

*COMPARISON H. 3516, CONFERENCE COMMITTEE AND SENATE*

Conference Committee	Senate
<p><i>Transportation Accounts</i></p> <p>All money dedicated by statute to the Department of Transportation (SCDOT) operations must be deposited in the State Highway Fund (SHF), the Non-Federal Aid Highway Fund (NFAHF) or the (newly created) Infrastructure Maintenance Trust Fund (IMTF).</p> <p>Funds must be held separate and distinct from the General Fund by the State Treasurer except to finance bonds.</p> <p>Interest income earned in each fund must remain separate (already in statute, now includes IMTF).</p> <p>IMTF must be used exclusively for repairs, maintenance and improvements to existing transportation system.</p> <p><i>Funds Transfer – SCDOT can reduce the allocation to the state-funded resurfacing program in proportion to what is needed to fund the project.</i></p> <p><i>Act 98 of 2013 language directing SCDOT to transfer \$50 M to the Transportation Infrastructure Bank (SCTIB) is repealed.</i></p>	<p><i>Transportation Accounts</i></p> <p>All money dedicated by statute to the Department of Transportation (SCDOT) operations must be deposited in the State Highway Fund (SHF), the Non-Federal Aid Highway Fund (NFAHF) or the (newly created) Infrastructure Maintenance Trust Fund (IMTF).</p> <p>Funds must be held separate and distinct from the General Fund by the State Treasurer except to finance bonds.</p> <p>Interest income earned in each fund must remain separate (already in statute, now includes IMTF).</p> <p>IMTF must be used exclusively for repairs, maintenance and improvements to existing transportation system.</p> <p><i>Funds Transfer – SCDOT can reduce the allocation to the state-funded resurfacing program in proportion to what is needed to fund the project.</i></p>

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<p><b>Motor Fuel User Fee</b></p> <p>Permanently increases the motor fuel user by 2¢ per gallon on:</p> <ul style="list-style-type: none"> <li>July 1, 2017 – 18¢</li> <li>July 1, 2018 – 20¢</li> <li>July 1, 2019 – 22¢</li> <li>July 1, 2020 – 24¢</li> <li>July 1, 2021 – 26¢</li> <li>July 1, 2022 – 28¢</li> </ul> <p>Credits all funds generated by the increase to the IMTF at SCDOT.</p> <p>Repeals the section subjecting motor fuel stored in tankards at the time of the increase to the increase.</p> <p>Deletes the transmission of ten (10%) percent of the .25¢ per gallon inspection fee to the Department of Agriculture via the Department of Revenue, effectively crediting all of the proceeds of the fee to the NFAHF.</p> <p><i>Road Tax – Establishes that the road tax is equivalent to the user fee and is increased in the same manner. All road tax funds in excess of 16¢ per gallon—accounting for the motor carrier tax credit to the user fee imposed (56-11-450(A))—are to be credited to the IMTF. Equates the user fee equivalent as the credit on the tax imposed on motor carriers.</i></p>	<p><b>Motor Fuel User Fee</b></p> <p>Permanently increases the motor fuel user by 2¢ per gallon on:</p> <ul style="list-style-type: none"> <li>July 1, 2017 – 18¢</li> <li>July 1, 2018 – 20¢</li> <li>July 1, 2019 – 22¢</li> <li>July 1, 2020 – 24¢</li> <li>July 1, 2021 – 26¢</li> <li>July 1, 2022 – 28¢</li> </ul> <p>Credits all funds generated by the increase to the IMTF at SCDOT.</p> <p>Repeals the section subjecting motor fuel stored in tankards at the time of the increase to the increase.</p> <p>Deletes the transmission of ten (10%) percent of the .25¢ per gallon inspection fee to the Department of Agriculture via the Department of Revenue, effectively crediting all of the proceeds of the fee to the NFAHF.</p> <p>After reaching 28¢/gallon, (starting in 2023) adjusts motor fuel user fee on an annual basis for inflation, capping factor at 2%; suspends indexing if SC's motor fuel user fee exceeds a border county in Georgia or North Carolina.</p> <p><i>Road Tax – Establishes that the road tax is equivalent to the user fee and is increased in the same manner. All road tax funds in excess of 16¢ per gallon—accounting for the motor carrier tax credit to the user fee imposed (56-11-450(A))—are to be credited to the IMTF. Equates the user fee equivalent as the credit on the tax imposed on motor carriers.</i></p>
<p><b>Motor Vehicle Registration</b></p> <p>Increases biennial motor vehicle registration fees for passenger vehicles and property-carrying vehicles with gross weight of 6,000 lbs. or less by \$16. In addition to the truck fees established in 56-3-660.</p> <p>Credits \$16 from the fee increase to the IMTF.</p>	<p><b>Motor Vehicle Registration</b></p> <p>Increases biennial motor vehicle registration fees for passenger vehicles and property-carrying vehicles with gross weight of 6,000 lbs. or less by \$16. In addition to the truck fees established in 56-3-660.</p> <p>Credits \$16 from the fee increase to the IMTF.</p>

