



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

WWW.RFA.SC.GOV • (803)734-3793

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. 0867 Introduced on January 29, 2026
Subject: Data Center Development
Requestor: Senate Agriculture and Natural Resources
RFA Analyst(s): Griffith and Manic
Impact Date: February 18, 2026

Fiscal Impact Summary

This bill enacts the Data Center Development Act, which creates the Data Center Development Office (Office) within the Department of Environmental Services (DES) and requires any data center to obtain a permit from the Office before beginning operations within the state.

The Data Center Development Office must establish performance-based operational efficiency standards and water efficiency standards, which will be applicable to all data centers. Other responsibilities of the Office are to conduct pre-application consultations with data center operators interested in locating in the state; to accept, process, and approve or deny data center siting permits; to develop and regularly update best practices and guidance documents for data center operators; to assist in resolving issues that arise between data center operators and affected state and local authorities; to maintain an inventory of suitable sites; and to report annually to the General Assembly, the Governor, the Public Service Commission (PSC), and the Office of Regulatory Staff (ORS) concerning data center development and operations. Additionally, the Office is required to conduct an infrastructure adequacy assessment of proposed locations based on a hypothetical data center facility's connected electrical load. The bill also establishes a Data Center Industry Advisory Committee to advise the Office on implementation of the Act.

The provisions of the bill apply solely to data centers for which applications are submitted after the effective date, with the exception of pre-existing data centers that will increase electrical load capacity by more than 50 percent over the load capacity utilized as of the effective date of the bill or that will increase the data center's floor area by more than 50 percent. For two years after the effective date, DES is directed to prioritize technical assistance and guidance over enforcement actions.

This bill will increase recurring expenses of DES by approximately \$423,000 in FY 2026-27 and by \$354,000 each fiscal year thereafter. Of these amounts, \$282,700 is for 2.0 FTEs, who will be responsible for overseeing the Office and for assisting with reviewing permits, conducting siting evaluations, and performing field work. Recurring expenses for technology, supplies, travel, equipment, and indirect costs will total \$71,200. The remaining \$68,700 in non-recurring costs will be used for a vehicle and equipment for the monitoring of noise, light, and vibration levels. DES will request a General Fund appropriation increase for these expenses.

ORS indicates that it will need to hire 1.0 FTE (an Analyst) to manage the new responsibilities of the bill. The recurring salary, fringe, and administrative expenses for the new position are expected to total approximately \$211,200 beginning in FY 2026-27. The agency will request an increase in Other Funds authorization for these expenses. Since ORS is an Other Funds agency, its revenues are derived from the gross receipts assessments made to regulated utilities. As a result, the agency indicates that its request to increase Other Funds authorization in the form of gross receipts billed to the regulated utilities will offset the recurring annual expense for its additional staffing requirement. Separately, ORS indicates the agency will need to hire consultants at a non-recurring expense of \$100,000 to evaluate existing cost allocation methodologies as well as rate agreements for data center operators. ORS notes that the non-recurring consulting expense will be paid directly by the regulated utilities pursuant to Section 58-4-100.

ORS also expects that the SC Energy Office will need approximately \$4,600 to staff the Data Center Industry Advisory Committee. However, ORS indicates that the Energy Office does not receive funding from the State pursuant to Section 48-52-470 and that the additional responsibilities required by the bill for the Energy Office would be subject to the office receiving additional federal funding from the U.S. Department of Energy.

PSC indicates that the bill will have no expenditure impact on the agency, as the additional requirements of the bill can be implemented with existing staff and resources.

This bill will have no expenditure impact to the Office of the Governor, the House of Representatives, or the Senate because any expenses related to the advisory committee can be managed with existing appropriations.

