SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT

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Bill Number:	S. 0734 Introduced on January 13, 2026
Subject:	State Benefits Forfeiture
Requestor:	Senate Finance
RFA Analyst(s):	Tipton
Impact Date:	February 18, 2026

Fiscal Impact Summary

This bill provides that a state employee who is convicted of or pleads guilty or nolo contendere to any crime involving criminal sexual misconduct with a minor or any crime involving the possession or distribution of child sexual abuse material (CSAM), including any CSAM that is artificial intelligence generated, forfeits all retirement and health benefits attributable to their state employment. However, this person must receive the employee contributions attributable to the person's service from the applicable retirement system. The bill further provides that a former employee may receive 25 percent of these benefits if they move to a state that does not share a border with a state that borders South Carolina.

This bill will have no expenditure impact on the Public Employee Benefit Authority (PEBA), as the agency indicates that implementing the provisions will be managed with existing staff and resources. PEBA also indicates that the forfeiture or partial forfeiture of benefits for a former state employee under this bill will have no material impact on the state retirement systems or the State Health Plan (SHP). For information, PEBA notes that it is unclear which members of the retirement system are subject to the provisions of this bill, including higher education employees, school district employees, and others; how the 75 percent forfeiture would be calculated and implemented; and how the bill would apply to certain benefits.

Explanation of Fiscal Impact

Introduced on January 13, 2026
State Expenditure
This bill provides that a state employee who is convicted of or pleads guilty or nolo contendere to any crime involving criminal sexual misconduct with a minor or any crime involving the possession or distribution of CSAM, including CSAM that is artificial intelligence generated, forfeits retirement and health benefits attributable to their state employment. The bill further states that the applicable retirement system must refund the former employee's contributions attributable to the person's service under this provision and provides that any employee who has lost their retirement or health benefits under the bill is entitled to receive 25 percent of the lost benefit if they move to a state that does not share a border with a state that borders South Carolina.

PEBA indicates that additional review and guidance would be necessary to implement the bill to ensure proper compliance and calculation of benefits forfeited or partially forfeited. However, the agency indicates that it will manage any additional responsibilities with existing staff and resources. Therefore, this bill will have no expenditure impact on PEBA. The agency also reports that the forfeiture or partial forfeiture of benefits for a former state employee under this bill will have no material impact on the state retirement systems or the SHP. For information, PEBA notes that it is unclear which members of the retirement system are subject to the provisions of this bill, including higher education employees, school district employees, and others; how the 75 percent forfeiture would be calculated and implemented; and how the bill would apply to certain benefits.

State Revenue
N/A

Local Expenditure
N/A

Local Revenue
N/A

Frank A. Rainwater, Executive Director