

Statement of Estimated State Revenue Impact

Date: February 10, 2014

Bill Number: S.B. 994

Author: Peeler

Committee Requesting Impact: Senate Finance Committee

Bill Summary

A bill to amend Section 11-43-165, of the Code of Laws of South Carolina, 1976, relating to the annual transfer of funds from the Department of Transportation to the Transportation Infrastructure Bank, so as to increase the transfer from fifty million dollars to one hundred million dollars; to amend Section 12-36-2647, relating to revenue from the sales, use, and casual excise tax on the sale, use, or titling of motor vehicles, so as to increase the percentage that is credited to the State Non-Federal Aid Highway Fund from fifty percent to one hundred percent; and to repeal Section 6 of Act 114 of 2007 relating to the governor's authority to appoint the Secretary of the Department of Transportation.

REVENUE IMPACT ^{1/}

This bill would reduce General Fund sales and use tax revenue by an estimated \$41,400,000 in FY2014-15. In FY2015-16, and each fiscal year thereafter, the amount of reduced revenue will be based on the number of cars sold.

Explanation

Section 1. This section would add Section 11-43-165 to direct the South Carolina Department of Transportation to transfer \$50,000,000 from nontax sources to the South Carolina Transportation Infrastructure Bank each fiscal year. The funds may be transferred in one lump sum or in four equal quarterly payments. The funds are exempt from any across-the-board budget reductions. The funds must only be used to finance bridge replacement, rehabilitation projects, and expansion and improvements to existing mainline interstates. The funds may not be used for projects approved by the Infrastructure Bank before July 1, 2013. The projects must be approved by the Joint Bond Review Committee before a project may be approved for financing. The section is contingent upon \$50,000,000 being appropriated to the "Highway Engineering Permanent Improvements" account within the South Carolina Department of Transportation in the FY2014-15 General Appropriations Act. These funds may only be used on projects approved by the Infrastructure Bank after July 1, 2013. Because this is an appropriation of funds to the Department of Transportation, and does not reflect the changing of any taxes or fees, this section is not expected to affect state General Fund revenue in FY2014-15.

Section 2. This section would amend Section 12-36-2647 to allow the sales, use, and casual excise tax revenues derived from the sale of a motor vehicle to be redirected from the state public school building fund and credited to the State Non-Federal Aid Highway Fund. The amount of General Fund sales and use tax revenue collected from the \$300 sales tax cap on the sale of motor vehicles in the State is an estimated \$103,500,000 in FY2014-15. Act 98 of 2013 allowed fifty percent of the revenues derived from the General Fund portion of the sale of motor vehicles to be credited to the State Non-Federal Aid Highway Fund. This section would, notwithstanding the provisions of Section 59-21-1010, increase this amount to one hundred percent of the revenues derived from the sale of motor vehicles pursuant to Sections

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12-36-2620(1) and 12-36-2640(1) to be credited to the State Non-Federal Aid Highway Fund. This provision would only affect the four percent component of the sales and use tax in the General Fund. This amendment would not affect EIA Fund revenue collections. The EIA Fund would continue to receive an estimated \$20,700,000 in FY2014-15. In FY2014-15, and each year thereafter, one hundred percent of General Fund sales and use tax revenue collected from the sales of motor vehicles, or an estimated \$82,800,000, would be transferred to the State Non-Federal Aid Highway Fund. Since Act 98 of 2013 already redirected fifty percent of the sales and use tax revenue collected on the sale of motor vehicles, this section would allow the transfer of the remaining fifty percent of the revenue derived from the sales of motor vehicles. In FY2014-15, this would amount to an additional \$41,400,000 to be transferred from the state General Fund to the State Non-Federal Aid Highway Fund within the Department of Transportation.

Section 3. This section would repeal Section 6 of Act 114 of 2007 to allow the Governor to appoint the Secretary of Transportation pursuant to Section 57-1-410.



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¹¹ This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.