

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: February 24, 2009

Bill Number: H. B. 3301, as amended by House 02/11/09

Author: Harrell, Cato, Sandifer, Sellers, Neilson, Erickson, Bannister, Bedingfield, Merrill, Mitchell, Anthony, Bingham, Huggins, Vick, Cooper, Chalk, J.R. Smith, Willis, Gilliard, Allison, Anderson, Bales, Battle, Bowers, Brady, G.A. Brown, H.B. Brown, Cole, Daning, Duncan, Edge, Forrester, Gambrell, Gullick, Hamilton, Hayes, Herbkersman, Hiott, Jefferson, Horne, Kirsh, Limehouse, Littlejohn, Long, Lowe, Lucas, Miller, Millwood, Nanney, Ott, Owens, Parker, Pinson, E.H. Pitts, M.A. Pitts, Scott, Simrill, Skelton, D.C. Smith, G.R. Smith, Sottile, Spires, Stewart, Stringer, Thompson, Toole, Umphlett, White, Whitmire and Wylie

Committee Requesting Impact: Senate B & I

Bill Summary: A bill to amend the Code of Laws of South Carolina, 1976, by adding Section (§) [34-39-175](#) so as to require the Consumer Finance Division (CFD) of the Board of Financial Institutions (BFI) to implement a real-time internet accessible database ... to verify if deferred presentment transactions are outstanding for a particular person; by adding § [34-39-270](#) so as to prohibit a deferred presentment provider from entering into a deferred presentment transaction with a person who has an outstanding deferred presentment transaction or who has entered into an extended payment plan agreement ...; by adding § [34-39-280](#) so as to require those applying for licenses to engage in the business of deferred presentment to provide certain information regarding extended payment plans; to amend § [34-39-130](#), relating to licensure requirements for deferred presentment providers, so as to prohibit a person from engaging in the business of deferred presentment services with a resident of South Carolina except in accordance with the provisions of Chapter 39, Title 34; to amend § [34-39-180](#), relating to deferred presentment restrictions and requirements, so as to provide that the total amount advanced to a customer for deferred presentment or deposit, exclusive of permissible fees, may not exceed \$600. (... *truncated for space*)

REVENUE IMPACT ^{1/}

This bill is expected to raise earmarked funds within the AG by \$71,500 and, conversely, reduce earmarked funds within the CFD of the BFI by \$37,000 in FY 2009-10. The bill would have no impact on state General Fund revenue.

Explanation: The bill, as amended, raises the total amount advanced to a customer for deferred presentment or deposit in this State, excluding authorized fees, from not more than \$300 to not more than \$600 per transaction. A person is limited to one deferred presentment transaction at a time, which also applies when payment for that transaction is converted to an extended plan. The bill doubles the fee for a license application (from \$250 to \$500), respective annual license renewal fee for the parent company (from \$250 to \$500) and for each location (from \$50 to \$100), and requires proceeds from one half of license fees be shifted from earmarked funds of the Consumer Finance Division (CFD) of the Board of Financial Institutions (BFI) to the Attorney General's Office (AG) in order to establish and maintain a separate enforcement division for deferred presentment.

Based on the current mix of license fees by parent firm and office location, we expect adoption of this bill would apply to 180 active firms with 530 satellite offices in FY 2009-10. Multiplying 180 times the \$250 net increase in application fee per firm yields \$45,000 and multiplying 530 times the \$50 net increase in renewal fee for a satellite office yields \$26,500 in FY 2009-10. This bill would therefore raise earmarked funds of the AG by a total of \$71,500 in FY 2009-10. Conversely, we expect offsets from higher fees and enhanced regulation of payday loans to yield a total loss of \$37,000 in funds earmarked to the CFD within the BFI in FY 2009-10 based on a net decline of 20 firms, 160 offices, and associated license/investigation/examination fees. Since deferred presentment fees do not apply to the state's General Fund, the bill would not impact General Fund revenue in FY2009-10.

/s/ William C. Gillespie

William C. Gillespie, Ph.D.
Chief Economist

Analyst: Di Biase

^{1/} This statement meets revenue impact requirements of Section 2-7-71 for a state impact by BEA, Section 2-7-76 for a local impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by Office of Economic Research (OER).