

**The Maximum Infrastructure Maintenance Fee Cap  
On Motor Vehicle Sales in South Carolina**

**Revenue Estimates from Changes in Infrastructure  
Maintenance Fee Caps, Rates, and Exemptions**

**Fiscal Year 2018-19**



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## **The Maximum Infrastructure Maintenance Fee Cap On Motor Vehicle Sales in South Carolina**

During the 2017 legislative session, the General Assembly passed the South Carolina Infrastructure and Economic Development Reform Act to provide additional funding for the state's highway and bridge maintenance programs at the Department of Transportation. The Act replaced the maximum sales and use tax on the sale or lease of specific items with an infrastructure maintenance fee beginning after June 30, 2017. Many of the items enumerated in Section 12-36-2110(A)(1) previously subject to a maximum sales and use tax of the lesser of five percent or \$300 per item were amended to be subject to an infrastructure maintenance fee. The fee was also increased from \$300 per item to the lesser of five percent or \$500 per item. The maximum infrastructure maintenance fee affects those items required to be registered by the Department of Motor Vehicles pursuant to Section 56-3-627. Those enumerated items subject to the infrastructure maintenance fee include motor vehicles, motorcycles, recreational vehicles, truck trailers or semitrailers, and horse trailers. Those enumerated items still subject to the maximum sales and use tax and are not registered by the Department of Motor Vehicles include airplanes, boats, utility trailers, and self-propelled light construction equipment. The infrastructure maintenance fee is credited to the Infrastructure Maintenance Trust Fund.

The figures in this report contain the estimated revenue impacts from changes to the maximum infrastructure maintenance fee cap, rates, and exemptions from the value subject to the fee on motor vehicle sales in South Carolina. All estimates are subject to change upon newly released source data and economic forecasts.

# Motor Vehicle Infrastructure Maintenance Fee

## Summary

Statutes: 12-36-2110 and 56-3-627

Date Enacted: 1984

Date of last changes: 1984 (capped at \$300)  
2017 (capped at \$500)

Rate: the lessor of 5% of sale or \$500

Current Distribution: Infrastructure Maintenance Trust Fund

## Fiscal Year Estimated Collections 1/

FY19 \$ 244,700,000

## FY19 Fiscal Impacts as a Result of Change in Current Law

### Revenue Generated From Incremental Increases in Infrastructure Maintenance Fee Cap on Motor Vehicles With the Sales Fee at 5 Percent

Sales Fee Cap (Dollars)	Estimated Fee Collections (Millions)	Additional Fee Collections (Millions)
\$600	\$271.9	\$27.2
\$800	\$314.6	\$69.9
\$1,000	\$342.6	\$97.9
\$1,200	\$360.5	\$115.8
\$1,400	\$371.9	\$127.2
\$1,600	\$379.3	\$134.6
\$1,800	\$383.7	\$139.0
\$2,000	\$386.4	\$141.7

### Revenue Generated From Replacing the Infrastructure Maintenance Fee Cap on Motor Vehicles With a Sales Fee on Total Value of Vehicle

Sales Fee (Percent)	Estimated Fee Collections (Millions)	Additional Fee Collections (Millions)
1%	\$78.5	(\$166.2)
2%	\$157.1	(\$87.6)
3%	\$235.6	(\$9.1)
4%	\$314.2	\$69.5
5%	\$392.7	\$148.0
6%	\$471.3	\$226.6

Note: The \$500 infrastructure maintenance fee cap is revenue neutral at 3.125% sales fee rate.

1/ Sales fee revenue on motor vehicles by vehicle value is not maintained by the Department of Revenue.

Note: All calculations made by the Board of Economic Advisors.

Sources of data: Wards Auto Group; Autodata Corporation; U.S. Dept. of Transportation; N.C. Dept. of Motor Vehicles.

**Table 1**

**Additional Revenue Generated From Incremental Increases in the Infrastructure Maintenance Fee Cap On Motor Vehicles With the Sales Fee Rate at 5 Percent**

