



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

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.

Bill Number: H. 4759 Introduced on January 13, 2026
Subject: Intoxicating Hemp Beverages
Requestor: House Judiciary
RFA Analyst(s): Daigle
Impact Date: January 27, 2026

Fiscal Impact Summary

This bill regulates the sale and distribution of consumable hemp products, and states that the manufacture, sell, and distribution of consumable hemp products is strictly prohibited unless specifically provided for in the Hemp Farming Act and in the new chapter created by this bill, Chapter 14 of Title 61. This bill states that the functions, duties, and powers set forth in Chapter 14 of Title 61 are vested in the Department of Revenue (DOR) and the South Carolina Law Enforcement Division (SLED). SLED must enforce the provisions of this chapter, and DOR is responsible for administering the provisions related to the licensing and taxation of hemp beverages. This bill also authorizes DOR and SLED to promulgate regulations necessary for the proper administration and enforcement of this bill. This bill establishes hemp beverage licenses, including manufacturers' licenses, wholesalers' licenses, and retail dealers' licenses. DOR is authorized by this bill to issue, suspend, revoke, renew, or decline to renew hemp beverage licenses. This bill also sets the biennial license tax amounts for hemp beverages. Moreover, this bill requires that hemp beverage sales must be taxed at the same rate and in the same manner as alcoholic liquors pursuant to Article 3 of Chapter 33 of Title 12 and requires that the wholesale of hemp beverages must be taxed at the same rate and in the same manner as Article 5 of Chapter 33 of Title 12. Taxes and license fees are to be collected by DOR and credited to the General Fund. Furthermore, this bill sets requirements for retail signage and product specifications and creates penalties for violations. In addition, this bill makes it illegal to possess, sell, sell online, or receive direct deliveries or direct shipments of consumable hemp products in the state and creates penalties for violations. This bill also creates penalties dealing for underage consumption and possession and open containers.

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, the Commission on Prosecution Coordination, the Department of Corrections (Corrections), and the Department of Probation, Parol and Pardon (PPP). The potential increase in expenses will depend upon the increase in the number of cases and number of incarcerations. However, Judicial and the agencies anticipate that the potential impact of the workload can be managed within existing appropriations but note that 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) hears contested cases from DOR. The ALC reports that the bill may result in additional appeals or contested case hearings that may affect its revenue or expenditures. However, as this is a new program and process, there are no data available to estimate the number of hearings or appeals that would be filed with the Court. As such, both the revenue and the expenditure impact of the bill is undetermined. The ALC anticipates that if this bill results in a significant increase in the workload, 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 create additional workload for SLED in order to enforce the new consumable hemp products and hemp beverage requirements in this bill as these are novel products, which will require expanded focus, time, and expertise to regulate. SLED anticipates the need for 10.0 new FTEs and an increase in expenses by approximately \$2,458,000 in FY 2026-27, including \$1,420,000 of recurring and \$1,038,000 of non-recurring expenses, and \$1,420,000 each year thereafter. 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	
Special Agent II, Licensing Functions	2.0	\$224,000	
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		
Vehicles		\$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	

In order to administer the new hemp beverage licenses, taxes, and fees, DOR indicates that this bill will increase recurring expenses by approximately \$120,000 to hire 2.0 FTE Alcohol Beverage Licensing (ABL) Analysts. DOR will request General Fund appropriations to fund the increase in expenses due to this bill.

This bill will increase General Fund revenue due to the new taxes and license fees for hemp beverages. 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 beverages. Therefore, the revenue impact of this bill is undetermined. Further, state and local sales tax are currently applicable to hemp beverages; 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. Currently, any other consumable hemp products currently 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 are no data available to estimate the gross sales amount of hemp beverages in South Carolina, and therefore, any reduction in General Fund, Education Improvement Act (EIA), Homestead Exemption Fund (HEX), and local revenues from sales tax is undetermined. However, DOR anticipates any impact to sales tax to be minimal.

This bill may also result in an increase in the number of court cases and potentially the number of persons sentenced to jail time, which may increase the workload of the 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.

