



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 279 Amended by the Senate on March 7, 2017
Author: Alexander
Subject: Appraisal Management Company Registration Act
Requestor: House Labor, Commerce, and Industry
RFA Analyst(s): Shuford, Gardner, Heineman, and Stein
Impact Date: March 29, 2017 - Updated for additional agency response

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$54,986	\$51,166
Full-Time Equivalent Position(s)	1.00	0.00
State Revenue		
General Fund	\$5,499	\$5,117
Other and Federal	Undetermined	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill as amended is expected to increase Other Fund expenditures of the South Carolina Real Estate Appraisers Board from the expanded licensure and regulatory duties mandated in the bill in the amount of \$54,986 beginning in FY 2017-18 and \$51,166 each year thereafter. Other Funds revenue collected by LLR from additional licensure and application fees is expected to increase by \$450,000 in FY 2017-18 and every other year subsequently from biennial license revenue. Remittances to the General Fund from the Department of Labor, Licensing and Regulation should increase by \$5,499 in the first year and \$5,117 each year thereafter based on ten percent of the increased expenditures from this bill. Other Funds revenue generated from fines for violations of provisions of this bill are undetermined, since information is not available to estimate the number of offenses. Additionally, the amount of the fine is discretionary within prescribed limits. This fiscal impact statement is updated based on additional responses submitted by the Administrative Law Court and the Department of Labor, Licensing and Regulation.

Explanation of Fiscal Impact

Amended by the Senate on March 7, 2017

Updated for additional agency response

State Expenditure

This bill as amended amends the regulations and requirements for appraisal management companies (AMC) by enacting the Appraisal Management Company Registration Act. The bill as amended requires registration and fees for an entity acting as an AMC, adding definitions, specifying registration requirements, and expanding the Department of Labor, Licensing and

Regulation's (LLR) regulatory activities for AMCs. The bill sets penalties and disciplinary actions for violations of the requirements for AMCs, including civil actions through the Administrative Law Court. The senate amendments of March 7, 2017, establish requirements of the South Carolina Real Estate Appraisers Board for information and registry fee transfers to the Federal Financial Institutions Examination Council for AMC's exempt from the registration requirements of the bill.

Department of Labor, Licensing and Regulation (LLR). LLR's updated response indicates this legislation will increase Other Funds expenditures of the South Carolina Real Estate Appraisers Board related to the licensure and regulation of AMCs. The department reports that one program coordinator is necessary to support program operations. Salaries and employer contributions are estimated at \$51,166. Operating expenses would be minimal. A one-time expenditure for office equipment is estimated at \$3,820. Therefore, first year Other Funds expenditures are estimated at \$54,986 in FY 2017-18 and \$51,166 in Other Funds each year thereafter.

Administrative Law Court. The agency's updated response indicates that the implementation of this bill may cause additional cases to be filed for violations of the provisions of this bill. However, the agency can manage any expenses the agency might incur without any further appropriation of funds. Therefore, the bill will have no impact on the General Fund, Other Funds, or Federal Fund.

State Revenue

Section 40-1-50 specifies that Professional and Occupational Licensing programs set fees to cover the operational expenses of their boards. Based on data obtained from neighboring states, LLR expects to receive 150 applications for licensure with an initial application fee of \$3,000 and a biennial renewal fee of \$3,000. Therefore, Other Funds revenue collected by LLR is expected to be \$450,000 in FY 2017-18 and subsequently \$450,000 every other year.

Pursuant to Proviso 81.3 of the FY 2016-17 Appropriations Act, the Department of Labor, Licensing and Regulation is required to remit an amount equal to ten percent of expenditures to the General Fund. Since expenditures for this program are estimated at \$54,986 in the first year of operation, remittances to the General Fund should increase by \$5,499 in the first year and \$5,117 each year thereafter from this program.

In addition, the bill authorizes the South Carolina Real Estate Appraisers Board to impose a fine in addition to other sanctions when grounds for disciplinary action exist. The fine may not exceed \$10,000 for an initial violation and \$20,000 for subsequent violations. Additionally, when LLR institutes a civil action through the Administrative Law Court (ALC), the ALC may impose a fine in addition to that assessed by the LLR Board for the same violation. The fine the ALC may impose is limited to not more than \$10,000 for each violation. The revenue generated by these fines would be deposited in a special fund established for the LLR to defray administrative costs associated with investigations and hearings. The amount of revenue that would be generated from fines is undetermined, because information is not available to estimate the number of violations for which a fine would be imposed. Also, the amount of the fine is discretionary within prescribed limits.

Local Expenditure

N/A

Local Revenue

N/A

Introduced on January 24, 2017**State Expenditure**

This bill amends the regulations and requirements for appraisal management companies (AMC) by enacting the Appraisal Management Company Registration Act. The additions include requiring registration and fees for an entity acting as an AMC, adding definitions, specifying registration requirements, and expanding the Department of Labor, Licensing and Regulation's (LLR) regulatory activities for AMCs. The bill sets penalties and disciplinary actions for violations of the requirements for AMCs, including civil actions through the Administrative Law Court.

LLR indicates this legislation will increase Other Fund expenditures of the South Carolina Real Estate Appraisers Board associated with the licensure and regulation of AMCs. However, the amount of increased expenditure is undetermined since the number of additional licenses for AMCs and the administrative, oversight, and regulatory duties in regard to AMCs are unknown.

State Revenue

Section 40-1-50 specifies that Professional and Occupational Licensing programs set fees to cover the operational expenses of their boards. Any necessary fee increase to offset the undetermined expenditures will increase Other Funds revenue by a corresponding amount. The bill may increase Administrative Law Court cases for violations of the provisions in the bill. The revenue impact to the Administrative Law Court is pending, contingent upon a response from the agency.

Local Expenditure

N/A

Local Revenue

N/A



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