

Gas-tax-hike Surplus Expands by \$250M in One Year While Road Projects Lag

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By Rick Brundrett - The Nerve

His year, the surplus from state gas-tax-hike revenues grew by more than a quarter of a billion dollars, or 50%, to \$752 million as of Jan. 31, records show.

The Nerve repeatedly has pointed out the [growing reserve](#) that the S.C. Department of Transportation has been sitting on since the gas-tax-hike law took effect on July 1, 2017. Now, the agency contends that the surplus is committed to “pending vendor payments.”

DOT’s latest monthly financial [statement](#) adds the category “pending vendor payments” – listing a total owed amount though no details about the vendors – and shows an arrow drawn from the cash balance to the “pending” payment amount.

The Nerve’s review of DOT and state comptroller general records found that from Jan. 31, 2019, to Jan. 31 of last year, the cash balance of a special account created with the 2017 law, known as the “Infrastructure Maintenance Trust Fund” (IMTF), grew by \$75.1 million, or 17.6%, to about \$500.6 million.

In comparison, from Jan. 31, 2020, to Jan. 31 of this year, the IMTF surplus jumped by another \$251.6 million, or 50.2%, to about \$752.2 million, records show. The latest reserve represented 44.4% of total collected revenues.

As of the end of January, the state had received \$1.69 billion in total revenues under the 2017 law, which raised the state gasoline tax by 12 cents per gallon over six years, and increased other vehicle taxes and fees, according to DOT and comptroller general records.

Those records show that out of the total collections as of Jan. 31, \$808.5 million was paid to vendors, while about \$70 million went to County Transportation Committees (CTCs) for local road projects, and \$62 million was transferred to the S.C. Department of Revenue to cover projected gas tax credits – which so far have been relatively [unpopular](#).

That left a cash balance of about \$752.2 million to fund unspecified “pending vendor payments” of about \$889.6 million, according to DOT records. Previous agency financial statements indicated the cash balance was designated to fund “project commitments made.”

Lawmakers promised the gas-tax-hike money would be used to fix the state’s crumbling roads and bridges. DOT has said 80% of the approximately 42,000 miles of state roads needs resurfacing or rebuilding, and identified 465 of 750 “structurally deficient” bridges to be replaced.

The Nerve’s latest review of DOT records found that since the 2017 law took effect through Jan. 31, the total dollar amount of completed “pavements” projects statewide was \$561 million, or 44.7% of the \$1.25 billion estimated cost of all such projects. The overall completion rate has been

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roughly the same in recent months
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And while DOT identified “pavements” projects totaling 4,346.5 miles statewide as of Jan. 31, the mileage represented only about 13% of the number of miles of state-maintained roads that the agency says needs to be repaved or rebuilt.
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In addition, DOT plans to spend about \$258.6 million on interstate widening projects – not fixing bad roads and bridges – which represented 15.2% of the \$1.69 billion in total project “commitments” as of Jan. 31, records show.

Longtime state Sen. Hugh Leatherman, R-Florence, who sits on the State Transportation Infrastructure Bank (STIB) board, created a special Senate panel in 2019 to study accelerating interstate expansion. The STIB over the years funneled several billion dollars to large construction projects in select counties.

The South Carolina Policy Council, the parent organization of The Nerve, has contended the gas-tax-hike law was written in a way to [divert revenues](#) to the STIB to pay off bond debts.

The Nerve’s latest review of DOT records found that in 32 of the state’s 46 counties, the total value of completed “pavements” projects as of Jan. 31 was less than 50% of the estimated cost of all such projects. That included the larger counties of Horry (46.1%), Charleston (44.4%), Lexington (38.9%), Richland (37.8%) and Greenville (37.5%).

Newberry County had the lowest completion rate at 17.1%. Twenty-five counties showed no change in the total value of completed “pavements” projects from Dec. 31 to Jan. 31, The Nerve’s review found.

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