**South Carolina General Assembly**

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**H. 4563**

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Introduced in the House on January 23, 2014

Currently residing in the House Committee on **Ways and Means**

Summary: Income tax credit

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

1/23/2014 House Introduced and read first time ([House Journal‑page 31](file:///H:\HJ%20Archive\2014\01-23-14.docx))

1/23/2014 House Referred to Committee on **Ways and Means** ([House Journal‑page 31](file:///H:\HJ%20Archive\2014\01-23-14.docx))

2/4/2014 Scrivener's error corrected

**VERSIONS OF THIS BILL**

[1/23/2014](file:///p:\pprever\2013-14\4563_20140123.docx)

[2/4/2014](file:///p:\pprever\2013-14\4563_20140204.docx)

**A** **BILL**

TO AMEND SECTION 12‑28‑310, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE USER FEE ON GASOLINE AND DIESEL FUEL, SO AS TO INCREASE THE FEE EACH YEAR FOR THE NEXT THREE YEARS BY FIVE CENTS A GALLON, TO REQUIRE THE DEPARTMENT TO ADJUST THE USER FEE TWICE A YEAR BASED ON THE CHANGE IN THE WHOLESALE PRICE OF MOTOR FUEL, AND TO PROVIDE THAT THE USER FEE MAY NOT EXCEED THE AVERAGE STATE FEE CHARGED IN NORTH CAROLINA AND GEORGIA; TO AMEND SECTION 56‑11‑410, RELATING TO THE ROAD TAX, SO AS TO INCREASE THE ROAD TAX IN THE SAME MANNER AS THE USER FEE, AND TO CHANGE THE MANNER IN WHICH IT IS REFERRED; BY ADDING SECTION 12‑6‑3755 SO AS TO ALLOW A REFUNDABLE INCOME TAX CREDIT FOR EACH VEHICLE REGISTERED TO A TAXPAYER IN THIS STATE THAT IS LICENSED IN THIS STATE; TO AMEND SECTION 12‑28‑2740, AS AMENDED, RELATING TO THE DISTRIBUTION OF THE USER FEE ON GASOLINE AND DIESEL FUEL TO COUNTIES, SO AS TO INCREASE THE AMOUNT DISTRIBUTED TO THREE CENTS AND TO ELIMINATE A NINE AND ONE-HALF MILLION DOLLAR TRANSFER TO CERTAIN DONOR COUNTIES; AND TO AMEND SECTION 12‑28‑2750, RELATING TO THE DISTRIBUTION OF USER FEES TO THE STATE HIGHWAY FUND, SO AS TO PROVIDE THAT ALL EXCESS REVENUE RESULTING FROM THIS ACT ONLY MAY BE USED FOR ROAD AND BRIDGE MAINTENANCE.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. A. Section 12‑28‑310 of the 1976 Code, as last amended by Act 386 of 2006, is further amended to read:

“Section 12‑28‑310. (A) Subject to the exemptions provided in this chapter, a user fee of sixteen cents a gallon is imposed on:

(1) all gasoline, gasohol, or blended fuels containing gasoline that are used or consumed for any purpose in this State; and

(2) all diesel fuel, substitute fuels, or alternative fuels, or blended fuels containing diesel fuel that are used or consumed in this State in producing or generating power for propelling motor vehicles.

(B) The user fee levied on motor fuel subject to the user fee pursuant to this chapter is a levy and assessment on the consumer, and the levy and assessment on other persons as specified in this chapter are as agents of the State for the collection of the user fee. This section does not affect the method of collecting the user fee as provided in this chapter. The user fee imposed by this section must be collected and paid at those times, in the manner, and by the persons specified in this chapter.

(C) The license user fee imposed by this section is instead of all sales, use, or other excise tax that may be imposed otherwise by any municipality, county, or other local political subdivision of the State.

(D) Notwithstanding the provisions of subsection (A), on July 1, 2014, the user fee must be increased by five cents a gallon. Additionally, the user fee must be increased by five cents a gallon on July 1, 2015, and on July 1, 2016.

(E)(1) The department shall increase or decrease the amount of the user fee imposed pursuant to subsection (A) by the percentage change in the wholesale price of motor fuel subject to the user fee in the applicable base period.

(2) The two base periods are six‑month periods, with one ending on September thirtieth and one ending on March thirty‑first. The department must set the user fee twice a year based on the percentage change in the wholesale price of motor fuel for each base period. A user fee set by the department using information for the base period that ends on September thirtieth applies to the six‑month period that begins the following January first. A user fee set by the department using information for the base period that ends on March thirty‑first applies to the six‑month period that begins the following July first.

(3) The department must determine the change in the average wholesale price of motor fuel for each base period. The department must use information on refiner and gas plant operator sales prices of finished motor gasoline and diesel fuel for resale, published by the United States Department of Energy in the ‘Monthly Energy Review’, or equivalent data. The department must use a weighted average of the results for each motor fuel based on the proportion of user fee collected on each pursuant to subsection (A) to the base period. The department must then convert the weighted average price to a cents‑per‑gallon rate for all motor fuel and round the rate to the nearest one‑tenth of a cent. If the converted cents‑per‑gallon rate is exactly between two‑tenths of a cent, the department must round the rate up to the higher of the two.

(4) The department must notify affected taxpayers of the user fee to be in effect for each six‑month period beginning January first and July first.

(F) Notwithstanding any other provision of this section, the user fee shall not exceed the cumulative average of any similar fee or tax imposed in North Carolina and Georgia for each gallon of motor fuel. In determining the cumulative average, the department shall use the average over the same six‑month period used in subsection (E).”

