

# State Funding Sources

South Carolina relies on a combination of federal dollars and state revenues to repair, maintain, and improve our extensive transportation network.

Recurring state dollars are key funding components for repairs, and when matched with federal dollars, provide significant return on investment.

## MOTOR FUEL TAX

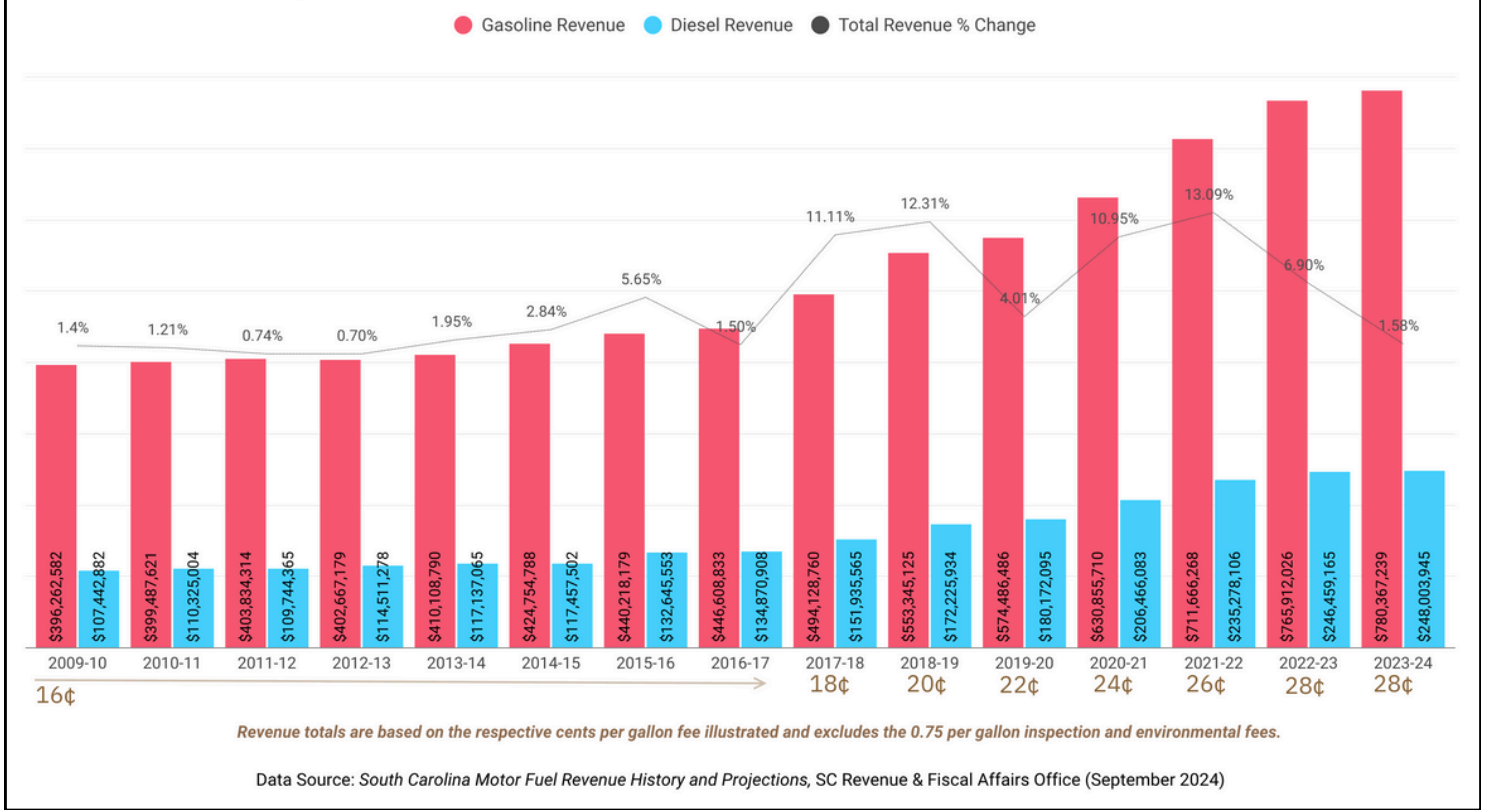
The state's primary source of revenue for transportation infrastructure comes from motor fuel. Often referred to as the "gas tax," the state charges a \$0.28 user fee on each gallon of motor fuel (gasoline and diesel) purchased and an additional \$0.0075 per gallon inspection fee.

The state's fuel tax is included in the retail price paid at the pump. While the prices of gasoline and diesel can fluctuate frequently, the tax remains the same (28.75 cents per gallon) regardless of price.

South Carolina's revenue trajectory changed with the passage of the road funding bill (Act 40) in 2017, which included an increase in the fuel tax of 12 cents, phased in at two cents per year over six years (2017 - 2022). As you can see in Figure 1, this legislation has been the sole driver of the increase in revenues for the state.

Motor fuel revenues are allocated to the state's Highway Fund and Infrastructure Maintenance Trust Fund (IMTF) to address repairs and improvements to our state's extensive transportation network. In addition, County Transportation Committees (CTCs) are solely dependent on gasoline revenues. [1]

**Figure 1: Motor Fuel Revenue Trends 2009 - Present**



**ON AVERAGE, A SC DRIVER PAYS \$182 PER YEAR IN STATE GAS TAXES.**



**A SC DRIVER'S ANNUAL CONTRIBUTION WOULD SUPPORT FIXING ONE POTHOLE.**



[1] A portion of state gasoline taxes (3.99 cents ) goes directly to counties via C-Funds allocated to County Transportation Committees (CTC). C-Funds are allocated based on a formula that takes into account land area, population, and rural road mileage. By law, CTCs must spend at least 33 percent of their C-Funds on the state highway system for construction, improvements, and maintenance. CTCs are separate from the SCDOT and decisions on how dollars are spent are made by individual CTCs.

