



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3600 Amended by House Education and Public Works Motor Vehicle Subcommittee on February 15, 2022

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Subject: Utility Terrain Vehicle

Requestor: House Education and Public Works

RFA Analyst(s): Griffith and Gardner

Impact Date: March 2, 2022

Fiscal Impact Summary

The amended bill requires the owner of a utility terrain vehicle (UTV) to obtain a license plate and registration from the Department of Motor Vehicles (DMV) if the UTV will be operated on a secondary highway or street and establishes a biennial fee for the licensing and registration. The bill also subjects UTVs to a fee for a certificate of title. The bill also exempts UTV owners from paying property taxes to the county in which the UTV is registered and specifies violations related to the operation of UTVs.

The bill will have no expenditure impact on DMV since the agency can manage expenses for updating forms and procedures within existing appropriations.

The revenue impact of this bill is undetermined since the number of UTVs that may be licensed and registered is unknown. However, revenue received from the \$10 biennial licensing and registration fee will be allocated to Other Funds of DMV, Other Funds of the Department of Transportation (DOT), and the South Carolina Transportation Infrastructure Bank (SCTIB). Likewise, revenue received from the \$15 certificate of title for a UTV will be allocated to the General Fund, Other Funds of DOT, and Other Funds of the Department of Public Safety (DPS). Also, revenue received from the road use fees for alternative fuel and hybrid UTVs will be allocated to the Infrastructure Maintenance Fund (IMTF).

Since UTVs are currently subject to sales tax, this bill will have no impact on revenue. Also, while the bill exempts UTV owners from the payment of property taxes to the county in which the UTV is registered, UTVs are currently exempt from property taxes. Therefore, this section of the bill will have no impact on tax revenue.

Explanation of Fiscal Impact

Amended by House Education and Public Works Motor Vehicle Subcommittee on February 15, 2022
State Expenditure

The amended bill requires the owner of a UTV to obtain a license plate and registration from DMV upon presenting proof of ownership and liability insurance for the UTV if the vehicle will

be operated on a secondary highway or street. DMV must not register or renew the registration of a UTV unless a certificate of title with the brand “off road use only” has been issued or an owner’s application has been delivered to the department. Additionally, the owner of UTV who wishes to operate the vehicle on a street or secondary highway is required to possess a certificate of title. Further, UTVs that are powered by electric, hydrogen, and fuels other than motor fuel are subject to the road use fee pursuant to Section 56-3-645. DMV indicates that expenses for updating forms and procedures will be minimal and can be managed within existing appropriations. Therefore, there is no expenditure impact on DMV.

State Revenue

This amended bill requires the owner of a UTV to obtain a license plate and registration from DMV upon presenting proof of ownership and liability insurance for the UTV if the vehicle will be operated on a secondary highway or street. The biennial fee for the license plate is \$10. Of this fee, \$2 must be used by DMV to produce and issue new license plates for UTVs, \$4 is directed to the State Highway Fund, which is Other Funds of DOT, and the remaining \$4 must be remitted to the SCTIB. The agency must not register or renew the registration of a UTV unless a certificate of title with the brand “off road use only” has been issued or an owner’s application has been delivered to the department. Since data are not available to determine how many UTV owners may choose to register their UTVs, the amount of fee revenue for this portion of the bill, which will be distributed to Other Funds of DMV, Other Funds of DOT, and the STIB, is undetermined.

The amended bill also subjects UTV owners to a certificate of title, for which the fee is \$15. Of this fee, \$5 must be placed in the State Highway Fund. Another \$5 is placed into an earmarked account to be distributed as follows: the first one million dollars is credited to the General Fund, and the remainder is allocated to DPS to support highway patrol programs. DMV distributes the remaining \$5 of each fee to the General Fund. Since data are not available to determine how many UTV owners may choose to register their UTVs, the amount of fee revenue for this portion of the bill, which will be distributed to the General Fund, Other Funds of DOT, and Other Funds of DPS is undetermined.

