



# 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. 3447	Introduced on January 14, 2025
<b>Subject:</b>	Homeowners Association Authority	
<b>Requestor:</b>	House Labor, Commerce, and Industry	
<b>RFA Analyst(s):</b>	Vesely	
<b>Impact Date:</b>	March 5, 2025	

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### Fiscal Impact Summary

This bill requires the issuance of a rule to show cause against the property owner before a Homeowners Association (HOA) can foreclose on the property.

Judicial indicates that this bill may shift the type of action brought in circuit court from foreclosures to rules to show cause. Judicial also notes that foreclosure actions may be referred to a master-in-equity or special referee instead. Judicial anticipates that any impact to the caseload as a result of this bill can be managed within existing appropriations. However, if this bill results in a significant increase in the caseload in circuit court, Judicial anticipates the need to request additional General Fund appropriations.

The Revenue and Fiscal Affairs Office contacted all counties and the Municipal Association of South Carolina (MASC) to determine the potential fiscal impact of this bill. We received responses from MASC and the counties of Florence and Dorchester. MASC indicates that this bill will have no impact on municipalities, as they are not involved in the foreclosure or lien process. Florence County indicates this bill would have no fiscal impact for the county. Dorchester County indicates that this bill would have minimal non-recurring impact on local revenue for HOAs that must file updated bylaws to be in compliance with this bill and pay the corresponding filing fee to the register of deeds.

### Explanation of Fiscal Impact

#### Introduced on January 14, 2025

##### State Expenditure

This bill requires the issuance of a rule to show cause against the property owner before a Homeowners Association (HOA) can foreclose on the property.

Judicial indicates that this bill may shift the type of action brought in circuit court from foreclosures to rules to show cause. Judicial also notes that foreclosure actions may be referred to a master-in-equity or special referee instead. Judicial anticipates that any impact to the caseload as a result of this bill can be managed within existing appropriations. However, if this bill results in a significant increase in the caseload in circuit court, Judicial anticipates the need to request additional General Fund appropriations.

## **State Revenue**

N/A

## **Local Expenditure**

The Revenue and Fiscal Affairs Office contacted all counties and MASC to determine the potential fiscal impact of this bill. We received responses from MASC and the counties of Florence related to local expenditure impact. MASC indicates that this bill will have no impact on municipalities, as they are not involved in the foreclosure or lien process. Florence County indicates this this bill would have no fiscal impact for the county.

## **Local Revenue**

The Revenue and Fiscal Affairs Office contacted all counties and MASC to determine the potential fiscal impact of this bill. Dorchester County indicates that this bill would have minimal non-recurring impact on local revenue for HOAs that must file updated bylaws to be in compliance with this bill and pay the corresponding filing fee to the register of deeds.



Frank A. Rainwater, Executive Director