



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:	H. 4823	Introduced on January 10, 2024
Author:	Blackwell	
Subject:	Expedited Licensing Process	
Requestor:	House Labor, Commerce, and Industry	
RFA Analyst(s):	Boggs, Gardner, Griffith, Manic, and Tipton	
Impact Date:	February 5, 2024	

Fiscal Impact Summary

This bill requires each of the twenty-five departments within the executive branch, listed in Chapter 30 of Title 1, to initiate a program for the expedited review of applications for any permits or licenses issued by the department or a board administered by the department. This includes permits or licenses issued for facilities, business entities, and persons, except for professional and occupational licenses. These programs may require payment of a fee for use of the expedited process and must provide status updates by electronic means or certified mail, at the election of the applicant, every thirty days after the expedited fee application is submitted and any fee is paid. These programs must be implemented within two years after January 1, 2025. However, if an expedited process must first receive federal approval, then the department must seek such approval before January 1, 2025, and the two-year period for implementation by the department begins upon its receipt of such approval.

Additionally, each of the listed departments that issue professional or occupational licenses, certificates, or other credentials should correspond with an applicant for such credentials within seven business days of receiving the application. The department must notify the applicant of any deficiencies in the application or supporting documentation. Additionally, the department must approve the application within fourteen business days of receiving the completed application.

This bill will have no fiscal impact for the Department of Administration (Admin); the Department of Alcohol and Other Drug Abuse Services (DAODAS); the Department of Commerce (Commerce); the Department of Corrections (Corrections); the Department of Health and Human Services (DHHS); the Department of Juvenile Justice (DJJ); the Department of Mental Health (DMH); the Department of Parks, Recreation and Tourism (PRT); the Department of Probation, Parole, and Pardon Services (PPP); the Department of Public Safety (DPS); the Department of Employment and Workforce (DEW); the Department of Veterans' Affairs (DVA); and the Department of Aging (Aging) as these agencies do not issue licenses or permits. Additionally, this bill will have no expenditure impact for the Department of Insurance (DOI); the Department of Revenue (DOR); the Department of Transportation (DOT); and the Department of Disabilities and Special Needs (DDSN) as the agencies can manage the responsibilities of the bill within existing appropriations.

This bill is may result in an undetermined increase is General Fund or Other Funds expenses for the Department of Motor Vehicles (DMV) beginning between FY 2024-25 and FY 2026-27, depending upon when the program is implemented. DMV indicated that this bill may have a significant expenditure impact depending upon how the expedited programs are implemented.

The Department of Health and Environmental Control (DHEC) will become the Department of Public Health (DPH) and the Department of Environmental Services (DES) beginning July 1, 2024. DHEC anticipates this bill will require an undetermined number of additional FTEs to process the expedited licensing program for DPH and DES. The fee revenue collected as part of this program will be used solely to offset the program's expenditures. DHEC indicates that since expedited permit fees tend to follow economic conditions, this bill will also result in an increase in General Fund expenses to support staff during times of reduced demand for expedited permits. DHEC will request both an increase in General Fund appropriations and an increase in Other Funds authorization to support the expedited licensing process beginning between FY 2024-25 and FY 2026-27, depending on when the program is implemented.

This bill will increase Other Funds expenditures of the Department of Labor, Licensing and Regulation (LLR) by \$264,618 for 4.0 FTEs and their initial office setup in FY 2024-25 and \$255,684 each year thereafter. While LLR is typically in compliance with the seven-day requirement of this bill, periods of high volume or staffing turnover can impact LLR's ability to comply. Therefore, LLR will hire 2.0 additional FTEs in the mail processing center and 2.0 additional FTEs for the licensing boards. LLR will request an increase in Other Funds authorization to cover these expenses.

Further this bill requires LLR to initiate a program for the expedited review of applications for any permits or licenses issued by the department. This includes permits or licenses issued for facilities, business entities, and persons, except for professional and occupational licenses. Unless federal approval is required, these programs must be implemented within two years after January 1, 2025. The fiscal impact for this portion of the bill on LLR is pending, contingent upon more information from the agency.

Pursuant to Proviso 81.3 of the FY 2023-2024 Appropriation Act, LLR is required to remit an amount equal to 10 percent of expenditures annually to the General Fund. This bill will increase Other Funds expenditures of LLR by \$264,618 in the first year of implementation and \$255,648 each year thereafter. Therefore, General Fund revenue will increase by at least approximately \$26,500 in FY 2024-25 and \$25,600 each year thereafter.

Additionally, this bill results in an undetermined increase of Other Funds revenue beginning between FY 2024-25 and FY 2026-27 for DPH and DES. This revenue will be used solely to offset the costs of the expedited permitting program.

The Department of Social Services (DSS), the Department of Agriculture (DA), the Department of Education, and the Department of Natural Resources (DNR) are continuing to analyze the impact of this bill. This fiscal impact is pending, contingent upon a response from these agencies.

