



# SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

## STATEMENT OF ESTIMATED FISCAL IMPACT

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<b>Bill Number:</b>	H. 5093	Signed by Governor on May 19, 2026
<b>Subject:</b>	Gross Proceeds	
<b>Requestor:</b>	House of Representatives	
<b>RFA Analyst(s):</b>	Daigle	
<b>Impact Date:</b>	May 29, 2026	

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### Fiscal Impact Summary

The bill makes several changes to sales and admissions taxes as follows:

- Section 1 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.
- Section 2 exempts admissions charged by chambers of commerce organized as a 501(c)(6) under the Internal Revenue Code (IRC) from the 5 percent admissions tax.
- Section 3 amends §12-36-2120(79) relating to the sales tax exemptions for data centers. This section clarifies the definition of qualifying data centers by expanding taxpayer to include a person who bears a relationship to the taxpayer as described in IRC §267(b).

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

Section 1 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 section 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.

Section 2 is expected to reduce General Fund admissions tax revenue beginning in FY 2026-27 and the amount of revenue transferred to the South Carolina Film Commission beginning in FY 2027-28 due to the admissions tax exemption. The Film Commission receives 26 percent of the prior year's General Fund admissions tax revenue. Because the transfer to the Film Commission

is based on the prior year's collections, the impact on the transfer amount does not occur until FY 2027-28. The table below shows the impact for the next three fiscal years. For the purposes of this analysis, we have assumed that the admissions revenues from chambers of commerce qualified under IRC §501(c)(6) that will be exempted under this section are not associated with a major tourism or recreation facility subject to the transfers in §§12-21-6530 and 6540. If admissions from these organizations are currently subject to these transfers, the distribution of the impact would be affected. Please note, this analysis assumes that business leagues and other organizations qualified under IRC §501(c)(6) will not reorganize as a chamber of commerce in order to claim this exemption.

**Estimated Impact of Exempting 501(c)(6) Chambers of Commerce from Admissions Tax**

<b>Fiscal Year</b>	<b>Estimated General Fund Admissions Tax Reduction</b>	<b>Estimated SC Film Commission Revenue Reduction</b>	<b>Estimated Total Impact</b>
<b>FY 2026-27</b>	(\$7,600)		(\$7,600)
<b>FY 2027-28</b>	(\$5,900)	(\$2,000)	(\$7,900)
<b>FY 2028-29</b>	(\$6,600)	(\$1,500)	(\$8,100)

Section 3 provides that the sales tax exemption for qualified expenses of a data center applies to the taxpayer and persons with a qualifying relationship to the taxpayer, which essentially applies the current exemption to qualifying purchases regardless of the business structure of the entity operating the data center. As this section provides clarification on the existing exemption but does not expand the definition of sales that qualify for the exemption, the section is not expected to impact to state or local sales tax revenue.

**Explanation of Fiscal Impact**

**Signed by Governor on May 19, 2026**

**State Expenditure**

Section 1 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.

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 section does not affect the sales tax on those items. This section 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.

Section 2 exempts admissions charged by chambers of commerce organized as a 501(c)(6) under the IRC from the admissions tax. Currently, a 5 percent tax is levied on admissions to places of amusement.

Section 3 amends §12-36-2120(79) relating to the sales tax exemptions for data centers. This section clarifies the definition of qualifying data centers by expanding taxpayer to include a person who bears a relationship to the taxpayer as described in IRC §267(b).

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

## **State Revenue**

### Section 1: ESInet Contract Sales Tax Exemption

Section 1 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 section does not affect the sales tax on those items. Based upon discussions with DOR, this section 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.

### Section 2: Admissions Tax Exemption for 501(c)(6) Chambers of Commerce

Section 2 exempts admissions charged by chambers of commerce organized as a 501(c)(6) under the IRC from the admissions tax. A 5 percent tax is currently levied on admission to places of amusement, subject to some exemptions.

Currently, admissions charged or sponsored by any eleemosynary and nonprofit corporation or organization organized exclusively for religious, charitable, scientific, civic, fraternal, or educational purposes are exempt from the admissions tax, depending upon how the proceeds generated from admissions are distributed and subject to some exclusions. Based on conversations with DOR, 501(c)(6) organizations do not currently qualify for an exemption from admissions tax.

Data regarding the amount of admissions tax generated by type of organization are unavailable. Therefore, in order to estimate the potential impact, RFA used the portion of business activity

attributable to 501(c)(6) organizations to estimate the percentage of admissions tax attributable to these entities. For this analysis, we have assumed that the percentage of admissions tax generated by the 501(c)(6) charities is relatively the same as the share of overall revenue. Overall in the U.S., 501(c)(6) organizations generated approximately \$58.46 billion in revenue in tax year 2022.<sup>1</sup> In tax year 2022, U.S. charitable organizations classified as 501(c)(4)-(7) and (9) reported approximately \$424 billion in revenue, U.S. corporations reported approximately \$39.94 trillion in business receipts, and U.S. partnerships reported approximately \$8.34 trillion in business receipts.<sup>2</sup> Based on these figures, the share of revenue generating activities by 501(c)(6) organizations in the U.S. is approximately 0.12 percent. According to the Internal Revenue Service, there are currently 711 501(c)(6) organizations registered in South Carolina, of which 84, or 11.8 percent, are chambers of commerce.<sup>3</sup> Lastly, multiplying 0.12 percent by 11.8 percent yields 0.014 percent that would be attributable to 501(c)(6) chambers of commerce.

