



## **SOUTH CAROLINA ASSOCIATION OF COUNTIES**

### **2026-27 State Budget Passes, Moves to Governor's Desk**

---

The General Assembly returned to Columbia this week to debate the Budget Conference Committee Report that was finalized several weeks ago. After a few hours of discussion Tuesday, both chambers voted overwhelmingly to adopt the conference report.

The conference committee removed all community investment projects (commonly referred to as earmarks)—totaling over \$300 million—from the budget and set them aside to potentially consider at a later date. SCAC will continue to update you on any actions regarding these non-recurring appropriations.

The General Appropriations bill and a bill to raise the mandatory retirement age for judges are discussed below.

#### **Mandatory Judicial Retirement**

**H. 4300** would change the mandatory retirement age of judges and solicitors from 72 to 74. The Senate gave H. 4300 a third reading Tuesday, and the bill is enrolled for ratification.

#### **State Budget**

**The FY 2026-27 Appropriations Act (H. 5126) includes, among other items of interest, the following SCAC policy positions:**

- **Increased funding to the Local Government Fund (LGF) by \$15,294,812 statewide. The budget also includes \$12 million for the Rural Stabilization Fund, the same amount that was allocated last year;**
- **Funding for affordable and workforce housing (*see proviso 42.7*); and**
- **A minimum grant of \$200,000 per county in the Aid to County Libraries (*see proviso 27.1*).**

Details about funding of note in part 1A includes:

- \$67 million to cover a 2% base pay increase for state employees;
- \$308.7 million for income tax relief (*see H. 4216*);
- \$81 million for property tax relief via the homestead exemption increase adopted by the Budget Conference Committee (*see proviso 117.220 below which increases the exemption from the first \$50,000 to the first \$75,000*);

- \$750,000 in recurring money for PTSD treatment for first responders;
- \$3 million in recurring money to Labor, Licensing and Regulation for the V-SAFE Fund;
- \$1.18 million in recurring money for the Firefighter Cancer Benefit Plan;
- \$2.5 million in total funding to the Department of Behavioral Health and Developmental Disabilities for the Alternative Transportation Program;
- \$443,747 in recurring money to the Councils of Governments for financial support staff;
- \$1.2 million in additional recurring funding for aid to public library systems;
- \$825,000 to the Department of Parks, Recreation and Tourism for regional tourism promotions, \$10 million in one-time money for beach renourishment grants, \$7.275 million in total funding for destination-specific marketing grants, and \$5 million in one-time money for the “Play it Forward” request for the sustainable funding of South Carolina State Parks;
- \$1 million recurring and \$10 million in one-time money to the Rural Infrastructure Authority for the Rural Infrastructure Fund and \$1 million recurring and \$10 million in one-time money for the statewide water and sewer fund;
- \$2 million in one-time money to the Department of Natural Resources for Conservation Districts;
- \$1 million recurring and \$2 million in one-time money to the Department of Commerce (SC Commerce) for LocateSC site readiness, as well as \$5 million in one-time money for “Rural Development” (*see proviso 50.28 below*);
- \$1 million in one-time money to the Department of Public Health (DPH) for disaster readiness (*see proviso 31.49 below*);
- \$20 million in one-time money to the Department of Agriculture for the Growing Agribusiness Fund;
- \$15 million in one-time money to the State Board for Technical and Comprehensive Education for the “ReadySC” program;
- \$2.5 million in recurring funding to the Department of Environmental Services (DES) for AI Modernization of Permit Processing (*see proviso 55.26 below*);
- \$72.8 million in funding to the South Carolina Emergency Management Division (SCEMD) for Federal Emergency Management Agency matches for federally declared disasters and \$5 million in one-time money for the South Carolina Public Assistance Program;
- \$7.5 million in total funding to the Office of Resilience for statewide mitigation projects and \$1 million in one-time money for the “Bridge Box Flood Monitoring Program;”
- \$35 million in one-time money and \$2 million recurring to the Conservation Bank for land conservation;
- \$50 million in one-time money to the South Carolina Department of Transportation (SCDOT) for bridge modernization, \$12.5 million in one-time money for the road buyback program (*see proviso 84.18 below*), and \$2.5 million in one-time money for off-interstate litter pickup;
- \$175 million in one-time money to County Transportation Funds for the County Transportation Committee Acceleration Program;
- \$27.5 million in total funding to the Division of Aeronautics for airport development programs;
- \$19.75 million in one-time money to the Judicial Branch for a Rural County Courthouse Stabilization Fund and \$10 million in one-time money for modernizing the case management system;

