COMMITTEE REPORT

February 19, 2013

**H. 3412**

Introduced by Reps. Harrell, Lucas, Clemmons, Herbkersman, Loftis, Barfield, Huggins, Bowen, K.R. Crawford, Allison, Merrill, Ballentine, McCoy, Wood, Erickson, Putnam, Bannister, Branham, Taylor, Limehouse, Southard, Atwater, Bingham, Brannon, Chumley, Cole, Crosby, Daning, Delleney, Gagnon, Gambrell, Goldfinch, Henderson, Hiott, Hixon, Kennedy, Lowe, D.C. Moss, V.S. Moss, Murphy, Newton, Owens, Patrick, Pitts, Pope, Rivers, Ryhal, Sandifer, G.M. Smith, G.R. Smith, J.R. Smith, Sottile, Spires, Stringer, Tallon, Thayer, Toole, White, Whitmire and Willis

S. Printed 2/19/13--H.

Read the first time January 23, 2013.

**THE COMMITTEE ON WAYS AND MEANS**

To whom was referred a Bill (H. 3412) to amend the Code of Laws of South Carolina, 1976, by adding Section 12‑36‑2647 so as to provide that the sales, use, and casual excise tax revenues, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by striking Section 12‑36‑2647, as contained in SECTION 2, page 2, and inserting:

/ Section 12‑36‑2647. (A) Notwithstanding the provisions of Section 59‑21‑1010, for fiscal years 2013‑2014 and 2014‑2015, fifty percent and thereafter one hundred percent of sales, use, and casual excise tax revenues derived from the sale, use, or titling of a vehicle required to be licensed and registered by the South Carolina Department of Motor Vehicles, otherwise required to be credited as provided pursuant to Section 59‑21‑1010, instead must be credited to the State Non‑Federal Aid Highway Fund established pursuant to Section 57‑11‑20. Revenues credited to the State Non‑Federal Aid Highway Fund pursuant to this section must be used exclusively for highway, road, and bridge maintenance, construction, and repair.

(B) There is transferred from income tax revenues credited to the general fund of the State in each fiscal year to the Education Improvement Fund an amount sufficient to offset sales tax revenues not credited to the EIA fund as a result of the operation of this section. /

Renumber sections to conform.

Amend title to conform.

W. BRIAN WHITE for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**REVENUE IMPACT 1/**

This bill would reduce sales tax revenue by $103,500,000 and increase the State Highway Fund in the Department of Transportation by $103,500,000 in FY2013-14. Of the estimated $103,500,000 of sales and use tax revenue, general fund sales and use tax revenue would be reduced by $82,800,000 and EIA fund revenue would be reduced by $20,700,000 in FY2013-14.

**Explanation**

This bill would add Section 12-36-2647 to allow the sales, use, and casual excise tax revenues derived from the sale of a motor vehicle to be redirected from the state general fund and the Education Improvement Fund (E.I.A.) and credited to the State Highway Fund. The sales tax paid by a purchaser of a motor vehicle is the lesser of five percent up to a maximum of $300 per motor vehicle pursuant to Section 12-36-2110(2) of the Code of Laws, 1976. The amount of general fund sales and use tax revenue collected from the $300 sales tax cap on the sale of motor vehicles in the State is an estimated $103,500,000 in FY2013-14. The five percent sales and use tax on the sales of motor vehicles is divided into two components. The four percent component is allocated to the state general fund. The one percent component is allocated to the Education Improvement Act (EIA) fund. This bill would allow the five percent sales and use tax, pursuant to Section 12-36-910, from the sales of motor vehicles to be credited to the State Highway Fund. The revenues must be used exclusively for maintenance of existing roads and additional capacity on existing roads. The revenues may not be used for administrative costs. This bill would reallocate $103,500,000 of sales tax revenue to the State Highway Fund within the Department of Transportation in FY2013-14. Of the estimated $103,500,000 of sales and use tax revenue collected from the sales of motor vehicles, general fund sales and use tax revenue amounts to $82,800,000 and EIA fund revenue amounts to $20,700,000 in FY2013-14. This act takes effect July 1, 2013.

*Approved By:*

Frank A. Rainwater

Board of Economic Advisors

1/ This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 12‑36‑2647 SO AS TO PROVIDE THAT THE SALES, USE, AND CASUAL EXCISE TAX REVENUES IN A FISCAL YEAR FROM THE SALE, USE, OR TITLING OF A VEHICLE REQUIRED TO BE REGISTERED AND LICENSED BY THE SOUTH CAROLINA DEPARTMENT OF MOTOR VEHICLES MUST BE CREDITED TO THE STATE NON‑FEDERAL AID HIGHWAY FUND, AND TO PROVIDE FOR THE USE OF THESE REVENUES.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. The General Assembly finds that:

(1) before a motor vehicle may be licensed and registered by the South Carolina Department of Motor Vehicles for the privilege of using the public highways of this State, that department either collects or confirms the collection of any applicable sales, use, and casual excise taxes due on the vehicle;

(2) without the required registration and licensing it is unlawful for a motor vehicle to use the public highways of this State; and

(3) the revenue of the sales, use, and casual excise tax required to be paid before a motor vehicle may be registered and licensed in this State is included within the “sources of revenue” that may be pledged to secure highway bonds pursuant to Section 13(6)(a), Article X of the Constitution of this State.

SECTION 2. Article 25, Chapter 36, Title 12 of the 1976 Code is amended by adding:

“Section 12‑36‑2647. Notwithstanding the provisions of Section 59‑21‑1010, sales, use, and casual excise tax revenues derived from the sale, use, or titling of a vehicle required to be licensed and registered by the South Carolina Department of Motor Vehicles, otherwise required to be credited as provided pursuant to Section 59‑21‑1010, instead must be credited to the State Non‑Federal Aid Highway Fund established pursuant to Section 57‑11‑20. Revenues credited to the State Non‑Federal Aid Highway Fund pursuant to this section must be used exclusively for highway, road, and bridge maintenance, construction, and repair.”

SECTION 3. This act takes effect July 1, 2013.

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