



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** H. 3184 As signed by the Governor on June 23, 2016  
**Author:** Pope  
**Subject:** Ethics Reform Act  
**Requestor:** House of Representatives  
**RFA Analyst(s):** Gardner and Fulmer  
**Impact Date:** November 30, 2016

**Estimate of Fiscal Impact**

	<b>FY 2016-17</b>	<b>FY 2017-18</b>
<b>State Expenditure</b>		
General Fund	\$336,500	\$246,500
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	4.00	0.00
<b>State Revenue</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
<b>Local Expenditure</b>	\$0	\$0
<b>Local Revenue</b>	\$0	\$0

**Fiscal Impact Summary**

House Bill 3184 will have a recurring and nonrecurring \$336,500 expenditure impact on the General Fund in FY 2016-17, and a recurring \$246,500 expenditure impact on the General Fund in FY 2017-18, and each year thereafter. There will be no expenditure impact on Federal Funds or Other Funds.

**Explanation of Free Conference Committee Report Adopted June 15, 2016**

**State Expenditure**

The bill amends Section 8-13-310 by changing who appoints members to the State Ethics Commission (commission) and reducing the number of members from nine to eight. While on official business, commission members receive per diem, subsistence and mileage at rates set in the annual general appropriations act.

The bill also changes the handling of complaints against legislators, legislative staff, members and staff of caucus committees, and candidates for the General Assembly alleging violations of the provisions of Title 2, Chapter 17, relating to lobbyist and lobbying, and Title 8, Chapter 13, relating to rules of conduct, disclosure of economic interests, and campaign practices. Specifically, pursuant to this bill, each legislative ethics committee refers complaints of violations, except for violations of rules of the legislative bodies, to the commission for investigation. The commission then makes a determination whether the complaint alleges facts sufficient to constitute a violation, and if it does, investigates to determine if there is probable cause that a violation occurred. The commission may order testimony and issue subpoenas subject to judicial enforcement as part of its investigation. Upon completion of the investigation, the commission reports its recommendations whether probable cause exists to the appropriate

legislative ethics committee, which may concur or non-concur. If the legislative ethics committee determines there is competent and substantial evidence of a violation, the committee may, among other things, convene a formal public hearing, at which the attorney or investigator handling commission investigation presents evidence of the violation. The attorney or investigator are responsible for any further investigation and may be assisted by other agencies, auditors, and investigators, with expenditures for assistance authorized by the legislative ethics committee.

**State Ethics Commission.** While the bill changes the number of commission members from nine to eight, the State Ethics Commission reports that it currently cannot estimate whether costs for members' travel reimbursements will increase or decrease as a result of the bill's implementation. Travel reimbursement amounts depend on the commission members' respective places of residence within the state, as well as the number of commission meetings that are held. The commission typically meets six times per year but has met up to eleven times in each of the last two years. Members from the local area are only reimbursed for per diem and lunch costs. Members from out of town areas receive reimbursement for per diem, lunch, and mileage. Out of town members receive an average of \$150-\$170 in reimbursement for each travel day. Should the majority of the commission members reside in out of town locations, travel reimbursements may increase compared to previous years, and vice versa.

The agency indicates it will incur costs associated with hiring four new staff (two auditors and two investigators) to implement this bill. Additional operating expenses for these staff would include leases for vehicles and office space; the purchase of investigation-related supplies, IT equipment, and office furniture; and related maintenance costs. The bill will have a recurring and nonrecurring \$336,500 expenditure impact on the General Fund in FY 2016-17, and a recurring \$246,500 expenditure impact on the General Fund in FY 2017-18, and each year thereafter. There will be no expenditure impact on Federal Funds or Other Funds. Some of these expenditures would be reimbursed to the agency through administrative fees and fines collected for violations of the State Ethics Act.

**The Senate, House of Representatives, Judicial Department, Attorney General's Office, and Department of Administration.** These agencies report that the bill will have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

N/A

**Explanation of Amendment by the Senate Judiciary on February 3, 2016**

**State Expenditure**

This bill modifies the composition of the State Ethics Commission, establishes requirements for member qualifications, provides for Commission officers, and establishes provisions for members' terms of office and manner of removal under certain conditions. It also enables the

Commission to initiate, receive, investigate, and process complaints against members and staff of the General Assembly and candidates for election to the General Assembly. Further, it enables the Commission to refer substantive complaints related to General Assembly members or their staff to the appropriate House or Senate Ethics Committees for disposition and to refer substantive complaints related to judicial officials or their staff to both the Commission on Judicial Conduct and the Supreme Court for disposition. It also authorizes the House and Senate Ethics Committees to issue formal advisory opinions and provides for judicial complaint procedures.

**State Ethics Commission.** The State Ethics Commission reports that the implementation of this bill will incur costs associated with hiring four new staff (two auditors and two investigators). Additional operating expenditure for these staff would include leases for vehicles and office space; purchase of uniforms, car radios, ammunition, vehicle fire extinguishers, cell phones, body armor, IT equipment, and office furniture; and payment for annual fire extinguisher inspections. However, some expenditures would be reimbursed to the agency through administrative fees and fines collected for violations of the State Ethics Act. House Bill 3184, as amended by Senate Judiciary on February 3, 2016, will have a recurring and nonrecurring \$336,500 expenditure impact in FY 2016-17 and a recurring \$246,500 expenditure impact on the General Fund in FY 2017-18 and each year thereafter. There will be no expenditure impact on Federal Funds or Other Funds.

**The Senate, House of Representatives, Judicial Department, Attorney General's Office, and Department of Administration.** These agencies report that this bill will have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

N/A

**Explanation of Amendment by the House of Representatives on January 28, 2015**

**State Expenditure**

This bill, as amended by the House of Representatives on January 28, 2015, modifies the composition of the State Ethics Commission, establishes requirements for member qualifications, provides for Commission officers, and establishes provisions for members' terms of office and manner of removal under certain conditions. It also enables the Commission to initiate, receive, investigate, and process complaints against members and staff of the General Assembly and candidates for election to the General Assembly, as well as judicial officials and their staff persons. Further, it enables the Commission to refer substantive complaints related to General Assembly members or their staff to the appropriate House or Senate Ethics Committees for disposition and to refer substantive complaints related to judicial officials or their staff to both the Commission on Judicial Conduct and the Supreme Court for disposition. It also authorizes

the House and Senate Ethics Committees to issue formal advisory opinions and provides for judicial complaint procedures.

**State Ethics Commission.** The State Ethics Commission reports that the implementation of this bill will incur costs associated with hiring six new staff (two auditors, three investigators and an Administrative Assistant). Additional operating costs for these staff would include leases for vehicles and office space; purchase of uniforms, car radios, ammunition, vehicle fire extinguishers, cell phones, body armor, IT equipment, and office furniture; and payment for annual fire extinguisher inspections. However, some costs would be reimbursed to the agency through administrative fees and fines collected for violations of the State Ethics Act. However, no administrative fees or reimbursements for legislative or judicial investigations could be collected. House Bill 3184, as amended by the House of Representatives on January 28, 2015 will have a recurring and nonrecurring \$479,000 expenditure impact on the General Fund in FY 2016-17 and a recurring \$440,000 expenditure impact on the General Fund in FY 2017-18 and each year thereafter.

**The Senate, House of Representatives, Judicial Department, Attorney General's Office, and Department of Administration.** These agencies report that this bill will have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

N/A



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Frank A. Rainwater, Executive Director