

April 4, 2019

The Honorable William M. "Bill" Hixon  
Chairman, Economic Development, Transportation  
and Natural Resources Subcommittee  
S.C. House Legislative Oversight Committee  
228 Blatt Building  
Columbia, South Carolina 29201

Dear Chairman Hixon:

At your meeting held last Wednesday, March 27, there were several questions about the transfer of fees to SCDOT from the Department of Motor Vehicles (DMV). While much of the dialogue during your recent meeting centered on the approximately \$15 Million in revenues that DMV generates through the sale of information, the subsequent transferring of those revenues to SCDOT and the use of those revenues, I am providing a full report (attached) on the approximately \$350 Million annually in various driver and vehicle related fees that originate from DMV collections and transferred to SCDOT.

The General Assembly through several legislative acts, most notably Act 40 of 2017, Act 275 of 2016 and Act 176 of 2005, has adopted policies of primarily funding the Department of Transportation through driver, vehicle and motorfuel related fees and taxes rather than utilizing general fund revenues.

Act 275 of 2016 shifted approximately \$80 Million in DMV collected fees to SCDOT which resulted in DMV continuing to rely on General Fund appropriations annually to meet their operational needs. At the time of passage of Act 275, the DMV funds were sent to SCDOT with an initial plan to use the funds for resurfacing until project timing required the funds to be dedicated towards several bridge replacement projects and assist in funding more interstate widening projects through the State Infrastructure Bank (SIB). This language was later modified when the Roads Bill (Act 40) passed in 2017.

Act 40 of 2017 (Roads Bill) was a landmark piece of legislation that dramatically increased funding for infrastructure by increasing the motorfuel tax, vehicle sales tax and many other vehicle related fees. Act 40 created the Infrastructure Maintenance Trust Fund (IMTF) and directed that the increased revenues be deposited into the IMTF and used exclusively for the repairs, maintenance and improvements to the existing transportation system. The IMTF is utilized to fund resurfacing, the rural road safety program, bridges and interstate widenings. Of the approximately \$350 Million in DMV originated revenues that are transferred to SCDOT annually, approximately \$240 Million is directed into the IMTF as required by Act 40.

Act 40 also modified the language from Act 275 relating to the approximately \$80 Million in transferred DMV fees allows SCDOT to utilize the funds for repairs, maintenance and



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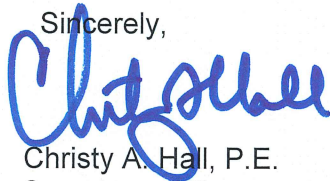
improvements to the existing transportation system rather than mandating that the agency transfer the funds to the SIB for anything other than resurfacing. The implication of this revision

is that SCDOT is now able to target these revenues to aid in directly funding paving, bridge replacements and interstate widenings while still retaining the opportunity for SCDOT to utilize the SIB in the future if SCDOT needs to do so in accordance with the projected cash flow demands of SCDOT's annual work plan.

All of the DMV related revenues that are transferred to SCDOT are incorporated into the financial plan that underpins the 10-year plan that has been developed and implemented in order to begin the journey to bring the state's infrastructure back to state a good repair. Any reduction in the fees transferred from DMV to SCDOT will result in a reduction in SCDOT's annual work plan for the state's roads and bridges.

I will be in attendance at your subcommittee meeting this afternoon along with our Chief Financial Officer Kace Smith, and we look forward to answering any questions you may have.

Sincerely,



Christy A. Hall, P.E.  
Secretary of Transportation

Attachment

ec: Kace Smith, SCDOT Chief Financial Officer  
Kendra Wilkerson, HLOC Fiscal/Research Analyst







