

TRANSPORTATION FUNDING ISSUES

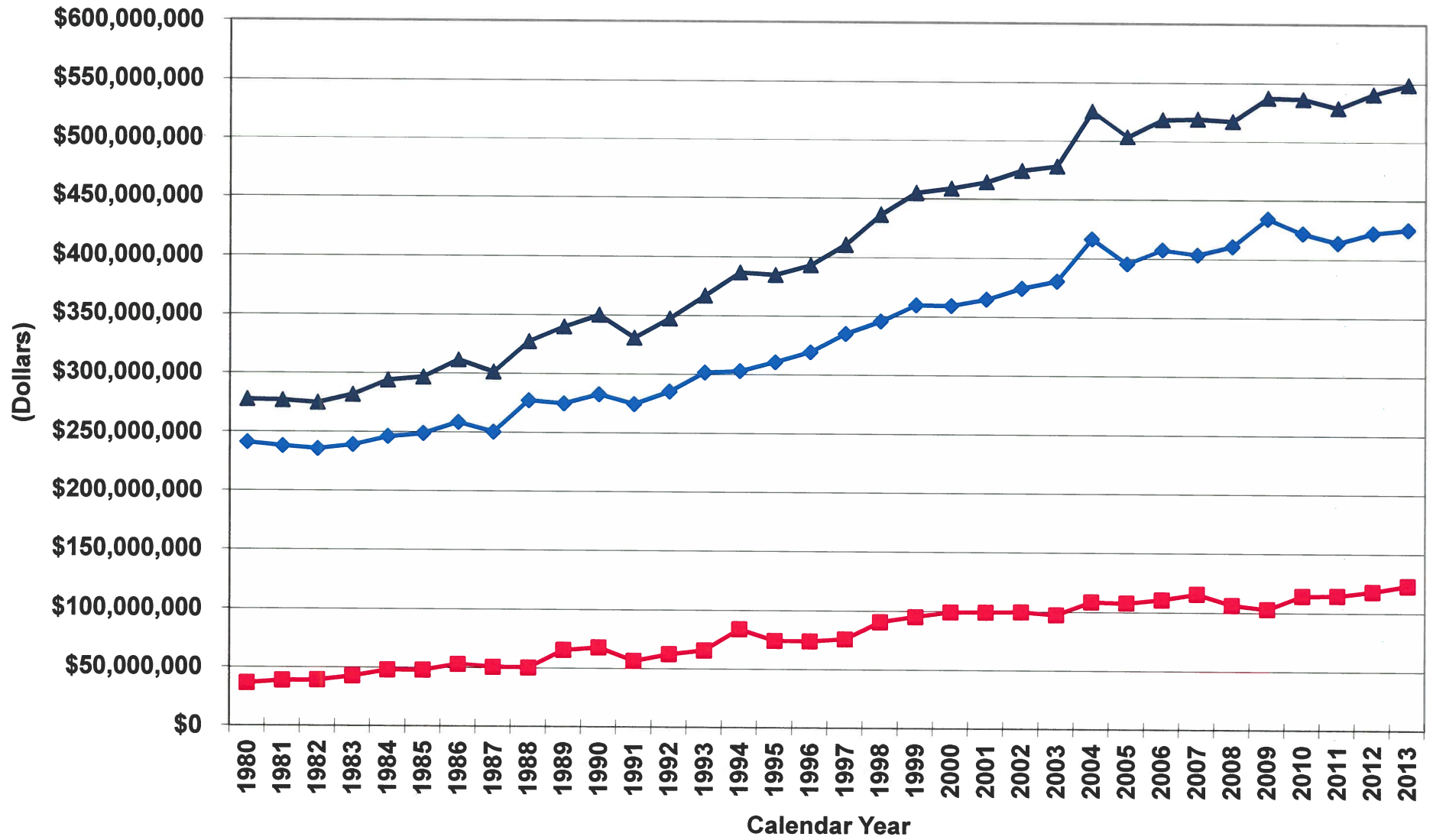


Presentation to the Transportation Infrastructure and Management Ad-Hoc Committee

Tuesday, November 18, 2014

SC Revenue and Fiscal Affairs Office
Suite 402, 1000 Assembly Street
Columbia, SC 29201
Website: <http://www.rfa.sc.gov/>

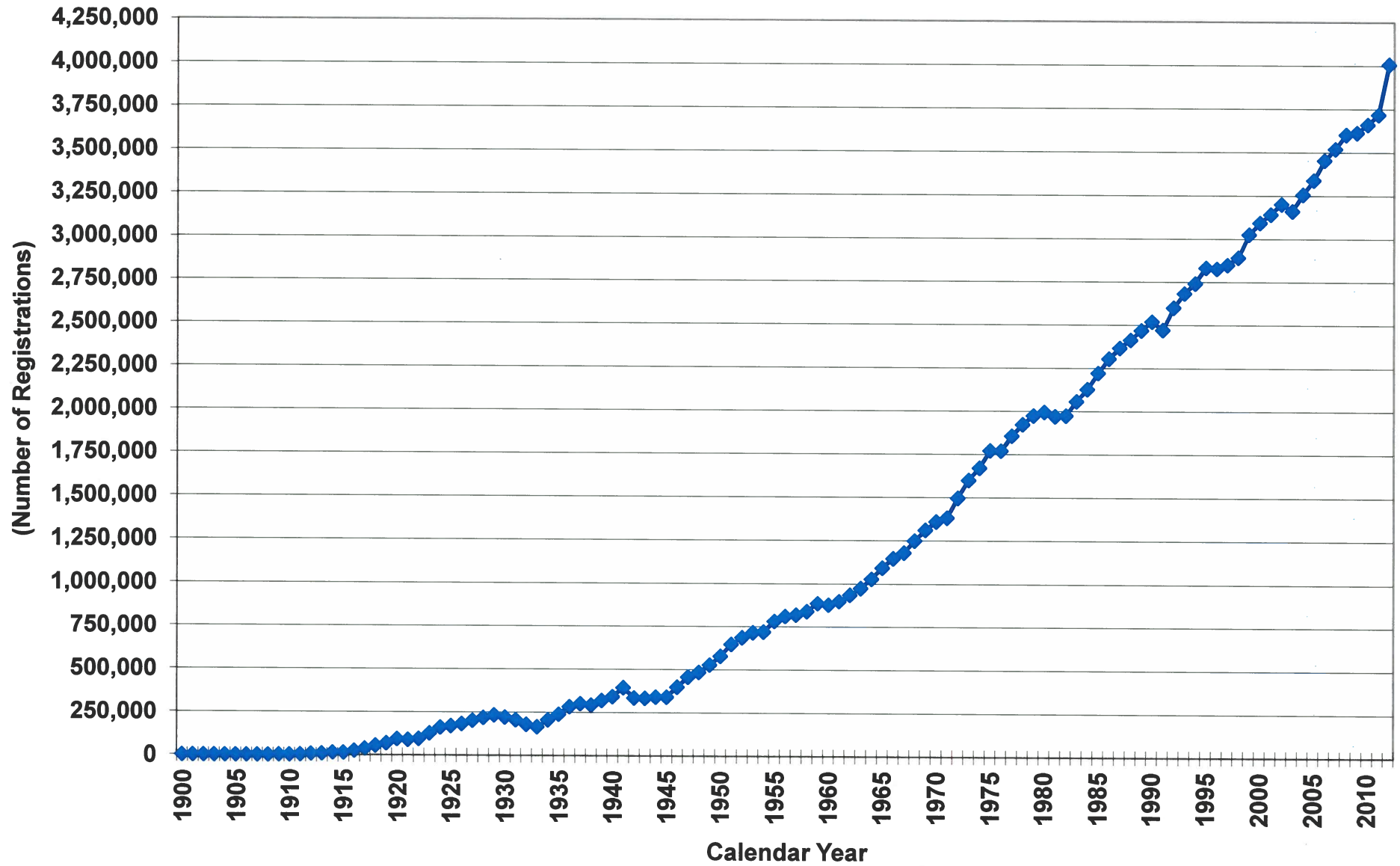
Motor Fuel Tax Revenue in South Carolina



◆ Gasoline Tax ■ Special Fuels Tax ▲ Total Motor Fuel Tax

Source: U.S. Department of Transportation, Federal Highway Administration, Washington, D.C.
BEA/RWM/04/27/13

