



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** S. 1258 As amended by House Ways and Means on May 19, 2016  
**Author:** Senate Finance Committee  
**Subject:** S. C. Transportation Infrastructure Bank  
**Requestor:** Senate  
**RFA Analyst(s):** Dunbar  
**Impact Date:** May 23, 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	(\$65,680,000)	\$0
Other and Federal	\$65,680,000	\$0
<b>Local Expenditure</b>	\$0	\$0
<b>Local Revenue</b>	\$0	\$0

**Fiscal Impact Summary**

This bill would reduce fees and fines revenue from the Department of Motor Vehicles by an estimated \$84,211,596 to be distributed to the Department of Transportation’s State Highway Fund. General Fund sales and use tax revenue and the State Non-Federal Aid Highway Fund will be reduced by an estimated \$65,680,000 to be distributed to the Department of Transportation’s State Highway Fund. Other Funds of the Department of Transportation will increase by a total of \$215,571,596 in FY 2016-17. There will be no impact to Federal Funds from this bill.

**Explanation of Fiscal Impact**

**Explanation of Amendment (May 19, 2016) – By the House Ways and Means Committee**

**State Expenditure**

**The Department of Transportation.** The Department indicates that this bill would have no expenditure impact to the General Fund, Federal Funds, or Other Funds.

**State Revenue**

This amendment adds Section 56-1-560 so that any fee or fine revenue collected by the Department of Motor Vehicles, except funds attributable to plate replacement, must be credited to the State Highway Fund. Based upon data from the Department of Motor Vehicles, the total projected fee and fine revenue is an estimated \$84,211,596 for FY 2015-16. This does not include estimated plate replacement revenue. This section would reduce fee and fine revenue for

the Department of Motor Vehicles by \$84,211,596, and increase revenue to the Department of Transportation's State Highway Fund by \$84,211,596 in FY 2016-17.

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 credited to the General Fund and 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 \$60,947,394 and a concomitant increase in State Highway Fund revenue in FY 2014-15.

This section would amend Section 12-36-2647 to credit the remaining 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 the State Highway Fund. Again, this transfer only affects the four percent component of the sales and use tax and does not affect the one percent for EIA. Based upon the latest data on motor vehicle sales, the Board of Economic Advisors' maximum sales and use tax cap model suggests the 5% motor vehicle sales and use tax will generate an estimated \$164,200,000 in FY 2016-17.

Under current law, \$65,680,000 is expected to be transferred to the Department of Transportation for the State Non-Federal Aid Highway Fund, \$65,680,000 is expected for deposit to the General Fund, and \$32,840,000 is to be credited to the Education Improvement Act Fund. Pursuant to this bill, the General Fund allocation of \$65,680,000 would be transferred to the State Highway Fund in addition to the current allocation of \$65,680,000 for a total of \$131,360,000. The Department of Transportation shall transfer an amount equal to the revenue credited to the State Highway Fund pursuant to 12-36-2647(A), or \$131,360,000, to the South Carolina Transportation Infrastructure Bank. The first \$50,000,000 transferred to the bank shall be used to finance bridge replacement, rehabilitation projects, and expansion and improvements on existing roads in the State Highway System. Any funds in excess of \$50,000,000 transferred to the bank shall be used to finance expansion and improvements to existing mainline interstates.

This bill takes effect July 1, 2016.

#### **Local Expenditure**

N/A

#### **Local Revenue**

N/A

#### **Explanation of bill filed April 20, 2016**

#### **State Expenditure**

**The Department of Transportation.** The Department indicates that this bill would have no expenditure impact to the General Fund, Federal Funds, or Other Funds.

## **State Revenue**

This bill amends Sections 56-19-520(A)(4), 56-19-420(C), 56-1-550, 56-1-200, 56-1-170(B)(3), 56-1-740(B)(3), 56-5-750(G)(3), 56-1-460(A)(1)(e)(iii), 56-1-286(K)(1), 56-5-2951(B)(1), 56-5-2951(H)(3), 56-1-746(D)(3), 56-1-2080, 56-1-400(A), 56-1-390(2), 56-3-355, 56-3-1335, 12-37-2740(D), and 56-9-330 of the South Carolina Code so that the revenue generated from various operating fees and fines collected by the Department of Motor Vehicles be reallocated to the State Highway Fund of the Department of Transportation. Based upon a preliminary analysis of data from the Department of Motor Vehicles, revenues generated relating to these operating fees and fines were \$37,766,607 in FY 2014-15. This portion of the bill would reduce the Department of Motor Vehicles fees and fines revenue by an estimated \$38,750,000 and generate a corresponding \$38,750,000 revenue increase to the State Highway Fund in FY 2016-17.

This bill also amends Sections 56-10-240(C), 56-10-245, 38-73-470, and 56-10-552 of the South Carolina Code so that the revenue generated from uninsured motorist fees and fines collected by the Department of Motor Vehicles be reallocated to the State Highway Fund of the Department of Transportation. Based upon a preliminary analysis of data from the Department of Motor Vehicles, revenues generated relating to the uninsured motorist fees and fines were \$31,286,016 in FY 2014-15. This portion of the bill would reduce the Department of Motor Vehicles fees and fines revenue by an estimated \$33,000,000 and generate a corresponding \$33,000,000 revenue increase to the State Highway Fund in FY 2016-17.

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 credited to the General Fund and 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 \$60,947,394 and a concomitant increase in State Highway Fund revenue in FY 2014-15.

This section would amend Section 12-36-2647 to credit the remaining 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 the State Highway Fund. Again, this transfer only affects the four percent component of the sales and use tax and does not affect the one percent for EIA. Based upon the latest data on motor vehicle sales, the Board of Economic Advisors' maximum sales and use tax cap model suggests motor vehicle sales and use tax revenue of an estimated \$164,200,000 in FY 2016-17.

Under current law, \$65,680,000 is expected to be transferred to the Department of Transportation for the State Non-Federal Aid Highway Fund, \$65,680,000 is expected for deposit to the General Fund, and \$32,840,000 is to be credited to the Education Improvement Act Fund. Pursuant to this bill, the General Fund allocation of \$65,680,000 would be transferred to the State Highway Fund in addition to the current allocation of \$65,680,000 for a total of \$131,360,000. The Department of Transportation shall transfer an amount equal to the revenue credited to the State Highway Fund pursuant to 12-36-2647(A), or \$131,360,000, to the South Carolina Transportation Infrastructure Bank. The first \$50,000,000 transferred to the bank shall be used to finance bridge replacement, rehabilitation projects, and expansion and improvements on

existing roads in the State Highway System. Any funds in excess of \$50,000,000 transferred to the bank shall be used to finance expansion and improvements to existing mainline interstates.

This bill takes effect July 1, 2016.

**Local Expenditure and Revenue**

N/A

A handwritten signature in blue ink, appearing to read "Frank A. Rainwater".

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Frank A. Rainwater, Executive Director