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	<b><i>Driver's Licenses</i></b>
	Increases driver's license fee by \$2.50 per year: 8-year License: \$40.00
	Credits the fee for each license collected to the IMTF.
<b>Alternative/Hybrid Vehicles</b>	<b>Alternative/Hybrid Vehicles</b>
Imposes a \$120.00 biennial road user fee on Alternative Fuel vehicles.	Imposes a \$120.00 biennial road user fee on Alternative Fuel vehicles.
Imposes a \$60.00 biennial road user fee on Hybrid vehicles.	Imposes a \$60.00 biennial road user fee on Hybrid vehicles.
Fee is credited to the IMTF and is to be collected concurrent with vehicle registration.	Fee is credited to the IMTF and is to be collected concurrent with vehicle registration.
<b>CTCs</b>	<b>CTCs</b>
Increases the C-fund allocation of the motor fuel user by .3325¢ per gallon on: July 1, 2018 – 2.9925¢ July 1, 2019 – 3.325¢ July 1, 2020 – 3.6575¢ July 1, 2021 – 3.990¢	Increases the C-fund allocation of the motor fuel user by .3325¢ per gallon on: July 1, 2018 – 2.9925¢ July 1, 2019 – 3.325¢ July 1, 2020 – 3.6575¢ July 1, 2021 – 3.990¢
Directs the proceeds resulting from the increase to be spent exclusively on repairs, maintenance and improvements to the state-highway system.	Directs the proceeds resulting from the increase to be spent exclusively on repairs, maintenance and improvements to the state-highway system.
Increases “donor county” bonus from current \$9.5 M to \$17 M to continue to be transferred from SCDOT. Sets guidelines for an additional allocation of \$3.5 M should the \$17 M not make “donor counties” whole that is to be divided amongst the donor counties as currently distributed: ratio of excess county allocation to all excess allocations.	Increases “donor county” bonus from current \$9.5 M to \$17 M to continue to be transferred from SCDOT. Sets guidelines for an additional allocation of \$3.5 M should the \$17 M not make “donor counties” whole that is to be divided amongst the donor counties as currently distributed: ratio of excess county allocation to all excess allocations.

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<p><b>Sales Tax on Motor Vehicles</b></p> <p>5% rate is retained, however motor vehicles and motorcycles are removed from the language.</p> <p>Increases the cap from \$300.00 to \$500.00 and credits the revenue increase to the IMTF (20% of the sales tax goes to the Education Improvement Act (EIA) fund (Section(s) 12-36-2620(1) and 12-36-2640(1), 59-21-1010).</p> <p>After June 30, 2017, maximum tax imposed only applies to vehicles not subject to the “infrastructure maintenance fee.”</p> <p>Any item subject to the “infrastructure maintenance fee” is exempt from the sales tax.</p> <p><b>Directs the Department of Motor Vehicles (SCDMV) to collect sales tax resulting from the purchase of vehicles that would be subject to the fee—except that they are registered in another state—and transfer revenues to the IMTF.</b></p>	<p><b>Sales Tax on Motor Vehicles</b></p> <p>5% rate is retained, however motor vehicles and motorcycles are removed from the language.</p> <p>Increases the cap from \$300.00 to \$500.00 and credits the revenue increase to the IMTF (20% of the sales tax goes to the Education Improvement Act (EIA) fund (Section(s) 12-36-2620(1) and 12-36-2640(1), 59-21-1010).  <b>The maximum tax is \$500.00 on 7/1/2017 and is increased to \$600.00 with a phasing in of \$50.00 per year until 7/1/2019.</b></p> <p>After June 30, 2017, maximum tax imposed only applies to vehicles not subject to the “infrastructure maintenance fee.”</p> <p>Any item subject to the “infrastructure maintenance fee” is exempt from the sales tax.</p>

