

State House News: May 8th – 12th

May 12, 2017

On May 11, the South Carolina General Assembly adjourned Sine Die on the 2017 legislative session. Legislators [will return on Tuesday, May 23](#) to take up vetoes and the budget, which must be completed by June 30.

The 2017 session was three weeks shorter than in previous years, as the legislature voted last year to shorten the session beginning this year. The shorter time certainly affected the legislative process, especially considering the number of big issues legislators sought to address this year.

Legislature Overrides Veto on Roads Bill

On May 8, the roads bill conference committee finalized their conference report on the legislation. Both bodies granted the conference committee free conference powers, which were necessary for the conferees to negotiate the compromises in the bill. The conference report was adopted by the Senate on May 8 and the House on May 9, both with veto-proof majorities. [The bill](#) was immediately sent to the governor for consideration upon passage by the House. Gov. **Henry McMaster** (R), who [consistently promised a veto on the bill](#), wasted no time and vetoed the legislation before the end of the day with a [veto message posted on Facebook](#).

On May 10, after [several rousing speeches on the floor about executive leadership, or lack thereof on this issue](#), the House voted 95-18 to override the governor's veto. The Senate followed with a 32-12 vote to override the governor, completing three years of passionate debate over the gas tax in the state.

Revenue Generation

[Effective July 1, 2017](#), the legislation will increase the state's 16.75 cents-per-gallon gas tax to a total of 28.75 cents-per-gallon by the year 2022. The legislation's 12 cents-per-gallon increase, named the motor fuel user fee, will be phased with a 2 cents-per-gallon increase in each of the six years of the plan. The state's gas tax has not been subject to inflation indexing over the last 30 years, which will not change since the Senate's inflation indexing provision was left out of the final legislation.

The legislation requires that all revenues raised from the 12 cents-per-gallon increase be placed into the newly created Infrastructure Maintenance Trust Fund, which is required to use these funds exclusively for repairs, maintenance, and improvements to the existing transportation system.

Other fees were also increased or introduced to raise revenue for the Trust Fund, including a \$16 increase on every biennial registration and license fee in the state and an increase in the vehicle sales tax, now called the Infrastructure Maintenance Fee. For vehicles purchased and immediately registered in the state, the Infrastructure Maintenance Fee is five percent of the sales price or fair market value, capped at \$500. For vehicles not initially registered in the state, a one-time \$250 fee will be imposed upon registration in S.C. [New fees for hybrid and other alternative fuel vehicles](#) were also introduced to help offset the loss in motor fuel user fees from more efficient vehicles.

The legislation is expected to raise approximately \$630 million each year for road repairs after full implementation. The plan is estimated to cost S.C. drivers who travel 15,000 miles in a car that gets 25 miles per gallon about \$1.40 a week in additional motor fuel user fees after full implementation.

Legislature Overrides Veto on Roads Bill, continued

Tax Relief

Several of the Senate's various tax credit and rebate proposals, originally intended to offset the cost of the increase to the state's taxpayers as well as help make the legislation veto-proof, are included in the final legislation. The legislation includes the main tax relief program proposed by the Senate, the motor fuel user rebate, which will be a refundable income tax credit for preventative maintenance on the state's registered private passenger vehicles. The legislation also implements a state earned income tax credit that will be a nonrefundable credit equal to 125% of the federal earned income tax credit. The state's students also received an increase in the cap on their refundable income tax credits for higher education tuition, which will now be up to \$1500 for both two- and four-year programs. Finally, in an effort to lower the cost of business in the state, manufacturers will get a small break on their property assessment ratios phased in over the six year plan.

DOT Governance Reforms

Additional Department of Transportation (DOT) reforms were also included in the final legislation. Legislators opted to add an additional at-large member to the DOT Commission, the governing body of the DOT, to make full commission membership an odd number to avoid tie votes. All nine commissioners will be appointed by the governor and vetted in some manner by the legislature in a plan inspired by the Ethics Commission appointment process. The seven congressional district seats on the commission will be vetted and confirmed by the legislature delegations of the congressional district, which will now include all legislators who represent any portion of the congressional district. The two at-large members will be confirmed by the House and the Senate.

Budget Conference Planned for Next Week

The budget conference committee met briefly this week to organize and discuss areas of agreement. The conferees decided to reconvene the week of May 15 to continue their work with the hope of completing a conference report for the House and Senate to consider when they return to Columbia on May 23 to deal with vetoes.

The state's fiscal year begins July 1, 2017, which means the budget must be finalized and ratified by the legislature by June 30.

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