



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. 0896	Introduced on February 5, 2026
Subject:	Chatbot Regulation	
Requestor:	Senate Labor, Commerce, and Industry	
RFA Analyst(s):	Gardner	
Impact Date:	May 12, 2026	

Fiscal Impact Summary

This bill establishes consumer protections against chatbot providers referenced as “The Chatbot Protection Act”. This bill creates a cause of action that may be filed by the Attorney General, or a county attorney. If the defendant is found to be in violation of this act, the court may award civil penalties, reasonable attorney’s fees, and other litigation costs, as well as punitive damages.

This bill may increase the number of cases in circuit court. Since the bill creates a new cause of action, there are no data to estimate the number of additional filings. However, Judicial intends to use existing appropriations to manage any modifications in caseloads. Judicial notes that if this bill results in a significant increase to the caseload, additional General Fund appropriations may be requested.

This bill requires the Attorney General to adopt rules and promulgate regulations to implement the Chatbot Protection Act. The Attorney General may also bring a civil action against a chatbot provider that violates the provisions of the bill. Implementation of the bill will require the Office of the Attorney General to hire 1.0 FTE, an attorney, with salary and fringe of approximately \$161,990. The Office of the Attorney General anticipates requesting General Fund appropriations to cover these expenses.

This bill may result in a change in the fines and fees collected in court. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. Therefore, Revenue and Fiscal Affairs (RFA) anticipates this bill may result in a change to General Fund, Other Funds, and local revenue due to the change in fines and fees collections in court.

Explanation of Fiscal Impact

Introduced on February 5, 2026

State Expenditure

This bill establishes consumer protections against chatbot providers referenced as “The Chatbot Protection Act” and creates associated definitions. The bill prohibits such providers from processing a user’s personal data or chat log, profiling a user beyond what is required to fulfill his request, selling a user’s chat logs, retaining a user’s chat logs beyond a specified time, or discriminating or retaliating against a user. The bill also prohibits such providers from falsely advertising that a chatbot is endorsed by a certified, registered, or licensed legal, accounting,

investment, or fiduciary professional and prohibits them from advertising or implying that the user's input data or chat log is confidential. In addition, the bill establishes several responsibilities for chatbot providers, including data security measures and assurance that a user is interacting with a chatbot and not a natural person. The bill also requires the Attorney General to adopt rules and promulgate regulations related to the provisions of the bill and enables the Attorney General or a county attorney to bring a civil action against a chatbot provider for violations of this bill. If the defendant is found to be in violation of this bill, the court may award civil penalties, reasonable attorney's fees, and other litigation costs, as well as punitive damages.

This bill may increase the number of cases in circuit court. Since the bill creates a new cause of action, there are no data to estimate the number of additional filings. However, Judicial intends to use existing appropriations to manage any modifications in caseloads. Judicial notes that if this bill results in a significant increase to the caseload, additional General Fund appropriations may be requested.

This bill requires the Attorney General to implement rules and regulations and permits the Office of the Attorney General to bring a civil action against a chatbot provider that violates the provisions of the bill. The Office of the Attorney General anticipates the increase in workload will require the Office of the Attorney General to hire 1.0 FTE, an attorney, with salary and fringe of approximately \$161,990. The Office of the Attorney General anticipates requesting General Fund appropriations to cover these expenses.

State Revenue

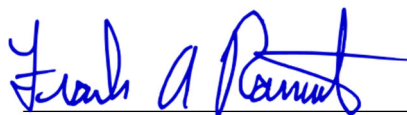
This bill may result in a change in the fines and fees collected in court due to the new offenses established by this bill. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. Therefore, RFA anticipates this bill may result in a change to General Fund and Other Funds revenue due to the change in fines and fees collections in court.

Local Expenditure

N/A

Local Revenue

This bill may result in a change in the fines and fees collected in court due to the new offenses established by this bill. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. Therefore, RFA anticipates that this bill may result in a change to local revenue due to the change in fines and fees collections in court.



Frank A. Rainwater, Executive Director