



**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	Signed by Governor on May 13, 2022
<b>Author:</b>	B. Newton	
<b>Subject:</b>	Occupational Therapy Licensure Compact	
<b>Requestor:</b>	House of Representatives	
<b>RFA Analyst(s):</b>	Wren	
<b>Impact Date:</b>	July 25, 2022	

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### **Fiscal Impact Summary**

This bill allows the South Carolina Board of Occupational Therapy to enter into a multistate occupational licensure compact.

The overall expenditure impact on the Department of Labor, Licensing, and Regulation (LLR) is undetermined. However, the bill will increase Other Funds expenditures of the agency by at least \$51,200 in FY 2022-23 for 1.0 FTE and miscellaneous expenses and by at least \$50,200 each year thereafter for the new FTE. Further, the bill will increase Other Funds expenditures of the agency by an undetermined amount due to unknown costs related to entering into the compact, such as additional meetings of the South Carolina Board of Occupational Therapy, 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.

This bill is not expected to have an expenditure impact on the State Law Enforcement Division (SLED), as we anticipate that any increase in the number of background checks can be managed within the normal course of agency business.

The Board of Occupational Therapy falls under the Division of Professional and Occupational Licensing. Proviso 81.3 of the FY 2022-23 Appropriations Act requires LLR to remit 10 percent of the board's expenditures to the General Fund annually. Since the board's total expenditures are undetermined, the revenue impact on the General Fund is also undetermined. However, General Fund revenue would increase by at least \$5,100 in FY 2022-23 and by \$5,000 each year thereafter for the new FTE and miscellaneous costs.

The revenue impact on Other Funds of LLR is undetermined. It is unknown 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.

This bill may increase Other Funds revenue of SLED by approximately \$6,750 beginning in FY 2022-23 due to fees collected by SLED for criminal records checks.

## Explanation of Fiscal Impact

Signed by Governor on May 13, 2022

### State Expenditure

This bill allows 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 criminal history records check in their home state, including fingerprinting, and a criminal records check by the Federal Bureau of Investigation (FBI). 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. 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. LLR anticipates that additional board meetings may be necessary to hold application hearings and disciplinary hearings resulting from background checks. The cost breakdown of a board meeting includes a \$50 per diem for each board member, a 62.5 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 portion of the bill. Therefore, the increased cost is also unknown.

This bill also creates additional administrative duties that cannot be managed by existing staff. Therefore, LLR anticipates that it will require 1.0 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 \$47,700, and other recurring operating expenses will total \$2,500. Non-recurring infrastructure costs associated with this position will total \$1,000. Therefore, this portion of the bill will increase Other Funds expenditures of LLR by \$51,200 in FY 2022-23. Expenses will decrease to \$50,200 each year thereafter.

The total expenditure impact of this bill on LLR 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.

**State Law Enforcement Division.** We have not received a response from SLED regarding the expenditure impact of this bill. However, we anticipate that this bill will require SLED to perform activities that can be conducted in the normal course of agency business. Therefore, we do not expect that this bill will have an expenditure impact on the agency due to the provision requiring a criminal history records check and fingerprinting for applicants to the board.

### **State Revenue**

This bill allows 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 criminal history records check in their home state, including fingerprinting, and a national criminal records check by the FBI. The costs of conducting these checks shall be paid by the applicant.

**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 Other Funds of LLR is undetermined since LLR cannot estimate how many new applicants may seek compact licensure, how many fines may be issued against licensees, and the fee amount the board will establish for compact licensure. However, LLR anticipates using any increase to offset expenditures.

The board falls under the Division of Professional and Occupational Licensing. Pursuant to Proviso 81.3 of the FY 2022-23 Appropriations Act, LLR is required to remit annually to the General Fund an amount equal to 10 percent of expenditures. Since the total amount of increased expenses to the board is unknown, the total revenue impact of this bill on the General Fund is undetermined. However, General Fund revenue will increase by at least \$5,100 in FY 2022-23 and by at least \$5,000 each year thereafter for the new FTE and miscellaneous costs. Additional expenses for board meetings and other miscellaneous expenses are unknown.

**State Law Enforcement Division.** We anticipate that this bill may increase the number of criminal records checks that SLED is required to perform. The total cost for a criminal records check is \$51.75, of which \$25 is retained by SLED. The vendor, Identogo, receives \$13.50, and the remainder of the fee, \$13.25, is remitted to the FBI. Pursuant to Section 23-3-115(A), revenue generated by 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.

LLR indicates that based on historical data there is an average of 270 initial licenses granted for occupational therapists and occupational therapy assistants each year. If state background checks are performed on an average of 270 individuals a year, revenue would increase by approximately

\$6,750 each fiscal year. Based upon information provided by SLED, RFA estimates that the agency collected approximately \$5,500,000 in FY 2020-21 for its \$25 portion of the background check fee. Assuming a similar pattern in future years and since this amount is over the \$4,461,000 amount that is allocated to the General Fund, we anticipate that Other Funds revenue of SLED will increase by \$6,750 beginning in FY 2022-23 as a result of the potential increase in background check fees. There would be no increase to General Fund revenue as a result of this portion of the bill.

**Local Expenditure**

N/A

**Local Revenue**

N/A



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Frank A. Rainwater, Executive Director