



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. 3924	Amended by the House of Representatives on April 22, 2026
Subject:	Hemp-Derived Ingestible	
Requestor:	Senate	
RFA Analyst(s):	Daigle	
Impact Date:	June 15, 2026	

Fiscal Impact Summary

This bill prohibits the possession, manufacturing, and distribution of intoxicating hemp products and hemp products that contain more than 0.4 mg of total THC per container. Violations of this provision are punishable in the same manner as THC under Chapter 53 of Title 44, which deals with poisons, drugs, and other controlled substances. Prohibited products are considered contraband and may be seized by law enforcement. This bill also creates violations in regard to consumable hemp products, including those dealing with persons who are under the age of twenty-one, retail product placement, other merchandising requirements, and online sales. In addition, this bill requires local school districts to collaborate with the South Carolina Department of Education (SCDE), the South Carolina Law Enforcement Division (SLED), and the Attorney General's Office, as appropriate, to implement a policy to educate and notify students of the provisions of this bill. Furthermore, the Department of Agriculture is responsible for promulgating regulations to prescribe the signage specifications for licensed retail locations.

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 (Corrections), and the Department of Probation, Parole, and Pardon (PPP). The potential increase in expenses will depend upon the increase in the number of cases and number of incarcerations. However, based on information provided by Judicial, the Revenue and Fiscal Affairs Office (RFA) anticipates that the potential impact of the workload can be managed by Judicial and the agencies 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.

This bill will have no expenditure impact on the Department of Agriculture in order to promulgate regulations dealing with the retail signage requirements pursuant to this bill. The department indicates that any increase in workload due to this bill can be managed with existing staff and resources.

This bill will have no expenditure impact for the Attorney General's Office, or SCDE. The Attorney General's Office and SCDE both anticipate that assisting with policy development as required by this bill can be managed with existing resources.

SLED anticipates that this bill will increase expenses by approximately \$2,835,000 in FY 2026-27 and by approximately \$1,797,000 each year thereafter for 8.0 FTEs and the office and equipment expenses for these positions. SLED will request General Fund appropriations to fund these expenses.

This bill classifies intoxicating hemp products and hemp products containing more than 0.4 mg of total THC as contraband and makes them illegal to sell or possess. Currently, any consumable hemp products being sold in the state are subject to state and local sales tax. Therefore, this bill may reduce state and local sales tax revenue collections due to the prohibition of the products in the state. There is no data available to estimate the gross sales amount hemp products prohibited by this bill in South Carolina, and therefore, any reduction in General Fund, EIA, HEX, and local revenue from sales tax 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, 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.

SCDE surveyed the seventy-two regular school districts and three charter school districts and received responses from eighteen districts. Twelve of the responding districts indicate that the bill will have no expenditure impact in order to educate and notify students on the provisions and laws contained in this bill. Three districts indicate that they will manage the provisions of the bill with existing staff and resources. Two districts report that the cost of the bill is currently undetermined and will depend upon the requirements of the education and notification policy. One district indicates that the bill will increase expenses by an amount up to \$5,000 to develop and implement a policy to educate and notify the appropriate parties regarding the changes in the law.

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 House of Representatives on April 22, 2026

State Expenditure

This bill prohibits the possession, manufacturing, and distribution of intoxicating hemp products and hemp products that contain more than 0.4 mg of total THC per container. This bill defines hemp products to include all products with a delta-9 THC concentration of no more than 0.3 percent on a dry weight basis, and establishes that smokable flower or pre-rolls are not considered a consumable hemp product, and are prohibited from being sold in this state. Violations of this provision are punishable in the same manner as THC under Chapter 53 of Title

44, which deals with poisons, drugs, and other controlled substances. Prohibited products are considered contraband and may be seized by law enforcement.

This bill creates violations in regard to consumable hemp products, including those dealing with persons who are under the age of twenty-one, retail product placement, and other merchandising requirements for retailers selling consumable hemp products. This bill also prohibits online sales, direct delivery, and direct shipments of consumable hemp products within or into the state.

