

# South Carolina Board of Economic Advisors

## Statement of Estimated State Revenue Impact

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**Date:** February 10, 2010

**Bill Number:** S. B. 1073 (subcommittee report, 01/27/10)

**Author:** Thomas

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

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### Bill Summary

A bill to amend the Code of Laws of South Carolina, 1976, by adding Chapter 18 to Title 37, so as to require those who engage in collateral recovery to apply for licensure with the Department of Consumer Affairs (DCA), to provide what must be included in an application, to provide eligibility requirements for those who engage in collateral recovery, to provide license fees, to provide for the investigation of license applicants, to provide for the form, validity period, and renewal of issued licenses, to provide cancellation requirements of issued licenses, to provide for the training of intern collateral recoverers, to provide for violations and associated penalties of the chapter, to provide for the confidentiality of required investigations, to allow the department access to certain records for investigations, to require the department to maintain certain statistics, to provide inventory and title requirements, and to define certain terms. *(as amended in subcommittee)*

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

This bill, as amended, is expected to raise DCA earmarked funds by a total of \$96,000, and SLED earmarked funds by \$5,500 in FY 2010-11. The bill would have no impact on state General Fund revenue.

### Explanation

The bill, as amended, adds Chapter 18 to Title 37 to provide for licensure of the collateral recovery profession in this State under administrative control of the DCA. It sets an annually renewable license fee structure to regulate repossession of collateral, as defined, for a primary agency office (@ \$500), branch office (@ \$300), recovery agent (@ \$300) and recovery intern (@ \$300), as applicable. Each application for a primary agency license must include a separate application fee of no less than \$100. Documentation for fingerprint-based state and national criminal record searches are required of most applicants, with State Law Enforcement Division (SLED) retaining fees for state checks. Certain late penalties and administrative fines are established. License fees collected under Section 37-18-490(F), must be used to implement this new chapter. In order for the DCA to set and promulgate regulations, the bill's effective date is January 1, 2011, which would apply to five months of collections in FY 2010-11.

Based on information provided by the DCA, we estimate 50 agencies would be licensed (@ \$25,000 +\$5,000 in application fees), with 15 branch office locations (@ \$4,500) to be maintained by a combination of 200 recovery agents (@ \$52,500) and 30 recovery interns (@ \$9,000) in the initial fiscal year. We therefore expect the amended bill would raise DCA earmarked funds by a combined total of \$96,000 in applicable fee/license revenues in FY 2010-11. Also, we estimate a total of 220 state criminal record checks, at a fee of \$25, would raise SLED earmarked funds by \$5,500. Since no proceeds are specifically allocated to the state General Fund, the bill would not impact General Fund revenue in FY 2010-11.

/s/ William C. Gillespie

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<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).