

The State of SCDOT

April 2010

SCDOT

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OVERVIEW

Mission of the South Carolina Department of Transportation

Pursuant to SC Code Section 57-3-10, the South Carolina Department of Transportation (SCDOT) is charged with the responsibility of the systematic planning, design, construction, maintenance, and operation of the state highway system and coordinating mass transit services. SCDOT operates and maintains 41,459 miles of roads and bridges, which ranks as the fourth largest state-owned highway system in the nation according to the Federal Highway Administration. The agency emphasizes the importance of safety, environmental stewardship, and system maintenance and preservation through its "Fix It First" strategy.

The Department coordinates state and federal programs relating to highways among all departments, agencies, and government entities of this State along with other duties and matters as may be delegated to it pursuant to law. With the recent increase in local-option sales taxes for transportation, the creation of the South Carolina Transportation Infrastructure Bank, and the expansion of regional and metropolitan planning organizations, the importance of partnering has grown.

Vision of the South Carolina Department of Transportation

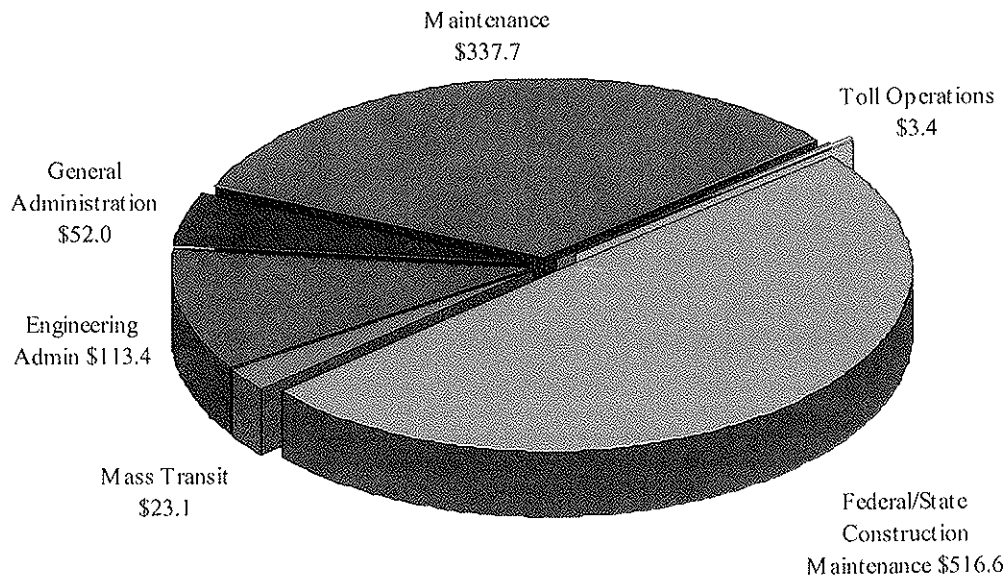
Our Vision is **Connecting South Carolina**. There are six goals set by the agency under this vision:

- Increase **safety** both on South Carolina's highway system and within SCDOT by reducing lost work days, traffic fatalities, and traffic injuries.
- Ensure South Carolina's future by making transportation **mobility** options more accessible, convenient, efficient, and easily integrated with existing infrastructures that allow the timely delivery of goods and services.
- Maintain a quality **workforce** of existing and future employees.
- Conserve **resources** throughout the agency.
- Continue a proactive approach in **system preservation** by maintaining our existing highways, through preventive maintenance, rehabilitation, and responsive maintenance.
- Advance SCDOT's **customer service** through the ability to manage for results and promote transportation solutions that enhance communities and protect the natural and built environment.

Snapshot

- 4th largest state-maintained highway system in the Nation
- 41,459 miles, including 8,344 bridges
- 4,985 permanent employees
- \$1.05 billion budget from state & federal sources

FY 09/10 Appropriation Budget - \$1,046.2B **



**SCDOT also received funds from the American Recovery and Reinvestment Act (ARRA) which are not reflected on the pie chart above. For FY 09/10, SCDOT budgeted \$275M for highways and bridges, and \$10M for transit. This source of funding is not recurring and can only be used on federal aid-eligible roads which comprise only half of our state system.

ROADWAY STATISTICS

Size of the State Highway System

South Carolina has responsibility for the 4th largest road system in the Nation. The chart below shows the breakdown of roadways by system and type.



STATE SYSTEM MILES BY COUNTY

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County	Completed Interstate System	State Primary System	State Secondary System	Total
ABBEVILLE	0.000	184.110	471.480	655.590
AIKEN	37.170	312.880	1,150.440	1,509.490
ALLENDALE	0.000	107.380	377.380	484.760
ANDERSON	38.570	350.780	873.440	1,260.790
BAMBERG	0.000	136.240	415.460	551.700
BARNWELL	0.000	146.710	447.280	593.990
BEAUFORT	0.000	137.090	395.840	532.930
BERKELEY	22.990	237.860	749.300	1,010.150
CALHOUN	17.440	125.070	385.410	527.920
CHARLESTON	31.920	248.480	873.730	1,154.130
CHEROKEE	22.800	154.160	563.870	740.830
CHESTER	18.820	197.080	595.070	810.970
CHESTERFIELD	0.000	229.460	801.050	1,030.510
CLARENDON	34.220	129.010	611.690	774.920
COLLETON	28.300	249.420	787.280	1,045.000
DARLINGTON	14.580	154.280	843.870	1,012.710
DILLON	23.770	121.290	533.470	678.530
DORCHESTER	32.610	149.500	500.740	682.850
EDGEFIELD	0.000	136.110	468.500	604.610
FAIRFIELD	21.460	168.050	522.790	712.300
FLORENCE	29.010	242.150	1,092.150	1,363.310
GEORGETOWN	0.000	155.120	500.170	655.290
GREENVILLE	51.230	349.750	1,070.100	1,471.080
GREENWOOD	0.000	207.360	530.420	737.780
HAMPTON	6.610	131.240	442.700	580.550
HORRY	0.000	383.870	961.240	1,345.110
JASPER	33.900	176.570	309.980	520.450
KERSHAW	21.260	173.420	828.000	1,022.680
LANCASTER	0.000	187.320	711.200	898.520
LAURENS	38.200	255.720	758.440	1,052.360
LEE	20.330	118.440	467.820	606.590
LEXINGTON	51.940	240.440	1,216.200	1,508.580
MCCORMICK	0.000	101.280	352.330	453.610
MARION	0.000	143.700	429.400	573.100
MARLBORO	0.000	162.050	556.150	718.200
NEWBERRY	27.760	176.390	648.240	852.390
OCONEE	4.030	220.110	605.280	829.420
ORANGEBURG	43.120	428.370	1,119.780	1,591.280
PICKENS	0.000	227.800	485.110	712.910
RICHLAND	62.830	283.870	1,289.500	1,616.200
SALUDA	0.000	180.510	484.220	644.730
SPARTANBURG	75.530	386.170	906.920	1,368.620
SUMTER	12.860	228.140	805.000	1,046.000
UNION	0.000	149.390	468.560	617.950
WILLIAMSBURG	0.000	207.910	770.550	978.460
YORK	21.340	304.000	991.840	1,317.180
Grand Totals	842.600	9,478.030	31,138.400	41,459.030