The bill creates an income tax credit for data center operators that locate a facility on a brownfield site identified by DES or on a site requiring environmental remediation. The credit is equal to both: 1) 25 percent of the documented environmental remediation costs incurred by the operator, not to exceed \$5 million per facility, and 2) an additional investment tax credit equal to 2 percent of the total capital investment in the facility, not to exceed \$10 million per facility. The credits are allowed to be carried forward for ten years from the year they are earned. The bill caps the total amount of tax credits issued under this subsection to \$50 million in any fiscal year. The credits must be allocated on a first-come, first-served basis based on the date a completed application is received by DOR. DOR indicates that the bill will have no expenditure impact on the agency, as the additional requirements of the bill can be implemented with existing staff and resources

The Revenue and Fiscal Affairs Office (RFA) expects the new tax credit will incentivize new data center development projects on brownfield sites or on a site requiring environmental remediation in order to take advantage of the credit. Based on recent data center development announcements in the state, at least two hyperscale data center development projects may be developed in the state annually with a total average investment cost of at least \$2.4 billion per facility. Applying the new investment tax credit of 2 percent, capped at \$10 million per facility, results in total annual credits of \$20 million. In addition, on average, approximately ten new mid-

sized data centers with an average investment cost of \$150 million are expected to be developed in the state annually, with a resulting total average investment tax credit of \$30 million per year. Further, although data on environmental remediation costs by data center operators are not available, these are expected to be significant and at least the hyperscale projects to reach the tax credit's maximum cap of \$5 million per facility. Overall, we expect that the maximum annual tax credit limit of \$50 million may be reached. This credit would potentially decrease General Fund income tax revenue by up to \$50 million beginning 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 ten years, and the timing of the impact may vary depending on the tax liability of the data centers.

This bill states that the Data Center Development Office is responsible for enforcing the provisions in the bill and sets limits on the civil penalties imposed by the Office on violators of the provisions of the bill. First-time violations shall not result in a civil penalty. However, civil penalties that are imposed shall not exceed \$10,000 per day for data centers with a connected load between one and ten megawatts (MW), \$25,000 per day for data centers with a connected load between eleven and fifty MW, and \$50,000 per day for data centers with a connected load in excess of fifty MW. Therefore, the bill may result in an increase in the fees collected by the Office for violations. However, because these are new requirements and data are not available on the potential number of violations, the increase in General Fund revenue is undetermined.

RFA contacted all forty-six counties and the Municipal Association of South Carolina (MASC) regarding the potential fiscal impact of the bill. Lancaster County indicates that since the county does not have the necessary electrical load required for a data center, it anticipates no fiscal impact from this bill. Fairfield and Florence Counties anticipate additional expenses, particularly related to planning and establishing data center development policies. However, the increase in local expenditures for these counties is undetermined. Similarly, MASC expressed concerns that comprehensive planning and establishment of data center development policies will affect municipalities, especially smaller municipalities with limited staff and financial resources.

MASC indicates that the bill may generate additional revenue in some areas through new tax base growth and permit and fee collections. This revenue depends on the local ordinances and incentives that a municipality may adopt. Therefore, the revenue impact on municipalities due to tax base growth and permit and fee collections is undetermined.

Explanation of Fiscal Impact

Introduced on January 29, 2026

State Expenditure

This bill enacts the Data Center Development Act, which creates the Data Center Development Office within DES and requires any data center to obtain a permit from the Office before beginning operations within the state. The Office shall establish a Data Center Advisory Committee, composed of ten members: one representative from the SC Energy Office, one representative from ORS, one representative from PSC, and one representative from local government with experience in land use, among other members. The committee must meet at

least twice a year and focus on identifying areas where the Office's policies and procedures may be streamlined, identifying and deliberating emerging issues relevant to data centers, sharing best practices, and advising on regulatory updates.

The Data Center Development Office must establish performance-based operational efficiency standards and water efficiency standards, which will be applicable to all data centers. Other responsibilities of the Office are to conduct pre-application consultations with data center operators interested in locating in the state; to accept, process, and approve or deny data center siting permits; to develop and regularly update best practices and guidance documents for data center operators; to assist in resolving issues that arise between data center operators and affected state and local authorities; to maintain an inventory of suitable sites; and to report annually to the General Assembly, the Governor, PSC, and ORS concerning data center development and operations. Additionally, the Office is required to conduct an infrastructure adequacy assessment of proposed locations based on a hypothetical data center facility's connected electrical load.

