

# South Carolina Board of Economic Advisors

## Statement of Estimated State Revenue Impact

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**Date:** February 9, 2010

**Bill Number:** S. B. 1065 (subcommittee report, 01/27/10)

**Author:** Hayes, Malloy, Lourie, Thomas, Sheheen, Fair and Anderson

**Committee Requesting Impact:** Senate B&I

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### Bill Summary

A bill to amend Section [37-3-501](#), as amended, of the 1976 Code, relating to the definition of supervised loan, to provide that certain closed-end credit transactions are not supervised loans; and to amend Section [37-3-503](#), relating to a license to make supervised loans, to provide that certain licensed deferred presentment providers may not conduct the business of making supervised loans, to provide penalties, and to provide necessary definitions. (*as amended in subcommittee*)

### REVENUE IMPACT <sup>1/</sup>

This bill is expected to reduce BFI earmarked funds by \$26,000, and AG earmarked funds by \$25,000 in FY 2010-11. The bill would have no impact on state General Fund revenue.

### Explanation

The bill, as amended in subcommittee, further defines a “supervised loan” to provide that certain closed-end credit transactions are not supervised loans. It would not allow a supervised lender to also be licensed for deferred presentment lending to consumers in this State. The amendment also adds certain penalties for violation of licensing provisions for supervised loans.

Based on info provided by the Consumer Finance Division (CFD) of the Board of Financial Institutions (BOFI), we expect prohibiting deferred presentment licensees from transacting supervised loans would result in the shift of approximately 138 Deferred Presentment licensees to supervised lending in FY 2010-11. The rate differentials in applicable license application, investigation, examining and renewal fees for these firms would result in a net loss of \$26,000 in fee proceeds earmarked to the CFD within the BFI in FY 2010-11. Additionally, earmarked funds of the Office of the Attorney General, which receives one-half of annual license renewal fees for deferred presentment pursuant to Section 34-39-150(E), would be reduced by \$25,000 in FY 2010-11. Since deferred presentment fees do not apply to the state’s General Fund, the bill would not impact General Fund revenue.

/s/ William C. Gillespie

William C. Gillespie, Ph.D.  
Chief Economist

**Analyst:** Di Biase

<sup>1/</sup> 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).