



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: | S. 0111 | Introduced on January 10, 2023 |
| Author: | Martin | |
| Subject: | Social Justice Discrimination | |
| Requestor: | Senate Banking and Insurance | |
| RFA Analyst(s): | Tipton | |
| Impact Date: | March 13, 2023 | |

Fiscal Impact Summary

This bill states that all banks and financial institutions doing business in the state may not discriminate against, advocate for, or cause adverse treatment of, any citizen or business based on subjective or arbitrary standards such as social media posts, participation or membership in any clubs, associations, or unions, political affiliation, employer, or similar values-based or impact criteria. The bill further states that any bank or credit union in violation of the bill is subject to a \$50,000 fine for a first offense and a \$250,000 fine for a second offense and each subsequent offense, and that all fines are doubled for the fifth offense and any subsequent offense.

This bill will have an undetermined impact on the Board of Financial Institutions (BOFI) in its capacity as the regulatory agency of financial institutions in the state. The board indicates that additional regulation or oversight of financial institutions by the board would be required to ensure compliance with the provisions of the bill, and additional agency personnel may be needed. However, the manner in which this regulation or oversight would be implemented is currently unknown.

This bill may also increase Other Funds fine revenue for BOFI by an undetermined amount, depending upon the number of financial institutions fined by the board in a given year for violation of the section.

Explanation of Fiscal Impact

Introduced on January 10, 2023

State Expenditure

This bill states that all banks and financial institutions doing business in the state may not discriminate against, advocate for, or cause adverse treatment of, any citizen or business based on subjective or arbitrary standards such as social media posts, participation or membership in any clubs, associations, or unions, political affiliation, employer, or similar values-based or impact criteria. The bill further states that this prohibition does not apply if such posts, affiliations, associations, or the like discriminate on the basis of race, religion, color, sex, age, national origin, or disability. The bill provides that the requirements may not interfere with a

financial institution's ability to refuse to conduct business with an individual when such action is necessary for the physical safety of its employees.

The bill further states that banks and other financial institutions may offer customers investments, products, and services that include subjective standards, provided that the standards are fully disclosed and explained to any potential customer or investor before entering into a contract for such products and services.

BOFI, in its capacity as the regulatory agency of financial institutions in the state, indicates that additional regulation or oversight of financial institutions would be required to ensure compliance with the provisions of the bill, and additional agency personnel may be needed. However, as the manner in which this regulation or oversight would be implemented is currently unknown, the expenditure impact on BOFI is undetermined.

State Revenue

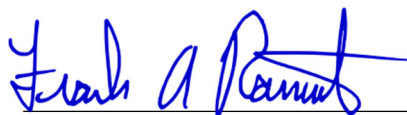
The bill provides that any bank or credit union in violation of the bill is subject to a \$50,000 fine for a first offense and a \$250,000 fine for a second offense and each subsequent offense. If the bank or credit union has five or more offenses, fines for all subsequent violations must be doubled. BOFI indicates that the number of financial institutions fined by the board in a given year for violation of the section are currently unknown. Therefore, this bill may increase Other Funds fine revenue for BOFI by an undetermined amount.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director