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<p><b>Infrastructure Maintenance Fee</b></p> <p>Imposes an “infrastructure maintenance fee” in addition to registration fees that must be paid upon registering a vehicle and is to be credited to the IMTF.</p> <p>The fee equals 5%, not to exceed \$500.00 of the sales price/fair market value. The fee is \$250.00 if the vehicle is registered in another state and then subsequently registered in South Carolina. Active duty members of the Armed Forces are exempt from this provision.</p> <p>Vehicles transferred to immediate family members, heirs, in the formation of a partnership/corporation, for the purpose of resale by a dealer or financial institution, as the result of repossession and etc. are excluded from the fee.</p> <p>The Fee is distributed as follows:                      SCDMV is required to transfer 80% of the “infrastructure maintenance fee,” but no more than \$240.00, to SCDOT for the resurfacing program.                      SCDOT is to use a needs-based methodology, taking pavement condition into consideration, to ensure every county is guaranteed funding.                      SCDOT is to reduce the allocation to the state-funded resurfacing program by the amount needed to transfer to the SCTIB whereby SCDOT is to identify bridge and road projects. <i>The first \$50 M is to finance bridge replacement, rehabilitation projects and expansion and improvements on existing roads in the state-highway system; funds in excess of \$50 M are to finance improvements to existing mainline interstates.</i>                      Funds transferred to the bank are subject to Joint Bond Review Committee approval and may not be used to finance projects before July 1, 2013.                      SCDMV is to transfer 20%, not to exceed \$60.00, to the EIA fund, holding EIA harmless.</p> <p>Transactions including motor vehicles (excluding trucks) or motorcycles, which are required to be licensed to be used on the highways that are sold</p>	<p><b>Infrastructure Maintenance Fee</b></p> <p>Imposes an “infrastructure maintenance fee” in addition to registration fees that must be paid upon registering a vehicle and is to be credited to the IMTF.</p> <p>The fee equals 5%, not to exceed \$500.00 of the sales price/fair market value. <b>The fee is \$500.00 on 7/1/2017 and is increased to \$600.00 with a phasing in of \$50.00 per year until 7/1/2019.</b></p> <p>The fee is \$250.00 if the vehicle is registered in another state and then subsequently registered in South Carolina. <b>The fee is \$250.00 on 7/1/2017, and is then increased to \$600.00 with a phasing in of \$50.00 per year until it reaches that amount.</b> Active duty members of the Armed Forces are exempt from this provision.</p> <p>Vehicles transferred to immediate family members, heirs, in the formation of a partnership/corporation, for the purpose of resale by a dealer or financial institution, as the result of repossession and etc. are excluded from the fee.</p> <p>The Fee is distributed as follows:                      SCDMV is required to transfer 80% of the “infrastructure maintenance fee,” but no more than \$240.00, to SCDOT for the resurfacing program.                      SCDOT is to use a needs-based methodology, taking pavement condition into consideration, to ensure every county is guaranteed funding.                      SCDOT is to reduce the allocation to the state-funded resurfacing program by the amount needed to transfer to the SCTIB whereby SCDOT is to identify bridge and road projects. <i>The first \$50 M is to finance bridge replacement, rehabilitation projects and expansion and improvements on existing roads in the state-highway system; funds in excess of \$50 M are to finance improvements to existing mainline interstates.</i>                      Funds transferred to the bank are subject to Joint Bond Review Committee approval and may not be used to finance projects before July 1, 2013.</p>

