



# 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.*

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**Bill Number:** H. 4709 Introduced on January 13, 2026  
**Subject:** US Produced Iron and Steel  
**Requestor:** House Labor, Commerce, and Industry  
**RFA Analyst(s):** Manic, Bryant, and Tipton  
**Impact Date:** February 4, 2026

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### Fiscal Impact Summary

This bill requires that any public entity entering into a contract for a public works project, or purchasing materials for one, must include a stipulation that all iron and steel products permanently incorporated into the project are produced in the United States. This includes every stage of the manufacturing process, from initial melting through the application of coatings. The State Fiscal Accountability Authority (SFAA) is directed to develop the official guidelines and procedures for the implementation of this section.

This bill will have an undetermined expenditure impact for the Department of Administration (Admin), the Department of Agriculture, the Department of Behavioral Health and Developmental Disabilities (DBHDD), the College of Charleston (CofC), the Department of Environmental Services (DES), The Governor's School for Agriculture at John de la Howe, Judicial, Lander University, the Department of Parks, Recreation, and Tourism (PRT), the Department of Public Health, the SC Educational Television Commission (ETV), the University of South Carolina (USC), and Winthrop University related to capital renovation and maintenance projects. Admin indicates that while unit pricing may be requested in some instances, standard renovation and maintenance projects conducted by the agency are through lump-sum bids that do not separate out the individual cost components of the work. Further, Admin notes that the impact will depend on guidelines and procedures for project bidding under the requirements of the bill, which are currently unknown. Agencies also indicate that project costs may increase as a result of the bill's requirements; however, any additional costs would be evaluated on a project-by-project basis and would depend on the timing of the project as well as the market conditions at the time.

The State Housing Finance and Development Authority (SC Housing) indicates it will need to hire 2.0 FTEs (Program Coordinator Is) to fulfill the oversight and compliance requirements of the bill for projects funded by the South Carolina Housing Trust Fund and the Single Family and Multifamily Division's awards. SC Housing expects total expenses of \$173,000 in FY 2026-27 including salary and fringe for the new FTEs of approximately \$166,000 and non-recurring expenses totaling \$7,000 for equipment. The agency will request General Fund appropriations for these expenses.

The bill will have no expenditure impact for the Citadel College, Coastal Carolina University (CCU), the Department of Employment and Workforce (DEW), the Governor's School for the

Arts and Humanities, the Governor's School for Science and Mathematics, the Medical University of South Carolina (MUSC), the Department of Motor Vehicles (DMV), the Department of Probation, Parole and Pardon (PPP), the Department of Social Services (DSS), and the Wil Lou Gray Opportunity School as these entities do not have any major public works projects planned in the future or can manage the impact with existing staff and resources. Further, the Department of Transportation (DOT) indicates that the bill will have no expenditure impact because the agency already complies with similar federal requirements under 23 C.F.R. §635.410 and the federal Build America, Buy America (BABA) Act of 2021. SFAA expects the bill will have no expenditure impact, as the agency indicates it will manage the new requirements of the bill with existing staff and resources.

For information, the Department of Commerce (Commerce) indicates that the bill may increase costs for infrastructure projects funded through grants, which may in turn impact the number of grants that can be awarded from the Community Development Block Grant (CDBG), the Coordinating Council for Economic Development (CCED), and the Rural Infrastructure Authority (RIA).

The Ports Authority, the Department of Corrections, the Department of Public Safety (DPS), Patriot's Point, the Department of Veterans Affairs (DVA), the Department of Health and Human Services (HHS), Aeronautics, the Department of Natural Resources (DNR), and the Adjutant General's Office are continuing to analyze the impact of this bill, and the fiscal impact for these agencies is pending, contingent upon a response.

The Revenue and Fiscal Affairs Office (RFA) contacted all counties and the Municipal Association of South Carolina (MASC) to determine the expenditure impact of the bill on local governments. We received responses from Charleston, Chester, Horry, and Lancaster Counties. Charleston, Chester, and Lancaster Counties indicate they expect public works project costs associated with the purchase of iron and steel materials to increase. The three counties note that the bill will have an undetermined expenditure impact due to limited information on the extent to which future projects will require purchases of iron and steel materials, and will depend on future market and bidding conditions, as well as the forthcoming implementation procedures. Horry County indicates that the bill is expected to increase the county's annual expenses by up to \$1,500,000 on average. Horry indicates that the bill will increase project costs between 1 and 3 percent. Assuming average total project costs of \$50,000,000 per year in the county, Horry estimates the total annual increase could range between \$500,000 to \$1,500,000 in a typical year.

MASC indicates that although the bill's expenditure impact on municipalities is undetermined, it is expected to be significant. MASC notes that the magnitude of the impact will depend on project type and size, availability of domestically produced materials, future market conditions, and existing supply chain relationships. MASC expects that municipalities will also incur additional administrative and compliance costs stemming from the requirements of the bill. Further, MASC specifies that without knowing how SFAA will interpret and establish the procurement procedures, it is not possible to determine the full implementation and compliance burden of the bill.