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 General Fund, Other Funds, and local revenue due to the change in fines and fees collections in court.

Explanation of Fiscal Impact

Introduced on January 13, 2026

State Expenditure

This bill regulates the sale and distribution of consumable hemp products, and states that the manufacture, sell, and distribution of consumable hemp products is strictly prohibited unless specifically provided for in the Hemp Farming Act and in the new chapter created by this bill, Chapter 14 of Title 61. This bill defines cannabinoids, consumable hemp product, and intoxicating hemp product as well as amends the current definitions for hemp or industrial hemp and hemp products to include a delta-9 tetrahydrocannabinol (THC) concentration of not more than three-tenths of one percent on a dry weight basis. In addition, this bill establishes definitions for batch, certificate of analysis, and hemp beverage, among other definitions.

This bill states that the functions, duties, and powers set forth in Chapter 14 of Title 61 are vested in DOR and SLED. SLED must enforce the provisions of this chapter, and DOR must administer the provisions related to the hemp beverage licenses and taxes. This bill also authorizes DOR and

SLED to promulgate regulations necessary for the proper administration and enforcement of this bill, including, but not limited to, for applications and issuances of hemp beverage licenses, to prevent unlawful practices, to obtain samples, those related to producers and wholesalers, and for the sale, distribution, promotion, and shipment of hemp beverages into and within the state. Further, this bill requires that SLED conduct random, unannounced inspections at locations where such products are sold or distributed to ensure compliance.

This bill establishes hemp beverage licenses, including manufacturers' licenses, wholesalers' licenses, and retail dealers' licenses. DOR is authorized by this bill to issue, suspend, revoke, renew, or decline to renew hemp beverage licenses pursuant to Chapter 6 of Title 61 dealing with the regulation of retailers, wholesalers, and manufacturers of alcohol and alcoholic beverages and Chapter 2 of Title 61 dealing with general provisions of alcohol and alcoholic beverages licenses and contested case hearings. A retailer may only be issued a hemp beverage license if they are in possession of a valid retail liquor store license. This bill states that hemp beverages cannot be sold, bartered for, exchanged, transferred, or delivered for resale by a manufacturer, wholesaler, or retailer without the valid license(s) to do so, and a manufacturer, wholesaler, or retailer cannot conduct businesses with another entity who does not also possess the necessary license(s). This bill requires manufacturers of hemp beverages to be subject to Sections 61-6-1100 and 6-6-1110, related to restrictions upon manufacturers and manufacturer's license fees, to the same extent as those provisions apply to manufactures of alcoholic liquor. This bill also specifies that wholesalers and retailers are both subject to Article 3 of Chapter 6 of Title 61, related to regulations of retailers, wholesalers, and manufacturers, to the same extent as those provisions apply to alcoholic liquor.

Moreover, this bill sets the biennial license taxes for hemp beverages, in which the manufacturer's license is \$50,000, the wholesaler's license is \$20,000, and the retailer dealer's license is \$1,200. Each applicant must pay a filing fee of \$100, which must accompany the initial application for each location and is not refundable. A person who applies for a license after the first day of a license period shall pay the license fees as follows: the entire fee if filing in the first quarter of the license period, three-fourths of the prescribed fee if filing in the second quarter of the license period, one-half of the prescribed fee if filing in the third quarter of the license period, and one-fourth of the prescribed fee if filing in the final quarter of the license period.

Furthermore, this bill requires that hemp beverage sales must be taxed at the same rate and in the same manner as alcoholic liquors pursuant to Article 3 of Chapter 33 of Title 12, and therefore, hemp beverages are to be taxed as follows: hemp beverages are subject to a tax of \$0.12 upon each eight ounces or fractional quantity thereof and an additional tax of \$0.05 upon each eight ounces or a fractional quantity thereof or \$0.71825 in total per liter. Taxes must be paid to and collected by DOR.