Additionally, UTVs that are powered by electric, hydrogen, and fuels other than motor fuel are subject to the road use fee. Pursuant to Section 56-3-645, vehicles powered exclusively by fuels other than motor fuel shall pay a biennial fee of \$120, and vehicles powered by a combination of motor fuel and other fuels shall pay a biennial fee of \$60. These fees are remitted to the IMTF. Since data are not available to determine how many UTV owners may choose to register their UTVs, the amount of fee revenue for this portion of the bill, which will be distributed to the IMTF is undetermined.

The bill also requires the driver of a UTV to wear a Type 2 fastened seat belt when the UTV is being operated on streets and secondary highways. The UTV must be equipped with operable headlights, brake lights, taillights, and turn signals. For any one of these violations, the driver may not be fined more than \$25 dollars. For multiple violations in a single incident, the driver may not be fined more than \$50. Because violations related to improperly-equipped UTVs and failure to use a seat belt are newly created in this bill, there is no data with which to estimate the

number of violations that will occur. While the revenue impact is undetermined, any fines will be allocated to the General Fund, Other Funds, and local revenue.

Further, the amended bill also subjects UTVs to sales tax pursuant to Title 12, Chapter 36. Since UTVs are currently subject to sales tax, this portion of the bill will have no revenue impact.

Local Expenditure

N/A

Local Revenue

The amended bill exempts UTV owners and registrants from the payment of property taxes to the county in which the UTV is registered. Since UTVs are not currently subject to property taxes, the bill will have no revenue impact on tax revenue.

The amended bill also requires the driver of a UTV to wear a Type 2 fastened seat belt when the UTV is being operated on streets and secondary highways. The UTV must be equipped with operable headlights, brake lights, taillights, and turn signals. For any one of these violations, the driver may not be fined more than \$25 dollars. For multiple violations in a single incident, the driver may not be fined more than \$50. Because violations related to improperly-equipped UTVs and failure to use a seat belt are newly created in this bill, there is no data with which to estimate the number of violations that will occur. While the revenue impact is undetermined, any fines will be allocated to the General Fund, Other Funds, and local revenue.

Introduced on January 12, 2021

State Expenditure

This bill allows the owner of a utility terrain vehicle (UTV) to obtain a permit decal and registration from DMV. The driver of the UTV must wear a fastened safety belt when it is being operated on public streets and highways. To update its systems for the new permit and decal, DMV estimates that it will cost \$5,775. To program the UTV seatbelt violation in its systems will cost \$825. Thus, the total nonrecurring expenditure impact on the department will be \$6,600.

The department will also require recurring funding for one FTE, who will handle the additional workload of processing UTV registrations and mailing decals. Including salary and fringe benefits, this amounts to \$53,250 in recurring expenditures. Other recurring costs including the cost of the decals, which DMV reports is 55 cents per decal. Since there is no data with which to estimate how many owners will want to register and obtain a permit for their UTVs, the total recurring expenditure impact on DMV is undetermined.

State Revenue

Department of Motor Vehicles. In order to obtain a permit decal and registration from DMV, the owner of a UTV is required to pay a five-dollar fee. Since there is no data with which to estimate how many owners will want to register and obtain a permit for their UTVs, the amount of fee revenue, which will be distributed to the General Fund, is undetermined.

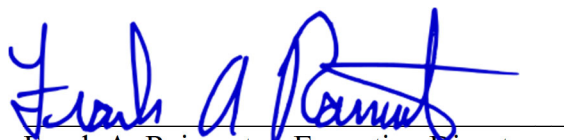
Judicial Department. The driver of a UTV must wear a Type 1 or Type 2 fastened seat belt when the UTV is being operated on public streets and highways. Additionally, the UTV must be equipped with operable headlights and brake lights. For any one of these violations, the driver may not be fined more than twenty-five dollars. For multiple violations in a single incident, the driver may not be fined more than fifty dollars. Because violations related to improperly-equipped UTVs and failure to use a seat belt are newly created in this bill, there is no data with which to estimate the number of violations that will occur. Consequently, the amount of the resulting revenue increase for the Judicial Department from fines is undetermined.

Local Expenditure

N/A

Local Revenue

N/A



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