	<b>Sales Fee Cap (Dollars)</b>	<b>Estimated Fee Collections (Millions)</b>	<b>Additional Fee Collections (Millions)</b>
<b>Present Cap</b>	\$500	\$244.7	\$0.0
	\$600	\$271.9	\$27.2
	\$700	\$295.2	\$50.5
	\$800	\$314.6	\$69.9
	\$900	\$330.1	\$85.4
	\$1,000	\$342.6	\$97.9
	\$1,100	\$352.6	\$107.9
	\$1,200	\$360.5	\$115.8
	\$1,300	\$366.9	\$122.2
	\$1,400	\$371.9	\$127.2
	\$1,500	\$376.0	\$131.3
	\$1,600	\$379.3	\$134.6
	\$1,700	\$381.9	\$137.2
	\$1,800	\$383.7	\$139.0
	\$1,900	\$385.2	\$140.5
	\$2,000	\$386.4	\$141.7
	\$2,100	\$387.3	\$142.6
	\$2,200	\$388.2	\$143.5
	\$2,300	\$388.8	\$144.1
	\$2,400	\$389.4	\$144.7
	\$2,500	\$389.8	\$145.1

Notes: All calculations made by the Board of Economic Advisors. Estimates are subject to change based upon newly released source data and economic forecasts.

Sources: Wards Automotive Group; Autodata Corporation, Motor Intelligence Division; U.S. Department of Transportation, Bureau of Transportation Statistics; N.C. Division of Motor Vehicles; S.C. Code of Laws, 1976.

Table 2

**Revenue Generated From Replacing the Infrastructure Maintenance Fee Cap  
On Motor Vehicles With a Sales Fee On Total Value of Vehicle**

<b>Sales Fee (Percent)</b>	<b>Estimated Fee Collections (Millions)</b>	<b>Additional Fee Collections (Millions)</b>
1.0 %	\$78.5	(\$166.2)
1.5 %	\$117.8	(\$126.9)
2.0 %	\$157.1	(\$87.6)
2.5 %	\$196.4	(\$48.3)
3.0 %	\$235.6	(\$9.1)
3.5 %	\$274.9	\$30.2
4.0 %	\$314.2	\$69.5
4.5 %	\$353.5	\$108.8
5.0 %	\$392.7	\$148.0
5.5 %	\$432.0	\$187.3
6.0 %	\$471.3	\$226.6

Notes: All calculations made by the Board of Economic Advisors. Estimates are subject to change based upon newly released source data and economic forecasts.

The \$500 infrastructure maintenance fee cap currently amounts to an estimated \$244.7 million. The \$500 infrastructure maintenance fee cap is revenue neutral at 3.125% sales tax rate.

Sources: Wards Automotive Group; Autodata Corporation, Motor Intelligence Division; U.S. Department of Transportation, Bureau of Transportation Statistics; N.C. Division of Motor Vehicles; S.C. Code of Laws, 1976.

**Table 3**

**Additional Revenue Generated From Replacing the Infrastructure Maintenance Fee Cap  
On Motor Vehicles With a Combination of Exempting  
Vehicle Value and Adding a Sales Fee  
(Figures are in Millions)**

Sales Fee (Percent)	Exemption of Vehicle Value (Dollars)					
	\$1,000	\$5,000	\$10,000	\$15,000	\$20,000	\$25,000
6.0	\$222.4	\$177.4	\$108.4	\$34.2	(\$51.2)	(\$115.1)
5.0	\$144.6	\$107.1	\$49.5	(\$12.3)	(\$83.5)	(\$136.7)
4.0	\$66.7	\$36.7	(\$9.3)	(\$58.8)	(\$115.7)	(\$158.3)
3.0	(\$11.2)	(\$33.7)	(\$68.2)	(\$105.3)	(\$148.0)	(\$179.9)
2.0	(\$89.0)	(\$104.0)	(\$127.0)	(\$151.7)	(\$180.2)	(\$201.5)
1.0	(\$166.9)	(\$174.4)	(\$185.9)	(\$198.2)	(\$212.5)	(\$223.1)

**Table 4**

**Additional Revenue Generated From Replacing the Infrastructure Maintenance Fee Cap  
On Motor Vehicles With a Combination of Exempting  
Vehicle Value and Adding a Sales Fee  
(Figures are in Millions)**

Sales Fee (Percent)	Exemption of Vehicle Value (Dollars)					
	\$1,000	\$5,000	\$10,000	\$15,000	\$20,000	\$25,000
6.0	\$467.1	\$422.1	\$353.1	\$278.9	\$193.5	\$129.6
5.0	\$389.3	\$351.8	\$294.2	\$232.4	\$161.2	\$108.0
4.0	\$311.4	\$281.4	\$235.4	\$185.9	\$129.0	\$86.4
3.0	\$233.5	\$211.0	\$176.5	\$139.4	\$96.7	\$64.8
2.0	\$155.7	\$140.7	\$117.7	\$93.0	\$64.5	\$43.2
1.0	\$77.8	\$70.3	\$58.8	\$46.5	\$32.2	\$21.6

Notes: All calculations made by the Board of Economic Advisors. Estimates are subject to change based upon newly released source data and economic forecasts.

