



# SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

## STATEMENT OF ESTIMATED FISCAL IMPACT

[WWW.RFA.SC.GOV](http://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>	H. 3924	Amended by the Senate on March 23, 2026
<b>Subject:</b>	Hemp-Derived Ingestible	
<b>Requestor:</b>	Senate	
<b>RFA Analyst(s):</b>	Daigle	
<b>Impact Date:</b>	June 15, 2026	

---

### Fiscal Impact Summary

This bill regulates the sale and distribution of hemp products. In addition, this bill makes it so that hemp-cannabinoid beverages that contain no more than 5 milligrams of the allowable THC concentration in a single serving in a twelve-ounce container must be treated as beer or wine, and those that contain between 5 and 10 milligrams of the allowable THC concentration and hemp-cannabinoid chewables are considered alcoholic liquors or alcoholic beverages. Moreover, this bill applies the provisions dealing with beer and wine and alcohol and alcoholic liquor to these hemp-cannabinoid products, and therefore, we anticipate all beer and wine and alcoholic liquor taxes to be applicable to hemp-cannabinoid products, dependent on allowable THC concentration and whether the product is a beverage or a chewable. In addition, this bill creates biennial hemp-cannabinoid licenses, in which a manufacturer license is \$50,000, a wholesaler license is \$20,000, and a retailer license is \$1,200. Each applicant must also pay a non-refundable \$100 filing fee, which is increased by \$100 for a total filing fee of \$200. This bill also applies additional taxes to wholesalers based on allowable THC concentration of \$0.006 per oz. for hemp-cannabinoid beverages containing 5 milligrams or less of allowable THC concentration, or \$0.00102 per oz. or fractional quantity thereof for hemp-cannabinoid beverages containing between 5 and 10 milligrams of the allowable THC concentration and hemp chewables containing not more than 10 milligrams of allowable THC concentration. This bill also creates new offenses dealing with hemp-cannabinoid products. The Department of Revenue (DOR) and the South Carolina Law Enforcement Division (SLED) are authorized to promulgate regulations necessary to carry out the proper administration and enforcement of hemp-cannabinoid products, including those dealing with licensing and permitting, obtaining samples, and producers and wholesalers. This bill also creates new DUI protocols for the offense of driving under the influence of delta-9 THC or THC analogues. Additionally, this bill requires a Class 1-LE certified law enforcement officer to complete Continuing Law Enforcement Education Credits (CLEEC) in drug impairment recognition each year of a three-year recertification period. The Law Enforcement Training Council must determine the number of hours required for these CLEEC, which must be included in the 40 CLEEC hours currently required over the three-year recertification period. The prohibition and enforcement of hemp-cannabinoid beverages in regard to persons under the age of twenty-one takes effect upon signature of the Governor, and the remaining provisions of this bill take effect sixty days after approval by the Governor. Pre-existing stock, purchased prior to the effective date of this act, may be sold through November 12, 2026, provided a certificate of analysis is available and sales are prohibited to anyone under the age of twenty-one.

This bill may result in an increase in the number of court cases, and potentially the number of incarcerations, which may increase the workload of the court system and the Commission of Indigent Defense (CID), the Commission on Prosecution Coordination (CPC), the Department of Corrections (DOC), and the Department of Probation, Parole and Pardon Services (PPP). The potential increase in expenses will depend upon the increase in the number of cases and number of incarcerations. However, we anticipate that Judicial and the agencies can manage the potential impact of the workload with existing appropriations, but if this bill results in a significant increase in the workload, then an increase in General Fund appropriations may be requested. For information, according to Corrections, in FY 2024-25, the annual total cost per inmate was \$37,503, of which \$35,696 was state funded.

The Administrative Law Court (ALC) currently hears contested cases regarding alcohol permits and licenses and anticipates absorbing any initial increase with existing resources and appropriations within the normal course of business. However, if there is a significant increase in the caseloads due to hearings on hemp-cannabinoid products, then an increase in General Fund appropriations may be requested.

This bill will have no expenditure impact on the Department of Agriculture as it does not create any new responsibilities or impose new requirements on the department.

This bill will increase expenses for SLED by approximately \$3,058,000 in FY 2026-27 and by approximately \$2,020,000 each year thereafter for 10.0 FTEs and the office and equipment expenses for these positions. In addition, this bill will increase expenses for DOR by approximately \$700,000 in FY 2026-27 and each year thereafter to hire 7.0 FTE ABL Analysts and Managers. This bill will also increase expenses for the Department of Motor Vehicles (DMV) by up to approximately \$83,000 in FY 2026-27 for contractual changes in order to suspend licenses for violations of the new DUI provisions in regard to THC in this bill. Further, this bill will increase expenses for the Office of Substance Use Services within the Department of Behavioral Health and Developmental Disabilities (BHDD) by approximately \$1,000,000 in FY 2026-27 in order to develop a new Alcohol and Drug Safety Action Program for THC-related DUI offenses. The agencies anticipate requesting General Fund appropriations to fund these expenses.

