



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** H. 4554 As amended by the House of Representatives on March 16, 2016  
**Author:** Clemmons  
**Subject:** South Carolina Anti-Money Laundering Act  
**Requestor:** Senate Banking and Insurance  
**RFA Analyst(s):** Gardner and Dunbar  
**Impact Date:** May 23, 2016

**Estimate of Fiscal Impact**

	<b>FY 2016-17</b>	<b>FY 2017-18</b>
<b>State Expenditure</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	See Below	\$0
Other and Federal	\$0	\$0
<b>Local Expenditure</b>	\$0	\$0
<b>Local Revenue</b>	\$0	\$0

**Fiscal Impact Summary**

This bill would have no expenditure impact on the General Fund, Federal Funds, or Other Funds. The bill would increase General Fund revenue by \$31,680,000. The timing of the revenue, however, is dependent on when the licensing fees and procedures are established. Even though this bill takes effect upon approval by the Governor, it is anticipated that additional time may be needed before the license fee revenue is received.

**Explanation of Fiscal Impact**

**Explanation of Amendment by the House of Representatives on March 16, 2016**

**State Expenditure**

This bill, as amended, adds Chapter 11 to Title 35 to create the South Carolina Anti-Money Laundering Act, which provides regulation and oversight of money transmission services and currency exchange licenses. According to data from the U.S. Treasury Department, in 2015 South Carolina had 14,080 money service businesses, each of which would require licensing under the bill. The bill assigns oversight for licensing to the South Carolina Attorney General, who is responsible for developing and approving applications for potential licensees, collecting application and license fees, determining surety requirements for potential licensees, authorizing delegates and evaluating change of control requests, conducting examinations and reviewing licensee records, determining permissible investments, and conducting enforcement actions to include license suspension/revocation, the collection of civil penalties, and the issuance of restraining orders.

**Attorney General's Office.** The agency indicates that the bill will have no expenditure impact on the General Fund, Federal Funds, or Other Funds. While the agency's Securities Division, which operates solely on Other Funds, will manage the regulation of money transmission services and currency exchange licenses required by the bill, the agency states that any additional costs of the new program will be absorbed within current funding levels in Other Funds.

**Judicial Department.** The agency estimates that this bill will have no expenditure impact on the General Fund, Federal Funds, or Other Funds in that it creates new criminal offenses and provides for court intervention actions. This may result in an increase in the number of hearings in Circuit Court, as well as a backlog in Common Pleas and General Sessions Courts. The agency indicates it will absorb any additional costs resulting from the bill within current resources.

### **State Revenue**

The bill adds Section 35-11-200 to require that a person must be licensed to engage in the business of money transmission or advertise, solicit, or hold himself out as providing money transmission. To obtain a license in the business of money transmission a person must pay a nonrefundable application fee of one thousand five hundred dollars and a license fee of seven hundred fifty dollars. The license fee must be refunded if the application is denied. Based upon data from the U.S. Treasury Department, there were 14,080 money service businesses in South Carolina in 2015. The application fee and license fee revenue from this bill would increase General Fund revenue by \$31,680,000. The timing of the revenue, however, is dependent on when the licensing fees and procedures are established. Even though this bill takes effect upon approval by the Governor, it is anticipated that additional time may be needed before the license fee revenue is received. This analysis assumes that all current operating money service businesses will obtain a license pursuant to this bill.

### **Local Expenditure**

N/A

### **Local Revenue**

N/A



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Frank A. Rainwater, Executive Director