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COMMITTEE REPORT

April 8, 2021

**H. 3505**

Introduced by Rep. Simrill

S. Printed 4/8/21--S.

Read the first time March 4, 2021.

**THE COMMITTEE ON TRANSPORTATION**

To whom was referred a Bill (H. 3505) to amend Section 56‑3‑627, Code of Laws of South Carolina, 1976, relating to the infrastructure maintenance fee assessed against a vehicle or other item upon its, etc., respectfully

**REPORT:**

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

LAWRENCE K. GROOMS for Committee.

**A** **BILL**

TO AMEND SECTION 56‑3‑627, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE INFRASTRUCTURE MAINTENANCE FEE ASSESSED AGAINST A VEHICLE OR OTHER ITEM UPON ITS FIRST REGISTRATION, SO AS TO PROVIDE THAT THIS FEE ALSO APPLIES TO THE FIRST TITLING OF A VEHICLE OR OTHER ITEM, TO PROVIDE THE DEPARTMENT OF MOTOR VEHICLES MAY NOT ISSUE A TITLE UNTIL THE FEE HAS BEEN COLLECTED, TO PROVIDE IF A DEALER DOES NOT LICENSE, TITLE, OR REGISTER AN ITEM, THE CUSTOMER MUST PAY THE FEE TO THE DEPARTMENT OF MOTOR VEHICLES WHEN TITLING OR REGISTERING THE VEHICLE, TO PROVIDE IF THE LESSEE PURCHASES A VEHICLE HE ORIGINALLY LEASED AND THE REGISTRANT OF THE VEHICLE REMAINS THE SAME, THE PERSON DOES NOT OWE AN ADDITIONAL FEE, AND TO PROVIDE A FEE MUST BE ASSESSED AGAINST AN OWNER OR LESSEE WHO FIRST TITLES AN ITEM IN ANOTHER STATE AND SUBSEQUENTLY REGISTERS THE ITEM IN THIS STATE; AND TO AMEND SECTION 56‑3‑645, RELATING TO THE ROAD USE FEE IMPOSED UPON OWNERS OF VEHICLES NOT POWERED EXCLUSIVELY BY MOTOR FUEL, SO AS TO PROVIDE THIS FEE MUST BE COLLECTED AT THE TIME THE VEHICLE IS TITLED OR REGISTERED.

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

SECTION 1. Section 56‑3‑627 (A)(B)(C) and (D) of the 1976 Code is amended to read:

“(A) In order to account for the necessary road maintenance caused by each item traversing the roads of this State, in addition to the registration fees imposed by this chapter, the owner or lessee of each vehicle or other item that is required to be registered pursuant to this chapter must pay an infrastructure maintenance fee upon first titling or registering the vehicle or other item. Also, the owner or lessee of each trailer or semitrailer must pay the fee upon first titling or registering the trailer or semitrailer. The Department of Motor Vehicles may not issue a title or registration until the infrastructure maintenance fee has been collected. The infrastructure maintenance fee must be credited to the Infrastructure Maintenance Trust Fund.

(B) If upon purchasing or leasing the item from a dealer, the owner or lessee first registers the item in this State, then the fee equals five percent, not to exceed five hundred dollars, of the gross proceeds of sales, or sales price, as those terms are defined in Chapter 36, Title 12. If the dealer holds a South Carolina retail license or offers to license ~~and~~, title, or register the item, then the dealer must collect the fee and remit it to the Department of Motor Vehicles. If the dealer does not license, title, or register the item, the customer must pay the infrastructure maintenance fee to the department when titling or registering the vehicle.

(C)(1) If upon purchasing or leasing the item from a person other than a dealer, the owner or lessee first registers the item in this State, then the fee equals five percent, not to exceed five hundred dollars, of the fair market value of the item. If the lessee purchases the vehicle he originally leased and the registrant of the vehicle remains the same, the person does not owe an additional infrastructure maintenance fee.

(2) Excluded from the fee imposed pursuant to this subsection are:

(a) items transferred:

(i) to members of the immediate family;

(ii) to a legal heir, legatee, or distributee;

(iii) from an individual to a partnership upon formation of a partnership, or from a stockholder to a corporation upon formation of a corporation;

(iv) to a licensed motor vehicle or motorcycle dealer for the purpose of resale;

(v) to a financial institution for the purpose of resale;

(vi) as a result of repossession to any other secured party, for the purpose of resale;

(vii) to an insurer for the purpose of applying for a salvage title;

(b) the fair market value of an item transferred to the seller or secured party in partial payment;

(c) gross proceeds of transfers of items specifically exempted by Section 12‑36‑2120 from the sales or use tax;

(d) items where a sales or use tax has been paid on the transaction necessitating the transfer.

(3) The Department of Motor Vehicles shall require every applicant for a certificate of title to supply information it considers necessary as to the time of purchase, the purchase price, and other information relative to the determination of fair market value. If the fee is based upon total purchase price as defined in this subsection, the department shall require a submission of a bill of sale and the signature of the owner subject to the perjury statutes of this State.

(4) For purposes of this subsection:

(a) ‘Fair market value’ means the total purchase price less any trade‑in, or the valuation shown in a national publication of used values adopted by the department, less any trade‑in.

(b) ‘Immediate family’ means spouse, parents, children, sisters, brothers, grandparents, and grandchildren.

(c) ‘Total purchase price’ means the price of an item agreed upon by the buyer and seller with an allowance for a trade‑in, if applicable.

(D)(1) If upon purchasing or leasing the item, the owner or lessee first titles or registers the item in another state, and subsequently registers the item in this State, then the fee equals two hundred fifty dollars.

(2) This subsection does not apply if the owner or lessee of the item is serving on active duty in the armed forces of the United States. The exclusion allowed by this item also extends to items owned by the spouse or dependent of a person serving on active duty in the armed forces of the United States.

(3) Notwithstanding any other provision of this section, until after December 31, 2022, the revenue collected pursuant to this subsection must be credited to the Safety Maintenance Account established pursuant to Section 11‑11‑240. After December 31, 2022, the revenue collected pursuant to this subsection must be credited to the Infrastructure Maintenance Trust Fund.”

SECTION 2. Section 56‑3‑645(C) of the 1976 Code is amended to read:

“(C) The Department of Motor Vehicles shall collect this fee at the same time as the vehicle subject to the fee is titled or registered.”

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

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