The \$500 infrastructure maintenance fee cap currently amounts to an estimated \$244.7 million.

Sources: Wards Automotive Group; Autodata Corporation, Motor Intelligence Division;  
U.S. Department of Transportation, Bureau of Transportation Statistics;  
N.C. Division of Motor Vehicles; S.C. Code of Laws, 1976.

**Table 5**

**Additional Revenue Generated From Removing the Infrastructure Maintenance Fee Cap On Motor Vehicles and Replace With Exempting Specific Value of the Motor Vehicle and Applying A Five (5) Percent Sales Fee to Any Remaining Value of the Motor Vehicle**

**(Figures are in Millions)**

<b>Exemption Value (Dollars)</b>	<b>Change in Current Sales Fee Revenue (Millions)</b>
\$1,000	\$144.6
\$2,000	\$135.6
\$3,000	\$126.5
\$4,000	\$116.7
\$5,000	\$107.1
\$6,000	\$89.0
\$7,000	\$79.5
\$8,000	\$69.9
\$9,000	\$59.9
\$10,000	\$49.5
\$11,000	\$38.7
\$12,000	\$27.5
\$13,000	\$15.3
\$14,000	\$2.0
\$15,000	(\$12.3)
\$16,000	(\$27.5)
\$17,000	(\$42.8)
\$18,000	(\$57.4)
\$19,000	(\$70.9)
\$20,000	(\$83.5)
\$21,000	(\$95.1)
\$22,000	(\$106.7)
\$23,000	(\$117.4)
\$24,000	(\$127.5)
\$25,000	(\$136.7)

Notes: All calculations made by the Board of Economic Advisors. Estimates are subject to change based upon newly released source data and economic forecasts.  
The \$500 infrastructure maintenance fee cap currently amounts to an estimated \$244.7 million.

Sources: Wards Automotive Group; Autodata Corporation, Motor Intelligence Division; U.S. Department of Transportation, Bureau of Transportation Statistics; N.C. Division of Motor Vehicles; S.C. Code of Laws, 1976.

**Comparison of the Sales Tax Paid on the Sale of a Motor Vehicle**  
**South Carolina, North Carolina, and Georgia**  
**Tax Year 2018**  
**(Dollars)**

State / Jurisdiction of Tax	(1)	(2)	(3)	(4)	(5)
	Tax Rate	Retail Price Paid for a Motor Vehicle 1/			
		\$10,000	\$20,000	\$40,000	\$60,000
<b>South Carolina 2/</b>					
State Tax 5/	5%	\$500	\$500	\$500	\$500
Local Tax 6/	0%	\$0	\$0	\$0	\$0
Total Tax		\$500	\$500	\$500	\$500
Effective Tax Rate (%) *		5.00	2.50	1.25	0.83
<b>North Carolina 3/</b>					
State Tax 7/	3%	\$300	\$600	\$1,200	\$1,800
Local Tax	0%	\$0	\$0	\$0	\$0
Total Tax		\$300	\$600	\$1,200	\$1,800
Effective Tax Rate (%) *		3.00	3.00	3.00	3.00
<b>Georgia 4/</b>					
	7%				
State Tax 8/	2.80%	\$308	\$616	\$1,232	\$1,848
Local Tax 9/	4.20%	\$392	\$784	\$1,568	\$2,352
Total Tax		\$700	\$1,400	\$2,800	\$4,200
Effective Tax Rate (%) *		7.00	7.00	7.00	7.00

Notes: \* Effective Tax Rate is the total tax collected divided by the retail price paid for a motor vehicle.

1/ Price paid for a new or used vehicle is not adjusted for trade-in allowance, manufacturer's rebates, or promotions.

2/ South Carolina collects a sales tax on the sale or lease of a motor vehicle equal to the lesser of 5% up to \$300 per vehicle. Additional local option or municipal option sales taxes are not permitted by law.

3/ North Carolina collects a 3% Highway Use Tax on vehicles in lieu of a state sales tax. The tax is assessed each time a title is transferred. The maximum tax for a commercial vehicle with a weight greater than 26,000 is \$1,000. The maximum tax for a recreational vehicle that is not subject to the \$1,000 maximum tax is \$1,500 per title.

4/ Georgia collects a 7% sales tax on the fair market value of a motor vehicle. For tax year 2018, the state tax rate is 40.0% of 7% and the local tax rate is 60.0% of 7% sales tax. This allocation will change each tax year until 2022. The City of Atlanta imposes an additional 1% municipal-option sales tax, but it is not permitted on the sale of motor vehicles.

