



**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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<b>Bill Number:</b>	H. 3236	Introduced on January 10, 2023
<b>Author:</b>	Bustos	
<b>Subject:</b>	Local Government – Annexations	
<b>Requestor:</b>	House Medical, Military, Public, and Municipal Affairs	
<b>RFA Analyst(s):</b>	Miller	
<b>Impact Date:</b>	January 11, 2023	

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### **Fiscal Impact Summary**

This bill allows the governing body of a municipality to annex an area by ordinance if that area has been surrounded by the municipality or completely surrounded by the municipal boundaries except for the area's border with a state line, military installation, state or national forest, or lake or river for at least five years.

Based on information provided by the Municipal Association of South Carolina (MASC), this bill is permissive in nature, and therefore, the local expenditure and revenue impact for municipalities is undetermined. The potential impact will vary among municipalities depending upon the amount of property a municipality annexes due to this bill, any public services assumed by the municipality for the newly annexed area, and the cost of these services. Additionally, these local expenditures will be offset by taxes and fees levied in the newly annex area.

### **Explanation of Fiscal Impact**

#### **Introduced on January 10, 2023**

#### **State Expenditure**

N/A

#### **State Revenue**

N/A

#### **Local Expenditure and Local Revenue**

This bill allows the governing body of a municipality to annex an area by ordinance if that area has been surrounded by the municipality or completely surrounded by the municipal boundaries except for the area's border with a state line, military installation, state or national forest, or lake or river for at least five years. Prior to the first reading of the ordinance for annexation, the municipality must give notice of a public hearing.

Currently, Section 5-3-10 et. al. allows municipalities to annex property based on various criteria. This bill adds an additional option for municipalities to annex property if the specified criteria are met.

According to MASC, this bill is permissive in nature, and therefore, the local expenditure and revenue impact for municipalities is undetermined. The potential impact will vary among municipalities depending upon the amount of property a municipality annexes due to this bill, any public services assumed by the municipality for the newly annexed area, and the cost of these services. Additionally, these local expenditures will be offset by taxes and fees levied in the newly annex area.



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Frank A. Rainwater, Executive Director