



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.

Bill Number:	H. 3924	Amended by House Judiciary on April 2, 2025
Subject:	Hemp-Derived Consumables	
Requestor:	House Judiciary	
RFA Analyst(s):	Daigle	
Impact Date:	April 8, 2025	

Fiscal Impact Summary

This bill creates a new chapter in Title 46 pertaining to hemp-derived consumables. This bill defines consumable hemp products and specifies which chemically derived hemp cannabinoids are specifically included in its definition. This bill requires retailers of hemp-derived consumables to post signs at each permitted location and provides specifications for the signs. The Department of Agriculture must prescribe the size, lettering, and location of signs through regulations. This bill creates several new misdemeanor offenses dealing with hemp-derived consumables, including those addressing people under the age of twenty-one, retailer signage, and requirements on how hemp-derived consumable merchandise should be stored. In addition, this bill states that the Department of Agriculture must enforce the provisions of this bill, must conduct random, unannounced inspections at locations where such products are sold or distributed to ensure compliance, and submit an annual report to the General Assembly describing the department's enforcement efforts. The report must be published and made available to the public on the department's website. This bill takes effect upon approval by the Governor.

There are currently no statutes in South Carolina law regarding consumable hemp product intended for human ingestion made from a naturally occurring cannabinoid, although it is illegal to possess or use marijuana with a delta-9-tetrahydrocannabinol (THC) content above 0.3 percent. Currently, hemp-derived cannabinoid products are legal in the U.S. pursuant to the United States Agriculture Improvement Act of 2018, otherwise known as the 2018 Farm Bill. The Act of 2018 removed hemp, defined as cannabis and derivatives of cannabis with extremely low concentrations of THC, no more than 0.3 percent THC on a dry weight basis, from the definition of marijuana in the Controlled Substances Act.¹

In order to meet the enforcement requirements under this bill, the Department of Agriculture indicates that this bill will increase expenses by approximately \$8,700,000 beginning in FY 2025-26, including \$6,200,000 of recurring and \$2,500,000 of non-recurring expenses. Of the recurring expenses, the department indicates that it will require \$2,700,000 for salary and fringe to hire 30.0 FTEs, including 26 field employees, 2 compliance employees, and 2 lab chemists.

¹ U.S. Food and Drug Administration, Testimony of Amy Abernethy, MD, PhD., Principal Deputy Commissioner – Office of the Commissioner Before the United States Senate on Hemp Production and the 2018 Farm Bill, Retrieved January 23, 2025, <https://www.fda.gov/news-events/congressional-testimony/hemp-production-and-2018-farm-bill-07252019>

Additionally, the department will require \$1,500,000 for recurring expenses on computers, annual software, and IT, \$1,300,000 for recurring expenses on vehicle maintenance, inspector travel, and fuel, and \$700,000 for recurring expense on sampling equipment software and lab analysis tools. The department indicates that it will also require \$2,500,000 for non-recurring lab equipment expenses. Furthermore, not included in the total above, the department notes that it currently lacks sufficient lab space to accommodate the required testing footprint. As a result, the department may need to expand its existing lab space or acquire a new location, which could lead to an additional \$2,000,000 of expenses. The Department of Agriculture will request General Fund appropriations to fund the expenses due to this bill.

This bill creates several summary court misdemeanors related to the possession and sale of consumable hemp products. Judicial anticipates that any increase in cases can be initially managed within existing appropriations. However, there is no data available to estimate the increase in caseloads. Therefore, Judicial indicates that if this bill results in a significant increase in summary court cases, Judicial will request an increase in General Fund appropriations.

In addition, since this bill may result in an increase in the number of summary court cases and potentially the number of incarcerations at the state or local level, this bill may increase the workload of the Commission of Indigent Defense, the Commission on Prosecution Coordination, and PPP. The potential increase in expenses for each agency will depend upon the increase in the number of cases and number of incarcerations. These agencies indicate that if this bill results in a significant increase in the workload, then an increase in General Fund appropriations may be requested.

Further, this bill may also increase the workload of the local court system and local jail population. The potential increase in expenses will depend upon the increase in the number of cases and number of persons sentenced to jail time. Therefore, the potential increase in local expenses is undetermined.

This bill may also result in a change in the fines and fees collected in court. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. Therefore, the Revenue and Fiscal Affairs Office (RFA) anticipates this bill may result in a change to General Fund, Other Funds, and local funds revenue due to the change in fines and fees collections in court. The amount of fines and fees collected in court is dependent on the number of fees imposed.

Explanation of Fiscal Impact

Amended by House Judiciary on April 2, 2025

State Expenditure

This bill creates a new chapter in Title 46 pertaining to hemp-derived consumables. This bill defines consumable hemp products and specifies which chemically derived hemp cannabinoids are specifically included in its definition.

This bill makes it illegal to sell or distribute a consumable hemp product without having first obtained proof of age. This bill also makes it illegal to distribute samples of consumable hemp

products on a public street, sidewalk, or park. Further, this bill requires that any consumable beverage product offered for retail sale shall be merchandised in a manner so as to clearly indicate to consumers that the product contains hemp-derived cannabinoids. This bill also requires that, with the exception of consumable hemp beverages, it is a violation to fail to maintain any product containing consumable hemp products in an area inaccessible to customers. First-time violations of any of these provisions are subject to a fine of \$200 to \$300 or imprisonment not more than thirty days, or both. Second-time violations are subject to a fine of \$400 to \$500 or imprisonment not more than thirty days, or both.

Furthermore, this bill requires that retailers must post a sign that states the laws in relation to possession and purchasing consumable hemp product by people under the age of twenty-one. A retailer that fails to post the required sign is guilty of a misdemeanor that is subject to a fine of not more than \$100 or imprisonment for not more than thirty days. The Department of Agriculture must prescribe the size, lettering, and location of signs through the use of regulations.

