



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** H. 3891  
**Author:** Toole  
**Subject:** Surcharges on passenger motor vehicles  
**Requestor:** Senate Transportation  
**RFA Analyst(s):** Dunbar  
**Impact Date:** January 20, 2016

**Estimate of Fiscal Impact**

	<b>FY 2016-17</b>	<b>FY 2017-18</b>
<b>State Expenditure</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	(\$2,500,000)	\$0
Other and Federal	\$0	\$0
<b>Local Expenditure</b>	\$0	\$0
<b>Local Revenue</b>	\$0	\$0

**Fiscal Impact Summary**

This bill will reduce General Fund departmental revenue by an estimated \$2,500,000 in FY 2016-17, and each year thereafter. This bill would have no revenue impact on Federal or Other Funds.

**Explanation of Fiscal Impact**

**State Expenditure**

N/A

**State Revenue**

**Section 1.** Currently, a vehicle surcharge of five percent is added to each private passenger motor vehicle rental contract of thirty-one days or less in South Carolina. The surcharge is a sales tax applied to the total amount stated in the rental agreement. The accumulated surcharges are collected by the vehicle rental company in a segregated account and used to reimburse the vehicle personal property taxes due each year on the rental vehicles of each rental car company. Any amount in excess of the total property taxes due each taxable year is remitted to the Department of Revenue and deposited in the state General Fund. According to data from the Department of Revenue, the private passenger rental surcharge amounted to \$2,497,383 in FY2014-15.

This bill would amend Section 56-31-50 by making the following changes:

- Deletes the five percent sales tax surcharge in each rental contract. Instead, the rental company may charge separately stated fees such as vehicle license fees, airport access fees, airport concession fees, and all applicable taxes.
- Extends the number of days that charges may be applied to rental vehicles from thirty (30) days to ninety (90) days.
- Deletes the requirement that any surcharge or fees be placed into a segregated account to be used to reimburse the rental company for any motor vehicle personal property taxes due each taxable year. This bill does not absolve the rental company from its obligation to pay annual personal property taxes on its rental car fleet.
- Allows for a “vehicle license fee” to be stated as a separate charge to recover the rental company’s costs for licensing, titling, registering, plating, and inspecting of its rental vehicles. If the vehicle license fee is greater than the actual costs of the rental company, the company may retain the excess amount and adjust the average per vehicle charge for the following calendar year to reduce excess amount.

The amount of the vehicle license fee must be disclosed at the time of reservation and must appear as a separately itemized charge. The motor vehicle rental company is permitted to adjust the vehicle license fee to reflect changing financial conditions. There are no provisions in the bill to limit the number of changes to the vehicle license fee during a calendar year or the amount that may be charged per vehicle. The rental company may charge a vehicle license fee to recoup the costs for licensing, titling, registering, plating, and inspecting of its rental vehicles. Other stated fees may include, but are not limited to, airport access fees, airport concession fees, and any additional fees the rental company may wish to include in the state per vehicle rental price.

Therefore, based on information from the Department of Revenue, the deletion of the five percent sales tax surcharge in each rental contract would reduce General Fund departmental revenue by an estimated \$2,500,000 in FY2016-17, and each fiscal year thereafter.

**Section 2.** This act takes effect upon approval by the Governor.

**Local Expenditure**

N/A

**Local Revenue**

N/A



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Frank A. Rainwater, Executive Director