

# REPORT OF THE GENERAL GOVERNMENT SUBCOMMITTEE

(Cobb-Hunter, Hayes, Ballentine, Willis & Caskey - Staff Contact: Terikah Staggers)

---

---

## SENATE BILL 0420

S.0420 – Senator Young : A BILL TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 6-5-10, RELATING TO AUTHORIZED INVESTMENTS BY POLITICAL SUBDIVISIONS SO AS TO ALLOW A QUALIFIED RETIREE POST-EMPLOYMENT BENEFIT TRUST MAINTAINED FOR THE BENEFIT OF POLITICAL SUBDIVISION RETIREES TO INVEST IN CERTAIN CORPORATE DEBT ISSUED BY UNITED STATES CORPORATIONS.

***Received by Ways and Means:*** February 26, 2026

***Summary of Bill:***

The bill authorizes qualified retiree post-employment benefits trusts to invest in investment grade corporate debt instruments. These instruments must have received investment grade ratings from at least two nationally recognized credit rating organizations. Currently, the investments of state local governments are limited to securities as authorized by Section 6-5-10.

***Estimated Revenue Impact:***

Impacts on local revenue, as it relates to investment earnings, will vary depending on investment decisions and market conditions. The bill does not require the purchasing of corporate bonds by post-employment-benefits.

***Subcommittee Action/Explanation***

General Government Subcommittee reports Senate Bill 0420 favorably.

***Full Committee Action/Explanation***

***Other Notes/Comments:***

- Here, a qualified retiree post-employment benefits trust is defined as a trust providing the employer cost of retiree benefits for retirees of the State, or political subdivisions



# SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

## STATEMENT OF ESTIMATED FISCAL IMPACT

WWW.RFA.SC.GOV • (803)734-3793

*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. 0420	Introduced on March 5, 2025
<b>Subject:</b>	Investment of Funds by Political Subdivisions	
<b>Requestor:</b>	Senate Finance	
<b>RFA Analyst(s):</b>	Tipton	
<b>Impact Date:</b>	February 4, 2026	

---

### Fiscal Impact Summary

This bill allows qualified retiree post-employment benefit trusts that provide the employer costs of post-employment benefits for retired employees of political subdivisions in the state to invest in corporate bonds or other debt instruments issued by a United States corporation, provided that the instruments are rated in general rating categories by no fewer than two nationally recognized credit rating organizations.

Revenue and Fiscal Affairs (RFA) surveyed all counties in the state as well as the Municipal Association of South Carolina (MASC) to determine the local fiscal impact of the bill and received responses from Beaufort, Florence, Chester, and Clarendon Counties. Beaufort and Florence counties indicate that they currently do not operate a post-employment benefits trust, and therefore the bill will have no impact on the county. Chester and Clarendon Counties also indicate the bill is not expected to have a fiscal impact on each respective county. MASC indicates that since the bill is permissive in nature and does not require a post-employment benefits trust to purchase corporate bonds, any impact on trust investment earnings will depend on future market conditions and investment decisions.

### Explanation of Fiscal Impact

#### Introduced on March 5, 2025

##### State Expenditure

N/A

##### State Revenue

N/A

##### Local Expenditure

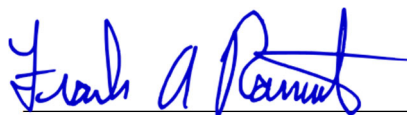
N/A

##### Local Revenue

This bill allows qualified retiree post-employment benefit trusts in the state to invest in corporate bonds or other debt instruments issued by a United States corporation, provided that the instruments are rated in general rating categories by no fewer than two nationally recognized credit rating organizations. The bill defines post-employment benefit trusts as those that provide

the employer costs of retiree post-employment benefits for retired employees of political subdivisions of the state. The bill also includes a severability clause in the event that any portion is found to be invalid or unconstitutional. Currently, state local governments may only invest in securities authorized by Section 6-5-10 and are primarily limited to government bonds, certificates of deposit, and other debt obligations issued by specified financial institutions or national associations.