This bill may increase expenses for the Department of Public Safety (DPS) by an undetermined amount. This bill creates new DUI protocols for drivers suspected of operating under the influence of delta-9 THC or THC analogue. DPS anticipates that this bill may result in an undetermined fiscal impact for the department as the potential increase in expenses will depend upon the number of offenses, which is unknown. Therefore, we anticipate that if this bill results in a significant increase in the workload, then an increase in General Fund appropriations may be requested.

This bill may also increase expenses for the Law Enforcement Training Council by an undetermined amount. The council has expressed concerns about the development and implementation feasibility of CLEEC in drug impairment recognition for Class 1-LE certified

law enforcement officers. Based on information provided by the council, drug impairment recognition is a specialized area of law enforcement, and the existing Drug Recognition Experts course entails upwards of three weeks of training and is preceded by additional prerequisite training, which would not be practical to include within the required 40 CLEEC hours. Moreover, these courses are currently developed at the federal level and are federally funded through the National Highway Traffic Safety Administration (NHTSA). Therefore, creating a new drug impairment recognition course to be completed each year of a three-year recertification period presents feasibility and funding concerns. The council indicates that this bill may increase expenses; however, the expenditure impact is unknown as additional research is necessary to assess the scope of and potential funding sources for resources needed to develop a new state-funded drug impairment recognition course as required by this bill. As such, the council may require additional General Fund appropriations and Other Funds authorization in order to satisfy the requirements of this bill.

This bill will increase General Fund and Other Fund revenue due to the new hemp-cannabinoid licenses. The amount of revenue to be generated will be dependent on the number of wholesalers, manufacturers, and retail dealers that apply for a license and sell hemp-cannabinoid products while maintaining active applicable beer and wine or liquor licenses.

This bill will also impact state and local revenue due to the new excise tax on hemp-cannabinoid products, the existing beer and wine and liquor taxes applied to hemp-cannabinoid products, the prohibition of all other hemp-derived consumables, and the allowance of pre-existing stock sales. General Fund revenue will increase due to the new excise tax on hemp-cannabinoid products and the existing beer and wine and liquor taxes applied to hemp-cannabinoid products. However, General Fund, Education Improvement Act Fund (EIA), Homestead Exemption Fund (HEX), and local fund revenue from sales tax may decrease. Currently, all consumable hemp products being sold in the state are subject to state and local sales tax. This bill classifies consumable hemp products other than hemp-cannabinoid beverages and gelatin chewables with up to 10 milligrams of allowable THC as contraband and makes them illegal to sell or possess. In addition, the allowance of pre-existing stock sales will affect the timing of any such impact on sales tax revenue. The amount of revenue to be generated due to the new excise tax and existing beer and wine and alcohol taxes will depend on the gross sales of hemp-cannabinoid products with allowable THC concentration in the state. Further, the reduction in sales tax revenue will depend on the number of products removed from market due to this bill and the amount of pre-existing stock that may be sold through November 12, 2026. There are no data available on the number of products that will be prohibited pursuant to this bill, or how the prohibition of certain products may impact the hemp-cannabinoid product sales that will remain legal pursuant to this bill. Therefore, the increase in revenue due to the new hemp-cannabinoid product excise tax and the existing beer and wine and alcohol taxes applied to hemp-cannabinoid products is unknown. Further, any reduction in General Fund, EIA, HEX, and local revenue from sales is also undetermined. Thus, the overall revenue impact due to this bill is unknown. The table presented in the State Revenue section outlines which taxes and license fees are applicable for hemp-cannabinoid products and to which fund the revenue is to be distributed.

This bill may increase Other Fund revenue for the DPS and SLED due to an increase in fines collected from violations of driving with an unlawful presence of five or more nanograms per milliliter of delta-9 THC or THC analogue in a person's blood. DPS anticipates an undetermined increase in revenue due to these fines as the amount of the fines will be dependent on the number of cases and subsequent offenses, which is unknown. In addition, this bill may increase Other Fund revenue for SLED due to the \$100 increase in hemp-cannabinoid product license fees pursuant to Section 61-2-105. The revenue generated due to the additional license fee will be dependent on the number of wholesalers, manufacturers, and retail dealers that apply for a license and sell hemp-cannabinoid products while maintaining active applicable beer and wine or liquor licenses.

