



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: March 20, 2018

Estimate of Fiscal Impact

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

Fiscal Impact Summary

The expenditure impact on this bill on the General Fund, Other Funds, and Federal Funds for the Judicial Department and municipal courts is pending, contingent upon a response from these agencies. 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.

Explanation of Fiscal Impact

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.

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.



Frank A. Rainwater, Executive Director