



**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.*

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<b>Bill Number:</b>	H. 3599	Introduced on January 12, 2021
<b>Author:</b>	B. Newton	
<b>Subject:</b>	Occupational Therapy Licensure Compact	
<b>Requestor:</b>	House Medical, Military, Public, and Municipal Affairs	
<b>RFA Analyst(s):</b>	Coomer and Gardner	
<b>Impact Date:</b>	February 24, 2021 Updated for Additional Agency Response	

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### **Fiscal Impact Summary**

This bill will increase Other Funds expenditures by \$51,228 in the first fiscal year in which the Occupational Therapy Licensure Compact (compact) becomes active and by \$50,228 each year thereafter for the addition of 1 FTE for the Department of Labor, Licensing and Regulation (LLR). This bill will increase Other Funds expenditures by an undetermined amount due to costs related to entering into the compact, such as additional meetings of the South Carolina Board of Occupational Therapy (board), an annual compact assessment on member states, potential investigative costs stemming from adverse action taken on licensees, and participation in the compact's data system. However, compact privilege fees paid by applicants for licensure could generate the necessary revenue to offset these expenditure increases.

The revenue impact of this bill on the Other Funds of LLR and the General Fund is undetermined. It is not known how many new applicants will seek compact licensure, how many fines may be issued against licensees, and what compact privilege fee the board will establish for compact licensure. LLR does not anticipate its remittance to the General Fund under Proviso 81.3 of the FY 2019-20 Appropriations Act will exceed a few hundred dollars.

The fiscal impact of this bill is pending, contingent upon a response the State Law Enforcement Division (SLED).

This fiscal impact has been updated for an additional response from LLR.

### **Explanation of Fiscal Impact**

**Updated for Additional Agency Response on February 24, 2021**  
**Introduced on January 12, 2021**

#### **State Expenditure**

This bill provides for the South Carolina Board of Occupational Therapy (board) to enter into a multistate occupational licensure compact. The compact allows qualified occupational therapists or occupational therapy assistants to practice in all member states by applying for a compact privilege. Under current law, an occupational therapist must apply for licensure with the licensure board of each state in which the individual wishes to practice.

Additionally, this bill requires applicants to undergo a state criminal history records check in their home state, including fingerprinting, and a national criminal records check. The costs of conducting these checks shall be paid by the applicant.

This compact takes effect on the date of enactment by the tenth state. Currently, compact legislation has been introduced in eleven states. RFA cannot determine when and if this compact will go into full effect.

**Department of Labor, Licensing and Regulation.** The Occupational Therapy Compact Commission (commission) is responsible for the administration of the interstate compact. This commission consists of one delegate from each member state selected by that member state's licensing board. The commission will meet at least once each calendar year, and expenditures related to the travel costs of the delegate will be provided by the member state. Additionally, the commission may collect an annual assessment from each member state to cover its operational costs. Furthermore, the bill requires compact states to have a mechanism in place for receiving and investigating complaints about licensees, as well as for remote states to cover the costs associated with hearings and investigations required by the service statutes of the state where witnesses and evidence are located. However, these costs for investigations and disposition of cases can be recovered from the affected party. Lastly, the bill requires member states to submit a uniform data set to the commission's data system on all individuals to whom the compact is applicable. While LLR anticipates that these provisions will cause increased expenditures for the board and that additional board meetings may be necessary to hold application hearings and disciplinary hearings resulting from background checks, LLR is unable to determine the total increased cost of these provisions to the board.

LLR indicates that additional board meetings may be necessary to hold application hearings and disciplinary hearings resulting from background checks. The cost breakdown of board meetings includes a \$35 per diem for each board member, a 56 cent per mile mileage reimbursement, and a \$2,156 court reporter fee. The board consists of seven members. LLR cannot estimate the number of additional meetings that may be necessary as a result of this bill.

This bill creates additional administrative duties that cannot be managed by existing staff. Therefore, LLR anticipates that it will require 1 additional FTE to handle criminal background check processing during the licensure process, process applications, and assist with board meetings and other duties as needed. Salary and fringe benefits for an Administrative Assistant will total \$47,728, and other recurring operating expenses will total \$2,500. Non-recurring infrastructure costs associated with this position will total \$1,000. Therefore, this bill will increase Other Funds expenditures by \$51,228 in the first fiscal year in which the compact becomes active and by \$50,228 each year thereafter. It is not known when and if this compact will go into effect.