This bill also creates new offences dealing with consumable hemp product pertaining to a person who is under the age of twenty-one. This bill makes it illegal to sell or distribute consumable hemp product to a person under twenty-one years old, or to purchase such consumables on behalf of a person under twenty-one. This bill also makes it illegal to persuade, entice, send, or assist a person who is under the age of twenty-one to purchase, acquire, receive, or attempt to purchase a consumable hemp product, subject to some exceptions. First-time violations of either provision are subject to a fine of \$200 to \$300 or imprisonment not more than thirty days, or both. Second-time violations are subject to a fine of \$400 to \$500 or imprisonment not more than thirty days, or both. In addition, this bill states that Section 61-6-4080 (penalties for sale of alcohol and alcoholic beverages to a person under twenty-one) is applicable to a person who sells or distributes consumable hemp product to a person under twenty-one years old, or who purchases such consumables on behalf of a person under twenty-one. Furthermore, this bill also makes it illegal for a person under twenty-one to knowingly purchase, possess, or accept a consumable hemp product, or to give false information concerning their age in order to purchase a hemp-derived consumable illegally. Violations of this provision are subject to a fine of \$100 to \$200, or imprisonment for up to thirty days, or both.

This bill directs law enforcement officers to only issue warnings for violations in this bill during the first 180 days after its effective date.

Furthermore, this bill states that the Department of Agriculture must enforce the provisions of this bill, and must conduct random, unannounced inspections at locations where such products are sold or distributed to ensure compliance. The department must also submit an annual report to the General Assembly describing the department's enforcement efforts. The report must be published and made available to the public on the department's website.

Department of Agriculture. This bill creates additional responsibilities for the department in order to enforce the hemp-derived consumables provisions and to publish an annual report on their enforcement efforts. Therefore, the department anticipates that this bill will increase

expenses by approximately \$8,700,000 beginning in FY 2025-26, including \$6,200,000 of recurring and \$2,500,000 of non-recurring expenses. Since consumable hemp products are sold at most convenience stores, gas stations, other retail outlets, and various other stores, the department indicates that it will require a team to perform inspections and enforce the provisions of this bill. The department will also require vehicles, computers, and testing capabilities in order to enforce this bill by testing for THC content and other illegal substances, heavy metals, chemicals, additives, and synthetic additives not specifically included in the definition of a consumable hemp product. Therefore, of the recurring expenses, the department indicates that it will require \$2,700,000 for salary and fringe to hire 30.0 FTEs, including 26 field employees, 2 compliance employees, and 2 lab chemists. Additionally, the department will require \$1,500,000 for recurring expenses on computers, annual software, and IT, \$1,300,000 for recurring expenses on vehicle maintenance, inspector travel, and fuel, and \$700,000 for recurring expense on sampling equipment software and lab analysis tools. The department indicates that it will also require \$2,500,000 for non-recurring lab equipment expenses. Furthermore, not included in the total above, the department notes that it currently does not have lab space to accommodate the necessary testing footprint, and therefore, the department may need to expand existing lab space or purchase a new location, which may result in an additional \$2,000,000 of expenses. The Department of Agriculture will request General Fund appropriations to fund the expenses due to this bill.

Judicial. This bill creates several summary court misdemeanors related to the possession and sale of consumable hemp products. Judicial indicates that the possession and sale of hemp-derived consumables is not currently covered by state law. Judicial reports that this bill would require summary courts to hear additional misdemeanor cases, which they would do in their ordinary course of business; however, it is impossible to precisely gauge the impact this bill will have on summary court caseloads as there is no data available to estimate the increase in caseloads. Judicial anticipates that the increase in cases and associated resources can be initially managed within existing appropriations. However, if this bill results in a significant increase in summary court cases, Judicial will request an increase in General Fund appropriations.

In addition, since this bill may result in an increase in the number of summary court cases and potentially the number of incarcerations at the state or local level, this bill may also increase the workload of the Commission of Indigent Defense, the Commission on Prosecution Coordination, and PPP. The potential increase in expenses for each agency will depend upon the increase in the number of cases, the number of repeat offenders, and the number of incarcerations. The Commission of Indigent Defense and the Commission on Prosecution Coordination indicate that if this bill results in a significant increase in the workload, then an increase in General Fund appropriations may be requested. Based on this, we anticipate PPP to also request an increase in General Fund appropriations if this bill results in a significant increase in workload.

State Revenue

This bill may result in a change in the fines and fees collected in court. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. Therefore, RFA anticipates that this bill may result in a change to General Fund and Other Funds revenue due to the change in

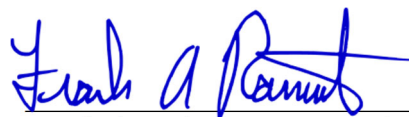
finest and fees collections in court. The amount of fines and fees collected in court is dependent on the number of fees imposed.

Local Expenditure

This bill may result in an increase in the number of summary court cases and potentially the number of persons sentenced to jail time, which may increase the workload of the court system and local jails. The potential increase in expenses will depend upon the increase in the number of cases and number of sentences. Judicial anticipates that the increase in cases can be initially managed within existing appropriations; however, they indicate that it is impossible to precisely gauge the impact this bill will have on summary court caseloads as there is no data available to estimate the increase in caseloads and thereby the increase in the local jail population. Therefore, the potential increase in local expenses is undetermined.

Local Revenue

This bill may result in a change in the fines and fees collected in court. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. Therefore, RFA anticipates that this bill may result in a change to local revenue due to the change in fines and fees collections in court.



Frank A. Rainwater, Executive Director