DES must promulgate necessary regulations within 180 days of the effective date of the bill. The provisions of the bill apply solely to data centers for which applications are submitted after the effective date, with the exception of pre-existing data centers that will increase electrical load capacity by more than 50 percent over the load capacity utilized as of the effective date of the bill or that will increase the data center's floor area by more than 50 percent. For two years after the effective date, DES shall prioritize technical assistance and guidance over enforcement actions.

Department of Environmental Services. DES indicates that the agency will require 2.0 FTEs to accomplish the provisions of the bill, including a Program Manager II to oversee the Office and an Environmental Health Manager III to assist with reviewing permits, conduct siting evaluations, and perform field work. Salaries and fringe benefits for these FTEs total approximately \$282,700. Recurring expenses for technology, supplies, travel, equipment, and indirect costs will total \$71,200. DES will need to purchase a vehicle and equipment for the monitoring of noise, light, and vibration levels, totaling \$62,100 in one-time expenses. Other one-time costs of \$6,600 include a laptop and printer for the Office. In total, the bill will increase expenses of DES by approximately \$423,000 in FY 2026-27, which will decrease to approximately \$354,000 per year thereafter. DES will request a General Fund appropriation increase for these expenses.

Office of the Governor. Appointments made by the Governor to the Data Center Industry Advisory Committee will be made in the normal course of agency business. Therefore, there is no expenditure impact to the Office of the Governor.

The House of Representatives and the Senate. Each of the legislative bodies is responsible for appointing two non-legislative members to the Data Center Industry Advisory Committee. The House and the Senate both indicate that these members will be paid per diem, subsistence, and mileage and that these expenses can be managed within their existing appropriations. Therefore, there is no expenditure impact to either legislative body.

Public Service Commission and the Office of Regulatory Staff. The bill reaffirms that standards for electricity consumption shall solely remain under the responsibility of PSC and provides for PSC's jurisdiction over rates, agreements between utilities and data center operators pertaining to electrical service, infrastructure cost recovery, the determination of cost allocation methodologies, and approval of utility infrastructure investments to serve data centers. The bill stipulates further considerations for PSC to ensure that infrastructure costs are reasonable and that the directly attributable cost of providing electrical services to data centers is not borne by non-participating customers. Further, the bill also provides for expedited approval procedures for rate agreements and requires approval to be completed within 60 days absent material concerns. Also, the bill provides for PSC to evaluate whether existing cost allocation methodologies are sufficient starting with the next rate case after the effective date of the act. Additionally, the bill requires PSC to establish reasonable interconnection requirements in situations where data centers may utilize self-generation or private power purchase agreements with the utility that has site jurisdiction. The bill also provides for PSC to require data center operators to provide reasonable financial assurances related to their ability to discharge contractual obligations.

PSC indicates that the bill will have no expenditure impact on the agency, as the additional requirements of the bill can be implemented with existing staff and resources.

Office of Regulatory Staff.

ORS indicates that it will need to hire 1.0 FTE (Analyst) to review and evaluate rate agreements for data center operators, cost allocation methodologies, utility filed electric service contracts for data centers, financial assurance documents, annual reports issued by the Data Center Development Office, as well as staff the Data Center Industry Advisory Committee. The recurring salary, fringe, and administrative expenses for the new Other Funds position are expected to total approximately \$211,200 beginning in FY 2026-27. The agency will request an increase in Other Funds authorization for these expenses. Since ORS is an Other Funds agency, its revenues are derived from the gross receipts assessments made to regulated utilities. As a result, the agency indicates that its request to increase Other Funds authorization in the form of gross receipts billed to the regulated utilities will offset the recurring annual expense for its additional staffing requirement. Separately, ORS indicates the agency will need to hire consultants at a non-recurring expense of \$100,000 to evaluate existing cost allocation methodologies as well as rate agreements for data center operators. ORS notes that the non-recurring consulting expense will be paid directly by the regulated utilities pursuant to Section 58-4-100.

