



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. 0436	Introduced on January 24, 2023
Author:	Scott	
Subject:	Heirs' Property Commission	
Requestor:	Senate Labor, Commerce, and Industry	
RFA Analyst(s):	Bryant	
Impact Date:	February 6, 2023	

Fiscal Impact Summary

This bill establishes the Heirs' Property Commission to address legal and economic issues associated with heirs' property. The bill specifies the membership and reporting requirements of the commission. The bill requires the Executive Director of the South Carolina State Housing Finance and Development Authority (SC Housing) to chair the commission and SC Housing to provide administrative support to the commission as needed.

SC Housing indicates that this bill will increase the agency's expenses by an amount up to \$435,108 in FY 2023-24. Of this amount, \$379,108 is for 5.0 FTEs to manage the provisions of the bill, and \$41,000 is for additional office space, a vehicle, utilities, and supplies to house and support the new division. The remaining amount of \$15,000 is for one-time equipment and furniture costs. SC Housing reports that the agency will request a General Fund appropriation increase to fund the expenses.

This bill is not expected to significantly impact expenditures for participation on the commission. The bill specifies that members of the commission will not receive compensation beyond the usual per diem, mileage, and subsistence as provided by law for state boards, committees, and commissions. The Department of Transportation (DOT), the Governor's Office, the House of Representatives, and the Senate anticipate that any per diem, mileage, and subsistence expenses will be managed with existing resources. Therefore, absent a significant number of meetings held by this commission, the bill is not expected to have an additional expenditure impact on DOT, the Governor's Office, the House, or the Senate.

Explanation of Fiscal Impact

Introduced on January 24, 2023

State Expenditure

This bill establishes the Heirs' Property Commission to address legal and economic issues associated with heirs' property. The commission is charged with reviewing issues related to heirs' property and its impact on the families and the economic development opportunities for South Carolina. The bill states that the Heirs' Property Commission will consist of the following eleven commissioners:

- the Executive Director of SC Housing or his designee, who will serve as chairman,
- a representative of the Center for Heirs' Property Preservation, appointed by the Governor,
- the Secretary of Transportation or his designee,
- a Master-in Equity, appointed by the Governor,
- a member representing county government, appointed by the Governor,
- a member representing municipal government, appointed by the Governor,
- a member representing the Coastal Conservation League, appointed by the Governor,
- a member representing Habitat for Humanity, appointed by the Governor,
- a member representing the Lowcountry Gullah Foundation, appointed by the Governor,
- a member appointed by the President of the Senate, and
- a member appointed by the Speaker of the House.

The bill requires the commission to report to the Governor and General Assembly by January 31 each year regarding its activities, the state of heirs' property in South Carolina, any data collected over the year, and any recommendations for policy or legislative changes. Under this bill, the commission is charged with collecting the following data from state agencies and local governments:

- the number and total acreage of lots that are designated as heirs' property in each county,
- the number and total acreage of heirs' property land sold at tax sales and whether the purchaser is an heir,
- information regarding the economic impact of heirs' property, including loss of economic development due to issues with land designated as heirs' property,
- information regarding non-profit groups that provide services to owners of heirs' property throughout South Carolina, and
- information regarding resources available to assist families to clear title of the heirs' property and to prevent further occurrences of heirs' property.

The bill further requires SC Housing to provide administrative support to the commission as the commission requests and requires in the performance of its duties.

The bill specifies that commissioners will not receive compensation beyond the usual per diem, mileage, and subsistence as provided by law for state boards, committees, and commissions. Pursuant to Proviso 117.19 of the FY 2022-23 Appropriations Act, each commissioner will receive per diem of \$50 per day, resulting in a maximum per diem expense for eleven members of \$550 per commission meeting. Proviso 117.20 of the FY 2022-23 Appropriations Act sets mileage reimbursement rates applicable to state commissions equal to the standard business mileage rate as established by the Internal Revenue Service of 65.5 cents per mile. Subsistence is to be no more than \$35 per day when traveling in-state and \$50 per day when out-of-state for commission members who are also employees of the State of South Carolina, and \$42 per day for commission members not employed by the State of South Carolina. Subsistence increases to \$223.17 on non-session days for an appointed member who is also a sitting House or Senate member. The potential expenses will depend on the number of meetings held by the commission.

South Carolina State Housing Finance and Development Authority. This bill requires the Executive Director of SC Housing or his designee to chair the Heirs' Property Commission. The bill further requires SC Housing to provide administrative support to the commission as the commission requests and requires in the performance of its duties. SC Housing indicates that the administration and data collection requirements of the bill will require additional recurring and non-recurring funds, which will be included in the agency's annual budget request.

SC Housing reports that no entity on the commission currently collects the data outlined in Section 31-1-900(C)(2) of the bill. To the extent the chairman, through staff, will need to provide this data to the commission, the agency indicates that it will require additional staff to research, explain, and report on this information, in addition to providing suggestions and steps for policy changes to address the hardships caused by heirs' properties. The agency anticipates the need for 5.0 FTEs (1 Attorney III, 2 Paralegals, 1 Administrative Manager II, and 1 Senior Consultant) with annual salary and fringe expenses of \$379,108 to implement the provisions of the bill. The agency further reports that it does not have space available for 5.0 additional FTEs and will need to lease additional office space to house this new division. Therefore, the agency anticipates recurring expenses in the amount of \$41,000 for an additional building space/lease, a vehicle, utilities, and supplies. One-time equipment and furniture costs for new FTEs are expected to total \$15,000. In total, this bill is expected to increase expenses for SC Housing by an amount up to \$435,108 in FY 2023-24. SC Housing reports that the agency currently receives no General Fund appropriations, and instead uses Federal and Other Funds for operations. The agency's Federal Funds must be used for the agency's federal programs and cannot be used for purposes of this legislation. The agency's Other Funds are designated for use in existing programs that are required by statute and by the agency's mission statement. Therefore, SC Housing reports that the agency will request a General Fund appropriation increase to fund the expenses.

Department of Transportation, Governor's Office, House of Representatives, and Senate. DOT, the Governor's Office, the House, and the Senate anticipate that any per diem, mileage, and subsistence expenses will be managed with existing resources. Therefore, absent a significant number of meetings held by this commission, the agencies expect to manage the increase in expenses with existing resources.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director