



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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Bill Number: S. 0002  
 Author: Setzler  
 Requestor: Senate Finance  
 Date: February 11, 2015  
 Subject: Interstate Lane Expansion Fund established  
 RFA Analyst(s): Martin and Shealy

**Estimate of Fiscal Impact**

	FY 2015-16	FY 2016-17
<b>State Expenditure</b>		
General Fund	N/A	N/A
Other and Federal	N/A	N/A
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	(\$61,400,000)	N/A
Other and Federal	\$61,400,000	N/A
<b>Local Expenditure</b>	N/A	N/A
<b>Local Revenue</b>	N/A	N/A

**Fiscal Impact Summary**

This bill would reduce General Fund sales and use tax revenue collections by \$61,400,000 and increase revenue to the Interstate Lane Expansion Fund by \$61,400,000 in FY2015-16.

**Explanation of Fiscal Impact**

**State Expenditure**

The South Carolina Transportation Infrastructure Bank estimates that if \$61,400,000 in annual recurring funds were available in a subfund as revenue to pledge towards bonds, roughly \$600,000,000 could be issued in bonds depending on term and interest rates.

**State Revenue**

Currently, Act 98 of 2013 allows fifty percent of the revenues derived from the sale of motor vehicles pursuant to Sections 12-36-2620(1) and 12-36-2640(1) to be redirected from the state public school building fund and credited to the State Non-Federal Aid Highway Fund. This transfer only affects the four percent component of the sales and use tax in the General Fund. This does not affect EIA Fund revenue collections. According to the Department of Revenue, this transfer amounted to a reduction in General Fund sales and use tax revenue of \$59,543,949 and a concomitant increase in State Non-Federal Aid Highway Fund revenue in FY2013-14.

This bill would add Section 11-43-167 to establish the Interstate Lane Expansion Fund to receive appropriations from the General Assembly to fund the construction and rehabilitation required to increase the number of interstate lanes on existing interstates in South Carolina. The

appropriation must be from non-tax sources and used only to finance the issuance of revenue bonds pursuant to Article 3 of the South Carolina Transportation Infrastructure Bank Act. Only the interstate lanes that exist as of July 1, 2015 are eligible to receive funding and only those projects that have been approved beginning July 1, 2015 and after are eligible.

Each year the General Assembly shall appropriate an amount projected to be credited to the General Fund by the Board of Economic Advisors in its February 15<sup>th</sup> final forecast of the revenues derived from the sale of motor vehicles pursuant to Sections 12-36-2620(1) and 12-36-2640(1) to the Interstate Lane Expansion Fund. This transfer only affects the four percent component of the sales and use tax. This does not affect EIA Fund revenue collections. This bill would allow the remaining fifty percent of the sale of automobiles to be transferred from the state General Fund to the Department of Transportation.

Based upon the latest data on automobile sales, the Board of Economic Advisors' maximum sales and use tax cap model suggests automobile sales and use tax revenue of an estimated \$153,500,000 in FY2015-16. Of this amount, fifty percent less the EIA hold harmless amount, or \$61,400,000, would be transferred to the State Non-Federal Aid Highway Fund in the Department of Transportation. Of the remaining revenues to be collected pursuant to Sections 12-36-2620(1) and 12-36-2640(1), the General Assembly could appropriate an amount equal to an estimated \$61,400,000 to the Interstate Lane Expansion Fund to be used in the issuance of revenue bonds. This action would reduce General Fund sales and use tax revenue collections by \$61,400,000 and increase revenue to the Interstate Lane Expansion Fund by \$61,400,000 in FY2015-16. This transfer would affect the amount of appropriations available for other projects and programs in FY2015-16.

Although the exact mechanism for the financing of the revenue bonds would be better left to the Treasurer's Office, it is important to note that the outstanding debt from the revenue bonds would not constitute a debt or a pledge of the full faith and credit of the state or be included in any calculation against the state's legal debt limit. These estimates are subject to change based upon newly released data and forecasts. It may also be important to note that automobile sales are at a relative peak period and future expectations are that sales will remain stable or even decline in the next few years.

**Local Expenditure**

N/A

**Local Revenue**

N/A



Frank A. Rainwater, Executive Director