02/02/2010

South Carolina's Highway System As Compared to Other States

State Highway Systems by Mileage 2008

STATE	Miles Maintained	Lane Miles	% of total state miles
Texas	80,067	193,188	26.1
North Carolina	79,466	170,084	75.6
Virginia	57,918	125,281	78.4
South Carolina	41,429	89,976	62.5
Pennsylvania	39,862	88,475	32.7
West Virginia	34,369	70,792	89.4
Missouri	33,677	75,656	26.0
Kentucky	27,574	61,499	35.0
Ohio	19,258	49,034	15.7
Georgia	17,997	47,498	14.8
Louisiana	16,685	38,501	27.3
Arkansas	16,430	37,119	16.5
Illinois	16,040	42,150	11.5
California	15,205	50,541	8.8
New York	14,969	38,142	13.1
Tennessee	13,881	36,521	15.1
Oklahoma	12,280	30,114	10.8
Florida	12,084	42,439	10.0
New Mexico	11,951	29,237	17.5
Minnesota	11,893	29,266	8.6
Wisconsin	11,770	29,481	10.2
Indiana 6/	11,215	28,458	11.7
Mississippi	10,973	27,743	14.7
Alabama	10,938	28,121	11.2
Montana	10,796	24,490	14.6
Kansas	10,369	23,988	7.4
Nebraska	9,959	22,487	10.6
Michigan	9,652	27,459	7.9
Colorado	9,101	22,948	10.3
Iowa	8,895	23,036	7.8
Maine	8,510	18,115	37.3
South Dakota	7,836	18,071	9.5
Oregon	7,538	18,264	12.7
North Dakota	7,384	16,986	8.5
Washington	7,042	18,443	8.4
Arizona	6,755	18,819	11.2
Wyoming	6,742	15,594	24.0
Utah	5,841	15,699	13.1
Alaska	5,650	11,699	36.9
Nevada	5,379	13,055	15.9
Delaware	5,329	11,693	84.8
Maryland	5,148	14,671	16.4
Idaho	4,958	12,137	10.4
New Hampshire	3,972	8,825	24.8
Connecticut	3,717	9,800	17.4
Massachusetts	2,834	8,659	7.8
Vermont	2,630	6,038	18.2
New Jersey	2,324	8,480	6.0
Dist. of Columbia	1,390	3,274	92.4
Rhode Island	1,108	2,923	17.3
Hawaii	945	2,477	21.7

Data Compiled
Through Dec. 2008

Source: Federal Highway Administration

Most Traveled Roadways in South Carolina

Top Traveled Roadways in SC with Annual Average Daily Traffic Greater than 90,000						
County	Route Type	Route Number	Route Auxiliary	Begin Milepoint	End Milepoint	2008 AADT
Charleston	Interstate	26	Mainline	211.54	212.51	139,800
Charleston	Interstate	26	Mainline	208.09	208.54	136,200
Lexington	Interstate	26	Mainline	106.46	107.14	133,300
York	Interstate	77	Mainline	90.20	91.05	129,100
Charleston	Interstate	26	Mainline	211.14	211.54	127,900
Charleston	Interstate	26	Mainline	208.54	211.14	125,500
Lexington	Interstate	26	Mainline	104.35	106.46	113,800
Richland	Interstate	26	Mainline	107.14	107.96	112,500
Greenville	Interstate	85	Mainline	50.83	53.72	110,800
Lexington	Interstate	26	Mainline	103.42	104.35	101,600
Greenville	Interstate	85	Mainline	46.02	48.19	99,100
York	Interstate	77	Mainline	87.71	90.20	99,100
Richland	Interstate	20	Mainline	65.13	68.33	98,000
York	Interstate	77	Mainline	81.54	83.19	96,400
Greenville	Interstate	85	Mainline	45.32	46.02	95,600
Greenville	Interstate	85	Mainline	48.19	50.39	93,900
York	Interstate	77	Mainline	83.19	85.35	93,500
Greenville	Interstate	385	Mainline	36.33	37.42	92,900
Richland	Interstate	20	Mainline	68.33	69.75	92,500
Greenville	Interstate	85	Mainline	53.72	55.89	91,700
York	Interstate	77	Mainline	85.35	87.71	91,700
Richland	Interstate	20	Mainline	69.75	71.20	90,700
Charleston	Interstate	26	Mainline	204.95	208.09	90,400
Greenville	Interstate	85	Mainline	50.39	50.83	90,200

Source: Road Data Services - Traffic Engineering – SCDOT Traffic Data through December 2008

FINANCE

SCDOT's Major Revenue Sources

SCDOT receives the majority of its funding from motor fuel user fees on gasoline and diesel, federal reimbursement, and a small amount of general fund dollars. Act 176 of 2005, also known as the Harrell Bill, redirected fees previously going to other agencies or the general fund to a special non-federal aid highway fund for maintenance purposes. SCDOT also earns interest on its funds held by the State Treasurer.

SCDOT **does not receive** any revenue from county property taxes, local option sales taxes, or capital improvement taxes.

