



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3518 Introduced on January 10, 2023
Author: Felder
Subject: Motor Vehicle Financial Responsibility
Requestor: House Education and Public Works
RFA Analyst(s): Griffith
Impact Date: January 30, 2023

Fiscal Impact Summary

This bill relates to motor vehicle financial responsibility. The bill amends provisions related to driver's license reinstatement and operating a registered, uninsured motor vehicle. There will be no expenditure impact to the Department of Motor Vehicles (DMV) because the agency will implement the provisions of the bill within existing appropriations. This bill will have no expenditure impact on the Department of Insurance (DOI), as additional responsibilities of the agency will be managed with existing resources.

Section 1 of the bill allows DMV to retain \$5 of each \$35 administrative fee collected under the driver's license reinstatement fee payment program to cover the cost of operating the program. Based on revenues collected in FY 2021-22, and assuming a similar pattern in FY 2023-24, the bill will redirect approximately \$53,000 from Other Funds of the Department of Transportation (DOT) to Other Funds of DMV when the bill is enacted. However, the bill may affect the timing of revenue streams because the temporary license is valid for an additional six months, and a person may now participate in the program once every two years instead of once every three years.

Explanation of Fiscal Impact

Introduced on January 10, 2023

State Expenditure

Section 1

This section of the bill amends DMV's driver's license reinstatement fee payment program. Currently, a person who has had his driver's license suspended may apply for a temporary license valid for no more than six months to allow time for payment of reinstatement fees. The bill increases the temporary license period to twelve months and allows DMV to provide the person with a fee schedule. It also allows the driver to make payments online, except for the first and final payments.

Currently, a person may only participate in the payment program once every three-year period. This bill expands the timing to once every two-year period but requires the person to complete a payment program before beginning payment for an additional suspension.

Lastly, Section 1 of the bill restricts the types of driver's license suspensions that qualify for a reinstatement fee payment program.

Section 2

This section of the bill limits the types of driver's license suspensions that qualify for a driver's license suspension amnesty period.

Section 3

This section of the bill revises the period of time vehicle owners must surrender motor vehicle license plates and registration certificates for certain uninsured motor vehicles. Additionally, Section 3 removes the provision that gives DMV discretion to authorize insurers to utilize alternate methods of providing notice of cancellation, refusal to renew, new policies written, and renewals to the agency.

Section 4

This section of the bill specifies that the total per diem fine for lapse in required motor vehicle insurance coverage may not exceed \$200 per vehicle for a first offense.

Section 5

This section of the bill removes the \$550 fee due by a person who registers an uninsured motor vehicle, and, in its place, creates a reinstatement fee of \$600, which must be increased annually. The increase must be made at the beginning of the calendar year, based upon and in relation to the average rate level increases for private passenger automobile insurance coverages by insurers in South Carolina. DOI must set this fee and notify DMV by the first business day of October of each year of the amount.

Additionally, this section allows a person whose driver's license, registration certificates, or license plates and decals have been suspended due to operation of an uninsured vehicle and have not been reinstated to return these either electronically or in person.

Further, this section removes requirements that DMV collect statistics regarding various motor vehicle registration, insurance, and Uninsured Motorist Fund issues.

Section 7

This section requires DMV to ensure no one is registered as an uninsured motorist on the effective date of the bill.

Department of Motor Vehicles. DMV indicates that the agency can implement the provisions of the bill within its existing appropriations. Therefore, there is no expenditure impact to DMV.

Department of Insurance. Under this bill, DOI is required to provide the total reinstatement fee to DMV that will be increased annually, at the beginning of the calendar year, based on the average rate increases for passenger automobile insurance. DOI indicates that this will be managed with existing resources and will have no expenditure impact.

State Revenue

Section 1

This section allows DMV to retain \$5 of each \$35 administrative fee collected under the driver's license reinstatement fee payment program to cover the cost of operating the program.

Currently, all revenue from the administrative fee is directed to the State Highway Fund, which are Other Funds of DOT. Based on revenues collected in FY 2021-22, and assuming a similar pattern in FY 2023-24, the bill will redirect approximately \$53,000 from Other Funds of DOT to Other Funds of DMV.

Additionally, Section 1 of the bill may increase the number of people who may participate in the program because it lowers the amount a person may owe before enrolling from \$300 to \$200. However, the bill may also decrease the number of people participating because of limits to driver's license suspensions that apply to the program. Moreover, the bill may affect the timing of revenue streams because the temporary license is valid for an additional six months, and a person may now participate in the program once every two years instead of once every three years.

Therefore, the total revenue impact on Other Funds of DMV and Other Funds of DOT is undetermined for this section of the bill.

Section 4

This section of the bill specifies that the owner of a registered vehicle may not be charged more than \$200 per vehicle rather than the current \$200 per person total. DMV indicates that this is current practice and will have no effect on the State Highway Fund, which are Other Funds of DOT.

Section 5

Section 5 of the bill removes the existing fee due by a person who registers an uninsured motor vehicle and creates a reinstatement fee of \$600, which must be increased annually by DOI. Fifty percent of the fees are transferred to the Uninsured Enforcement Fund, which are Other Funds of DPS, and the remaining fifty percent are retained by the Uninsured Motorist Fund, which are Other Funds of DMV. DMV reports the current amount of the fee for a person who chooses to register an uninsured motor vehicle is \$600 and that less than twenty people have chosen this option instead of buying insurance in recent years. Therefore, we expect that this section of the bill will have no impact on Other Funds of DPS or Other Funds of DMV.

Local Expenditure

N/A

Local Revenue

N/A



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