



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3160 Introduced on January 10, 2023
Author: Stavrinakis
Subject: Transportation Network Companies
Requestor: House Education and Public Works
RFA Analyst(s): Manic and Griffith
Impact Date: February 9, 2024

Fiscal Impact Summary

This bill makes changes to the “Personal vehicle” and “Prearranged ride” definitions that are applicable to the Transportation Network Company (TNC) Act. The bill states that a personal vehicle may also be, but is not required to be, registered or licensed as a charter limousine with the SC Public Service Commission (PSC) or as a limousine or other for-hire vehicle by the governing body of a county or city. In addition, the bill includes transportation provided by a limousine, or other for-hire vehicle, in the list of transportation services of a prearranged ride rendered by a TNC.

This bill will have no expenditure impact on the Public Service Commission (PSC) or the Office of Regulatory Staff (ORS) since the responsibilities of the bill can be managed with existing resources and staff.

The Department of Revenue (DOR) and the Department of Motor Vehicles (DMV) indicate that the bill will have no operational or fiscal impact on their agencies.

ORS states that the bill will have an undetermined impact on the agency’s Other Funds revenue. Due to the permissive nature of the bill, it is unknown how many of the Class C Certificate vehicles (charter limousines) that are currently licensed with ORS may choose to provide services as a TNC vehicle. In addition, ORS indicates that the fee structure would not change for the agency if current TNC limousine personal vehicles would also choose to register as a charter limousine with ORS. Under current legislation, TNCs are charged a local assessment fee of 1 percent of the gross trip fare. ORS retains 1 percent of the local assessment fee to cover its expenses related to the regulation of TNCs. Since it is unknown how many charter limousines may choose to operate as a TNC, the impact on the Other Funds revenue of ORS is undetermined.

The Municipal Association of South Carolina (MASC) also indicates that the bill will not have an expenditure impact on municipal governments. The Revenue and Fiscal Affairs Office (RFA) surveyed all forty-six counties and received a response only from Chesterfield County. Chesterfield indicates no expenditure impact from the bill. Based on the response from Chesterfield, we anticipate that the bill will have no expenditure impact on county governments. We will update this impact statement if other counties provide a different response.

MASC confirms that the bill will have an undetermined impact on local revenue. Although MASC does not anticipate the allowance of chartered limousines also operating as TNC vehicles to have a notable impact on local revenue, MASC indicates that there is a possibility of some charter limousine operators abandoning charter services and offering TNC-based services exclusively. In such an event, MASC sees the potential of a loss of business license revenue and an increase in local assessment fee revenue collected by ORS from TNCs and distributed back to municipalities. Given the unknown future decisions of charter limousine operators, the revenue impact of the bill on municipal governments is undetermined.

Chesterfield County reported no revenue impact from this bill. However, RFA expects that the bill will have an undetermined revenue impact on county governments based on the response from MASC.

Explanation of Fiscal Impact

Introduced on January 10, 2023

State Expenditure

This bill makes changes to the “Personal vehicle” and “Prearranged ride” definitions that are applicable to the TNC Act. The bill states that a personal vehicle may also be, but is not required to be, registered or licensed as a charter limousine with PSC or as a limousine or other for-hire vehicle by the governing body of a county or city.

Public Service Commission. The bill will have no expenditure impact on PSC since the commission can manage any increase in contested cases regarding TNC applications and permits with existing resources and staff.

Office of Regulatory Staff. The bill will have no expenditure impact on ORS since the agency can manage the responsibilities of the bill with existing resources and staff.

Department of Revenue. The bill will have no expenditure impact on DOR as it does not operationally or fiscally impact the department.

Department of Motor Vehicles. The bill will have no expenditure impact on DMV as it does not operationally or fiscally impact the department.

State Revenue

This bill makes changes to the “Personal vehicle” and “Prearranged ride” definitions that are applicable to the TNC Act. The bill states that a personal vehicle may also be, but is not required to be, registered or licensed as a charter limousine with PSC or as a limousine or other for-hire vehicle by the governing body of a county or city.

ORS states that there are 243 active Class C Charter certificate holders (entities) with a total of 606 active vehicles registered with the agency. The agency cannot provide an estimate on how many of these charter limousines may start providing services as a TNC under the proposed

legislation. In addition, ORS indicates that the fee structure would not change for the agency if current TNC limousine personal vehicles would also choose to register as a charter limousine with ORS. ORS further indicates that the fee structure of charter limousines and TNC limousines will be the same. Under current legislation, TNCs are charged a local assessment fee of 1 percent of the gross trip fare. ORS retains 1 percent of the local assessment fee to cover its expenses related to the regulation of TNCs. Due to the permissive nature of the bill, it is unknown how many charter limousines may choose to operate as a TNC. Therefore, the impact on Other Funds revenue of ORS is undetermined.

Local Expenditure

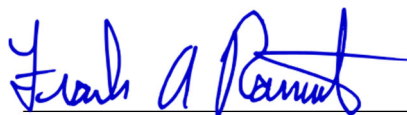
MASC and Chesterfield County indicate that the bill will have no expenditure impact since the bill does not operationally impact local governments. Based on the response from Chesterfield, RFA expects no expenditure impact on county governments. We will update this impact statement if other county governments provide a different response.

Local Revenue

Under the current legislation, TNCs are charged a local assessment fee of 1 percent of the gross trip fare. ORS retains 1 percent of the local assessment fee to cover its expenses related to the regulation of TNCs and the process of further disbursement of collected funds to local governments. As a result, ORS distributes the remaining 99 percent of the local assessment fee either to municipalities where TNC trips originate or to counties, for trips originating outside a municipality.

MASC specifies that allowing Class C Charter limousines to also operate as TNC vehicles will not have a notable impact on local fee/tax revenue. MASC also does not see the bill removing the responsibility of vehicle operators/owners subject to Class C Charter certification to pay any local fee or tax charged by a municipality pursuant to Section 58-23-620. However, MASC believes that the bill may encourage some charter limousine operators to switch to TNC services exclusively in the future, which may result in municipalities seeing a decrease in business license revenue, while also seeing an increase in local assessment fee revenue remitted by ORS. Since the future behavior of charter limousine operators is unknown, the revenue impact of the bill on municipal governments is undetermined.

RFA also surveyed all forty-six counties regarding the revenue impact of the bill. Although only Chesterfield County responded and indicated no revenue impact, RFA expects that county governments will see a similar undetermined revenue impact from the bill as indicated by MASC.



Frank A. Rainwater, Executive Director