



From the Dome to Your Home

Legislative Report

2025 session of the 126th General Assembly



Municipal Association
of South Carolina

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The first year of the 2025-2026 legislative session was gavelled to a close on May 8, 2025. Legislators returned to Columbia on May 28 under the sine die resolution to adopt the budget conference committee report.

The State Budget

House and Senate members adopted the \$14.7 billion state budget for FY2025-2026 on May 28. Gov. Henry McMaster returned his vetoes on June 4, only vetoing 11 items in the budget, none of which included the following allocations or provisos.

The final conference committee version of the budget included these items:

- \$14.5 million added to the Local Government Fund base amount.
- \$198.7 million in Capital Reserve nonrecurring dollars to the SC Emergency Management Division Declared Disaster Relief for Hurricane Helene.
- \$200 million in nonrecurring dollars to the SC Department of Transportation for bridge modernization.
- \$15 million in nonrecurring dollars to the SC Rural Infrastructure Authority for a statewide Water and Sewer Fund.
- \$2 million in recurring dollars and \$6 million in nonrecurring dollars for destination-specific grants.
- \$1.5 million in nonrecurring dollars for beach renourishment.
- \$40 million in nonrecurring dollars to the SC Office of Resilience to replenish the Disaster Relief and Resilience Reserve Fund.
- \$80 million in nonrecurring dollars to the SC Department of Commerce for airport enhancements.
- \$13.3 million in nonrecurring dollars for Disaster Relief Grant Matching Funds.
- \$250,000 in recurring dollars to the SC Department of Parks, Recreation and Tourism for the Undiscovered SC Grant Program, which is a program for which local governments can apply.
- \$2 million in recurring and \$2.5 million in nonrecurring dollars to the SC Department of Mental Health for alternative transportation programs.
- \$10.9 million in nonrecurring dollars to the State Election Commission for a voting system upgrade.

All nonrecurring appropriations listed above will be disbursed by the State Treasurer on February 20, 2026.

Several provisos were included in the conference committee report that affect cities and towns. These provisos are only in effect for the budget year July 1, 2025 – June 30, 2026.

The conference committee included a 4.6% increase in employer premiums to the State Health Plan administered by the SC Public Employee Benefit Authority. There was not an employee increase included.

The conference committee adopted the Senate version of the SC Department of Juvenile Justice proviso. The proviso requires counties and municipalities to pay \$125 dollars per day per juvenile, in addition to the \$50 per day already in statute to house juveniles in SC Department of Juvenile Justice detention facilities. There is a 25-day cap included in the proviso. This proviso only applies to new admissions after July 1, 2025. Current juveniles housed in SC DJJ facilities remain at the \$50 daily rate.

The conference committee also included a Senate proviso in the final budget conference report that stops payment of Local Government Fund dollars to cities and towns that have an ordinance that prohibits conversion or reparative therapy.

Bills passed by the General Assembly in 2025

The General Assembly passed nearly 100 bills into law during the 2025 legislative session ranging from golf cart regulations to the state's energy future. The Association tracked more than 250 bills during the 2025 legislative session that have an impact, or could have an impact, on how cities and towns make local decisions for residents. Several of the passed bills from the 2025 session are highlighted here.

Military Tax Increment Financing District – H3333 (R42, Act 24)

H3333, the military TIF bill, was passed by the House and Senate and enrolled for ratification. This bill amends the military TIF statute by including affordable housing as an allowable project, extending the bonding period from 15-35 years, and giving local governing bodies greater flexibility when using TIF funds outside of the TIF boundary.

Energy – H3309 (R60, Act 41)

H3309, the SC Energy Security Act, is a comprehensive legislative initiative aimed at overhauling the state's energy policies and regulatory framework to enhance energy reliability, diversify energy sources and stimulate economic development. The bill allows for a new natural gas plant through Santee Cooper and Dominion Energy, and allows for utilities to raise rates in smaller increments instead of larger increases.