Explanation of Fiscal Impact

Introduced on January 10, 2024

State Expenditure

This bill requires each of the twenty-five departments of the executive branch, listed in Chapter 30 of Title 1, to initiate a program for the expedited review of applications for any permits or licenses issued by the department or a board administered by the department. This includes permits or licenses issued for facilities, business entities, and persons, except for professional and occupational licenses. These programs may require payment of a fee for use of the expedited process and must provide status updates by electronic means or certified mail, at the election of the applicant, every thirty days after the expedited fee application is submitted and any fee is paid. These programs must be implemented within two years after January 1, 2025. However, if an expedited process must first receive federal approval, then the department must seek such approval before January 1, 2025, and the two-year period for implementation by the department begins upon its receipt of such approval.

Additionally, each of the departments that issue professional or occupational licenses, certificates, or other credentials should correspond with an applicant for such credentials within seven business days of receiving the application. The department must notify the applicant of any deficiencies in the application or supporting documentation. Additionally, the department must approve the application within fourteen business days of receiving the completed application.

This bill will have no fiscal impact for Admin; DAODAS; Commerce; Corrections; DHHS; DJJ; DMH; PRT; PPP; DPS; DEW; DVA; and Aging as these agencies do not issue licenses or permits. Additionally, this bill will have no expenditure impact for DOI; DOR; DOT; and DDSN as the agencies can manage the responsibilities of the bill within existing appropriations.

To note, DOT issues three categories of permits: oversize/overweight permits, outdoor advertising permits, and encroachment permits. The former two currently meet the time requirements of the bill. Encroachment permits, which include utility, commercial driveway, and residential driveway/other permits, may take longer than the thirty days required for the expedited process. DOT currently has an expedited process in place to review the commercial driveway encroachment permits within thirty calendar days. The department processes approximately 12,900 utility and residential driveway/other of the remaining types of encroachment permits each year. DOT anticipates that the majority of the remaining types of encroachment permits will be processed within the thirty-day time requirement of this bill using existing staff and appropriations. However, the agency stated that some commercial projects will likely not be completed in the thirty-day requirements due to the complexity of the project and the required level of detail in the permitting process required by the applicant. DOT does not anticipate a need for additional staff to cover these instances, as there is an expectation from the applicant that it will take longer than the thirty days.

Department of Health and Environmental Control. DHEC will become DPH and DES beginning July 1, 2024. To process expedited permits, DHEC anticipates DPH and DES will

need additional staff. However, the number of additional FTEs required will be dependent upon the number of expedited permit requests, which is unknown. DHEC expects that fees collected from the expedited licensing program will offset the department's cost for implementation of the program. However, because expedited fees follow economic conditions, alternative funding will be needed to support staff during times of reduced demand for expedited permits. Therefore, DHEC will request both an increase in General Fund appropriations and an increase in Other Funds authorization to support the expedited licensing process beginning between FY 2024-25 and FY 2026-27, depending on when the program is implemented.

Department of Labor, Licensing, and Regulation.

This bill requires LLR to correspond with an applicant within seven business days of receiving an application for professional and occupational licenses. Additionally, LLR must approve the application within fourteen days of receiving the completed application. LLR is generally in compliance with the seven-day deadline to notify applicants of deficiencies in their application packet, as well as, the fourteen-day deadline for approving a completed application packet. During periods of high volume, such as board renewal periods and the period immediately following graduations or exams in some professions, the seven-day deadline may not currently be met. Additionally, whenever staff exits and new staff are hired and trained, that deadline may not be met.

To comply with the requirements of the bill, LLR will hire 2.0 FTEs in the mail processing center to open mail, process it, and scan and forward it to the appropriate board for further handling within the seven-day deadline. LLR will also hire 2.0 FTEs for the licensing boards, one for the building and business side, and one for the health and medical side, to assist in receiving and responding to applications within the same seven-day deadline. Each FTE will have an anticipated salary of \$42,900 with fringe benefits of \$21,021. Additionally, the agency anticipates a non-recurring expenditure impact of \$8,934 for computer equipment, scanners, and miscellaneous supplies. Therefore, this bill will increase Other Funds expenditures of LLR by \$264,618 in FY 2024-25 and \$255,684 each year thereafter. LLR anticipates the need to request an increase in Other Funds authorization to cover these expenses.

Further this bill requires LLR to initiate a program for the expedited review of applications for any permits or licenses issued by the department. This includes permits or licenses issued for facilities, business entities, and persons, except for professional and occupational licenses. Unless federal approval is required, these programs must be implemented within two years after January 1, 2025. The fiscal impact for this portion of the bill on LLR is pending, contingent upon more information from the agency.

This fiscal impact of this bill is pending contingent upon a response from DSS, DA, DNR, and the Department of Education.

State Revenue

Pursuant to Proviso 81.3 of the FY 2023-2024 Appropriation Act, LLR is required to remit an amount equal to 10 percent of expenditures annually to the General Fund. This bill will increase Other Funds expenditures of LLR by \$264,618 in FY 2024-25 and \$255,684 each year

thereafter. Therefore, General Fund revenue will increase by at least approximately \$26,500 in FY 2025-26 and \$25,500 each year thereafter.

Additionally, DHEC will charge a fee for expedited permit requests, and the amount of the fee will be determined using stakeholder input. Therefore, this bill will result in an undetermined increase of Other Funds revenue for DPH and DES. This revenue will be used solely to offset the costs of the expedited permitting program beginning between FY 2024-25 and FY 2026-27, depending on when the program is implemented.

Local Expenditure

N/A

Local Revenue

N/A



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