B. The first adjustment to the user fee imposed pursuant to Section 12‑28‑310 shall take effect July 1, 2017, using the base period ending on March thirty‑first.

SECTION 2. A. Section 56‑11‑410 of the 1976 Code is amended to read:

“Section 56‑11‑410. (A) A road ~~tax~~ user fee for the privilege of using the streets and highways in this State is imposed upon every motor carrier. The ~~tax~~ user fee is equivalent to sixteen cents a gallon, calculated on the amount of gasoline or other motor fuel used by the motor carrier in its operations within this State. Except as credit for certain ~~taxes~~ fees as provided for in this chapter, taxes imposed on motor carriers by this chapter are in addition to taxes imposed upon the carriers by any other provision of law.

(B) Notwithstanding the provisions of subsection (A), on July 1, 2014, the user fee must be increased by five cents a gallon. Additionally, the user fee must be increased by five cents a gallon on July 1, 2015, and on July 1, 2016.

(C) The department shall increase or decrease the amount of the road user fee imposed pursuant to subsection (A) in the same manner as it adjusts the user fee imposed pursuant to Section 12‑28‑310. Also, the limitation set forth in Section 12‑28‑310(F) applies to the road user fee.”

B. The first adjustment to the road user fee imposed pursuant to Section 56‑11‑410 shall take effect July 1, 2017, using the base period ending on March thirty‑first.

SECTION 3. Article 25, Chapter 6, Title 12 of the 1976 Code is amended by adding:

“Section 12‑6‑3755. (A) For tax year 2014, there is allowed a refundable income tax credit equal to twenty dollars for every motor vehicle registered to the taxpayer that is licensed in this State. The taxpayer may claim the credit only if there are no delinquent property taxes owed on the motor vehicle.

(B) For tax year 2015, there is allowed a refundable income tax credit equal to forty dollars for every motor vehicle registered to the taxpayer that is licensed in this State. The taxpayer may claim the credit only if there are no delinquent property taxes owed on the motor vehicle.

(C) For tax year 2016, there is allowed a refundable income tax credit equal to sixty dollars for every motor vehicle registered to the taxpayer that is licensed in this State. The taxpayer may claim the credit only if there are no delinquent property taxes owed on the motor vehicle.

(D) The department shall notify the Department of Transportation of the total amount of credits claimed pursuant to this section. The Department of Transportation shall transfer the total amounts of credits claimed to the general fund. The amount of the user fee transferred to reimburse the general fund for the costs of this section is deemed to have been imposed for the same purpose.

(E) The department may promulgate regulations necessary to implement the provisions of this section. The department may require the taxpayer to provide proof of eligibility for the credit.”

SECTION 4. A. Section 12‑28‑2740(A) of the 1976 Code, as last amended by Act 293 of 2002, is further amended to read:

“(A) The proceeds from ~~two and sixty‑six one‑hundredths~~ three cents a gallon of the user fee on gasoline only as levied and provided for in this chapter must be deposited with the State Treasurer and expended for purposes set forth in this section. The monies must be apportioned among the counties of the State in the following manner:

(1) one‑third distributed in the ratio which the land area of the county bears to the total land area of the State;

(2) one‑third distributed in the ratio which the population of the county bears to the total population of the State as shown by the latest official decennial census;

(3) one‑third distributed in the ratio which the mileage of all rural roads in the county bears to the total rural road mileage in the State as shown by the latest official records of the Department of Transportation. ~~The Department of Revenue shall collect the information required pursuant to Section 12‑28‑1390 regarding the number of gallons sold in each county for use in making allocations of donor funds as provided in subsection (H).~~ The Department of Revenue shall submit the percentage of the total represented by each county to the Department of Transportation and to each county transportation committee annually by May first of the following calendar year. Upon request of a county transportation committee, the Department of Transportation shall continue to administer the funds allocated to the county.

All interest earnings on the County Transportation Fund in the State Treasury must be added to the distribution to counties under this section in proportion to each county’s portion of the entire County Transportation Fund. Except for those funds being used in connection with highway projects administered by the Department of Transportation on behalf of counties administering their own ‘C’ funds, these distributions of earnings and the calculation required to determine the appropriate amount shall not include those counties administering their own ‘C’ funds.”

B. Section 12‑28‑2740(H) of the 1976 Code is amended to read:

“(H) ~~For purposes of this subsection, ‘donor county’ means a county that contributes to the ‘C’ fund an amount in excess of what it receives under the allocation formula as stated in subsection (A). In addition to the allocation to the counties pursuant to subsection (A), the Department of Transportation annually shall transfer from the state highway fund to the donor counties an amount equal to nine and one‑half million dollars in the ratio of the individual donor county’s contribution in excess of ‘C’ fund revenue allocated to the county under subsection (A) to the total excess contributions of all donor counties~~ Reserved.”

C. This SECTION takes effect July 1, 2014.

SECTION 5. Section 12‑28‑2750 of the 1976 Code is amended to read:

“Section 12‑28‑2750. (A) Subject to the provisions of Section 12‑28‑2910, the remainder of the proceeds from the gasoline and fuel user fees levied and provided for in this chapter must be remitted to the State Highway Fund.

(B) Beginning in Fiscal Year 2014‑2015, each year the Board of Economic Advisors must estimate the amount of increased user fee revenue that must be remitted to the State Highway Fund resulting from the amendments to Sections 12‑28‑310, 12‑28‑2740, and 56‑11‑410, as contained in this act. The State Highway Fund only may expend that increased amount on road and bridge maintenance. The increased amount spent on road and bridge maintenance must be utilized to supplement, and not supplant, existing funds utilized for these purposes.”

SECTION 6. Except as provided otherwise, this act takes effect upon approval by the Governor.

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