



# 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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<b>Bill Number:</b>	H. 5093	Introduced on February 4, 2026
<b>Subject:</b>	Gross Proceeds	
<b>Requestor:</b>	House Ways and Means	
<b>RFA Analyst(s):</b>	Daigle	
<b>Impact Date:</b>	March 13, 2026	

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### Fiscal Impact Summary

This bill excludes the amounts paid for contracts for services entered into by the state or political subdivisions for Emergency Services IP Network (ESInet) in support of Next Generation 911 in South Carolina from sales tax.

This bill is not expected to impact expenditures for the Department of Revenue (DOR) as the changes will be administered with existing staff and resources.

This bill is not expected to impact state or local revenue or expenditures due to excluding amounts paid for state or political subdivision ESInet contracts from sales tax. Currently, Revenue and Fiscal Affairs (RFA) administers the state contract for ESInet services for 39 counties. Beaufort County, Berkeley County, Charleston County, Florence County, Horry County, Goose Creek, and Summerville contract locally for ESInet services, and 2 counties, Greenville and Lexington, currently do not utilize ESInet services. Based on the state contract administered by RFA and information provided by counties, while sales tax is collected on equipment and other taxable items, sales tax is not currently collected on these ESInet services contracts. Based on discussions with DOR, this bill expressly clarifies that these contracts are not subject to sales tax and will result in no impact to state or local sales tax revenue, as sales taxes are not being collected on the contracts currently. However, if these contracts are determined to be subject to sales tax, Other Funds expenditures of RFA from the 911 fund for sales tax would increase by approximately \$568,000 annually, and local expenditures for sales tax would increase by approximately \$543,000, which would increase state and local sales tax revenue by the corresponding total of \$1,111,000 beginning in FY 2026-27.

### Explanation of Fiscal Impact

#### Introduced on February 4, 2026

##### State Expenditure

This bill excludes the amounts paid for contracts for services entered into by the state or political subdivisions for Emergency Services IP Network (ESInet), in support of Next Generation 911 in South Carolina from sales tax.

This bill is not expected to impact expenditures for DOR as the changes will be administered with existing staff and resources.

The state ESInet contract is administered by RFA, and 39 counties are currently serviced by the state contract. The current state ESInet contract cost is approximately \$7,105,000 annually and is funded by 911 fees charged on wireless phones. Based upon the current state contract and information from counties, sales tax is not currently being collected on ESInet services contracts. Sales tax is currently collected on taxable items within these contracts, and this bill does not affect the sales tax on those items. This bill expressly clarifies that this service contract is not subject to sales tax. However, if ESInet services contracts are determined to be subject to sales tax, the state contract would be subject to the 6 percent state sales tax rate as well as an additional local sales tax rate of 2 percent for Richland County. Applying an 8 percent sales tax to \$7,105,000 yields approximately \$568,000. Therefore, if sales tax is imposed on the state contract, this would increase RFA's Other Funds expenses from the 911 fund by \$568,000 beginning in FY 2026-27.

### **State Revenue**

The bill is not expected to impact state sales tax revenue due to excluding amounts paid for state or political subdivision ESInet contracts from sales tax. The state ESInet contract is administered by RFA. Thirty-nine counties are currently included in the state ESInet contract, 5 counties contract their ESInet services locally, and 2 counties currently do not utilize ESInet services. Based upon the state contract and information provided by counties, sales tax is not currently being collected on the total price of ESInet contracts. Sales tax is currently collected on taxable items within these contracts, and this bill does not affect the sales tax on those items. Based upon discussions with DOR, this bill clarifies that the total price of these contracts is not subject to sales tax and is not expected to impact state sales tax revenue.

Based on data provided by counties and RFA, the total annual price of the state contract is approximately \$7,105,000, and total ESInet contract costs for county contracts is approximately \$1,949,000. If these contracts are determined to be subject to sales tax, based on the state sales tax rate of 6 percent, state sales tax collections would increase by approximately \$543,000 beginning in FY 2026-27. Of this amount, General Fund revenue would increase by approximately \$362,000, EIA revenue would increase by approximately \$90,500, and HEX revenue would increase by approximately \$90,500.

### **Local Expenditure**

This bill is not expected to impact local expenditures as sales tax is not currently being charged on ESInet services contracts and is only applied to the taxable items within the contract, such as equipment, that are unchanged by the bill. However, if these contracts are determined to be subject to sales tax, RFA anticipates that total local expenses would increase by approximately \$148,000 in total. Currently, Beaufort County, Berkely County, Charleston County, Florence County, Horry County, Goose Creek, and Summerville contract locally for ESInet services for each Public Service Answering Point (PSAP). These PSAPs submit contracts to RFA for reimbursement of eligible expenses from the 911 fund. Based on these contracts and information provided by Charleston County, Florence County, Horry County, Goose Creek, and Summerville, the total annual local contract cost is approximately \$1,949,000. Applying the 6 percent sales tax rate and the statewide local average sales tax rate of 1.58 percent to \$1,949,000

yields approximately \$148,000 in increased local expenses if these contracts are subject to sales tax. These estimates are provided below for each entity. The actual local sales tax revenue may vary depending on the local sales tax rates in effect. The counties and cities noted that the increase in local expenditures for sales tax, if imposed, would require these local jurisdictions to either fund the expenses through existing resources, reduce spending on other services, or increase taxes and fees.

**Estimated Local Expenditure Impact if ESInet Services Contracts Are Subject to Sales Tax**

	Estimated Annual ESInet Services Contract Cost	Estimated State and Local Sales Tax Expense*
Beaufort County	\$312,797	\$18,768
Berkeley County	\$272,302	\$16,338
Charleston County	\$544,532	\$32,672
Florence County	\$195,670	\$11,740
Goose Creek City	\$82,182	\$4,931
Horry County	\$440,274	\$26,416
Summerville Town	\$101,258	\$6,075

*\*Sales tax expense is based on an average local sales tax rate of 1.58% and may vary depending on local sales taxes in effect for each jurisdiction.*

*Note: Beaufort and Berkeley Counties did not respond to our request for comment on these estimates.*

**Local Revenue**

This bill is not expected to impact local sales tax revenue as sales tax is not currently charged on contracts for ESInet services and is only applied to the taxable items within the contract, such as equipment, that are unchanged by the bill. However, based on the analysis included under the State Revenue section, applying the Richland County local tax rate of 2 percent to the total state contract price and applying an average local tax rate of 1.58 percent to the sum of local contract prices, total local sales tax revenue would increase by approximately \$173,000 if these contracts are subject to sales tax. The impact on each local jurisdiction will depend on the local sales taxes in effect for the various entities.

Frank A. Rainwater, Executive Director