SC Department of Transportation Major Revenues by Source (in Thousands)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Motor Fuel User Fee Gasoline	\$ 319,828	\$ 325,966	\$ 324,920	\$ 313,431	\$ 308,948
Motor Fuel User Fee Diesel	107,267	119,241	119,767	112,053	109,058
Non-Federal Aid	39,240	40,172	26,274	11,895	-
State Appropriations-General Funds ⁽¹⁾	6,755	11,465	9,781	1,501	101
Interest Income Highway Fund	10,947	11,759	7,362	5,872	5,068
Interest Income Non-Federal Aid	1,145	778	516	187	-
Total State Sources	<u>\$ 485,182</u>	<u>\$ 509,381</u>	<u>\$ 488,620</u>	<u>\$ 444,939</u>	<u>\$ 423,175</u>
Federal Grants	447,760	438,606	548,600	770,458	821,913
	<u>\$ 932,942</u>	<u>\$ 947,987</u>	<u>\$ 1,037,220</u>	<u>\$ 1,215,397</u>	<u>\$ 1,245,088</u>

Amounts taken from the 406 cash report FM13.

⁽¹⁾ General Funds includes special appropriations for construction projects

SCDOT's Primary Source of STATE Revenue

SCDOT's primary source of state revenue is a 16.8 cents motor fuel user fee. Across the Southeast region, 51% of state source highway funding is derived from sources other than fuel user fees. In South Carolina, over 90% comes from the user fee on motor fuel. The motor fuel user fee was last increased in 1987 and has never been adjusted for inflation. It is among the lowest in the nation (see charts on next page).

One cent of gasoline motor fuel user fee generates approximately \$25.2 million and one cent of diesel motor fuel user fee generates approximately \$7.0 million.

South Carolina's Motor Fuel Fee Compared to Other States

GASOLINE FUEL TAX RANKING

by Total State Taxes

effective 1/4/10	GASOLINE			
State	State Excise Tax	Other State Taxes	Total State Taxes	Total State plus Federal Excise Taxes (@ 18.4 cp/g)
California	18.0	28.6	46.6	65.0
New York	8.0	36.6	44.6	63.0
Hawaii	17.0	27.4	44.4	62.8
Connecticut	25.0	16.9	41.9	60.3
Illinois	19.0	20.0	39.0	57.4
Washington	37.5	0.0	37.5	55.9
Michigan	19.0	16.0	35.0	53.4
Florida	4.0	30.4	34.4	52.8
Indiana	18.0	16.1	34.1	52.5
Nevada	23.0	10.1	33.1	51.5
Rhode Island	32.0	1.0	33.0	51.4
Wisconsin	30.9	2.0	32.9	51.3
Pennsylvania	12.0	20.3	32.3	50.7
West Virginia	20.5	11.7	32.2	50.6
Maine	29.5	1.5	31.0	49.4
North Carolina	29.9	0.3	30.2	48.6
Ohio	28.0	0.0	28.0	46.4
Montana	27.0	0.8	27.8	46.2
Nebraska	26.8	0.9	27.7	46.1
Minnesota	27.1	0.1	27.2	45.6
Idaho	25.0	0.0	25.0	43.4
Kansas	24.0	1.0	25.0	43.4
Oregon	24.0	1.0	25.0	43.4
Utah	24.5	0.0	24.5	42.9
Vermont	19.0	5.5	24.5	42.9
South Dakota	22.0	2.0	24.0	42.4
District of Columbia	23.5	0.0	23.5	41.9
Maryland	23.5	0.0	23.5	41.9
Massachusetts	21.0	2.5	23.5	41.9
Delaware	23.0	0.0	23.0	41.4
North Dakota	23.0	0.0	23.0	41.4
Kentucky	21.1	1.4	22.5	40.9
Colorado	22.0	0.0	22.0	40.4
Iowa	21.0	1.0	22.0	40.4
Arkansas	21.5	0.3	21.8	40.2
Tennessee	20.0	1.4	21.4	39.8
Alabama	16.0	4.9	20.9	39.3
Georgia	7.5	13.4	20.9	39.3
Louisiana	20.0	0.0	20.0	38.4
Texas	20.0	0.0	20.0	38.4
New Hampshire	18.0	1.6	19.6	38.0
Virginia	17.5	2.0	19.5	37.9
Arizona	18.0	1.0	19.0	37.4
Mississippi	18.0	0.8	18.8	37.2
New Mexico	17.0	1.8	18.8	37.2
Missouri	17.0	0.3	17.3	35.7
Oklahoma	16.0	1.0	17.0	35.4
South Carolina	16.0	0.8	16.8	35.2
New Jersey	10.5	4.0	14.5	32.9
Wyoming	13.0	1.0	14.0	32.4
Alaska	8.0	0.0	8.0	26.4
US Average	18.5	10.5	29.0	47.4