The expenditure impact of this bill on the local school districts will vary. The S.C. Department of Education (SCDE) surveyed the seventy-two regular school districts and three charter school districts and received responses from nine districts. Five of the responding districts indicate that the bill will have no expenditure impact. The remaining four districts indicate that the requirements of the bill may increase costs due to time delays and labor costs, as well as the cost of materials, but report that the potential increase in costs is currently undetermined.

## **Explanation of Fiscal Impact**

### **Introduced on January 13, 2026**

#### **State Expenditure**

This bill requires that any public entity entering into a contract for a public works project, or purchasing materials for one, must include a stipulation that all iron and steel products permanently incorporated into the project are produced in the United States. This includes every stage of the manufacturing process, from initial melting through the application of coatings.

The bill provides for specific considerations and exceptions. A waiver can be granted if the required iron or steel products are not produced in the United States in sufficient and reasonably available quantities or if they are not of a satisfactory quality. Additionally, the requirement is waived if using American-made materials would increase the total cost of the public works project by more than 25 percent. The bill also exempts incidental or ancillary materials that make up to one tenth of one percent of the project's total costs or \$2,500, whichever is greater. Certain items, such as most electrical components and systems, are explicitly excluded from being categorized as iron or steel products under this bill.

Finally, the bill tasks SFAA to develop the official guidelines and procedures for the implementation of this bill. These rules must be implemented consistent with federal policies, implementing the American iron and steel preference law applied to the federal Safe Drinking Water Act.

The following agencies anticipate an impact on their expenditures:

**Department of Administration.** Admin provides statewide oversight and approval for the planning, funding, and delivery of capital projects undertaken by state agencies. Admin states that while unit pricing may be requested in some instances, standard renovation and maintenance projects conducted by the agency are through lump-sum bids that do not separate out the individual cost components of the work. As such, the agency is unable to estimate the difference in cost between domestic and foreign steel prior to SFAA developing guidelines and procedures and for projects to be bid under those guidelines and procedures. As these factors are currently unknown, this bill will have an undetermined expenditure impact on Admin.

**Department of Agriculture.** The Department of Agriculture indicates that project costs may increase as a result of the bill's requirements; however, any additional costs would be evaluated on a project-by-project basis and would depend on the timing of the project as well as the market conditions. As such, the agency indicates that the expenditure impact of the bill is undetermined.

**Department of Behavioral Health and Developmental Disabilities.** DBHDD indicates that standard renovation and maintenance projects are generally carried out by the agency through lump-sum bids that do not separate the individual cost components of the work. The agency further estimates that the composition of materials used in renovation projects of facilities occupied by DBHDD is usually significantly less than 50 percent iron and steel. Therefore, DBHDD concludes that the bill's expenditure impact is undetermined and that the agency will rely on SFAA to develop guidelines and procedures for the bidding process in future projects.

**College of Charleston.** CofC anticipates that domestic steel and iron products would be approximately 9 percent higher than foreign alternatives but indicates that actual increases in overall project costs will vary by project and are currently unknown.

**Department of Environmental Services.** DES indicates that project costs may be affected as a result of the bill's requirements; however, any additional costs would be evaluated on a project-by-project basis. As such, DES indicates that the expenditure impact of the bill is undetermined.

**SC Educational Television Commission.** The impact of the bill on ETV is undetermined, as it will depend on the project costs related to the purchase of steel. If the bill is enacted, ETV expects the cost of steel used in projects funded by the agency to increase between 25 and 30 percent. ETV further notes that there is currently limited information on the extent to which future projects will require purchases of iron and steel materials.

**Governor's School for Agriculture at John de la Howe.** The Governor's School for Agriculture at John de la Howe anticipates that the requirements of the bill could make contracts more costly. However, the potential increase in costs is currently unknown.

**State Housing Finance and Development Authority.** SC Housing indicates it regularly provides funding for public works projects primarily through the South Carolina Housing Trust Fund and the Single Family and Multifamily Division's awards. Award recipients include public entities like the Disabilities and Special Needs Boards, local housing authorities, and local governments.

SC Housing indicates it will need to hire 2.0 FTEs (Program Coordinator Is) to fulfill the oversight and compliance requirements of the bill, conduct site visits, assist builders and contractors with locating compliant materials, create training materials and host training sessions for developers, architects, general contractors, and subcontractors, as well as assess the applicability of exemptions. Recurring expenses for salary and fringe for the new FTEs are expected to total approximately \$166,000, and non-recurring expenses will total \$7,000 for the purchase of laptops and furniture for the new FTEs, for a total of \$173,000 in FY 2026-27. The agency indicates it currently receives no General Fund appropriations and relies on Federal and Other Funds to support its operations. The agency also notes that it can only use Federal Funds for the agency's federal programs, and Other Funds are fully allocated to the programs that the SC Housing is required to carry out in accordance with its authorizing statute and mission. As such, SC Housing will request General Fund appropriations for these expenses.

