



# 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. 0866 Introduced on January 29, 2026  
**Subject:** Municipal Tax Relief Act  
**Requestor:** Senate Finance  
**RFA Analyst(s):** Bryant  
**Impact Date:** March 9, 2026

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### Fiscal Impact Summary

This bill enacts the Municipal Tax Relief Act. The bill authorizes municipalities in counties that do not currently impose a local sales tax to impose up to a 1 percent sales and use tax by ordinance, subject to a referendum, to provide a property tax credit for owner-occupied homes and to finance certain projects. The bill also specifies the manner in which the tax must be imposed and administered and the method by which the property tax credit is calculated.

This bill will have no expenditure impact on the Department of Revenue (DOR). DOR indicates that although the bill will require system and form changes, the department will manage the provisions of the bill with current processes.

The State Treasurer's Office (STO) indicates that this bill may increase expenses by \$400 for initial set up and an average of \$170 per quarter to perform calculations, distribute funds, and send communications to participating municipals. However, STO reports that it will manage the requirements of the bill with existing staff and resources.

The Municipal Association of South Carolina (MASC) indicates that the expenditure impact of this bill will depend upon whether municipalities choose to pursue the tax and whether voters approve it. MASC notes that municipalities fund costs associated with the referendum required to impose the tax, which vary.

Based on current local option sales taxes, the municipalities located in Beaufort County, Greenville County, and Oconee County currently qualify to impose this tax. As municipalities may choose whether to impose the up to 1 percent sales tax, the overall revenue impact will depend on the number of qualifying municipalities that choose to impose the sales tax. For a listing of net taxable sales and estimated sales tax from a 1 percent tax in FY 2024-25 for the municipalities in these counties, please see the Local Revenue Section.

### Explanation of Fiscal Impact

#### Introduced on January 29, 2026

#### State Expenditure

This bill enacts the Municipal Tax Relief Act. The bill authorizes a municipal governing body of a municipality wholly or partially located in a county that does not impose any local sales tax

pursuant to Chapter 10 or Chapter 37, Title 4 or any local law enacted by the General Assembly to impose a sales and use tax not to exceed 1 percent by ordinance within the municipality for a specific purpose or purposes for a limited amount of time. The bill specifies that no less than 20 percent of the revenues collected pursuant to this bill must be used to provide a credit against a taxpayer's municipal property taxes on owner occupied property. Any revenues not dedicated to tax relief may be used to defray the cost associated with projects authorized in the bill including, but not limited to, debt service on bonds issued to pay for such projects. DOR will administer the tax, and the revenue will be deposited with the State Treasurer in a fund separate and distinct from the General Fund. STO will be responsible for distributing the tax revenue to municipalities.

**Department of Revenue.** This bill will have no expenditure impact on DOR. DOR indicates that although the bill will require system and form changes, the department will manage the provisions of the bill with current processes.

**State Treasurer's Office.** STO indicates that this bill may increase expenses by \$400 for initial set up and an average of \$170 per quarter to perform calculations, distribute funds, and send communications to participating municipals. However, STO reports that it will manage the requirements of the bill with existing staff and resources.

#### **State Revenue**

N/A

#### **Local Expenditure**

This bill enacts the Municipal Tax Relief Act, which authorizes a municipal governing body of a municipality wholly or partially located in a county that does not impose any local sales tax pursuant to Chapter 10 or Chapter 37, Title 4 or any local law enacted by the General Assembly to impose a sales and use tax not to exceed 1 percent. The tax may be imposed by ordinance, subject to a referendum at the next general election. From the revenue generated, 20 percent must be used to fund an owner-occupied property tax credit, and the remaining revenue may be used for designated projects.

MASC indicates that the expenditure impact of this bill will depend upon whether municipalities choose to pursue the tax and whether voters approve it. MASC notes that municipalities must fund costs associated with the referendum required to impose the tax, the costs of which vary depending on a number of factors.

#### **Local Revenue**

This bill enacts the Municipal Tax Relief Act, which authorizes a municipal governing body of a municipality wholly or partially located in a county that does not impose any local sales tax pursuant to Chapter 10 or Chapter 37, Title 4 or any local law enacted by the General Assembly to impose a sales and use tax not to exceed 1 percent. The tax may be imposed by ordinance, subject to a referendum to be held at the next general election. The bill specifies that no less than 20 percent of the revenues collected pursuant to this bill must be used to provide a credit against a taxpayer's municipal property taxes on owner-occupied property. Any revenues not dedicated

to tax relief may be used to defray the cost associated with projects authorized in the bill including, but not limited to, debt service on bonds issued to pay for designated projects.

Based on Information Letter #26-5 published by DOR, municipalities located in Beaufort County, Greenville County, and Oconee County currently qualify to impose this tax. As municipalities may choose whether to impose the up to 1 percent sales tax, the local revenue generated will depend on the number of qualifying municipalities that choose to impose the sales tax. The table below provides the estimated local sales tax of 1 percent for the eligible municipalities based on net taxable sales for FY 2024-25.

**FY 2024-25 Net Taxable Sales and Estimated 1% Sales Tax**

<b>County</b>	<b>City</b>	<b>Net Taxable Sales</b>	<b>1% of Net Taxable Sales</b>
Beaufort	Beaufort	\$827,585,096	\$8,275,851
Beaufort	Bluffton	\$727,533,332	\$7,275,333
Beaufort	Hardeeville	***	***
Beaufort	Hilton Head Island	\$1,630,812,971	\$16,308,130
Beaufort	Port Royal	\$65,467,536	\$654,675
Beaufort	Yemassee	\$342,851	\$3,429
Greenville	Fountain Inn	\$81,073,831	\$810,738
Greenville	Greenville	\$5,014,567,363	\$50,145,674
Greenville	Greer	\$464,249,080	\$4,642,491
Greenville	Mauldin	\$242,952,253	\$2,429,523
Greenville	Simpsonville	\$541,066,663	\$5,410,667
Greenville	Travelers Rest	\$215,455,124	\$2,154,551
Oconee	Salem	\$9,969,676	\$99,697
Oconee	Seneca	\$405,481,142	\$4,054,811
Oconee	Walhalla	\$41,314,300	\$413,143
Oconee	West Union	\$32,698,819	\$326,988
Oconee	Westminster	\$33,340,330	\$333,403

Source: S.C. Department of Revenue Net Taxable Sales

\*\*\* Not disclosed

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