The total expenditure impact of this bill is undetermined. However, compact privilege fees paid by applicants will be established by the board and could generate the necessary revenue to offset anticipated expenditure increases.

This fiscal impact has been updated for an additional response from LLR.

**State Law Enforcement Division.** The expenditure impact of this bill on SLED is pending, contingent upon a response from the agency.

### **State Revenue**

**Department of Labor, Licensing and Regulation.** This bill allows LLR to collect a fee from out-of-state occupational therapists or occupational therapy assistants for licenses issued or renewed through this interstate compact. Additionally, the board may issue and collect fines as a result of adverse action taken against a licensee, as well as recover the costs for investigation and disposition of cases resulting from adverse action taken against a licensee. The revenue impact of this bill on the Other Funds of LLR is undetermined because LLR cannot estimate how many new applicants will seek compact licensure, how many fines may be issued against licensees, and what fee the board will establish for compact licensure.

The board falls under the Division of Professional and Occupational Licensing. 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. Because the total amount of increased costs to the board is unknown, LLR is unable to determine the exact revenue impact to the General Fund. However, LLR anticipates the revenue impact of this bill on the General Fund will not exceed a few hundred dollars.

This fiscal impact has been updated for an additional response from LLR.

**State Law Enforcement Division.** This bill may increase the number of state criminal records checks that SLED is required to perform. Pursuant to Section 23-3-115(A), revenue generated by state criminal records checks performed by SLED up to an amount of \$4,461,000 must be deposited in the General Fund. Any revenue over that amount is retained by SLED. The revenue impact of this bill on the General Fund and the Other Funds of SLED is pending, contingent upon a response from the agency.

### **Local Expenditure**

N/A

### **Local Revenue**

N/A

### **Introduced on January 12, 2021**

#### **State Expenditure**

This bill allows South Carolina to enter into a multistate occupational licensure compact. The compact allows qualified occupational therapists or occupational therapy assistants to practice in all member states by applying for a compact privilege. Under current law, an occupational therapist must apply for licensure with the licensure board of each state in which the individual wishes to practice. The licensure board for South Carolina is the Board of Occupational Therapy (board), which is regulated by LLR.

Additionally, this bill requires applicants to undergo a state criminal history records check in their home state, including fingerprinting, and a national criminal records check. The costs of conducting these checks shall be paid by the applicant.

**Department of Labor, Licensing and Regulation.** The Occupational Therapy Compact Commission (commission) is responsible for the administration of the interstate compact. This commission consists of one delegate from each member state selected by that member state's licensing board. The commission will meet at least once each calendar year, and expenditures related to the travel costs of the delegate will be provided by the member state. Additionally, the commission may collect an annual assessment from each member state to cover its operational costs.

This bill requires the board to review applications for new home state licenses and compact privileges, to determine qualification of the applicant, and to activate new home state licenses in accordance with rules adopted by the commission. If the compact qualifications are not met, a single-state license may be considered by the board. The board must also report to the commission any adverse action imposed against a licensee and comply with adverse action imposed by member states against a home state licensee. Additionally, the board must submit a data set to the commission's data system containing information on individuals to whom the compact is applicable.

The expenditure impact of this bill on LLR is pending, contingent upon a response from the agency.

**State Law Enforcement Division.** The expenditure impact of this bill on SLED is pending, contingent upon a response from the agency.

### **State Revenue**

**Department of Labor, Licensing and Regulation.** This bill allows LLR to collect a fee from out-of-state occupational therapists or occupational therapy assistants for licenses issued or renewed through this interstate compact. LLR is required, pursuant to Section 40-1-50(D), to adjust fees biennially to ensure that fee revenue is sufficient, but not excessive, to cover expenses of each respective board. Additionally, the board may issue and collect fines as a result of adverse action taken against a licensee, as well as recover the costs for investigation and disposition of cases resulting from adverse action taken against a licensee. The revenue impact of this bill on the Other Funds of LLR is pending, contingent upon a response from the agency.

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**Local Expenditure**

N/A

**Local Revenue**

N/A



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Frank A. Rainwater, Executive Director