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REPORT OF THE PROPERTY TAX SUBCOMMITTEE

(G.R. Smith, Finlay, Hewitt, Herbkersman, & Weeks - Staff Contact: Meredith Ross)

SENATE BILL 609

S. 609 -- Senator Alexander: A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 12-2-140 SO AS TO AUTHORIZE STATE AGENCIES AND POLITICAL SUBDIVISIONS THAT HAVE ACCESS TO FEDERAL TAX INFORMATION TO CONDUCT CRIMINAL BACKGROUND CHECKS ON ITS EMPLOYEES AND CONTRACTORS.

Received by Ways and Means:

April 13, 2021

Summary of Bill:

This bill codifies existing proviso 117.132 and provides that state agencies, institutions, and political subdivisions, are authorized to obtain state and national criminal history background checks and investigations for state employees and contractors having access to federal tax information. It authorizes SLED to conduct finger-print based state and national background checks.

Estimated Revenue Impact:

This bill will not affect the current operations of SLED and DOR and will have no expenditure impact on the General Fund, Other Funds, or Federal Funds.

Subcommittee Action:

The Property Tax Subcommittee reported the bill favorable as is on 4/28.



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:	S. 0609	Introduced on February 24, 2021
Author:	Alexander	
Subject:	Access to Tax Information	
Requestor:	Senate Finance	
RFA Analyst(s):	Gardner and Payne	
Impact Date:	March 30, 2021	

Fiscal Impact Summary

This bill expands the general tax provisions by adding Section 12-2-140, which authorizes state agencies and political subdivisions that have access to federal tax information to conduct criminal background checks on their employees and contractors. As the bill will not affect the current operations of the State Law Enforcement Division and the Department of Revenue, it will have no expenditure impact on the General Fund, Other Funds, or Federal Funds.

Explanation of Fiscal Impact

Introduced on February 24, 2021

State Expenditure

This bill is designed to ensure the compliance of state agencies and political subdivisions with Internal Revenue Service (IRS) Publication 1075 and authorizes these entities to obtain state and national criminal history background checks and investigations performed by the State Law Enforcement Division (SLED) and the Federal Bureau of Investigation (FBI) for all employees and contractors having access to federal tax information. The bill authorizes SLED to conduct fingerprint-based state and national background checks for state agencies, state institutions, and political subdivisions of the State which have access to federal tax information.

Employees and contractors of a state agency or a political subdivision having access to or using federal tax information must consent to a national background check, supply a fingerprint sample, consent to a state criminal history background check and investigation by SLED, and submit to a national criminal history background check by the FBI. These records will be shared with the employer or contracting agency or political subdivision. While state agencies and political subdivisions requesting background checks and investigations must pay for those investigative reviews, they may alternately require a person or entity with whom they contract to pay the costs associated with background investigations for all employees of the contractor. State agencies and political subdivisions required to conduct background checks and investigations must establish written policies concerning the implementation and use of these investigative reviews.

State Law Enforcement Division. The Revenue and Fiscal Affairs Office anticipates that the bill requires the State Law Enforcement Division (SLED) to perform activities that are

conducted in the normal course of SLED's business. Therefore, the bill does not have an expenditure impact on the General Fund, Other Funds, or Federal Funds.

Department of Revenue. The Revenue and Fiscal Affairs Office anticipates that the bill requires the Department of Revenue (DOR) to perform activities that are conducted in the normal course of DOR's business. Therefore, the bill does not have an expenditure impact on the General Fund, Other Funds, or Federal Funds.

