South Carolina Counties

State Summary of Transportation Funding and Finance

## **Transportation and Financial Authority:**

Counties have authority to:

• Levy a mill of tax on all assessable property to pay for road construction.

• Levy a sales and use tax on roads or may establish tolls to fund existing roads and create new ones.

• To impose a road maintenance fee as a fair and reasonable alternative to increasing general county property tax and is imposed upon those for whom the service is primarily provided

Mandated/Authorized Transportation Services:

• Counties have charge over public rights-of-way in their jurisdiction, including establishing and maintaining them, as well as discontinuing their use.

• Counties may open new roads at any time they see a legitimate public interest and may acquire land by condemnation if necessary.

• The repair of county highways is the responsibility of the county council.

• Counties must construct public walkways through swamps and along the coast, including bridges.

• Counties have broad powers under the South Carolina County Public Works Improvement Act to pave roads, acquire easements and rights-of-way, construct sidewalks, and make any improvement considered beneficial to the county residents

## **Funding Sources for County Transportation Projects:**

Counties Receive:

• A portion of state user fees on gasoline in proportion to its land area, its population, and the total length of its rural roads, and it must use its revenues for the execution of a countywide transportation plan that includes local road and bridge projects as well as construction and maintenance of state highways.

• A portion of State Sales and Use Taxes or Tolls for Transportation Facilities: used to finance specific projects, for a specific time period (not to exceed 25 years or the length of payment for each project, whichever is shorter) and for a limited amount of revenue.

• State Transportation Infrastructure Bank (SCTIB): the source of funding is truck registration fees, a portion of auto registration fees, one penny of the user fee on gasoline, local matching funds, and various other sources.; counties are required to pledge local matching dollars for major transportation projects that are financed through the SCTIB, primarily through the issuance of revenue bonds.

• C-Fund (controlled by 46 separate County Transportation Committees): funded from 2.66 cents of the user fee on gasoline plus an annual transfer of $9.5 million from the SHF (State Highway Fund) to those counties contributing more to the C-Fund than they receive by formula (“donor” counties); up to 75% of each county’s C-Fund allocation may be used for the construction and maintenance of local (non-state) roads.

Counties Collect:

•Transportation authority sales tax: Three counties levy this tax for highways, streets, and bridges. The county must establish a transportation authority and the transportation sales tax or a toll must be approved by referendum.

• The Capital Project Sales Tax Act: a county could impose a one cent sales tax within the county area for a specific purpose(s) and for a limited time, as a means for financing large projects, particularly road improvements. Must be approved by referendum.

• A county cannot impose more than one of the following taxes at a given time: capital projects sales tax, transportation sales tax, or a sales tax enacted by special act of the general assembly.

•County Public Works Improvement Act authorizes a county to acquire, construct, maintain, and sell or lease an improvement and to finance it by imposing assessments and through the issuance of special district bonds, general obligation bonds, revenue bonds or any combination.

## **Challenges in Funding and Financing Transportation Projects:**

• As communities across South Carolina grow, many counties are faced with increasing stress on public infrastructure and an accelerated new demand for airports, roads, and bridges.

•Counties don’t have authority to impose local option motor fuel user fees.

## **Innovative Solutions to Funding and Financing Challenges:**

• County transportation committees are created to replace the role of the legislative delegation in setting priorities, changing the way state monies are spent locally on roads.

• Riding on a Penny (Capital Project Sales Tax Horry County): Horry County is slated to receive $425,539,087 over the seven-year life of the Capital Projects Sales Tax. The tax went into effect on May 1, 2007 and increased the level of sales tax in Horry County by an additional penny on all retail sales, accommodations and prepared food and beverage.

• In May 2013, Richland County's new Transportation Penny tax took effect, and county officials estimate the one percent tax increase will make the county about 50 million dollars a year for transportation improvement.

• Allenday and Bamberg Counties offer cost-effective public transportation to residents by utilizing unoccupied seats on local human service agency vehicle. For a small fee, residents can reserve a ride on the Allendale County Scooter or the Bamberg Handy Ride. Participating agencies allow non-agency clients to use unoccupied seats if they live within five miles of an established route. The county pays the agency a per mile fee to offset the cost of the ride. The partnership has received recognition for offering cost-effective solutions for rural transit issues.

• If enacted, S.616 would allow and impose several tax hikes. Counties could impose an additional one percent sales tax increase, which would be matched by the state in many instances to fund county road and bridge projects. Vehicle registration fees would be increased across the board by an average of $12.

• If enacted, H.3412 would require that all funds collected from sales, use and exceise taxes required from the sale or titling of a vehicle would go into the State Non-Federal Aid Highway Fund (SNFAHF). Currently, these funds are divided between the General Fund and the Education Improvement Act Fund (EIF)