

Summary of Cleary/Lourie Amendment to H.3579 Highway Funding

Highway Funding is same as Amendment 22 (sponsored by Senators Peeler, Grooms, Alexander, Cleary, Campbell, Massey, Bennett, and Hembree) with new effective dates.

Effective January 1, 2017, except where noted.

Motor Fuel User Fee

- Increases the motor fuel user by 4¢/gallon on July 1 annually until it equals 28¢/gallon (Year 1- 20¢; Year 2- 24¢; Year 3 - 28¢); suspends if General Fund revenue collections are 1% or more below the General Fund collections from the previous year
- After reaching 28¢/gallon , adjusts motor fuel user fee on an annual basis for inflation (CPI averaged over last 10 years), not to exceed 2¢ per year; suspends indexing if SC's motor fuel user fee exceeds GA & NC
- Credits revenue to the State Highway Fund
- Effective July 1, 2016

<i>RFA Estimate:</i>	<i>Year 1</i>	<i>\$139.6 million</i>
	<i>Year 2</i>	<i>273.9 million</i>
	<i>Year 3</i>	<i>442.6 million</i>

Sales Tax on Motor Vehicles

- Retains 5% rate and increases the \$300 cap to \$600.
- Revenue is distributed as follows:
 - 20% of first \$300 goes to EIA (SC Education Improvement Act Fund)
 - The remainder (including amount currently going to the General Fund, or \$69.9 m) is credited to the State Highway Fund

<i>RFA Estimate:</i>		<u><i>Increased Cap</i></u>	<u><i>GF Transfer</i></u> ←
	<i>Year 1</i>	<i>\$48.5 million</i>	<i>\$34.9 million</i>
	<i>Year 2</i>	<i>96.9 million</i>	<i>69.9 million</i>
	<i>Year 3</i>	<i>96.9 million</i>	<i>69.9 million</i>

Driver License Fee

- Increases driver license fee by \$2.50 per year:
 - 5-year License: from \$12.50 to \$25.00
 - 10-year License: from \$25.00 to \$50.00
- Credits revenue to the State Highway Fund

<i>RFA Estimate:</i>	<i>Year 1</i>	<i>\$ 7.0 million</i>
	<i>Year 2</i>	<i>14.7 million</i>
	<i>Year 3</i>	<i>15.4 million</i>

Motor Vehicle Registration Fee

- Increases biennial motor vehicle registration fees for passenger vehicles and property-carrying vehicles with gross weight of 6,000 lbs. or less by \$16
- Credits new revenue to the State Highway Fund

<i>RFA Estimate:</i>	<i>Year 1</i>	<i>\$12.2 million</i>
	<i>Year 2</i>	<i>24.9 million</i>
	<i>Year 3</i>	<i>25.4 million</i>

Alternative/Hybrid Vehicles

- Imposes a \$120 biennial road user fee on Alternative Fuel Vehicles
- Imposes a \$60 biennial road user fee on Hybrid Vehicles
- Credits revenue to the State Highway Fund

<i>RFA Estimate:</i>	<i>Year 1</i>	<i>\$0.6 million</i>
	<i>Year 2</i>	<i>1.5 million</i>
	<i>Year 3</i>	<i>1.7 million</i>

Commercial Motor Vehicles

- Imposes a "road use fee" in lieu of property taxes for all commercial motor vehicles over 26,000 pounds operating on SC roadways (including out-of-state trucks)
- Vehicles subject to "road use fee" are exempt from property taxes
- Fees are based on fair market value of vehicle, average statewide millage rate, assessment ratio of 9.5%, and the portion of miles driven in SC as compared to total miles driven
- Allows payment of road fee and registration fees on quarterly basis (similar to current authorization)
- Implementation/administration transferred from DOR to DMV, in conjunction with registration process; creates "one-stop-shop" for motor carriers
- New revenue collected from out-of-state commercial motor vehicles operating on SC highways
- Distribution:
 - \$22 million to counties based on ratio of federal and state highway miles within the county to total federal and state highway miles in all counties
 - Remainder distributed to CTC's for use on roads and bridges in state highway system
 - ✓ One third based on the ratio of the land area of the county to the land area of the state.
 - ✓ One third based on the ratio of county population to the state population.
 - ✓ One third based on the ratio of rural road mileage in the county to rural road mileage in the state.

<i>RFA Estimate:</i>	<i>Year 1</i>	<i>\$ 0.0 million</i>
	<i>Year 2</i>	<i>22.6 million</i>
	<i>Year 3</i>	<i>13.2 million</i>

Road Funding Amendment - January 26, 2016

Fiscal Year	Motor Fuel Fee Increase (Total of \$0.12 and Inflation).	Revenue from Increasing Sales Tax Cap to \$600	Increased Driver's License Fee Revenue	Increased Vehicle Registration Fee Revenue	Motor Carrier Fee Revenue (Road Funding Amount)	Hybrid and Alternative Fuel Vehicle Fee Revenue	Additional Road Funding	Transfer of Remaining 50% of Sales Tax on Max. Cap Items	Additional Road Funding Plus Remaining 50% of Max. Cap Sales Tax
1	2 ^ /a	3 *	4 *	5*	6 /b	7*	8	9 *	10
FY 2016-17	\$139.6 M	\$48.5 M	\$7.0 M	\$12.2 M	\$0.0 M	\$0.6 M	\$207.9 M	\$34.9 M	\$242.9 M
FY 2017-18	\$273.9 M	\$96.9 M	\$14.7 M	\$24.9 M	\$22.6 M	\$1.5 M	\$434.5 M	\$69.9 M	\$504.4 M
FY 2018-19	\$442.6 M	\$96.9 M	\$15.4 M	\$25.4 M	\$13.2 M	\$1.7 M	\$595.2 M	\$69.9 M	\$665.1 M
FY 2019-20	\$468.8 M	\$96.9 M	\$16.2 M	\$26.0 M	\$14.3 M	\$1.9 M	\$624.0 M	\$69.9 M	\$693.9 M
FY 2020-21	\$494.8 M	\$96.9 M	\$16.9 M	\$26.6 M	\$15.4 M	\$2.2 M	\$652.7 M	\$69.9 M	\$722.6 M
FY 2021-22	\$522.4 M	\$96.9 M	\$17.7 M	\$27.2 M	\$16.5 M	\$2.5 M	\$683.2 M	\$69.9 M	\$753.1 M

^ Effective July 1, 2016

*Effective January 1, 2017. Fiscal Year 2016-17 estimates represent a partial year.

/a Beginning July 1, 2016, fee increase of \$0.04 for 3 years (\$0.12 total). Also includes a fee increase based upon CPI growth of 2% beginning July 1, 2019.

/b Effective January 1, 2017 based upon Section L (scrivener's error in Section 12-37-2850 lists January 1, 2016). However, first fee payment is due July 1, 2017 for registrations between January 1 and June 30, 2017; FY 2017-18 represents 18 months of fee revenue. Also includes revenue for \$75 of the \$87 one-time registration fee for permanent motor carrier trailers and net one-time allocation to DMV of \$400,000.

Reference Document: Proposed Amendment to H. 3579 (January 25, 2016 - 3579C087 BBM DG16)