# OTHER REVENUES

Other dedicated funding sources come from various driver and vehicle related fees, like the infrastructure maintenance fee (vehicle sales tax), DMV related fines/fees, and general funds. An overview of recurring state revenue components is illustrated in Figure 2.

Dedicated, recurring revenue sources are the lifeblood of successful transportation programs. They provide stability for planning by the public and private sectors responsible for putting these dollars to work. Most importantly, dedicated revenue sources provide transparency for taxpayers.

These state dollars are combined with federal funding to make up the SCDOT's annual budget. On average, 82% of SCDOT's yearly expenditures go directly toward maintenance, preservation, and capacity improvements to existing roads and bridges. [2]



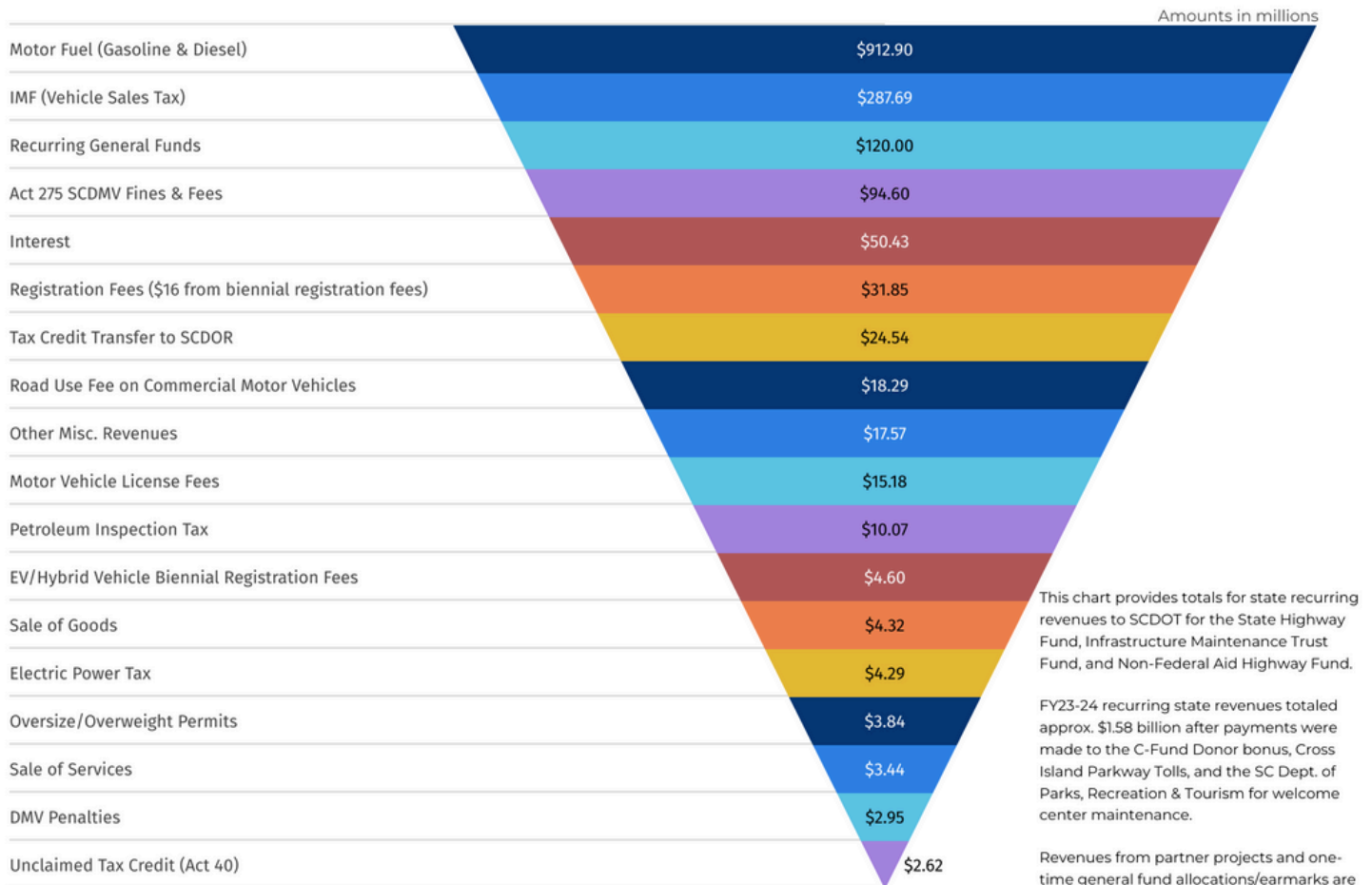
## How much do I pay in gas taxes?

How much you pay in gas taxes depends on your vehicle and driving habits. Generally, newer vehicles have higher fuel economy, while city driving and aggressive driving lower your vehicle's fuel economy.

$$\frac{\text{Annual Miles Traveled}}{\text{Fuel Efficiency}} \times 0.2875 = \text{Total Amount Paid}$$

The FHWA estimates that the average driver travels around 14,489 miles annually in a vehicle that burns one gallon of motor fuel every 22.8 miles. This equates to approximately \$182.70 annually or \$3.50 per week in state gas taxes.

**Figure 2: FY23-24 Recurring State Revenue Components of SCDOT Budget**



Data Source: June FY2024 Revenue Final.pdf (scdot.org)

[2] Average expenditure percentage based on SCDOT Annual Expenditure Reports (FY21-24).