Total Motor Vehicle Registrations in South Carolina

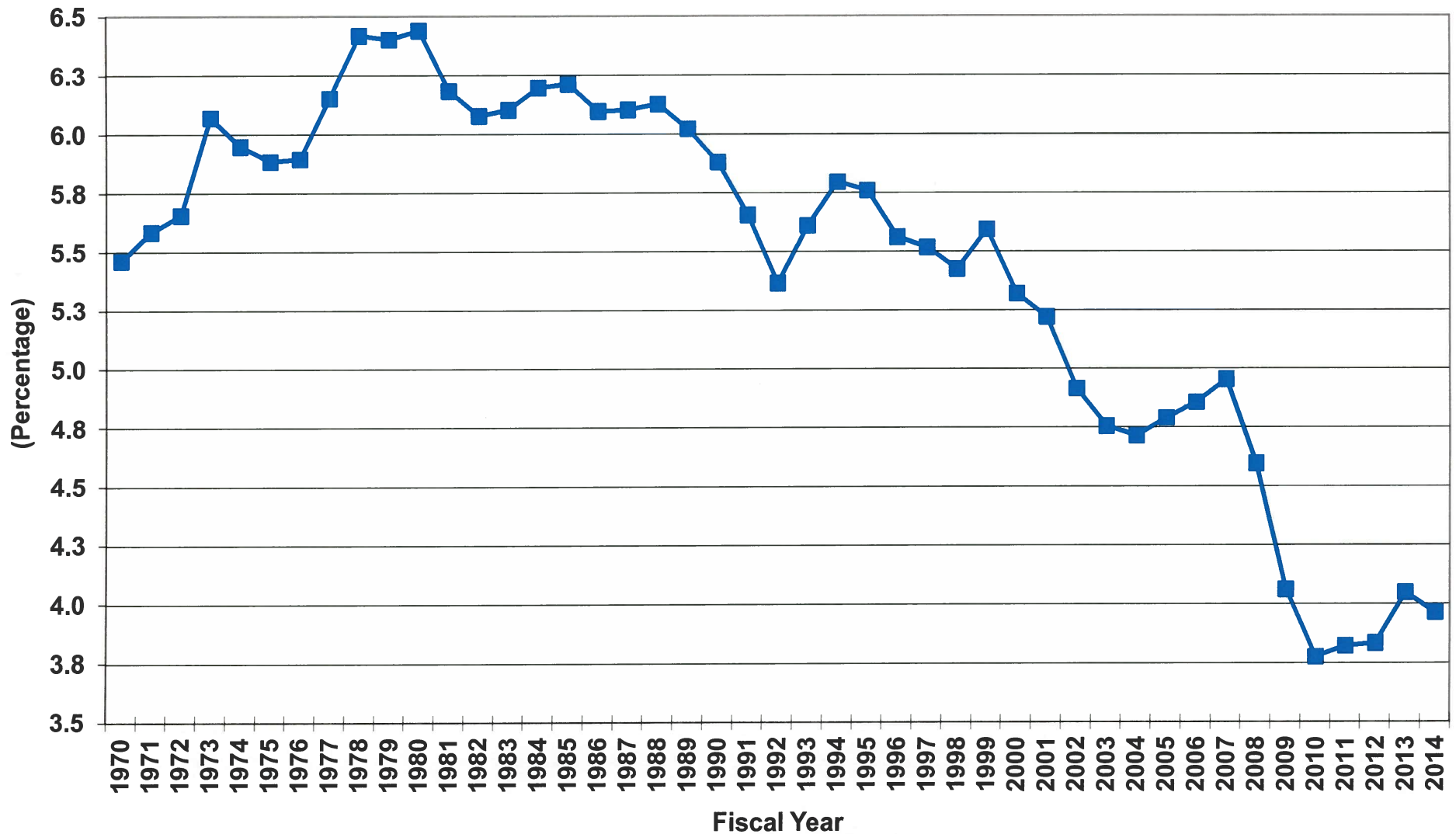


Source: U.S. Department of Transportation, Federal Highway Administration, Washington, D.C.
BEA/RWM/04/27/13

GENERAL FUND

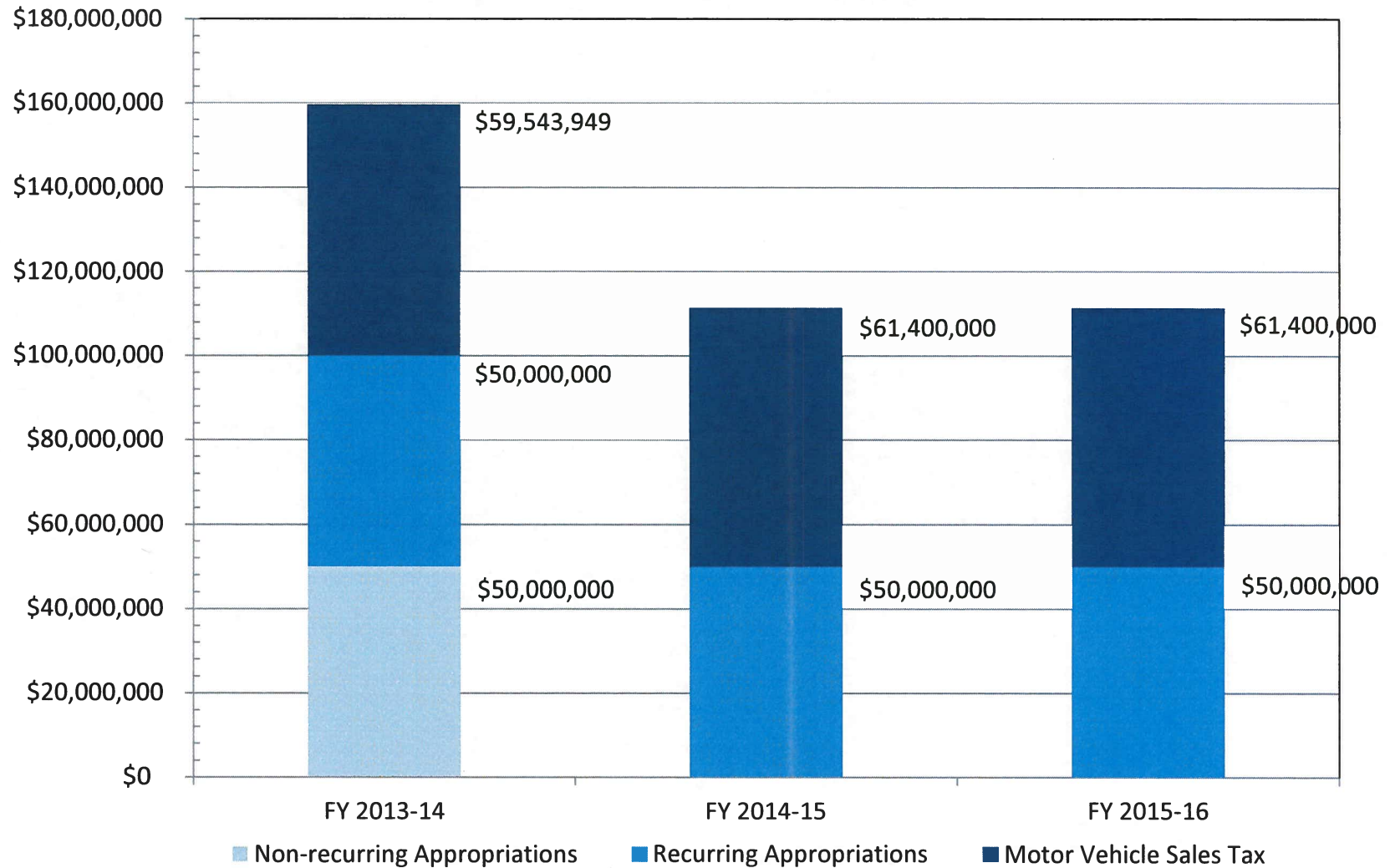


Total General Fund Revenue As A Percentage Of Total Personal Income in South Carolina



Source: Board of Economic Advisors
BEA/RWM/11/17/14

RECENT ADDITIONS TO DEPARTMENT OF TRANSPORTATION REVENUE Appropriations & Motor Vehicle Sales Tax Revenue



