



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
(803)734-3780 • RFA.SC.GOV/IMPACTS

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. 4983	Introduced on February 16, 2022
Author:	Sandifer	
Subject:	Continuing Care Retirement Communities	
Requestor:	Senate Banking and Insurance	
RFA Analyst(s):	Tipton	
Impact Date:	April 12, 2022	

Fiscal Impact Summary

This bill establishes preliminary and final licenses for continuing care retirement communities and specifies rules and regulations related to a new community's licensure under the review of the Department of Consumer Affairs (DCA). Under the provisions of this bill, new continuing care retirement communities may not advertise a facility or collect reservation deposits unless a preliminary license has been issued by DCA.

This bill will have a minimal expenditure impact on DCA that the agency indicates can be managed within the license application fee revenue.

This bill will have an undetermined impact on DCA's Other Funds fee revenue. Based on the current license application fee assessed by the agency, each preliminary license applicant will generate \$2,000 in additional revenue as a result of this bill. DCA reports that since 2012, there have been three new license applications for continuing care retirement communities. However, the number of future preliminary license applicants is currently unknown.

Explanation of Fiscal Impact

Introduced on February 16, 2022

State Expenditure

This bill establishes preliminary and final licenses for continuing care retirement communities and specifies rules and regulations related to a new community's licensure under the review of DCA. Under the provisions of the bill, the final license includes all of the current licensing requirements and must be obtained by the operator before the continuing care community is operable or collects an entrance fee. The new preliminary license must be obtained by the operator of a community before the advertisement of its facility or the collection of a reservation deposit from prospective residents. Applications for preliminary licenses must include a copy of the reservation agreement, a copy of the applicant's escrow agreement with a trust institution, and a representative sample of any advertisements. The final and preliminary licenses expire on August thirty-first of each year.

This bill further amends continuing care contracts and reservation agreements between continuing care communities and residents or prospective residents to specify the technical

format of the agreements as well as the required content. Additionally, operators of continuing care communities that are not yet occupiable must provide appropriate notice to DCA and prospective residents on the progress of facility development and the expected date that the facility or reserved unit will be available for occupancy as well as notice for any delays.

The bill also requires DCA to review a project feasibility document as part of the application for a preliminary or final license to assess the financial feasibility for a proposed continuing care community as well as the operator's financial position. DCA must issue a preliminary or final license to an operator of a new continuing care retirement community within sixty days of receiving the application provided that the bill's requirements of each respective license have been satisfied and the license fee has been paid.

This bill further establishes the guidelines for which entrance fees or reservation deposits may be released from escrow to the operator of the community and amends the exemption from the requirements of this chapter for communities that do not require payment of an entrance fee.

DCA reports that since 2012, three new operators of continuing care retirement communities have applied for licensure. As a result, the agency indicates that the addition of the preliminary license and corresponding requirements will have a minimal expenditure impact that will be managed within the license application fee revenue.

State Revenue

This bill establishes preliminary and final licenses for continuing care retirement communities and specifies rules and regulations related to a new community's licensure under the review of DCA. Currently, new continuing care retirement community applicants pay a \$2,000 license application fee. Under the provisions of this bill, this fee must be paid upon application for a preliminary or final license, and DCA indicates the fee for both will remain at the current level of \$2,000. DCA reports that since 2012, three new operators of continuing care retirement communities have applied for licensure. Because this bill does not require operators to obtain a preliminary license if they do not choose to advertise the facility or collect reservation deposits, the number of future preliminary license applicants is unknown. Therefore, this bill will have an undetermined revenue impact on DCA. The agency indicates that any additional revenue generated by preliminary licenses will directly cover any additional related expenses.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director