



2021-2022 General Assembly

HOUSE BILL 103: 2022 Appropriations Act, Sec. 42.3: Use Sales Tax Revenues for Transportation Needs

Committee:		Date:	July 13, 2022
Introduced by:		Prepared by:	Trina Griffin Staff Attorney
Analysis of:	Sec. 42.3 of S.L. 2022-74		

OVERVIEW: Section 42.3 of S.L. 2022-74 transfers a portion of the sales and use tax proceeds, which are otherwise deposited into the General Fund, to the Highway Fund and Highway Trust Fund for transportation needs. The amount transferred ranges from 2%-6% over three years.

This section became effective July 1, 2022.

CURRENT LAW: Generally speaking, sales tax proceeds are paid to the General Fund. There are, however, a number of transfers, such as to the Public School Fund, the Dry-Cleaning Solvent Cleanup Fund, and the Division of Aviation as well as various distributions to local governments.

BILL ANALYSIS: Section 42.3 of the act requires the Secretary of Revenue to transfer, on a quarterly basis, a percentage of the net proceeds of sales tax revenues, ranging from 2% to 6% over 3 years, to the Highway and/or the Highway Trust Fund for transportation-related needs. The Highway Fund generally supports projects on the existing highway system, operations, and maintenance, including resurfacing highways, replacing bridges, and paving unpaved secondary roads. The Highway Trust Fund is generally used for capital improvement projects.

In fiscal year 2022-23, 2% must be transferred to the Highway Fund. In fiscal year 2023-24, 1% must be transferred to the Highway Fund and 3% must be transferred to the Highway Trust Fund, for a total of 4%. In fiscal year 2024-25 and thereafter, 1.5% must be transferred to the Highway Fund and 4.5% must be transferred to the Highway Trust Fund, for a total of 6%.

EFFECTIVE DATE: This section became effective July 1, 2022.

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Legislative Analysis
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