

Summary of Road Funding Legislation

H.3516/Rat#51/Act 40

\$633 Million in NEW, RECURRING, Revenues to FIX SC's Roads!

Transportation Accounts

Effective July 1, 2017

- Created Infrastructure Maintenance Trust Fund (IMTF) to be used exclusively for repairs, maintenance, and improvements to existing transportation system.

Motor Fuel User Fee Increase

Effective: July 1, 2017

New Revenue = \$450M

- Permanently increases the motor fuel user fee by 2¢ per gallon over six (6) years and credits all funds generated by the increase to the IMTF at SCDOT.

Inspection Fee Revenues to Non-Federal Aid Highway Fund

Effective July 1, 2017

New Revenue = \$1M

- Deletes the transmission of ten (10%) percent of the .25¢ per gallon inspection fee to the Department of Agriculture via the Department of Revenue, effectively crediting all of the proceeds of the fee to the Non-Federal Aid Highway Fund.

Biennial Registration Fees

Effective: January 1, 2018

New Revenue = \$31.7M

- Increases biennial motor vehicle registration fees for passenger vehicles and property-carrying vehicles with gross weight of 6,000 lbs. or less by \$16 and credits to the IMTF.

Alternative/Hybrid Vehicle Fees

Effective: January 1, 2018

New Revenue = \$2.6M

- Imposes a \$60.00/\$120.00 biennial road user fee on Alternative Fuel and Hybrid vehicles, respectively credited to the IMTF.

CTC-Funds Increase

Effective July 1, 2018

New Revenue = \$40M

- Increases the C-Fund allocation to 3.99¢ over a four (4) year period starting in 2018 at .3325¢ per year for use on the state highway system.
- Increases the “donor bonus” for donor counties to \$17 M (*with an additional \$3.5 M for a total of \$20.5 M*) to make donor counties whole.

Infrastructure Maintenance Fee

Effective: July 1, 2017

New Revenue = \$97M

- Replaces current sales tax and increases cap for fee to \$500.00 or 5% for in-state and \$250.00 for out-of-state motorists.
- Deposits the maintenance fee imposed on out-of-state drivers into the newly created Safety Maintenance Account.
- Active duty members of the Armed Forces are exempt from the out-of-state provision.
- Vehicles transferred to immediate family members, heirs, in the formation of a partnership/corporation, for the purpose of resale by a dealer or financial institution, as the result of repossession etc. are excluded from the fee.
- SCDOT is to use the fee for the resurfacing program as well as for projects financed through the SCTIB mirroring ACT 275 of 2016 language, which this replaces.
- Education Improvement Act (EIA) is held harmless.
- *This applies trailers and semi-trailers.*
- *(Revenue total comes from \$74.4 M (in-state) and \$22.7 M (out-of-state).)*

Sales Tax “Cap” on Motor Vehicles

Effective: July 1, 2017

- Increases cap to \$500.00 with 5% retained. Directs the Department of Motor Vehicles (SCDMV) to collect revenues resulting from the sale of vehicles that would be subject to the maintenance fee except for the state in which they are registered and remit to the IMTF.
- After June 30, 2017, maximum tax imposed only applies to vehicles not subject to the infrastructure maintenance fee.
- *Revenue totals are included in “maintenance fee” figures above.*

Road Use Fee/Motor Carriers

Effective: January 1, 2019

New Revenue = - \$10.6M

- Rolls the current property taxes on commercial vehicles over 26,000 lbs. into the existing registration process for IRP and applies the current property tax formula as a “road use fee.” *(Large commercial motor vehicles subject to “road use fee” are exempt from property taxes, as are currently. Effect will be to apply the “road use fee” to out-of-state vehicles through the IRP.)*
- 75% of the revenues from the road use fee and the one-time fee must be distributed based on the ratio of federal and state highway miles within the county to total federal and state highway miles in all counties (current formula allocation). The remaining 25% is to be deposited into the IMTF for expansion and improvements to existing mainline interstates.

SCDOT Commission/Reform

- The seven (7) Commissioners serving from Congressional Districts are appointed by the Governor and submitted to the House and Senate to be reviewed and sent to the legislative delegation for approval with a majority, weighted vote by the delegation.
 - The Commissioners referred to the Senate are subject to Senate rules and will be transmitted through the Senate Transportation Committee for screening.
 - The legislative delegation is defined as any legislators representing a portion of the district.
 - Term Limits: no more than two (2) consecutive terms of four (4) years with a lifetime maximum of twelve (12) years serving.
 - Increases the number of at-large appointments to two (2) with advice and consent of the General Assembly by a separate vote in both bodies.
 - The at-large Commissioners *must* be transmitted through the Senate Transportation Committee for confirmation hearings before being referred to the full Senate for final confirmation
 - Removes legislative approval of the removal of a Commissioner by the Governor.
 - Commissioners may not have any interest (direct or indirect) in contracts awarded during their tenure (or one (1) year after term end).
 - Abolishes the Joint Transportation Review Committee which was responsible for qualifying and screening candidates.
- Commission is removed from the day-to-day operations of the department; requires the Commission to hold at least six (6) meetings annually with one (1) week notice; and the publishing of reports online (including audits).
- Directs the SCDOT to prepare a Transportation Asset Management Plan (TAMP) that addresses funding and safety measures for rural roads.

Tax Relief for Individuals and Businesses

Tax Rebates and Relief for Individuals and Families

- Institutes a refundable credit against the resident's actual motor fuel user fee incurred as a result of 2¢ per year increase or the amount spent on preventative maintenance, whichever is less.
 - Sets guidelines for the maximum credit for all residents each year: \$40 M (2018); \$65 M (2019); \$85 M (2020); \$110 M (2021); \$114 M (2022). (tax credit sunsets in 2022 with option to be reauthorized by the General Assembly in 2023.)
 - SCDOT is to transfer the amount required above to the Department of Revenue (SCDOR) for the Safety Maintenance Account to offset the credit. SCDOT is to transfer funds derived from the maintenance fee imposed on out-of-state drivers first. Credits not claimed are reverted back to SCDOT.
- Institutes (after tax year 2017) a non-refundable individual income tax credit 125% of federal EITC to be phased-in through six equal installments of .2083 of a percent.
- Increases the current income limit for the two-wage earner credit to \$50,000.00 (from \$30,000.00) phased in through six equal installments of \$3,333.00 starting with tax year 2018. As result, maximum credit increases from \$210.00 to \$350.00.
- Increases the current refundable income tax credit for tuition at both four (4) and two (2) year institutions to 50%, not to exceed \$1,500.00 at a cap of \$40 M in 2018 and every year after that plus a cumulative amount equal to the percentage increase in the Higher Education Price index capped at 3% (credits reduced proportionally if maximum amount claimed is exceeded).

Tax Relief for Manufacturing Property

- Beginning tax years after 2017, phases-in over six (6) years a reduction in the property tax assessment ratio from 10.5% to an effective 9% (capped at \$85 M).

SINCE 2013, THE SC LEGISLATURE HAS PROVIDED
OVER \$800 MILLION
TO SC ROADS AND BRIDGES.