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<p>to a resident of another state, but who is located in South Carolina by reason of orders of the United States Armed Forces (12-36-2120(25)), are exempt from this fee.</p>	<p>SCDMV is to transfer 20%, not to exceed \$60.00, to the EIA fund, holding EIA harmless.</p> <p>Transactions including motor vehicles (excluding trucks) or motorcycles, which are required to be licensed to be used on the highways that are sold to a resident of another state, but who is located in South Carolina by reason of orders of the United States Armed Forces (12-36-2120(25)), are exempt from this fee.</p>
<p><b>Motor Carriers</b></p> <p>Defines motor carriers as essential individuals who operate commercial motor vehicles, which are used to transfer property on public highway, except farm vehicles (FM tag).</p> <p>Large commercial vehicles and buses are &gt;26,000 lbs., while small are ≤26,000 lbs.—both are registered under the International Registration Plan (IRP). Provisions do not apply to small commercial vehicles that must be licensed, registered and subject to ad valorem taxes.</p> <p>Large commercial motor vehicles subject to “road use fee” are exempt from property taxes.</p> <p>75% of the revenues from the road use fee and the one-time fee must be distributed based on the ratio of federal and state highway miles within the county to total federal and state highway miles in all counties (12-37-2870) on the last day of the month following the month when the fee was paid. The remaining 25% is to be deposited into the IMTF for expansion and improvements to existing mainline interstates.</p>	<p><b>Motor Carriers</b></p> <p>Defines motor carriers as essential individuals who operate commercial motor vehicles, which are used to transfer property on public highway, except farm vehicles (FM tag).</p> <p>Large commercial vehicles and buses are &gt;26,000 lbs., while small are ≤26,000 lbs.—both are registered under the International Registration Plan (IRP). Provisions do not apply to small commercial vehicles that must be licensed, registered and subject to ad valorem taxes.</p> <p>Large commercial motor vehicles subject to “road use fee” are exempt from property taxes.</p> <p>75% of the revenues from the road use fee and the one-time fee must be distributed based on the ratio of federal and state highway miles within the county to total federal and state highway miles in all counties (12-37-2870) on the last day of the month following the month when the fee was paid. The remaining 25% is to be deposited into the IMTF for expansion and improvements to existing mainline interstates.</p>

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<p><b>Reform</b></p> <p><b>DOT Commission:</b> Increases the at-large Commissioners from one (1) to two (2) with removal from office at the Governor’s discretion and language that the Commissioners are to represent the transportation needs of the state as a whole. The Governor <u>does not</u> have to receive approval from the legislative delegation to remove a Commissioner.</p> <p style="background-color: yellow;">At-large Commissioners are appointed by the Governor, transmitted through Joint Transportation Review Committee (JTRC), <i>may</i> be screened by each body’s standing transportation committee and confirmed with the advice and consent of the General Assembly via a separate vote in both chambers.</p> <p>Adds language that the Commission is to hold a minimum of six (6) regular meetings annually and other meetings as needed with a one (1) week notice.</p> <p>The Commission is not to enter into the day-to-day operations of the agency and is prohibited from taking part in the: awarding of contracts; selection of consultants; selection of project routes; locations of transportation facilities; acquisition of right-of-way; granting/denial and etc. of permits; and may not have any interest in contracts awarded during their tenure (or one (1) year after term end).</p> <p><b>Other:</b> The Secretary is charged with preparing and publishing (online) the annual report that includes expenditures and a list of SCDOT business partners. Directs all final audit reports are to be published on the SCDOT and auditor’s websites.</p> <p>Adds section requiring SCDOT to prepare a Transportation Asset Management Plan with objectives and performance measures to address rural roads (primary or FA-eligible secondary). The plan is to be approved by the Commission and include \$50 M for high risk rural roads, pavements and bridges.</p>	<p><b>Reform</b></p> <p><b>DOT Commission:</b> Increases the at-large Commissioners from one (1) to two (2) with removal from office at the Governor’s discretion and language that the Commissioners are to represent the transportation needs of the state as a whole. The Governor <u>does not</u> have to receive approval from the legislative delegation to remove a Commissioner.</p> <p>Adds language that the Commission is to hold a minimum of six (6) regular meetings annually and other meetings as needed with a one (1) week notice.</p> <p>The Commission is not to enter into the day-to-day operations of the agency and is prohibited from taking part in the: awarding of contracts; selection of consultants; selection of project routes; locations of transportation facilities; acquisition of right-of-way; granting/denial and etc. of permits; and may not have any interest in contracts awarded during their tenure (or one (1) year after term end).</p> <p><b>Other:</b> The Secretary is charged with preparing and publishing (online) the annual report that includes expenditures and a list of SCDOT business partners. Directs all final audit reports are to be published on the SCDOT and auditor’s websites.</p> <p>Adds section requiring SCDOT to prepare a Transportation Asset Management Plan with objectives and performance measures to address rural roads (primary or FA-eligible secondary). The plan is to be approved by the Commission and include \$50 M for high risk rural roads, pavements and bridges.</p>