Note: The motor vehicle sales tax for FY 2014-15 and FY 2015-16 are estimates

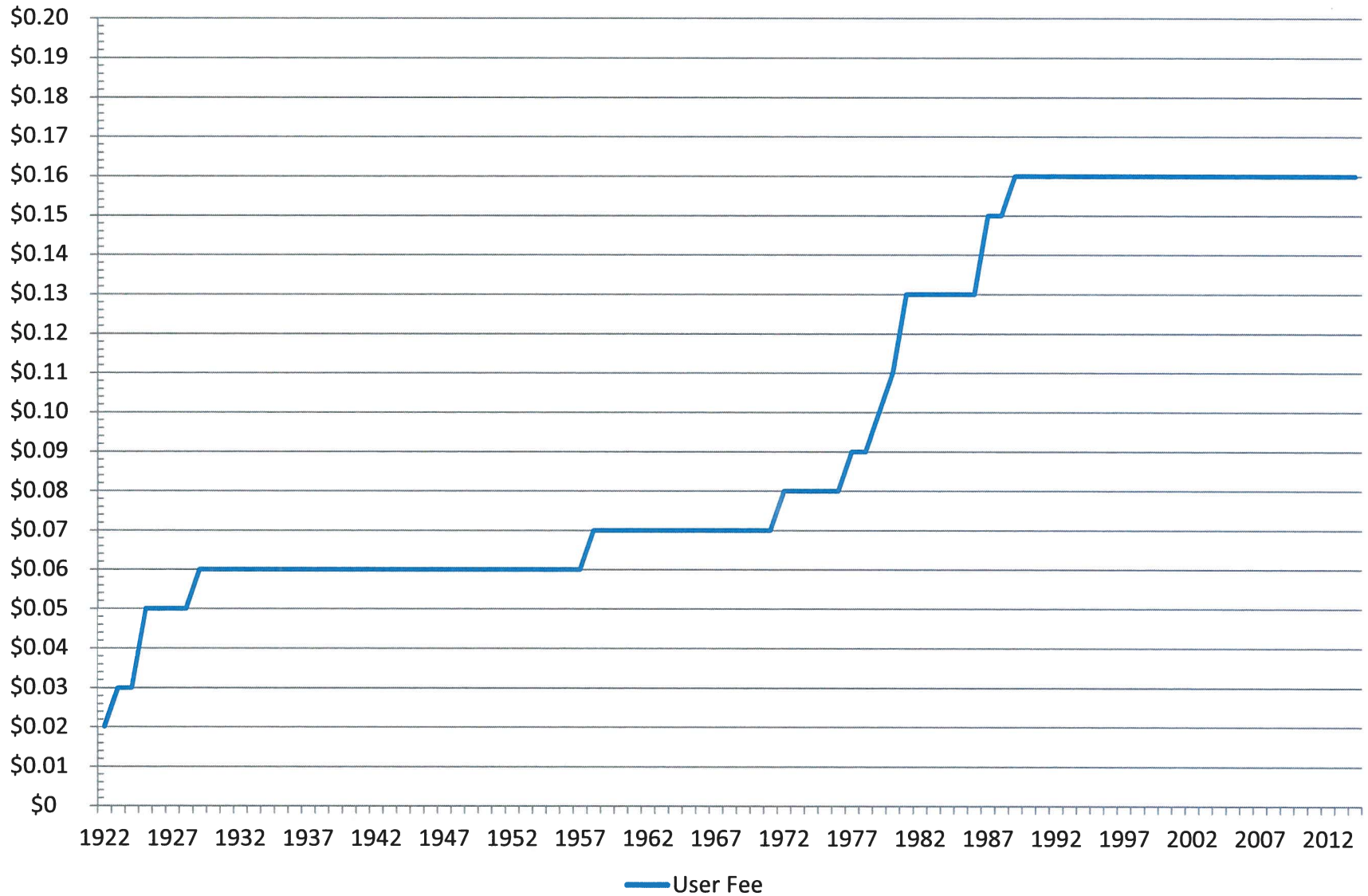
Source: SC RFA; CJD/11/14/14

Data Source: Act 98 of 2013 and General Appropriation Acts

MOTOR FUEL USER FEES



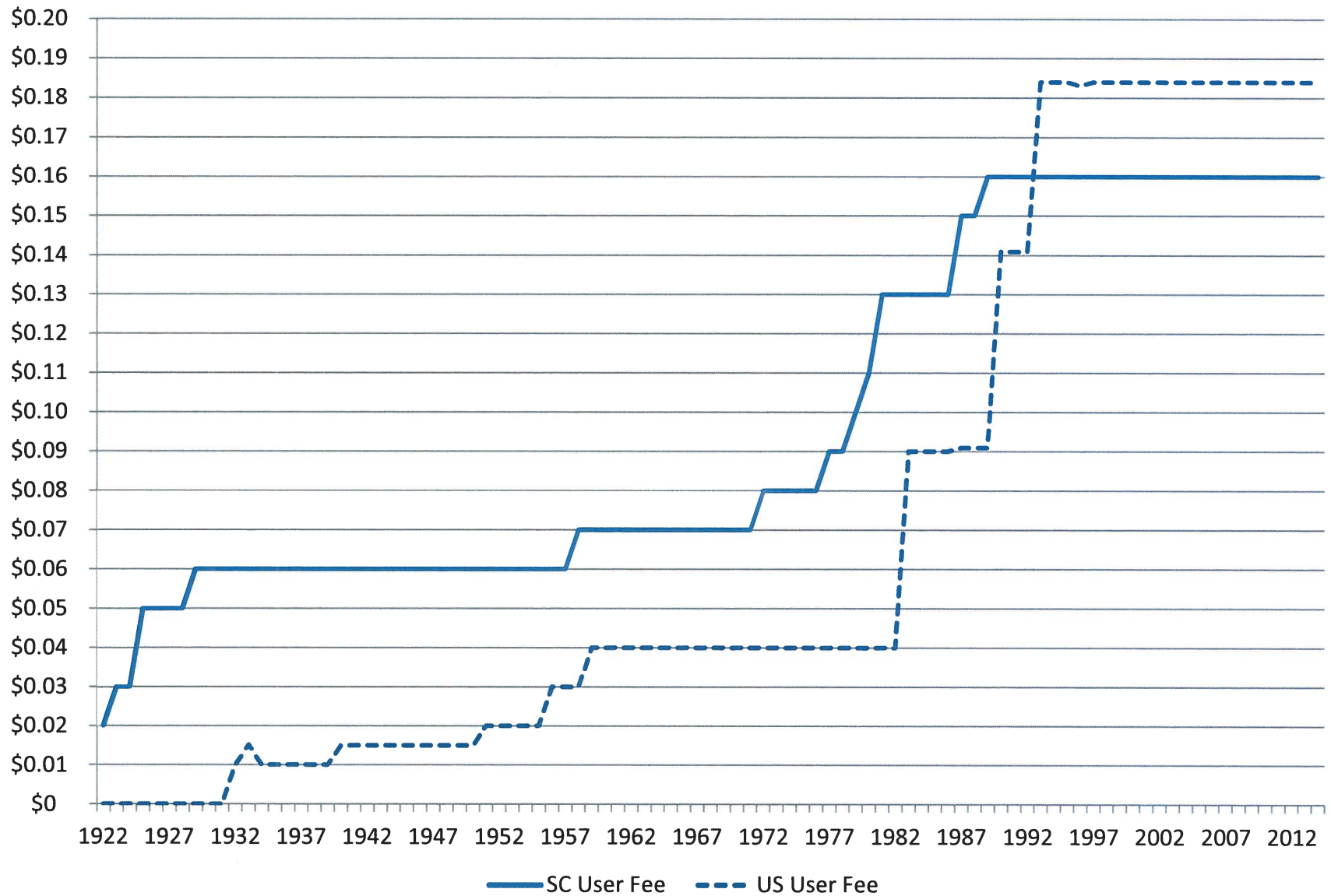
SOUTH CAROLINA MOTOR FUEL USER FEE



Source: SC RFA; CJD/11/14/14

Data Source: South Carolina Department of Revenue; U.S. Department of Transportation, Federal Highway Administration, Office of Highway Policy Information, Washington, D.C.

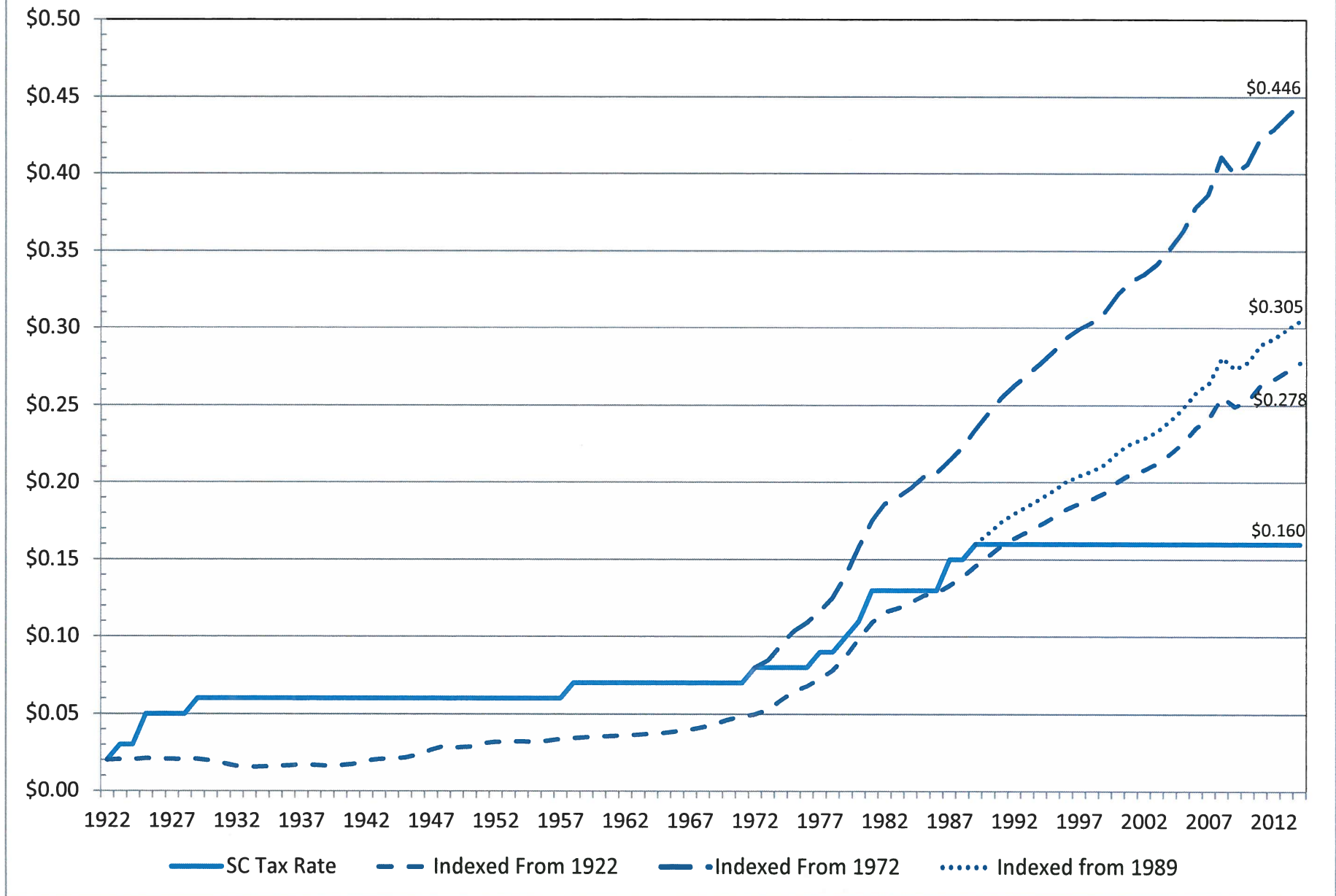
SOUTH CAROLINA AND U.S. USER FEE



Source: SC RFA;CJD/11/14/14

Data Source: South Carolina Department of Revenue; U.S. Department of Transportation, Federal Highway Administration, Office of Highway Policy Information, Washington, D.C.

