



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. 3492 Introduced on January 10, 2023
Author: Long
Subject: Local Government Fund
Requestor: House Medical, Military, Public, and Municipal Affairs
RFA Analyst(s): Tipton
Impact Date: January 20, 2023

Fiscal Impact Summary

This bill requires any local government found by a court of competent jurisdiction to have violated state law in a given fiscal year to forfeit its next four quarterly distributions of the Local Government Fund (LGF).

This bill will have no expenditure impact, as the State Treasurer's Office (STO) reports that the requirement of withholding LGF funds from violating local governments can be managed within existing resources. Additionally, STO indicates that the withholding of funds would occur upon receipt of notice. This bill does not require STO to be notified.

This bill will have an undetermined local revenue impact, as instances of state law violation by local governments in FY 2023-24 are currently unknown. The Revenue and Fiscal Affairs Office (RFA) currently projects total LGF distributions to counties and municipalities in FY 2022-23 to be \$261,685,463.

Explanation of Fiscal Impact

Introduced on January 10, 2023

State Expenditure

This bill requires any local government found by a court of competent jurisdiction to have violated state law in a given fiscal year to forfeit its next four quarterly distributions of the LGF. Additionally, this bill requires the State Treasurer to withhold LGF distributions to the violating local government during this period. STO reports that this responsibility can be managed within existing resources and will have no fiscal impact. Additionally, STO indicates that the withholding of funds would occur upon receipt of notice. This bill does not require STO to be notified.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

This bill requires any local government found to have violated state law in a given fiscal year to forfeit its next four quarterly distributions of the LGF. Currently, RFA estimates LGF distributions in FY 2022-23 will be \$217,498,468 to counties and \$44,186,995 to municipalities, for total estimated distributions of \$261,685,463.

The South Carolina Association of Counties (SCAC) and the Municipal Association of South Carolina (MASC) indicate that routine litigation brought against counties and municipalities could prompt the stoppage of LGF distributions, resulting in a loss of local revenue under this bill. A review of the Judicial court record database, along with discussions with Judicial confirmed that numerous judgements are made against counties and municipalities in the state in any given year. For example, in the Richland County Court of Common Pleas, the county or subsidiary of the county was named as a defendant in nineteen cases where a judgement was issued in 2022. However, it is unknown how many of these judgements, if any, would be in violation of the bill. Therefore, the local revenue impact is undetermined.



Frank A. Rainwater, Executive Director