

# Fiscal Impact Statements: Estimating the Cost of “Mandates” for the Legislative Process

By Frank A. Rainwater, Executive Director and  
Lisa Jolliff, Fiscal Analysis Division Director  
S.C. Revenue and Fiscal Affairs Office

**The S.C. Revenue and Fiscal Affairs Office (RFA)** serves as a fiscal research resource for the General Assembly, state agencies, and local governments. In previous communications, we have shared information about our role in the local redistricting process, county boundary clarification, and GIS mapping services. This time, we would like to share more about our role in providing fiscal analysis or a fiscal impact statement on legislation affecting local government revenues and expenditures and the importance of coordinating and collaborating this analysis with local governments.

In general, and pursuant to state law as well as House and Senate rules, RFA provides fiscal impact statements on proposed legislation to help legislators understand how the proposed bill would impact tax revenues, services, or government budgets. Specifically, [S.C. Code of Laws § 2-7-76](#) requires that bills affecting the revenues or expenditures of a county or municipality have a fiscal impact statement attached.

A fiscal impact statement is an analysis of the aspects of the bill affecting government finances and the estimated change in revenues and expenditures that will occur if the bill becomes law. It is another piece of information for the General Assembly to consider in the legislative process as they weigh both the positives and negatives of potential changes to state law. It is an “estimate” of the fiscal effects of the proposed change based on the “opinion” of our office. It may be of interest to note that, as a fiscal impact statement is based on RFA’s opinion and interpretation of the bill, it cannot be used to determine legislative intent of the bill should a controversy arise after enactment.

Developing the estimate is not something we can do in isolation. Our goal is to provide the best information possible to the General Assembly, which requires collaboration and coordination with local governments.

While we have some tax and revenue data that provide much of the basis for completing a fiscal impact statement, there are situations where we do not have data or an understanding of local processes or budgets. Gathering needed information and insights from local governments is a critical part of the process. But simply obtaining data may not provide a complete picture without also understanding the practical effect on operations and programs, which are best known by your offices. Often there can be an indirect or unintended monetary impact that may not be readily apparent by reading a bill and is something only local officials understand.

To assist with sharing information, we have an email system to notify local governments of the bills on our list of requests and to receive responses. We appreciate very much the cooperation and assistance we have received from all our contacts, but there are still practical issues that are difficult to resolve. For example, the timing of the legislative process is not always convenient, and we often need a quick turnaround time, which sometimes conflicts with the regular duties and daily deadlines for local government officials. Sometimes, the timing of these requests resembles either a downpour or drought and may seem overwhelming or not noticeable, which may cause items to fall through the cracks. Finally, not all local governments operate in the same way, and the response from one might be contrary to the impact from a non-responding government. Without input from a variety of governments in different situations around the state, we may be missing the full picture.

Differences among counties in terms of urban versus rural, coastal versus upstate, and other distinctions can result in widely varying impacts for legislation. A bill affecting agricultural property may have a much larger impact on rural counties. By contrast, changes in services or other responsibilities could have a much larger impact on urban areas. If the General Assembly attempts to interpret the impact of legislation with only part of the picture, the conclusions may be distorted. Our goal in surveying counties is to ensure that the analysis we provide encompasses the full picture for all of South Carolina, not just a small portion.

With the approach of a new legislative session, we welcome the opportunity to work with the South Carolina Association of Counties and county officials to find ways to continue to improve our process and analysis. We rely on your cooperation and participation in the process to help make sure the best information can be presented in a timely manner and always appreciate your feedback. We appreciate your attention to this matter and look forward to working with all of you. If you have questions or comments, please contact us at [impact@rfa.sc.gov](mailto:impact@rfa.sc.gov). 

