



# SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

## STATEMENT OF ESTIMATED FISCAL IMPACT

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*This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.*

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<b>Bill Number:</b>	H. 4091	Introduced on March 17, 2021
<b>Author:</b>	Haddon	
<b>Subject:</b>	User Fee on Gasoline	
<b>Requestor:</b>	House Ways and Means	
<b>RFA Analyst(s):</b>	Griffith	
<b>Impact Date:</b>	October 5, 2021	

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### Fiscal Impact Summary

This bill limits the increase in the motor fuel user fee pursuant to Section 12-28-310 to 8 cents, which was the increase that occurred on July 1, 2020. When the bill is enacted, the fee increase, currently set at 10 cents, will revert to 8 cents, and this change will decrease Other Funds revenue in the Infrastructure Maintenance Trust Fund (IMTF) of the Department of Transportation (DOT). However, the timing of this reduction will depend on when the bill is enacted. The 2-cent increase that occurred on July 1, 2021, is expected to generate an additional \$80,002,000 in FY 2021-22, and some portion of this revenue will not be collected if the bill is enacted to reduce the fee during the fiscal year. For FY 2022-23, the bill is expected to decrease Other Funds revenue in the IMTF by approximately \$164,489,000.

### Explanation of Fiscal Impact

#### Introduced on March 17, 2021

##### State Expenditure

N/A

##### State Revenue

This bill limits the increase in the motor fuel user fee to 8 cents, which was the increase that occurred on July 1, 2020. The motor fuel user fee is comprised of three main components in South Carolina:

- a 16 cents-per-gallon “base” fee,
- an additional fee component that increases by 2 cents each year from FY 2017-18 through FY 2022-23, and
- a 0.75 cents-per-gallon environmental and inspection fee.

This bill affects the additional fee component, which is currently 10 cents-per-gallon and is set to increase to 12 cents-per-gallon on July 1, 2022. The total fee for FY 2021-22 is 26.75 cents-per-gallon, and this amount is set to increase to 28.75 cents-per-gallon in FY 2022-23. The bill sets the additional fee component at 8 cents-per-gallon, which will make the total motor fuel user fee 24.75 cents-per-gallon.

The distribution of motor fuel user fee revenue is different for gasoline and diesel fuel. Pursuant to Section 12-28-310(D), revenue received from the increase in the motor fuel user fee is credited to the IMTF. Further, Proviso 86.1 of the FY 2021-22 Appropriations Act specifies that the increase in County Transportation Funds, or “C” Funds, is to be taken from the increase of the motor fuel user fee on gasoline. The current amount of the increase in “C” Funds is 1.33 cents-per-gallon of gasoline, which will not change based on this bill. We anticipate that the decrease in the additional fee component of the user fee will solely reduce IMTF revenue, and the “C” Funds will continue to receive the full 1.33 cents of gasoline fee revenue.

The following table shows our latest motor fuel demand projections and projected revenue decrease based upon the bill. When the bill is enacted, the fee increase, currently set at 10 cents, will revert to 8 cents, and this change will decrease Other Funds revenue of DOT. However, the timing of this reduction will depend on when the bill is enacted. The 2-cent increase that occurred on July 1, 2021, is expected to generate an additional \$80,002,000 in FY 2021-22, and some portion of this revenue will not be collected if the bill is enacted to reduce the fee during the fiscal year. For FY 2022-23, the bill is expected to decrease Other Funds revenue in the IMTF by approximately \$164,489,000.

<b>Fiscal Year</b>	<b>Projected Gasoline Gallons (Billions)</b>	<b>Projected Diesel Gallons (Billions)</b>	<b>Projected Gasoline Revenue Decrease</b>	<b>Projected Diesel Revenue Decrease</b>	<b>Projected Total Revenue Decrease</b>
<b>2021-22</b>	3.021	0.979	\$60,429,000*	\$19,572,000*	\$80,002,000*
<b>2022-23</b>	3.113	0.999	\$124,532,000	\$39,957,000	\$164,489,000

*Estimates may not sum to totals due to rounding.*

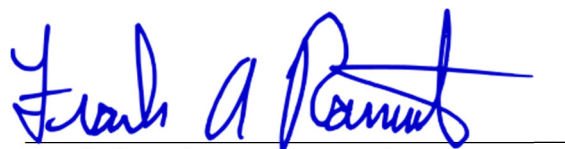
\*Figures represent a full fiscal year. Actual FY 2021-22 reduction will depend upon when the bill is enacted.

#### **Local Expenditure**

N/A

#### **Local Revenue**

N/A



Frank A. Rainwater, Executive Director