



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0706 Introduced on March 26, 2019
Author: Campbell
Subject: Multifamily Dwelling Safety Act
Requestor: Senate Labor, Commerce, and Industry
RFA Analyst(s): Griffith and Gardner
Impact Date: February 13, 2020

Fiscal Impact Summary

This bill creates the Multifamily Dwelling Safety Act, which requires LLR to adopt the Multifamily Dwelling Balcony Code. Other Funds expenditures will increase by at least \$177,052 in FY 2020-21 and by at least \$174,052 in each subsequent fiscal year for three new FTEs, fringe benefits, and supplies. However, the total increase in the agency's expenditures is undetermined because the total cost to implement the act is unknown.

General Fund revenue will increase by at least \$17,705 in FY 2020-21 and by at least \$17,405 in each subsequent fiscal year. Other Funds revenue will increase by an undetermined amount because the number of dwellings subject to the balcony inspection fee is unknown.

The expenditure and revenue impact on the Judicial Department is pending, contingent upon a response from the agency.

Explanation of Fiscal Impact

Introduced on March 26, 2019

State Expenditure

This bill creates the Multifamily Dwelling Safety Act, which requires LLR to adopt the Multifamily Dwelling Balcony Code (code) within six months after the effective date of the act. The agency must perform inspections on balcony railings that are primarily constructed of wood and are located in multifamily dwellings. Additionally, the bill creates a new misdemeanor for violations of the act with imprisonment not exceeding 30 days, a fine not exceeding \$500 for each day the violation exists, or both.

Department of Labor, Licensing and Regulation. The adoption of the Multifamily Dwelling Balcony Code (code) may require additional board meetings, which will increase Other Funds expenditures. However, the bill does not specify which of LLR's boards will be responsible for adopting the code. Therefore, the increased cost to the agency for additional board meetings is undetermined.

LLR estimates that the agency will require at least three new FTEs, one Administrative Assistant position and two Inspector III positions. The recurring salary and fringe for these FTEs will result in an annual General Fund expenditure increase of \$158,592 beginning in FY 2020-21.

Other recurring expenses due to the bill are two assigned leased vehicles and two cell phones for the new inspectors, totaling \$12,000 and \$960 per year, respectively. LLR will also have approximately \$2,500 in expenses for miscellaneous services and supplies due to inspections.

For the purchase of one desktop computer with accessories for the Administrative Assistant and two laptop computers for the Inspectors, Other Funds expenditures of LLR will increase by \$3,000 in FY 2020-21.

In total, the bill will increase recurring Other Funds expenditures by \$174,052 and non-recurring Other Funds expenditures by \$3,000.

Judicial Department. The expenditure impact on the Judicial Department is pending, contingent upon a response from the department.

State Revenue

Pursuant to Proviso 81.3 of the FY 2019-20 Appropriations Act, LLR is required to remit annually to the General Fund an amount equal to 10 percent of expenditures of the Division of Professional and Occupational Licensing (POL). Assuming the board responsible for adopting the code will be under this division, General Fund revenue will increase by approximately \$17,705 in FY 2020-21 and by at least \$17,405 in each subsequent fiscal year.

Additionally, the bill authorizes the agency to charge a property owner a fee for the inspections and charges the agency with notifying the property owner at least ten days before conducting the inspection. The amount of this fee must be determined by LLR and must be sufficient to cover the cost of performing the inspection. Since this is a new building code, it is unknown how many multifamily dwellings will be subject to the fee, and therefore, the total revenue impact on the agency is undetermined.

The revenue impact on the Judicial Department is pending, contingent upon a response from the department.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director