## Revenues Received from DMV

		Actual Revenues 2017-2018	Forecasted Revenues 2018-2019	Forecasted Revenues 2019-2020	Utilization of the Funds
3860	KEEP SC BEAUTIFUL FUND				<i>Background: These DMV funds are placed in a special "Highway Beautification Fund" via Section 56-1-390 &amp; 56-3-3950. Application: These funds are targeted to fund "beautification" at Welcome Centers and Rest Areas.</i>
	4150100000 MOTOR VEHICLE LICENSE	26,022	30,000	30,000	
	4226010000 PENALTIES-FORFEITURES	109,350	120,000	120,000	
	TOTAL 3860 KEEP SC BEAUTIFUL FUND	135,371	150,000	150,000	
4491	INFRASTRUCTURE MAINTENANCE FUND (Act 40)				<i>"The Infrastructure Maintenance Trust Fund must be used exclusively for the repairs, maintenance, and improvements to the existing transportation system." Application: The IMTF is utilized to fund resurfacing, rural road safety program, bridges and interstate widenings.</i>
	4020010002 INFRASTRUCTURE MAINT FEE	222,410,628	209,440,000	223,400,000	
	4020010000 Sales and Use Tax - Auto	433,076	0	0	
	4150100006 DMV - Vehicle Registration Increase (\$16)	17,735,741	26,090,000	26,732,000	
	4150120002 HYBRID/ALTERNATIVE FUEL VEHICLES (starts 1/1/18)	768,810	1,453,000	1,566,000	
	TOTAL 4491 INFRASTRUCTURE MAINTENANCE FUND	241,348,255	236,983,000	251,698,000	
4490	HIGHWAY FUND				<i>Background: These DMV funds were initially sent to SCDOT via Act 275 of 2016 with an initial plan to use the funds for resurfacing until project timing required the funds to be dedicated towards several bridge replacement projects and assist in funding more interstate widening projects through the SIB. Act 40 of 2017 (Roads Bill) incorporated these funds and added the language that allowed SCDOT to utilize the funds for repairs, maintenance and improvements to the existing transportation system rather than mandating that the agency transfer the funds to the SIB. Application: These funds are targeted to serve as matching funds to draw down federal interstate paving dollars, federal bridge replacement funding and federal interstate widening funding.</i>
	4150090000 MOTOR VEHICLE TRANSPORT FEE		300	300	
	4150100007 M/V LICENSE - Transfer	2,869,479	2,894,007	2,894,007	
	4150100012 M/V LICENSE - Personalized Fees	92,330	105,720	105,720	
	4150100013 M/V LICENSE - Replacement Fees	306,582	295,000	295,000	
	4150100015 M/V LICENSE - College Fees	378,605	400,000	400,000	
	4150100016 M/V LICENSE - Title Fees	14,143,336	12,900,000	12,900,000	
	4150100021 M/V LICENSE - Driver License Fees	4,281,702	4,600,000	4,600,000	
	4150100022 M/V LICENSE - ID Cards		228	228	
	4150100023 M/V LICENSE - Beginners Permits		324	324	
	4150100026 M/V LICENSE - CDL Fees	58,299	66,000	66,000	
	4150100028 M/V LICENSE - Prod/Handl of License Plates	261	12	12	
	4150100030 M/V LICENSE - DMV Cost Recovery	3,683,596	4,200,000	4,200,000	
	4150140001 INTERSTATE MOTOR CARRIER REG FEES		455,000	455,000	
	4150160002 MIS VEHICLE PERMITS HANDICAPPED PLACARD	105	180	180	
	4150170000 FINANCIAL RESPONSIBILITY FEES	14,156,478	13,100,000	13,100,000	
	4150170001 FINANCIAL RESPONSIBILITY FEES - DMV Reinstatement	22,903,950	21,700,000	21,700,000	
	4150270000 CONVICTED VIOLENT OFFENDER FEE	170,650	170,000	170,000	
	4225050000 MOTOR VEHICLE IMMOBILIZATION FEE	48,518	51,422	51,422	
	4226010002 PENALTIES - Driver Reinstatement Fee	7,657,981	8,100,000	8,100,000	
	4480060001 SALE OF LISTINGS & LABELS MOTOR VEHICLE LIST	2,386,330	2,000,000	2,000,000	
	4480060002 SALE OF LISTINGS & LABELS DRIVER RECORD REPORTS	15,313,740	14,800,000	14,800,000	
	4480060003 SALE OF LISTINGS & LABELS ACCIDENT RECORD RPTS	77,170	50,000	50,000	
	4530030031 MISCELLANEOUS REVENUE ELECTRONIC TRANSFER FEES	605,320	300,000	400,000	
	4530190000 ADMINISTRATIVE FEES	716,765	831,336	700,000	
	4223090000 RETURNED ITEMS LRA - (Returned Check Fees)	282,809	200,000	200,000	
	TOTAL 4490 HIGHWAY FUND	90,134,005	87,219,528	87,188,193	
4862	NON-FEDERAL AID FUND				<i>Background: Act 176 of 2005 created the Non-federal Aid account and placed these DMV fees along with the first \$18M of state gas tax collections annually into this fund. Application: These dollars are coupled with other funding to fund the annual paving program on the "neighborhood type streets" on the secondary system.</i>
	4150100021 MOTOR VEHICLE LICENSE - Driver License Fees	17,331,541	15,640,000	15,700,000	
	4150100022 MOTOR VEHICLE LICENSE - ID Cards	87,675.00	85,000	85,000	
	4150100023 MOTOR VEHICLE LICENSE - Beginners Permits	433,153.00	510,000	400,000	
	4150100026 MOTOR VEHICLE LICENSE - CDL Fees	848,619.00	765,000	765,000	
	4226010000 PENALTIES-FORFEITURES	3,171,281.98	3,500,000	3,500,000	
	TOTAL 4862 NON-FEDERAL AID FUND	21,872,270	20,500,000	20,450,000	
	GRAND TOTAL	353,489,901	344,852,528	359,486,193	