



# 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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**Bill Number:** S. 0686      Introduced on January 13, 2026  
**Subject:** Prohibition of Discrimination in Contracts  
**Requestor:** Senate Finance  
**RFA Analyst(s):** Tipton  
**Impact Date:** March 12, 2026

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### Fiscal Impact Summary

This bill states that a public entity may not require, impose, mandate or administer any procurement preference, set-aside, quota, goal, or similar program that classifies, prioritizes, or discriminates based on race in awarding contracts, subcontracts, grants, or any other public benefit. The bill defines public entity and states that any contract or contract provision of a public entity in violation of the bill's provisions is void and unenforceable, and that any statute or policy must be repealed to the extent of the conflict. The bill repeals several sections of code requiring a certain portion of state contracts to be awarded to minority business enterprises (MBEs) owned and controlled by socially and economically disadvantaged minorities through the distribution of state highway funds as well as through the Consolidated Procurement Code. The bill also includes a severability clause in the event that any portion is found unconstitutional.

This bill will have no expenditure impact on the State Fiscal Accountability Authority (SFAA), the Department of Transportation (DOT), the Department of Administration (Admin), or the Department of Revenue (DOR), as these agencies indicate that implementing the provisions of the bill will be managed with existing resources. The bill is not expected to have an impact on state institutions of higher learning based on responses from the University of South Carolina (USC), Coastal Carolina University (CCU), Winthrop University (Winthrop), Lander University (Lander) as well as the Technical College System (Tech System). These entities indicate the provisions of the bill will be managed with current institutional resources or will have no impact on current procurement processes. The bill will also have no impact on the Commission on Higher Education (CHE) in its oversight of permanent improvement projects at state colleges and universities.

This bill is not expected to have an expenditure impact on the state agency schools. The Governor's School for Arts and Humanities indicated that the bill will have no impact as the provisions of the bill can be managed within the normal course of agency business. The Governor's School for Science and Mathematics noted that some minimal additional staff time and legal consultation may be needed to review procurement policies and contracts to ensure statutory compliance which will be managed by current staff and resources. Based upon these responses, we anticipate that any expenses due to the bill for the Governor's School for Agriculture at John de la Howe, the Wil Lou Gray Opportunity School, and the School for the Deaf and Blind can be managed within existing appropriations.

The fiscal impact of this bill on the Commission on Community Advancement and Engagement (CCAЕ) is pending, contingent upon review by the agency. For reference, the Division of Small and Minority Business Contracting and Certification was transferred from Admin to the CCAЕ pursuant to Proviso 71.6 of the FY 2024-25 General Appropriations Act.

The S.C. Department of Education (SCDE) surveyed the seventy-two regular school districts and the three charter school districts regarding the expenditure impact of this bill and received responses from ten school districts. These districts indicated that the bill will have no expenditure impact since the provisions of the bill can be managed with current resources.

Revenue and Fiscal Affairs (RFA) surveyed all counties in the state and the Municipal Association of South Carolina (MASC) and received responses from Charleston, Florence, Horry, and Lancaster Counties as well as MASC. Charleston County and MASC reported that additional administrative and compliance work will be necessary to review contract procurement processes but are expected to be minimal and would be managed by the county and municipalities with existing resources. Charleston County and MASC also noted that future unknown litigation expenses may arise as a result of existing contracts becoming unenforceable. Florence and Lancaster Counties report that this bill will require changing current grant funding processes, with Lancaster County also reporting that some outside funding of certain projects or initiatives could become a responsibility of the county in the event that this bill renders those grant funds unobtainable. Therefore, the expenditure impact of this bill on local governments will vary by county and municipality.

