



**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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**Bill Number:** H. 3424 Amended by House Judiciary on January 23, 2024  
**Author:** Moore  
**Subject:** Child Online Safety Act  
**Requestor:** House Judiciary  
**RFA Analyst(s):** Gardner  
**Impact Date:** January 25, 2024

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### **Fiscal Impact Summary**

This bill, as amended, provides that it is unlawful for website operators to make a pornographic website or website that provides materials that are harmful to minors available to persons under the age of eighteen and requires operators to employ reasonable age verification methods. Entities may be held liable for nominal damages, actual damages, court costs, and reasonable attorney fees, as well as punitive damages in qualifying cases.

Judicial reports that implementation of the bill may result in an increase in general sessions court caseloads, which can be managed using existing staff and appropriations. Therefore, the bill will result in no expenditure impact for Judicial. Also, the Office of the Attorney General and State Law Enforcement Division (SLED) anticipate being able to manage the responsibilities resulting from the bill with existing staff and within existing appropriations.

As this bill creates new offenses, this may result in an increase of General Fund, Other Funds and local fine revenue. However, as the number of such offenses and the resulting fines and fees that might occur in a given year is unknown, the revenue impact is undetermined.

### **Explanation of Fiscal Impact**

#### **Amended by House Judiciary on January 23, 2024**

#### **State Expenditure**

This bill, as amended, provides that it is unlawful for an operator to make a pornographic website available to persons under the age of eighteen when the entity fails to perform reasonable age verification methods to verify the age of an individual attempting to access the material. A commercial entity that knowingly and intentionally publishes or distributes obscene material, or material that depicts, describes, or promotes child pornography or child sexual exploitation on the Internet may be held liable for nominal damages, actual damages, court costs, and reasonable attorney fees, as well as punitive damages in qualifying cases. The bill also requires commercial entities that publish or distribute material harmful to minors to employ reasonable age verification methods before access to the website is granted. A commercial entity that fails to perform age verification whereby a minor accesses such material shall be held liable to the minor for nominal damages, actual damages, court costs, and reasonable attorney fees, as well as punitive damages in qualifying cases. In addition, the bill prohibits a commercial entity that uses

a reasonable age verification method from retaining identifying information of an individual once access to the material has been granted. A commercial entity found to have knowingly retained identifying information of an individual granted access shall be liable to the individual for damages, including court costs and reasonable attorney fees. The bill specifies that the Attorney General may seek injunctive and other equitable relief against a commercial entity that fails to comply with the provisions.

Judicial reports that implementation of the bill may result in an increase in general sessions court caseloads, which can be managed using existing staff and appropriations. Therefore, the bill will result in no expenditure impact for Judicial. Also, the Office of the Attorney General and SLED anticipate being able to manage the responsibilities resulting from the bill with existing staff and within existing appropriations.

### **State Revenue**

This bill may result in an increase in the fines and fees collected in court. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. Therefore, this bill may result in an undetermined impact to General Fund and Other Funds revenue due to the increase in fines and fees collections in court.

### **Local Expenditure**

N/A

### **Local Revenue**

This bill may result in an increase in the fines and fees collected in court. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. Therefore, this bill may result in an undetermined impact to local revenue due to the increase in fines and fees collections in court.



Frank A. Rainwater, Executive Director