



The primary tax aspects of the new law are:

- The present 16.75 cents/gallon gas tax will be increased by a 12 cent/gallon “*motor vehicle user fee*,” with the increase phased-in at a 2 cent/gallon rate over the next 6 years.
- The state’s biennial vehicle registration fee will be increased from \$26 to \$40 for most people.
- The state’s sales tax on the purchase of a vehicle will be increased from \$300 to \$500 (an “*infrastructure maintenance fee*” now), but if a vehicle is bought out of state and then later registered in South Carolina, the fee is reduced to \$250.
- Electric vehicle owners (e.g. Tesla) must pay a special “*road use fee*” of \$120 every 2 years, but with the fee being reduced to \$60 every 2 years for hybrids.
- A separate “*road use fee*” is imposed on commercial vehicles, and property tax rates change for commercial vehicles as well.
- South Carolina residents are now provided a refundable state income tax credit for the lessor of the (1) additional “motor vehicle user fee” paid, or (2) the costs of maintenance for a vehicle, including tires, oil changes, and regular maintenance. The credit may be claimed on up to 2 private passenger vehicles. SCDOR is given authority to adopt rules and regulations for claiming the credit.
- The new gas tax bill also provides other tax breaks, unrelated to raising funds to repair the states roads, and which include (A) an earned income tax credit; (B) two-wage earner income tax credit; (C) a college tuition tax credit; (D) and an important 15% property tax reduction for the value of manufacturing property in the state (phased in over 6 years). These credits and other tax reductions were added as part of the “legislative process”, to reach agreement and compromise among the legislators to pass the Bill.