



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3895 Introduced on March 7, 2017
Author: Herbkersman
Subject: Revenue and Fiscal Affairs
Requestor: House Ways and Means
RFA Analyst(s): Jolliff and Gable
Impact Date: March 17, 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

The bill is not expected to impact expenditures for the General Fund, Other Funds, or Federal Funds. The bill is not expected to impact local expenditures.

Explanation of Fiscal Impact

Introduced on March 7, 2017

State Expenditure

The bill amends various statues affecting the Revenue and Fiscal Affairs Office (RFA) to clarify the organization, structure, and duties of the RFA board and realign the attribution of responsibilities from subsections of the office to RFA. The bill transfers responsibility for fiscal impact analysis of any bill that mandates health coverage or offering of health insurance coverage from RFA to the Department of Insurance. 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 3 transfers responsibility for fiscal impact analysis of any bill or resolution that mandates health coverage or offering of health insurance coverage from RFA to the Department of Insurance (DOI). Currently, RFA relies on DOI's technical expertise and must request the analysis from the department to complete these fiscal impacts. If DOI contracts for an actuarial analysis to provide input to RFA, the analysis does increase the department's expenditures. These expenditures are incurred at the discretion of DOI and are dependent upon available funds. Over the past several years, an average of approximately one such analysis per year has been conducted by DOI. As such, transferring this responsibility to

DOI is not expected to impact expenditures for the agency. If more analyses, however, are conducted in the future, then DOI is expected to experience an increase in cost.

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 further delineates the responsibilities and duties attributable to the agency. These changes reflect the operations and responsibilities of the agency as they exist. Therefore, these clarifications do not impact operations and have no impact on agency expenditures.

Section 3 transfers responsibility for fiscal impact analysis of any bill or resolution that mandates health coverage or offering of health insurance coverage from RFA to the Department of Insurance (DOI). Currently, RFA relies on the technical expertise and analysis of DOI for these fiscal impacts. RFA staff time would be allocated to other fiscal impacts, and therefore, this provision is not expected to impact expenditures.

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 corrects an agency reference so that RFA notifies the State Treasurer of jurisdictions who have failed to file as opposed to the Comptroller General. RFA currently provides notification to both agencies since this section requires RFA to notify the Comptroller General, while the State Treasurer manages the funds. This change would streamline the process and reduce unnecessary duplications. This would result in a minimal reduction in staff time, which will be reallocated to other responsibilities. As such, this section has no impact on agency expenditures.

Section 6 codifies Proviso 102.7 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 7 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 therefore 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 appropriation 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 as these reports are available online. Section 48-22-20 which contains 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 therefore, 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, Executive Director