



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** S. 0810 Introduced on January 9, 2018  
**Author:** Hembree  
**Subject:** Act No. 262, Sec. 015  
**Requestor:** Senate Labor, Commerce, and Industry  
**RFA Analyst(s):** Heineman and Gardner  
**Impact Date:** April 4, 2018 - Updated for Additional Agency Response

**Estimate of Fiscal Impact**

	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b>State Expenditure</b>		
General Fund	Undetermined	\$0
Other and Federal	Undetermined	\$0
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
<b>Local Expenditure</b>	Undetermined	\$0
<b>Local Revenue</b>	Undetermined	\$0

**Fiscal Impact Summary**

The expenditure impact of this bill on the Judicial Department and magistrate and municipal courts is undetermined because this bill creates a new offense and there is no data available to determine the number of additional hearings or trials that would be heard in these courts. This bill will have no expenditure impact on the General Fund, Other Funds, and Federal Funds for the Department of Consumer Affairs, because this bill does not fiscally or materially impact the activities of the agency.

This bill will have a minimal local expenditure for local law enforcement to receive pawn records electronically since law enforcement already receives electronic records data from other sources. This is expected to be managed within existing resources. This bill will have an undetermined local revenue impact since the ability of a locality to charge a fee or tax related to a pawn transaction is permissive and depends on which localities decide to charge a tax or fee.

This fiscal impact statement has been updated with an additional agency response from the Judicial Department, which includes magistrate and municipal courts.

**Explanation of Fiscal Impact**

**Updated for Additional Agency Response**

**Introduced on January 9, 2018**

**State Expenditure**

This bill amends current law by removing the ban that no pawnbroker may charge or collect any fees, costs, or assessments of any kind or nature other than those specifically allowed under §40-

39-40. This bill requires a pawnbroker to keep a record of each item being pawned using a digital photograph of the item as part of the item's account. In addition, pawnbrokers who receive an item from a pledger must take digital scans of the pledger's thumbprint, identification, and photograph. The pawnbroker must hold a pledged item for twenty-one days. The records kept by pawnbrokers pursuant to this bill must be open to the inspection by court officials, law enforcement officers, the administrator of the Department of Consumer Affairs, and their designees at a reasonable time.

In addition, this bill removes requirements that a pawnbroker must put a hold order on property that is misappropriated or stolen and replaces those requirements by permitting South Carolina law enforcement officials to seize misappropriated or stolen property with probable cause and return it to the rightful owner. The release of the property to the custody of the appropriate law enforcement officials is not considered a waiver or release of the pawnbroker's property rights or interest in the property. Upon completion of the criminal proceeding involving the property identified as stolen, the court additionally will order the conveying customer to pay restitution to the pawnbroker in the amount received by the conveying customer for the property.

**Department of Consumer Affairs.** The department indicates that this bill does not fiscally or materially impact the activities of the office. As such, the bill does not impact the General Fund, Other Funds, or Federal Funds.

**Judicial Department.** This bill revises certain statutes and adds a new section to Chapter 39 of Title 40 governing pawnbrokers. The department indicates that the offense created by this bill would be handled in magistrate and municipal courts, and is expected to increase the caseload within those courts. However, as this bill creates a new offense, there is no data available upon which to estimate the number of hearings or trials that may be initiated as a result of this bill. This bill is not expected to have an expenditure impact on the department. Any additional costs to the magistrate and municipal courts resulting from the enactment of this bill would be borne by the municipalities and counties. This fiscal impact statement has been updated with an additional agency response from the Judicial Department, which includes magistrate and municipal courts.

#### **State Revenue**

N/A

#### **Local Expenditure**

Section 4 of this bill allows a municipality or county to enact local regulations requiring pawnshops operating in the municipality or county to provide or transfer pawn records by electronic data transfer to a law enforcement database. Further, if a pawnbroker violates existing pawnbroker statutes, the pledger of an item has cause to recover damages in magistrate or municipal courts as appropriate.

The Revenue and Fiscal Affairs Office contacted twenty-three counties and the Municipal Association of South Carolina (MASC) regarding the expenditure impact of this bill. Charleston County indicates there would be a minimal cost to receive pawn records electronically if they opted into receiving records in that manner. Lancaster County indicates there would be no cost to

receiving pawn records electronically. The MASC indicated there would be no expenditure impact. Based on the responses received, there would be a minimal expenditure impact to counties and municipalities to receive electronic record transfers for a law enforcement database. The localities anticipate this can be managed within existing resources.

