



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. 0367	Introduced on January 10, 2023
Author:	Adams	
Subject:	Bonds and Electronic Monitoring	
Requestor:	Senate Judiciary	
RFA Analyst(s):	Gardner and Tipton	
Impact Date:	February 21, 2023	

Fiscal Impact Summary

This bill establishes new requirements for sureties and bail bondsmen, requires the court to consider a defendant's existing bonds for prior charges in determining his conditions of release, defines electronic monitoring, and establishes requirements for persons conducting electronic monitoring.

This bill will increase expenses for the Department of Insurance (DOI) by \$520,740 in FY 2023-24 and \$508,740 in each year thereafter for licensing and investigatory responsibilities of bondsmen required by the department. These expenditures include \$492,740 in salaries and fringe for 6.0 new FTEs, \$16,000 in recurring operating expenses, and \$12,000 in one-time expenses for initial equipment purchases. DOI indicates that additional General Fund appropriations would be requested to cover these expenses.

The implementation of this bill will have no expenditure impact for Judicial because the responsibilities within the bill can be managed with existing staff and within existing appropriations.

This bill will result in an undetermined Other Funds fine revenue increase for DOI, as the bill allows the department to assess a fine against bondmen who are not compliant with the reporting requirements of the bill. However, the number of fines that will be assessed is currently unknown. DOI further indicates that this bill will have no impact on bondman insurance premiums or premiums tax revenue.

RFA surveyed local governments, as well as the Municipal Association of South Carolina (MASC), as to the expenditure impact of the bill and received responses from Cherokee County, Clarendon County, and MASC. Cherokee County anticipates it would need to hire two additional general sessions clerks and two additional magistrate court clerks at a total minimum cost of \$150,000 annually. Clarendon County and MASC responded that they did not anticipate any expenditure impact from implementation of the bill.

Explanation of Fiscal Impact

Introduced on January 10, 2023

State Expenditure

This bill relates to bond matters for a defendant and, among other things, requires the court to consider the defendant's existing bonds for prior charges when setting the conditions for release. In addition, the bill authorizes the court to issue a bench warrant for a defendant who has violated the conditions of his release on bond, and it increases the amount of time within which the court must provide notice of the issuance of the warrant. This bill also tasks DOI with the regulation and licensing of the electronic monitoring systems and companies for licensed bondmen in the state.

Department of Insurance. This bill tasks DOI with the regulation and licensing of the electronic monitoring systems and companies for licensed bondmen in the state. The bill further provides that no person, other than governmental entities, may engage in electronic monitoring except through licensees of the department. According to DOI, there may be an increase in the number of applicants applying for bondsman licenses, which would require additional staff to administer and verify the bondsman licenses. Currently, there are 686 bondsmen licensed through DOI. DOI also indicates that modification to the department's licensing procedures would be needed to require bondsmen providing electronic monitoring to notify DOI of the monitoring company. Additional staff will be needed to review, process, and verify the information included in the applications and to investigate issues related to license denials for new and renewal applications. Further, the bill states that bondsmen who fail to report under the requirements of the bill will be reported to DOI for administrative action. DOI anticipates that there will be an increase in the number of bondsmen who fail to report violations, and staff will be required to investigate and enforce the provisions of this section.

DOI reports that the 6.0 FTEs would be required to carry out the provisions of the bill. This would include 1.0 Attorney III with annual salary and fringe of \$135,106, 2.0 Investigators III with total annual salary and fringe of \$158,948, 2.0 Program Coordinators with total annual salary and fringe of \$143,054, and 1.0 Program Assistant with annual salary and fringe of \$55,632. In total, expected personnel expenses beginning in FY 2023-24 are estimated to be \$492,740. Additionally, DOI indicates that operating expenses totaling \$16,000 annually would be incurred for miscellaneous contractual supplies and materials, fixed charges, and travel. DOI would also require IT equipment for the additional personnel needed under this bill, resulting in a \$12,000 non-recurring expense in FY 2023-24. In total, this bill will increase expenses for DOI by \$520,740 in FY 2023-24 and \$508,740 in each year thereafter. The department indicates that additional General Fund appropriations would be requested to cover these expenses.

Judicial. The implementation of this bill will have no expenditure impact for Judicial because the responsibilities within the bill can be managed with existing staff and within existing appropriations.

State Revenue

The bill also requires the solicitor to notify the DOI of any failure of a bondsman to report instances where a defendant violates any provision of a court order for electronic monitoring. The DOI may subsequently fine, suspend, or revoke the bondman's license. Further, the bill requires a surety bondsman to, within thirty days of executing a bail bond, file with his insurance provider a written or electronic report detailing all bail bonds on which he has caused to be executed. However, in lieu of submitting a monthly report, a bondsman may use a data management software system to record the bonds executed and provide the appropriate clerk of court or his designee with real-time access to the system.

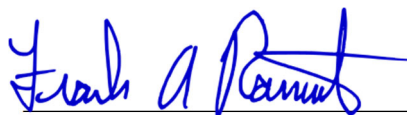
The fine established by the bill that DOI may assess against a bondman not compliant with the reporting requirement will increase Other Funds revenue for DOI beginning in FY 2023-24. However, as the number of non-compliant bondmen is currently unknown, the revenue impact is undetermined. DOI further indicates that this bill will have no impact on bondman insurance premiums or premiums tax revenue.

Local Expenditure

RFA surveyed local governments, as well as MASC, as to the expenditure impact of the bill and received responses from Cherokee County, Clarendon County, and MASC. Cherokee County indicated that implementation of the bill may cause an influx of bench warrants, which could result in an additional backlog of cases. To address the increased workload, Cherokee County anticipates it would need to hire two additional general sessions clerks and two additional magistrate court clerks at a total minimum cost of \$150,000 annually. Clarendon County and MASC responded that they did not anticipate any expenditure impact from implementation of the bill.

Local Revenue

N/A



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