Source: <http://www.api.org/statistics/fueltaxes/>

DIESEL FUEL TAX RANKING

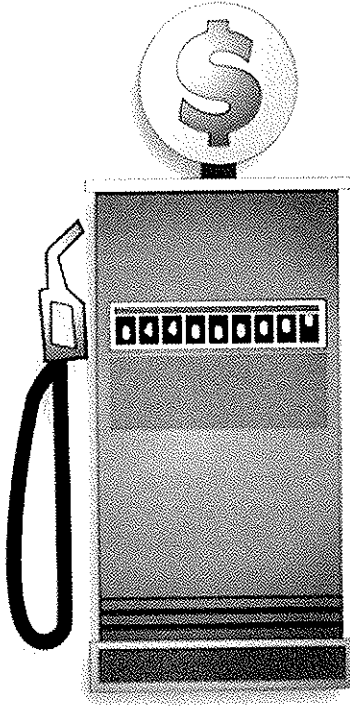
by Total State Taxes

effective 1/4/10	DIESEL			
State	State Excise Tax	Other State Taxes	Total State Taxes	Total State plus Federal Excise Tax (@ 24.4 cp/g)
California	18.0	28.6	46.6	71.0
Hawaii	17.0	29.4	46.4	70.8
Connecticut	45.1	0.0	45.1	69.5
New York	8.0	35.4	43.4	67.8
Indiana	16.0	27.0	43.0	67.4
Illinois	21.5	20.2	41.7	66.1
Pennsylvania	12.0	27.2	39.2	63.6
Washington	37.5	0.0	37.5	61.9
Rhode Island	32.0	1.0	33.0	57.4
Wisconsin	30.9	2.0	32.9	57.3
Maine	30.7	1.5	32.2	56.6
West Virginia	20.4	11.7	32.1	56.5
Michigan	15.0	16.9	31.9	56.3
North Carolina	29.9	0.3	30.2	54.6
Florida	4.0	25.6	29.6	54.0
Vermont	25.0	4.0	29.0	53.4
Montana	27.8	0.8	28.6	53
Nevada	27.0	1.6	28.6	53
Ohio	28.0	0.0	28.0	52.4
Nebraska	26.8	0.9	27.7	52.1
Minnesota	27.1	0.1	27.2	51.6
Kansas	26.0	1.0	27.0	51.4
Idaho	25.0	0.0	25.0	49.4
Utah	24.5	0.0	24.5	48.9
Maryland	24.3	0.0	24.3	48.7
Oregon	24.0	0.3	24.3	48.7
South Dakota	22.0	2.0	24.0	48.4
District of Columbia	23.5	0.0	23.5	47.9
Iowa	22.5	1.0	23.5	47.9
Massachusetts	21.0	2.5	23.5	47.9
North Dakota	23.0	0.0	23.0	47.4
Arkansas	22.5	0.3	22.8	47.2
New Mexico	21.0	1.8	22.8	47.2
Delaware	22.0	0.0	22.0	46.4
Alabama	19.0	2.9	21.9	46.3
Georgia	7.5	13.1	20.6	45.0
Colorado	20.5	0.0	20.5	44.9
Louisiana	20.0	0.0	20.0	44.4
Texas	20.0	0.0	20.0	44.4
New Hampshire	18.0	1.6	19.6	44
Virginia	17.5	2.1	19.6	44
Kentucky	18.1	1.4	19.5	43.9
Arizona	18.0	1.0	19.0	43.4
Mississippi	18.0	0.8	18.8	43.2
Tennessee	18.0	0.4	18.4	42.8
New Jersey	13.5	4.0	17.5	41.9
Missouri	17.0	0.3	17.3	41.7
South Carolina	16.0	0.8	16.8	41.2
Oklahoma	13.0	1.0	14.0	38.4
Wyoming	13.0	1.0	14.0	38.4
Alaska	8.0	0.0	8.0	32.4
US Average	19.0	8.8	27.8	52.2

Source: <http://www.api.org/statistics/fueltaxes/>

SC Motor Fuel User Fee

State Fiscal Year 2009-2010



Motor Fuel User Fee (Diesel & Gas) 16¢ per gallon		\$522,400,000
Gas User Fee to County Transportation Fund 2.66¢ per gallon	(\$ 69,000,000)	
Watercraft Fund to Department of Natural Resources	(\$ 3,500,000)	
 Total From Highway Fund		<u>(\$ 72,500,000)</u>
Remaining for DOT Operations		<u>\$449,900,000</u>

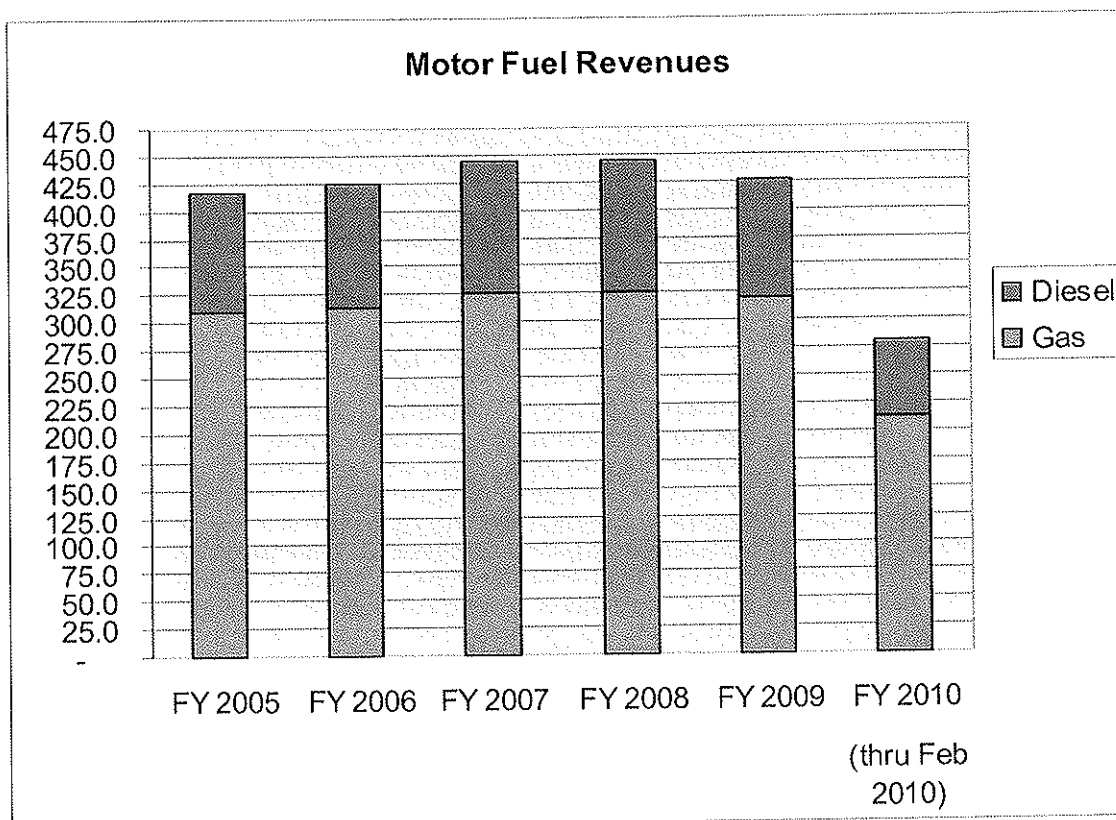
Each year approximately \$78.8 million (\$69M + \$9.5M for donor bonus) is transferred to the County Transportation Fund, and approximately \$3.5 million to the Watercraft Fund from the motor fuel user fee. The County Transportation Funds are then programmed and spent on projects decided upon by the County Transportation Committees formed in each county. Legislation governing the "C funds" is found in SC Code Section 12-28-2740. The revenues transferred to the Watercraft Fund are sent to the SC Department of Natural Resources.

