



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: S. 0632 Introduced on May 1, 2025
Subject: Ethics – Local Government Lobbying
Requestor: Senate Judiciary
RFA Analyst(s): Griffith and Bryant
Impact Date: January 9, 2026

Fiscal Impact Summary

This bill includes members and staff of local governing bodies in the persons prohibited from serving as lobbyists. Additionally, the bill prohibits a lobbyist from serving as a member of a local board or local commission, with the exception of a lobbyist serving prior to January 1, 2026, being able to complete his or her term. The bill also requires the State Ethics Commission to publish an online list of all lobbyists and lobbyists' principals registered with that office and to update the online list within two business days after receipt of a change for this list. Additionally, the bill specifies the penalties for violations of the provisions of the bill. Further, this bill requires each local governing body, no later than June thirtieth and January thirty-first of each year, to file a report with the State Ethics Commission covering the body's lobbying during that filing period.

This bill charges the State Ethics Commission with overseeing required filings and enforcement of the new provisions for 46 counties, 271 municipalities, and 75 school districts. Due to the numerous local governing bodies located in the state, the State Ethics Commission believes it is necessary to have a presence in regions throughout the state, thus requiring both new employees and new office spaces. The Commission will require 9.0 FTEs to process required filings and enforce the provisions of the bill and indicates that these new positions will be based in three satellite offices in the state. Other expenses related to needing new office space and additional employees that the Commission will incur include contributions to the Insurance Reserve Fund and State Accident Fund, building security, office furniture and supplies, office technology and equipment, software licenses and access, and mobile phones. In total, the bill will increase General Fund expenditures of the State Ethics Commission by approximately \$2,041,600 in FY 2026-27. Expenses will decrease to \$489,900 each year thereafter.

This bill also specifies that in addition to being a public official, a public employee who willfully violates the provisions of the bill is guilty of a misdemeanor and must be fined accordingly. The bill increases the number of people who are subject to this requirement and, therefore, increases the number of people who may violate the provisions and be charged with a misdemeanor. The Revenue and Fiscal Affairs Office (RFA) anticipates that the potential increase in misdemeanor charges will be limited and that this change will have a minimal impact on the legal system.

This bill will increase Other Funds revenue of the State Ethics Commission due to an increased number of lobbyist registrations and potential fines and penalties from violations of the bill.

RFA contacted all forty-six counties and MASC regarding the potential fiscal impact of the bill. Florence and Lancaster Counties do not anticipate an expenditure impact because the bill does not fiscally affect the counties. MASC expressed concerns that the bill could result in increased costs for municipalities, as municipalities frequently rely on guidance from professionals who could be regarded as lobbyists. These costs could include additional administrative work, increased legal fees, and ongoing education and training expenses. However, RFA anticipates this can be managed within the normal course of business.

The SC Department of Education (SCDE) surveyed the seventy-two regular school districts and three charter school districts and received responses from fifteen districts. Fourteen of the responding districts indicate that the bill will have no expenditure impact. One district indicates that the bill will increase expenses by an amount of \$2,500 per year due to an increased administrative workload for additional time to review ethics guidelines, monitor contacts with legislators, and ensure staff/board compliance, and may also require legal review or ethics training.

Explanation of Fiscal Impact

Introduced on May 1, 2025

State Expenditure

This bill includes members and staff of local governing bodies in the persons prohibited from serving as lobbyists. The bill updates the definition of a public body, a public employee, and a public official to include members and staff of a local governing body. A lobbyist, lobbyist's principal, or a person acting on behalf of a lobbyist shall not offer, solicit, facilitate, or provide to or on behalf of a public official or a public employee, including a member of a local governing body, any lodging, transportation, entertainment, food or meals or beverages, contributions, or any other thing of value. Additionally, the bill prohibits a lobbyist from serving as a member of a local board or local commission, with the exception of a lobbyist serving prior to January 1, 2026, being able to complete his or her term.

Each lobbyist and lobbyist's principal is currently required to register with the State Ethics Commission and provide certain information, including an identification of the public office or public body which the lobbyist will engage in lobbying and the subject matter in which the lobbyist will engage in lobbying. This bill requires the State Ethics Commission to publish an online list of all lobbyists and lobbyists' principals registered with that office and to update the online list within two business days after receipt of a change for this list.

This bill also specifies that in addition to a public official, a public employee who willfully violates the provisions of the bill is guilty of a misdemeanor and must be fined accordingly. The bill increases the number of people who are subject to this requirement and, therefore, increases the number of people who may violate the provisions and be charged with a misdemeanor RFA anticipates that the potential increase in misdemeanor charges will be limited and that this change will have a minimal impact on the legal system.

This bill charges the State Ethics Commission with additional responsibilities that the agency is unable to accomplish with existing staff and resources. The Commission will now be responsible for overseeing required filings and enforcement of the new provisions for 46 counties, 271 municipalities, and 75 school districts. Due to the numerous local governing bodies located all over the state, the State Ethics Commission believes it is necessary to have a presence in regions throughout the state, and thus, the expenditure estimates provided in this section are based on having three new satellite offices. The Commission estimates that it will need to hire 9.0 FTEs, including three each of the following positions: Investigator IV, Administrative Assistant, and Program Assistant. These additional staff members will be employed to assist filers with their required filings, audit filings, and investigate and prosecute violations of Title 2, Chapter 17. Therefore, recurring General Fund expenditures will increase by approximately \$738,100 beginning in FY 2026-27 for salary and fringe benefits.

Additionally, the State Ethics Commission reports that its current office is at capacity, and therefore, hiring new employees will result in an expense of \$1,122,000 for new office space, of which \$972,000 is recurring and \$150,000 is non-recurring. Other expenses related to having staff in a new office space include contributions to the Insurance Reserve Fund and the State Accident Fund, an office fax line, office signage, IT equipment, ethernet lines, building security, a copier rental, a postage machine rental, and a fire safe. These expenses total \$127,400 in recurring expenses and \$170,900 in one-time expenses. Additional expenses for office furniture, office phones, cell phones, IT management, software access and licenses, printing, and other general office supplies total \$152,900 in recurring costs and \$49,000 in one-time costs.

Expenditures related to enforcement of the provisions of the bill include state fleet leases for law enforcement vehicles, law enforcement equipment and mobile radios, and access to law enforcement legal software. These expenses total \$51,200 in recurring costs and \$120,000 in one-time costs.

In total, the bill will increase General Fund expenditures of the State Ethics Commission by approximately \$2,041,600 in FY 2026-27. Expenses will decrease to \$489,900 each year thereafter.

State Revenue

Lobbyists and lobbyist's principals are required to pay a \$100 fee when initially registering and reregistering annually as a lobbyist with the State Ethics Commission. Expanding the definition of a lobbyist will increase the number of filings and may increase fines and penalties from violations of the bill's provisions. Therefore, Other Funds revenue of the State Ethics Commission will increase by an undetermined amount beginning in FY 2026-27.

Local Expenditure

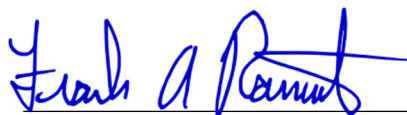
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Local Revenue

N/A



Frank A. Rainwater, Executive Director