



**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. 3952	Introduced on February 14, 2023
<b>Author:</b>	G. M. Smith	
<b>Subject:</b>	Consumer Affairs	
<b>Requestor:</b>	House Labor, Commerce, and Industry	
<b>RFA Analyst(s):</b>	Tipton	
<b>Impact Date:</b>	March 9, 2023	

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### **Fiscal Impact Summary**

This bill amends the South Carolina Consumer Protection Code governing the Department of Consumer Affairs (DCA) by including the addition of consumer education and mediation of complaints between consumers and businesses as underlying purposes of the title. The bill further requires the administrator of DCA to attempt to resolve consumer disputes and other matters in accordance with the underlying purposes before taking investigatory, enforcement, or punitive actions and to provide written notice of reasons and factors prior to such action that caused the administrator to have probable cause. The bill also requires that complaints made by a consumer or entity must be verified to be substantial and legitimate before the administrator or DCA may begin an investigation.

DCA indicates that this bill will require additional staff time reviewing and verifying complaints against businesses in the state. The department reports that these requirements will be managed by existing staff within existing appropriations and will have no expenditure impact.

This bill may result in an undetermined decrease in Other Funds revenue for DCA as a result of the bill's limitations compared to current practice on the collection of fines from businesses due to consumer complaints. The department does not currently have sufficient data to estimate this impact on fine revenue.

### **Explanation of Fiscal Impact**

#### **Introduced on February 14, 2023**

#### **State Expenditure**

This bill amends the South Carolina Consumer Protection Code by including the addition of consumer education and mediation of complaints between consumers and businesses as underlying purposes of the title. The bill further requires the administrator of DCA to attempt to resolve consumer disputes and other matters in accordance with the underlying purposes before taking investigatory, enforcement, or punitive actions. Prior to beginning an investigation or taking such action, the administrator must present a person subject to an action by the department written notice of reasons and factors for the action that caused the administrator to have probable cause. A complaint made by a consumer or entity must be verified to be substantial and

legitimate before the administrator or DCA may compel testimony from any persons or require any information which may be relevant to the investigation.

The bill also specifies requirements of the administrator of DCA before the issuance of a cease and desist to a business. The administrator must present the reasons and factors that led to probable cause or a legitimate complaint to the business, establish whether the matter is a singular incident or is an intentional business practice that violates the law, and must allow the business thirty days to cure the issue after notice, and if not cured within thirty days, attempt mediation.

DCA indicates that this bill will require additional staff time spent reviewing and verifying complaints against businesses in the state, as well as performing research into business practices before issuing a cease and desist and performing mediation. DCA reports that these requirements will be managed by existing staff and equipment within existing appropriations and will have no expenditure impact.

### **State Revenue**

This bill amends the South Carolina Consumer Protection Code by including the addition of consumer education and mediation of complaints between consumers and businesses as underlying purposes of the title. The bill further requires the administrator of DCA to attempt to resolve consumer disputes and other matters in accordance with the underlying purposes before taking investigatory, enforcement, or punitive actions and provide written notice of reasons and factors prior to such action that caused the administrator to have probable cause.

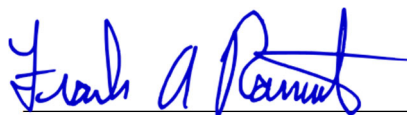
DCA indicates that this bill may reduce the department's ability to collect fines from businesses and refunds for consumers due to the increased level of verifiable evidence required by the bill. DCA reports that collection of fines in this manner account for 6.7 percent on average of its annual budget, making up approximately 12 percent of the agency's Other Funds revenue. DCA does not have sufficient data to estimate the actual impact on fine revenue; therefore, the potential decrease in Other Funds revenue for the agency as a result of the bill is undetermined.

### **Local Expenditure**

N/A

### **Local Revenue**

N/A



Frank A. Rainwater, Executive Director