

# South Carolina Board of Economic Advisors Statement of Estimated State Revenue Impact

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**Date:** April 27, 2009      **Bill No:** H. B. 3134 (as amended 04/23/09 by House E&PW)

**Author:** Bowers and Long      **Committee Requesting Impact:** House E&PW

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## Bill Summary

A bill to amend Section [56-3-9910](#), as amended, Code of Laws of South Carolina, 1976, relating to the issuance of Gold Star Family special license plates, so as to reduce the fee for this special license plate. *(as further amended)*

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

This bill, as amended, is expected to reduce Motor Vehicle License revenue within the state's General Fund by \$618. It also would reduce earmarked funds of the DMV applicable to recoupment of production costs by \$282 in FY 2009-10. This loss in DMV earmarked funds offsets revenue losses in FY 2009-10 for the State Highway Fund (SHF) within DOT of \$197, and restricted funds of the State Transportation Infrastructure Bank (SIB) of \$85 that were allowable in the original bill, since DMV could not recover such costs from regular biennial registration fees.

**Explanation of Amendment (April 23, 2009) by House E&PW:** The bill, as amended, eliminates language in a 'notwithstanding clause' that would have held harmless DMV's ability to recoup production cost to issue a Gold Star Family special license plate from the regular biennial registration fee. As such, we estimate earmarked funds of the DMV would be reduced by \$282 in FY 2009-10 based on issuance of thirty new plates at a cost basis of \$9.39 per plate. This loss in earmarked funds by the DMV offsets respective losses in the original bill of \$197, for the SHF, and \$85 for the SIB.

**Explanation for Revenue Impact Statement by BEA (March 4, 2009):** The DMV may issue 'Gold Star Family' special license plates in this State to family members of military personnel who were killed in action or while in service as verified at application by a United States Department of Defense document. This bill would waive the 'special' fee of \$30 that applies to each plate under Section 56-3-2020 but otherwise sustain recovery of plate production costs by the DMV. Of this \$30 special plate fee, \$9.39 is currently prorated to earmarked funds of the DMV, as recovery of production cost per new plate, and the balance of \$20.61 is allocated to Motor Vehicle License revenue within the state's General Fund. The bill would affect revenue distributions otherwise applicable to the 'regular' registration fee portion of the total plate cost, at \$24 per auto or \$30 per light-duty truck, since the DMV would recoup its costs from this source.

Based on records maintained by the DMV, we expect no more than thirty, new 'Gold Star Family' plates (prorated as 21 autos and 9 trucks) would be issued in FY 2009-10. Multiplying 30 times \$30 yields \$900. This bill would therefore reduce collections from the special plate fee in FY 2009-10 by \$900 overall. By removing this revenue source, Motor Vehicle License revenue within the state's General Fund would be reduced by \$618.30, and earmarked funds within the DMV would otherwise be reduced by \$281.70. A notwithstanding clause would, however, enable the DMV to still recoup that production cost (at \$9.39 per plate) from 'Regular' registration fees as follows: SHF: loss of \$197.19 (21 autos times \$9.39); SIB: loss of \$84.51 (9 trucks times \$9.39).

/s/ William C. Gillespie

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<sup>1/</sup> This statement meets revenue impact requirements of Section 2-7-71 for a state impact by BEA, Section 2-7-76 for a local impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by Office of Economic Research (OER).