



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. 0682	Introduced on May 28, 2025
Subject:	Timber	
Requestor:	Senate Finance	
RFA Analyst(s):	Manic	
Impact Date:	March 6, 2026	

Fiscal Impact Summary

The bill creates an income tax credit for taxpayers who have experienced timber casualty loss from Hurricane Helene in a federally declared disaster area. The credit amount is equal to 100 percent of the timber casualty loss up to \$550 per acre. The bill limits the maximum aggregate credit amount for all taxpayers in all tax years to \$25 million and is to be allocated on a first come, first served basis. Any unused credit may be carried forward for the following five tax years.

The bill also creates an individual income tax deduction for any payments included in federal taxable income received due to Hurricane Helene from federal disaster relief or assistance grants administered by the State or the United States Department of Agriculture (USDA) if the payments or grants were established to specifically address agricultural losses suffered in a federally declared disaster area.

The bill takes effect upon approval by the Governor and is repealed on January 1, 2029, except that any unused tax credits earned prior to the repeal may be carried forward until the applicable five tax years have expired. For this analysis, we assume that the credit and deduction will be available beginning in tax year 2026.

The bill requires the Department of Revenue (DOR) and the SC Forestry Commission (Commission) to establish an application process for taxpayers to apply for the credit, which must also include a certification process qualifying the timber loss for the credit. DOR and the Commission indicate that the bill will have no expenditure impact on the agencies, as the requirements of the bill can be implemented with existing staff and resources.

Based on acreage and valuation estimates received from the Commission, the cost of the private timber property loss from Hurricane Helene eligible for the tax credit after applying the limit of \$550 per acre for those acres with an estimated damage value above the cap is estimated to be approximately \$38.2 million. As such, the aggregate maximum cap of \$25 million for all taxpayers may be reached in tax year 2026. Therefore, this credit will potentially decrease General Fund income tax revenue by up to \$25 million in FY 2026-27. However, taxpayers may not have sufficient income tax liability to claim the full amount of the credit in the year it is earned. These credits may be carried forward for up to five tax years, and the timing of the impact may vary depending on the tax liability of these taxpayers.

According to the US Department of Agriculture’s website and discussions with the SC Department of Agriculture, South Carolina agricultural producers will receive approximately \$38.3 million in Hurricane Helene disaster relief funding to cover agricultural losses in the state. Based on the current individual income tax rates for tax year 2026, exempting these payments would reduce General Fund individual income tax revenue by up to approximately \$1,995,000 in FY 2026-27. However, to the extent that these payments are received by businesses, the impact may be lower as the deduction is only applicable to individual income tax, but data are not available to determine the distribution between individuals and businesses. Based on discussions with DOR, disaster relief payments from the Federal Emergency Management Agency (FEMA) are typically exempt from federal and state income tax already and would not be impacted by the bill. We did not identify any other qualifying payments at this time. However, if there are other taxable disaster relief program funds that would be exempt from state taxes under this bill, the impact would differ.

Overall, the bill is expected to reduce General Fund income tax revenue by up to \$26,995,000 in FY 2026-27. As noted, the impact by fiscal year may vary if taxpayers do not have sufficient tax liability to claim the full amount of the credits in the first year.

Explanation of Fiscal Impact

Introduced on May 28, 2025

State Expenditure

The bill creates an income tax credit for taxpayers who have experienced timber casualty loss from Hurricane Helene in a federally declared disaster area. Further, the bill requires DOR and the Commission to establish an application process for taxpayers to apply for the credit, which must also include a certification process qualifying the timber loss for the credit. The bill also requires the Commission to establish criteria for determining whether timber property qualifies as a timber casualty loss and authorizes the Commission to conduct compliance audits of timber property at the request of DOR. The bill also creates an individual income tax deduction for specific payments included in federal taxable income received for agricultural losses due to Hurricane Helene.

DOR and the Commission indicate that the bill will have no expenditure impact on the agencies, as the requirements of the bill can be implemented with existing staff and resources.