The table below provides the estimated General Fund admissions tax based on the November 18, 2025, forecast by the S.C. Board of Economic Advisors (BEA). Further, §12-62-60 states that 26 percent of the General Fund portion of admissions collections for the previous fiscal year must be allocated to the South Carolina Film Commission of the SC Department of Parks, Recreation and Tourism. Based on these figures, the estimated amounts to be transferred to the SC Film Commission and total admissions tax revenue are also shown below. Multiplying the expected admissions tax revenue by 0.014 percent for FY 2026-27, FY 2027-28, and FY 2028-29 yields approximately \$7,600, \$7,900, and \$8,100, respectively that would be exempted under this section. Please note, this analysis assumes that business leagues and other organizations qualified under IRC §501(c)(6) will not reorganize as a chamber of commerce in order to claim this exemption.

**Estimated Admissions Tax Revenue and Exemption**

<b>Fiscal Year</b>	<b>General Fund Admissions Tax</b>	<b>SC Film Commission Transfer</b>	<b>Total Admissions Tax</b>	<b>Estimated 501(c)(6) Exemption*</b>
FY 2024-25	\$39,965,358			
FY 2025-26 (est.)	\$40,393,000	\$10,390,993	\$50,783,993	
FY 2026-27 (est.)	\$43,304,000	\$10,502,180	\$53,806,180	(\$7,600)
FY 2027-28 (est.)	\$44,192,000	\$11,259,040	\$55,451,040	(\$7,900)
FY 2028-29 (est.)	\$45,656,000	\$11,489,920	\$57,145,920	(\$8,100)

\*Figures are rounded.

This bill takes effect July 1, 2026, and because the transfer to the Film Commission is based on the prior year's General Fund collections, the impact on the transfer amount does not occur until

<sup>1</sup> Internal Revenue Service, *Table 3. Form 990 Returns of 501(c)(3)-(9) Organizations: Balance Sheet and Income Statement Items, by Internal Revenue Code Section, Tax Year 2022*, Retrieved March 25, 2026, <https://www.irs.gov/statistics/soi-tax-stats-charities-and-other-tax-exempt-organizations-statistics>.

<sup>2</sup> Internal Revenue Service, *All Partnerships: Total Assets, Trade or Business Income and Deductions, Portfolio Income, Rental Income, and Total Net Income (Loss) minus Deductions, by Industrial Group, Tax Year 2022*, Retrieved March 25, 2026, <https://www.irs.gov/statistics/soi-tax-stats-partnership-statistics-by-sector-or-industry>.

<sup>3</sup> Internal Revenue Service, *Exempt Organizations Business Master File Extract (EO BMF) South Carolina*, Retrieved March 23, 2026, <https://www.irs.gov/charities-non-profits/exempt-organizations-business-master-file-extract-ao-bmf>.

FY 2027-28. The table below shows the impact for the next three fiscal years. For the purposes of this analysis, we have assumed that the admissions revenues from chambers of commerce that will be exempted under the section are not associated with a major tourism or recreation facility subject to the transfers in §§12-21-6530 and 6540. If admissions from these organizations are currently subject to these transfers, the distribution of the impact would be affected.

**Estimated Impact of Exempting 501(c)(6) Chambers of Commerce from Admissions Tax**

<b>Fiscal Year</b>	<b>General Fund Admissions Tax Reduction</b>	<b>SC Film Commission Revenue Reduction</b>	<b>Total Impact</b>
<b>FY 2026-27</b>	(\$7,600)		(\$7,600)
<b>FY 2027-28</b>	(\$5,900)	(\$2,000)	(\$7,900)
<b>FY 2028-29</b>	(\$6,600)	(\$1,500)	(\$8,100)

**Section 3: Data Center Sales Tax Exemption**

Section 3 amends §12-36-2120(79) relating to the sales tax exemptions for data centers. This section clarifies the definition of qualifying data centers by expanding taxpayer to include a person who bears a relationship to the taxpayer as described in IRC §267(b).

Currently, §12-36-2120(79) exempts original or replacement computers, computer equipment, computer hardware, and software purchases used within a data center from sales tax. It also exempts electricity used by a data center and eligible business property to be located and used at the data center. This section does not extend to sales of electricity for any other purpose including, but not limited to, administrative offices, supervisory offices, parking lots, cafeterias, etc. Under the current definition, a data center is a new or existing facility at a single location in South Carolina.

This section provides that, for the purposes of the sales tax exemption for qualified expenses of a data center, taxpayer also includes a person with a qualifying relationship to the taxpayer. IRC §267(b) specifies that a person with a relationship to the taxpayer includes those such as family members, an individual and a corporation in which the individual owns 50 percent of the stock in the company, two corporations which are members of the same controlled group, a fiduciary of a trust and beneficiary of that trust, among others. Under this section, the exemption will apply regardless of the business structure of the entity operating a data center, but the section does not change the definition of qualifying expenses or qualifying data center. As this section provides clarification on the existing exemption, the section is not expected to impact state sales tax revenue.

**Local Expenditure**

**Section 1: ESInet Contract Sales Tax Exemption**

Section 1 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 section. However, if these contracts are determined to be subject to sales tax, RFA anticipates that total local expenses would increase by approximately \$148,000. 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**

	<b>Estimated Annual ESInet Services Contract Cost</b>	<b>Estimated State and Local Sales Tax Expense*</b>
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**

Section 1: ESInet Contract Sales Tax Exemption

Section 1 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 section. 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.

Section 3: Data Center Sales Tax Exemption

Section 3 provides that qualified expenses for the sales and use tax exemption are not dependent on the corporate structure of the entities operating data centers. As this section provides clarification on the existing exemption, we anticipate no impact to local sales tax revenue.

Frank A. Rainwater, Executive Director