



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

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Bill Number: S. 0831 Amended by Senate Transportation on March 4, 2026
Subject: SCDOT Modernization
Requestor: Senate Transportation
RFA Analyst(s): Griffith, Daigle, and Miller
Impact Date: March 19, 2026

Fiscal Impact Summary

This bill establishes the Coordinating Council for Transportation and Mobility (CCTM), which is responsible for developing coordinated transportation plans and policy for South Carolina, for approving the long-range Statewide Transportation Plan and the Transportation Asset Management Plan, and for reviewing and commenting on plans developed by the member agencies for the furtherance of coordinated transportation planning in the state, among other responsibilities. The bill also amends duties of the Commission of the Department of Transportation (DOT) and establishes the Pothole Mitigation Program within DOT.

The bill makes changes to DOT's authority to designate turnpike facilities (toll roads), changes the requirements and process for highway construction contracts and phased design-builds, and establishes a new process for transferring ownership for certain roads from state to local governments. To fund the transfer of nonessential roads to local governments, the bill creates the System Realignment Fund within DOT. The fund may receive monies from an appropriation or authorization of the General Assembly, and the Secretary of Transportation may transfer monies from the State Highway Fund (SHF).

DOT expects to manage any expenses associated with the requested public hearings for transportation projects, expanded audit and reporting responsibilities, the creation of the CCTM and the Pothole Mitigation Program, and additional planning and oversight functions with existing staff and appropriations. Additionally, DOT indicates that it will need 9.0 FTEs, with salary and fringe of \$1,200,000, to manage the public-private partnerships and other administrative and operational functions related to the new responsibilities surrounding tolls. DOT indicates that they can manage the expenses with existing appropriations and revenues generated by the bill. Please note that over time, the expenditures are expected to be offset or fully recouped through toll revenues, user fees, and project financing mechanisms, subject to project performance and traffic volumes.

This bill will increase recurring General Fund expenditures of the Department of Motor Vehicles (DMV) by approximately \$154,000 beginning in FY 2026-27. Of this amount, \$136,000 is for 3.0 FTEs, who will be responsible for notifications to motor vehicle registrants whose registrations are pending suspension or suspended for toll violations. The remaining \$18,000 is for mailing costs. DMV will request a General Fund appropriation increase for these expenditures.

Based upon a previous response, this bill will increase recurring General Fund expenditures of the Secretary of State's Office by approximately \$69,000 for 1.0 FTE (Administrative Assistant) to manage the processing of filed public-private partnership contracts. Additionally, Other Funds expenditures are expected to increase by a range of \$102,000 to \$252,000 in FY 2026-27 for technology required for the development, storage, indexing, certifying, and securing of documents related to public-private partnership contracts. Further, the Secretary of State's Office noted that additional office space will be needed to accommodate the new FTE and equipment since the Office is currently at full capacity. However, the cost is unknown at this time. The bill specifies that the Secretary of State's Office may charge a fee for each certification of filed public-private partnership documents. While the revenue from this fee may offset some of the Office's costs, the Office expects that expenditures will exceed revenue. The Office will request an increase in Other Funds authorization and a General Fund appropriation increase to cover the remaining expenses.

The bill adds the Secretary of DOT to the South Carolina Transportation Infrastructure Bank (SCTIB) Board of Directors. SCTIB previously expressed concerns that amending its board could fiscally impact SCTIB because it will change the current operating procedures but could not quantify the impact at this time.

This bill adds responsibilities to DOT related to the administration of 23 U.S.C. Sections 326 and 327, otherwise known as the National Environmental Policy Act (NEPA) Assignment Program. Since the NEPA Assignment Program is administered by the United States Environmental Protection Agency (US EPA), the Revenue and Fiscal Affairs Office (RFA) anticipates that the bill will have no fiscal impact to the Department of Environmental Services (DES).

The bill will have no fiscal impact on the Department of Public Safety (DPS), the Department of Commerce, the Office of Regulatory Staff (ORS), the Aeronautics Commission, the Governor's Office, the House of Representatives, the Senate, the Retirement System Investment Commission (RSIC), the State Fiscal Accountability Authority (SFAA), the Office of the State Auditor, or the Office of the Attorney General as this bill marginally affects current operations, and these agencies will manage the responsibilities with existing staff and resources.

The fiscal impact of the bill on the Ports Authority is pending, contingent upon a response from the agency.