This bill also requires local school districts to collaborate with the SCDE, SLED, and the Attorney General's office, as appropriate, to implement a policy to educate and notify students of the provisions of this bill. In addition, manufacturers, producers, and retailers of hemp-derived cannabinoids may not be located within one thousand feet of a school, daycare facility, or similar location.

In addition, this bill creates signage requirements for licensed retailers, which outline the violations for sales to persons under the age of twenty-one. The Department of Agriculture is responsible for promulgating regulation to prescribe the signage specifications for licensed retail locations.

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 CID, the CPC, Corrections, and PPP. The potential increase in expenses will depend upon the increase in the number of cases and number of incarcerations. However, based on information provided by Judicial, RFA anticipates that the potential impact of the workload can be managed by Judicial and the agencies within 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.

Department of Agriculture. This bill will have no expenditure impact on the Department of Agriculture in order to promulgate regulations dealing with the retail signage requirements pursuant to this bill. The department indicates that any increase in workload due to this bill can be managed with existing staff and resources.

Attorney General's Office. The Attorney General's Office indicates that collaborating with local school districts, SCDE, and SLED to implement a policy to educate and notify students of the provisions of hemp consumables will not increase expenses for the office as these requirements can be managed with existing staff and resources.

South Carolina Department of Education. This amendment requires SCDE to collaborate with local school districts, SLED, and the Office of the Attorney General to implement a policy to educate and notify students of the provisions of the bill, which includes providing adequate notice to students, parents or guardians, the public, and school personnel of the change in law. This amendment will have no expenditure impact on SCDE. The department indicates that assisting in policy development can be done with existing staff and resources.

South Carolina Law Enforcement Division. SLED anticipates that this bill will increase expenses for the agency as the enforcement of hemp consumables will require expanded focus, time, and expertise to regulate. SLED indicates that it will require significant effort to enforce the ban on all other prohibited hemp consumables since the items are currently being sold. Therefore, every vape store, convenience store, and restaurant currently selling the items would require inspections, education, and seizures as necessary. 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 8.0 new FTEs and an increase in expenses by approximately \$2,835,000 in FY 2026-27, including \$1,797,000 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.

RECURRING PERSONNEL EXPENSES		
Position Title	# of FTEs	Salary, Overtime, & Fringe
Special Agent II, Enforcement Functions	8.0	\$895,000
OPERATING EXPENSES		
Description of Expenses	Recurring Expenses	Non-Recurring Expenses
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 ¹	\$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

This bill classifies intoxicating hemp products and hemp products containing more than 0.4 mg of total THC as contraband and makes them illegal to sell or possess. Currently, any consumable hemp products being sold in the state are subject to state and local sales tax. Therefore, this bill may reduce state sales tax revenue collections due to the prohibition of the products in the state. There is no data available to estimate the gross sales amount hemp products prohibited by this bill in South Carolina, and therefore, any reduction in General Fund, EIA, and HEX revenue from sales tax is undetermined.

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 fines and fees collections in court.

Local Expenditure

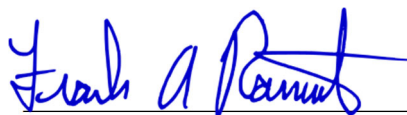
SCDE surveyed the seventy-two regular school districts and three charter school districts and received responses from eighteen districts. Twelve of the responding districts indicate that the bill will have no expenditure impact in order to educate and notify students on the provisions and laws contained in this bill. Three districts indicate that they will manage the provisions of the bill with existing staff and resources. Two districts report that the cost of the bill is currently undetermined and will depend upon the requirements of the education and notification policy. One district indicates that the bill will increase expenses by an amount up to \$5,000 to develop and implement a policy to educate and notify the appropriate parties regarding the changes in the law.

In addition, 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. Therefore, the potential increase in local expenses is undetermined.

Local Revenue

This bill classifies intoxicating hemp products and hemp products containing more than 0.4 mg of total THC as contraband and makes them illegal to sell or possess. Currently, any consumable hemp products 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 the products in the state. There is no data available to estimate the gross sales amount hemp products prohibited by this bill in South Carolina, and therefore, any reduction in local revenue from sales tax is undetermined.

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