5/ SC Code of Laws, Section 12-36-2110(A)(1) and Section 56-3-627

6/ SC Code of Laws, Section 12-36-1110

7/ General Statutes of North Carolina, G.S. 105-187.2 and G.S. 105-187.3(a)

8/ Official Code of Georgia, O.C.G.A., Section 48-5C-1(b)(1)(B)(ii)(III)

9/ Official Code of Georgia, O.C.G.A., Section 48-5C-1(b)(1)(B)(viii)

Sources: South Carolina Code of Laws, South Carolina Department of Revenue, General Statutes of North Carolina, North Carolina Department of Revenue, Official Code of Georgia, Georgia Department of Revenue.



**Adjusting the Maximum Sales Tax Cap on Motor Vehicles for Inflation**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Calendar Year	Sales Tax Cap on Cars	CPI-U (1982-84=100)	CPI-U New Vehicles (1982-84=100)	CPI-U Used Cars and Trucks (1982-84=100)	Sales Tax Cap on Cars Adjusted for CPI-U	Sales Tax Cap on Cars Adjusted for CPI-U New Vehicles	Sales Tax Cap on Cars Adjusted for CPI-U Used Cars and Trucks
1984	\$300	103.9	102.6	112.5	\$300.00	\$300.00	\$300.00
1985	\$300	107.6	106.1	113.7	\$310.68	\$310.23	\$303.20
1986	\$300	109.6	110.6	108.8	\$316.46	\$323.39	\$290.13
1987	\$300	113.6	114.4	113.1	\$328.01	\$334.50	\$301.60
1988	\$300	118.3	116.5	118.0	\$341.58	\$340.64	\$314.67
1989	\$300	124.0	119.2	120.4	\$358.04	\$348.54	\$321.07
1990	\$300	130.7	121.4	117.6	\$377.38	\$354.97	\$313.60
1991	\$300	136.2	126.0	118.1	\$393.26	\$368.42	\$314.93
1992	\$300	140.3	129.2	123.2	\$405.10	\$377.78	\$328.53
1993	\$300	144.5	132.7	133.9	\$417.23	\$388.01	\$357.07
1994	\$300	148.2	137.6	141.7	\$427.91	\$402.34	\$377.87
1995	\$300	152.4	141.0	156.5	\$440.04	\$412.28	\$417.33
1996	\$300	156.9	143.7	157.0	\$453.03	\$420.18	\$418.67
1997	\$300	160.5	144.3	151.1	\$463.43	\$421.93	\$402.93
1998	\$300	163.0	143.4	150.6	\$470.64	\$419.30	\$401.60
1999	\$300	166.6	142.9	152.0	\$481.04	\$417.84	\$405.33
2000	\$300	172.2	142.8	155.8	\$497.21	\$417.54	\$415.47
2001	\$300	177.1	142.1	158.7	\$511.36	\$415.50	\$423.20
2002	\$300	179.9	140.0	152.0	\$519.44	\$409.36	\$405.33
2003	\$300	184.0	137.9	142.9	\$531.28	\$403.22	\$381.07
2004	\$300	188.9	137.1	133.3	\$545.43	\$400.88	\$355.47
2005	\$300	195.3	137.9	139.4	\$563.91	\$403.22	\$371.73
2006	\$300	201.6	137.6	140.0	\$582.10	\$402.34	\$373.33
2007	\$300	207.342	136.254	135.747	\$598.68	\$398.40	\$361.99
2008	\$300	215.303	134.194	133.951	\$621.66	\$392.38	\$357.20
2009	\$300	214.537	135.623	126.973	\$619.45	\$396.56	\$338.59
2010	\$300	218.056	138.005	143.128	\$629.61	\$403.52	\$381.67
2011	\$300	224.939	141.883	149.011	\$649.49	\$414.86	\$397.36
2012	\$300	229.594	144.232	150.330	\$662.93	\$421.73	\$400.88
2013	\$300	232.957	145.783	149.887	\$672.64	\$426.27	\$399.70
2014	\$300	236.736	146.275	149.094	\$683.55	\$427.70	\$397.58
2015	\$300	237.017	147.135	147.120	\$684.36	\$430.22	\$392.32
2016	\$300	240.007	147.358	143.488	\$692.99	\$430.87	\$382.63

Note: All calculations made by the Board of Economic Advisors.

Sources: U.S. Department of Labor, Bureau of Labor Statistics, Washington, D.C.; S.C. Code of Laws, 1976.