Overall, Other Funds revenue of DOT will increase by an undetermined amount based on the new fees. DOT may receive additional funding from appropriations to the System Realignment Fund and from turnpike facility revenue.

Any appropriations to the System Realignment Fund are at the discretion of the General Assembly and are undetermined at this time.

This bill permits the funds derived from toll roads to be used to pay the operation and maintenance costs of a toll project. As it is unknown how many roads DOT will designate as toll

roads and how soon turnpike facilities would begin generating revenue, the Other Funds revenue increase of DOT is undetermined. DOT will use the revenue to offset the administration costs of turnpike facilities but indicates that the revenue is expected to exceed the expenditures, with the excess revenue supporting project costs. Further, the bill requires DOT to transfer \$15 million annually from the Infrastructure Maintenance Trust Fund (IMTF) for full depth pavement repairs of respective potholes for the Pothole Mitigation Program. These funds are in addition to the existing funds allocated for pavement rehabilitation. Therefore, the bill will shift Other Funds of DOT from one program to another.

The bill requires DOT to publish a list of nonessential roads and may transfer ownership to, with their consent, counties, municipalities, and other entities. The list must be approved by the CCTM. To fund the transfer of nonessential roads to local governments, the bill creates the System Realignment Fund within DOT. The fund may receive monies from an appropriation or authorization of the General Assembly, and the Secretary of Transportation may transfer monies from the SHF. Further, the bill permits any county in which all roads identified by DOT as non-essential to the State Highway System have been transferred to the local governments in the county may impose a local option transportation sales tax of “2 cents”, compared to the 1 percent tax currently allowed. It is unclear how the “2-cent” tax will be implemented. Further, any increase in local option transportation sales tax collections due to the authorized 2-cent sales tax is undetermined as the imposition of the additional tax is permissive in nature and will depend upon what roads are transferred from DOT to local government for maintenance and whether the tax is approved by referendum.

The bill increases the share of a county’s apportionment of county transportation funds, or “C” funds, that must be expended on the state highway system from 25 percent to 33 percent. Additionally, local governments may impose additional millage to meet the funding requirements of maintaining the roads transferred from DOT. The initial additional millage is not subject to the millage rate increase limitation pursuant to Section 6-1-320. The increase in local property tax due to the increase in millage is undetermined as the imposition of additional millage is permissive in nature and will depend upon what roads are transferred from DOT to local government for maintenance and the millage the local government chooses to impose. For reference, as of tax year 2023, the value of mil by county ranges from \$32,080 to \$5,390,974.

RFA contacted all forty-six counties and the Municipal Association of South Carolina (MASC) regarding the potential fiscal impact of the bill. Charleston County anticipates that the bill will have no immediate fiscal impact but could have long-term effects related to how many miles of state roads are transferred to the county and the increase in required “C” funds spending on the state highway system. Lancaster County expects that the county would likely not accept the transfer of state roads but indicates that the costs to the county would be significant if it did. MASC also anticipates that these changes could result in an increase in expenditures for municipalities, but the amount is unknown.

Explanation of Fiscal Impact

Amended by Senate Transportation on March 4, 2026

State Expenditure

This bill establishes the CCTM, which is responsible for developing coordinated transportation plans and policy for South Carolina, for approving the long-range Statewide Transportation Plan and the Transportation Asset Management Plan, and for reviewing and commenting on plans developed by the member agencies for the furtherance of coordinated transportation planning in the state. The CCTM will consist of the Secretary of Transportation, the Director of DPS, the Director of DMV, the Secretary of Commerce, the Director of ORS, the Chairman of the State Ports Authority, the Chairman of the Aeronautics Commission, the Chairman of the SCTIB, and one municipal and one county representative, both appointed by the Governor.

The bill provides that the Secretary of Transportation is a member of the board of directors of the SCTIB. Further, the bill creates within DOT the position of Deputy Secretary for Planning, who is responsible for developing statewide strategic transportation plans, coordinating statewide plans with federal and state-funded regional and local transportation planning organization, and serving as staff to the newly created CCTM.

This bill updates DOT's authority to designate turnpike facilities and impose tolls to allow dynamic tolling, scheduled tolling, variable tolling, uniform tolling, or some combination thereof, and may take into account the weight and class of certain vehicles, real-time and planned usage, and any other factors deemed appropriate by the department. Unless a toll imposition is specifically authorized by the General Assembly, tolls may only be imposed on managed or choice lane facilities that increase the capacity of the applicable road, bridge, highway, or interstate. The Commission may request the issuance of turnpike bonds by SFAA. Principal and interest are payable solely out of the turnpike facility revenues. The bill also allows all executors, administrators, guardians, and other fiduciaries and all sinking fund commissions, including RSIC in its capacity as a co-trustee of the funds of the SC Retirement System, to invest any monies in turnpike bonds.

