



**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. 4770	Introduced on January 12, 2022
<b>Author:</b>	Pendarvis	
<b>Subject:</b>	COVID-19 At-Home Testing Act	
<b>Requestor:</b>	House Medical, Military, Public, and Municipal Affairs	
<b>RFA Analyst(s):</b>	Gardner	
<b>Impact Date:</b>	January 28, 2022	

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### **Fiscal Impact Summary**

This joint resolution requires the Department of Health and Environmental Control (DHEC) to create the COVID-19 At-Home Testing Distribution Program. The resolution would have an expenditure impact ranging from \$102,815,192 to \$176,000,000. While the resolution enables the agency to use existing federal COVID-19 testing and response funds to establish the program, the agency indicates it has committed the entirety of that funding to other required response activities. Therefore, additional funding will be needed to implement this joint resolution.

Revenue and Fiscal Affairs surveyed all 46 South Carolina counties and Sumter County indicated that it would incur a cost of \$297,000 for additional staffing for its 9 community centers to distribute the COVID-19 at-home tests. Horry County reported it would incur a cost of \$116,000 for additional staffing and logistical operating costs to accomplish the distribution of the test to all county residents.

### **Explanation of Fiscal Impact**

#### **Introduced on January 12, 2022**

#### **State Expenditure**

This joint resolution creates the "COVID-19 At-Home Testing Act," which requires DHEC to use no less than \$10 million to establish a COVID-19 at-home testing distribution program. Once DHEC acquires the test kits, it will accept applications from South Carolina counties requesting the number of COVID-19 at-home tests desired and outlining a county distribution plan. DHEC will have forty-five days to review and approve applications from the counties and must begin distribution of at-home tests no later than sixty days after the effective date of the joint resolution. Counties receiving at-home tests for distribution must publicize the distribution locations. Tests distributed through this program may not be sold by recipients. This resolution will expire on December 31, 2022.

The resolution also authorizes the agency to use funds appropriated by the federal government for COVID-19 testing and response to implement the distribution program. DHEC indicates that it has committed all COVID-19 designated Federal Funds for other response activities including

contact tracing, hiring personnel, and meeting Centers for Disease Control requirements, and therefore, cannot commit these funds to this joint resolution.

In developing its estimate of the total cost of the program, DHEC used a combination of current contract pricing, average recent price quotations, and preliminary market research and assumed that one test kit would be distributed to each of the state’s 5,000,000 residents. DHEC noted that this is a conservative estimate since there are residents who have likely not been counted in the approximate population and since some residents may request more than one test kit.

The following table shows the estimated six-month cost to establish the county distribution program.

<b>COUNTY STORAGE AND DISTRIBUTION SYSTEM FOR COVID-19 ANTIGEN TEST KITS</b>		
<b>Item</b>	<b>Cost</b>	<b>Notes</b>
5 million antigen test kits (2 tests per kit)	<b>\$101,200,000.00</b>	Average kit price of \$20.24 based on recent procurement
<b>Storage and Distribution</b>	<b>Cost</b>	<b>Notes</b>
Climate controlled warehouse	\$125,000.00	25,000 square feet
Warehouse insurance, taxes, forklift rental, and maintenance/ janitorial fees	\$47,750.00	N/A
Pallet racks	\$50,000.00	N/A
Box trucks and drivers	\$1,056,000.00	Average of 40 trucks per week for 12 weeks at \$2,200 daily cost per truck at current contract cost
Additional warehouse staff (10)	\$336,442.00	10 staff, 50 hours per week
<b>Sub-Total for Storage and Distribution</b>	<b>\$1,615,192.00</b>	N/A
<b>Total Cost for DHEC Implementation of H. 4770</b>		<b>\$102,815,192.00</b>

DHEC also reports that some states are utilizing a hybrid mailing and pickup option for the distribution of test kits. This type of system would allow residents to request test kits online and then receive them either by mail or from a pickup location. Preliminary vendor research shows that this additional cost would be \$176,000,000.

<b>HYBRID MAIL DISTRIBUTION AND LOCAL PICKUP SYSTEM FOR COVID-19 ANTIGEN TEST KITS</b>		
<b>Item</b>	<b>Cost</b>	<b>Notes</b>
Technology management	\$500,000.00	Contractual system development and management
Antigen test kits	\$165,500,000.00	\$33.10 per 2-test kit for 5 million residents
Shipping costs	\$10,000,000.00	\$5 per 2-test kit for 2 million residents, with balance of test kits for 3 million residents to be physically picked up from a designated location
<b>Total Cost for DHEC Implementation of H. 4770</b>		<b>\$176,000,000.00</b>

Therefore, the resolution would have an expenditure impact ranging from \$102,815,192 to \$176,000,000.

**State Revenue**

N/A

**Local Expenditure**

The Municipal Association of South Carolina and local governments were contacted about the potential expenditure impact of the bill. Charleston County and Chesterfield County provided responses that indicated the bill will have no expenditure impact on their funding. However, Sumter County indicated that it would incur a cost of \$297,000 for additional staffing for its nine community centers to distribute the COVID-19 at-home tests. Horry County indicated that they were not equipped to distribute COVID-19 at-home tests to the general public due to the lack of logistical resources to receive, inventory, and distribute the test. Horry County would incur a cost of \$116,000 for additional staffing and logistical operating costs to accomplish the distribution of the test to all county residents.

**Local Revenue**

N/A

Frank A. Rainwater, Executive Director