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 that 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.

In addition, this bill requires that 11 percent of the excise tax on hemp-cannabinoid products must be placed on deposit with the State Treasurer and credited to a fund separate and distinct from the General Fund and distributed pursuant to Chapter 12 of Title 61, disbursement to counties for programs for alcoholics, drug abusers, and drug addicts. Therefore, this bill may increase local revenues for such programs.

This bill may also result in an increase in the number of local court cases and potentially the number of persons sentenced to jail time, which may increase the workload of the local court system and local jails. The potential increase in expenses will depend upon the increase in the number of cases and number of sentences.

## **Explanation of Fiscal Impact**

### **Amended by the Senate on March 23, 2026**

#### **State Expenditure**

This bill regulates the sale and distribution of hemp products. Other than provided for in the provisions of this bill, hemp-cannabinoid products and synthetic cannabis products are strictly prohibited and violations must be treated as marijuana under Chapter 53 of Title 44, which deals with poisons, drugs, and other controlled substances. Further, this bill states that any hemp product in violation of the Hemp Farming Act is considered contraband and may be seized by law enforcement and vests SLED with the authority to enforce.

This bill creates a new chapter in Title 61, which deals with the enforcement, product requirements, licensing, and taxation of hemp-cannabinoid products. The functions, duties, and powers of this chapter are vested in DOR and SLED. DOR must administer the provisions related to licensing and taxation of, and SLED must enforce the provisions of hemp-cannabinoid products. DOR and SLED are authorized to promulgate regulations for the proper administration and enforcement of hemp-derived products, including regulations for licenses, packaging,

administration, and enforcement, among others. Any hemp-cannabinoid product in violation of this new chapter is considered contraband and must be seized by law enforcement.

Manufacturers, wholesalers, and retailers of hemp-cannabinoid beverages containing up to 5 milligrams of allowable THC concentration are subject to the provisions on beer, ale, porter, and wine, in the same manner and to the same extent as manufacturers, wholesalers, and retailers of beer and wine. Manufacturers, wholesalers, and retailers of hemp-cannabinoid beverages containing between 5 and 10 milligrams of allowable THC concentration and hemp-cannabinoid chewables containing up to 10 milligrams of allowable THC are subject to the provisions on alcohol and alcoholic beverages in the same manner and extent as manufacturers, wholesalers, and retailers of alcoholic liquor. These beverages are not to be considered as “by the drink.” Hemp-cannabinoid beverages in a 750 milliliters bottle or a single serving can with 10 milligrams of the allowable THC concentration per serving can only be sold in licensed alcoholic liquor stores. Chewables can also only be sold in licensed alcoholic liquor stores, and chewables must be no more than 10 milligrams of THC per serving and sold in containers with no more than 4 per pack (40 milligrams total). Baked goods and other foods are not considered chewables or gummies.

This bill also creates biennial hemp-cannabinoid licenses, in which a manufacturer license is \$50,000, a wholesaler license is \$20,000, and a retailer license is \$1,200. Each applicant must also pay a non-refundable \$100 filing fee. In addition, this bill increases the initial hemp-cannabinoid product application fees by \$100 pursuant to Section 61-2-105. SLED is authorized to receive, expend, and carry forward these funds derived from the \$100 increase. Wholesalers of hemp-cannabinoid products must also maintain a valid alcoholic liquor wholesaler permit, and manufacturers and retailers must also maintain a valid beer and wine or alcoholic liquor permit, depending on which hemp-cannabinoid products they offer. A person who applies for a license after the first day of a license period shall pay license fees according to the prorated schedule applicable for alcoholic liquor licenses. In addition, this bill sets operational requirements for manufacturers, wholesalers, and retailers.

This bill applies additional taxes to wholesalers. A wholesaler is subject to a tax of \$0.006 per oz. of hemp-cannabinoid beverage containing 5 milligrams or less of the allowable THC concentration, or \$0.00102 per oz. or fractional quantity thereof of hemp-cannabinoid products containing between 5 and 10 milligrams of the allowable THC concentration and hemp-cannabinoid chewables. It is unclear how the fractional quantity of hemp-cannabinoid chewables will be calculated for the purpose of this excise tax. Eleven percent of this excise tax must be placed on deposit with the State Treasurer and credited to a fund separate and distinct from the General Fund and distributed pursuant to Chapter 12 of Title 61, disbursement to counties for programs for alcoholics, drug abusers, and drug addicts. Wholesalers are subject to a penalty fee of 0.25 percent of the tax due and unpaid. This bill also specifies wholesaler discounts on the amount of tax reported on each month of 2 percent for wholesalers of beverages containing 5 milligrams or less of the allowable THC concentration, and 1 percent for wholesalers of beverages containing between 5 and 10 milligrams and hemp chewables containing up to 10 milligrams of the allowable THC concentration. This bill also applies the existing beer and wine

certificate of registration requirement, which is applicable for producers, to hemp-cannabinoid beverages. The fee for a certificate of registration is \$200.