- \$24.5 million in total to the State Law Enforcement Division (SLED) for the service contract for an 800 MHz radio system (see *proviso 117.200 below*);
- \$691,000 in recurring money to the Commission on Indigent Defense for public defender technology and digital storage (see *proviso 61.14 below*);
- \$10.5 million in one-time money to the Election Commission for statewide voting system upgrades;
- \$190,000 from the General Fund to exempt poll worker pay from income tax;
- \$1.5 million recurring and \$7 million in one-time money to the Department of Veterans Affairs for the Military Enhancement Fund; and
- \$3 million in one-time money to the South Carolina State Housing Finance and Development Authority for the “Made it Home!” program relating to affordable housing (see *proviso 42.7 below*).

*The following provisos of interest were **added or substantially amended** by the General Assembly in this year’s budget:*

**27.1. LIB: Aid to County Libraries Allotment.** This new proviso allots the amount appropriated in this section for “Aid to County Libraries” to each county on a per capita basis according to the official United States Census For 2020, as aid to the county library. No county will receive less than **\$200,000 (updated from \$150,000)**. Counties will receive their allocations in two equal parts.

**31.49. DPH: Disaster Readiness Fund.** This new proviso establishes an interest-bearing Disaster Readiness Fund within DPH to support emergency response activities, including medical sheltering and medical equipment power shelters. All FY 2026-27 disaster readiness appropriations and any related funds must be deposited into the fund. Unexpended balances may be carried forward, and any reimbursements or cost recoveries must be returned to the fund for future disaster response needs.

**42.7. HFDA: Workforce Housing.** This new proviso authorizes the House Finance and Development Authority to use any appropriated funds for the “Made it Home!” Program to address the lack of affordable home ownership across the state by facilitating the new construction of affordable single-family homes. The authority is authorized to spend federal or other funds for the same purpose. The authority shall develop program guidelines, reporting requirements, down payment assistance, and homebuyer eligibility requirements and establish criteria for awarding distribution to participating partners. Also, the authority may establish a fund separate from the state General Fund that consists of monies received or authorized and any other sources of revenue, public or private, including donations for the purpose of the program. Any of the remaining \$3 million appropriated to the First-time Homebuyers Workforce Housing Program in the 2025-26 budget may be carried forward for this purpose.

**43.7. FC: Response to Declared Disasters.** In the event of a declared emergency requiring the response of the South Carolina Forestry Commission, the state treasurer and comptroller general are authorized and directed to pay from the state Disaster Trust Fund funds necessary to cover the cost incurred, if available. If funding is insufficient, the General Fund may be used, with a cap of **\$5 million (updated from \$3 million)** transferred to the commission. The commission must return any funds later reimbursed to the General Fund.

**50.28. CMRC: Rural Development.** This new proviso specifies that from funds appropriated to SC Commerce for rural development, all allocations must be used for projects in Tier III and Tier IV counties, as well as census tracts that qualify as Opportunity Zones in Tier I and Tier II counties. Maximum awards for these community and rural development projects are \$1.5 million and will require a 10% match.

**54.7. RIA: Aiken Wastewater Treatment Plant Regional Assessment and Master Plan.** This new proviso directs Aiken County to complete an evaluation of long-term regional wastewater treatment needs and provide the evaluation to the Aiken and Edgefield Legislative Delegation by Nov. 2, 2026.

**55.26. DES: AI Pilot Program.** This new proviso requires DES to develop and implement a framework to identify, pilot and scale artificial intelligence solutions that improve efficiency, transparency and service delivery in environmental permitting to support modernization.

**55.28. DES: Commercial Data Center Water Use Reporting.** This new proviso requires data centers that consume more than 3 million gallons of water per month to report annual water usage — including the water source used, volume used, and the amount of water discharged — to DES. “Data centers” are further defined as any large-scale computing facilities with a contractual peak electricity demand of 50 megawatts or more, and the term “data centers” excludes telecommunication company infrastructure and facilities where computing is only incidental to another primary business. All reports must be public, and civil penalties could be assessed against data center companies of up to \$1,000 per day for any failure to report and up to \$10,000 for inaccurate reporting.