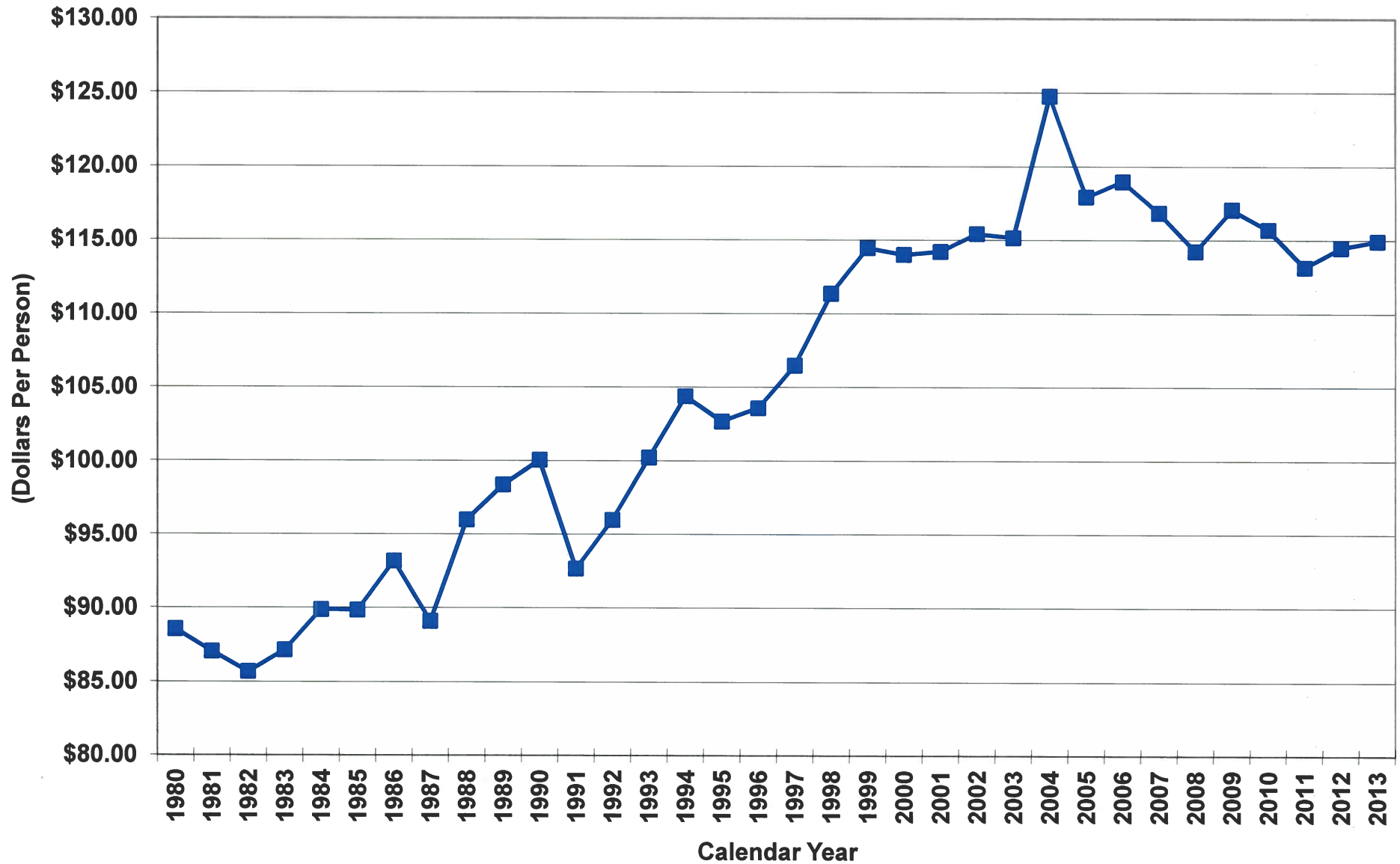
SC ACTUAL USER FEE AND INDEXED FEES



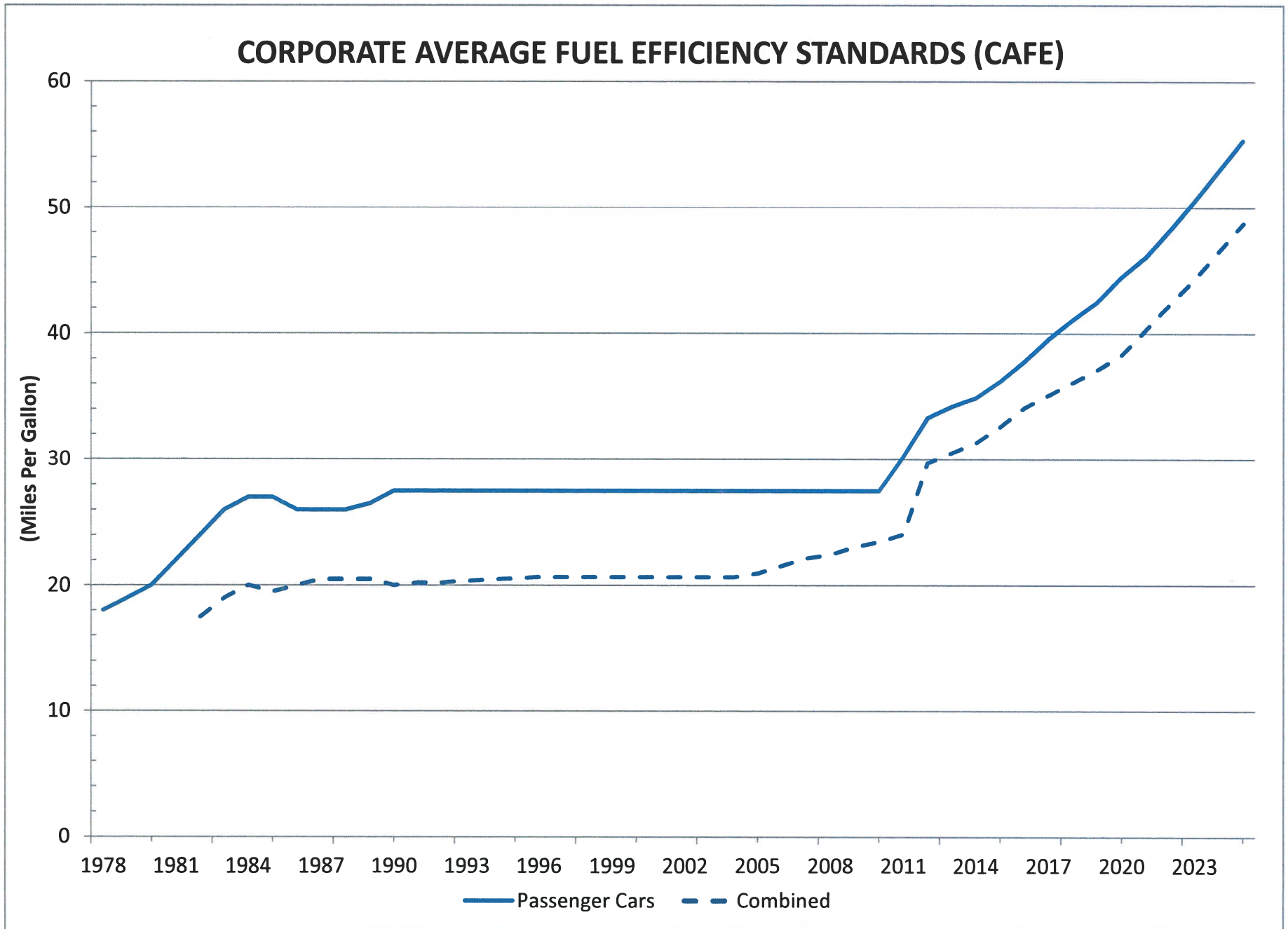
Source: SC RFA; CJD/11/14/14

Data Sources: Bureau of Labor Statistics, CPI Detailed Report Data for July 2014

Total Motor Fuel Revenue Per Capita in South Carolina



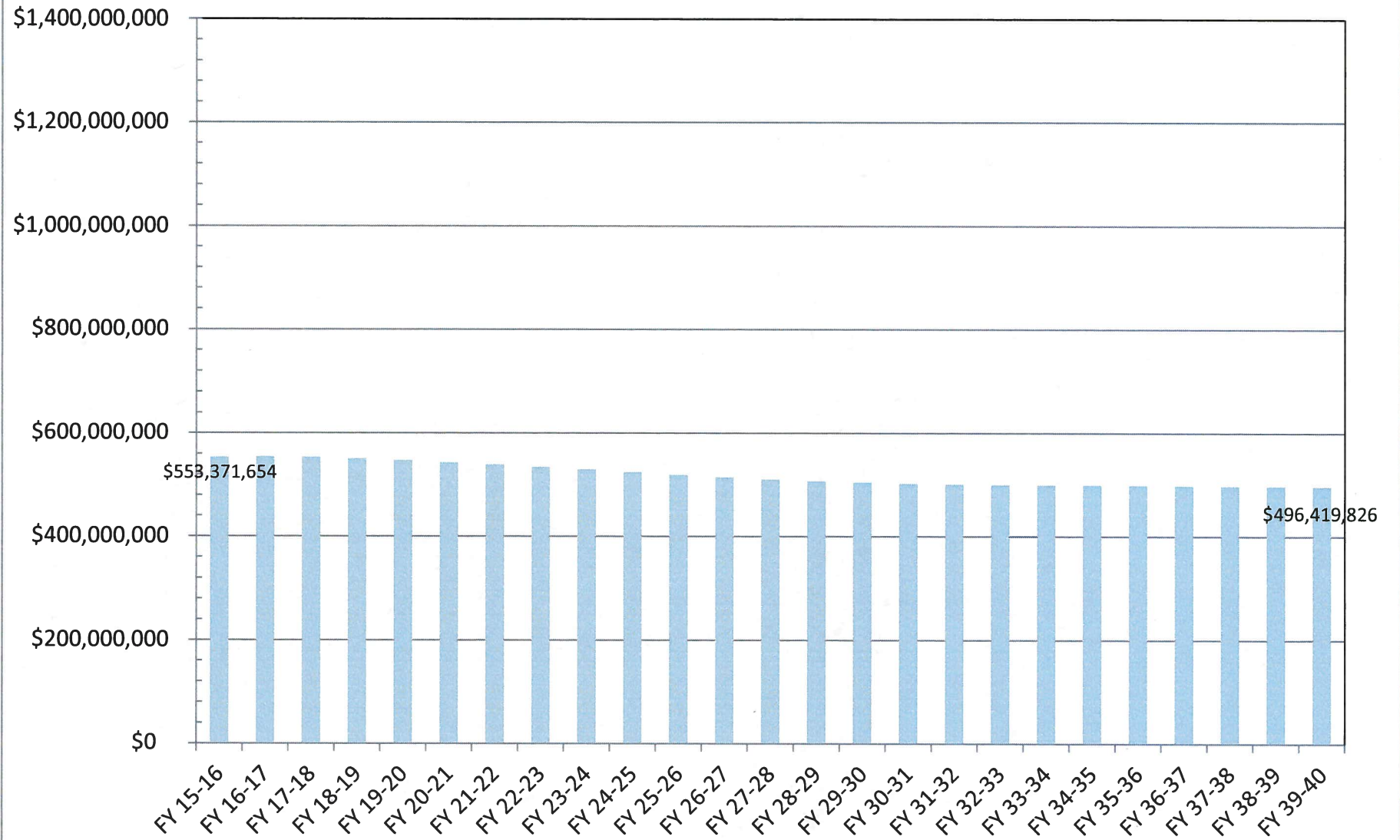
Source: U.S. Department of Transportation, Federal Highway Administration, Washington, D.C.
BEA/RWM/04/27/13



Source: SC RFA; CJD/11/14/14

Data Source: National Highway Traffic Safety Administration and the Environmental Protection Agency, Washington, D.C.