The cost of supplies and other expenses for the administration of the hemp-cannabinoid products is to be paid out of the proceeds derived from the collection of the new taxes on hemp-cannabinoid products upon warrants drawn by DOR upon STO. Revenue generated from hemp-cannabinoid product excise taxes are, unless otherwise provided, to be deposited to the General Fund.

This bill also classifies hemp-cannabinoid product businesses as tier groups, in which a manufacturer is a tier one business, a wholesaler or importer is a tier two business, and a retailer is a tier three business. A person or entity on one tier may not have ownership or financial interest in a hemp-cannabinoid product business on another tier.

In addition, this bill creates violations in regard to hemp-cannabinoid products, including those dealing with persons who are under the age of twenty-one, open containers, and Sunday sales. This bill also sets signage requirements for hemp-cannabinoid beverage retailers, states that DOR must prescribe the details of the signs, and creates penalties for violations dealing with signage. Further, this bill sets product requirements for hemp-cannabinoid products, including certificates of analysis, packaging, labeling, and outlines penalties for violations.

This bill also creates DUI offenses dealing with delta-9 THC or THC analogues, in which it is unlawful for a person to drive a motor vehicle within the state with the presence of 5 or more nanograms per milliliter of delta-9 THC or THC analogue in their blood. Tests must be paid for out of the General Fund; however, in the case of subsequent convictions, a person shall pay \$25 per test. Fines and prison time for such offenses are dependent upon the number of proceeding offenses a person has. Of each fine, \$200 will be distributed to DPS Highway Patrol and \$100 will be distributed to SLED to offset the costs of administration of the bodily fluid tests.

This bill requires that a law enforcement officer who is Class 1-LE certified in the state to complete CLEEC in drug impairment recognition each year of a three-year recertification period. The Law Enforcement Training Council must determine the number of hours required for these CLEEC, which must be included in the forty CLEEC hours currently required over the three-year recertification period.

In addition, this bill requires that the Office of Substance Use Services, within BHDD, must certify a new Alcohol and Drug Safety Action Program in regard to THC driving offenses. The cost may not exceed \$500 for education services, \$2,000 for treatment services, and \$2,500 in total for all services. An applicant of the program who is unable to pay for services must perform 50 hours of community service as arranged by the Alcohol and Drug Safety Action Program.

Furthermore, the DMV must suspend the driver's license, permit, or nonresident operating privilege of, or deny the issuance thereof to a person who drives a motor vehicle and refuses to submit to a THC DUI test, or who had 5 or more nanograms per milliliter of delta-9 THC or

THC analogue present in their blood as evident in a blood test. The DMV must also adhere to vehicle immobilization processes as required by this bill.

The prohibition and enforcement of hemp-cannabinoid products in regard to persons under the age of twenty-one takes effect upon signature of the Governor, unless there is a final adjudication to the constitutionality of the prohibition and enforcement of hemp-cannabinoid product distribution and sales to individuals under the age of twenty-one, then this bill will have the effect of prohibiting and enforcing hemp-cannabinoid product distribution and sales to individuals under the age of eighteen. The remaining provisions of this bill take effect sixty days after approval by the Governor. Pre-existing stock, purchased prior to the effective date of this act, may be sold through November 12, 2026, provided a certificate of analysis is available and sales are prohibited to anyone under the age of twenty-one. We do not anticipate pre-existing stock sales to be subject to the new licenses and tax requirements as these products may not fit within the new tax criteria pursuant to this bill. Current retailers, wholesalers, and manufacturers must have an application filed with DOR for a hemp product license by November 12, 2026 or cease operations.

Further, this bill states that if the federal government exercises its right to regulate hemp-cannabinoid products through prohibition or regulation, then the allowable THC concentration shall be the lesser of either the federally defined THC level for hemp-cannabinoid products or delta-9 THC that is not more than 0.3 percent on a dry weight basis or not more than 10 milligrams.

This bill may result in an increase in the number of court cases, and potentially the number of incarcerations, which may increase the workload of the court system and CID, CPC, DOC, and PPP. The potential increase in expenses will depend upon the increase in the number of cases and number of incarcerations. However, we anticipate that Judicial and the agencies can manage the potential impact of the workload with existing appropriations, but if this bill results in a significant increase in the workload, then an increase in General Fund appropriations may be requested. For information, according to Corrections, in FY 2024-25, the annual total cost per inmate was \$37,503, of which \$35,696 was state funded.

