



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. 4703	Introduced on January 13, 2026
Subject:	South Carolina Special Purpose District Accountability and Transparency Act	
Requestor:	House Ways and Means	
RFA Analyst(s):	Vesely	
Impact Date:	March 6, 2026	

Fiscal Impact Summary

This bill requires the Office of the State Auditor to create a Special District Accountability Office. This Office is responsible for maintaining a statewide public directory of all special purpose districts, collecting and publishing annual budgets, financial reports, audits, millage rates, fees, revenues, expenditures, and debt disclosures as well as monitoring and enforcing district compliance. Special purpose districts will be required to electronically submit the information annually for the Office to publish. Currently, special purpose districts are required to register with the Secretary of State's Office, which publishes a biennial directory at the end of every even numbered year, and there are approximately 221 active special purpose districts.¹

The Office of the State Auditor anticipates this bill will significantly expand its responsibilities to collect data and develop a searchable online portal of this information for all special purpose districts in the state, ensure compliance with the new requirements, and provide training to district officials. In total, the Special District Accountability Office will require 8.0 new FTEs to manage the new responsibilities at a minimum salary cost of \$557,000 and fringe benefit cost of \$346,000 for a total cost of \$903,000. The Office of the State Auditor notes that these salary and fringe benefits estimates are based on the minimum requirements of each respective pay bands, but also noted that current market rates for hiring these positions may require additional expenditures in order to obtain the professional staff needed. Recurring expenses for operating costs, including rent for office space, software costs, and the expenses to maintain an online searchable portal and training materials for special purpose districts are expected to total \$117,000, and initial non-recurring costs for obtaining additional office space, furniture, and equipment for the new FTEs and developing the online portal are expected to total \$421,000. Therefore, the anticipated expenditure impact of this bill on the Office of the State Auditor is \$1,440,000 in FY 2026-27 and \$1,019,000 thereafter. The agency will request General Fund appropriations for these expenses.

Revenue and Fiscal Affairs (RFA) contacted 160 special purpose districts registered with the Secretary of State with contact information in the 2024 biennial directory and received responses from 38 individual districts. Fourteen of the districts indicate that the bill will have no

¹ Secretary of State, South Carolina Special Purpose Districts 2024 Biennial Directory, <https://sos.sc.gov/services-and-filings/municipalities/special-purpose-districts>

expenditure impact since they are either currently adhering to the provisions of the bill or can manage the requirements of the bill within their existing budgets. Seventeen of the responding districts indicate that the bill could increase expenses by a range of \$260 to \$220,000 per district for board travel and training and additional accounting and reporting expenses. The remaining seven responding districts indicate that the bill could increase expenses but could not determine an amount.

The Department of Natural Resources (DNR) supervises watershed conservation districts and responded for the state's 32 watershed conservation districts. DNR anticipates that the total impact of this bill on the state's watershed conservation districts is approximately \$10,000 in operating costs per district, for a total of \$320,000. DNR notes that it has the authority to assist watershed conservation districts with organization and function including potential training and website support, which it may provide to districts as a result of this bill. However, DNR notes that its estimate does not include the costs of certified audits, and if those audits extend to watershed districts, the fiscal impact would be greater.

Explanation of Fiscal Impact

Introduced on January 13, 2026

State Expenditure

This bill requires the Office of the State Auditor to create a Special District Accountability Office. This new office is responsible for maintaining a statewide public directory of all special purpose districts, collecting and publishing annual budgets, financial reports, audits, millage rates, fees, revenues, expenditures, and debt disclosures as well as monitoring and enforcing district compliance. Currently, special purpose districts are required to register with the Secretary of State's Office, which publishes a biennial directory at the end of every even numbered year, and there are approximately 221 active special purpose districts.

The Office indicates this bill will significantly expand its responsibilities to collect data and develop a searchable online portal of this information for all special purpose districts in the state, ensure compliance with the new requirements, and provide training to district officials. The Special District Accountability Office will require 8.0 new FTEs: 1.0 Program Manager III to act as division director, 1.0 Audits Manager II, 5.0 Audits Manager I, and 1.0 Administrative Coordinator II at a salary cost of approximately \$557,000 and fringe benefit cost of \$346,000 for a total cost of \$903,000. The Office of the State Auditor notes that these salary and fringe benefits estimates are based on the minimum requirements of each respective pay bands, but also noted that current market rates for hiring these positions may require additional expenditures in order to obtain the professional staff needed.

The Special District Accountability Office will require new office space not factored into the upcoming lease of the agency. The Office of the State Auditor estimates non-recurring expenses for office space and data plans in the first year of \$106,000 and \$50,000 annually thereafter. Equipment and other operating costs, such as laptops, software, office furniture, travel and training, are estimated to cost \$150,000 in the first year and \$44,000 annually thereafter. Additionally, the Office of the State Auditor anticipates preparing training materials for both the

Special District Accountability Office staff and for board members of special purpose districts. The Office of the State Auditor anticipates this one-time expenses will be \$15,000 to prepare, and \$2,500 annually to maintain.

Finally, the Special District Accountability Office is required to create and maintain an online searchable portal of financial information for special purpose districts. The Office of the State Auditor estimates this will require \$150,000 in expenditures to start, with an additional \$20,000 expense annually for maintaining the web portal. The total anticipated expenditure impact of this bill on the Office of the State Auditor is \$1,440,000 in FY 2026-27 and \$1,019,000 annually thereafter. The agency will request General Fund appropriations for these expenses.

State Revenue

N/A

Local Expenditure

Special purpose districts are any local political subdivision created by act of the General Assembly or by county ordinance for providing limited governmental services including, but not limited to, water, sewer, fire protection, recreation, conservation, hospital, or public works districts. The districts will be required to electronically file their budgets, certified annual audits for those meeting certain thresholds, board member voting, schedules of fees, listings of funds and debt service, and all intergovernmental agreements with the new Special District Accountability Office.

RFA contacted 160 special purpose districts with contact information listed in the Secretary of State's 2024 Biennial Special Purpose District Directory and received responses from 38 districts. Fourteen of the districts indicate that the bill will have no expenditure impact since they are either currently adhering to the provisions of the bill or can manage the requirements of the bill within their existing budgets.

Seventeen of the responding districts indicate that the bill could increase expenses by a range of \$260 to \$220,000 per district for board travel and training and additional accounting and reporting expenses. The remaining seven responding districts indicate that the bill could increase expenses but could not determine an amount. Any expenses will ultimately depend upon the training policy developed by the Office of the State Auditor and the difference between current bookkeeping and auditing practices and those required by this bill.

Additionally, DNR supervises watershed conservation districts and responded on the behalf of the state's 32 watershed conservation districts. DNR anticipates that the total cost of this bill for the state's watershed conservation districts is approximately \$10,000 in operating costs per district, for a total of \$320,000. DNR notes that it has the authority to assist watershed conservation districts with organization and function including potential training and website support, which it may provide to districts as a result of this bill. However, DNR notes that its estimate does not include the costs of certified audits, and if those audits extend to watershed districts, the fiscal impact would be greater.

Local Revenue

N/A



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