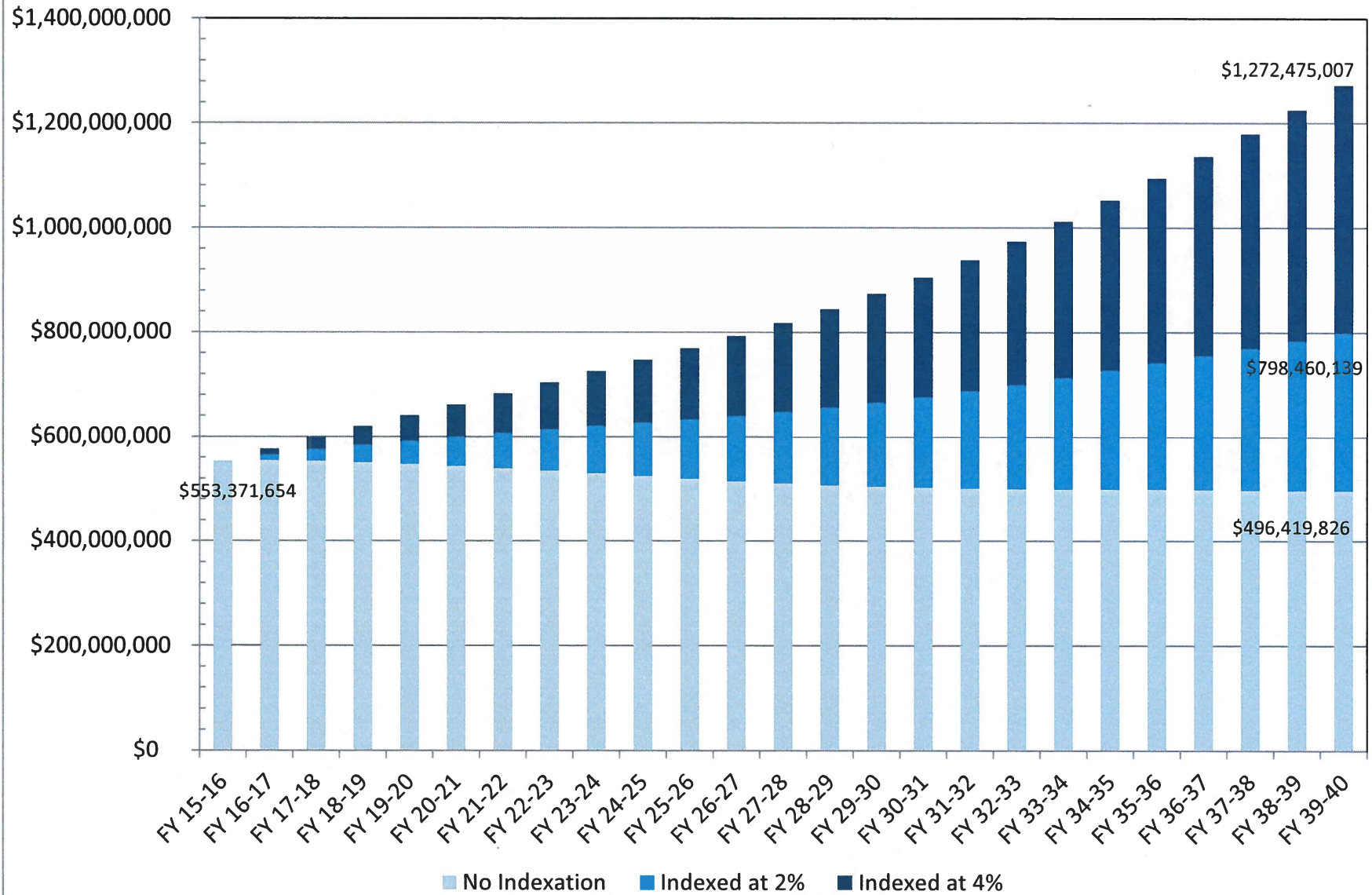
ESTIMATED TOTAL MOTOR FUEL REVENUE



Source: SC RFA; CJD/11/13/14

Data Source: US Energy Information Administration, Annual Energy Outlook 2014

ESTIMATED TOTAL MOTOR FUEL REVENUE Indexing the User Fee

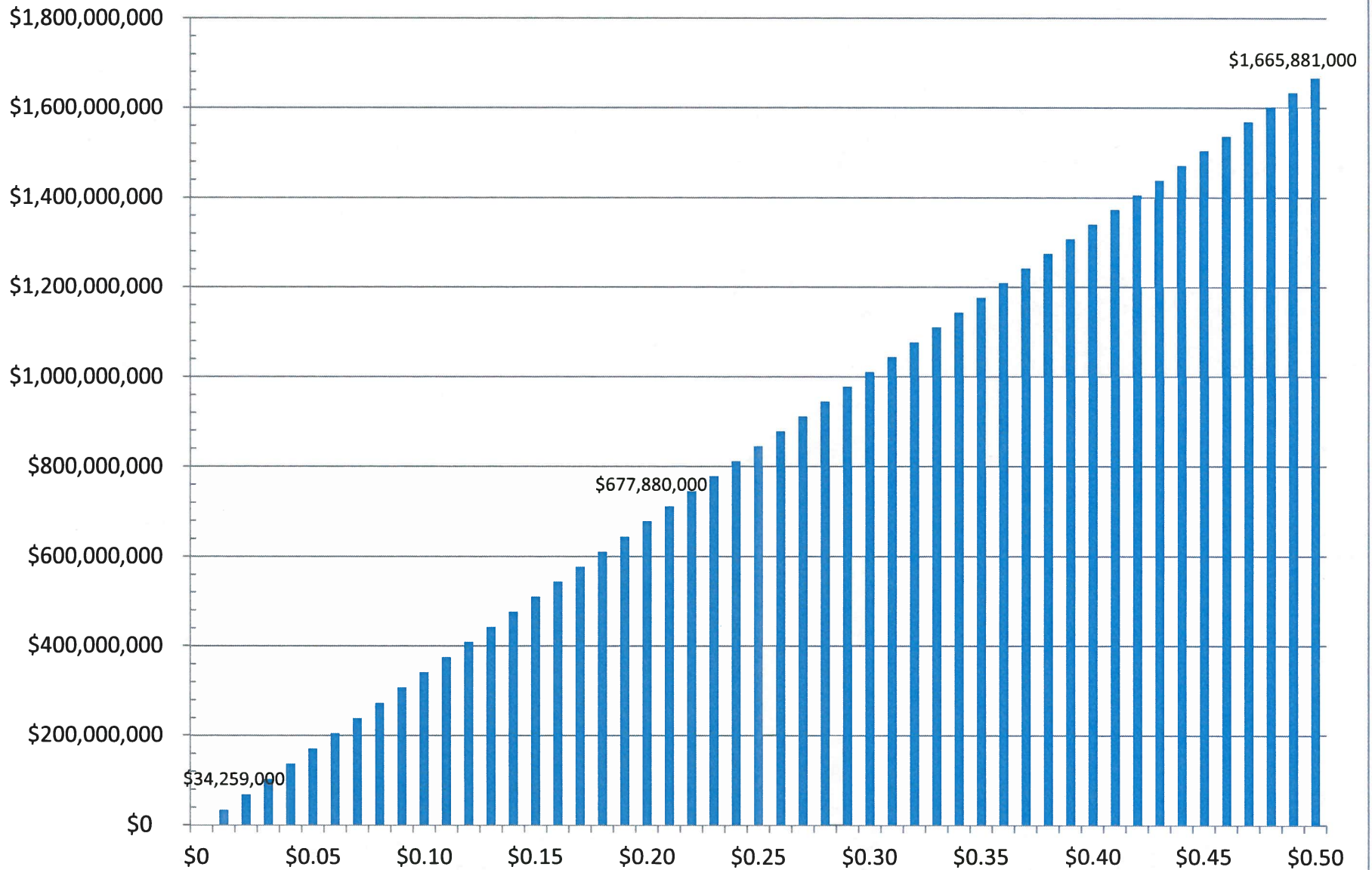


Source: SC RFA; CJD/11/13/14

Data Source: US Energy Information Administration, Annual Energy Outlook 2014

ESTIMATED ADDITIONAL MOTOR FUEL REVENUE

Additional Revenue From Increasing the User Fee Per Penny



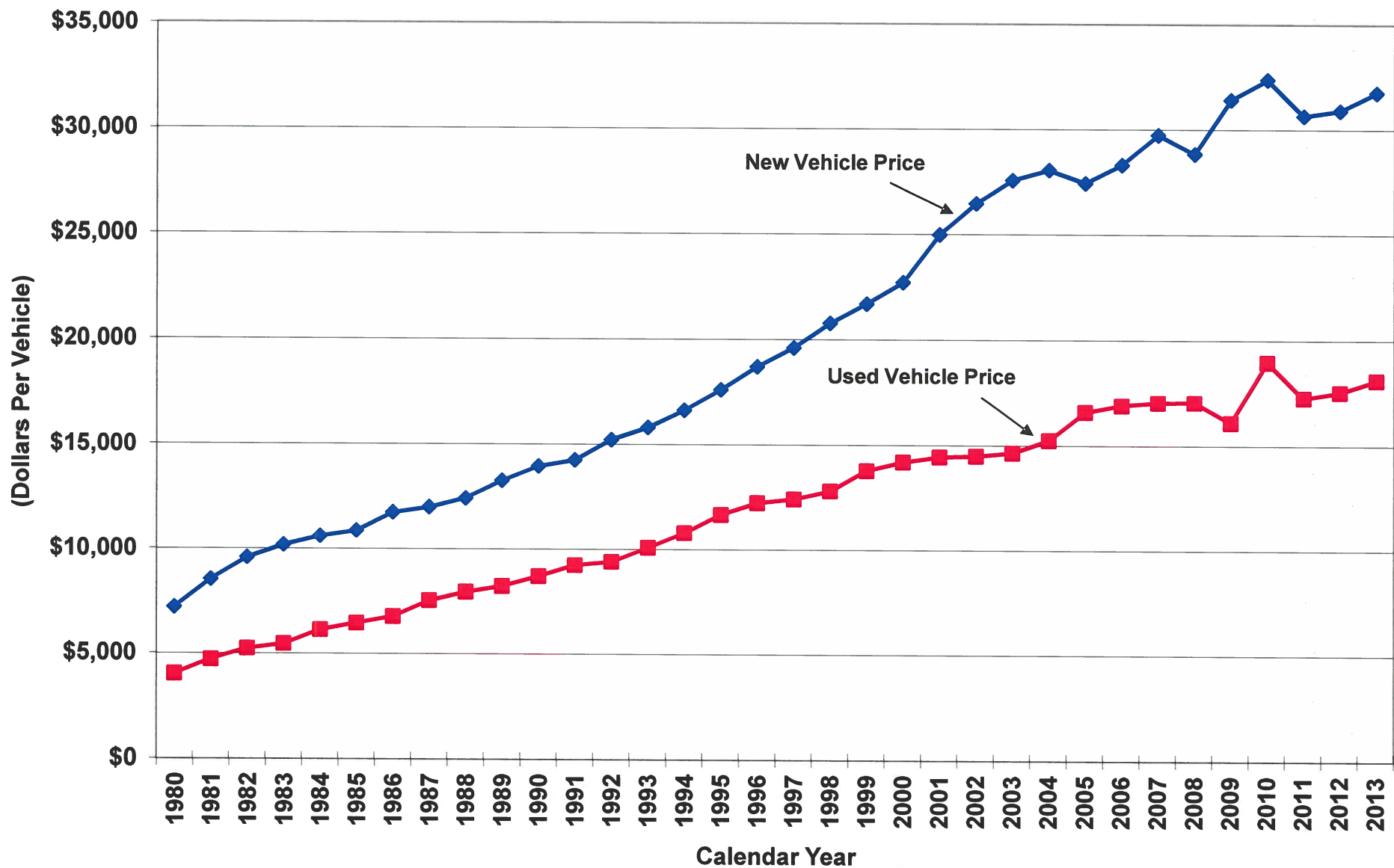
Source: SC RFA; CJD/11/14/14

Data Source: US Energy Information Administration Lower Atlantic (PADD1C) Retail Fuel Prices Per Gallon for Calendar Year 2013

