

# Statement of Estimated State Revenue Impact

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**Date:** January 30, 2013

**Bill Number:** S.B. 210

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**Committee Requesting Impact:** Senate Finance Committee

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## Bill Summary

A bill to amend the Code of Laws of South Carolina, 1976, by adding Section 12-36-2625 so as to provide that the sales tax revenue generated from the sale of a motor vehicle or the execution of a lease for a motor vehicle, must be credited to the State Highway Fund for maintenance of existing roads and additional capacity on existing roads.

## REVENUE IMPACT <sup>1/</sup>

This bill would reduce sales tax revenue by \$103,500,000 and increase the State Highway Fund in the Department of Transportation by \$103,500,000 in FY2013-14. Of the estimated \$103,500,000 of sales and use tax revenue, General Fund sales and use tax revenue would be reduced by \$82,800,000 and EIA fund revenue would be reduced by \$20,700,000 in FY2013-14.

## Explanation

This bill would add Section 12-36-2625 to allow the sales, use, and casual excise tax revenues derived from the sale of a motor vehicle to be redirected from the state General Fund and the Education Improvement Fund (E.I.A.) and credited to the State Highway Fund. The sales tax paid by a purchaser of a motor vehicle is the lessor of five percent up to a maximum of \$300 per motor vehicle pursuant to Section 12-36-2110(2) of the Code of Laws, 1976. The amount of General Fund sales and use tax revenue collected from the \$300 sales tax cap on the sale of motor vehicles in the State is an estimated \$103,500,000 in FY2013-14. The five percent sales and use tax on the sales of motor vehicles is divided into two components. The four percent component is allocated to the state General Fund. The one percent component is allocated to the Education Improvement Act (EIA) fund. This bill would allow the five percent sales and use tax, pursuant to Section 12-36-910, from the sales of motor vehicles to be credited to the State Highway Fund. The revenues must be used exclusively for maintenance of existing roads and additional capacity on existing roads. The revenues may not be used for administrative costs. This bill would reallocate \$103,500,000 of sales tax revenue to the State Highway Fund within the Department of Transportation in FY2013-14. Of the estimated \$103,500,000 of sales and use tax revenue collected from the sales of motor vehicles, General Fund sales and use tax revenue amounts to \$82,800,000 and EIA fund revenue amounts to \$20,700,000 in FY2013-14. This act takes effect July 1, 2013.



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<sup>1/</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 of Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.