



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3250
 Author: G. M. Smith
 Requestor: House Ways and Means
 Date: March 12, 2015
 Subject: Certificate of Need Program
 RFA Analyst(s): Stein, DiBiase

Estimate of Fiscal Impact

	FY 2015-16	FY 2016-17
State Expenditure		
General Fund	Minimal	N/A
Other and Federal	N/A	N/A
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	(\$500,000)	N/A
Other and Federal	\$500,000	N/A
Local Expenditure	N/A	N/A
Local Revenue	N/A	N/A

Fiscal Impact Summary

This bill would have no expenditure impact on the General Fund and Federal Funds.

In regard to revenue, this bill would raise the Department of Health and Environmental Control's Other Funds by a total of \$500,000 and, conversely, reduce Departmental Revenue within the state General Fund by \$500,000 in FY 2015-16.

Explanation of Fiscal Impact

State Expenditure

House Bill 3250 amends Chapter 7, Title 13 (Radiation Control Act) by re-defining "nonionizing radiation" (NR) to include "magnetic resonance device" and by requiring Magnetic Resonance Imaging (MRI) facilities to be certified and registered with DHEC. The bill requires DHEC to promulgate regulations, establish a fee schedule for monitoring MRI facilities, and to retain fees. The bill also amends Chapter 7, Title 44 relating to the Certificate of Need (CON) program. The bill authorizes DHEC to retain all fees collected from the CON program and addresses aspects of the application, oversight, timetable for completion, and appeals process. The bill repeals Section 44-7-180 through Section 44-7-225 deleting references to the State Health Plan, Project Review Criteria, and certain aspects of the CON appellate review process. The bill removes DHEC's Board from the appeals process. The bill also provides for consideration of project applications submitted during the year in which the program was unfunded.

Department of Health and Environmental Control. The department indicates that this bill would have minimal impact on agency expenditures which would be offset by the additional fees retained.

State Revenue

Pursuant to §13-7-45(A), DHEC is allowed to retain up to \$30,000 annually in user fees to support program administration. Fees are assessed on non-ionizing radiation (NR) sources, as redefined by the bill, to include both ultraviolet (i.e., tanning salons) and radiofrequency (i.e., Magnetic Resonance Imaging of the human body) sources. The balance of such fees goes to Departmental Revenue within the state General Fund. Section 4 of the bill amends language to raise this cap for retained revenue to up to \$50,000. Also, §44-7-150(5) provides for DHEC to set a fee schedule to support costs to operate the CON program. Currently, the first \$750,000 collected in fees is allocated to Departmental Revenue within the state General Fund, with the balance retained as DHEC Other Funds. Section 8 of the bill deletes language in this section so as to allocate all CON fee proceeds to DHEC.

In addition to permanent law referenced above, temporary law in the FY 2014-15 State Budget, Part 1B Section 34, provisos 34.24, 34.25, and 34.26, collectively allow DHEC to retain up to a total of \$180,000 in civil monetary penalties from regulatory enforcement that also apply to NR and CON programs. As such, actual transfers to the General Fund during last three years were no more than \$3,300 for NR and no more than \$489,000 for CON. With the inclusion of radiofrequency fee revenue in FY 2015-16, \$13,000 in NR fee proceeds is likely to be retained by DHEC. Additionally, \$487,000 is expected to be retained from CON fees. In summary, we estimate this bill would raise DHEC Other Funds by a total of \$500,000 and, conversely, reduce Departmental Revenue within the state General Fund by \$500,000 in FY 2015-16.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director