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COMMITTEE REPORT

January 15, 2020

**H. 3695**

Introduced by Reps. Calhoon, Huggins, Taylor, Allison, Ballentine, Forrest, Matthews, Spires, Toole, Wooten and Hill

S. Printed 1/15/20--H.

Read the first time January 22, 2019.

**THE COMMITTEE ON EDUCATION AND PUBLIC WORKS**

To whom was referred a Bill (H. 3695) to amend Section 56‑3‑630, Code of Laws of South Carolina, 1976. Relating to vehicles classified as private passenger motor vehicles, so as to provide that, 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 deleting SECTION 1 in its entirety and inserting:

/SECTION 1. Section 12-37-2680 of the 1976 Code is amended to read:

“Section 12-37-2680. The assessed value of the vehicle must be determined as of the first day of the month preceding the beginning of the tax year for the vehicles. The assessed values must be published in guides or manuals by the South Carolina Department of Revenue and provided to the auditor of each county as often as may be necessary to provide for current values, to include appropriate adjustments to those values to reflect high mileage. If the department determines that specific high mileage adjustments for motorcycles or motorcycle three-wheel vehicles are not reasonably available from a specific source, the high mileage threshold requirements for motorcycles, or motorcycle three-wheel vehicles are deemed to be two-thirds of the average of such adjustments for other private passenger motor vehicles for which such information is available, as determined by the department. When the value of any vehicle is not set forth in the guide or manual the auditor shall determine the value from other available information.” /

Renumber sections to conform.

Amend title to conform.

MERITA A. ALLISON for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**Amended by House Education and Public Works Motor Vehicle Subcommittee on April 24, 2019**

**State Expenditure**

This bill requires the Department of Revenue (DOR) to include appropriate adjustments for high mileage in its published guides for assessed values of vehicles. If this information is not reasonably available from a specific source, the high mileage threshold for motorcycles and motorcycle three-wheel vehicles will be 2/3 of the adjustment for other private passenger motor vehicles.

DOR anticipates that the publication of the appropriate adjustments for high mileage for motorcycles and motorcycle three-wheel vehicles can be managed within existing appropriations. Therefore, this bill will have no expenditure impact on DOR.

**Local Revenue**

This bill will result in a lesser amount of property taxes being collected on those motorcycles and motorcycle three-wheel vehicles that currently do not receive a high mileage adjustment to the assessed value. Revenue and Fiscal Affairs sent a request to all counties to determine the potential reduction of revenue due to this bill. The counties of Abbeville, Anderson, Barnwell, and Beaufort, provided a response. All four counties anticipate the reduction of property tax revenue to be minimal. Beaufort estimated as many as 172 motorcycles or motorcycle three wheels will receive a high mileage adjustment resulting in a potential reduction of revenue of approximately $4,000, which is a reduction of less than 0.02 percent of the property tax revenue collected on personal property motor vehicles. The remaining three counties also estimated the potential reduction in revenue would be minimal for the high mileage adjustment for motorcycles and motorcycle three-wheel vehicles. Due to the limited number of responses from the counties, our office is unable to determine the reduction in local property tax revenue; however, we anticipate the reduction will be minimal.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND SECTION 56‑3‑630, CODE OF LAWS OF SOUTH CAROLINA, 1976. RELATING TO VEHICLES CLASSIFIED AS PRIVATE PASSENGER MOTOR VEHICLES, SO AS TO PROVIDE THAT FOR THE SOLE PURPOSE OF DETERMINING HIGH MILEAGE TAX DEDUCTIONS, MOTORCYCLES AND MOTORCYCLE THREE‑WHEEL VEHICLES SHALL BE CLASSIFIED AS PRIVATE PASSENGER MOTOR VEHICLES.

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

SECTION 1. Section 56‑3‑630 of the 1976 Code is amended to read:

“Section 56‑3‑630. The Department of Motor Vehicles shall classify as a private passenger motor vehicle every motor vehicle which is designed, used, and maintained for the transportation of ten or fewer persons and trucks having an empty weight of nine thousand pounds or less and a gross weight of eleven thousand pounds or less, except a motorcycle, motorcycle three‑wheel vehicle, or moped. The department shall classify a three‑wheel vehicle by the manufacturer’s certificate of origin for the vehicles initial registration. For subsequent registration, the department shall classify the three‑wheel vehicle by its title document. This section does not relieve or negate any applicable fees required under Section 56‑3‑660. For the sole purpose of determining high mileage tax deductions, motorcycles and motorcycle three‑wheel vehicles shall be classified as private passenger motor vehicles.”

SECTION 2. This act takes effect upon approval by the Governor.

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