This bill also requires that wholesale of hemp beverages must be taxed at the same rate and in the same manner as Article 5 of Chapter 33 of Title 12, and therefore, wholesale hemp beverages are to be taxed as follows: every licensed wholesaler shall be subject to a tax of \$1.81 on each case of hemp beverages, an additional tax of \$0.56 on each standard case of hemp beverages, and an additional surtax of 9 percent on all taxes imposed upon hemp beverages. Furthermore, every

wholesaler must pay an additional \$2.99 on each standard case of hemp beverages, which is to be borne by the licensed retailer and must be paid to the wholesaler.

In addition, this bill creates requirements for which testing laboratories may be used as well as protocols for testing by independent testing laboratories and states what information must be included in a certificate of analysis. Moreover, this bill creates packaging requirements, including the type of artwork that may be used as well as labeling requirements, including required ingredients lists, barcodes that can be linked to the certificate of analysis, manufacture and expiration dates, serving size, and warning, among other requirements.

This bill also requires that retailers must post a sign that states the laws in relation to possession and purchasing consumable hemp products by people under the age of twenty-one. A retailer that fails to post the required sign is guilty of a misdemeanor that is subject to a fine of not more than \$100 or imprisonment for not more than thirty days. DOR must prescribe the size, lettering, and location of signs through the use of regulations.

This bill makes it illegal to sell or possess a consumable hemp product, other than hemp beverages governed by Chapter 14 of Title 61, and any violations are punishable in the same manner as THC pursuant Section 44-53-190, related to schedule I controlled substances, and Section 44-53-370 related to prohibited acts and penalties. This bill also prohibits online sales, direct deliveries, and direct shipments of consumable hemp products within or into South Carolina, and a person who is convicted of this offense is subject to a misdemeanor offense and may be fined up to \$3,000 or up to three years imprisonment, or both. In addition, any consumable hemp products in violation of the Hemp Farming Act as well as any hemp beverages possessed, distributed, sold, or offered for sale to consumers in South Carolina in violation of this bill are considered contraband and may be seized by law enforcement.

This bill also creates new offenses dealing with hemp beverages pertaining to a person who is under the age of twenty-one. This bill makes it illegal to sell or distribute consumable hemp product to a person under twenty-one years old, or to purchase such consumables on behalf of a person under twenty-one. Any violations are punishable in accordance with Chapter 6 of Title 61, which include existing penalties for sale of alcohol and alcoholic beverages to a person under twenty-one. Likewise, this bill makes it illegal for a person under twenty-one to purchase, or knowingly possess a hemp beverage, and violations are guilty of a misdemeanor, which are subject to a fine of \$100 to \$200, or imprisonment for not more than thirty days, or both. In addition, this bill makes it illegal to sell or possess a hemp beverage containing more than five milligrams of hemp derived delta-9 THC per twelve ounces or any beverage containing any other intoxicating hemp products, violations are subject to punishment in the same manner as THC pursuant Section 44-53-190, related to schedule I controlled substances, and Section 44-53-370 related to prohibited acts and penalties. A person who is charged with one of the aforementioned provisions may avail themselves of any affirmative defenses, diversion programs, conditional discharge provisions, intervention programs, or similar alternatives to conviction and similar that are provided by law and would be available to a person charged with a similar alcoholic liquor violation.

This bill also makes it illegal to have a hemp-derived beverage in an open container while located upon public highways or highway rights of way. Any violations of this provision are guilty of a misdemeanor and subject to a fine of not more than \$100 or imprisonment of up to thirty days. Additionally, this bill makes it illegal to sell consumable hemp products on Sundays, except as authorized by law. A person who violates this provision is guilty of a misdemeanor and is subject to a fine of \$200 or imprisonment for sixty days for a first offense, a fine of \$1,000 or imprisonment for one year for a second offense, and a fine of \$2,000 or imprisonment for two years for a third and subsequent offenses.