**60.3. PCC: Judicial Circuit State Support.** This amended proviso provides funding for the 16 judicial circuits across the state. The first portion of the appropriated funds will be distributed based on population according to the current official census. The second portion of the funds will be distributed on a pro rata basis. Payments must be made to each circuit as soon as practicable after the beginning of each quarter. *The General Assembly increased the total funding for the first portion of appropriated funds from \$7,632,961 to \$8,432,961 and increased the second portion of the appropriated funds from \$2,919,041 to \$4,659,041.*

**61.14. INDEF: Public Defender Technology and Digital Storage.** This new proviso directs the money appropriated from the budget to be distributed to the judicial circuits in quarterly installments, with \$691,000 allocated evenly at \$22,500 per circuit and the remaining \$331,000 distributed based on population.

**67.6. DJJ: Juvenile Arbitration/Community Advocacy Program.** This proviso requires that funds appropriated for the Juvenile Arbitration Program shall be retained and expended by the Department of Juvenile Justice (DJJ) to provide juvenile arbitration services through the 16 judicial circuit solicitors’ offices as well as administrative and personnel costs for the programs. The General Assembly amended this proviso to increase the amount disbursed by DJJ to solicitors to administer the Juvenile Arbitration Program from \$60,000 to \$141,875 per judicial circuit and deletes a provision which provided \$350,000 to the First Judicial Circuit for the Community Advocacy Program.

**67.16. DJJ: Capital Expenditure Charge.** This proviso requires local governments using the juvenile detention services provided by DJJ to pay a capital expenditure charge of \$125 per day per child not to exceed 25 days to DJJ to cover capital expenditures and investments in the facilities that house such juveniles. This charge is in addition to the per diem charge of \$50 that offsets operating expenses. If DJJ does not receive full funding from a local government, then the remainder of the funds due will be transferred to DJJ from the LGF on behalf of the local government. The transfer to DJJ on behalf of the local government will be considered to have been distributed to the local government. The General Assembly amended this proviso to provide a tiered payment structure for municipalities with populations of 3,000 or less.

**84.18. DOT: Road Buyback Program.** This new proviso directs SCDOT to identify and compile a list of roads in the state highway system that may be eligible for transfer in accordance with Section 57-5-80. SCDOT will evaluate roads that may no longer serve a statewide purpose and determine whether those roads are more properly maintained by a county, municipality or other appropriate political subdivision. SCDOT will consider functional classification, traffic volume, connectivity, and consistency with the statewide transportation plan when making the determination. Roads deemed eligible for transfer will be those which, in the opinion of SCDOT, no longer serve the purpose of the state highway system. The department may negotiate with the governing bodies of the appropriate political subdivisions for the transfer of maintenance responsibilities for those roads. Road Buyback Program funds must be used to assist with costs related to the transfer of roads from the state highway system including, but not limited to, resurfacing, design improvements, documentation, and transition-related expenses agreed upon by SCDOT and the political subdivision. SCDOT will submit the list of identified roads, along with criteria used for selection and any recommendations regarding the transfer process, to the chairman of the Senate Finance Committee, the chairman of the House Ways and Means Committee and the governor by Feb. 28, 2027.

**92D.1. South Carolina Office of Resilience: Catastrophic Weather Event.**

This amended proviso updates the fiscal year reference and includes additional programs funded by the Disaster Relief and Resilience Reserve Fund for property improvements. Additionally, when a weather event leads to a new home replacing a damaged mobile home or manufactured home, the property may be reassessed, but any increase may not exceed the prior personal property tax value of the demolished unit. The reassessed value must remain unchanged for the current fiscal year unless an assessable transfer of interest occurs.

**100.25. ADJ: Emergency Reimbursement Eligibility.** This new proviso authorizes SCEMD to reimburse eligible costs for state agencies, local governments, nonprofit electric cooperatives and Santee Cooper, as needed, for disaster recovery.

**101.3 VET: Military Enhancement Fund Allocations.** This amended proviso adds nonprofit organizations as eligible fund recipients, provided that the organizations meet the grant and transparency qualifications of the program, are registered with the Secretary of State in good standing and are operating in a county or municipality.

**108.5. HEBA: State Health Plan.** The General Assembly amended this proviso, relating to employer premium increases, to provide for a **0%** premium increase for employers.

**108.18. PEBA: PORS Return to Work.** This new proviso increases the earnings limitation to \$80,000 for members of the Police Officers Retirement System who return to work after at least a 90-day absence. However, law enforcement officers holding a supervisory rank at the time of retirement would be ineligible to return to a supervisory position.