MOTOR VEHICLE SALES TAX

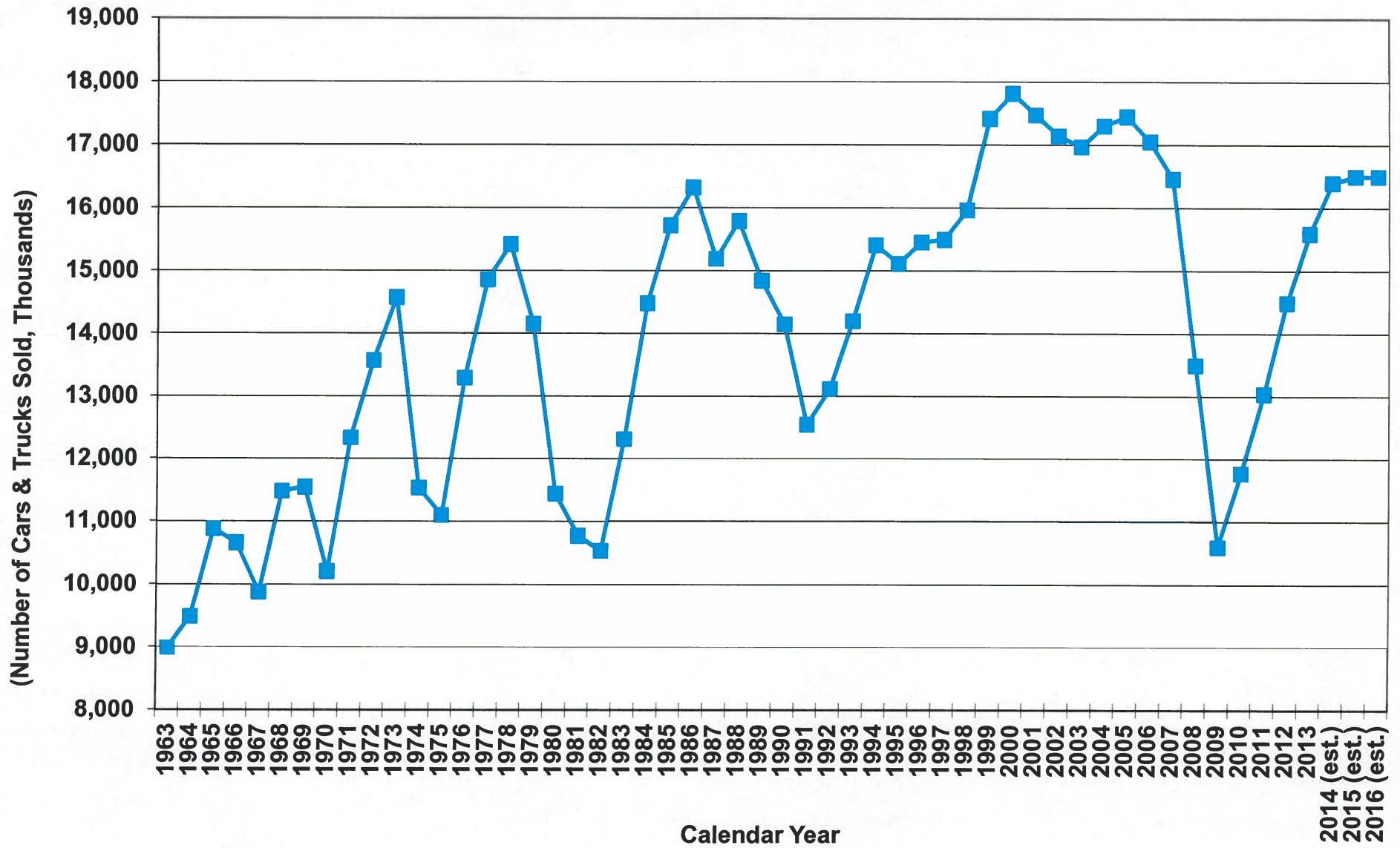


Average Price of a Motor Vehicle in South Carolina



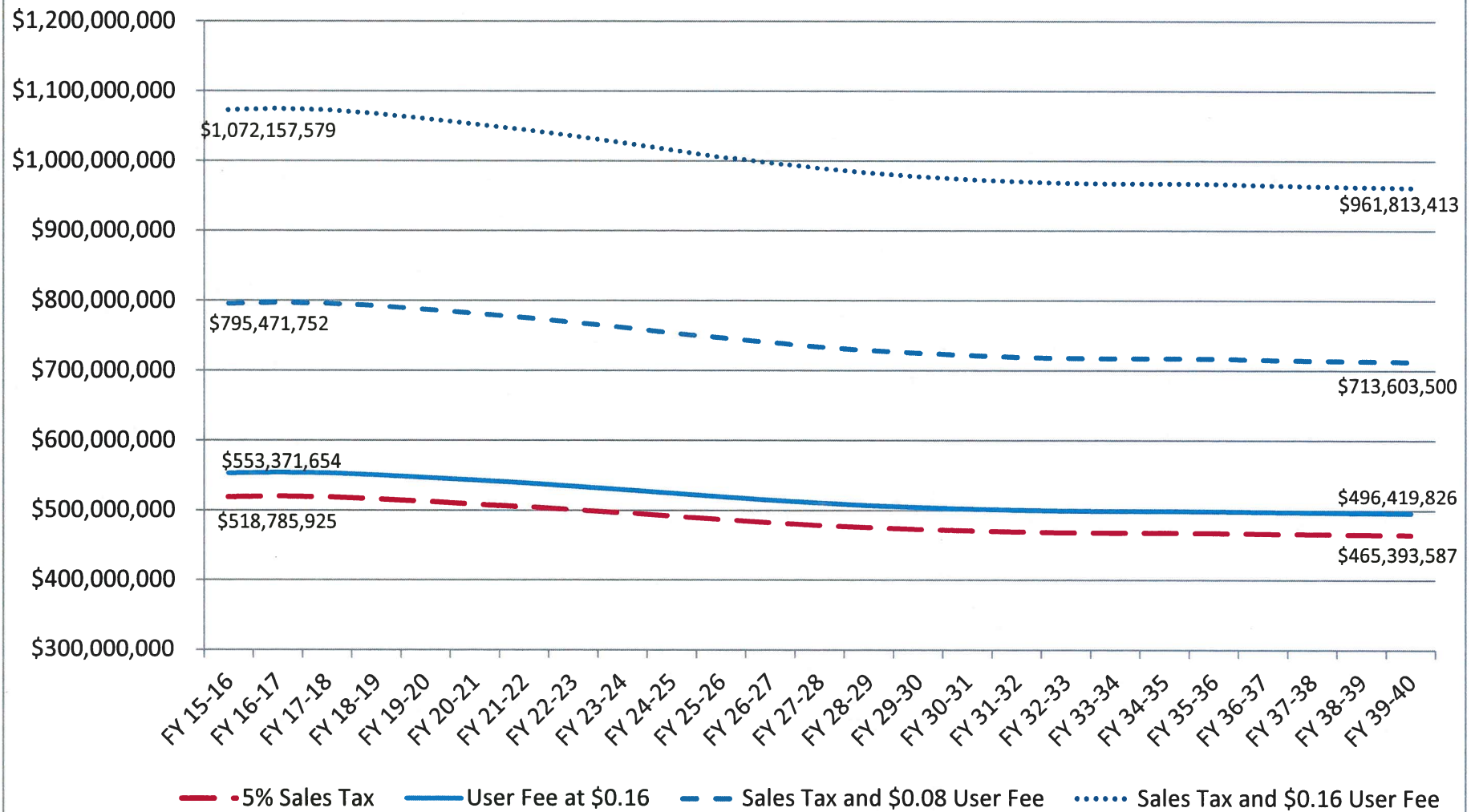
Source: Board of Governors of the Federal Reserve System; National Automobile Dealers Association
BEA/RWM/11/07/14

U.S. Car & Truck Sales - 1963 to 2016



Sources: Ward's Automotive Group; Autodata Corporation.
BEA/RWM/11/07/14

ESTIMATED TOTAL MOTOR FUEL REVENUE With a 5% Sales Tax Option

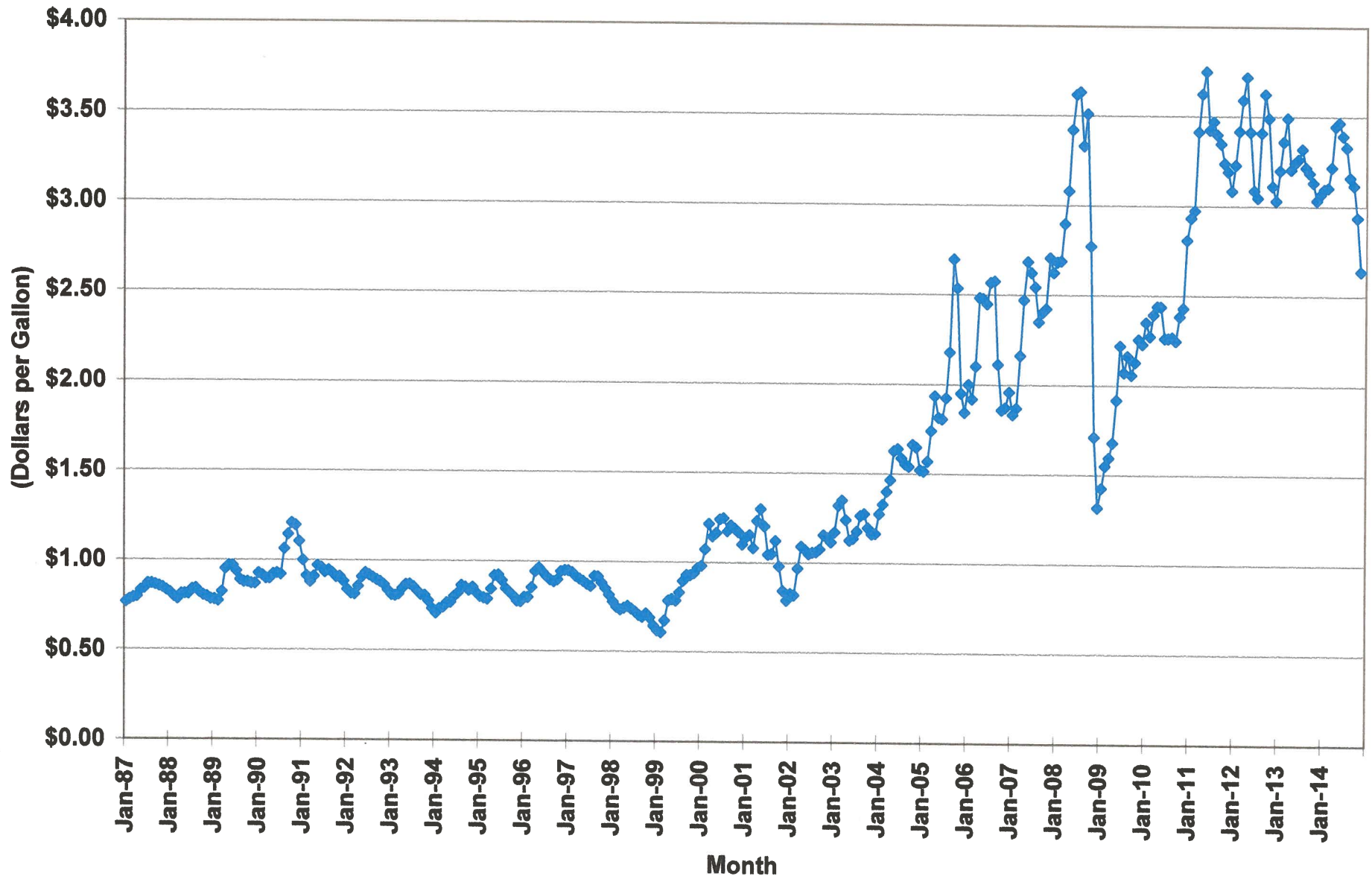


Note: Sales Tax Imposed at Price of Gasoline \$3.00 per Gallon

Source: SC RFA; CJD/11/14/14

Data Source: US Energy Information Administration; Annual Energy Outlook 2014

Gasoline Prices in South Carolina



Sources: U.S. Department of Energy, Energy Information Administration, Washington, D.C.
AAA of the Carolinas

Table 1

