



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. 4589 Amended by House Ways and Means Property Tax Subcommittee on March 25, 2026
Subject: Education Capital Improvements Sales and Use Tax
Requestor: House Ways and Means Property Tax Subcommittee
RFA Analyst(s): Daigle
Impact Date: March 26, 2026

Fiscal Impact Summary

The bill adds a new alternative option for a county to qualify to impose the local option education capital improvements sales tax (ECI) and specifies that once a county meets these requirements, it remains eligible thereafter. The requirements for the new option for a county to qualify under the bill are as follows:

- The county must only be imposing the local option sales tax (LOST) and may not have imposed the LOST for ten years or more as of the date of the imposition of the ECI;
- The county must be encompassed completely by one entire school district; and
- The county must have collected less than \$70,000 in state accommodations taxes in the most recent fiscal year.

This bill will result in a minimal expenditure impact for the Department of Revenue (DOR) to update forms, the department website, and perform system changes. DOR indicates that the changes can be administered with existing staff and appropriations.

Based on information provided by DOR, Union County is the only county that meets the new requirements and would be eligible to impose the ECI pursuant to this bill. Therefore, this bill may increase local sales tax revenue for Union County; however, any increase in revenue for the county is dependent upon whether the tax is approved by referendum. If Union County imposes the ECI, the local revenue generated would be similar to the current LOST, which generated \$4,038,810 in FY 2024-25, with the exception that certain food sales would not be subject to the new ECI. However, actual revenue collections will depend on the economic conditions at the time of the imposition of the tax and consumer response to the increased price of goods from an additional sales tax.

Explanation of Fiscal Impact

Amended by House Ways and Means Property Tax Subcommittee March 25, 2026 **State Expenditure**

The bill adds a new alternative option for a county to qualify to impose the ECI and specifies that once a county meets these requirements, it remains eligible thereafter.

This bill will result in a minimal expenditure impact for the DOR to update forms, the department website, and perform system changes. DOR indicates that the changes can be administered with existing staff and appropriations.

State Revenue

N/A

Local Expenditure

N/A

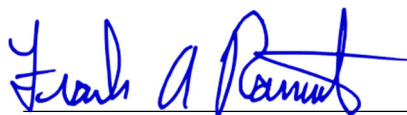
Local Revenue

The bill adds a new alternative option for a county to qualify to impose the ECI and specifies that once a county meets these requirements, it remains eligible thereafter. The requirements for a county to qualify under the bill are as follows:

- The county must only be imposing the LOST and may not have imposed the LOST for ten years or more as of the date of the imposition of the ECI;
- The county must be encompassed completely by one entire school district; and
- The county must have collected less than \$70,000 in state accommodations taxes in the most recent fiscal year.

Currently, in order to qualify to impose the ECI, the county must have collected at least \$7,000,000 in state accommodations taxes or meet one of the other specific options enumerated in statute. Further, the ECI may only be imposed upon the adoption of an approving resolution by the board of trustees of a school district and the subsequent approval of the imposition of the tax by referendum open to all qualified electors residing in the county. The tax may be imposed for up to 15 years.

Based on information provided by DOR, Union County is the only county that meets the new requirements and would be eligible to impose the ECI tax pursuant to this bill. For information, Union County currently only imposes a LOST, which began May 2017, is encompassed completely by one school district, and collected \$55,623 in state accommodations taxes in FY 2024-25. Therefore, this bill may increase local sales tax revenue for Union County; however, any increase in revenue for the county is dependent upon whether the tax is approved by referendum. If Union County imposes the ECI, the local revenue generated would be similar to the current LOST, which generated \$4,038,810 in FY 2024-25, with the exception that certain food sales would not be subject to the new ECI. However, actual revenue collections will depend on the economic conditions at the time of the imposition of the tax, consumer response to the increased price of goods from an additional sales tax.



Frank A. Rainwater, Executive Director