~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

May 19, 2016

**S. 1111**

Introduced by Senators Peeler and Grooms

S. Printed 5/19/16--H.

Read the first time April 12, 2016.

**THE COMMITTEE ON EDUCATION AND PUBLIC WORKS**

To whom was referred a Bill (S. 1111) to amend Section 56‑3‑2332, Code of Laws of South Carolina, 1976, relating to license plates for certain manufacturers, so as to revise the method by, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

MERITA A. ALLISON for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Fiscal Impact Summary**

This bill would increase the State’s general fund by $2,765 in FY 2016-17 and by $5,530 in FY 2017-18 and increase revenue allocated to certain county jurisdictions by $76,160 in FY 2016-17 and by $152,320 in FY 2017-18. This bill would have no expenditure impact on the general fund, federal funds, or other funds.

**Explanation of Fiscal Impact**

**State Expenditure**

**The Department of Revenue.**

The department indicates that this bill would have no expenditure impact on the general fund, federal funds, or other Funds.

**The Department of Motor Vehicles.**

The department indicates that this bill would have no expenditure impact on the general fund, federal funds, or other funds. This bill would not change the way the department currently issues permits.

**State Reve**n**ue**

This bill requires the annual fee to register a manufacturer license plate be computed by using the average price of the vehicle manufacturer’s fleet times the property tax rates times the average millage for all purposes statewide for the preceding calendar year. This amount is set at $789 for calendar years 2017 and 2018. This rate reflects an absolute dollar amount increase of $35 from the current fee of $754 set in Act 321 of 2014. Registration fees for state residents participating in the employee benefit program remains at $20 with the remaining $769 allocated to the county in which the employee assigned the vehicle resides. For those program vehicles registered to nonresident employees, the entire fee of $789 must be credited to the State’s general fund. Multiplying $35, the increase in the annual fee for 2017, by 158, the number of out-of-state vehicles, results in a revenue increase of $5,530 for a full fiscal year. Since the annual fee increases in calendar year 2017, the revenue impact for FY 2016-17 is one-half of the revenue impact for FY 2017-18. In future odd-numbered years, the Department of Revenue will determine the annual registration fee, which will be effective for the next two calendar years.

**Local Revenue**

Registration fees allocated to local governments increase from the current $734 per year to $769 per year. Multiplying $35, the increase in the annual fee for 2017, by 4,352, the number of in-state vehicles, results in a revenue increase of $152,320 for a full fiscal year. Since the annual fee increases in calendar year 2017, the revenue impact for FY 2016-17 is one-half of the revenue impact for FY 2017-18.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND SECTION 56‑3‑2332, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO LICENSE PLATES FOR CERTAIN MANUFACTURERS, SO AS TO REVISE THE METHOD BY WHICH THE LICENSE PLATE FEE IS CALCULATED AND CREDITED; AND TO SET THE LICENSE PLATE FEE FOR 2017 AND 2018.

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

SECTION 1. Section 56‑3‑2332 of the 1976 Code is amended to read:

“Section 56‑3‑2332. (A) Upon application and payment of the required fee, the Department of Motor Vehicles may issue a standard license plate to a manufacturer for vehicles it has manufactured and which are used in a benefit program for the manufacturer’s employees or used by the manufacturer for testing, distribution, evaluation, and promotion.

(B) The annual registration fee ~~for this plate is eight hundred eighty dollars~~ provided for by this section is derived by computing the average price of the vehicle manufacturer’s fleet times the property tax rates times the average millage for all purposes statewide for the preceding calendar year.

~~(1)~~(C) The plates issued in connection with an employee benefit program may be used only on vehicles provided for the applicant’s employees. In the application, the manufacturer shall notify the department in which county the employee assigned the vehicle resides. Twenty dollars ~~and fifty cents~~ of the fee must be credited to the general fund of the State and ~~eight hundred fifty‑ nine dollars and fifty cents~~ the remainder must be remitted to the county noted on the application. Amounts received by a county pursuant to this subsection must be credited to the accounts of taxing entities in the county as if it were a county property tax and are instead of state sales or use taxes. If the employee resides outside this State, the fee must be credited ~~pro rata to all other counties due amounts under this section~~ to the general fund of the State. ~~The names and addresses of the employees are not required to be submitted to the department, but the department may require the documentation it determines necessary to ensure compliance with the provisions of this section.~~

~~(2)~~(D) The plates issued in connection with testing, distribution, evaluation, and promotion, not to exceed fifty plates, may be used only for those purposes. Twenty dollars ~~and fifty cents~~ of the fee must be credited to the general fund of the State and ~~eight hundred fifty‑nine dollars and fifty cents~~ the remainder must be remitted to the county in which the principal facility of the manufacturer is located. Amounts received by a county pursuant to this subsection must be credited to the accounts of taxing entities in the county as if it were a county property tax and are instead of state sales or use taxes. The department may require the documentation it determines necessary to ensure compliance with the provisions of this subsection.

~~(C)~~(E) ~~The annual registration fee provided for in this section is derived by computing the average price of the vehicle manufacturer’s fleet times the property tax rate times the state’s average millage rate.~~ Before December thirty‑first of each odd numbered year, the manufacturer shall review the average price of its fleet and submit the cost to the ~~House Ways and Means Committee and the Senate Finance Committee. The annual registration fee must be adjusted to reflect changes in the average cost of the manufacturer’s fleet, the state’s average millage rate, and the property tax rate. Any adjustment must be reflected in the annual appropriations act~~ Department of Revenue. The Department of Revenue shall determine the annual registration fee pursuant to subsection (B) and then notify the Department of Motor Vehicles of the adjusted fee amount, which is effective for the next two years.”

SECTION 2. Notwithstanding Section 56‑3‑2332(B), for 2017 and 2018, the annual registration fee for license plates issued pursuant to Section 56‑3‑2332 is seven hundred eighty‑nine dollars.

SECTION 3. This act takes effect upon approval by the Governor.

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