DOT may utilize turnpike facility revenues and funds available for the maintenance of the state highway system for the maintenance and operation of any turnpike facility. DOT also may contract with any political subdivision desiring to assist the department with turnpike facilities. Revenues from these contracts may be included in turnpike facility revenues. It also allows DOT to enter into reciprocal agreements with other jurisdictions, including the federal government and any other state, to enforce toll violations.

The amended bill also establishes within DOT the Pothole Mitigation Program for the purposes of public reporting of pothole locations along the state highway system. DOT must implement the program in each county, posting conspicuous notices to notify the public of the reporting process, and must provide within one year of the effective date of the act, a free application for the public to report the locations of potholes to the agency via telephone, the internet, a website application, or other electronic means. The amended bill requires DOT to ensure the permanent repair of a pothole within seven days of receiving notice of the pothole's location, unless exigent

circumstances require a temporary repair. DOT may use its own personnel or contract with outside parties for pothole repair pursuant to the Pothole Mitigation Program. To fund the permanent repairs, DOT is required to allocate \$15 million from the IMTF annually, which shall be in addition to existing funds allocated for pavement rehabilitation.

The bill provides requirements for the selection of highway construction contracts and phased design-builds. Further, the bill permits DOT to enter into public-private partnership arrangements for planning, constructing, operating, and maintaining the roads, bridges, and other infrastructure under the jurisdiction of DOT. The determination of the type of contract to use for a given project must be reviewed by the Joint Bond Review Committee (JBRC), and DOT must update the JBRC annually on the status of all outstanding public-private partnership arrangements. DOT must also file a copy of public-private partnership contract documents with the Secretary of State, who must file and index the documents and is authorized to prepare and deliver certified copies of the documents as filed. For each certification, a reasonable fee may be charged. Lastly, SFAA may exempt from procurement code specific supplies, services, information technology, or construction.

DOT is required to publish a list of nonessential roads and may transfer ownership to consent, counties, municipalities, and other entities with their consent. The list must be approved by the CCTM. To fund the transfer of nonessential roads to local governments, the bill creates the System Realignment Fund within DOT. The fund may receive monies from an appropriation or authorization of the General Assembly, and the Secretary of Transportation may transfer monies from the SHF.

Department of Transportation. This bill makes changes to the administration and operation of DOT, including expanded planning and oversight requirements, authorization for choice lane tolling and project delivery methods, the creation of new coordination mechanisms, and the creation of the Pothole Mitigation Program. However, DOT expects to manage these expenditures with existing appropriations and staff. The bill also requires DOT to allocate \$15 million from the IMTF annually for pothole repair pursuant to the Pothole Mitigation Program.

This bill gives DOT the authority to collect tolls on choice lanes, impose administrative fees and penalties, and utilize electronic toll collection systems. Implementation of these responsibilities will require 2.0 FTEs related to procurement functions and 7.0 FTEs related to the management of public-private partnerships and other administrative and operational functions. Salary and fringe benefits for the FTEs will increase Other Funds expenditures by \$1,200,000 in FY 2026-27 and each year thereafter. Other major operating expenses related to the implementation of tolls include credit card transaction fees, call center contractual costs, InterAgency Group E-Z pass costs, and transponder issuance contractual costs. These expenses will increase Other Funds expenditures of DOT by at least \$50,000. DOT indicates that they can manage the expenses with existing appropriations and revenues generated by the bill. Please note that over time, the expenditures are expected to be offset or fully recouped through toll revenues, user fees, and project financing mechanisms, subject to project performance and traffic volumes.

State Fiscal Accountability Authority. Based on a previous response, this bill will have no fiscal impact on SFAA because the Authority will manage the provisions of the bill with existing staff and resources.

Retirement System Investment Commission. The duties in the bill related to RSIC will be performed in the normal course of business. Therefore, there is no fiscal impact to RSIC.

Department of Public Safety. This bill requires the Director of Public Safety to be a member of the CCTM. DPS will manage this responsibility with its existing appropriations. Therefore, there is no fiscal impact to DPS.

