

From: Soura, Christian
To: Shuford, Gordon <Gordon.Shuford@bea.sc.gov>
CC: Rainwater, Frank <Frank.Rainwater@ors.sc.gov>
Date: 12/14/2012 11:42:16 AM
Subject: RE: motor fuel language on petroleum product inspections

Agree with the change. Thanks again.

CLS

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From: Shuford, Gordon
Sent: Friday, December 14, 2012 11:40 AM
To: Soura, Christian
Cc: Rainwater, Frank
Subject: motor fuel language on petroleum product inspections

Christian:

Upon further review, the following proposal may need one more perfecting amendment. The Department of Agriculture currently receives 10% of the one-fourth cent a gallon fee. This is the \$892,000 we have been discussing. The proposed proviso as written would allocate 100% of the one-fourth cent a gallon fee to the Department of Transportation for bridges. Suggest the additional change highlighted below in the proposed proviso. Please advise as to which version we should use for our revenue impact letter.

Shift funding source for the Department of Agriculture's petroleum product inspections from 10% of \$0.0025/gallon to a dedicated line in the General Fund.

- Amend §12-28-2355:
 - (A) For the purpose of providing funds for inspecting, testing, and analyzing petroleum products and for general state purposes, there must be paid to the state, for deposit into the Department of Transportation State Non-Federal Aid Highway Fund, **department** a charge of one-fourth cent a gallon, which liability arises at the same time and is payable by the same person as the motor fuel user fee imposed under this chapter as if the petroleum product were motor fuel subject to the user fee under this chapter. Upon approval of the department, a surety bond is acceptable as monthly prepayments pending monthly reports and payments. Determination of acceptable bonding must be based on distribution, location of terminal facilities, and handling through other bonded suppliers.
 - The argument is that the state would still be collecting the charge in order to fund those services...but the charge would be credited to transportation uses, while the Department of Agriculture would get a comparable appropriation from the General Fund instead.
 - This amendment shall take effect July 1, 2013.
- Delete §12-28-2355(C).
- This revision would make \$892k of fuel tax receipts available for reallocation to other transportation needs.
- A new GF appropriation within the Department of Agriculture would need to be established at that level.
- This change could be accompanied by a proviso to reallocate those funds:
 - In the current fiscal year, the Department of Transportation shall use an amount equivalent to **ten**

- **percent of** the charge of the one-fourth cent per gallon assessed pursuant to SC Code 12-25-2355(A) to replace or repair load-restricted bridges.

Deleting §12-28-2355(C), per suggestion.

Sincerely,
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