



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3041 Signed by Governor on May 19, 2017
Author: Huggins
Subject: Criminal Background Check Required for Real Estate License Renewals
Requestor: House of Representatives
RFA Analyst(s): Stein
Impact Date: June 26, 2017

Estimate of Fiscal Impact

	FY 2020-21	FY 2021-22
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$99,346	\$91,946
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$9,935	\$9,195
Other and Federal	\$99,346	\$91,946
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 \$99,346 beginning in FY 2020-21 and \$91,946 each year thereafter. However, license, investigation, and examination fees collected by the Real Estate Commission 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 \$9,935 in FY 2020-21 and \$9,195 each year thereafter.

Explanation of Fiscal Impact

Signed by Governor on May 19, 2017

State Expenditure

This bill, effective three years after approval by the Governor, requires both initial license applicants and renewal applicants to submit to a fingerprint-based criminal records check performed by the State Law Enforcement Division (SLED) and the Federal Bureau of Investigation (FBI) as a condition of licensure by the Real Estate Commission. This provision applies to all applicants seeking licensure as a salesman, broker, broker-in-charge, property manager, and property manager-in-charge. Costs associated with these record checks are to be borne by the applicant. Applicants for the broker, salesperson, broker-in-charge, property manager or property manager-in-charge licenses are required to submit to state and national criminal background checks every third renewal (every sixth year). A broker, salesperson, or

property manager who fails to submit to the required records checks must be placed on inactive status, but may be reactivated after submitting to the records checks and by paying applicable fees. The bill adds failure to disclose civil judgments brought on grounds of fraud, misrepresentation, or deceit to reasons for license issuance denial or disciplinary action against a licensee.

Department of Labor, Licensing and Regulation. This bill significantly increases the number of fingerprint-based criminal records checks the Real Estate Commission would be required to process, review, and match to license renewal requests. The department estimates that this bill would require two additional staff (program coordinator, administrative assistant) to accommodate the additional workload. In the first year of operation, Other Funds expenditures are estimated at \$99,346 including \$91,706 for salaries and employer contributions, \$240 for operating expenses, and \$7,400 as a one-time expenditure for computers and office equipment. Each year thereafter, Other Funds expenditures are estimated at \$91,946.

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 Other Funds expenditure estimates of \$99,346 in the first year of operation, and \$91,946 each year thereafter will be offset by subsequent Other Funds fee adjustments made to cover any shortfalls in revenue collections from real estate license, investigation, and examination fees.

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, remittances to the General Fund by the Real Estate Commission are expected to increase by \$9,935 in FY 2017-18 and by \$9,195 each year thereafter.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director