



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3883 Signed by Governor on May 11, 2017
Author: Sandifer
Subject: Pyramid Promotional Scheme Prohibition Act
Requestor: House of Representatives
RFA Analyst(s): Gable
Impact Date: June 9, 2017

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill is expected to have no expenditure or revenue impact on the General Fund, Other Funds, or Federal Funds as any increase in the legal actions filed in court by the Attorney General's office is expected to be minimal.

Explanation of Fiscal Impact

Signed by Governor on May 11, 2017

State Expenditure

This bill creates the Pyramid Promotional Scheme Prohibition Act which makes pyramid promotional schemes unfair trade practices pursuant to §39-5-20(a). This bill replaces §39-5-30 which currently makes pyramid clubs and similar operations unfair trade practices. However, any pending actions, rights, duties, and liabilities founded and any penalties, forfeitures, or liabilities incurred prior to the appeal of §39-5-30 are not affected by this bill.

The Attorney General's office has the responsibility to pursue legal actions against a person or persons believed to be engaging in unfair trade practices. Legal actions include an investigative demand, an injunction, and the right to petition the court for civil penalties against the persons. A civil penalty may not exceed \$5,000 per violation of §39-5-20 and 15,000 per violation of an injunction.

Attorney General's Office (Office). This bill requires the Office to pursue legal actions against persons believed to be engaging in pyramid promotional schemes. The Office already does this based on the requirements of §39-5-30 and does not anticipate the changes made by this bill

relative to the current law to result in a significant change in the number of legal actions brought by the Office. Therefore there is no expenditure impact as a result of this bill for the Office.

Judicial Department. This bill redefines pyramid schemes. Due to the new definition, there is no data to determine the additional number of hearings or trials in the court of common pleas. However, if there is a significant increase in the number of hearing and trials, we expect the department would managed additional costs form increased caseloads within current resources.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director