



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.

Bill Number: S. 0812 Introduced on May 12, 2021
Author: Alexander
Subject: Accountants
Requestor: Senate Labor, Commerce, and Industry
RFA Analyst(s): Miller
Impact Date: January 31, 2022

Fiscal Impact Summary

This bill modifies and updates terminology and licensing procedures for certified public accountants, which is overseen by the South Carolina Board of Accountancy (board), within the Department of Labor, Licensing and Regulation (LLR). This bill creates additional responsibilities for the board including the issuance of non-binding opinions. LLR will provide support for the board in these new responsibilities as well as updating licensing forms, the LLR website, and perform other additional duties as required by this bill. This bill also updates the fee for an accounting firm's registration, specifying that a firm must pay \$50 per physical location within the state, and creates a \$500 reinstatement fee for those firms whose registrations have lapsed.

This bill will increase Other Funds expenditures of LLR by at least \$189,200 in FY 2022-23 and \$173,100 each year thereafter for 2.0 FTEs to accomplish the additional responsibilities placed on the board and LLR and for equipment, supplies, additional board meetings, and temporary staff. LLR anticipates offsetting these expenditures with Other Funds revenue from licensing and registration fees.

Additionally, this bill will result in an increase in General Fund revenue totaling \$18,920 because Proviso 81.3 of the FY 2021-22 Appropriations Act requires LLR to remit 10 percent of the expenditures of the Division of Professional and Occupational Licensing (POL) to the General Fund. Further, this bill will result in an increase in Other Funds revenue for licensing and registration fees due to the creation of the reinstatement fee and the clarification that the registration fee applies to each physical location of a firm within the state.

Explanation of Fiscal Impact

Introduced on May 12, 2021

State Expenditure

This bill modifies and updates terminology and licensing procedures for certified public accountants. This bill increases the responsibility of the board, within LLR. The increased responsibilities for the board include, among others, issuing non-binding opinions, reviewing educational programs and courses, and updating regulations to reflect those developed by national accounting organizations. LLR anticipates that the board will meet more frequently due

to these additional responsibilities. Each of the eleven members will receive per diem of \$35, and mileage of \$0.585 per mile for each meeting. Additionally, each meeting is recorded by a court reporter, whose fee is \$1,200 per meeting. The average total expenditure for one meeting is \$2,400. LLR anticipates the board will hold at least four additional meetings to accomplish the additional duties outlined in this bill, resulting in a total Other Funds expenditure of \$9,600 beginning in FY 2022-23.

Additionally, the bill increases LLR's responsibilities. These additional responsibilities include supporting the board in their new responsibilities, updating licensure applications, updating the website, ensuring certain information is available to the public, and other such tasks. LLR anticipates the need for 2.0 FTEs, one administrative assistant and one attorney III, in order to accomplish the responsibilities required by this bill. The administrative assistant will process new and amended credentials and renewals, research educational courses, and provide other support services to the board, as needed. LLR estimates the salary for this position will be \$40,000 and an employer contribution of \$17,000, for a total of \$57,000. The attorney III will assist the board with researching, drafting, and issuing the non-binding opinions and assist with day-to-day inquires and demands of the board. LLR estimates a salary of \$73,000 and an employer contribution of \$31,000, for a total of \$104,000 for this position. Additionally, LLR anticipates other expenses for the two new FTEs will include \$3,500 for office equipment as well as \$2,500 annually for miscellaneous supplies. Also, LLR anticipates the need to hire temporary staff to assist existing staff with updating the website and forms, amending new licensing requirements, and other tasks as outlined in this bill. LLR estimates approximately 600 hours of temporary staff work will be needed to accomplish these tasks. At an estimated \$21 per hour, this will result in an increase of \$12,600 for FY 2022-23.

In summary, this bill will result in an increase of Other Funds expenditures totaling an estimated \$189,200 for LLR in FY 2022-23, including \$173,100 in recurring expenditures and \$16,100 in nonrecurring expenditures. This estimate includes the following:

- \$9,600 for four additional board meetings annually,
- \$161,000 for salary and benefits for 2.0 FTEs,
- \$2,500 for recurring miscellaneous supplies for these new FTEs
- \$3,500 for the initial set up for these new FTEs,
- \$12,600 for temporary staff.

Each year thereafter, this bill will have a \$173,100 Other Funds expenditure impact for LLR. LLR specified that because this bill creates new requirements for both the agency and the board, there may be an additional impact, depending on the increased demands placed on both the board and the agency. However, LLR anticipates that any increase in Other Funds expenditures will be offset by Other Funds revenue generated through licensing and registration fees.

State Revenue

This bill modifies and updates terminology and licensing procedures for certified public accountants. As discussed above, LLR anticipates an increase in expenditures of \$189,200 in FY 2022-23. Proviso 81.3 of the FY 2021-22 Appropriations Act requires LLR to remit 10 percent of the expenditures of the Division of Professional and Occupational Licensing (POL) to the

General Fund. Based on the anticipated increase in expenditures for POL, this bill will result in a General Fund revenue increase of \$18,920 in FY 2022-23 for the 10 percent remittance.

Additionally, this bill clarifies that each physical location of a firm within the state must be registered with the board. The board charges a \$50 fee for each application of registration. Currently, a firm is charged one \$50 fee, regardless of the number of physical locations within the state. LLR anticipates this bill will increase Other Funds revenue. However, the exact number of physical locations for each firm that will apply for registration is unknown, and therefore, the increase of Other Funds revenue is undetermined.

Further, this bill creates a reinstatement fee of \$500 for a lapsed registration for accounting firms in the state, which will create an increase in Other Funds revenue. As the potential number of reinstatements is unknown, the increase to Other Funds revenue for LLR is undetermined.

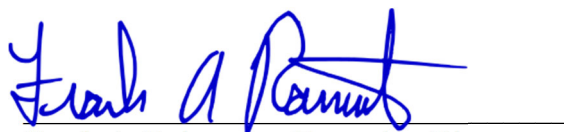
While the increase in Other Funds revenue is undetermined, LLR anticipates using all Other Funds revenues generated by this bill to offset the increase in Other Funds expenditures.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director