**113.11. AS-TREAS: Employment Contracts and Political Subdivisions.** This new proviso prohibits a political subdivision receiving aid from the LGF from including a term in any contract of employment that allows for a settlement amount to be paid by the subdivision as part of the mutual dissolution of the contract if it exceeds one year's salary or the remainder of the contract value, whichever is less.

**113.12. AS-TREAS: Salary Supplements.** This new proviso establishes that the salary supplements for clerks of courts, probate judges, coroners, register of deeds, and sheriffs provided in Part IA, Section 113 are in addition to the salary and other benefits currently paid by the county for those officials. No county may use any portion of the salary supplement provided in Part IA to supplant the current salary and other benefits paid by the county to those officials. The state treasurer will ensure each county complies with this proviso.

**117.197. GP: Aid to Fire Districts Fund.** This new proviso creates the Aid to Fire Districts Fund, separate from the state General Fund. The portion of fire premium tax revenues and the state portion of the broker premium tax revenues that are required by statute to be distributed to county treasurers for local fire service must be deposited in the fund. Also, the Department of Insurance must ensure that the fund has an appropriate balance, and the state treasurer will distribute the fund's revenues to county treasurers.

**117.200. GP: First Responder Interoperability.** This new proviso directs SLED to administer and coordinate First Responder Interoperability operations for the statewide Palmetto 800 radio system to enhance public safety radio communications. Appropriated funds will cover radio user fees for eligible state agencies and first responders, with allocations based on a minimum number of radios per participant. Grants will be available for county and municipal systems to improve interoperability but are subject to a required matching of funds to receive support. Any remaining funds may be used to expand the statewide Palmetto 800 system. The proviso also requires SLED to consult with the Department of Administration, the Department of Public Safety, SCEMD, a representative each from the Police Chief's Association, the South Carolina Sheriff's Association, the South Carolina State Firefighter's Association, and the South Carolina Emergency Medical Services Association. The group will establish a baseline number of radios used by each Palmetto 800 participant based on criteria such as the jurisdictional requirements of each respective participant or association.

**117.217. GP: Property Tax "SLASH" Notification.** This new proviso requires that every property tax notice or assessment on real property must include an itemized list of any homestead exemptions received by the taxpayer and a notation of "State Legislature Aiding in Saving Homes" (SLASH), the amount in

which the individual's property tax bill was reduced, and in the amount, if any, in which the state reimbursed the local taxing jurisdictions on behalf of the individual.

**117.219. GP: Ethics Filings – Statements of Economic Interests.** This new proviso clarifies that all ethics filers reporting income received from the General Appropriations Act on the filer's Statement of Economic Interest — including individuals affiliated with political subdivisions — must report each source, type, and amount or value of income separately.

**117.220. GP: Homestead Exemption.** This new proviso allows those currently qualifying for the homestead exemption to claim an additional \$25,000 exemption.

**117.221. GP: Debt Report.** This new proviso requires any political subdivision that files reports to the state treasurer detailing its debt status for auditing purposes, or otherwise, must also include any installment purchase of revenue bonds used by the political subdivision to finance public projects. This includes reporting on the use of any appropriations from the General Fund that are passed through to local governments.

**117.222. GP: Property Tax Bill Payments.** This new proviso allows a third party—including but not limited to individuals, corporations, and nonprofits—to pay the property tax bill for any real or personal property located in South Carolina during the current fiscal year. County treasurers and auditors must accept such payments made on behalf of the property owner of record without requiring proof of authorization from the owner, provided the payment includes the correct tax notice number, parcel identification number, or other sufficient identifying information as required by the county. Payments by a third party will not confer any ownership interests, lien rights, or other legal claims to the property, except as existing law may allow as to adverse possession. Counties may continue to apply standard processing and convenience fees, and receipt procedures for such payments. Nothing in the proviso authorizes or shall be interpreted to authorize a tax collector to change, update, or substitute the mailing address for subsequent tax notices unless the property owner of record or the owner's duly authorized agent expressly requests such change. This provision applies to taxes billed or due during FY 2026-27.

**118.26. SR: Delinquent Tax Penalty.** This new proviso prohibits a county or municipality from imposing or collecting a delinquent tax penalty on any personal property tax bill that exceeds the amount of the underlying delinquent tax due. Any penalty assessed or collected in violation of this provision should be refunded to the taxpayer, and no interest shall be accrued on an improperly assessed penalty.