**Judicial.** Judicial notes that the bill's expenditure impact is undetermined as it would depend on renovation project costs. Judicial further notes that there is currently limited information on the extent to which future projects will require purchases of iron and steel materials.

**Lander University.** Lander reports that the requirement to purchase domestic steel or iron products may result in an unknown impact on overall costs for capital projects. Lander further indicates that any administrative work to update contracts or procurement language as a result of this bill would be absorbed with current staffing and funding. Therefore, this bill will have an undetermined expenditure impact on Lander.

**Department of Public Health.** DPH indicates that responsibility for construction projects varies based on the scale of the project and ownership of facilities. DPH clarifies that generally the agency relies on state contractors and is not involved in the direct purchase of iron and steel materials. DPH indicates that the majority of construction or renovation projects in facilities the agency occupies are led by Admin, which selects contractors and expends its own funds. There are also cases when DPH occupies county-owned facilities, where construction and renovation are managed and funded by the respective counties. Further, the agency indicates that while future projects undertaken and funded by DPH would likely see cost increases as a result of the bill, such costs will be evaluated on a project-by-project basis. Therefore, the bill's expenditure impact on DPH is undetermined.

**Department of Parks, Recreation, and Tourism.** PRT indicates that the bill's expenditure impact is undetermined as it would depend on renovation project costs. PRT also notes that there is currently limited information on the extent to which future projects will require purchases of iron and steel materials.

**University of South Carolina.** USC states that full compliance with the bill may necessitate additional review, documentation, and coordination during procurement and construction and could subsequently affect project timelines and administrative processes. USC further states that depending on market conditions, the bill may have an unknown impact on costs for permanent improvement projects at the university.

**Winthrop University.** Winthrop reports that the requirement to purchase domestic steel or iron products may result in an unknown impact on overall costs for capital projects. Therefore, this bill will have an undetermined impact on Winthrop, depending on market prices for domestic and foreign steel or iron products as well as any new administrative processes needed to comply with the bill.

The following entities do not anticipate an impact on their expenditures: the Citadel, CCU, DEW, the Governor's School for the Arts and Humanities, the Governor's School for Science and Mathematics, MUSC, DMV, PPP, DSS, and the Wil Lou Gray Opportunity School. Many of these agencies and institutions do not have any major public works projects planned in the future or can manage the impact with existing staff and resources. SFAA also expects the bill will have no expenditure impact, as the agency indicates it will manage the new requirements of the bill

with existing staff and resources. Further, DOT indicates that the bill will have no expenditure impact because the agency already complies with similar federal requirements under 23 C.F.R. §635.410 and the federal BABA Act.

**Department of Commerce and Rural Infrastructure Authority.** Commerce indicates that while the bill is not expected to increase operational costs for the agency, it may increase costs for grant-funded infrastructure projects, which may in turn reduce the number of grants that can be funded by the CDBG, CCED, and RIA. Further, RIA indicates that the bill's requirements appear to be similar to the requirements of the BABA Act on iron and steel use in federally funded infrastructure projects, which has impacted the types of projects requesting federal funding. However, the potential impact on RIA is undetermined.

The fiscal impact of this bill for the Ports Authority, Department of Corrections, DPS, Patriot's Point, DVA, HHS, Aeronautics, DNR, and the Adjutant General's Office is pending, contingent upon a response.

### **State Revenue**

N/A

### **Local Expenditure**

RFA contacted all counties and MASC to determine the expenditure impact of the bill on local governments. We received responses from Charleston, Chester, Horry, and Lancaster Counties. Charleston, Chester, and Lancaster Counties indicate they expect public works project costs associated with the purchase of iron and steel materials to increase. The three counties note that the bill will have an undetermined expenditure impact due to limited information on the extent to which future projects will require purchases of iron and steel materials, and will depend on future market and bidding conditions, as well as the forthcoming implementation procedures. Horry County indicates that the bill is expected to increase the county's annual expenses by up to \$1,500,000 on average. Horry indicates that the bill will increase project costs between 1 and 3 percent. Assuming average total project costs of \$50,000,000 per year in the county, Horry estimates the total annual increase could range between \$500,000 to \$1,500,000 in a typical year.

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The expenditure impact of this bill on the local school districts will vary. SCDE surveyed the seventy-two regular school districts and three charter school districts and received responses from nine districts. Five of the responding districts indicate that the bill will have no expenditure impact. The remaining four districts indicate that the requirements of the bill may increase costs

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**Local Revenue**

N/A



Frank A. Rainwater, Executive Director