

## **Transportation Ad Hoc Committee Roads Proposal**

### **1. Restructuring Part 1: DOT**

- Governor will appoint HWY Commissioners with JTRC screening, and Commission will appoint a Secretary with advice and consent of Senate.
- Commissioners serve at pleasure of Gov.
- 12 year max terms - RETROACTIVE

### **2. Restructuring Part 2: SIB**

- SIB will be expanded to 13 members: 7 district HWY Commissioners, 3 House Speaker appointments and 3 Senate President appointments. 1 of each is ex officio Rep/Senator.
- 12 year max terms - RETROACTIVE
- \$25 M project minimum as opposed to current policy of \$100 M.
- Must follow prioritization criteria set by SCDOT with Act 114.
- A Joint Resolution can override prioritization criteria requirement - JR for single project only.

### **3. Transfer of Local Routes as identified by SCDOT:**

- Voluntary participation for all counties
- Phased in with 3 parts, increased funds and road transfers in each phase.
- SCDOT identifies roads for transfer. Locals must pick 1/3 of the roads identified within their county to take by Jan. 1, 2016, another 1/3 on 1/1/2018 and the final 1/3 on 1/1/2020.
- If locals don't choose by the Nov. 1<sup>st</sup> preceding that year, DOT makes that decision for them.
- C-Funds will go from 2.66 to 4.5 cents to allow for a \$46 M increase for initial \$1M bump to every county first.
- On 1/1/2018 the 4.5 cents increases to 5.25, and then again to 6 cents/gasoline gallon on 1/1/2020. By 2020, C-Fund allocations to counties should increase from ~\$72 M to ~\$165 M by 2020, with the first \$46 M providing a flat \$1 M to each county before remaining funds are distributed based on existing formula.

### **4. Funding:**

- Adding an Excise Tax equivalent to the state sales tax (6%) - this is equal to the removal of the sales tax exemption. Using two 6 month base periods, the penny amount of the tax will be set using an average of the wholesale price from the base period, to set the tax amount for the following 6 months. This is very similar to both GA and NC. The intent is to create a moving component to the revenue base, instead of simply increasing the gradually declining flat user fee.
- Will likely require dropping the current user fee some to start with a similar revenue number as a straight 10 cent user fee increase. Currently looking at a total user fee of 10.75/gallon with 6% excise. Cap adjustment of excise tax to no more than 1 cent in 6 months. Set ceiling - max combined gas tax of 26.75 cents/gallon.
- All the Auto-sales tax revenues dedicated to the NFA HWY Fund go to the State HWY Fund.
- Auto Sales tax increase from \$300 to \$500. Hold EIA harmless, send all other revenue from sales tax to HWY Fund - total estimate of \$170 M.
- With numbers generated by RFA for gas at \$2 and \$2.50 a gallon, we should be providing the SCDOT with \$325 M - \$385 M depending on price of gas. As gas prices go up, the excise tax will increase.
- With the eventual increase in gas prices and the transitional time for road transfers to locals, DOT should have enough cash to stop the continued decline - plug the hole if you will, and the locals should have enough funds to cover maintenance, labor, and a "resurfacing schedule" of roughly 50 years.