## **Explanation of Fiscal Impact**

### **Introduced on January 13, 2026**

#### **State Expenditure**

This bill states that a public entity may not require, impose, mandate or administer any procurement preference, set-aside, quota, goal, or similar program that classifies, prioritizes, or discriminates based on race in awarding contracts, subcontracts, grants, or any other public benefit. The bill defines public entity as any agency, office, division, or other unit by any name of every agency, office, or department of the State, and all of its political subdivisions, including all institutions of higher learning, public school districts, public charter school authorizers, and public charter schools. The bill further states that any policy, rule, regulation, practice, or contract provision adopted, enforced, or entered into by any public entity in violation of the section is void and unenforceable. The bill states that any statute or part of a statute in conflict with the section is repealed to the extent of the conflict.

The bill repeals Section 12-28-2930(A)(1)(a), which currently requires 5 percent of total state highway funds to be distributed through contracts to MBEs along with Sections 11-35-5210, 11-35-5240, and 11-35-5270 of the Consolidated Procurement Code. Section 11-35-5210 currently requires SFAA in its capacity as the statewide procurement administrator to implement policies with an emphasis on awarding contracts to MBEs through agency MBE Utilization Plans under Section 11-35-5240, which requires all state agencies to set a goal of awarding 10 percent of all funds expended to MBEs, among other requirements. Section 11-35-5270 established a Division

of Small and Minority Business Contracting and Certification within Admin to assist Admin and DOR in carrying out the intent of awarding contracts to MBEs and processing tax credits available to contractors who subcontract with MBEs, among other enumerated responsibilities. The bill also includes a severability clause in the event that any portion is found unconstitutional.

**State Fiscal Accountability Authority.** SFAA indicates that the agency will implement the bill's changes to the state's procurement code and requirements of state contracts with existing staff and resources. Therefore, this bill will have no expenditure impact on SFAA.

**Department of Administration.** Admin reports that the Division of Small and Minority Business Contracting and Certification was transferred from the agency to the CCAE pursuant to Proviso 71.6 of the FY 2024-25 General Appropriations Act and that the bill's removal of this section will have no impact on Admin. Admin indicates that the agency will implement the other provisions of the bill with existing staff and resources. Therefore, this bill will have no expenditure impact on Admin.

**Department of Transportation.** DOT indicates that the removal of the requirement that 5 percent of total state highway funds be disbursed to MBEs along with the other provisions of the bill will be implemented with existing agency staff and resources. Therefore, this bill will have no expenditure impact on DOT.

**Department of Revenue.** DOR indicates that the provisions of the bill will be managed with existing agency resources. Therefore, this bill will have no expenditure impact on DOR.

**State Institutions of Higher Learning.** USC, CCU, Winthrop, Lander, as well as the Tech System indicate the provisions of the bill will be managed with current institutional resources or will have no impact on current procurement processes. Therefore, this bill is not expected to impact state institutions of higher learning.

**Commission on Higher Education.** CHE indicates that the agency will manage the provisions of this bill in its oversight of permanent improvement projects at state colleges and universities with existing staff and resources. Therefore, this bill will have no expenditure impact on CHE.

**State Agency Schools.** This bill is not expected to have an expenditure impact on the state agency schools. The Governor's School for Arts and Humanities indicated that the bill will have no impact as the provisions of the bill can be managed within the normal course of agency business. The Governor's School for Science and Mathematics noted that some minimal additional staff time and legal consultation may be needed to review procurement policies and contracts to ensure statutory compliance which will be managed by current staff and resources. Based upon these responses, we anticipate that any expenses due to the bill for the Governor's School for Agriculture at John de la Howe, the Wil Lou Gray Opportunity School, and the School for the Deaf and Blind can be managed within existing appropriations.

**Commission for Community Advancement and Engagement.** The fiscal impact of this bill on CCAE is pending, contingent upon review by the agency.

**State Revenue**

N/A

**Local Expenditure**

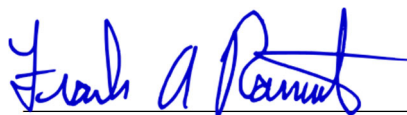
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**Local Revenue**

N/A



Frank A. Rainwater, Executive Director