

S.C. Infrastructure and Economic Development Reform Act of 2017 (H. 3516) Fact Sheet

Effective July 1, 2017, the state's gas tax, now named the motor fuel user fee, will increase 2 cents each year for six years for a total increase of 12 cents-per-gallon. (S.C. Code §12-28-310)

- The final 2 cent increase will be on July 1, 2021 for FY 2022
- Under this plan, there will be no indexing for inflation, as the Senate plan originally called for
- All funds raised by the motor fuel user fee increase are required to go to the Infrastructure Maintenance Trust Fund, created in this legislation
- This increase is estimated to cost about \$1.40 a week for a driver who travels 15,000 miles in a car that gets 25 miles per gallon

The Infrastructure Maintenance Trust Fund will receive all the funds from the 12 cents-per-gallon fee increase to use on existing roads. The legislation will raise approximately \$630 million a year for road repairs after full implementation.

- The Trust Fund is required to use these funds “exclusively for the repairs, maintenance, and improvements to the existing transportation system” (S.C. Code §57-11-20(A)(2))
- An Infrastructure Maintenance Fee for each vehicle registered in the state will also be credited to the Trust Fund (S.C. Code §56-3-627)
 - If purchased from a dealer then immediately registered in S.C., the fee will be 5% of the sales price, capped at \$500, which is an increase in the current \$300 cap on vehicle sales tax
 - If the vehicle is registered out of state first, a one-time \$250 fee will be imposed upon registration in S.C.
- An additional \$120 biennial fee for electric vehicles and \$60 biennial fee on hybrid vehicles will go to the Trust Fund, to make up for the lost motor fuel user fees from these more efficient vehicles (S.C. Code §56-3-645)
- Also heading to the Trust Fund is the \$16 increase for every biennial registration and license fee collected in the state (S.C. Code §56-3-620)

Additional DOT Governance Reforms are also included in the final legislation.

- The DOT Commission gains an additional at-large member, for a total of 2 at-large members, to make the full commission membership an odd number in order to break potential tie votes
- All 9 members will be appointed by the governor and vetted by the legislature (S.C. Code §57-1-310)
 - The 7 congressional district appointees will be submitted to the House and Senate for referral to the legislative delegations, which will now include any legislators who represent a portion of the congressional district. The legislative delegations will then confirm the appointees.
 - The 2 at-large appointees will go to the legislature for confirmation (the Joint Transportation Review Committee has been removed from the process)

In an effort to offset the cost of the gas tax increase to S.C. citizens, tax reform measures are included in the final legislation. Highlights include:

- A motor fuel user rebate, which will be a refundable income tax credit for preventative maintenance on private passenger vehicles, equal to the lesser of the actual motor fuel user fee increase incurred by the taxpayer or the amount the taxpayer spends on preventative maintenance (S.C. Code §12-6-3780)
- The S.C. Earned Income Tax Credit will be a nonrefundable credit equal to 125% of the federal EITC (S.C. Code §12-6-3632)
- A student will be allowed a refundable income tax credit equal to 50% of tuition costs, up to \$1500 for both 4 year and 2 year institutions (S.C. Code §12-6-3385(A)(1))
- The manufacturing property tax assessment ratio will be decreased from 10.5% to an effective 9% for manufacturing property over 6 years (S.C. Code §12-37-220(B))