction Contingency Plan
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<b>AMOUNT</b>	<b>\$37,405</b> <i>What is the General Fund 3% reduction amount (minimum based on the FY 2019-20 recurring appropriations)? This amount should correspond to the reduction spreadsheet prepared by EBO.</i>
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<b>ASSOCIATED FTE REDUCTIONS</b>	<p>The Secretary Of State's Office will plan to reduce one State FTE in association with this General Fund reduction.</p>
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*How many FTEs would be reduced in association with this General Fund reduction?*

<b>PROGRAM/ACTIVITY IMPACT</b>	<p>Administration and Employee Benefits are supported by these General Funds. Elimination of funding for an FTE would hinder the Secretary of State's Office in maintaining the staff levels required to fulfill the statutory mission of the agency.</p>
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*What programs or activities are supported by the General Funds identified?*

**AGENCY NAME:**

**Secretary Of State's Office**

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**96**

**SUMMARY**

Service delivery to customers would be directly impacted by the reduction of an FTE. The 3% possible future cut would require moving a state-funded position to an other-funded position. It would also prevent the office from filling any position that becomes vacant. This reduction in staff would impact the agency's ability to serve customers.

*Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.*

**AGENCY COST SAVINGS PLANS**

The Secretary of State's Office continues to reduce costs to taxpayers by working with the state portal, SC.gov, to provide online filing applications to our customers, such as the Uniform Commercial Code (UCC) and Business Filings Online applications. No multi-million dollar capital requests were made for either project; thus, the services were provided at no cost to the taxpayers. During FY 2019-20, the office will continue to work with SC.gov on the online business filings, search and document retrieval application. The Secretary of State's Office is an integral part of conducting business in the state and constantly works to provide customers the best possible online solutions while saving taxpayers money.

*What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?*

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**FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS**

<b>TITLE</b>	<b>Reducing Fines and Fees</b>
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*Provide a brief, descriptive title for this request.*

<b>EXPECTED SAVINGS TO BUSINESSES AND CITIZENS</b>	Not applicable.
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*What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<p><b>Mark "X" for all that apply:</b></p> <p><input type="checkbox"/> Repeal or revision of regulations.</p> <p><input type="checkbox"/> Reduction of agency fees or fines to businesses or citizens.</p> <p><input type="checkbox"/> Greater efficiency in agency services or reduction in compliance burden.</p> <p><input checked="" type="checkbox"/> Other</p>
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<b>METHOD OF CALCULATION</b>	Not applicable.
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*Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.*

<b>REDUCTION OF FEES OR FINES</b>	Filing fees in the Secretary of State's Office are mandated by statute. Any revisions would require statutory revisions from the General Assembly. The Secretary of State's Office returned \$8.1 million dollars to the General Fund in FY 2018-19 for fees collected.
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*Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?*

<b>REDUCTION OF REGULATION</b>	Securities Division, 113-1 through 113-26 repealed by State Register Volume 41, Issue No. 5, Doc. 4649, effective May 26, 2017.
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*Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?*

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**SUMMARY**

The Secretary of State no longer administers the Securities Division, therefore the office formally began the process of repealing regulations 113-1 through 113-26 in March of 2016. The regulations were repealed effective May 26, 2017. There are no other regulations needing to be repealed at this time.

The Secretary of State's Office filing fees are set by the General Assembly and cannot be reduced by the office. Additionally, most fees collected by the agency have not been increased for several decades and therefore have not maintained pace with inflation. The Secretary of State's Office returned \$8.1 million dollars to the General Fund in FY 2018-19 for fees collected through providing services mandated by statute.

*Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?*

Agency Code: E080  
 Agency Name: Secretary Of State's Office  
 Section: 96

Priority	Request Type	Request Title	BUDGET REQUESTS				FUNDING				FIES					
			State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total				
1	B1 - Recurring	Other Funds Authorization			145,000					145,000						0.00
2	B1 - Recurring	Other Funds Retirement, Health and Pay Allocation			40,000					40,000						0.00
3																0.00
4																0.00
5																0.00
6																0.00
7																0.00
8																0.00
9																0.00
10																0.00
11																0.00
12																0.00
13																0.00
14																0.00
15																0.00
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23																0.00
24																0.00
25																0.00
26																0.00
27																0.00
28																0.00
29																0.00
30																0.00
<b>TOTAL BUDGET REQUESTS</b>			0	0	185,000	0	0	185,000	0	185,000	0	0	0	0	0	0.00

**Constitutional Subcommittee Proviso Request Summary FY 2020-21**

Proviso # in FY 19-20 Act	Renumbered FY 20-21 Proviso #	Proviso Title	Short Summary	Agency Recommended Action (keep, change, delete, add)
96.1		UCC Filing Fees	Revenues from the fees raised pursuant to Amend Section 36-9-525(a), not to exceed \$180,000\$250,000, may be retained by the Secretary of State for purposes of UCC administration.	Amend
96.2		Charitable Funds Act Disclosure Violations	The Secretary of State shall refer to the Keep Attorney General for investigation under SC Code Section 33-56-145 of the Solicitation of Charitable Funds Act any person who is alleged to have violated the mandatory disclosure requirements of Section 33-56-90 of the Act, and who has been fined \$10,000 or more for those violations.	Keep
96.3		Charitable Funds Act Misrepresentation Violations	The Secretary of State shall refer to the Keep Attorney General for investigation under SC Code Section 33-56-145 of the Solicitation of Charitable Funds Act any person who is alleged to have violated the misrepresentation provisions of Section 33-56-120 of the Act, and who has been fined \$10,000 or more for those violations.	Keep
117.2	GP: Travel - Subsistence Expenses & Mileage		Travel and subsistence expenses, whether paid from state appropriated, federal, local or other funds, shall be allowed in accordance with the following provisions: C) The Governor, Lieutenant Governor, Secretary of State, Comptroller General, Attorney General, State Treasurer, Adjutant General, Superintendent of Education and the Commissioner of Agriculture shall be reimbursed actual expenses for subsistence.	Keep

117.73

GP: Fines and Fees  
Report

Keep

In order to promote accountability and transparency, each state agency must provide and release to the public via the agency's website, a report of all aggregate amounts of fines and fees that were charged and collected by that state agency in the prior fiscal year. The report shall include, but not be limited to: (1) the code section, regulation, or proviso that authorized the fines and fees to be charged, collected, or received; (2) the amount of the fine or fee; (3) the amount received by source; (4) the purpose for which the funds were expended by the agency; (5) the amount of funds transferred to the general fund, if applicable, and the authority by which the transfer took place; and (6) the amount of funds transferred to another entity, if applicable, and the authority by which the transfer took place, as well as the name of the entity to which the funds were transferred.

Charity Fine Revenue

Add

The Secretary of State may retain administrative fine revenue collected pursuant to SC Code §33-56-160 up to \$300,000 to offset the expenses of enforcing the Solicitation of Charitable Funds Act.



# Secretary of State's Office Provisos

## Fiscal Year 2020-2021

### **Proviso #1- Amend**

**96.1.** (SS: UCC Filing Fees) Revenues from the fees raised pursuant to Section 36-9-525(a), not to exceed ~~\$180,000~~\$250,000, may be retained by the Secretary of State for purposes of UCC administration.

### **Proviso #2- Keep**

**96.2.** (SS: Charitable Funds Act Disclosure Violations) The Secretary of State shall refer to the Attorney General for investigation under SC Code Section 33-56-145 of the Solicitation of Charitable Funds Act any person who is alleged to have violated the mandatory disclosure requirements of Section 33-56-90 of the Act, and who has been fined \$10,000 or more for those violations.

### **Proviso #3- Keep**

**96.3.** (SS: Charitable Funds Act Misrepresentation Violations) The Secretary of State shall refer to the Attorney General for investigation under SC Code Section 33-56-145 of the Solicitation of Charitable Funds Act any person who is alleged to have violated the misrepresentation provisions of Section 33-56-120 of the Act, and who has been fined \$10,000 or more for those violations.

### **Proviso #4- Keep**

**117.20-** (GP: Travel - Subsistence Expenses & Mileage) Travel and subsistence expenses, whether paid from state appropriated, federal, local or other funds, shall be allowed in accordance with the following provisions: C) The Governor, Lieutenant Governor, Secretary of State, Comptroller General, Attorney General, State Treasurer, Adjutant General, Superintendent of Education and the Commissioner of Agriculture shall be reimbursed actual expenses for subsistence.