Liquor liability – H3430 (R61, Act 42)

H3430, the liquor liability bill, was enrolled for ratification and signed by the Governor. Originally, this bill dealt with the state auditor, but the House amended the bill with liquor liability language in order to meet the adjournment deadline. The bill provides for a joint and several liability change and provides ways for restaurants and bars to lower insurance coverage through server training and other risk mitigation opportunities. This bill also lowers the amount of liquor liability insurance required for one-day festivals.

Golf carts – H3292 (R92, Act 64)

H3292 was signed into law by Gov. McMaster and became effective on May 22. This bill changes the current law related to local golf cart ordinances and operation of golf carts. The bill allows cities and towns to adopt ordinances regulating golf carts at night, requires seat belts on the golf cart for children under 12 years of age and requires liability insurance similar to that of automobiles.

EV charging stations – S275 (R34, Act 18)

S275 requires an electric utility provider that offers an electric vehicle charging station directly to the public to do so on a non-discriminatory basis under the same fees and conditions offered to private providers of EV charging stations. The Municipal Association amended the bill so that it does not apply to L2 chargers. Direct-current-fast-charging stations owned and operated by municipal governments prior to the effective date of this act are also exempt from this legislation.

Utility digging – H3571 (R93, Act 65)

H3571 adds definitions and makes changes to the Underground Facility Damage Prevention Act. The bill also adds responsibilities to the SC Attorney General's office regarding complaints.

Stay in the loop with the Association

The Municipal Association of SC has several ways for local elected officials to stay in the loop with action in the General Assembly.

- Read general background information on legislative topics in the monthly *Uptown* publication and get more detailed information in the *City Connect* blog.
- The Association's legislative tracking system allows for detailed searching of specific bills and daily legislative activity.
- *From the Dome to Your Home* is emailed out every Friday during the legislative session to recap the week's legislative action with details on bills and action needed from local elected officials.
- Every week during the legislative session, the *City Quick Connect* podcast brings listeners the prior week's legislative action coupled with interviews and discussions with the legislative team.
- Follow the Association and the Association's legislative team on X for real-time notification of legislative happenings and Association news and resources.

Bills still active for the 2026 session of the General Assembly

Many of the 250 bills that the Association tracked during the 2025 session did not pass. Because this is the first of a two-year session, any bill that did not pass is still active for the 2026 legislative session beginning in January. Find all the bills the Association tracked for cities and towns during the 2025 session online at www.masc.sc (keyword: legislative tracking).

Several of the most important pending bills are listed below.

Freedom of Information Act S6

S6 would decrease the amount of time a public body, including cities and towns, have to respond to a SC Freedom of Information Act request from 10 days to five days. This bill was heard before a Senate Judiciary subcommittee with testimony against the bill from the Municipal Association and the SC Association of Counties. The bill remains in the subcommittee for the 2026 legislative session.

Zero millage S102

S102 would allow a municipality without an operating millage to impose one with certain limitations. The bill was amended in the Senate Finance Property Tax subcommittee to require that the imposition or reimposition of an operating millage be subject to a referendum. The amendment also clarifies how newly incorporated municipalities are to implement an operating millage. The Senate has passed the bill, which is now under consideration by the House Ways and Means Committee for the 2026 legislative session.

Property tax exemptions S125

Currently, nonprofit housing corporations that develop low-income housing in accordance with the IRS' Safe Harbor Provisions are eligible to receive a full property tax exemption in perpetuity, with no mechanism in place to ensure that developments continue to meet low-income provisions. S125 would make the property tax exemption proportional to the corporation's ownership in the

qualifying property while also requiring annual recertification. This bill is in the House Ways and Means Committee for consideration for the 2026 legislative session.

Concurrency S227/H4050

S227 and H4050 allow local governments to create concurrency programs, which would allow governing authorities to condition the approval of land development on the adequacy of public facilities and services. S227 was debated in a Senate Labor, Commerce and Industry Ad Hoc subcommittee hearing, while H4050 was debated in a House Military, Medical and Municipal Affairs Subcommittee. Both bills remain in their respective subcommittees and will be given consideration during the 2026 legislative session.