**Administrative Law Court.** The ALC indicates that this bill adds hemp-cannabinoid products to the current regulatory process at DOR for alcohol permits and licenses. The Court currently hears contested cases regarding alcohol permits and licenses and anticipates absorbing any initial increase with existing resources and appropriations within the normal course of business. However, if there is a significant increase in the caseloads due to hearings on hemp-cannabinoid products, then an increase in General Fund appropriations may be requested.

**Department of Agriculture.** This bill will have no expenditure impact on the Department of Agriculture as it does not create any new responsibilities or impose new requirements on the department. The Department of Agriculture does not anticipate this bill to impact the current Industrial Hemp Farming Program, which the department administers, as no grower or processor permits will be affected. The Department of Agriculture also does not anticipate any required

changes to the state's plan regulating hemp production, which is approved by the United States Department of Agriculture.

**Department of Motor Vehicles.** This bill requires the DMV to suspend licenses for drivers violating the new DUI provisions regarding THC in this bill. The DMV must also adhere to vehicle immobilization processes as required by this bill. The department estimates that this bill will increase expenses by up to approximately \$83,000 for contract changes with CBN Secure Technologies Inc. The DMV will request General Fund appropriations for these expenses.

**Department of Public Safety.** This bill creates new DUI protocols for drivers suspected of operating under the influence of delta-9 THC or THC analogue. DPS anticipates that this bill may result in an undetermined fiscal impact for the department as the potential increase in expenses will depend upon the number of offenses, which is unknown. Therefore, we anticipate that if this bill results in a significant increase in the workload, then an increase in General Fund appropriations may be requested.

**Department of Revenue.** This bill creates additional responsibilities for DOR in order to administer the new hemp product licenses, taxes, and fees. DOR anticipates that this bill will increase expenses by approximately \$700,000 annually to hire 7.0 FTE ABL Analysts and Managers. DOR anticipates that system upgrades, new application creation, the development of new guidelines, and the website updates necessary for the new hemp beverage licenses, taxes, and fees can be handled within the scope of the department's current processes and procedures. DOR will request General Fund appropriations to fund these expenses.

**Law Enforcement Training Council.** This bill requires a Class 1-LE certified law enforcement officer to complete CLEEC in drug impairment recognition each year of a three-year recertification period. The Law Enforcement Training Council must determine the number of hours required for these CLEEC, which must be included in the 40 CLEEC hours currently required over the three-year recertification period. The council has expressed concerns about the development and implementation feasibility of CLEEC in drug impairment recognition for Class 1-LE certified law enforcement officers. Based on information provided by the council, drug impairment recognition is a specialized area of law enforcement, and the existing Drug Recognition Experts course entails upwards of three weeks of training and is preceded by additional prerequisite training, which would not be practical to include within the required 40 CLEEC hours. Moreover, these courses are currently developed at the federal level and are federally funded through the NHTSA. Therefore, creating a new drug impairment recognition course to be completed each year of a three-year recertification period presents feasibility and funding concerns. The council indicates that this bill may increase expenses; however, the expenditure impact is unknown as additional research is necessary to assess the scope of and potential funding sources for resources needed to develop a new state-funded drug impairment recognition course as required by this bill. As such, the council may require additional General Fund appropriations and Other Funds authorization in order to satisfy the requirements of this bill.

**Department of Behavioral Health and Disabilities.** This bill requires the Office of Substance Use Services, within BHDD, to develop a new Alcohol and Drug Safety Action Program for offenders of the new DUI provisions for drivers under the influence of delta-9 THC or THC analogue. The office anticipates that this bill will increase expenses by approximately \$1,000,000 in order for the research, content creation, and dissemination of information related to implementation of the new curriculum. The office indicates that this program would be different from the curriculums that currently exist for alcohol-related education because they are focused on how alcohol impairs and interacts with the body while the new program will be focused on how hemp-derived consumables impair and interact with the body. The office will request General Fund appropriations to fund the expenses due to this bill.

