



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number: H. 5419 Introduced on March 25, 2026
Subject: Motor Fuel User Fee Suspension
Requestor: House Ways and Means
RFA Analyst(s): Griffith
Impact Date: April 24, 2026

Fiscal Impact Summary

This joint resolution suspends the imposition of the motor fuel user fee pursuant to Section 12-28-310 and the road tax pursuant to Section 56-11-410 for thirty days from the effective date of the resolution. The motor fuel user fee and road tax are currently 28 cents per gallon. These fees are distributed to the Department of Transportation (DOT), the Department of Natural Resources (DNR), and "C" funds of county governments. Additionally, from DOT's portion of the gasoline user fee revenue, 1 cent per gallon of gasoline is pledged to the South Carolina Transportation Infrastructure Bank (SCTIB) pursuant to Section 11-43-160(A)(1).

The Department of Revenue (DOR) is responsible for collecting the motor fuel user fee, and the Department of Motor Vehicles (DMV) is responsible for collecting the road tax. Both agencies indicate that the provisions of the resolution can be managed with existing staff and processes. Therefore, there is no expenditure impact to DOR or DMV.

Based upon revenue expectations from DOT and Revenue and Fiscal Affairs (RFA), the suspension of the motor fuel user fee and road use tax for thirty days will result in an estimated revenue decrease as follows:

- \$81,000,000 in Other Funds revenue of DOT,
 - Of this amount, SCTIB revenue will be reduced by \$2,381,000
- \$310,000 in Other Funds revenue of DNR, and
- \$9,500,000 in revenue to county governments for the "C" Funds Program.

In addition to the motor fuel user fee, an inspection fee of 0.0025 cents per gallon and an environmental impact fee of 0.0050 cents per gallon are imposed upon motor fuel purchased in the state. The revenue from the 0.0025 cent inspection fee is allocated to the State Non-Federal Aid Highway Fund of DOT, and revenue from the 0.0050 cent environmental impact fee is allocated to the Department of Environmental Services (DES). If the intent of the bill is to also suspend these fees, Other Funds revenue of DOT will decrease by an additional \$811,000, and Other Funds revenue of DES will decrease by approximately \$1,622,000.

Lastly, the SCTIB has expressed additional concerns regarding the other potential legal and fiscal ramifications of this bill as follows:

All motor fuel user fees provided to the SCTIB are pledged to the repayment of debt service of outstanding revenue bonds. That pledge is legally binding on the SCTIB and the state. Any disruption in the flow of pledged revenues could: put the SCTIB at risk of not being able to meet the mandatory coverage requirements in the Master Revenue Bond Resolution; require an Electronic Municipal Market Access public disclosure for all SCTIB bondholders; and prompt rating agency reviews. These results could impact the credit rating of the SCTIB and increase its interest costs on future bond issues and refundings.

Explanation of Fiscal Impact

Introduced on March 25, 2026

State Expenditure

This joint resolution suspends the imposition of the motor fuel user fee pursuant to Section 12-28-310 and the road tax pursuant to Section 56-11-410 for thirty days from the effective date of the resolution.

DOR is responsible for collecting the motor fuel user fee, and DMV is responsible for collecting the road tax. Both agencies indicate that the provisions of the resolution can be managed with existing staff and processes. Therefore, there is no expenditure impact to DOR or to DMV.

State Revenue

This joint resolution suspends the imposition of the motor fuel user fee pursuant to Section 12-28-310 and the road tax pursuant to Section 56-11-410 for thirty days from the effective date of the resolution.

The motor fuel user fee and road tax are currently 28 cents per gallon for both gasoline and diesel fuel. Of the diesel fuel user fee, 12 cents per gallon is credited to the Infrastructure Maintenance Trust Fund (IMTF) pursuant to Section 12-28-310(D), and the remaining 16 cents per gallon is remitted to the State Highway Fund (SHF). The gasoline user fee is distributed as follows:

- \$18 million of the first 3 cents per gallon is credited to DOT's State Non-Federal Aid Highway Fund,
- 10.67 cents per gallon is credited to the IMTF pursuant to Section 12-28-310(D),
- 0.13 cents per gallon is transmitted to DNR pursuant to Section 12-28-2730(A),
- 3.99 cents per gallon is distributed among the counties as "C" Funds pursuant to Section 12-28-2740(A),
- 10.21 cents per gallon is credited to DOT pursuant to Section 12-28-2720, and
- the remaining 3 cents per gallon is remitted to the SHF pursuant to Section 12-28-2750.

Based upon motor fuel revenue expectations from DOT and RFA, the suspension of the motor fuel user fee and road use tax for thirty days will result in a decrease of:

- \$81,000,000 in Other Funds revenue of DOT,
- \$310,000 in Other Funds revenue of DNR, and
- \$9,500,000 in funding to county governments for the “C” Funds Program.

Additionally, from DOT’s portion of the gasoline user fee revenue, 1 cent per gallon of gasoline is pledged to the SCTIB pursuant to Section 11-43-160(A)(1). Therefore, the resolution would reduce SCTIB’s revenue by approximately \$2,381,000 from the estimated \$81,000,000 DOT receives.

In addition to the motor fuel user fee, an inspection fee of 0.0025 cents per gallon and an environmental impact fee of 0.0050 cents per gallon are imposed upon gasoline and diesel fuel purchased in the state. The revenue from the inspection fee is allocated to the State Non-Federal Aid Highway Fund of DOT, and the revenue from the environmental impact fee is allocated to DES. If the intent of the bill is to also suspend these fees, Other Funds revenue of DOT is estimated to decrease by an additional \$811,000, and Other Funds revenue of DES is estimated to decrease by approximately \$1,622,000.

Lastly, the SCTIB has expressed additional concerns regarding the other potential legal and fiscal ramifications of this bill as follows:

All motor fuel user fees provided to the SCTIB are pledged to the repayment of debt service of outstanding revenue bonds. That pledge is legally binding on the SCTIB and the state. Any disruption in the flow of pledged revenues could: put the SCTIB at risk of not being able to meet the mandatory coverage requirements in the Master Revenue Bond Resolution; require an Electronic Municipal Market Access public disclosure for all SCTIB bondholders; and prompt rating agency reviews. These results could impact the credit rating of the SCTIB and increase its interest costs on future bond issues and refundings.

Local Expenditure

N/A

Local Revenue

This joint resolution suspends the imposition of the motor fuel user fee pursuant to Section 12-28-310 for thirty days from the effective date of the resolution. As discussed in the State Revenue section, 3.99 cents per gallon of the gasoline user fee is distributed among counties as “C” Funds, pursuant to Section 12-28-2740(A). Based upon motor fuel revenue data from DOT, suspension of the gasoline user fee for thirty days will result in a decrease in revenue of approximately \$9,500,000 in funding to county governments for the C” Funds Program.

Frank A. Rainwater, Executive Director