



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S.0982
Author: Peeler
Subject: Sales Tax Exemptions
Requestor: Senate Finance
RFA Analyst(s): Martin
Impact Date: March 14, 2016

Estimate of Fiscal Impact

	FY 2016-17	FY 2017-18
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$9,856	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill would not affect state General Fund revenue in FY2016-17. This bill would increase motor fuel user fee revenue by an estimated \$9,856 in FY2016-17. This bill would not affect Federal Funds revenue in FY2016-17.

Explanation of Fiscal Impact

State Expenditure

The Department of Revenue indicates that there will be no expenditure impact to the General Fund, Federal Funds, or Other Funds from this bill. The Department can administer the legislative changes with existing resources.

State Revenue

This bill would amend Section 12-36-2120(15) to allow a taxpayer with a miscellaneous fuel user fee license to be exempt from remitting the sales and use tax on natural gas as an alternative fuel sold to the licensee. Under current statutes, when a taxpayer withdrawal a portion of their saleable product from inventory for personal use, tax is due and shall be remitted to the Department of Revenue. This bill would allow a taxpayer with a miscellaneous fuel user fee license to withdrawal natural gas for their own personal use as motor fuel in their own motor vehicles and remit the motor fuel use fees as required by law. According to the Department of Revenue, there are seventy miscellaneous fuel user fee licenses issued to taxpayers. If each of the seventy holders of miscellaneous fuel user fee licensees owns two vehicles, an estimated 140 natural gas propelled vehicles may be supplied natural gas out of inventory.

Based on data from the U.S. Department of Energy, Energy Information Administration, an estimated 4,050 vehicles are powered by natural gas or a natural gas blended fuel in South Carolina. The Energy Information Administration forecasts 5,100 vehicles powered by natural gas or a natural gas blended fuel consuming an average of over 420 gallons of gasoline equivalent gallons in each vehicle by FY2016-17. Multiplying 420 gasoline equivalent gallons of natural gas by 140 natural gas or natural gas blended fueled vehicles yields an estimated 58,842 gasoline equivalent gallons of natural gas. Multiplying 58,842 gasoline equivalent gallons of natural gas by a motor fuel tax rate of \$0.1675 per gallon yields motor fuel tax revenue of an estimated \$9,856 in FY2016-17. This bill, therefore, would increase motor fuel user fee revenue by an estimated \$9,856 in FY2016-17.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director