

# Statement of Estimated State Revenue Impact

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**Date:** April 23, 2013

**Bill Number:** HB 3907 (as amended 4/17/13 by the House Motor Vehicles Subcommittee)

**Authors:** Willis

**Committee Requesting Impact:** Education and Public Works

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## Bill Summary

A bill to amend the Code of Laws of South Carolina, 1976, by adding Article 6 to Chapter 1, Title 56 so as to authorize the Department of Motor Vehicles to accept uncertified checks for payment for products or services issued by the department...(see printed bill text for full summary)

## REVENUE IMPACT <sup>11</sup>

This bill would have no impact on General Fund revenue in FY2013-14. This bill would have an undetermined impact on restricted funds of the Department of Motor Vehicles (DMV) in FY2013-14.

## Explanation

This bill proposes to add Article 6 to Chapter 1, Title 56, which would allow DMV to accept uncertified checks for payment of products or services. Additionally, DMV would be allowed to charge a fee of \$30, as set forth in Section 34-11-70, to cover the costs associated with the collection of returned check fees. Based on information obtained from DMV, 3,023 dishonored checks were received in FY2012 and the total amount of outstanding checks is \$1.3 million. Since the bill allows the Department to contract for returned check services, the amount received by DMV would depend upon the details of the contract which have not been determined. Therefore, the impact on restricted funds of DMV is undeterminable for FY2013-14.

Additionally, this bill would allow DMV to charge customers an additional processing fee for the use of credit cards, up to the actual cost incurred by DMV. All fees associated with this bill will be placed in a restricted account and must be used by DMV. Based on information obtained from the Treasurer's office, the processing fee is \$0.095 per transaction. Additionally, there is an interchange rate that can range from 0.00% plus \$0.10 to as high as 3.25% plus \$0.25 depending on the type of card. DMV reports that approximately \$700,000 in credit card fees was paid in FY2012. As the processing fee will vary depending upon the type of card and the number of sales generated by the use of credit cards, the impact on restricted funds of DMV is undeterminable for FY2013-14.

This act takes effect upon approval by the Governor.



Frank A. Rainwater  
Chief Economist

**Analyst:** Wren

<sup>11</sup> This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.