

# South Carolina Office of Research and Statistics

## Statement of Estimated Local Revenue Impact

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Date: March 1, 2011

Bill Number: S.B. 279

Authors: Rose

Committee Requesting Impact: Senate Finance

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### Bill Summary

A bill to amend Title 6 of the 1976 Code, by adding Chapter 14, to enact the "Local Option Motor Fuel User Fee Act", to provide that a county may impose by ordinance, approved by referendum, a user fee of not more than one cent a gallon on retail sales of motor fuel for the sole purpose of road improvement projects and road maintenance within the county, to provide the process by which the user fee may be imposed and rescinded, and to provide the manner in which the Department of Revenue shall collect and distribute the user fee.

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

This bill is not expected to impact State revenues. If all counties in the State imposed this local option motor fuel user fee, local revenues for the sole purpose of road improvement projects and road maintenance are projected to increase by \$30,000,000 in FY 2011-12.

### Explanation

This bill allows a county, by ordinance, approved by referendum, to impose a user fee of not more than one cent a gallon on retail sales of motor fuel. The revenue of this fee could only be used for the sole purpose of road improvement projects and road maintenance within the county.

The ordinance must specify the specific road improvement projects for which the proceeds of the user fee are to be used, the maximum time, stated in calendar years or calendar quarters, or a combination thereof, not to exceed ten years, for which the fee may be imposed and the time when the referendum will be held. If all counties in the State imposed this local option motor fuel user fee, local revenues for the sole purpose of road improvement projects and road maintenance are projected to increase by \$30,000,000 in FY 2011-12. Because the State has little experience in applying sales taxes to gasoline at the retail level and recognizing the associated problems with tax compliance and enforcement, this overall projection was decreased by 10% for the first year.



William C. Gillespie, Ph.D.  
Chief Economist

Analyst: Gibson

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