



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
**(803)734-3780 • RFA.SC.GOV/IMPACTS**

*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.*

---

<b>Bill Number:</b>	S.0154	Introduced on January 12, 2021
<b>Author:</b>	Martin	
<b>Subject:</b>	Taxpayer Legal Fees	
<b>Requestor:</b>	Senate Finance	
<b>RFA Analyst(s):</b>	Payne	
<b>Impact Date:</b>	March 5, 2021	

---

### **Fiscal Impact Summary**

This bill is anticipated to have an undetermined fiscal impact on the General Fund expenditures of the Department of Revenue (DOR) to pay legal expenses of prevailing taxpayers in legal proceedings instituted by DOR or the Attorney General's Office (AG). The fiscal impact amount is contingent upon the number of eligible proceedings, and the amount of legal expenses incurred by individual taxpayers in these proceedings.

### **Explanation of Fiscal Impact**

#### **Introduced on January 12, 2021**

##### **State Expenditure**

This bill amends Chapter 54 of Title 12, which governs the enforcement and collection of taxes imposed by DOR. The bill entitles a taxpayer, who is the prevailing party in an action or proceeding instituted by DOR or AG pursuant to Chapter 54, to reasonable attorneys' fees and costs associated with defending the action or proceeding.

DOR anticipates payments made pursuant to this legislation would likely be provided through the department's General Fund appropriations. DOR anticipates there will be a fiscal impact as a result of this bill, however they are unable to estimate the amount. DOR is uncertain based on the current language of the bill as to which legal proceedings involving the department would qualify as being instituted by the department or AG. According to DOR, the legal proceedings they are typically involved with regarding tax collection and enforcement are a result of taxpayers appealing an assessment issued by DOR, and DOR does not typically bring legal actions against taxpayers. Additionally, DOR is unable to estimate an amount for the legal expenses incurred by individual taxpayers in legal proceedings involving the department, but indicates due to the complexity and longevity of some cases, the expenses could be substantial. Therefore, it is anticipated this bill will have an undetermined impact on the General Fund expenditures of DOR, contingent upon the number of eligible proceedings, and the amount incurred for legal expenses by individual taxpayers.

##### **State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

N/A



---

Frank A. Rainwater, Executive Director