Bill Number:	S. 0831 Amended by House Ways and Means on April 1, 2026
Subject:	SCDOT Modernization
Requestor:	House Ways and Means
RFA Analyst(s):	Griffith, Daigle, and Miller
Impact Date:	April 13, 2026

Fiscal Impact Summary

This amended bill reduces the number of members of the Commission of the Department of Transportation (DOT), transfers certain responsibilities from the Commission to DOT, and designates the governing authority of DOT to the Secretary of Transportation, who will be appointed by the Governor. The bill also 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 expanded audit and reporting responsibilities, the creation of 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, alternative fuel 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.

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 bill will have no fiscal impact on the Department of Environmental Services (DES).

The bill will have no fiscal impact on the Governor's Office, the House of Representatives, the Retirement System Investment Commission (RSIC), the State Fiscal Accountability Authority (SFAA), the Office of the State Auditor, the Office of the Attorney General, the Revenue and Fiscal Affairs Office (RFA), or the State Ethics Commission as this bill marginally affects current operations, and these agencies will manage the responsibilities with existing staff and resources. Additionally, the Senate previously indicated that the bill will have no impact.

As this bill creates a new felony offense, the bill may impact the caseload and case progression in circuit court cases and potentially the number of incarcerations, which may increase the workload of the court system and the Commission of Indigent Defense, the Commission on Prosecution Coordination, the Department of Corrections, and the Department of Probation, Parole, and Pardon Services (PPP). The potential increase in expenses for Judicial and each agency will depend upon the increase in the number of cases and number of incarcerations. Judicial and these agencies indicate that if this bill results in a significant increase in the workload, then an increase in General Fund appropriations may be requested. For information, according to Corrections, in FY 2024-25, the annual total cost per inmate was $37,503, of which $35,696 was state funded.

Overall, Other Funds revenue of DOT will increase by an undetermined amount based on the increased alternative fuel 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. 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. Based on discussions with DOR, the department anticipates interpreting the “2 cents” sales and use tax to mean a 2 percent sales and use tax. 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. 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 House Ways and Means on April 1, 2026
State Expenditure
This bill transfers the responsibility of developing the long-range Statewide Transportation Plan and approving the Statewide Transportation Improvement Program from the Commission of DOT to DOT. Additionally, the bill designates the governing authority of DOT to the Secretary of Transportation, who will be 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 and coordinating statewide plans with federal and state-funded regional and local transportation planning organization.

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 of DOT 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 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. 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.

This bill creates a felony for a member or employee of a county transportation committee who accepts, receives, or solicits money, contract or obligation, political appointment or influence, employment, or any other thing of value in exchange for influence. A person convicted of this felony must be imprisoned for not more than five years and is disqualified forever from holding any office of trust or profit under the Constitution or laws of this state. As this is a new offense, there are no data to determine the number of new cases that may be heard in circuit court. This bill may result in an increase in the number of circuit court cases and potentially the number of incarcerations, which may increase the workload of the court system and the Commission of Indigent Defense, the Commission on Prosecution Coordination, the Department of Corrections, and PPP. The potential increase in expenses for Judicial and each agency will depend upon the increase in the number of cases and number of incarcerations. Judicial and these agencies indicate that if this bill results in a significant increase in the workload, then an increase in General Fund appropriations may be requested. For information, according to Corrections, in FY 2024-25, the annual total cost per inmate was $37,503, of which $35,696 was state funded.

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, alternative fuel fees, and project financing mechanisms, subject to project performance and traffic volumes.

State Fiscal Accountability Authority. 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 Motor Vehicles. This 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. Additionally, the 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.

South Carolina Transportation Infrastructure Bank. This bill 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. The House anticipates that any expenses due to the additional responsibilities can be managed with existing appropriations. The Senate previously indicated that the additional responsibilities of the

JBRC could be managed with existing appropriations. Therefore, there is no fiscal impact to the House or the Senate.

Office of the Attorney General. 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, the bill will have no fiscal impact on DES.

Revenue and Fiscal Affairs Office. This bill requires RFA to calculate the inflation adjustment for the gross vehicle weight for alternative fuel fees, which can be accomplished with existing staff and resources.

State Ethics Commission. This bill specifies that members or staff of a county transportation committee are subject to the provisions of the State Ethics Act. The State Ethics Commission will manage duties related to additional people being subject to the State Ethics Act with existing appropriations. Therefore, there is no fiscal impact to the State Ethics Commission.

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.

Alternative Fuel Fees

The bill increases the biennial alternative fuel vehicle fees for motor vehicles that are powered exclusively by electricity, hydrogen, or any fuel other than motor fuel and for motor vehicles who are powered by a combination of these and motor fuel subject to motor fuel user fees. The current biennial fees of $120 and $60, respectively, will be increased to $400 and $200, respectively, on July 1, 2027. Additionally, the owner of any motor vehicle not powered exclusively by motor fuel must pay an increased fee based on the gross weight of the registered vehicle. A motor vehicle with a declared gross weight of at least 11,001 pounds must have the fee increased by 10 percent. Further, for each gross vehicle weight range the motor vehicle exceeds the gross vehicle weight range set forth in Section 56-3-660(B)(9), the applicable alternative fuel fee must be increased by another 10 percent. Commercial motor vehicles powered by alternative fuels that participate in the International Registration Plan or International Fuel Tax Agreement are exempt from the fees. The bill specifies that the alternative fuel fees collected will be credited to the SHF. Currently, alternative fuel fees are credited to the IMTF.

DMV reports that as of January 2026, there are 30,916 registered vehicles that are powered exclusively by electricity, hydrogen, or any fuel other than motor fuel and 125,917 registered vehicles that are powered by a combination of these and motor fuel subject to motor fuel user fees. By multiplying the number of registered vehicles by the respective increases in alternative fuel fees, RFA estimates that the increase in alternative fuel vehicle fees will increase Other Funds revenue of DOT by $26,285,000 biennially. This amount includes $8,657,000 in increased fee revenue from fully alternative fuel vehicles and $17,628,000 in increased fee revenue from hybrid alternative fuel vehicles. It is important to note that DMV registrations are collected biennially, and the timing of revenue streams will depend on when the vehicles in these categories are due for registration renewal.

In addition, vehicles powered in part or wholly by sources other than motor fuel weighing over 11,000 pounds are subject to additional increases based on gross vehicle weight. DMV reports that 43 registered vehicles are powered fully by sources other than motor fuel, and 52 registered vehicles are powered by a combination of motor fuel and sources other than motor fuel in the state. Based on their gross vehicle weights, RFA estimates that revenue for the SHF will increase by either $58,000 biennially or $1,420,000 biennially, depending on if the ten percent increase for each weight range is compounded or not.

In total, Other Funds revenue of DOT will increase by between $26,343,000 biennially and $27,705,000 biennially, depending on how the increases in the fee for vehicles over 11,000 pounds are implemented.

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. 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 and 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
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. Based on discussions with DOR, the department anticipates interpreting the "2 cents" sales and use tax to mean a 2 percent sales and use tax.

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.

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