



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: H. 4670 Introduced on January 13, 2026
Subject: Time-Limited Demands, Tort Claims
Requestor: House Judiciary
RFA Analyst(s): Welsh
Impact Date: January 27, 2026

Fiscal Impact Summary

This bill establishes certain requirements for time-limited demands for settlement of tort claims. This bill specifies the process of making a time-limited demand, requires material terms that must be included in the demand, and requires the inclusion of relevant supporting documents. This bill also allows the inclusion and negotiation of nonmaterial additional terms, which will not constitute a rejection or counteroffer to the time-limited demand. This bill further establishes timelines and procedures for payment of time-limited demands if the settlement is accepted.

This bill may result in a change in the number of civil cases which may change the workload of the court system. Judicial anticipates the potential increase will depend on the number of individuals currently sending time-limited demands that do not comply with this bill and whether time-limited demands that do comply will lead to more settlements outside of court. Judicial anticipates any change in the caseload can be managed within existing appropriations. However, Judicial indicated that if the increase in the caseload is significant, it will request additional General Fund appropriations.

This bill will have an undetermined impact on the State Fiscal Accountability Authority's (SFAA) of the Insurance Reserve Fund (IRF). SFAA anticipates this bill's impact will be dependent upon whether liability payments from the IRF continue to be limited by the South Carolina Tort Claims Act regardless any time-limited demands made pursuant to this bill and whether "extracontractual damages" as defined by this bill are applicable to governmental entities and the IRF. We anticipate that if there is a significant increase in the IRF expenses, these expenses will be offset by an increase in insurance premium revenue.

This bill may result in a change to state and local expenditures for state and local entities covered by the IRF, depending upon the expenditure impact to the IRF and the need to increase insurance premiums to offset the increase in expenses.

This bill may have an Other Fund revenue impact for the potential increase in insurance premium revenue for the IRF, depending on the increase in expenses for the IRF.

The S.C. Department of Education (SCDE) surveyed the seventy-two regular school districts and the three charter school districts and received responses from twelve districts. Five of the responding districts indicate that the bill will have no expenditure impact. Six districts report that

the cost of the bill is currently undetermined dependent upon increases in costs associated with litigation and liability insurance. The remaining responding district reports that the bill will create a non-recurring expense of about \$1,000 to revise procedures and train personnel to ensure the district properly tracks and responds to formal demands in a timely manner.

The Revenue and Fiscal Affairs Office (RFA) also contacted all counties in the state and the Municipal Association of South Carolina (MASC) to determine the potential local expenditure impact of this bill may have for local governments. Responses received from the counties of Charleston and Florence indicate the local expenditure impact on these counties is expected to be minimal and managed within current resources. MASC anticipates this bill may result in an undetermined increase in costs for municipalities due to the potential increase in cost for insurance coverage.

Explanation of Fiscal Impact

Introduced on January 13, 2026

State Expenditure

This bill establishes certain requirements for time-limited demands for settlement of tort claims. This bill specifies the process of making a time-limited demand, requires material terms that must be included in the demand, and requires the inclusion of relevant supporting documents. This bill also allows the inclusion and negotiation of nonmaterial additional terms, which will not constitute a rejection or counteroffer to the time-limited demand. This bill further establishes timelines and procedures for payment of time-limited demands if the settlement is accepted.

This bill may result in an increase in the number of civil cases which may increase the workload of the court system. The potential increase will depend on the number of individuals sending time-limited demands that do not comply with this bill and whether time-limited demands that do comply will lead to more settlements outside of court. Judicial anticipates that the increase in cases can be initially managed within existing appropriations. However, Judicial indicated that if the increase in the caseload is significant, it will request additional General Fund appropriations.

SFAA is unsure whether the caps set forth in the South Carolina Torts Claims Act apply in time-limited demand claims pursuant to this bill. Additionally, SFAA is unsure whether extracontractual damages, as defined by this bill, are applicable to governmental entities and the IRF. Based on these uncertainties, SFAA anticipates this bill may have an undetermined impact on the IRF. We anticipate that if there is a significant increase in the IRF expenses, these expenses will be offset by an increase in insurance premium revenue.

This bill may result in a change to state expenditures, depending upon the expenditure impact to the IRF and the need to increase insurance premiums to offset this increase in expenses.

State Revenue

This bill may have an Other Fund revenue impact for the potential increase in insurance premium revenue for the IRF as discussed in the State Expenditure Section.

Local Expenditure

This bill establishes certain requirements for time-limited demands for settlement of tort claims. SCDE surveyed the seventy-two regular school districts and the three charter school districts and received responses from twelve districts. Five of the responding districts indicate that the bill will have no expenditure impact. Six districts report that the cost of the bill is currently undetermined dependent upon increases in costs associated with litigation and liability insurance. The remaining responding district reports that the bill will create a non-recurring expense of about \$1,000 to revise procedures and train personnel to ensure the district properly tracks and responds to formal demands in a timely manner.

RFA also contacted all counties in the state and MASC to determine the potential local expenditure impact of this bill may have for local governments. Responses received from the counties of Charleston and Florence indicate the local expenditure impact on these counties is expected to be minimal and managed within current resources. MASC anticipates this bill may result in an undetermined increase in costs for municipalities, depending upon increase in insurance premiums.

Local Revenue

N/A



Frank A. Rainwater, Executive Director