



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number: H. 3223 Introduced on January 12, 2021
Author: Davis
Subject: Certificate of Need Program
Requestor: House Medical, Military, Public, and Municipal Affairs
RFA Analyst(s): Griffith
Impact Date: January 21, 2021

Fiscal Impact Summary

This bill will have no expenditure impact on the General Fund, Federal Funds, or Other Funds because the Department of Health and Environmental Control (DHEC) will utilize current employees to support any increase in workloads that result from program changes outlined within the bill. The bill will decrease General Fund revenue by \$560,813 each year beginning in FY 2021-22 due to the elimination of the Certificate of Need (CON) program and the fees it collected.

Explanation of Fiscal Impact

Introduced on January 12, 2021

State Expenditure

This bill eliminates the Certificate of Need (CON) program. In doing so, DHEC shall not accept new applications or act on pending applications. The agency must notify existing facilities with a CON that they are no longer required to submit regular reports. In addition, the agency will discontinue the collection of CON-related fees. DHEC indicates that based on past experience and estimates from other states, the elimination of the CON program will increase licensure applications from health care facilities, thereby increasing workload. In order to support the increased workload, DHEC will transition the three FTEs who currently work mainly on CON applications to assist with additional licensure responsibilities. Therefore, there is no expenditure impact to the General Fund, Federal Funds, or Other Funds.

State Revenue

Pursuant to Section 44-7-150, the first \$750,000 of the fees imposed under the CON program are deposited into the General Fund, and the remaining amount collected is kept by DHEC for administrative costs of the program. The agency reports that it has collected an average of \$560,813 per year under the CON program. Therefore, this bill will decrease General Fund revenue by approximately \$560,813 each year beginning in FY 2021-22.

Local Expenditure & Revenue

N/A

Frank A. Rainwater, Executive Director