



**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.*

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<b>Bill Number:</b>	H. 3999	Introduced on March 2, 2021
<b>Author:</b>	W. Newton	
<b>Subject:</b>	Nonprofit Organizations	
<b>Requestor:</b>	House Ways and Means	
<b>RFA Analyst(s):</b>	Coomer	
<b>Impact Date:</b>	May 4, 2021 Updated for Additional Agency Response	

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### **Fiscal Impact Summary**

This bill requires an organization to provide certain financial disclosures before receiving a contribution of funds from a state agency.

This bill will increase General Fund expenditures by \$67,441 in FY 2021-22 and each year thereafter for 1.0 additional FTEs for the Department of Administration (DOA) due to the Executive Budget Office's (EBO) role in the reporting process, as detailed in the bill.

The expenditure impact of this bill on the Office of the State Auditor (OSA) to review and audit the financial structures and activities of each organization receiving contributions from a state agency is undetermined because the number and scope of audit requests received is unknown.

*This bill has been updated for additional agency responses from DOA and OSA.*

### **Explanation of Fiscal Impact**

#### **Updated for Additional Agency Response on May 4, 2021**

#### **Introduced on March 2, 2021**

#### **State Expenditure**

This bill requires an organization to provide certain financial disclosures before receiving a contribution of funds from a state agency. The process outlined in the bill includes requiring an organization to provide the state agency contributing the funds and EBO with a report as detailed. The bill requires EBO to create and publish a standard form upon which the reports can be submitted, and further requires EBO to publish each report on its website and provide an electronic copy to the General Assembly within fifteen days of receipt of each report. These reports must remain on the website for at least the following three fiscal years, and the funds may not be released until EBO certifies the receipt and publication of a completed report. DOA indicates that this bill would require the agency to hire an additional employee to track, collect, maintain, and report the information set forth in the bill. Salary and fringe benefits for an Administrative Coordinator I total \$64,441, and recurring operating expenses total \$3,000. Therefore, this bill will increase General Fund expenditures by \$67,441 for 1.0 additional FTEs for DOA in FY 2021-22 and each year thereafter.

Additionally, this bill requires the State Auditor to review and audit, if necessary, the financial structure and activities of each organization receiving contributions from a state agency. The State Auditor must make a report to the General Assembly of the review or audit when requested to do so by the State Fiscal Accountability Authority (SFAA). OSA estimates that each request will require 350 hours of staff time. However, OSA indicates the total increase in costs related to these requests is undetermined due to uncertainty in the number of requests received from SFAA, the scope of the requests received from SFAA, and the completeness and accuracy of the financial records of the organizations receiving contributions. If the number of requests received is low enough, OSA expects no expenditure impact from this bill as the duties of this bill could be absorbed within current operational activity at the cost of increased staff time and agency resources. If the number of requests received is too high, however, additional FTEs may be necessary to fulfill the duties of this bill. OSA indicates that the limit for when an additional FTE may be required to assist with the review and audit process is relatively low, potentially around three or more requests a year. Therefore, the expenditure impact of this bill on the General Fund expenditures of OSA is undetermined.

*This bill has been updated for additional agency responses from DOA and OSA.*

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

N/A

**Introduced on March 2, 2021**

**State Expenditure**

This bill requires an organization to provide certain financial disclosures before receiving a contribution of funds from a state agency. The process outlined in the bill includes requiring an organization to provide the state agency contributing the funds and EBO with a report as detailed. The bill requires EBO to create and publish a standard form upon which the reports can be submitted, and further requires EBO to publish each report on its website and provide an electronic copy to the General Assembly. These reports must remain on the website for at least the following three fiscal years, and the funds may not be released until EBO certifies the receipt and publication of a completed report. The expenditure impact of this bill on the Department of Administration is pending, contingent upon a response from the agency.

Additionally, this bill requires the State Auditor to review and audit, if necessary, the financial structure and activities of each organization receiving contributions from a state agency. The State Auditor must make a report to the General Assembly of the review or audit when requested to do so by SFAA. The expenditure impact of this bill on OSA is pending, contingent upon a response from the agency.

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

N/A



Frank A. Rainwater, Executive Director