ORS also expects that the Energy Office will need approximately \$4,600 to staff the Data Center Industry Advisory Committee. However, ORS indicates that the Energy Office does not receive funding from the State pursuant to Section 48-52-470 and that the additional responsibilities required by the bill for the Energy Office would be subject to the office receiving additional federal funding from the U.S. Department of Energy.

Department of Revenue. The bill creates an income tax credit for data center operators that locate a facility on a brownfield site identified by DES or on a site requiring environmental remediation. The bill caps the total amount of tax credits issued to \$50 million in any fiscal year

and the credits are to be allocated by DOR on a first-come, first-served basis based on the date a completed application is received by DOR. DOR indicates that the bill will have no expenditure impact on the agency, as the additional requirements of the bill can be implemented with existing staff and resources.

State Revenue

This bill states that the Data Center Development Office is responsible for enforcing the provisions in the bill and sets limits on the civil penalties imposed by the Office on violators of the provisions of the bill. First-time violations will not result in a civil penalty. However, civil penalties that are imposed may not exceed \$10,000 per day for data centers with a connected load between 1 and 10 megawatts (MW), \$25,000 per day for data centers with a connected load between 11 and 50 MW, and \$50,000 per day for data centers with a connected load in excess of 50 MW. Therefore, the bill may result in an increase in the fees collected by the Office for violations. However, because these are new requirements and data are not available on the potential number of violations that may occur, the increase in General Fund revenue is undetermined.

The bill creates an income tax credit for data center operators that locate a facility on a brownfield site identified by DES or on a site requiring environmental remediation. The credit is equal to both: 1) a 25 percent of the documented environmental remediation costs incurred by the operator, not to exceed \$5 million per facility, and 2) an additional investment tax credit equal to 2 percent of the total capital investment in the facility, not to exceed \$10 million per facility. The credits are allowed to be carried forward for ten years from the year they are earned. Also, the bill stipulates that the credits are in addition to any other tax credit, incentives, or economic development benefits for which the operator may qualify under existing state law. Finally, the bill caps the total amount of tax credits issued under this subsection to \$50 million in any fiscal year and provides for the credits to be allocated on a first-come, first-served basis based on the date a completed application is received by DOR.

Capital expenditures for the development of data center facilities vary in magnitude and depend on size and energy demand. In addition, with the growth of AI technology, data center development is expected to accelerate. According to the American Society of Mechanical Engineers (ASME), average-sized data centers require between 5 and 10 MW of electricity annually, while the larger "hyperscale" facilities require at least 100 MW per year.¹ In a 2025 report by TrueLook, the average data center development costs were estimated at approximately \$11 million per MW, with AI-optimized facilities costing at least \$20 million per MW.² This implies a minimum total average cost range of approximately \$55 million to \$110 million for non-AI-optimized mid-sized facilities, which would likely reach at least \$100 million to \$200 million for AI-optimized facilities. Based on the same cost estimates per MW, the development costs for hyperscale data centers can range between \$1.1 billion for non AI-optimized facilities and \$2 billion or more for AI-optimized data centers.

¹ Poirier, L. American Society of Mechanical Engineers. *Data Center Power Needs Escalate*, January 21, 2025. <https://www.asme.org/topics-resources/content/infographic-data-center-power-needs-escalate>

² Bradsher, B. TrueLook. *Data Center Construction Costs Explained: Where Your Budget Really Goes*. December 16, 2025. <https://www.truelook.com/blog/data-center-construction-costs>

These estimates are similar to figures from a 2024 report by the Dodge Construction Network that indicates that through the first half of 2024, there were 78 new data centers built at a total cost of approximately \$9 billion, for an average cost per facility of approximately \$115 million, although a single project that started in June 2024 in New Albany, OH was valued at \$1.5 billion.³ Dodge Construction Network further notes that as the planning pipeline of data centers accelerates, the \$1.5 billion estimate for large facilities will also increase. In SC, two major data center development projects were announced in 2025 with total planned investments of \$2.76 billion and \$2.1 billion, respectively.⁴ In addition, according to Capital B News, a new data center project valued at approximately \$2.4 billion was announced in Marion County in February 2026.⁵