History of STATE Revenue

SCDOT is not immune from the downturn that has devastated our state's economy. We have seen decreases in our primary revenue source, the motor fuel user fee, for the past two years. During normal economic times, we experience modest growth in our motor fuel user fee revenues each month and each year. With these hard economic times, we have seen motor fuel user fee revenues decrease by 4% between 2008 and 2009, and fiscal year 2010 revenues are also at 4% less than the 2008 levels (see charts on the next page).

**Comparison Monthly Fuel Fee Collections
(in millions)**

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	(thru Feb 2010) FY 2010
Gas	308.9	313.4	324.9	326.0	319.8	211.7
Diesel	109.1	112.0	119.7	119.2	107.3	69.0
	418.0	425.4	444.6	445.2	427.1	280.7



Revenue Translated to Dollars Spent on the Highway System

Maintaining the state highway system is a massive monetary commitment, not only because of the size of the system but because of the cost of living increases associated with materials, employee wages, etc. The average cost to widen a roadway from 2 travel lanes to 5 lanes (4 travel lanes and 1 median lane) is approximately \$1,962,000 per lane mile. The average cost to resurface one center line mile for all types of resurfacing is \$280,000. Based on our current funding levels, it is estimated that an additional \$29B is needed over the next twenty years to maintain, upgrade, and improve the current road and bridge system and maintain our transit system.

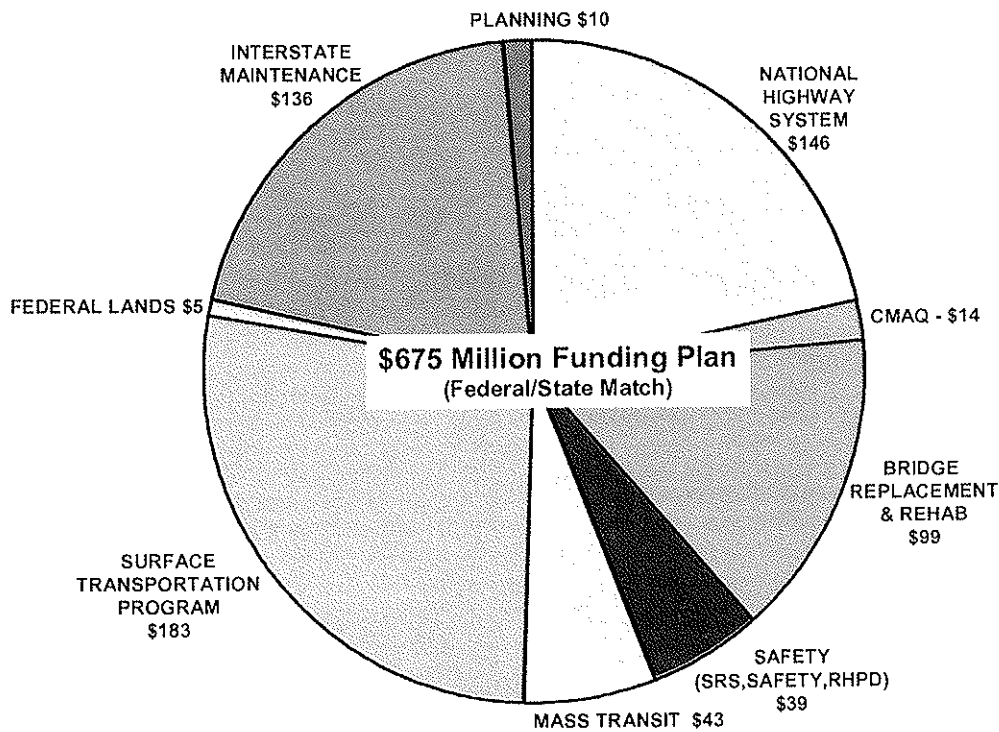
The 4% annual drop in state revenue since 2008 translates into a cumulative \$50 million loss of revenue for the department. As a result, the department has trimmed approximately \$50 million

in the current fiscal year. Reductions that have been implemented include delays in hiring; volunteer furlough programs; reduced equipment procurements; closing of several rest areas; reduced maintenance of truck parking areas; delayed road improvements, including but not limited to, sidewalk repairs, catch basin repair, guardrail repair, and secondary road safety projects.

South Carolina's Return on the FEDERAL Motor Fuel User Fee

The federal motor fuel user fee is 18 cents per gallon. South Carolina is guaranteed a 92% return of highway dollars. However, after dollars are taken off the top for Federal Highway Administration cost, research, earmarks, emergency relief, and Federal Lands highways, the return is actually around 87% for Federal Highway and 42% for Federal Transit dollars.

Federal Funding Categories **excluding ARRA



How Other States Fund Their Transportation Systems

Across the Southeast region, 51% of state source highway funding is derived from sources other than fuel user fees.

No Sales Tax Exemption on Motor Fuel

- At least 8 states, including Georgia, have a sales tax on motor fuel.
- According to the BEA, the removal of the sales tax exemption in SC would generate approximately \$500 M annually.

Sales Tax AND Motor Fuel User Fee Combination

- Some states, like NC, charge an ad valorem tax AND a motor fuel user fee on gasoline.
- NC's tax is 17 cents, plus a 7% ad valorem tax. The sales tax is collected from suppliers, is based on the published wholesale price of fuel, and is adjusted every 6 months.
- NC's total tax cannot go below 30 cents.
- In a model like North Carolina's, SC would keep the 16 cents motor fuel user fee in place and add an additional 6% tax. Depending on the price of fuel, SCDOT estimates that this could generate \$775 M (or an additional \$348 M) for highways annually. A floor similar to NC's is essential to allow revenues to remain consistent for planning purposes.
- If the desire was to remain revenue neutral at the time of implementation, SC could reduce the motor fuel user fee from 16 cents to 7 cents and add a 4.65% tax.

State General Fund

- According to the Federal Highway Administration, 32 states currently place general fund revenues directly into the state highway fund.
- SCDOT receives approximately \$116,000 from the General Fund. This money is for mass transit and commercial motor vehicles rest areas. Proposals this year would remove that funding completely.

User Fee on Automotive Parts

- Some states charge a user fee for automotive parts such as tires, batteries or motor oil.
- Rather than charge per item, Utah determined that 17% of their state sales tax was derived from the sale of vehicles and automotive parts.
- Their General Assembly then dedicated 8.3% of the state sales tax to their highway fund.

