



# 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. 0891 Introduced on February 4, 2026  
**Subject:** Financing Agreements  
**Requestor:** Senate Finance  
**RFA Analyst(s):** Bryant  
**Impact Date:** March 11, 2026

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### Fiscal Impact Summary

This bill expands the definition of financing agreements that are subject to constitutional debt limits to include payments by a governmental entity which will be utilized, directly or through any intermediary, to service all or a portion of indebtedness of the governmental entity, intermediary, or any other entity issued for the purpose of acquiring or improving the asset. The bill also specifies that a financing agreement includes a contract which provides that title to all or a portion of the asset will be in the name of or transferred to the government entity if all or a portion of the payments scheduled in the financing agreement are made. Additionally, the bill removes language providing that a financing agreement includes contracts entered into in order to finance the acquisition, construction, renovation, or repair of school buildings or other school facilities. Currently, counties and municipalities use Installment Purchase Revenue Bonds (IPRBs), which are not subject to the constitutional debt limit, to fund capital projects and infrastructure. Based on information provided by counties and the Municipal Association of South Carolina (MASC), this bill would restrict access to that funding option by subjecting IPRBs to the constitutional debt limit.

The State Treasurer's Office (STO) indicates that this bill will have no expenditure impact on Debt Management or STO, as its primary interaction with political subdivisions is through debt filings and the Local Government Debt Report.

The bill further specifies any member of a local governing body, board of trustees, or any other governing body of the school districts of the State who knows or should have known that a proposed action violates the applicable constitutional debt limits and votes in favor of such an action is guilty of misconduct in office.

This bill will have no expenditure impact on the State Ethics Commission or the Office of the Attorney General. The State Ethics Commission indicates that it does not handle charges of misconduct in office. The Office of the Attorney General indicates that if it were to prosecute an act of misconduct in office, it would do so within existing appropriations. We have contacted the State Law Enforcement Division (SLED) to determine whether there would be an expenditure impact for investigating misconduct in office. The expenditure impact of this bill on SLED is pending further review by the agency.

The Revenue and Fiscal Affairs Office (RFA) contacted all counties and MASC to determine the expenditure impact of the bill on county and municipal governments and received responses from Charleston County, Horry County, Kershaw County, Lancaster County, and MASC. Charleston County indicates that while the county does not anticipate any direct expenditure or revenue impacts, there may be minor administrative impacts associated with the additional review of any applicable lease-purchase or financing agreements, as well as internal guidance and training to support compliance. However, Charleston County anticipates that any costs will be managed with existing resources. Horry County indicates that this bill may increase the use of taxable debt with higher interest rates or eliminate necessary projects, but reports that the amount of the impact cannot be quantified. Kershaw County indicates that this bill will have no expenditure impact. Lancaster County indicates that this bill will have an undetermined impact and notes that the bill may prevent the county from financing major construction projects, as it will no longer be able to utilize IPRB financing.

MASC indicates that this bill will have a significant impact on municipal governments as it will restrict the option to fund capital and public infrastructure projects through IPRBs. MASC reports that restricting the use of IPRBs may require municipalities to rely more on general obligation bonds, which are often funded through property taxes. Additionally, MASC notes that by subjecting IPRBs to the constitutional debt limit, municipalities will have less flexibility to finance emergency projects as a result of a disaster. Overall, MASC anticipates that this bill will reduce municipal financing flexibility, increase borrowing costs, and potentially shift infrastructure costs to property taxpayers through higher taxes or delayed capital investment.

The S.C. Department of Education (SCDE) surveyed the seventy-two regular school districts and three charter school districts and received responses from fourteen districts. Eleven of the responding districts indicate that the bill will have no expenditure impact. The three remaining districts indicate that the bill may have an expenditure impact but report that it is currently undetermined. One of these districts further notes that the bill may increase scrutiny and risk associated with multi-year financing or lease-purchase arrangements and may require more frequent legal and financial review prior to board action. This district also notes that this bill may impact the timing and feasibility of certain capital acquisitions and facilities improvements if financing mechanisms previously viewed as outside constitutional debt limits are now included within the expanded definition.

## **Explanation of Fiscal Impact**

### **Introduced on February 4, 2026**

#### **State Expenditure**

This bill expands the definition of financing agreements that are subject to constitutional debt limits to include payments by a governmental entity which will be utilized, directly or through any intermediary, to service all or a portion of indebtedness of the governmental entity, intermediary, or any other entity issued for the purpose of acquiring or improving the asset. The bill also specifies that a financing agreement includes a contract which provides that title to all or a portion of the asset will be in the name of or transferred to the government entity if all or a portion of the payments scheduled in the financing agreement are made. Additionally, the bill

removes language providing that a financing agreement includes contracts entered into in order to finance the acquisition, construction, renovation, or repair of school buildings or other school facilities.