**Additional Revenue Generated From Incremental Increases In The Sales Tax Cap
On Motor Vehicles With the Sales Tax Rate at 5 Percent**

	Sales Tax Cap (Dollars)	Estimated Tax Collections (Millions)	Additional Tax Collections (Millions)
Present Cap	\$300	\$153.5	\$0.0
	\$400	\$185.1	\$31.6
	\$500	\$212.4	\$58.9
	\$600	\$236.0	\$82.5
	\$700	\$256.2	\$102.7
	\$800	\$273.0	\$119.5
	\$900	\$286.5	\$133.0
	\$1,000	\$297.3	\$143.8
	\$1,100	\$306.0	\$152.5
	\$1,200	\$312.9	\$159.4
	\$1,300	\$318.4	\$164.9
	\$1,400	\$322.8	\$169.3
	\$1,500	\$326.3	\$172.8
	\$1,600	\$329.2	\$175.7
	\$1,700	\$331.4	\$177.9
	\$1,800	\$333.0	\$179.5
	\$1,900	\$334.3	\$180.8
	\$2,000	\$335.3	\$181.8
	\$2,100	\$336.2	\$182.7
	\$2,200	\$336.9	\$183.4
	\$2,300	\$337.4	\$183.9
	\$2,400	\$337.9	\$184.4
	\$2,500	\$338.3	\$184.8

Notes: All calculations made by the Board of Economic Advisors. Estimates are subject to change based upon newly released data and forecasts.