Farm annexations S264

S264 would prohibit land with farm buildings or agricultural structures from being annexed by a municipality without the express written agreement of the owner. The Senate Finance Committee approved this bill and the Senate passed it unanimously. Currently, the bill is in the House Ways and Means Committee for consideration in 2026.

Boat taxes S317/H3858

S317 would allow a 50% exemption of property taxes on the fair market value of watercraft. The bill had several hearings in the Senate Finance Property Taxation subcommittee, but the bill was carried over for further study. The bill remains in the subcommittee.

H3858, as introduced, would allow a 50% exemption of property taxes on the fair market value of watercraft. The House of Representatives adopted amendments that would lower the property tax reduction to 42.85% statewide phased in over three years for tax years beginning after 2026. The bill is now in the Senate Finance Committee for the 2026 legislative session.

SC Department of Juvenile Justice Per Diem S374

S374 would provide that the SC Department of Juvenile Justice must enter into intergovernmental agreements regarding the cost of per diem per juvenile per day rather than paying the \$50 rate currently provided for in the code. The bill is currently on the contested Senate calendar ahead of the 2026 session.

Short-term rentals H3861

H3861, which would prohibit cities and towns from regulating short-term rentals, was reviewed by the Municipal and Public Affairs Subcommittee of the House Medical, Military, Public and Municipal Affairs Committee, with testimony against the bill from the Municipal Association. Members of the subcommittee voted to adjourn debate on the bill after hearing testimony against the bill. The bill remains in the subcommittee for the 2026 legislative session.

Bills still active for the 2026 session of the General Assembly

Extension of water and sewer systems H4168

As introduced, H4168 1) exempts properties from requirements to connect to any water or sewer systems if such systems lack the capacity to extend service to that property; and 2) exempts property owners from connection requirements when a property owner can show that it is more economical to install a well or septic tank. The bill was originally referred to the House Medical, Military, Public and Municipal Affairs Committee, but was later moved to the House Agriculture, Natural Resources and Environmental Affairs Committee. A subcommittee approved the bill with an amendment that requires local governments to provide in writing that their systems are at capacity to the property owner within 30 days of service requests. The amendment would also allow property owners to repair existing wells or septic tanks if

the owner can show that doing so is more economical than hooking up to the public system. The full committee adjourned debate on the bill, keeping it in the committee for the 2026 session.

Co-owned homes H3847

H3847 would preempt any ordinance enacted by a municipality that regulates the use, disposition, sale or any imposition of any prohibition, restriction, fee imposition or taxation of a co-owned home. The House Ways and Means Property Tax subcommittee adjourned debate on the bill, keeping it in the subcommittee for the 2026 session.

Credit Union Deposits S60

S60 amends the definition of “qualified public depository” to include federal and state credit unions. This inclusion would allow local governments to make public deposits with credit unions. A Senate

Banking and Insurance Committee subcommittee began taking testimony on the bill but ran out of time before action could be taken. This bill remains in the subcommittee.

Development Impact Fee H3165

In addition to lessening the restrictions on how local governing bodies implement impact fees, H3165 would require counties to report residential development plans to municipalities that are located within a one-mile radius of its border. It would also require cities and towns to notify counties of proposed annexations prior to first reading. This bill was debated in the Municipal Affairs subcommittee of the House Military, Medical and Municipal Affairs Committee with testimony from the Municipal Association. The subcommittee adjourned debate on the bill, keeping it in subcommittee for the 2026 legislative session.

Local Legislative Meetings to Return This Fall

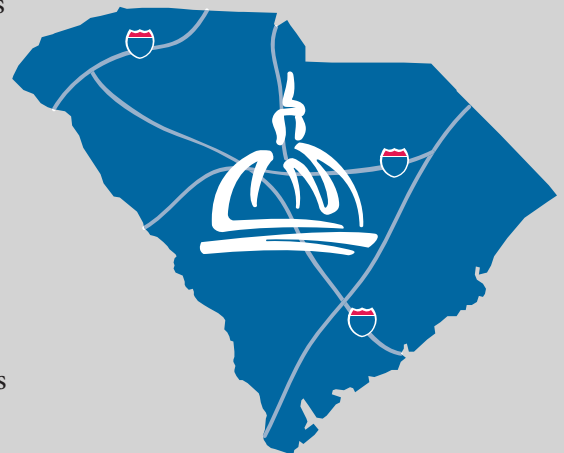
Being an advocate for cities and towns at the State House doesn't happen just from January to May. Although the 2025 legislative session has come to an end, the work is just beginning. While it's not an election year and there are still bills pending for next session, mayors and councilmembers have the perfect opportunity to strengthen the bond between hometowns and their legislators.

