



ISSUE BRIEFING

TRANSPORTATION

South Carolina is notorious for having some of the worst roads in the country – ask anyone that’s crossed into our state on I-95 or I-85. Statistics released by the S.C. Department of Transportation in its Annual Report and by independent research groups show:

- S.C.’s roads are mostly in **fair (29%)** or **poor (54%)** condition.
- **54% of our roads need complete reconstruction**, at a cost of up to 10 times more than repaving by routine maintenance.
- We had the highest rate of traffic fatalities in the nation in 2016, when **1,015 people died on our roads**.
- Our roads cost the average Upstate driver an extra **\$1,379** each year in wear and tear.
- We have the **4th largest** state maintained road system in the nation and the **2nd lowest gas tax** in the country, which hasn’t been raised since **1987**. (Alaska is currently considering a gas tax increase that will leave us as the lowest in the nation.)
- About **30%** of our gas tax is paid by out of state drivers.
- Each year the General Assembly refuses to fund roads sufficiently, it costs taxpayers and additional **\$300 million**.

\$300 Million

The additional cost to taxpayers – annually – for each year we refuse to invest in infrastructure, or \$266 each year for a family of four.

A safe and efficient infrastructure is also essential to economic development in our state, as our Upstate businesses move their goods from the Port of Charleston and all around the country. Michelin CEO Pete Selleck and Sonoco CEO Jack Sanders have both cited South Carolina’s poor roads as a potential deterrent to doing business in our state.

H. 3516 Signed into Law

After nearly five years of the business community and chambers of commerce from around the state beating the drum on this issue, the General Assembly finally passed a road funding bill with long-term, sustainable funding in May of 2017. The bill was vetoed by Governor Henry McMaster, and the House and Senate swiftly overrode his veto, making H. 3516 law. Here’s a look at the revenue increases, offsetting tax breaks, and DOT reform included in the bill:

Fees

- Increases the gas tax by 2 cents a gallon each year for six years (a total of 12 cents) beginning July 1st, 2017.
- Established the Infrastructure Maintenance Fee to replace the sales tax on vehicles:
 - In-state cars: 5% but capped at \$500
 - Out-of-state: \$250 if registered in another state and then registered here
- Increases biennial motor vehicle registration fees by \$16.
- Imposes a \$120 fee for electric cars and a \$60 fee for hybrid cars.
- Increases tax on other types of transportation modes from \$300 to \$500.
- Increases the local transportation committee funding by .3325 cents per gallon (used solely for maintenance, improvements and repairs to the secondary road system).
- Further increases funding for local transportation committees for “Donor Counties” (counties that bring in more user fee revenue than they receive back from the state) from \$9.5 million to \$17 million

119%

Inflation since 1986

50%

S.C. Population growth since 1986

0%

Increase in the state gas tax from 1986 to 2017

Tax Cuts

- Includes an Earned Income Tax Credit, tuition credits for 4 and 2 year schools, increases the two-wage earner credit, and establishes a preventative maintenance tax credit for new tires, oil changes, etc.
- Decreases the manufacturing property tax assessment ratio 10.5% to 9.0%

DOT Reform

- Governor will appoint commissioners, with the 2 at-large commissioners being confirmed by the General Assembly
- Commissioners serve at the pleasure of the Governor
- Prohibits commissioners from entering into day-to-day operations like awarding contracts, selection of consultants, selection of routes, etc.
- Also institutes a number of transparency recommendations that were made in the LAC audit

Total Revenue: \$630 million

Here's where you can find how your representatives voted:

[Senate: Adoption of Conference Report](#)

[Senate: Veto Override](#)

[House: Adoption of Conference Report](#)

[House: Veto Override](#)

Federal Funding

President Trump has touted infrastructure as one of his top priorities, but an infrastructure plan has taken a back seat to other priorities of the administration's like healthcare, tax reform, and immigration policies. Instead, in May the President including a \$1 trillion dollar plan to Congress in his budget, which included \$200 billion over the next ten years to be spent on needs such as roads, bridges, tunnels, railroads and expanded broadband, along with incentives for states and cities to bankroll their own projects.

However, Congress is expected to have a bitter fight over the budget and debt ceiling in the coming months, and the Trump administration hasn't released any concrete infrastructure plans other than including more funding in his budget. According to the Whitehouse, they intend to release more details this fall.

The Greenville Chamber's Position

The Greenville Chamber thanks our representatives and senators in the Upstate that voted to give our roads long-term, sustainable funding. For many of our conservative lawmakers it was a difficult vote to take, but we commend them for recognizing that infrastructure is a core government service that must be properly funded. We're looking forward to seeing the road cones and construction signs out all across the state.

ACTION ITEM: Take time to thank you representatives that voted for H.3516 for their vote on road funding by writing them a quick email, giving them a phone call, or commenting on their social media pages.