



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3038 Amended by the House of Representatives on March 30, 2017
Author: Duckworth
Subject: Board of Locksmiths Created
Requestor: Senate Labor, Commerce, and Industry
RFA Analyst(s): Stein
Impact Date: April 14, 2017

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$154,331	\$143,231
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$15,433	\$14,323
Other and Federal	\$154,331	\$143,231
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill will not have an expenditure impact on the General Fund or Federal Funds, but will have an expenditure impact on Other Funds in the amount of \$154,331 beginning in FY 2017-18 and \$143,231 each year thereafter. However, license, investigation, and examination fees collected by the newly created board of locksmiths administered by the Department of Labor, Licensing and Regulation (LLR) are expected to offset the estimated expenditures.

This bill will have a revenue impact on the General Fund, as Proviso 81.3 of the FY 2016-17 Appropriations Act requires LLR to remit ten percent of expenditures annually to the General Fund. This amounts to revenue of \$15,433 in FY 2017-18 and \$14,323 each year thereafter.

Explanation of Fiscal Impact

Amended by the House of Representatives on March 30, 2017

State Expenditure

This bill provides for the licensure of locksmiths by creating the seven-member board of locksmiths administered by the Department of Labor, Licensing and Regulation. The bill provides for the appointment of members by the Governor, their terms of office, duties, and certification requirements. The board is responsible for examining applicants for certification as locksmiths, investigating complaints, prosecuting violations of the chapter, and promulgating regulations. The bill specifies eligibility requirements for licensure which include minimum age of eighteen, comply with board's insurance and bonding requirements, submit to a state and national criminal record check at applicant's own expense, pay required fees, and meet all other qualifications established by the board. Upon issuing a license the board must also issue a picture

identification card displaying certain information. The board must adopt a written or oral examination that applicants must pass. (However, the bill allows the applicant to choose between the written or oral examination.) The bill provides for license renewal every two years and for lapses and reinstatement. The bill provides for exemptions from the licensing requirement for specific applications of locksmith activities.

The board may not issue a license to an applicant who is a registered sex offender, or who has had a prior license revoked for fraud or misrepresentation.

Department of Labor, Licensing and Regulation. This bill creates a seven-member board which must meet at regular intervals to conduct the business of licensing and regulating locksmiths. The board is required to review criminal background checks, adopt and administer an examination to applicants, review additional information in order to determine whether to grant or deny a person's application for licensure, issue identification badges, investigate complaints, and prosecute violations. The department estimates that three additional staff (program administrator, administrative assistant, and an investigator) would be needed. First year expenditures are estimated at \$154,331 including recurring expenses of \$142,871 for salaries and employer contributions and \$360 for operating expenses. Also included is a one-time expenditure of \$11,100 for computers and office equipment. Each year thereafter, expenditures are estimated at \$143,231 for salaries, employer contributions, and operating expenses. Expenditures for board meetings are not included in these estimates since the number of meetings and the reimbursable mileage are variable factors.

State Revenue

The Department of Labor, Licensing and Regulation is required, pursuant to Section 40-1-50(D) to adjust fees biennially to ensure that fee revenue is sufficient, but not excessive, to cover expenses of each respective board. Therefore, the expenditure estimates of \$154,331 in the first year of operation, and \$143,231 each year thereafter will be offset by subsequent fee adjustments made to cover any shortfalls in revenue collections associated with the regulation of locksmiths.

Pursuant to Proviso 81.3 of the FY 2016-17 Appropriations Act, the Department of Labor, Licensing and Regulation is required to remit annually to the General Fund an amount equal to ten percent of expenditures. Consequently, General Fund remittances are estimated at \$15,433 in FY 2017-18 and \$14,323 each year thereafter.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director