The bill further specifies any member of a local governing body, board of trustees, or any other governing body of the school districts of the State who knows or should have known that a proposed action violates the applicable constitutional debt limits and votes in favor of such an action is guilty of misconduct in office.

**State Treasurer's Office.** STO indicates that this bill will have no expenditure impact on Debt Management or STO, as its primary interaction with political subdivisions is through debt filings and the Local Government Debt Report.

**State Ethics Commission.** This bill will have no expenditure impact on the State Ethics Commission. The Commission reports that it does not handle charges of misconduct in office.

**Office of the Attorney General.** This bill will have no expenditure impact on the Office of the Attorney General. The Office of the Attorney General indicates that if it were to prosecute an act of misconduct in office, it would do so within existing appropriations.

**State Law Enforcement Division.** We have contacted SLED to determine whether there would be an expenditure impact for investigating misconduct in office. The expenditure impact of this bill on SLED is pending further review by the agency.

#### **State Revenue**

N/A

#### **Local Expenditure**

This bill expands the definition of financing agreements that are subject to constitutional debt limits to include payments by a governmental entity which will be utilized, directly or through any intermediary, to service all or a portion of indebtedness of the governmental entity, intermediary, or any other entity issued for the purpose of acquiring or improving the asset. The bill also specifies that a financing agreement includes a contract which provides that title to all or a portion of the asset will be in the name of or transferred to the government entity if all or a portion of the payments scheduled in the financing agreement are made. Additionally, the bill removes language providing that a financing agreement includes contracts entered into in order to finance the acquisition, construction, renovation, or repair of school buildings or other school facilities. Counties and municipalities use IPRBs, which are currently not subject to the constitutional debt limit, to fund capital projects and infrastructure. Based on information provided by counties and MASC, this bill would restrict access to that funding option by subjecting IPRBs to the constitutional debt limit.

The bill further specifies any member of a local governing body, board of trustees, or any other governing body of the school districts of the State who knows or should have known that a

proposed action violates the applicable constitutional debt limits and votes in favor of such an action is guilty of misconduct in office.

RFA contacted all counties and MASC to determine the expenditure impact of the bill on county and municipal governments and received responses from Charleston County, Horry County, Kershaw County, Lancaster County, and MASC. Charleston County indicates that while the county does not anticipate any direct expenditure or revenue impacts, there may be minor administrative impacts associated with the additional review of any applicable lease-purchase or financing agreements, as well as internal guidance and training to support compliance. However, Charleston County anticipates that any costs will be managed with existing resources. Horry County indicates that this bill may increase the use of taxable debt with higher interest rates or eliminate necessary projects but reports that the amount of the impact cannot be quantified. Kershaw County indicates that this bill will have no expenditure impact. Lancaster County indicates that this bill will have an undetermined impact and notes that the bill may prevent the county from financing major construction projects, as it will no longer be able to utilize IPRB financing.

MASC indicates that this bill will have a significant impact on South Carolina municipalities as it will restrict the option to fund capital and public infrastructure projects through IPRBs. MASC reports that restricting the use of IPRBs may require municipalities to rely more on general obligation bonds, which are often funded through property taxes. Additionally, MASC notes that by subjecting IPRBs to the constitutional debt limit, municipalities will have less flexibility to finance emergency projects as a result of a disaster. Overall, MASC anticipates that this bill will reduce municipal financing flexibility, increase borrowing costs, and potentially shift infrastructure costs to property taxpayers through higher taxes or delayed capital investment.

SCDE surveyed the seventy-two regular school districts and three charter school districts and received responses from fourteen districts. Eleven of the responding districts indicate that the bill will have no expenditure impact. The three remaining districts indicate that the bill may have an expenditure impact but report that it is currently undetermined. One of these districts further notes that the bill may increase scrutiny and risk associated with multi-year financing or lease-purchase arrangements and may require more frequent legal and financial review prior to board action. This district also notes that this bill may impact the timing and feasibility of certain capital acquisitions and facilities improvements if financing mechanisms previously viewed as outside constitutional debt limits are now included within the expanded definition.

### **Local Revenue**

N/A



Frank A. Rainwater, Executive Director