Sources: Wards Automotive Group; Autodata Corporation, Motor Intelligence Division; U.S. Department of Transportation, Bureau of Transportation Statistics; N.C. Division of Motor Vehicles; S.C. Code of Laws, 1976.

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Table 5

**Additional Revenue Generated From Removing the Sales Tax Cap on Motor Vehicles
and Replace With Exempting Specific Value of the Motor Vehicle and Applying a
5 Percent Sales Tax to Any Remaining Value of the Motor Vehicle
(Figures are in Millions)**

Exemption Value (Dollars)	Change in Current Sales Tax Revenue (Millions)
\$1,000	\$184.4
\$2,000	\$176.6
\$3,000	\$168.7
\$4,000	\$160.2
\$5,000	\$151.8
\$6,000	\$136.2
\$7,000	\$127.9
\$8,000	\$119.6
\$9,000	\$111.0
\$10,000	\$101.9
\$11,000	\$92.5
\$12,000	\$82.8
\$13,000	\$72.2
\$14,000	\$60.7
\$15,000	\$48.3
\$16,000	\$35.1
\$17,000	\$21.8
\$18,000	\$9.1
\$19,000	-\$2.6
\$20,000	-\$13.5
\$21,000	-\$23.6
\$22,000	-\$33.7
\$23,000	-\$43.0
\$24,000	-\$51.7
\$25,000	-\$59.7

Note: All calculations made by the Board of Economic Advisors. Estimates are subject to change based upon newly released data and forecasts.

The \$300 sales tax cap currently amounts to an estimated \$153.5 million.

Sources: Wards Automotive Group; Autodata Corporation, Motor Intelligence Division;
U.S. Department of Transportation, Bureau of Transportation Statistics;
N.C. Division of Motor Vehicles; S.C. Code of Laws, 1976.

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Table 2

**Revenue Generated From Replacing the Sales Tax Cap
On Motor Vehicles With a Sales Tax On Total Value of Vehicle**

Sales Tax (Percent)	Estimated Tax Collections (Millions)	Additional Tax Collections (Millions)
1.0 %	\$68.2	-\$85.3
1.5 %	\$102.3	-\$51.2
2.0 %	\$136.3	-\$17.2
2.5 %	\$170.4	\$16.9
3.0 %	\$204.5	\$51.0
3.5 %	\$238.6	\$85.1
4.0 %	\$272.7	\$119.2
4.5 %	\$306.8	\$153.3
5.0 %	\$340.8	\$187.3
5.5 %	\$374.9	\$221.4
6.0 %	\$409.0	\$255.5

Notes: All calculations made by the Board of Economic Advisors. Estimates are subject to change based upon newly released data and forecasts.

The \$300 sales tax cap currently amounts to an estimated \$153.5 million.
The \$300 sales tax cap is revenue neutral at 2.225% sales tax rate.

Sources: Wards Automotive Group; Autodata Corporation, Motor Intelligence Division;
U.S. Department of Transportation, Bureau of Transportation Statistics;
N.C. Division of Motor Vehicles; S.C. Code of Laws, 1976.

BEA/RWM/08/31/14



South Carolina Revenue and Fiscal Affairs Office

November 18, 2014

Table 3

**Additional Revenue Generated From Replacing the Sales Tax Cap
On Motor Vehicles With a Combination of Exempting
Vehicle Value and Adding a Sales Tax
(Figures are in Millions)**

Sales Tax (Percent)	Exemption of Vehicle Value (Dollars)					
	\$1,000	\$5,000	\$10,000	\$15,000	\$20,000	\$25,000
6.0	\$251.9	\$212.9	\$153.0	\$88.6	\$14.5	-\$41.0
5.0	\$184.4	\$151.8	\$101.9	\$48.4	-\$13.5	-\$59.7
4.0	\$116.8	\$90.8	\$50.9	\$7.9	-\$41.5	-\$78.5
3.0	\$49.2	\$29.7	-\$0.2	-\$32.4	-\$69.5	-\$97.2
2.0	-\$18.3	-\$31.3	-\$51.3	-\$72.8	-\$97.5	-\$116.0
1.0	-\$85.9	-\$92.4	-\$102.4	-\$113.1	-\$125.5	-\$134.7

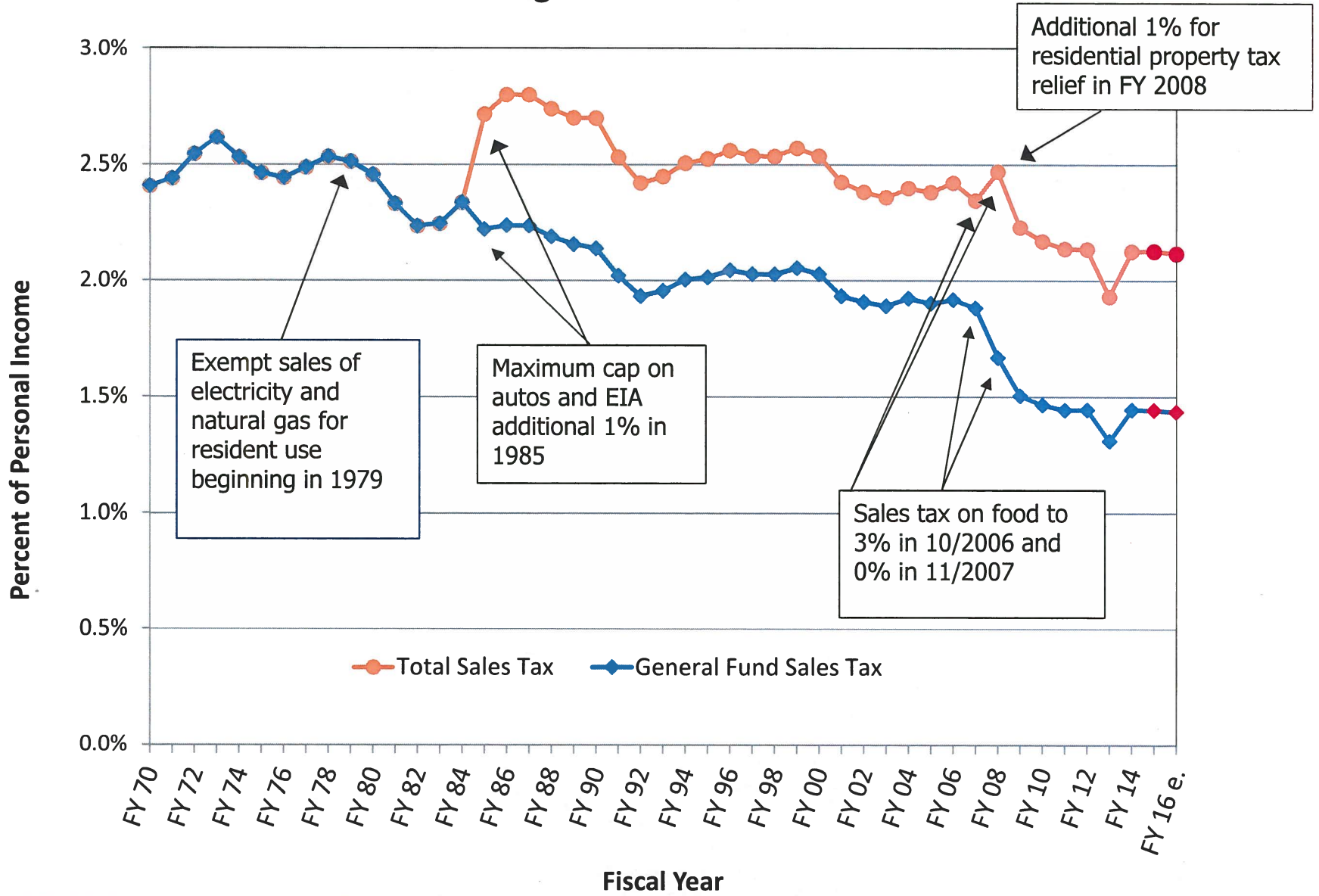
Notes: All calculations made by the Board of Economic Advisors. Estimates are subject to change based upon newly released data and forecasts.

The \$300 sales tax cap currently amounts to an estimated \$153.5 million.

Sources: Wards Automotive Group; Autodata Corporation, Motor Intelligence Division;
U.S. Department of Transportation, Bureau of Transportation Statistics;
N.C. Division of Motor Vehicles; S.C. Code of Laws, 1976.

BEA/RWM/08/31/14

SOUTH CAROLINA TOTAL AND GENERAL FUND SALES TAX COLLECTIONS as a Percentage of Total Personal Income



Source: SC sales tax collections and U.S. Department of Commerce, Bureau of Economic Analysis. GOS 32- 10/24/14

**Increases In the State Sales Tax Rate By One-Cent Increments 1/
Fiscal Year 2015-16
(Figures are in Millions of Dollars)**

Increment	Additional Revenue
One-Cent	\$643
Two-Cents	\$1,160
Three-Cents	\$1,653
Four-Cents	\$2,094
Five-Cents	\$2,487
Six-Cents	\$2,835
Seven-Cents	\$3,142
Eight-Cents	\$3,411
Nine-Cents	\$3,646
Ten-Cents	\$3,849

Notes: 1/ State sales tax rate was increased to 6% on June 1, 2007.
The state sales tax rate on food for home consumption was eliminated beginning November 1, 2007.

Based on the November 10, 2014 BEA General Fund forecast and the BEA's Long Range Revenue Plan pursuant to Section 11-11-350 of the S.C. Code of Laws, 1976.

Source: Board of Economic Advisors.

BEA/RWM/11/13/14