Sales Tax on Vehicles

- Many states dedicate the sales tax on vehicles to the highway fund.
- In SC, the sales tax on vehicles, which is capped at \$300, was expected to generate approximately \$94 M in FY 2008-2009.
- According to the BEA, if the \$300 cap was replaced with a 3% sales tax, an estimated \$123.5 M (or an additional \$29 M) would have been collected in FY 2008-2009.
- If the cap was replaced by a 5% sales tax, an estimated \$205.9 M (or an additional \$111 M) would have been collected.
- In NC, there is a 3% Highway Use Tax on vehicles in lieu of a state sales tax. There is no cap on personal vehicles. Revenue collected from the tax goes towards the North Carolina Highway Trust Fund, with a portion diverted to the General Fund. The portion diverted to the General Fund serves to hold education harmless, since they were the recipients of a portion of this funding prior to 1989.

- Virginia charges a 3% Motor Vehicle Sales and Use Tax on vehicles. There is no cap. These funds are dedicated to the General Fund but a portion of the General Fund in Virginia is dedicated to highways.
- West Virginia charges a 5% sales tax on vehicles with no cap. These funds are directed to the State Road Fund.

Fees on Rental Cars

- States like Virginia and Florida both charge a daily user fee on rental cars and use this money for highway maintenance.
- The burden of this tax is paid mainly by out of state visitors.

Alternative Fuel Vehicles

- Alternative fuel vehicles are becoming increasingly popular in the US.
- There are many types of alternative fuel vehicles, most of which do not use gasoline and therefore the drivers do not pay for using the roads.

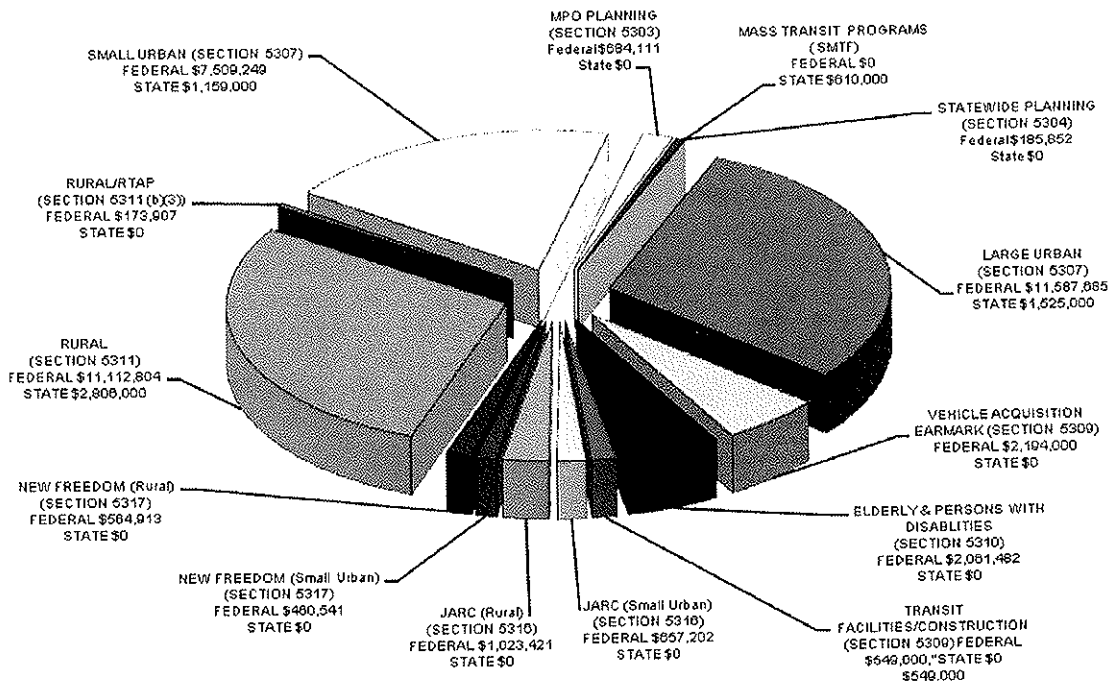
TRANSIT

Federal and State Funding Programs

The primary goal of the Division of Mass Transit (DMT) is to facilitate, develop and implement mobility options within South Carolina through the administration of Federal Transit Administration (FTA) and State Mass Transit Fund (SMTF) programs. FTA apportions transit funding to the state for non-urbanized area (rural) transportation, Elderly Individuals and Individuals with Disabilities Program, Job Access and Reverse Commute, New Freedom, and funding for statewide planning and training assistance. Each large urbanized and small urbanized area within the State is also apportioned formula funds for transit through FTA; and those areas apply directly to FTA for funding.

