

# Statement of Estimated State Revenue Impact

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**Date:** February 8, 2013

**Bill Number:** S.B. 213

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**Committee Requesting Impact:** Senate Judiciary

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## Bill Summary

A bill to amend Title 33, Code of Laws of South Carolina, 1976, by adding Chapter 57, so as to authorize qualified nonprofit organizations to operate and conduct raffles through registration with the South Carolina Secretary of State, to provide standards for these events, to require proceeds to be used for charitable purposes, and to provide penalties for violations.

## REVENUE IMPACT <sup>1/</sup>

For provisions to take effect, a Constitutional Amendment must be ratified at the 2014 General Election in this State. Thus, the bill would not impact state or local revenue in FY2013-14. The bill is expected to raise earmarked funds of the Secretary of State by \$41,650 in FY2014-15. In view of a short period for enforcement, minimal revenue from civil fines is expected in FY2014-15, which would go to Departmental Revenue within the state General Fund.

## Explanation

This bill, cited as the Nonprofit Raffles for Charitable Purposes Act, sets provisions for qualified, tax-exempt charitable organizations to conduct certain raffles to support charitable purposes. Only those nonprofits planning to conduct a raffle where non-cash prizes total \$501 or greater, and certain 'fifty-fifty' raffles with total cash prizes of \$951 or more, would be required to register annually with the Secretary of State (SOS). A \$50 registration fee applies with proceeds earmarked to the SOS for the purpose of enforcement. The bill further provides for administrative fines, as applicable, from \$10 per day or \$500 per day as civil penalties for noncompliance. Administrative fine proceeds would go to Departmental Revenue within the state General Fund. Additional criminal penalties for misdemeanor or felony offenses impose fines ranging from \$1,000 to \$10,000, to include a dual option for a prison term of up to five years. The provisions of this bill become effective thirty days after ratification of a Constitutional Amendment as proposed to qualified voters in the General Election in November of 2014.

Based on a reporting period of five months in the initial year, and flexibility afforded an entity to remain exempt from registration by conducting raffles below aforementioned prize thresholds, we expect only 833 registrations, times the \$50 annual fee, would yield \$41,650 in earmarked funds to be retained by the SOS in FY 2014-15. With protracted deadline to report on raffle activity in middle of fifth month following close of a nonprofit's fiscal year, any proceeds from administrative fines through enforcement actions is expected to be minimal in FY 2014-15. As minimum criminal fine is set at \$1,000, the time frame for due process in general sessions courts would extend into subsequent fiscal year(s).



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<sup>1/</sup> This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.