Department of Motor Vehicles. This amended bill requires DMV to send DOT, at a minimum monthly, updated toll-related vehicle data for the purposes of administering, collecting, and enforcing any toll, toll violation, processing fee, civil penalty, or registration-based enforcement mechanism. The bill also requires the Director of DMV to be a member of the CCTM. Additionally, the amended bill requires DMV to notify motor vehicle registrants of pending registration suspensions related to toll violations and to suspend vehicle registrations when such violations remain unpaid. DMV anticipates having to mail a high volume of notices of suspension related to toll violations. The agency indicates that it currently does not have the capacity to manage these duties with existing staff and resources. Therefore, the bill will increase recurring expenses of DMV by approximately \$154,000 beginning in FY 2026-27. Of this amount, \$136,000 is for 3.0 FTEs to manage the new responsibilities of the bill. The remaining \$18,000 is for annual mailing costs. The agency will request a General Fund appropriation increase for these expenses.

Department of Commerce. This bill requires the Secretary of Commerce to be a member of the CCTM. The Department of Commerce will manage this responsibility with its existing appropriations. Therefore, there is no fiscal impact to the Department of Commerce.

Office of Regulatory Staff. This bill requires the Director of ORS to be a member of the CCTM. ORS will manage this responsibility with its existing appropriations. Therefore, there is no fiscal impact to ORS.

South Carolina Ports Authority. This bill requires the Chairman of the Ports Authority to be a member of the CCTM. The fiscal impact of the bill on the Ports Authority is pending, contingent upon a response from the agency.

South Carolina Aeronautics Commission. This bill requires the Chairman of the Aeronautics Commission to be a member of the CCTM. Aeronautics will manage this responsibility with its existing appropriations. Therefore, there is no fiscal impact to Aeronautics.

South Carolina Transportation Infrastructure Bank. This bill requires the Chairman of the SCTIB to be a member of the CCTM and replaces the Chairman of the DOT Commission with DOT's Secretary of Transportation. SCTIB previously indicated that amending the SCTIB Board

could fiscally impact SCTIB. However, the impact to SCTIB is undetermined since, it is unclear as to how the bill will affect the SCTIB's operations.

Governor's Office. The duties in the bill related to the Governor's Office will be performed in the normal course of business. Therefore, there is no fiscal impact to the Governor's Office.

Office of the State Auditor. The bill expands who may be employed by the State Auditor as the chief internal auditor of DOT. Currently, the chief internal auditor of DOT must be a certified public accountant. However, the bill expands the experience to include a certified internal auditor or a certified fraud examiner and specifies that the scope of internal audit services shall cover the entire department. This responsibility can be accomplished under the normal course of business for the office. Therefore, there is no fiscal impact to the Office of the State Auditor.

The House of Representatives and the Senate. This bill provides additional responsibilities of the JBRC, which consists of members of the House of Representatives and the Senate. These legislative bodies anticipate that any expenses due to the additional responsibilities can be managed with existing appropriations. Therefore, there is no fiscal impact to the House or the Senate.

Office of the Attorney General. Based on a previous response, this bill requires the Attorney General to perform activities that will be conducted in the course of normal agency business. Therefore, there is no fiscal impact to the Office of the Attorney General.

Secretary of State's Office. This bill requires DOT to file a copy of documents related to public-private partnerships with the Secretary of State's Office. The Secretary of State's Office must also prepare and send certified copies of the documents to interested parties. In order to manage the provisions of the bill, the Secretary of State's Office previously indicated that it will need 1.0 FTE (Administrative Assistant), which will increase recurring expenditures by approximately \$69,000 including salary and fringe. Additionally, Other Funds expenditures are expected to increase by a range of \$102,000 to \$252,000 in FY 2026-27 for technology required for the development, storage, indexing, certifying, and securing of documents related to public-private partnership contracts. Further, the Secretary of State's Office noted that additional office space will be needed to accommodate the new FTE and equipment since the Office is currently at full capacity. However, the cost for the new space is unknown at this time. The bill specifies that the Secretary of State's Office may charge a fee for each certification of filed public-private partnership documents. While the revenue from this fee may offset some of the Office's costs, the Office expects that expenditures will exceed revenue. The Office will request both an increase in Other Funds authorization and a General Fund appropriation increase to cover the remaining expenses.