RFA expects the new income tax credit to incentivize new data center development projects to locate on brownfield sites or other qualifying sites in order to take advantage of the credit. Additionally, DES indicates there are approximately 150 sites currently that may require environmental remediation and can accommodate smaller data centers. DES also believes there would be options available for consideration by larger data centers among the 150 available sites. Although information on data center development growth is limited, based on the recent announcements and general expansion in this area, there may be at least two hyperscale data center development projects in the state annually totaling on average at least \$2.4 billion per facility. Applying the new data center investment tax credit of 2 percent, capped at \$10 million per facility, results in total annual credits of up to \$20 million. In addition, mid-sized data centers are expected to continue growing in the state. The current number of data centers in SC varies across different sources. The datacentermap.com web platform that tracks data center facilities around the nation reports a total of 33 data centers in the state currently, which has increased from 29 facilities as reported by The Post and Courier at the end of September 2025, or approximately an increase of one new data center per month.^{6,7} Therefore, RFA expects on average at least 10 new mid-sized data centers with an average investment of \$150 million to be developed in the state annually, with a resulting total average investment tax credit of \$30 million per year. Further, although we do not have data on environmental remediation costs by data center operators, we expect these to be significant and at least the hyperscale projects to reach the tax credit's maximum cap of \$5 million per facility. Overall, given the scale of the investments required for data centers, the maximum annual tax credit limit of \$50 million may be reached. If so, General Fund revenue from income taxes would be reduced by up to \$50 million

³ Martin, S. and Sharbaugh, O. Dodge Construction Network. *The Expansion Explosion: Insights Into the Current Data Center Boom*. September 4, 2024. <https://www.construction.com/blog/the-expansion-explosion-insights-into-the-data-center-construction-boom/>

⁴ White, M. The Post and Courier. *The Upstate will soon see 2 data centers invest billions. Their impacts could differ wildly*. August 28, 2025. https://www.postandcourier.com/spartanburg/business/data-centers-impact-upstate-south-carolina/article_51663172-012d-46a8-ba74-f134d368cab1.html

⁵ Mahoney, A. Capital B News. *A Rural S.C. County Quietly Approved a \$2B Data Center During the Winter Storm*. February 4, 2026. <https://capitalbnews.org/secret-data-center-deal-marion-county-south-carolina/>

⁶ Data Center Map. Retrieved February 10, 2026. <https://www.datacentermap.com/usa/south-carolina/>

⁷ Corwin, T. and White, M. The Post and Courier. *South Carolina is becoming a data center hotspot. But the state doesn't know how many are coming*. September 28, 2025. https://www.postandcourier.com/news/south-carolina-data-center-tracking/article_49400885-c55a-44f1-9569-3c42f1ddc682.html

beginning 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 ten years, and the timing of the impact may vary depending on the tax liability of the data centers.

Local Expenditure

The bill specifies that local governments retain full authority over zoning, land use, building codes, and other related matters within the jurisdiction of local governments. Local governments may impose additional, reasonable requirements addressing local concerns through the proper exercise of land use authority. These requirements may not be more restrictive than the requirements for operational efficiency standards or state-level infrastructure adequacy determinations. Local governments must also undertake comprehensive data center planning and establish clear data center development policies.

RFA contacted all forty-six counties and MASC regarding the potential fiscal impact of the bill. Lancaster County indicates that since the county does not have the necessary electrical load required for a data center, it anticipates no fiscal impact from this bill. Fairfield and Florence Counties anticipate additional expenses, particularly related to planning and establishing data center development policies. However, the increase in local expenditures for these counties is undetermined. Similarly, MASC expressed concerns that comprehensive planning and establishment of data center development policies will affect municipalities, especially smaller municipalities with limited staff and financial resources.

Local Revenue

MASC indicates that the bill may generate additional revenue in some areas through new tax base growth and permit and fee collections. This revenue depends on the local ordinances and incentives that a municipality may adopt. Therefore, the revenue impact on municipalities due to tax base growth and permit and fee collections is undetermined.



Frank A. Rainwater, Executive Director