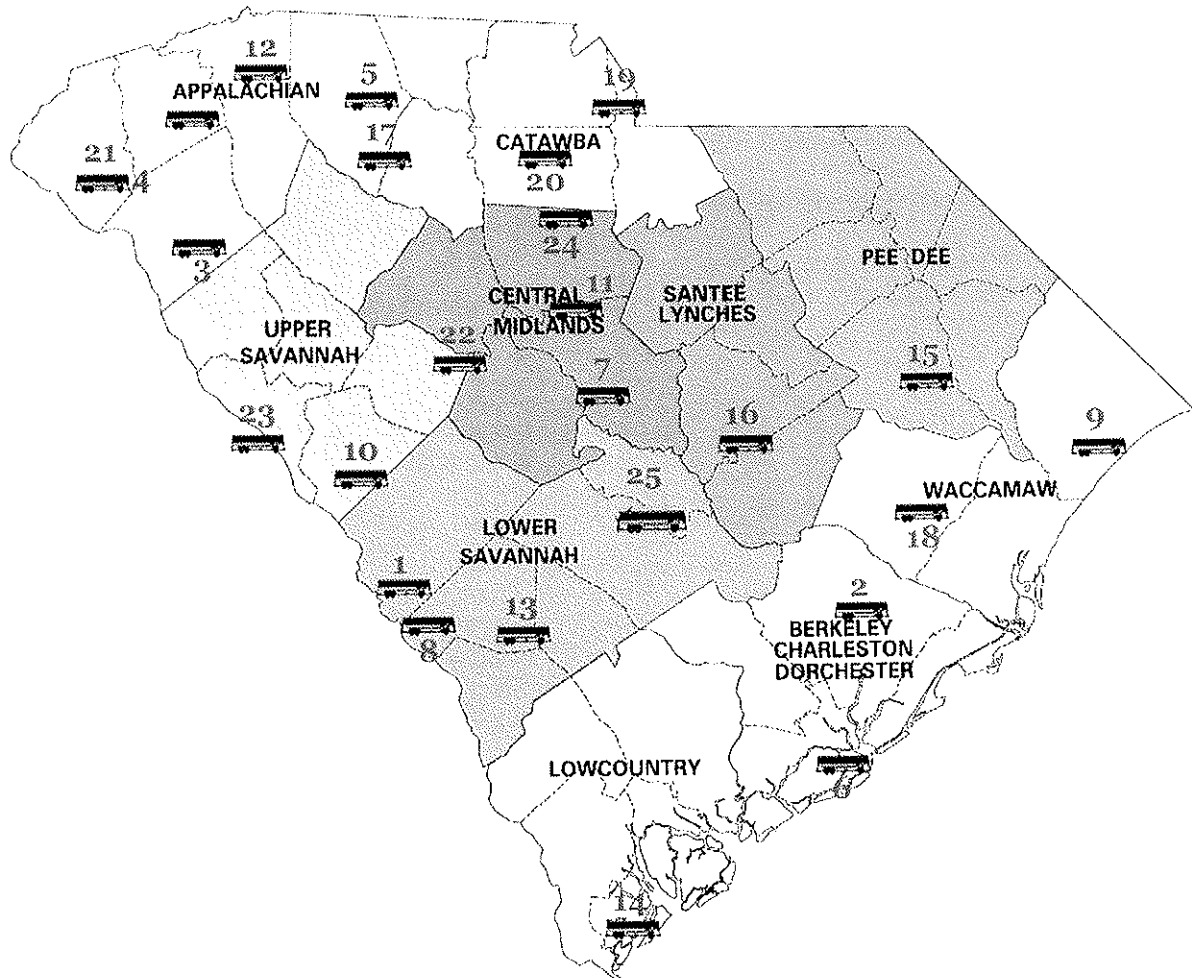
State Mass Transit Funds are utilized to match federal funds, thereby maximizing the State's use of its federal fund allocations. DMT also provides state funding (on a discretionary basis) for special projects to transit providers. To assist in meeting the public transit needs within the State, approximately \$44.86 million in combined federal and state funds were apportioned to the State for transit program and planning activities in SFY2008-2009 (Figure 2).

FFY 2009 Federal Apportionments and State Mass Transit Funds
 \$38,764,167 Federal Funds
 \$6,100,000 State Funds
 \$44,864,167 Total



South Carolina Local Transit Providers

1. Aiken Area Council on Aging, Inc.
2. Berkeley-Charleston-Dorchester RTMA
3. City of Anderson Transit
4. Clemson Area Transit
5. City of Spartanburg Transit
6. Charleston Area Regional Transit Authority
7. Central Midlands Regional Transit Authority
8. Lower Savannah RTMA
9. The COAST Regional Transit Authority
10. Edgefield County Senior Citizens
11. Fairfield County Transit
12. Greenville Transit
13. Generations Unlimited Local Motion
14. Lowcountry Regional Transit Authority
15. Pee Dee Regional Transit Authority
16. Santee Wateree Regional Transit Authority
17. Spartanburg County
18. Williamsburg County Transit System
19. City of Rock Hill
20. York County
21. City of Seneca
22. Newberry County Council on Aging
23. McCormick County Senior Center
24. Chester County Senior Services
25. Orangeburg-Calhoun Pilot Project



Local Transit Provider Statistics

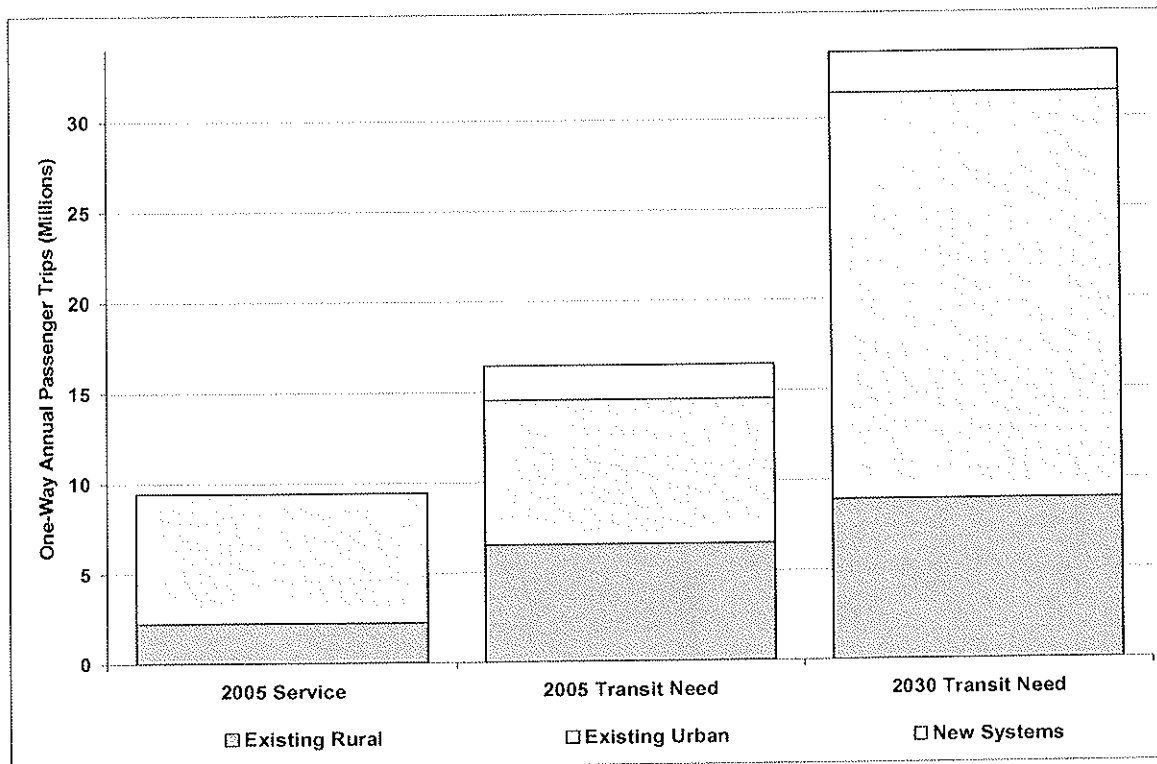
	FY08	FY09	Difference	Percent Differential
Passenger Trips	11,219,092	11,653,374	434,282	3.9%
Vehicle Revenue Miles	21,989,701	22,649,685	659,984	3.0%
Cost Per Passenger Trip	\$5.39	\$4.77	-\$0.62	-11.5%
Cost Per Revenue Mile	\$2.75	\$2.46	-\$0.29	-10.5%