State Revenue

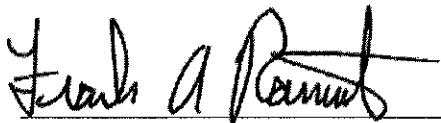
N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director

South Carolina General Assembly
124th Session, 2021-2022

S. 609

STATUS INFORMATION

General Bill

Sponsors: Senator Alexander

Document Path: I:\council\bill\ncbd\11189dg21.docx

Introduced in the Senate on February 24, 2021

Introduced in the House on April 13, 2021

Currently residing in the House Committee on **Ways and Means**

Summary: Access to tax information

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
2/24/2021	Senate	Introduced and read first time (<u>Senate Journal-page 6</u>)
2/24/2021	Senate	Referred to Committee on Finance (<u>Senate Journal-page 6</u>)
3/31/2021	Senate	Committee report: Favorable Finance (<u>Senate Journal-page 10</u>)
4/7/2021	Senate	Read second time (<u>Senate Journal-page 56</u>)
4/7/2021	Senate	Roll call Ayes-43 Nays-0 (<u>Senate Journal-page 56</u>)
4/8/2021	Senate	Read third time and sent to House (<u>Senate Journal-page 39</u>)
4/13/2021	House	Introduced and read first time (<u>House Journal-page 9</u>)
4/13/2021	House	Referred to Committee on Ways and Means (<u>House Journal-page 9</u>)

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VERSIONS OF THIS BILL

2/24/2021

3/31/2021

1 COMMITTEE REPORT
2 March 31, 2021
3

S. 609

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6 Introduced by Senator Alexander
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8 S. Printed 3/31/21--S.
9 Read the first time February 24, 2021.
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12 **THE COMMITTEE ON FINANCE**

13 To whom was referred a Bill (S. 609) to amend the Code of Laws
14 of South Carolina, 1976, by adding Section 12-2-140 so as to
15 authorize state agencies and political subdivisions that have access
16 to, etc., respectfully

17 **REPORT:**

18 That they have duly and carefully considered the same and
19 recommend that the same do pass:

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21 HUGH K. LEATHERMAN, SR. for Committee.
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A BILL

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TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA,
1976, BY ADDING SECTION 12-2-140 SO AS TO AUTHORIZE
STATE AGENCIES AND POLITICAL SUBDIVISIONS THAT
HAVE ACCESS TO FEDERAL TAX INFORMATION TO
CONDUCT CRIMINAL BACKGROUND CHECKS ON ITS
EMPLOYEES AND CONTRACTORS.

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Be it enacted by the General Assembly of the State of South
Carolina:

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SECTION 1. Chapter 2, Title 12 of the 1976 Code is amended by
adding:

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“Section 12-2-140. (A) Each state agency and each political
subdivision of the State, is authorized, as necessary to comply with
Internal Revenue Service Publication 1075, including amendments
thereto and publications replacing Publication 1075, to obtain state
and national criminal history background checks and investigations
performed by the State Law Enforcement Division and the Federal
Bureau of Investigation on all employees and contractors with
access to federal tax information. The State Law Enforcement
Division is authorized to conduct fingerprint-based state and
national background checks for state agencies, state institutions, and
political subdivisions of the State which have access to federal tax
information in order to comply with Publication 1075.

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(B) An employee or contractor of a state agency or a political
subdivision of the State with access to or that uses federal tax
information must:

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(1) agree to a national background check and the release of all
investigative records to the applicable state agency or political
subdivision for the purpose of verifying criminal history
information for noncriminal justice purposes; and

1 (2) supply a fingerprint sample and submit to a state criminal
2 history background check and investigation to be conducted by the
3 State Law Enforcement Division, and then submit to a national
4 criminal history background check to be conducted by the Federal
5 Bureau of Investigation.

6 (C) Except as otherwise provided in this section, a state agency
7 or political subdivision shall pay any costs incurred to conduct
8 background checks and investigations requested by the state agency
9 or political subdivision. The state agency or political subdivision
10 may require a person or entity contracting with the agency or
11 political subdivision to pay the costs associated with the background
12 investigations for all employees of the contractor. The requirement
13 may be a condition of the contract with the state agency or political
14 subdivision.

15 (D) Each state agency or political subdivision required to
16 conduct background checks and investigations pursuant to this
17 section shall establish written policies concerning the
18 implementation and use of the background checks and
19 investigations conducted pursuant to this section.

20 (E) For purposes of this section, 'state agency' includes state
21 departments and state institutions."

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23 SECTION 2. This act takes effect upon approval by the Governor.

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