With lawmakers spending more time in their home districts, now is an excellent time for municipal leaders to cultivate relationships with their State House delegation and look for opportunities to invite legislators to see the accomplishments of cities and towns, and to talk about concerns related to governing at the local level.

And the Municipal Association of South Carolina is going to help.

This fall, the Municipal Association's advocacy staff will hit the road to facilitate meetings with municipal officials and legislative delegations to educate representatives and senators on pending legislation, involve local officials in sharing solutions and building relationships from the ground up.

The Municipal Association will schedule either lunch or dinner meetings to give more opportunities for local officials and legislators to attend. Look for more information on these meetings, including locations and times, on the website at www.masc.sc.



New Legislative Tracking System Available

From bills that would make changes to the municipal election process, or ones that would change the way retirement benefits are provided to return-to-work retirees, the General Assembly considers many pieces of legislation each session that could have substantial impacts on cities and towns.

Municipal officials now have a better way to follow along with the process, as the Municipal Association of SC launched a new version of its Legislative Tracking System, replacing one that had been in use since 2007.

For every bill identified as one that could impact South Carolinian municipalities, the tracking system summarizes the significance of the bill and lists its sponsors. It also provides updates on legislative action from subcommittees, committees, debate on the floor and passage, and links users to the full text of the bill on the General Assembly's website.

A critical upgrade for the new tracking system is the ability to search bills by keyword. The bills are also searchable by their bill number and sponsors. They can also be sorted based on whether they are priority bills that involve one of the Municipal Association's Advocacy Initiatives. These initiatives include everything from protecting the authority of municipalities to regulate their short-term rentals to allowing those municipalities with no property tax millage to establish one.

Using the list of sponsoring representatives, the reader can use the Legislator Online Directory to see if any of the legislators represents districts including their municipality. Local representatives can be the ideal members of the General Assembly for a municipal leader to contact and discuss the impact the bill would have on their community.

The Legislative Tracking System also integrates into the Association's *From the Dome to Your Home* legislative report, which is emailed every Friday during the legislative session to help subscribers know how to stay involved and make a difference at the State House.

Find the Legislative Tracking System online at www.masc.sc (keyword: legislative tracking).

The screenshot shows the web interface of the Legislative Tracking System. At the top is a navigation bar with the MASC logo and links for About, Advocacy & Legislation, Education & Events, Risk Management Services, Programs, and Resources. Below the navigation bar is a large banner image with the title "Legislative Tracking System". To the right of the banner is a "Staff Contact" box for Casey Fields. Below the banner is a search area with fields for Bill Number, Keywords, Sponsor, and Is Priority Bill, along with an "Apply" button. Below the search area is a table of legislative bills.

Chamber	Bill Number	Bill Name	Status	Details
House	3588	Write-in candidacy for municipal elections	Introduced	Bill Activity
House	3021	Enacts the Small Business Regulatory Freedom Act	Favorable report	Bill Activity
House	3134	Cell-site simulator technology companies	Introduced	Bill Activity

Municipal Association Legislative Staff

Casey Fields, Director of Advocacy
803.933.1256 (cfields@masc.sc)

Daina Phillips, Legislative and Public Policy Advocate
803.933.1203 (dphillips@masc.sc)

Todd Glover, Executive Director
803.354.4788 (tglover@masc.sc)

Erica Wright, Legislative and Public Policy Advocate
803.354.4793 (ewright@masc.sc)

Mary Catherine Lawton, Research and Legislative Analyst
803.933.1244 (mlawton@masc.sc)