Future Financial Needs of Mass Transit

As documented in the South Carolina Department of Transportation's Statewide Transit Plan (February 2008), the demand forecast shows that by 2030, the estimated transit demand will exceed 33.7 million trips. Among those trips, 8.9 million will be demand for the existing rural transit systems, 22.5 million will be demand for existing urban transit systems, and 2.3 million will be demand for the newly started systems.

The figure below shows the 2005 estimated and 2030 forecasted transit need for the rural and urban portions of South Carolina. The existing service is based on data provided by SCDOT for FY 2005 and has not been updated since that time.

Existing Service and Transit Need



Additionally, the table below shows the year 2005 estimated and year 2030 forecasted transit subsidy for the rural and urban counties.

Transit Subsidy for 2005 and 2030

	2005 Existing	2005 Need	% of Need Met	2030 Need Subsidy
Existing Rural	\$16.8	\$61.3	27%	\$79
Existing Urban	\$19.4	\$36.6	53%	\$115.8
New Systems	\$0	\$7.1	0%	\$8.2
Total	\$36.2	\$105	34%	\$203

Based on SFY2010 Rural Transit Program funding needs assessed through the annual SCDOT funding application process, rural transit providers identified a need for additional \$4.53 million dollars in federal Section 5311 funds to support operation of their rural transit programs. Subsequently, an additional \$1.2 million in State Mass Transit Funds was identified as being needed to leverage all federal funding needs for SFY2010.

High-Speed Rail and Commuter System

High Speed Rail

The designated Southeast High-Speed Rail Corridor consists of a number of segments covering all the South Atlantic States, with through service to and from Northeast Corridor points. North Carolina, Virginia, South Carolina, and Georgia have been collaborating to implement high-speed rail in the designated Southeast Corridor.

South Carolina has two federally designated high-speed rail corridors.

- 1) From Raleigh, NC through Spartanburg and Greenville, SC to Atlanta, GA and on through Macon, GA to Jacksonville, FL; and
- 2) From Raleigh, NC through Columbia, SC and Savannah, GA to Jacksonville, FL

South East High Speed Rail Coalition

In an effort between the states of the Southeastern region, a coalition for the support and implementation of High Speed Intercity Rail Service has been formed. Working as a cooperative group the coalition (consisting Virginia, North Carolina, South Carolina, Georgia, Florida, Tennessee, Kentucky and Alabama) will establish the goal of an inter-connected High Speed Rail System providing services extending from the North East and the Midwest to the South East and the Gulf Coast.

Commuter Rail Systems

Currently there are two Alternative Analysis studies underway addressing premium transit services to include commuter rail and two that are proposed within the year.

- 1) Summerville to Charleston (study underway)
- 2) Camden to Columbia (study underway)
- 3) Newberry to Columbia (study to begin late this FY)
- 4) Sumter to Columbia (study to begin late this FY)

The Division of Mass Transit has the responsibility for developing and preserving rail corridors for passenger use. State Law **SECTION 57-3-40** outlines this responsibility.

B) The division is further designated as the agency of the State principally responsible for preserving railroad rights-of-way for future use, and coordinating rail passenger service and high-speed rail planning and development. This authority includes, but is not limited to, the power to apply for and to receive state, federal, or other funds for rail passenger service, high-speed rail planning and development, bus passenger service, and rail corridor preservation and revitalization programs.

ACCOUNTABILITY AND TRANSPARENCY

Over the past five fiscal years, almost \$1.2M has been spent on auditing various functions of SCDOT. The agency undergoes a financial audit annually, as well as a procurement exemption audit annually that is required by Act 114 of 2007. SCDOT is also audited every three years by State Procurement. The Legislative Audit Council conducted a performance audit of SCDOT in 2006 and contracted with MGT of America to conduct a follow-up audit in 2009.

Act 114 of 2007 also established the Office of Internal Audit (OIA) which functions as an independent auditing body that reports directly to the Commission. OIA expended approximately \$450,000 in FY08/09 and is budgeted for \$649,219 for FY09/10.

2009 Performance Audit by MGT of America

The most recent performance audit on SCDOT was conducted by MGT of America in 2009. The report showed that SCDOT has been successful in fully implementing the majority of the recommendations from the LAC audit of 2006. There were 10 recommendations from the 2006 audit that were found to be partially implemented and one recommendation that MGT determined was not implemented. The contents of those recommendations have been carried forward into the new recommendations put forth by MGT in this latest audit.

The 2006 LAC audit led to a major restructuring of the agency through Act 114 of 2007. MGT auditors found that the agency has fully implemented the provisions of Act 114 and that the agency has made significant efforts in complying with the requirements of the law.

There were also recommendations made for improvement and SCDOT agrees with the majority of the suggestions made by MGT. There were a total of 41 recommendations in the MGT of America audit relating to the Department, excluding those related specifically to the Commission and Internal Audit. Out of those 41 recommendations, there were nine recommendations that encouraged us to continue to update and improve existing processes. There were two recommendations that the Department did not agree with because they were either not cost-effective or they did not meet requirements of Act 114: (1) implementation of a wireless interface system for fueling of SCDOT vehicles; and (2) combining the Commission's Internal Audit function with the agency's Contract Assurance Division.

A corrective action plan has been implemented to address all of the recommendations made by MGT of America and this plan has very strict timelines for implementation. As of February 26, 14 of the 41 recommendations have been implemented, 25 will be implemented by the end of this year and two will be implemented in the year 2011.