State Revenue

The bill creates a tax credit for taxpayers who have experienced timber casualty loss from Hurricane Helene in a federally declared disaster area. The bill also creates a tax deduction for any payments included in federal taxable income received due to Hurricane Helene from federal disaster relief or assistance grants administered by the State or the USDA if the payments or grants were established to specifically address agricultural losses suffered in a federally declared disaster area. The bill takes effect upon approval by the Governor and is repealed on January 1, 2029, except that any unused tax credits earned prior to the repeal may be carried forward until

the applicable five tax years have expired. For this analysis, we assume that the credit and deduction will be available beginning in tax year 2026.

Section 1 – Income Tax Credit

The bill creates an income tax credit for taxpayers who have experienced timber casualty loss from Hurricane Helene in a federally declared disaster area. The credit amount is equal to 100 percent of the timber casualty loss up to \$550 per acre. The bill limits the maximum aggregate credit amount for all taxpayers in all tax years to \$25 million and credits must be allocated by DOR on a first come, first served basis. Any unused credit may be carried forward for the following five tax years.

Based on data received from the Commission, the estimated acreage of timber casualty loss after Hurricane Helene totals approximately 233,843 acres, of which approximately 162,808 acres are private lands, which would be eligible for the tax credit. Further, according to the data provided by the Commission, the estimated value of timber loss per acre ranges between approximately \$83 and \$1,607 depending upon the level of damage. According to the Commission's estimates, of the eligible acres, the timber loss on 154,468 is less than the \$550 cap per acre, and the timber loss for the remaining 8,340 acres exceeds the cap per acre. After applying the \$550 per acre cap, this results in an estimated loss of approximately \$38.2 million for private timber property that would be eligible for the credit. As such, the aggregate maximum cap of \$25 million for all taxpayers may be reached in tax year 2026, the first year when the credit is available. Therefore, this credit will potentially decrease General Fund income tax revenue by up to \$25 million in FY 2026-27. However, taxpayers may not have sufficient income tax liability to claim the full amount of the credit in the year it is earned. These credits may be carried forward for up to five tax years, and the timing of the impact may vary depending on the tax liability of these taxpayers.

Section 2 – Individual Income Tax Deduction

The bill also creates an individual income tax deduction for any payments included in federal taxable income received due to Hurricane Helene from federal disaster relief or assistance grants administered by the State or the USDA if the payments or grants were established to specifically address agricultural losses suffered in a federally declared disaster area.

According to the US Department of Agriculture's website and discussions with the SC Department of Agriculture, South Carolina agricultural producers will receive approximately \$38.3 million in Hurricane Helene disaster relief grant funding to cover agricultural losses in the state.¹ The SC Department of Agriculture is finalizing the work plan for this grant program and expects opening the program for applications in the Spring of 2026. Further, the SC Department of Agriculture notes that the full amount of the grant funding is expected to be distributed in tax year 2026. Based on the average marginal individual income tax rate of approximately 5.2 percent for tax year 2026, exempting these payments would reduce General Fund individual income tax revenue by up to approximately \$1,995,000 in FY 2026-27. However, to the extent

¹ United States Department of Agriculture, Press Release No. 0227.25, Retrieved March 2, 2026, <https://www.usda.gov/about-usda/news/press-releases/2025/09/30/usda-announces-383-million-grant-agreement-cover-agricultural-losses-due-hurricane-helene-south>

that these payments are received by businesses, the impact may be lower as the deduction is only applicable to individual income tax, but data are not available to determine the distribution between individuals and businesses. Based on discussions with DOR, disaster relief payments from FEMA are typically exempt from federal and state income tax already and would not be impacted by the bill. We did not identify any other qualifying payments at this time. However, if there are other taxable disaster relief program funds that would be exempt from state taxes under this bill, the impact would differ.

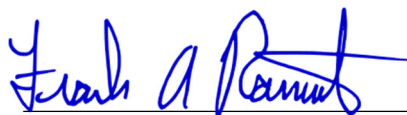
In summary, the bill is expected to reduce General Fund revenue from income taxes by up to \$26,995,000 in FY 2026-27. The timing of the impact may vary if taxpayers do not have sufficient tax liability to claim the full amount of the credit and carry forward unused credits within the five-year period.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director