COMMITTEE REPORT

February 20, 2020

**H. 4765**

Introduced by Reps. Brawley, King, McKnight, Pendarvis, Cobb‑Hunter, Trantham, Alexander, Brown, Thigpen, Henegan, McDaniel, Collins, Kimmons and Bernstein

S. Printed 2/20/20--H.

Read the first time January 14, 2020.

**THE COMMITTEE ON EDUCATION AND PUBLIC WORKS**

To whom was referred a Bill (H. 4765) to amend the Code of Laws of South Carolina, 1976, by adding Section 59‑63‑785 so as to provide public schools and public school districts may not use, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

MERITA A. ALLISON for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**Introduced on January 14, 2020**

**State Expenditure**

This bill prohibits a public school or public school district from using a debt collection service to collect debts on student school lunch or breakfast accounts. Additionally, a public school or public school district may not assess or collect any interest, fees, or other monetary penalties for outstanding debts on student school lunch and breakfast accounts. The provisions of the bill apply to debts on student lunch and breakfast accounts outstanding on the effective date of the bill and incurred after the effective date of the bill.

The Governor’s School for the Arts and Humanities (GSAH), the Governor’s School for Science and Mathematics (GSSM), the School for the Deaf and Blind, and the Wil Lou Gray Opportunity School indicate that they do not use debt collection services or assess any interest, fees, or other monetary penalties for outstanding debts on school lunch and breakfast accounts. Therefore, this bill will have no expenditure impact on these agencies. The expenditure impact on the John de la Howe School is undetermined since the school did not provide a response, and it is unclear if the school will use debt collection services or collect any monetary penalties on outstanding student lunch and breakfast accounts.

**Local Expenditure**

This bill prohibits a public school or public school district from using a debt collection service to collect debts on student school lunch or breakfast accounts. Additionally, a public school or public school district may not assess or collect any interest, fees, or other monetary penalties for outstanding debts on student school lunch and breakfast accounts. The provisions of the bill apply to debts on student lunch and breakfast accounts outstanding on the effective date of the bill and incurred after the effective date of the bill.

**Regular School Districts and Charter School Districts.** The State Department of Education surveyed the regular school districts and the charter school districts regarding the expenditure impact of this bill and received responses from nine districts. Seven of the responding districts indicate they do not use a collection service to collect outstanding debts on student lunch and breakfast accounts. The other two responding districts indicate they do use a collection service to collect outstanding debts on student lunch and breakfast accounts, and the estimated impact ranged from a nominal amount to $15,000 annually. Additionally, one of the responding districts indicates that they collect approximately $5,000 in fees on student meal accounts annually. Although the expenditure impact of this bill on the regular school districts and the charter school districts will be at least $20,000, the overall expenditure impact is undetermined due to the limited number of responses from these districts.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 59‑63‑785 SO AS TO PROVIDE PUBLIC SCHOOLS AND PUBLIC SCHOOL DISTRICTS MAY NOT USE DEBT COLLECTION AGENCIES TO COLLECT OR ATTEMPT TO COLLECT OUTSTANDING DEBTS ON STUDENT SCHOOL LUNCH OR BREAKFAST ACCOUNTS, TO PROVIDE PUBLIC SCHOOLS AND PUBLIC SCHOOL DISTRICTS MAY NOT ASSESS OR COLLECT ANY INTEREST, FEES, OR OTHER SUCH MONETARY PENALTIES FOR OUTSTANDING DEBTS FOR STUDENT SCHOOL LUNCH OR BREAKFAST ACCOUNTS, AND TO PROVIDE THE PROVISIONS OF THIS ACT APPLY TO DEBTS ON STUDENT LUNCH AND BREAKFAST ACCOUNTS OUTSTANDING ON THE EFFECTIVE DATE OF THIS ACT AND INCURRED AFTER THE EFFECTIVE DATE OF THIS ACT.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Article 7, Chapter 63, Title 59 of the 1976 Code is amended by adding:

“Section 59‑63‑785. (A) A public school or public school district may not:

(1) use a debt collection service to collect or attempt to collect, directly or indirectly, debts due or assessed to be owed for outstanding debts on a school lunch or breakfast account of a student; or

(2) assess or collect any interest, fees, or other such monetary penalties for outstanding debts on student school lunch or breakfast accounts.

(B) For purposes of this section, ‘debt collection agency’ means, as used in the South Carolina Consumer Protection Code, any person who collects or attempts to collect, directly or indirectly, debts due or asserted to be owed or due another. The term also includes a creditor who collects or attempts to collect, directly or indirectly, his own debts.”

SECTION 2. The provisions of this act apply to debts on student lunch and breakfast accounts outstanding on the effective date of this act and incurred after the effective date of this act.

SECTION 3. This act takes effect upon approval by the Governor.

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