COMPARISON H. 3516, CONFERENCE COMMITTEE AND SENATE

Conference Committee

Senate

NEW – Tax Relief for Individuals and Businesses

Tax Rebates and Relief for Individuals and Families

- Institutes a refundable credit against the resident’s actual motor fuel user fee cost incurred as a result of 2¢ per year increase or the amount spent on preventative maintenance, whichever is less.
  - Creates a Safety Maintenance Account at the State Treasurer’s Office.
  - Revenue and Fiscal Affairs (RFA) is to estimate the number of credits claimed each year and provide a pro-rata adjustment to the credit if the number exceeds estimates.
  - Sets guidelines for the maximum credit for all residents each year: \$40 M (2018); \$65 M (2019); \$85 M (2020); \$110 M (2021); \$114 M (2022). (option to be reauthorized by the General Assembly in 2023.)
  - SCDOT is to transfer the amount required above to the Department of Revenue (SCDOR) for the Safety Maintenance Account to offset the credit. SCDOT is to transfer funds derived from the maintenance fee imposed on out-of-state drivers first. Credits not claimed are reverted back to SCDOT.
- Institutes (after tax year 2017) a non-refundable individual income tax credit 125% of federal EITC to be phased-in through six (6) equal installments of .2083 of a percent.
- Increases the current income limit for the two-wage earner credit to \$50,000.00 (from \$30,000.00) phased in through six (6) equal installments of \$3,333.00 starting with tax year 2018. As result, maximum credit increases from \$210.00 to \$350.00.
- Increases the current refundable income tax credit for tuition at both four (4) and two (2) year institutions to 50%, not to exceed \$1,500.00 at a cap of \$40 M in 2018 and every year after that plus a cumulative amount equal to the percentage increase in the Higher Education Price index capped at 3% (credits reduced proportionally if maximum amount claimed is exceeded).
  - Commission on Higher Education, State Board for Technical and Comprehensive Education and colleges are to promote the tax credit to students and assist in application for the credit.

NEW – Tax Relief for Individuals and Businesses

Tax Rebates and Relief for Individuals and Families

- Institutes a refundable credit against motor fuel user fees equal to up to 150% of the average motor fuel user fee incurred for that vehicle (and motorcycle) as a result of the 2¢ per year increase and preventative vehicle maintenance.
  - Resident is to furnish itemized list of vehicle maintenance and motor fuel expenditures. RFA is to estimate the number of credits claimed each year and provide a pro-rata adjustment to the credit if the number exceeds estimates.
  - Maximum of five (5) vehicles per resident.
  - Sets guidelines for the maximum credit for all residents each year: \$160 M (2018); \$240 M (2019); \$320 M (2020); \$399 M (\$2021); \$465 M (every year afterward).
  - SCDOT is to transfer no more than \$150 M to SCDOR to offset the credit. Credits not claimed are reverted back to SCDOT. The Capital Reserve Fund is to cover in excess of \$150 M. Credit applies to tax years after 2017.
- Institutes (after tax year 2017) a non-refundable individual income tax credit 250% of federal EITC to be phased-in through six equal installments of .4167 of a percent.
- Increases the current income limit for the two-wage earner credit to \$50,000.00 (from \$30,000.00) phased in through six equal installments of \$3,333.00 starting with tax year 2018. As result, maximum credit increases from \$210.00 to \$350.00.
- Increases the current refundable income tax credit for tuition at both four (4) and two (2) year institutions of 50%, not to exceed \$1,500.00 at a cap of \$40 M in 2018 and every year after that plus a cumulative amount equal to the percentage increase in the Higher Education Price index capped at 3% (credits reduced proportionally if maximum amount claimed is exceeded).
  - Student dependents of an EITC recipient can claim an additional 25%, not to exceed the caps. Sophomore (and up) students attending two (2) and four (4) year institutions majoring in a STEM discipline may claim an additional credit of \$1,250.00 (not to exceed tuition cost).

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<p><u>Tax Relief for Manufacturing Property</u></p> <ul style="list-style-type: none"><li>Beginning Tax Year 2019, phases in over six (6) years a reduction in the property tax assessment ratio from 10.5% to an effective 9% (capped at \$85 M).</li></ul>	<ul style="list-style-type: none"><li>Commission on Higher Education, State Board for Technical and Comprehensive Education and colleges are to promote the tax credit to students and assist in application for the credit.</li></ul> <p><u>Tax Relief for Businesses and Industry</u></p> <ul style="list-style-type: none"><li>Beginning Tax Year 2019, phases-in over two (2) years a reduction in the property tax assessment ratio from 10.5% to an effective 8.5%.</li><li>Beginning in Tax Year 2018, provides an effective property tax assessment ratio for business personal property of 9.5%, down from 10.5% currently.</li></ul> <p><i>Note: reduction will be fully reimbursed by the State up to \$85 M annually.</i></p>