### **Proviso #5- Keep**

**117.73 -** (GP: Fines and Fees Report) In order to promote accountability and transparency, each state agency must provide and release to the public via the agency's website, a report of all aggregate amounts of fines and fees that were charged and collected by that state agency in the prior fiscal year. The report shall include, but not be limited to: (1) the code section, regulation, or proviso that authorized the fines and fees to be charged, collected, or received; (2) the amount of the fine or fee; (3) the amount received by source; (4) the purpose for which the funds were expended by the agency; (5) the amount of funds transferred to the general fund, if applicable, and the authority by which the transfer took place; and (6) the amount of funds transferred to another entity, if applicable, and the authority by which the transfer took place, as well as the name of the entity to which the funds were transferred.

**Proviso #6-Add**

The Secretary of State may retain administrative fine revenue collected pursuant to SC Code §33-56-160 up to \$300,000 to offset the expenses of enforcing the Solicitation of Charitable Funds Act.

## Secretary of State's Office Carryforward Fiscal Year 2018-2019

Account Number		1000000000 CASH DUE TO/FROM		
to		1199999999		
Company Code		SC01	State of South Carolina	
Fiscal Year		2019		
<input type="checkbox"/> Display More Chars				
All Documents in Currency		*	Display Currency	USD Company code currenc
     				
Period	Debit	Credit	Balance	Cumulative balance
Bal. Carryfor...				1,142,846.92
1	7,215,087.17	5,728,863.39	1,486,223.78	2,629,070.70
2	3,000,122.87	2,348,460.41	651,662.46	3,280,733.16
3	2,061,918.95	1,515,537.15	546,381.80	3,827,114.96
4	2,533,392.20	1,911,672.68	621,719.52	4,448,834.48
5	2,546,218.50	2,067,558.18	478,660.32	4,927,494.80
6	1,737,219.28	1,360,423.27	376,796.01	5,304,290.81
7	3,116,467.59	2,386,937.56	729,530.03	6,033,820.84
8	2,958,697.63	2,337,332.35	621,365.28	6,655,186.12
9	2,929,293.73	2,210,742.86	718,550.87	7,373,736.99
10	2,973,926.07	2,279,387.89	694,538.18	8,068,275.17
11	2,418,157.36	1,791,454.63	626,702.73	8,694,977.90
12	4,067,593.23	3,241,015.66	826,577.57	9,521,555.47
13	8,146,955.26	16,275,919.82	8,128,964.56-	1,392,590.91
14				1,392,590.91
15				1,392,590.91
16				1,392,590.91
<b>Total</b>	<b>45,705,049.84</b>	<b>45,455,305.85</b>	<b>249,743.99</b>	<b>1,392,590.91</b>

**Secretary of State's Office FTEs  
Fiscal Year 2020-2021**

**Authorized FTEs- 33**

**Filled FTEs- 32**

**Vacant FTEs- 1**

Office of the Secretary of State  
 Other Funds Authorization Increase for FY 2020-2021  
 Requested Amount \$145,000  
 Breakdown of Proposed Possible Expenditures

Item 1	Charities, Professional Fundraisers & Raffles Application Upgrade to complete project to provide mobile access for registration, filing of financial reports and accessing information on charitable organizations via phone and tablet.	\$105,000
Item 2	IT Projects to include storage equipment for back-up of software and purchasing of licensing for Windows 10 Enterprise	\$40,000
	Total	\$145,000

An increase in other funds authorization in the amount of \$145,000 would allow the Secretary of State's Office to provide the requested items that need funding. The increase in other funds authorization would allow continued improvements to the charities web application are necessary to provide increased functionality for public users and charities staff.

The charities/raffles/professional fundraiser web application is presently undergoing a modernization process to provide customers with expanded online offerings to include mobile and tablet capabilities. In addition, other improvements to the charities web application are necessary to provide increased functionality for public users and charities staff. If the funds are not received, the necessary upgrades to the application cannot be made.