**State Law Enforcement Division.** SLED anticipates this bill will increase expenses for the agency as hemp-cannabinoid beverages and chewables are novel products, which will require expanded focus, time, and expertise to regulate. SLED indicates that it will require significant effort to enforce the ban on all other hemp consumables since the items are currently being sold. Therefore, every vape store, convenience store, grocery store, and other businesses currently selling the items will require inspections, education, and seizures as necessary. In addition, hemp-cannabinoid beverages and chewables are specialty items, and therefore, new businesses may begin operating that only sell beverages and chewables, which would result in more liquor/beer/hemp license applications for licensing agents to investigate. Further, SLED indicates that the SLED lab only quantitates delta-9 THC, and therefore will be required to outsource all suspected violations of these products. SLED currently utilizes Clearwater Biotech for testing, and testing for the products in this bill will cost approximately \$90 per sample as well as additional considerable fees for any required testimonies and shipping costs. SLED anticipates the need for 10.0 new FTEs and an increase in expenses by approximately \$3,058,000 in FY 2026-27, including \$2,020,000 of recurring and \$1,038,000 of non-recurring expenses. SLED will request General Fund appropriations to fund the expenses due to this bill. The table below displays the recurring and non-recurring expenses anticipated by the department.

<b>RECURRING PERSONNEL EXPENSES</b>		
<b>Position Title</b>	<b># of FTEs</b>	<b>Salary, Overtime, &amp; Fringe</b>
Special Agent II, Enforcement Functions	8.0	\$895,000
Special Agent II, Licensing Functions	2.0	\$224,000
<b>OPERATING EXPENSES</b>		
<b>Description of Expenses</b>	<b>Recurring Expenses</b>	<b>Non-Recurring Expenses</b>
Gas	\$84,000	
I-Phone with Hotspot	\$8,000	
Mobile and Portable 800 Radio Service	\$16,000	
Other Recurring Costs	\$6,000	
Uniform Replacement	\$6,000	
Training/Travel	\$15,000	
Technology Licenses	\$12,000	
1/5 Vehicle Replacement	\$155,000	

Testing and Legal Fees <sup>1</sup>	\$200,000	
Storage Fees	\$250,000	
Destruction Fees	\$150,000	
Vehicle		\$775,000
Protective Vest and Cover		\$26,000
Glock, Duty Belt, Holster		\$15,000
Patrol Rifle		\$17,000
Uniforms, Boots, Raingear, Protective Gloves, Handcuffs, PPE, Other		\$55,000
Motorola Tri-band Portable Radio		\$120,000
Computer Equipment		\$30,000

*1/ Estimate reflects testing for 1,000 samples.*

### **State Revenue**

The overall impact of this bill due to the new biennial hemp-cannabinoid product licenses, excise taxes on hemp-cannabinoid products based on allowable THC concentration, the prohibition of all other hemp-cannabinoid products, and the allowance of pre-existing stock sales is undetermined.

This bill creates biennial hemp-cannabinoid licenses, in which a manufacturer license is \$50,000, a wholesaler license is \$20,000, and a retailer license is \$1,200. Each applicant must also pay a non-refundable \$100 filing fee. In addition, this bill increases the initial hemp-cannabinoid product application fees by \$100 pursuant to Section 61-2-105, and SLED is authorized to receive, expend, and carry forward these funds from the increase. A person who applies for a license after the first day of a license period shall pay license fees according to the prorated schedule applicable for alcoholic liquor licenses. The amount of revenue to be generated will be dependent on the number of wholesalers, manufacturers, and retail dealers that apply for a license and sell hemp products while maintaining active applicable beer and wine or liquor licenses.

Manufacturers, wholesalers, and retailers of hemp-cannabinoid beverages containing up to five milligrams of allowable THC concentration are subject to the provisions on beer, ale, porter, and wine, in the same manner and to the same extent as manufacturers, wholesalers, and retailers of beer and wine, respectively. Manufacturers, wholesalers, and retailers of hemp-cannabinoid beverages containing between 5 and 10 milligrams of allowable THC concentration and hemp-cannabinoid chewables containing up to 10 milligrams of allowable THC concentration are subject to the provisions on alcohol and alcoholic beverages in the same manner and extent as manufacturers, wholesalers, and retailers of alcoholic liquor, respectively. Therefore, we assume that the taxes levied on beer and wine and alcoholic liquor are applicable to hemp-cannabinoid products.

This bill also applies additional taxes to wholesalers. A wholesaler is subject to a tax of \$0.006 per oz. of hemp-cannabinoid beverage containing 5 milligrams or less of the allowable THC concentration, or \$0.00102 per oz. of hemp-cannabinoid product containing between 5 and 10 milligrams of the allowable THC concentration. Eleven percent of this excise tax must be placed on deposit with the State Treasurer and credited to a fund separate and distinct from the General

Fund and distributed pursuant to Chapter 12 of Title 61, disbursement to counties for programs for alcoholics, drug abusers, and drug addicts. Wholesalers are subject to a penalty fee of 0.25 percent of the tax due and unpaid. This bill also specifies wholesaler discounts on the amount of tax reported on each month of 2 percent for wholesalers of beverages containing 5 milligrams or less of the allowable THC concentration, and 1 percent for wholesalers of products containing between 5 and 10 milligrams of the allowable THC concentration.

