



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: S. 0387 Introduced on February 26, 2025
Subject: Medium Speed Vehicles
Requestor: Senate Transportation
RFA Analyst(s): Griffith
Impact Date: March 17, 2025

Fiscal Impact Summary

This bill defines a medium speed vehicle (MSV) and provides requirements for the operation of MSVs in the state. The Department of Motor Vehicles (DMV) is responsible for titling a new MSV or retitling a MSV that is currently titled as a low speed vehicle. Additionally, the Department of Transportation (DOT), counties, and municipalities may prohibit the operation of MSVs on any street or highway if they determine that the prohibition is necessary in the interest of safety. The bill also allows local governments to adopt more stringent local ordinances governing MSVs.

The bill charges DMV with additional responsibilities that the agency can manage with existing staff and appropriations. Therefore, there is no expenditure impact to DMV. However, DMV indicates that the complex coding changes to its IT system will require at least twelve months to implement and test.

This bill requires UTVs to have proof of liability insurance to be operated on a road. Based on a response from similar legislation, the bill will have no expenditure impact for the Department of Insurance (DOI) as any additional responsibilities can be managed within existing appropriations.

The expenditure impact of the bill on DOT is pending, contingent upon a response from the agency.

The revenue impact of this bill is undetermined since the number of MSVs that may be licensed and registered is unknown. However, revenue received from the \$10 biennial licensing and registration fee will be allocated to Other Funds of DMV, Other Funds of DOT, and the South Carolina Transportation Infrastructure Bank (SCTIB). Likewise, revenue received from the \$15 certificate of title for a MSV will be allocated to the General Fund, Other Funds of DOT, and Other Funds of the Department of Public Safety (DPS). Further, revenue received from the road use fees for alternative fuel and hybrid MSVs will be allocated to the Infrastructure Maintenance Fund (IMTF).

This bill also requires MSVs to have proof of liability insurance coverage to be driven on the road. This may result in an increase in liability insurance premium and increase premium taxes. However, based on a response from similar legislation, DOI anticipates the increase in insurance

premium taxes will be minimal. Therefore, this bill may result minimal increase in General Fund and Other Funds revenue due to the potential increase in insurance premium taxes.

This bill allows local governments to adopt more stringent local ordinances governing MSVs and allows counties or municipalities to prohibit the operation of MSVs for safety reasons.

The Revenue and Fiscal Affairs Office (RFA) surveyed all counties and the Municipal Association of South Carolina (MASC) to determine the fiscal impact on local governments. Both Florence and Horry Counties indicated that they do not anticipate any expenditure impact on their counties. While the MASC anticipates a potential cost to municipalities in the form of officer enforcement training, road signage and other awareness campaigns, wear on municipal roadways, and higher liability exposure for accidents involving MSVs, the expenditure impact is undetermined.

Explanation of Fiscal Impact

Introduced on February 26, 2025

State Expenditure

This bill defines a MSV and provides requirements for the operation of MSVs in the state. DMV is responsible for titling a new MSV or retitling a MSV that is currently titled as a low speed vehicle. Additionally, DOT, counties, and municipalities may prohibit the operation of MSVs on any street or highway if they determine that the prohibition is necessary in the interest of safety.

Department of Motor Vehicles. The bill charges the department with additional responsibilities that can be managed with existing staff and appropriations. Therefore, there is no expenditure impact to DMV. However, DMV indicates that the complex coding changes to its IT system will require at least twelve months to implement and test.

Department of Insurance. This bill requires UTVs to have proof of liability insurance to be operated on a road. Based on a response from similar legislation, this bill will have no expenditure impact for DOI as any additional responsibilities can be managed within existing appropriations.

Department of Transportation. The expenditure impact of the bill on DOT is pending, contingent upon a response from the agency.

State Revenue

This bill requires the owner of a MSV to obtain a license plate and registration from DMV upon presenting proof of ownership and liability insurance for the MSV if the vehicle will be operated on a road. The biennial fee for the license plate is \$10. Of this fee, \$2 must be used by DMV to produce and issue new license plates for MSVs, \$4 is directed to the State Highway Fund, which is Other Funds of DOT, and the remaining \$4 must be remitted to the SCTIB. Since data are not available to determine how many MSV owners may choose to register their MSVs, the amount of fee revenue for this portion of the bill, which will be distributed to Other Funds of DMV, Other Funds of DOT, and the SCTIB, is undetermined.

The bill also subjects MSV owners to a certificate of title, for which the fee is \$15. Of this fee, \$5 must be placed in the State Highway Fund. Another \$5 is placed into an earmarked account to be distributed as follows: the first \$1,000,000 is credited to the General Fund, and the remainder is allocated to DPS to support highway patrol programs. DMV distributes the remaining \$5 of each fee to the General Fund. Since data are not available to determine how many MSV owners may choose to register their MSVs, the amount of fee revenue for this portion of the bill, which will be distributed to the General Fund, Other Funds of DOT, and Other Funds of DPS, is undetermined.

Additionally, MSVs that are powered by electric, hydrogen, and fuels other than motor fuel are subject to the road use fee. Pursuant to Section 56-3-645, vehicles powered exclusively by fuels other than motor fuel shall pay a biennial fee of \$120, and vehicles powered by a combination of motor fuel and other fuels shall pay a biennial fee of \$60. These fees are remitted to the IMTF. Since data are not available to determine how many MSV owners may choose to register their MSVs, the amount of fee revenue for this portion of the bill, which will be distributed to the IMTF is undetermined.

This bill also requires MSVs to have proof of liability insurance coverage to be driven on the road. This may result in an increase in liability insurance premium and increase premium taxes. However, based on a response from similar legislation, DOI anticipates the increase in insurance premium taxes will be minimal. Therefore, this bill may result minimal increase in General Fund and Other Funds revenue due to the potential increase in insurance premium taxes.

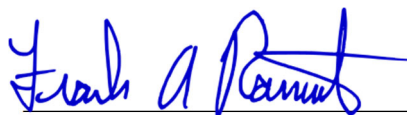
Local Expenditure

This bill allows local governments to adopt more stringent local ordinances governing MSVs and allows counties or municipalities to prohibit the operation of MSVs for safety reasons.

RFA surveyed all counties and the MASC to determine the fiscal impact on local governments. Both Florence and Horry Counties indicated that they do not anticipate any expenditure impact on their counties. The MASC indicates that it does anticipate potential costs to municipalities in the form of officer enforcement training, road signage and other awareness campaigns, wear on municipal roadways, and higher liability exposure for accidents involving MSVs. However, the amount of potential expenditures to municipalities is undetermined.

Local Revenue

N/A



Frank A. Rainwater, Executive Director