**Municipal Courts.** The offense created by this bill would be handled in magistrates and municipal courts, and is expected to increase the caseload within those courts. However, as this bill creates a new offense, there is no data available upon which to estimate the number of hearings or trials that may be initiated. As such, the expenditure impact of this bill on magistrate and municipal courts is undetermined. This fiscal impact statement has been updated with an additional agency response from the Judicial Department, which includes magistrate and municipal courts.

### **Local Revenue**

Section 1 of this bill allows a county or municipality to enact ordinances that require the payment of a fee or tax related to a pawn transaction or purchase. The provisions of this section do not affect the authority of a county or municipality to establish land use controls or require a pawnbroker to obtain a local occupational license.

The Revenue and Fiscal Affairs Office contacted twenty-three counties and the Municipal Association of South Carolina (MASC) regarding the expenditure impact of this bill. Charleston County indicated that the city council is responsible for setting fees and it is unknown what fee amount the council will assign to pawn transactions if the ordinance is adopted. Lancaster County does not anticipate charging a tax or fee for pawn transactions and they do not have business license fees for pawnbrokers. The MASC indicated there would be an unknown local revenue impact. Based on responses received, the local revenue impact is undetermined since it depends on which localities would charge a tax or fee for pawn transactions.

### **Introduced on January 9, 2018**

#### **State Expenditure**

This bill amends current law by removing the ban that no pawnbroker may charge or collect any fees, costs, or assessments of any kind or nature other than those specifically allowed under §40-39-40. This bill requires a pawnbroker to keep a record of each item being pawned using a digital photograph of the item as part of the item's account. In addition, pawnbrokers who receive an item from a pledger must take digital scans of the pledger's thumbprint, identification, and photograph. The pawnbroker must hold a pledged item for twenty-one days. The records kept by pawnbrokers pursuant to this bill must be open to the inspection by court officials, law enforcement officers, the administrator of the Department of Consumer Affairs, and their designees at a reasonable time.

In addition, this bill removes requirements that a pawnbroker must put a hold order on property that is misappropriated or stolen and replaces those requirements by permitting South Carolina law enforcement officials to seize misappropriated or stolen property with probable cause and return it to the rightful owner. The release of the property to the custody of the appropriate law enforcement officials is not considered a waiver or release of the pawnbroker's property rights or interest in the property. Upon completion of the criminal proceeding involving the property

identified as stolen, the court additionally will order the conveying customer to pay restitution to the pawnbroker in the amount received by the conveying customer for the property.

**Department of Consumer Affairs.** The department indicates that this bill does not fiscally or materially impact the activities of the office. As such, the bill does not impact the General Fund, Other Funds, or Federal Funds.

**Judicial Department.** The expenditure impact of this bill is pending, contingent upon a response from the Judicial Department.

### **State Revenue**

N/A

### **Local Expenditure**

Section 4 of this bill allows a municipality or county to enact local regulations requiring pawnshops operating in the municipality or county to provide or transfer pawn records by electronic data transfer to a law enforcement database. Further, if a pawnbroker violates existing pawnbroker statutes, the pledger of an item has cause to recover damages in magistrate or municipal courts as appropriate.

The Revenue and Fiscal Affairs Office contacted twenty-three counties and the Municipal Association of South Carolina (MASC) regarding the expenditure impact of this bill. Charleston County indicates there would be a minimal cost to receive pawn records electronically if they opted into receiving records in that manner. Lancaster County indicates there would be no cost to receiving pawn records electronically. The MASC indicated there would be no expenditure impact. Based on the responses received, there would be a minimal expenditure impact to counties and municipalities to receive electronic record transfers for a law enforcement database. The localities anticipate this can be managed within existing resources.

**Municipal Courts.** The expenditure impact of this bill is pending, contingent upon a response from the municipal courts.

### **Local Revenue**

Section 1 of this bill allows a county or municipality to enact ordinances that require the payment of a fee or tax related to a pawn transaction or purchase. The provisions of this section do not affect the authority of a county or municipality to establish land use controls or require a pawnbroker to obtain a local occupational license.

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