This bill may increase General Fund and Other Fund revenue collections due to the new biennial licenses for hemp-cannabinoid products, the new excise tax on hemp-cannabinoid products, and the existing beer and wine and alcohol taxes applied to hemp-cannabinoid products. The amount of revenue to be generated from biennial licenses, the new excise taxes on hemp-cannabinoid products, and the beer and wine and alcoholic liquor taxes applied to the products will be dependent on the number of wholesalers, manufacturers, and retail dealers that apply for a license and sell hemp-cannabinoid products while maintaining active applicable beer and wine or liquor licenses. This bill may also increase Other Fund revenue for SLED due to the \$100 increase to hemp product license applications. For information, the following table outlines these taxes and license fees, and to which fund the revenue is to be distributed.

**Applicable Taxes and License Fees for Hemp-Cannabinoid Beverages**

<b>Applies To</b>	<b>Tax &amp; Fees</b>	<b>Description</b>	<b>Fund Distribution</b>
Wholesalers	\$0.006	Per oz. or fractional quantity thereof on sales of hemp-cannabinoid beverage containing 5 milligrams or less of the allowable THC concentration.	GF, Local Funds
Wholesalers	\$0.00102	Per oz. or fractional quantity thereof on sales of hemp-cannabinoid product containing between 5 and 10 milligrams of allowable THC concentration.	GF, Local Funds
Wholesaler	\$0.006	Per oz., Beer and Wine Tax, applicable dependent of milligrams of allowable THC.	GF
Wholesaler	\$0.012	Per 8 oz., Additional Tax on Wine, applicable dependent of milligrams of allowable THC.	GF
Wholesalers	\$0.12	Per 8 oz, Tax on Alcoholic Liquors, applicable dependent on milligrams of allowable THC.	GF
Wholesalers	\$0.05	Per 8 oz., Tax on Alcoholic Liquors, applicable dependent on milligrams of allowable THC.	GF
Wholesalers	\$1.81	Per Standard Case, Tax on Alcoholic Liquors, applicable dependent of milligrams of allowable THC.	GF
Retailers Pay Wholesalers	\$2.99	Per Standard Case, Tax on Alcoholic Liquors, applicable dependent of milligrams of allowable THC.	GF
Wholesalers	\$0.56	Additional Tax Per Standard Case, Alcoholic Liquors, applicable dependent of milligrams of allowable THC.	GF
Wholesalers	9.0%	Surtax on all Taxes Imposed Upon Alcohol, applicable dependent of milligrams of allowable THC.	GF

Wholesaler	\$20,000	Biennial Hemp-cannabinoid product license.	GF
Retailer	\$1,200	Biennial Hemp-cannabinoid product license.	GF
Manufacturer	\$50,000	Biennial Hemp-cannabinoid product license.	GF
Manufacturer, Retailer, Wholesaler	\$200	Hemp-cannabinoid beverage license filing fee.	GF, OF
Producers and Importers	\$200	Certificate of Registration	GF
<b>Additional License Fees</b>			
Manufacturers, Producers, Importers, Wholesalers, Retailers	\$300	Application Filing Fees, Beer and Wine	GF, OF
Manufacturers, Producers, and Importers	\$400 to \$1,500	Biennial Beer and Wine License Fees	GF, OF
Retailers	\$600 to \$2,200	Biennial Beer and Wine Retailer Permit	GF, OF
Manufacturers, Producers, Importers, Wholesalers, Distributers, Retailers	\$200	Application Filing Fees, Alcoholic Liquor	GF, OF
Manufacturers, Producers, Importers	\$400 to \$50,200	Biennial Manufacturer, Producer, Importer Alcoholic Liquor Licenses	GF, OF
Wholesalers, Distributers	\$20,200	Biennial Wholesaler, Distributer Alcoholic Liquor License	GF, OF
Retailers	\$1,400	Biennial Retail Liquor Store License	GF, OF

*Note: It is unclear how fractional quantities of hemp-derived chewables will be calculated in regard to the applicable taxes.*

Further, state and local sales tax are currently applicable to hemp-cannabinoid products with the allowable THC as specified in this bill; and therefore, we do not anticipate an increase in state sales tax collections due to this bill. However, this bill classifies other consumable hemp products as contraband and makes them illegal to sell or possess. All consumable hemp products currently being sold in the state are subject to state and local sales tax, and therefore, this bill may reduce state sales tax revenue collections due to the prohibition of some products in the state. State sales tax revenue is distributed to the General Fund, EIA, and HEX.

