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## **REPORT OF THE LEGISLATIVE SUBCOMMITTEE**

**Clemmons, Bales, Smith, Herbkersman**  
**Blythe Littlefield, Staff**

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### **HOUSE BILL 3931**

### **Quarterly Reports for Non-Profits**

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H. 3931 -- Rep. Herbkersman: A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 11-1-130 SO AS TO REQUIRE CERTAIN NONPROFIT CORPORATIONS THAT RECEIVE MORE THAN ONE HUNDRED DOLLARS IN PUBLIC FUNDS TO SUBMIT A QUARTERLY EXPENDITURE REPORT TO THE AWARDING JURISDICTION, AND TO PROVIDE THAT THE AWARDING JURISDICTION MUST MAKE THE REPORTS AVAILABLE TO THE PUBLIC.

***Summary of Bill:***

This bill would require a nonprofit organization which receives more than \$100 in public funds to submit quarterly expenditure reports to the awarding jurisdiction. It provides details as to what the expenditure report must include and states that the reports must be made available by the awarding agency or political subdivision

***Estimated Fiscal Impact:***

This bill will have an undetermined expenditure impact on the General Fund, Other Funds, or Federal Funds, and local government, because of insufficient data to estimate the volume of reports or the number that may be requested as public records.

***Subcommittee Recommendation:***

Passed Favorably



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE  
STATEMENT OF ESTIMATED FISCAL IMPACT  
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**Bill Number:** H. 3931 Introduced on March 7, 2017  
**Author:** Herbkersman  
**Subject:** Nonprofits  
**Requestor:** House Ways and Means  
**RFA Analyst(s):** Kokolis  
**Impact Date:** March 15, 2017

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**Estimate of Fiscal Impact**

	FY 2017-18	FY 2018-19
<b>State Expenditure</b>		
General Fund	Undetermined	\$0
Other and Federal	Undetermined	\$0
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
<b>Local Expenditure</b>	Undetermined	\$0
<b>Local Revenue</b>	\$0	\$0

**Fiscal Impact Summary**

This bill will have an undetermined expenditure impact on the General Fund, Other Funds, or Federal Funds, and local government, because of insufficient data to estimate the volume of reports or the number that may be requested as public records.

**Explanation of Fiscal Impact**

**State Expenditure**

This bill requires nonprofit corporations that receive more than \$100 in public funds from a state agency or political subdivision to submit a quarterly expenditure report to the awarding jurisdiction, which must make the reports available to the public. The reports must include the amount of funds expended, the general purpose for which the funds were expended, and other information as the jurisdiction may require to increase public knowledge of the manner of expenditure. The bill specifically requires state agencies or political subdivisions to make the reports available in accordance with the Freedom of Information Act.

Data regarding nonprofit corporations is not available from the Secretary of State to estimate the number of reports state agencies or political subdivisions may receive as a result of this bill. Although the Secretary of State files financial reports from registered charities, not all nonprofit organizations register as charities and some file exemption applications. In addition, reports filed by registered non-profit organizations do not necessarily, nor are they required to list separately public funds received.

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Reports required by this bill must be provided quarterly by nonprofit corporations receiving \$100 or more. As a result, there may be an increase in the number of reports currently received by state agencies. Similarly, state agencies are already public bodies subject to the Freedom of Information Act with procedures and staff responsible for compliance with the Act's provisions, but the demand for reports could increase because more reports are available and public awareness raised. Consequently, while the Revenue and Fiscal Affairs Office expects the expenditure impact for state agencies to be manageable with existing resources and processes, the impact is undetermined for the absence of sufficient, centralized data.

**State Revenue**

N/A

**Local Expenditure**

Reports required by this bill must be provided quarterly by nonprofit corporations receiving \$100 or more. As a result, there may be an increase in the number of reports currently received by political subdivisions. Similarly, political subdivisions are already public bodies subject to the Freedom of Information Act with procedures and staff responsible for compliance with the Act's provisions, but the demand for reports could increase because more reports are available and public awareness raised. Data on the potential number of nonprofit corporations is not available from the Secretary of State. Consequently, while the Revenue and Fiscal Affairs Office expects the expenditure impact for political subdivisions to be manageable with existing resources and processes, the impact is undetermined for the absence of sufficient, centralized data.

**Local Revenue**

N/A



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Frank A. Rainwater, Executive Director

**South Carolina General Assembly**  
122nd Session, 2017-2018

**H. 3931**

**STATUS INFORMATION**

General Bill

Sponsors: Rep. Herbkersman

Document Path: l:\council\bills\bbm\9641dg17.docx

Companion/Similar bill(s): 472

Introduced in the House on March 7, 2017

Currently residing in the House Committee on **Ways and Means**

Summary: Not yet available

**HISTORY OF LEGISLATIVE ACTIONS**

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
3/7/2017	House	Introduced and read first time
3/7/2017	House	Referred to Committee on <b>Ways and Means</b>

View the latest [legislative information](#) at the website

**VERSIONS OF THIS BILL**

3/7/2017

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**A BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 11-1-130 SO AS TO REQUIRE CERTAIN NONPROFIT CORPORATIONS THAT RECEIVE MORE THAN ONE HUNDRED DOLLARS IN PUBLIC FUNDS TO SUBMIT A QUARTERLY EXPENDITURE REPORT TO THE AWARDING JURISDICTION, AND TO PROVIDE THAT THE AWARDING JURISDICTION MUST MAKE THE REPORTS AVAILABLE TO THE PUBLIC.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Chapter 1, Title 11 of the 1976 Code is amended by adding:

“Section 11-1-130. (A) Any entity organized pursuant to Chapter 31, Title 33 that received more than one hundred dollars in public funds from a state agency or political subdivision in the previous calendar year or the current calendar year, must submit a quarterly expenditure report to the jurisdiction awarding the funds.

(B) The expenditure report must include:  
(1) the amount of funds expended;  
(2) the general purposes for which the funds were expended;  
and  
(3) any other information required by the jurisdiction so as to increase the public’s knowledge of the manner in which the funds are expended.

(C) The expenditure reports must be made available by the awarding state agency or political subdivision in accordance with the requirements of Chapter 4, Title 30; however, the entity receiving the funds is not subject to such disclosure provisions.”

1 SECTION 2. This act takes effect upon approval by the Governor  
2 and applies to any public funds received thereafter and within three  
3 calendar years thereof.

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