

## *DETAILED CONFERENCE REPORT*

### **Transportation Accounts**

- 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).
- IMTF must be used exclusively for repairs, maintenance and improvements to existing transportation system.
- SCDOT can reduce the allocation to the state-funded resurfacing program in proportion to what is needed to fund the project. ACT 98 of 2013 language directing SCDOT to send \$50 M to the Transportation Infrastructure Bank (SCTIB) is repealed.

### **Motor Fuel User Fee - \$490 M in YEAR 10**

- Permanently increases the motor fuel user fee by 2¢ per gallon on:
  - July 1, 2017 – 18¢
  - July 1, 2018 – 20¢
  - July 1, 2019 – 22¢
  - July 1, 2020 – 24¢
  - July 1, 2021 – 26¢
  - July 1, 2022 – 28¢
- Credits all funds generated by the increase to the IMTF at SCDOT. Repeals the section subjecting motor fuel stored in tankards at the time of the increase to the increase.
- 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.
- 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.

### **Motor Vehicle Registration - \$31.7 M in YEAR 10**

- Increases biennial motor vehicle registration fees for passenger vehicles and property-carrying vehicles with gross weight of 6,000 lbs. or less by \$16.00. In addition to the truck fees established in 56-3-660.
- Credits \$16.00 from the fee increase to the IMTF.

### **Alternative/Hybrid Vehicles - \$2.6 M in YEAR 10**

- Imposes a \$120.00 biennial road user fee on Alternative Fuel 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.

### **CTCs - \$40 M additional allocation to current \$75 M level in YEAR 5 onward**

- Increases the C-fund allocation of the motor fuel user fee 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.
- 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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### **Sales Tax on Motor Vehicles** (included in “maintenance fee” figures)

- 5% rate is retained, however motor vehicles and motorcycles are removed from the language.
- 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).
- After June 30, 2017, maximum tax imposed only applies to vehicles not subject to the “infrastructure maintenance fee.”
- Any item subject to the “infrastructure maintenance fee” is exempt from the sales tax.
- The Department of Motor Vehicles (SCDMV) to collect revenues resulting from the maximum tax imposed on vehicles that would be subject to the fee—except that they are registered in another state—and transfer the revenues to the IMTF.

### **Infrastructure Maintenance Fee - \$74.4 M (in-state), \$22.7 M (out-of-state) in YEAR 10**

- 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.
- 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.
- 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.
- 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 State Infrastructure Bank (SCTIB) whereby SCDOT is to identify bridge and road projects. 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.
  - 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.
- 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.

### **Motor Carriers - \$10.6 M in YEAR 10**

- 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).
- Large commercial vehicles and buses are >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.
- Large commercial motor vehicles subject to “road use fee” are exempt from property taxes.
- 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.

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### **Reform**

#### *SCDOT Commission*

- Leaves in place the current system for seven (7) Commissioners from Congressional Districts.
  - Commission members are appointed by the Governor, approved by the legislative delegation, transmitted through Joint Transportation Review Committee (JTRC) and confirmed with the advice and consent of the Senate. (no more than two (2) consecutive terms of four (4) years with a lifetime maximum of twelve (12) years serving).
- Increases the at-large Commissioners from one (1) to two (2) with advice and consent of the General Assembly via separate votes in each respective body; removal from office at the Governor's discretion by deleting language that the Governor must have the approval of the legislative delegation; and transmits the at-large Commissioners through JTRC with the ability to screen in each respective body's standing transportation committee with no action before General Assembly confirmation.
- Adds language that the Commissioners are to represent the transportation needs of the state as a whole.
- 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.
- 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).

#### *Other*

- 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.
- 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.

### **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 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).

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### *Tax Relief for Manufacturing Property*

- 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).