In addition, pre-existing stock, purchased prior to the effective date of this act, may be sold through November 12, 2026, provided a certificate of analysis is available and sales are prohibited to anyone under the age of twenty-one. We anticipate these sales would not be subject to the license taxes, or additional excise taxes as pre-existing stock products of hemp products will not fall within the new tax criterion, and therefore, the timing of the full impact of this bill on General Fund, EIA, and HEX revenue from sales tax may be dependent on the quantity of pre-existing stock by retailers in the state.

The overall revenue impact due to the new excise tax on hemp-cannabinoid products, the existing beer and wine and liquor taxes applied to hemp-cannabinoid products, the prohibition of all other hemp-derived consumables, and the allowance of pre-existing stock sales is undetermined. There are no data available on the amount of revenue currently generated in the state from products that will remain legal or be prohibited pursuant to this bill. Hemp-derived cannabinoid products with no more than 0.3 percent THC on a dry weight basis are currently legal in the U.S. pursuant to the U.S. Agriculture Improvement Act of 2018, otherwise known as the 2018 Farm Bill.<sup>1,2</sup> Granular data on the amount of gross sales in the state of hemp-cannabinoid products disaggregated by the ingredient composition other than delta-9 THC and by milligrams of the allowable THC content pursuant to this bill is unavailable. Therefore, the overall revenue impact of an increase in General Fund revenue due to the new hemp-cannabinoid product excise tax and the existing beer and wine and alcoholic liquor taxes applied to hemp-cannabinoid products is unknown, and the decrease in General Fund, EIA, and HEX revenue from sales tax on prohibited products is undetermined.

Additionally, this bill may increase Other Fund revenue for DPS and SLED due to an increase in fines collected from violations of driving with an unlawful presence of five or more nanograms per milliliter of delta-9 THC or THC analogue in a person's blood. Of the fines collected from THC DUI offenses, \$200 of each fine is to be used by DPS for the Highway Patrol and \$100 of each fine is to be used by SLED to offset the costs of administration of the bodily fluid test. DPS anticipates an undetermined increase in revenue due to these fines as the amount of the fines will be dependent on the number of offenses, which is unknown.

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, RFA anticipates that this bill may result in a change to General Fund and Other Funds revenue due to the change in fines and fees collections in court.

### **Local Expenditure**

This bill may result in an increase in the number of local court cases and potentially the number of persons sentenced to jail time, which may increase the workload of the local court system and local jails. The potential increase in expenses will depend upon the increase in the number of cases and number of sentences.

### **Local Revenue**

State and local sales tax are currently applicable to hemp-cannabinoid products; and therefore, we do not anticipate an increase in state sales tax collections due to this bill. However, this bill

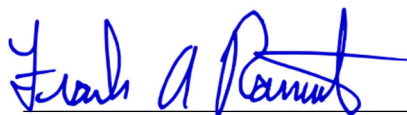
<sup>1</sup> U.S. Food and Drug Administration, Testimony of Amy Abernethy, MD, PhD., Principal Deputy Commissioner – Office of the Commissioner Before the United States Senate on Hemp Production and the 2018 Farm Bill, Retrieved March 19, 2026, <https://www.fda.gov/news-events/congressional-testimony/hemp-production-and-2018-farm-bill-07252019>.

<sup>2</sup> In November 2025, P.L. 119-37 amended the definition of hemp, changing the limit to a total THC concentration of less than 0.3 percent on a dry weight basis other than only delta-9 THC. The definition also excludes hemp-derived cannabinoid products that contain THC cannabinoids that are synthesized or manufactured outside the plant. The new definition will take effect November 12, 2026. Source: Congress.gov, *Change to Federal Definition of Hemp and Implications for Federal Enforcement*, Retrieved March 19, 2026, <https://www.congress.gov/crs-product/IN12620>.

classifies some consumable hemp products as contraband and makes them illegal to sell or possess. Currently, all consumable hemp products currently being sold in the state are subject to state and local sales tax. Therefore, this bill may reduce local sales tax revenue collections due to the prohibition of some products in the state. In addition, this bill allows pre-existing stock to be sold until November 12, 2026, which will affect the timing of any such revenue reduction. There are no data available to estimate the gross sales amount of the products prohibited by this bill in South Carolina, and therefore, any reduction in local revenue is undetermined.

Further, this bill requires that 11 percent of the excise tax on hemp-cannabinoid products must be placed on deposit with the State Treasurer and credited to a fund separate and distinct from the General Fund and distributed pursuant to Chapter 12 of Title 61, disbursement to counties for programs for alcoholics, drug abusers, and drug addicts. Therefore, this bill may increase local revenues for such programs.

In addition, this bill may result in a change in the fines and fees collected in court due to the new offenses. 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