



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: H. 3431 Amended by House Judiciary on February 11, 2025
Subject: South Carolina Social Media Regulation Act
Requestor: House Judiciary
RFA Analyst(s): Gardner and Bryant
Impact Date: February 12, 2025

Fiscal Impact Summary

This bill establishes requirements for social media companies with regard to South Carolina minor accounts. The bill authorizes the Attorney General to investigate and enforce these requirements, requires the Attorney General to develop an annual report accounting for the use of related administrative fines and fees collected during a given year, provides for a civil cause of action against persons non-compliant with the provisions of the bill. Further, the bill requires the S.C. Department of Education (SCDE) to develop model programs for educating students about online safety. Local districts may incorporate these programs into their curriculum.

Judicial reports that implementation of the bill may result in an increase in common pleas court caseloads, which can be managed using existing staff and appropriations. Therefore, the bill will result in no expenditure impact for Judicial.

This bill requires the Attorney General to compile an annual report that contains an accounting of all the administrative fines and civil penalties assessed and collected during the year, as well as the use of funds that were collected during the year. This report must be published and maintained on the Attorney General's website. Annual reports from covered online service providers concerning their business practices as they pertain to minors must also be published on the Attorney General's website. As the bill requires the agency to perform activities that will be conducted within the normal course of business, it will have no expenditure impact.

This bill will have no expenditure impact for the State Law Enforcement Division (SLED) as it requires the division to perform activities that will be conducted within the normal course of agency business.

SCDE indicates that the bill will increase the department's expenses by approximately \$750,000 per year beginning in FY 2025-26 to develop and implement the curriculum internally. Of this amount, \$250,000 is for 2.0 FTEs to develop and manage the program. This amount includes annual salary and fringe benefits. The department anticipates that \$500,000 per year will be needed for operating costs for the curriculum development.

This bill will have no expenditure impact on the state agency schools. The Governor's School for Agriculture at John de la Howe, the Governor's School for the Arts and Humanities, the Governor's School for Science and Mathematics, the School for the Deaf and the Blind, and the

Wil Lou Gray Opportunity School indicate that they can manage the provisions of the bill within existing appropriations.

Explanation of Fiscal Impact

Amended by House Judiciary on February 11, 2025

State Expenditure

This bill requires social media companies to make commercially reasonable efforts to verify the age of South Carolina account holders and prohibits such companies from allowing South Carolina minors to be account holders without the express consent of a parent or guardian. The bill also establishes the methods by which parental or guardian consent may be issued. For South Carolina minor account holders, a social media company must prohibit adults who were not previously connected to a minor through the service from directly messaging the minor, prohibit the display of advertising in the minor's account based on his personal information (except age and location), prohibit the collection or use of the minor's personal information beyond that which is reasonably necessary, and make reasonable efforts to develop a means to prevent access by minors to content advocating the use of force, self-harm, or the destruction of personal or public property in a school setting in South Carolina. Social media companies must also provide a parent or guardian who has issued consent for a minor account or the minor himself a means to initiate account supervision.

The bill also authorizes the Attorney General to receive complaints regarding violations of these provisions and to conduct ensuing investigations. Except for a private right of action allowed for under the bill, only the Attorney General has the authority to administer and enforce these provisions. The Attorney General must compile an annual report that contains an accounting of all the administrative fines and civil penalties assessed and collected during the year, as well as the use of the funds that were collected during the year. This report must be published and maintained on the Attorney General's website.

The bill also enables a person to bring an action in civil court against another person who has been non-compliant with the provisions of the bill. If the court finds in favor of the plaintiff, the plaintiff is entitled to recoup reasonable attorneys' fees and court costs, as well as an amount equal to the greater of \$2,500 for each incident of violation, or actual damages for financial, physical, and emotional harm incurred by the plaintiff, if the court determines the harm is a direct consequence of the violation.

In addition, the bill requires SCDE to develop model programs for educating students regarding online safety by reviewing educational topics on this subject that have been developed by other states, education experts, child psychologists, and technology companies that promote child online safety issues. The newly developed model programs for students in grades 6 through 12 must include specific information regarding the benefits and the risks of the use of social media. SCDE must update these programs periodically and publish on its website information related to the model programs. Local education boards may also incorporate this type of programming into curriculum.

The bill also establishes requirements for covered online services to exercise reasonable care in the use of a minor’s personal data and the design and operation of the service. The covered online service must provide tools for restrictions on access. The bill requires covered online services to issue a public report detailing their business practices as they pertain to minors including specific requirements, which must be posted by the Attorney General. The Attorney General must enforce the provisions with respect to covered online services.

Judicial. Judicial reports that implementation of the bill may result in an increase in common pleas court caseloads, which can be managed using existing staff and appropriations. Therefore, the bill will result in no expenditure impact for Judicial.

Office of the Attorney General. The Attorney General must compile an annual report that contains an accounting of all the administrative fines and civil penalties assessed and collected during the year, as well as the use of the funds that were collected during the year. This report must be published and maintained on the Attorney General's website. Further, the agency must enforce the requirements for covered online services and post reports by the services on its website as well. The bill requires the department to perform activities that will be conducted within the normal course of agency business. As such, it will have no expenditure impact.

State Law Enforcement Division. This bill will have no expenditure impact for SLED as it requires the division to perform activities that will be conducted within the normal course of agency business.

S.C. Department of Education. SCDE indicates that the bill will increase the department’s expenses by approximately \$750,000 per year beginning in FY 2025-26 to develop and implement the curriculum internally. Of this amount, \$250,000 is for 2.0 FTEs to develop and manage the program. This amount includes annual salary and fringe benefits. The department anticipates that \$500,000 per year will be needed for operating costs for the curriculum development.

State Agency Schools. The Governor’s School for Agriculture at John de la Howe, the Governor's School for the Arts and Humanities, the Governor’s School for Science and Mathematics, the School for the Deaf and the Blind, and the Wil Lou Gray Opportunity School indicate that they can manage the provisions of the bill within existing appropriations.

State Revenue

N/A

Local Expenditure

This bill specifies that each local board of education may incorporate a component on online internet safety, including social media safety, into its instructional program. The overall expenditure impact of this bill on local school districts is undetermined and will depend on if districts choose to update curriculum. SCDE surveyed the seventy-two regular school districts and the three charter districts regarding the expenditure impact of this bill and received responses from seventeen districts. Twelve of the responding districts indicate that the bill will have no

expenditure impact, as any expenses will be minimal and can be managed with existing resources and staff. The five remaining responding districts report that the bill may increase costs by an amount ranging from \$15,000 to \$120,500 for training, professional development, revising curricula, and purchasing or developing new instructional materials, although the cost will depend upon the model program adopted by SCDE and the districts. Two of the districts also note the potential need to hire additional staff.

Local Revenue

N/A



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