

SOUTH CAROLINA STATE GOVERNMENT SPENDING ON RESTRICTED TECHNOLOGY

FEBRUARY 2023

Overview

- Between 2018 and 2023, the state of South Carolina spent \$3,854,722 on restricted Chinese technology from Lenovo, Inc. and Lexmark, Inc. Just a few of the agencies holding sensitive information that have purchased these products include:
 - The Department of Revenue: \$1,472,484
 - The Department of Education: \$836,152
 - Select purchases by the Office of the Lieutenant Governor

Recent Progress

- In January 2023, Rep. Doug Gilliam sponsored [House Bill 3119](#), an act to prohibit certain contracts with certain foreign-owned companies in connection with critical infrastructure.

The Problem

- Chinese government-owned technology manufacturers Lenovo and Lexmark have been restricted from U.S. military and intelligence agencies due to their connection to the Chinese government and military. While federal policy directs information security at the federal level, states must determine their own security standards making states vulnerable to intrusion through the purchase of these risky Chinese technology products. For more detail on these two manufacturers and others, see our briefing paper at www.StatesStopChinaTech.com.

The Process

- In January 2023, China Tech Threat (CTT) obtained South Carolina's detailed financial records of payments to Lexmark and Lenovo, showing payment amounts, dates and check numbers, payor agencies or departments, and descriptions of services, through SC.Gov's Spending Transparency, and online database administered by the Comptroller and made available to improve transparency.
- However, purchases of restricted technology through third-party resellers, which can be significant, are not yet captured in our research. For example, the National Association of State Procurement Officers identifies the following [qualified resellers](#) in South Carolina: CDWG, A3 Communications, SHI, Alphanumeric, BridgeTek Solutions, Data

Network Solution, Pinnacle, Virtucom, FireFly, and Trinity3 Technology. Any future efforts to identify and restrict purchases of Chinese-owned technology manufacturers should include resellers.

Lenovo

Between 2019 and 2023, the state of South Carolina purchased \$3,846,691 of Lenovo technology.

In 2023, \$81,890 of Lenovo technology purchased, including:

- The Department of Education: \$58,452
- The State Fiscal Accountability Authority: \$10,097
- The Department of Revenue: \$4,672

In 2022, \$157,360 of Lenovo technology purchased, including:

- The Department of Health and Environmental Control: \$90,954
- Select purchases by the State Fiscal Accountability Authority

In 2021, \$653,867 of Lenovo technology purchased, including:

- The Department of Education: \$560,496
- The Department of Health and Environmental Control: \$77,780
- Select purchase by the Governor's Office

In 2020, \$991,172 of Lenovo technology purchased, including:

- The Department on Education: \$153,505
- The Commission of Indigent Defense: \$51,888
- Select purchases by the Revenue and Fiscal Affairs Office and the Aeronautics Commission

In 2019, \$1,962,402 of Lenovo technology purchased, including:

- The Department of Revenue: \$1,467,812
- The Revenue and Fiscal Affairs Office: \$50,000
- Select purchases by the Office of the Lieutenant Governor

*Between 2018 and 2020, select purchases (\$8,031) of Lexmark technology were made by the Vocational Rehabilitation Department.