



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: S. 0420 Introduced on March 5, 2025
Subject: Investment of Funds by Political Subdivisions
Requestor: Senate Finance
RFA Analyst(s): Tipton
Impact Date: February 4, 2026

Fiscal Impact Summary

This bill allows qualified retiree post-employment benefit trusts that provide the employer costs of post-employment benefits for retired employees of political subdivisions in the state to invest in corporate bonds or other debt instruments issued by a United States corporation, provided that the instruments are rated in general rating categories by no fewer than two nationally recognized credit rating organizations.

Revenue and Fiscal Affairs (RFA) surveyed all counties in the state as well as the Municipal Association of South Carolina (MASC) to determine the local fiscal impact of the bill and received responses from Beaufort, Florence, Chester, and Clarendon Counties. Beaufort and Florence counties indicate that they currently do not operate a post-employment benefits trust, and therefore the bill will have no impact on the county. Chester and Clarendon Counties also indicate the bill is not expected to have a fiscal impact on each respective county. MASC indicates that since the bill is permissive in nature and does not require a post-employment benefits trust to purchase corporate bonds, any impact on trust investment earnings will depend on future market conditions and investment decisions.

Explanation of Fiscal Impact

Introduced on March 5, 2025

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

This bill allows qualified retiree post-employment benefit trusts in the state to invest in corporate bonds or other debt instruments issued by a United States corporation, provided that the instruments are rated in general rating categories by no fewer than two nationally recognized credit rating organizations. The bill defines post-employment benefit trusts as those that provide

the employer costs of retiree post-employment benefits for retired employees of political subdivisions of the state. The bill also includes a severability clause in the event that any portion is found to be invalid or unconstitutional. Currently, state local governments may only invest in securities authorized by Section 6-5-10 and are primarily limited to government bonds, certificates of deposit, and other debt obligations issued by specified financial institutions or national associations.

RFA surveyed all counties in the state as well as MASC to determine the potential fiscal impact of this bill on local governments in the state and received responses from Beaufort, Florence, Chester, and Clarendon Counties. Beaufort and Florence counties indicate that they currently do not operate a post-employment benefits trust, and therefore the bill will have no impact on either county. Chester and Clarendon Counties also indicate the bill is not expected to have a fiscal impact on the county. MASC's response indicates that since the bill is permissive in nature and does not require a post-employment benefits trust to purchase corporate bonds, any impact on trust investment earnings will depend on future market conditions and investment decisions.



Frank A. Rainwater, Executive Director