This bill establishes product requirements for intoxicating hemp beverages, including dealing with required certificates of analysis, packaging, serving size and product content, and labeling. Any person who distributes, sells, or offers for sell any hemp beverage in violation of these requirements is subject to a fine of \$1,000 for a first offense within a three-year period, a fine of \$2,500 for a second offense within a three-year period, and a fine of \$5,000 for a third and subsequent offenses within a three-year period.

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, the Commission on Prosecution Coordination, Corrections, and PPP. The potential increase in expenses will depend upon the increase in the number of cases and number of incarcerations. However, Judicial and the agencies anticipate that the potential impact of the workload can be managed within existing appropriations but note that 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. This bill authorizes DOR to issue, suspend, revoke, renew, or decline a hemp beverage license, which may be appealed by requesting a contested case hearing before the ALC. The ALC indicates that these cases would come before the Court under the current organizational framework of contested cases from DOR. However, as this is a new licensing process and program within DOR, there are no data available to estimate the number of hearings or appeals that would be filed with the Court. The ALC anticipates that if this bill results in a significant increase in the workload, 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 regulate hemp production, which is approved by the United States Department of Agriculture (USDA).

State Law Enforcement Division. This bill will create additional workload for SLED in order to enforce the new consumable hemp products and hemp beverage requirements in this bill as

these 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 hemp consumables since the items are already being sold. Therefore, every vape store, convenience store, and restaurant currently selling the items would require inspections, education, and seizures as necessary. In addition, hemp beverages are a specialty item, and therefore, new businesses may begin operating that only sell beverages, which would result in more liquor/hemp license applications for licensing agents to investigate. SLED anticipates the need for 10.0 new FTEs and an increase in expenses by approximately \$2,458,000 in FY 2026-27, including \$1,420,000 of recurring and \$1,038,000 of non-recurring expenses, and \$1,420,000 each year thereafter. 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
Special Agent II, Licensing Functions	2.0	\$224,000
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	
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

Department of Revenue. This bill creates additional responsibilities for DOR in order to administer the new hemp beverage licenses, taxes, and fees. DOR indicates that this bill will increase recurring expenses by approximately \$120,000 to hire 2.0 FTE ABL Analysts. 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 expenses due to this bill.

State Revenue

This bill applies the current alcoholic liquor taxes to hemp beverages and creates a new manufacturer's, wholesaler's, and retail dealer's license for hemp beverages. This bill will increase General Fund revenue due to the new taxes and license fees for hemp beverages. 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 beverages. Therefore, the revenue impact of this bill is undetermined. For information, the following table outlines the new taxes and license fees, and to which funds the revenue is to be distributed.

Applies To	Tax & Fees	Description	Fund Distribution
Wholesalers & Retailers	\$0.12	Per 8 oz. of Alcohol	GF
Wholesalers & Retailers	\$0.05	Per 8 oz. of Alcohol	GF
Wholesalers	\$1.81	Per Standard Case of Hemp Beverages	GF
Retailers Pay Wholesalers	\$2.99	Per Standard Case of Hemp Beverages	GF
Wholesalers	\$0.56	Additional Tax Per Standard Case of Hemp Beverages	GF
Wholesalers	9.0%	Surtax on all Taxes Imposed Upon Hemp Beverages.	GF
Manufacturers	\$50,000	Biennial License Tax	GF
Wholesalers	\$20,000	Biennial License Tax	GF
Retailers	\$1,500	Biennial License Tax	GF
Manufacturers, Wholesalers, Retailers	\$100	License Filing Fee	GF

Further, state and local sales tax are currently applicable to hemp beverages; 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. Currently, any other consumable hemp products currently 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 are no data available to estimate the gross sales amount of hemp beverages in South Carolina, and therefore, any reduction in General Fund, EIA, and HEX revenue from sales tax is undetermined. However, DOR anticipates any impact to sales tax to be minimal.

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

Local Revenue

State and local sales tax are currently applicable to hemp beverages; 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. Currently, any other 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 the products in the state. There are no data available to estimate the gross sales amount of hemp beverages in South Carolina, and therefore, any reduction in local revenue is undetermined. However, DOR anticipates any impact to sales tax to be minimal.

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