Department of Environmental Services. This bill requires the Secretary of Transportation, within one year of submitting an application to assume administration of 23 U.S.C Sections 326 and 327, also known as the NEPA Assignment Program, to issue a NEPA manual detailing the manner in which DOT will carry out its NEPA responsibilities. The NEPA Assignment Program

is administered by the US EPA, and therefore, RFA anticipates that the bill will have no fiscal impact on DES.

State Revenue

Turnpike Facility Revenues

This bill permits the funds derived from toll roads to be used to pay the operation and maintenance costs of a toll project. As it is unknown how many roads DOT will designate as toll roads and how soon turnpike facilities would begin generating revenue, the revenue increase in Other Funds of DOT related to turnpike facilities is undetermined. DOT indicates that the department will use some of the revenue to offset the administration of turnpike facilities but anticipates that the revenue increase will exceed expenditures.

System Realignment Fund

To fund the transfer of nonessential roads to local governments, the bill creates the System Realignment Fund within DOT. The fund may receive monies from an appropriation or authorization of the General Assembly, and the Secretary of Transportation may transfer monies from the SHF. As this is a new fund and funds are at the discretion of the General Assembly and the Secretary of Transportation, the impact on Other Funds revenue of DOT is undetermined.

Secretary of State Certification Fee

This bill specifies that the Secretary of State's Office may charge a fee for each certification of filed public-private partnership documents. While the revenue from this fee may offset some of the Office's costs, the Office expects that expenditures will outweigh revenue.

Pothole Mitigation Program

The bill requires DOT to transfer \$15 million annually from the IMTF for full depth pavement repairs of respective potholes for the Pothole Mitigation Program. These funds are in addition to the existing funds allocated for pavement rehabilitation. Therefore, the bill will shift Other Funds of DOT from one program to another.

Local Expenditure

This bill increases the portion of a county's apportionment of "C" funds that must be expended on the state highway system from 25 percent to 33 percent. In addition, the bill specifies that any costs incurred by DOT caused by an unreasonable delay in the review and approval of plans for a permanent improvement, construction, reconstruction, or alteration of a highway or highway facility within a municipality is the responsibility of the municipality.

RFA contacted all forty-six counties and MASC regarding the potential fiscal impact of the bill. Charleston County anticipates that the bill will have no immediate fiscal impact but could have long-term effects related to how many miles of state roads are transferred to the county and the increase in required "C" funds spending on the state highway system. Lancaster County expects that the county would likely not accept the transfer of state roads but indicates that the costs to the county would be significant if it did. Similarly, MASC expressed concerns that municipalities may experience shortfalls in funds due to 1) the reduction of the use of "C" funds for local roads, 2) the responsibility of potential costs related to an unreasonable delay in the

review and approval of transportation plans. MASC indicates that the measures that would increase expenditures and decrease revenue may be greater than the increase in revenues from the permissive millage increases, which is discussed in the Local Revenue section of this fiscal impact statement. This would result in an undetermined net increase in expenditures for municipalities.

Local Revenue

Millage Increase

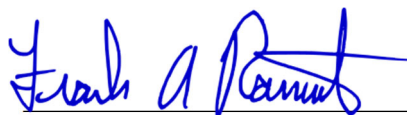
Section 32 of this bill requires DOT to identify nonessential roads and may transfer ownership and maintenance responsibilities of these roads to the local government with the local government's consent. The local government may impose additional millage to meet the funding requirements of maintaining these roads. The initial additional millage is not subject to the millage rate increase limitation pursuant to Section 6-1-320. For reference, as of tax year 2023 the value of mil by county ranges from \$32,080 to \$5,390,974.

The increase in local property tax due to the increase in millage is undetermined as the imposition of additional millage is permissive in nature and will depend upon what roads are transferred from DOT to local government for maintenance and the millage the local government chooses to impose.

Local Option Transportation Sales and Use Tax

This bill requires DOT to identify nonessential roads and allows for the transfer of ownership and maintenance responsibilities of these roads to the local government with mutual consent. In a county where DOT has transferred all nonessential roads, the county may impose a local option transportation sales and use tax of "2 cents." Currently, counties are authorized to impose a 1 percent local option transportation sales tax, subject to a referendum. It is unclear how the tax of 2 cents will be implemented.

The increase in local option transportation sales tax collections due to the authorized 2-cent sales tax is undetermined as the imposition of the additional tax is permissive in nature and will depend upon what roads are transferred from DOT to local governments for maintenance and whether the tax is approved by referendum.



Frank A. Rainwater, Executive Director