



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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<b>Bill Number:</b>	S. 0706	Introduced on March 26, 2019
<b>Author:</b>	Campbell	
<b>Subject:</b>	Multifamily Dwelling Safety Act	
<b>Requestor:</b>	Senate Labor, Commerce, and Industry	
<b>RFA Analyst(s):</b>	Griffith and Gardner	
<b>Impact Date:</b>	February 28, 2020 Updated for Additional Agency Response	

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### **Fiscal Impact Summary**

This bill creates the Multifamily Dwelling Safety Act, which requires LLR to adopt the Multifamily Dwelling Balcony Code. Other Funds expenditures will increase by at least \$177,052 in FY 2020-21 and by at least \$174,052 in each subsequent fiscal year for three new FTEs, fringe benefits, and supplies. However, the total increase in the agency's expenditures is undetermined because the total cost to implement the act is unknown.

This bill will have no expenditure impact on the Judicial Department as the department will manage any costs associated with increased caseload within its existing appropriations.

General Fund revenue will increase by at least \$17,705 in FY 2020-21 and by at least \$17,405 in each subsequent fiscal year. Other Funds revenue will increase by an undetermined amount because the number of dwellings subject to the balcony inspection fee is unknown.

This impact statement has been updated to include a response from the Judicial Department.

### **Explanation of Fiscal Impact**

**Updated for Additional Agency Response on February 28, 2020**

**Introduced on March 26, 2019**

#### **State Expenditure**

This bill creates the Multifamily Dwelling Safety Act, which requires LLR to adopt the Multifamily Dwelling Balcony Code (code) within six months after the effective date of the act. The agency must perform inspections on balcony railings that are primarily constructed of wood and are located in multifamily dwellings. Additionally, the bill creates a new misdemeanor for violations of the act with imprisonment not exceeding 30 days, a fine not exceeding \$500 for each day the violation exists, or both.

**Department of Labor, Licensing and Regulation.** The adoption of the Multifamily Dwelling Balcony Code (code) may require additional board meetings, which will increase Other Funds expenditures. However, the bill does not specify which of LLR's boards will be responsible for adopting the code. Therefore, the increased cost to the agency for additional board meetings is undetermined.

LLR estimates that the agency will require at least three new FTEs, one Administrative Assistant position and two Inspector III positions. The recurring salary and fringe for these FTEs will result in an annual General Fund expenditure increase of \$158,592 beginning in FY 2020-21.

Other recurring expenses due to the bill are two assigned leased vehicles and two cell phones for the new inspectors, totaling \$12,000 and \$960 per year, respectively. LLR will also have approximately \$2,500 in expenses for miscellaneous services and supplies due to inspections.

For the purchase of one desktop computer with accessories for the Administrative Assistant and two laptop computers for the Inspectors, Other Funds expenditures of LLR will increase by \$3,000 in FY 2020-21.

In total, the bill will increase recurring Other Funds expenditures by \$174,052 and non-recurring Other Funds expenditures by \$3,000.

**Judicial Department.** As this bill creates a new offense, there is no data available upon which to estimate the number of hearings or trials that may be initiated in magistrate or municipal court as a result of this legislation. The department anticipates that any expenditure impact from the increased caseload in magistrate or municipal court would be managed within the Judicial Department's existing appropriations. Therefore, this bill will have no expenditure impact to the General Fund, Other Funds, or Federal Funds. This section of the fiscal impact statement has been updated to include a response from the Judicial Department.

#### **State Revenue**

Pursuant to Proviso 81.3 of the FY 2019-20 Appropriations Act, LLR is required to remit annually to the General Fund an amount equal to 10 percent of expenditures of the Division of Professional and Occupational Licensing (POL). Assuming the board responsible for adopting the code will be under this division, General Fund revenue will increase by approximately \$17,705 in FY 2020-21 and by at least \$17,405 in each subsequent fiscal year.

Additionally, the bill authorizes the agency to charge a property owner a fee for the inspections and charges the agency with notifying the property owner at least ten days before conducting the inspection. The amount of this fee must be determined by LLR and must be sufficient to cover the cost of performing the inspection. Since this is a new building code, it is unknown how many multifamily dwellings will be subject to the fee, and therefore, the total revenue impact on the agency is undetermined.

#### **Local Expenditure**

N/A

#### **Local Revenue**

N/A

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In total, the bill will increase recurring Other Funds expenditures by \$174,052 and non-recurring Other Funds expenditures by \$3,000.

**Judicial Department.** The expenditure impact on the Judicial Department is pending, contingent upon a response from the department.

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The revenue impact on the Judicial Department is pending, contingent upon a response from the department.

**Local Expenditure**

N/A

**Local Revenue**

N/A



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Frank A. Rainwater, Executive Director