

State House News: May 1st – 5th

May 5, 2017

Roads Bill Conference Committee Negotiates Partial Deal, Meets Late Friday to Finish

On May 3, the conference committee was appointed to address the controversial roads funding legislation. Sen. **Paul Campbell** (R-Berkeley), Sen. **Vincent Sheheen** (D-Kershaw), Sen. **Ross Turner** (R-Greenville), House Majority Leader **Gary Simrill** (R-York), House Minority Leader **Todd Rutherford** (D-Richland), and House Ways and Means Chairman **Brian White** (R-Anderson) were appointed to the committee and immediately met to begin their work.

After the first organizational meeting, the committee met briefly on Thursday, May 4 to adopt the identical portions of the bills into the conference report and have staff walk them through the differences in the plans. These provisions include Department of Transportation reform measures and [new fees for hybrid and other alternative fuel vehicles](#). The committee met again on Friday, May 5 to start negotiating the other details of conference report.

The conference committee adopted the Senate's total 12 cents-per-gallon increase, phased in over 6 years, but without the Senate's required inflation indexing on the tax, which the House did not contemplate in their version of the bill. The state's 16.75 cent-a-gallon gas tax is one of the lowest in the country and has not been raised in the last 30 years, nor adjusted for inflation.

The House was unwilling to accept the Senate's provision that authorized inflation adjustments after the 12 cent tax increase is fully implemented. The Senate inflation provision also mandated that the inflation adjustment not raise the state's gas tax above a gas tax in any bordering county in North Carolina or Georgia. House members appreciated the attempt to keep the state competitive with its neighbors, but ultimately could not support any kind of inflation indexing.

The Senate's numerous tax credit and rebate proposals do not yet have consensus in the conference committee. Senators who supported including tax relief in the plan not only believe it's important to make South Carolinians whole while still capturing out of state funds to help pay for the road maintenance and improvements, they also feel it's important to include the provision to make the legislation veto-proof.

The Senate plan includes a large variety of tax relief including college tuition rebates, earned income tax credits, commercial property tax cuts for manufacturers, and vehicle maintenance and gas tax rebates. These rebates and credits are estimated to reduce the raised revenue by up to \$150 million, even though the bill includes caps for the amount of tax relief allowed. Additional money to cover some of the tax credits may also be pulled from the general fund and the capital reserve fund, if necessary. The Senators on the conference committee explained that these tax relief efforts are targeted to the citizens who will be most affected by the revenue generating portions of the plan.

Gov. **Henry McMaster** (R) has expressed his dislike of the gas tax proposal, stating that it should be a "[last resort](#)" for infrastructure maintenance and improvement funding and that he will [veto](#) the legislation if it makes it to his desk.

The conference committee must also deal with the differences in the state's driver's license fees, the motor vehicle sales tax cap, and the Infrastructure Maintenance Fund fee, which would capture out of state vehicle purchases. They plan to meet again at 2PM on May 5 to hopefully finalize their conference report.

Special Elections Update

On May 2, voters in South Carolina's 5th Congressional District went to the polls to make their primary selections. Tax attorney **Archie Parnell** of Sumter [handily won the Democratic nomination](#), and was considered the front-runner throughout the Democratic contest. Rep. **Tommy Pope** (R-York) garnered the most votes on Tuesday, but former Rep. **Ralph Norman** (R-York), who resigned from the House to seek the vacated seat of former U.S. Rep. **Mick Mulvaney** (R), came in a close second. The Republican nomination will be [decided by a May 16 runoff](#), which looks to be very competitive. The special election to fill the seat will be held on June 20.

Also on May 2, Democrats in Rep. **Joe Neal**'s District 70 went to the polls to pick their nominee. The seat was vacated after Rep. Neal passed away unexpectedly earlier this year. Eight democrats sought the nomination, but only the top two, **Wendy Brawley** and **Heath Hill**, [advanced to the May 16 primary runoff](#). Only one Republican, **Bill Strickland**, timely filed and will automatically be on the June 20 general election ballot.

Last week, Lt. Gov. **Kevin Bryant**'s (R) vacated Senate District 3 seat was [effectively filled after the Republican primary runoff](#). **Richard Cash** of Anderson defeated Carol Burdette of Pendleton to take the seat, as he will face no opposition in the May 30 general election. On May 4, the Senate introduced and welcomed Cash to the floor as Senator-elect.

Budget Conference On Hold for Roads Bill

The budget conference committee was named this week, but has yet to meet on the budget package, [H. 3720](#) and [H. 3721](#), as they are likely awaiting the result of the roads funding conference committee.

The House has yet to take up their [bond proposal](#) for the state's capital improvement needs, with three legislative days remaining in 2017. Gov. **Henry McMaster** (R) urged the legislature to [utilize the state's borrowing capacity for infrastructure funding instead](#) of capital improvement.

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