

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: May 14, 2009

Bill Number: H. B. 3762

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Committee Requesting Impact: Senate Transportation

Bill Summary: A bill to amend the Code of Laws of South Carolina, 1976, by adding Article 77 to Chapter 3, Title 56 so as to provide that the Department of Motor Vehicles (DMV) may issue "Our Farms-Our Future" special license plates. *(as further amended)*

REVENUE IMPACT ^{1/}

This bill, as last amended, is expected to allocate \$24,200 to the 'Ag in the Classroom' Fund of the South Carolina Farm Bureau Federation, and \$4,200 to the "Fish and Wildlife Protection Fund" within the DNR in FY 2009-10. It also would raise earmarked funds of the DMV by a total of \$9,600 in FY 2009-10 from costs retained to issue 'OF-OF' and 'SCW' plates.

Conversely, it is expected to reduce overall revenue from sales of new 'GS' plates that otherwise would be allocated in FY 2009-10 by \$1,674, prorated as follows: Motor Vehicle License revenue within the state's General Fund (GF) by \$618; earmarked funds of the DMV by \$323; the State Transportation Infrastructure Bank (SIB) by \$270; and the State Highway Fund (SHF) within DOT by \$462. Additionally, the total loss from renewals of existing plates in FY 2010-11 would be \$3,432, prorated as follows: GF, \$1,613; DMV, \$342; SIB, \$420; and SHF, \$1,056.

In summary, the net impact on the DMV from the foregoing impacts would be \$9,277 in FY 2009-10 [\$3,800 (OF-OF) + \$5,800 (SCW) - \$323 (GS)].

Explanation of amendment (May 12, 2009) – By Senate: The bill, as last amended, changes provisions in Section 56-3-4510, 'Endangered Species' (ES), and in Section 56-3-9910, 'Gold Star Family' (GS) special license plates. In Section 2, the 'ES' plate series would be re-titled "South Carolina Wildlife" (SCW) collection, which would allow the DMV to issue such commemorative plates for more wildlife species. The special fee remains at \$30. Of this fee, the balance remaining after DMV recoups its production/admin cost (estimated at \$9 per plate) would now go to the "Fish and Wildlife Protection Fund," formerly named the "Game Protection Fund," within the Department of Natural Resources (DNR). We expect a gross yield of \$10,000 from 'SCW' special fees in FY 2009-10, based on criterion of an advance deposit of \$4,000, which DMV would retain for costs in accordance with Section 56-3-8100, and a total of \$6,000 from prepaid sale of 200 plates (200 x \$30 = \$6,000). Of the latter amount, DMV would retain \$1,800 for costs, prorated at \$9 per plate, with the balance of \$4,200 earmarked to DNR's "Fish and Wildlife Protection Fund."

In Section 3, the DMV would be required to issue 'Gold Star Family' or 'GS' special license plates to certain family members of military personnel who were killed in action or while in service at no cost. The standard biennial fee currently is \$54 for an auto and \$60 for a light-duty truck, which consists of the 'regular' registration fee (\$24/auto or \$30/truck) under Sections 56-3-630, 660 and 670, and a 'special' fee of \$30 pursuant to Section 56-3-2020. Of this \$30, the DMV currently receives a cost recovery of \$9.39 per new plate or \$3.98 per renewed plate, and the remaining balance of \$20.61 or \$26.02 is allocated to Motor Vehicle License revenue within the state's General Fund. Furthermore, of the \$24 regular registration fee for an auto, \$2 is prorated to earmarked funds of the DMV to support future plate replacement and \$22 is earmarked to the State Highway Fund

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(SHF) within the State Department of Transportation (DOT). The \$30 regular registration fee for a truck is fully allocated to restricted funds within the SIB. Current DMV practice requires a United States Department of Defense document as verification of death.

Based on records of the DMV, we expect that 30, new 'Gold Star Family' plates will be issued (prorated as 21 autos and 9 trucks), which would reduce state revenues by \$1,674 in FY 2009-10. We further expect that renewal of 62 existing plates (48 autos and 14 trucks) would reduce state revenues by \$3,432 in FY 2010-11. Losses by fiscal year are as follows: FY 2009-10: Motor Vehicle License revenue within the state's General Fund (GF) by \$618; earmarked funds of the Department of Motor Vehicles (DMV) by \$323; the State Transportation Infrastructure Bank (SIB) by \$270; and the State Highway Fund (SHF) within DOT by \$462; FY 2010-11: GF, \$1,613; DMV, \$342; SIB, \$420; and SHF, \$1,056.

Explanation of amendment (May 7, 2009) – By Senate Transportation: The bill, as last amended, adds language such that provisions in Section 56-3-8100 would apply to issuance of this special plate. This change would allow the DMV to recoup its cost to produce the 'OF-OF' plate in FY 2009-10. Based on a tentative production cost estimate of \$9.50 per plate, we therefore expect the DMV would retain a total of \$3,800 in plate costs out of \$28,000 in gross proceeds (based on 400 prepaid plates times \$70). The remaining balance of \$24,200 would then be allocated to the AIC Fund of the South Carolina Farm Bureau Federation in FY 2009-10. As the proposed \$70 special fee would be distributed in full, this bill would not impact state General Fund revenue.

Explanation of Bill adopted by House (May 5, 2009) – By BEA: This bill authorizes DMV to issue an "Our Farms-Our Future" (OF-OF) special license plate. A special fee of \$70 applies to each plate and is in addition to the regular biennial registration fee under Article 5, Chapter 3 of Title 56 (\$20-\$24 for autos, based on age; or \$30 for light trucks). Section 56-3-7890 (B) further specifies special fee proceeds that are net of the cost of the regular motor vehicle registration fee must be distributed to the 501(c) (3) nonprofit South Carolina Farm Bureau Federation 'Ag in the Classroom' Fund (AIC).

Based on the criterion for minimum prepaid sales of 400 tags in the initial year, at \$70 each, we expect a gross yield of \$28,000 in special fees (@ 400 total plates times \$70) in FY 2009-10. Since the bill fully allocates special fee proceeds totaling \$28,000 to the AIC Fund, the DMV could not retain any special fee revenue to recoup its costs to produce the plate as otherwise provided under Section 56-3-8100. As all proceeds from the proposed \$70 special fee would be distributed in full, this bill would not impact state General Fund revenue.

/s/William C. Gillespie

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^{1/} 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).