SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	H. 3895 Signed by Governor on May 18, 2018
Author:	Herbkersman
Subject:	Revenue and Fiscal Affairs
Requestor:	House of Representatives
RFA Analyst(s):	Jolliff and Gable
Impact Date:	May 21, 2018

Estimate of Fiscal Impact

	FY 2018-19	FY 2019-20
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

The bill is not expected to impact expenditures for the General Fund, Other Funds, or Federal Funds, assuming that the volume of actuarial analyses by the Department of Insurance (DOI) remains consistent. Over the past several years, an average of one such analysis for a bill or resolution that mandates health coverage or offering of health insurance coverage per year has been conducted by DOI for Revenue and Fiscal Affairs (RFA). If more actuarial analyses are conducted in the future, however, then DOI is expected to experience an increase in costs. The bill is not expected to impact local expenditures.

Explanation of Fiscal Impact

Signed by Governor on May 18, 2018

State Expenditure

The bill amends various statutes affecting RFA to clarify the organization, structure, and duties of the RFA board and to realign the attribution of responsibilities from subsections of the office to RFA. The bill specifies that RFA must include a Digital Cartography and Precinct Demographics section. Additionally, DOI must provide an actuarial analysis and information to RFA for the purpose of determining the fiscal impact of any bill that mandates health coverage or offering of health insurance coverage. The bill also makes changes to the makeup of the South Carolina 911 Advisory Committee and the Data Oversight Council and repeals various code sections.

Department of Insurance. Section 3B requires DOI to provide to RFA an actuarial analysis and any other information necessary for the determination of the fiscal impact of a bill or resolution that mandates health coverage or offering of health insurance coverage within thirty days.

RFA relies on DOI to provide an analysis to complete the fiscal impacts associated with healthcare bills and regulations. DOI may provide RFA with an analysis from in-house expertise or contract for an actuarial analysis from a third-party. According to DOI, the average cost for a third-party actuarial analysis ranges from $10,000 to $30,000. Over the past several years, DOI has needed to contract for an average of approximately one such third-party actuarial analysis per year. Assuming that the need for actuarial analyses remains consistent, the requirement for DOI to provide such analyses is not expected to impact expenditures for the agency. However, if more analyses are conducted in the future, then DOI is expected to experience an increase in costs ranging from $10,000 to $30,000 for each additional third-party actuarial analysis obtained.

Revenue and Fiscal Affairs. Section 2 of the bill makes changes to references of subsections of the office, clarifies the organizational structure to reflect the operations of the agency, and delineates further the responsibilities and duties attributable to the agency. The bill specifies RFA must include a Digital Cartography and Precinct Demographics section reporting directly to the Executive Director. These clarifications and structural changes can be managed with existing appropriations and will have no impact on agency expenditures.

Section 3B amends Section 2-7-73(A) relating to the fiscal impact analysis of any bill or resolution that mandates health coverage or offering of health insurance coverage. The bill requires DOI to provide an actuarial analysis and any other information necessary for the determination of the fiscal impact of these bills within thirty days of request by RFA. RFA relies on technical expertise and analysis from DOI for these fiscal impacts. Therefore, this change is not expected to impact expenditures for RFA.

Section 4 of the bill amends Section 4-10-790 to require the Department of Revenue (DOR) to provide sales tax data on gross receipts, net taxable sales, and tax liability to the State Treasurer and local political subdivisions upon request in order to calculate revenue from a local option sales tax. RFA will provide technical assistance to the local governments in calculating potential revenue distributions. This section realigns the responsibilities such that DOR provides the necessary tax data, which they collect and maintain, and RFA provides technical assistance as requested. These changes reflect the current operations of each agency, and therefore, do not impact expenditures.

Section 5 changes the due date for counties and municipalities to submit financial data to RFA from January fifteenth to March fifteenth and requires RFA to notify the Comptroller General and State Treasurer of jurisdictions who have failed to file the required report. In past years, RFA provided notification to both agencies since this section required RFA to notify the Comptroller General, while the State Treasurer manages the funds. As such, this change to the notification requirements has no impact on agency expenditures.

Section 6 codifies Proviso 102.7 of the FY 2017-18 Appropriations Act to change the membership of the South Carolina 911 Advisory Committee. The bill removes the ex officio appointment of a director of a division of the Department of Administration and adds an individual with the technical or operational knowledge of E-911 systems appointed by the Executive Director of RFA. The section also permits the Executive Director to appoint a designee to serve on the committee. As Proviso 102.7 of the appropriations act specifies these changes to the committee membership, the bill does not operationally change the composition of the committee.

Section 8A changes the membership of the Data Oversight Council. The section deletes the appointment of a representative from the Human Services Coordinating Council and the chairman or his designee of the State Health Planning Committee. These entities no longer exist and do not have representatives serving on the council.

Section 9 repeals Section 1-11-360, as the requirements of this section are contained in Section 11-9-850. The bill repeals Section 2-7-62, which provides for a report on transfers of funds resulting from transfers of responsibilities between agencies during consideration of the general appropriations act. Responsibility for this report was transferred to RFA's predecessor from the State Auditor's Office in 1981 and has never been requested. Section 44-6-175 requiring hospitals to provide copies of Medicaid Cost Reports to RFA is repealed. State regulation 19-801 requires that these reports be submitted as required by the U.S. Department of Health and Human Services, Centers for Medicaid and Medicare Services, which requires online publication. Therefore, deleting this code section prevents duplication of effort, and hospitals will no longer have to mail these documents to RFA. Section 48-22-20, containing language from the transfer of the State Geological Survey to the Department of Natural Resources in 1993, is repealed. Repealing these sections does not impact agency responsibilities and is not expected to impact expenditures.

State Revenue
N/A

Local Expenditure
Section 5 changes the due date for counties and municipalities to submit financial data to RFA from January fifteenth to March fifteenth. This change is in response to requests by counties and municipalities to allow sufficient time for audits to be completed before the report is due. RFA has granted an extension to March fifteenth in recent years to all counties and municipalities to assist them in completing the report on time. As such, codifying the change in due date is not expected to impact local expenditures.

Local Revenue
N/A

Frank A. Rainwater

Frank A. Rainwater, Executive Director