RFA surveyed all counties in the state as well as MASC to determine the potential fiscal impact of this bill on local governments in the state and received responses from Beaufort, Florence, Chester, and Clarendon Counties. Beaufort and Florence counties indicate that they currently do not operate a post-employment benefits trust, and therefore the bill will have no impact on either county. Chester and Clarendon Counties also indicate the bill is not expected to have a fiscal impact on the county. MASC's response indicates that since the bill is permissive in nature and does not require a post-employment benefits trust to purchase corporate bonds, any impact on trust investment earnings will depend on future market conditions and investment decisions.



Frank A. Rainwater, Executive Director

**South Carolina General Assembly**  
126th Session, 2025-2026

**S. 420**

**STATUS INFORMATION**

General Bill  
Sponsors: Senator Young  
Document Path: SR-0223KM25.docx

Introduced in the Senate on March 5, 2025  
Introduced in the House on February 26, 2026  
Last Amended on February 24, 2026  
Currently residing in the House Committee on **Ways and Means**

Summary: Investment of Funds by Political Subdivisions

**HISTORY OF LEGISLATIVE ACTIONS**

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
3/5/2025	Senate	Introduced and read first time (Senate Journal-page 15)
3/5/2025	Senate	Referred to Committee on <b>Finance</b> (Senate Journal-page 15)
2/18/2026	Senate	Committee report: Favorable with amendment <b>Finance</b> (Senate Journal-page 7)
2/23/2026		Scrivener's error corrected
2/24/2026	Senate	Committee Amendment Adopted (Senate Journal-page 13)
2/24/2026	Senate	Read second time (Senate Journal-page 13)
2/24/2026	Senate	Roll call Ayes-44 Nays-0 (Senate Journal-page 13)
2/25/2026	Senate	Read third time and sent to House (Senate Journal-page 15)
2/26/2026	House	Introduced and read first time (House Journal-page 15)
2/26/2026	House	Referred to Committee on <b>Ways and Means</b> (House Journal-page 15)

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

**VERSIONS OF THIS BILL**

[03/05/2025](#)  
[02/18/2026](#)  
[02/23/2026](#)  
[02/24/2026](#)

1 ~~Indicates Matter Stricken~~

2 Indicates New Matter

3

4 COMMITTEE AMENDMENT ADOPTED

5 February 24, 2026

6

7

**S. 420**

8

9

Introduced by Senator Young

10

11 S. Printed 2/24/26--S.

12 Read the first time March 5, 2025

13

14

---

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39

**A BILL**

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 6-5-10, RELATING TO AUTHORIZED INVESTMENTS BY POLITICAL SUBDIVISIONS SO AS TO ALLOW A QUALIFIED RETIREE POST-EMPLOYMENT BENEFIT TRUST MAINTAINED FOR THE BENEFIT OF POLITICAL SUBDIVISION RETIREES TO INVEST IN CERTAIN CORPORATE DEBT ISSUED BY UNITED STATES CORPORATIONS.

Amend Title To Conform

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

SECTION 1. Section 6-5-10 of the S.C. Code is amended by adding:

(9) A qualified retiree post-employment benefits trust may invest in notes, bonds, debentures, or other debt instruments issued by a United States corporation, provided that the instruments are rated investment grade by no fewer than two nationally recognized credit rating organizations. For purposes of this subsection, a qualified retiree post-employment benefits trust means a trust to provide for the employer costs of retiree post-employment benefits for retired employees of political subdivisions of the State.

SECTION 2. If any section, subsection, paragraph, subparagraph, sentence, clause, phrase, or word of this act is for any reason held to be unconstitutional or invalid, such holding shall not affect the constitutionality or validity of the remaining portions of this act, the General Assembly hereby declaring that it would have passed this act, and each and every section, subsection, paragraph, subparagraph, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more other sections, subsections, paragraphs, subparagraphs, sentences, clauses, phrases, or words hereof may be declared to be unconstitutional, invalid, or otherwise ineffective.

SECTION 3. This act takes effect upon approval by the Governor.

----XX----