

Department of Motor Vehicles 2002 Fiscal Impact Statement

1. Bill Number HB749

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|------------------------|--|-------------------------------------|------------------------------------|
| House of Origin | <input checked="" type="checkbox"/> Introduced | <input type="checkbox"/> Substitute | <input type="checkbox"/> Engrossed |
| Second House | <input type="checkbox"/> In Committee | <input type="checkbox"/> Substitute | <input type="checkbox"/> Enrolled |

2. Patron Plum

3. Committee Finance

4. Title Motor vehicle sales and use tax.

5. Summary/Purpose:

Motor vehicle sales and use tax. Reduces the sales and use tax from three percent to one and one-half percent on motor vehicles (i) running on fuel that results in lower emissions of oxides of nitrogen, volatile organic compounds, carbon monoxide or particulates or any combination thereof and includes compressed natural gas, liquified natural gas, liquified petroleum gas, hydrogen, and dicythane, or (ii) propelled primarily by electric charge.

6. Fiscal Impact Estimates are: Preliminary

7. Budget amendment necessary: No

8. Fiscal implications: Based on average sales prices and the number of clean special fuel vehicle titles during the previous sales and use tax reduction from 1996 through 1999, DMV estimates minimal revenue losses of approximately \$38,500 per year to the Commonwealth Transportation Fund. Data on future sales trends is both unreliable and subject to change due to technological advances in automotive fuels or other unforeseen incentives that could arise in the future.

9. Specific agency or political subdivisions affected: VDOT

10. Technical amendment necessary: None

11. Other comments: There are already incentives to purchase these vehicles. The volatile, often high cost of conventional gasoline makes the low-cost, high-mileage hybrids particularly appealing. Clean special fuel vehicles also can be registered with clean special fuel vehicle license plates. These plates allow for the use of HOV lanes without having to meet the vehicle occupancy requirements, a specific incentive targeting clean special fuel vehicles that was originally established for a limited period in 1994. This exemption period has been extended since its establishment, most recently to July 1, 2004.

Date: 01/16/02/jmc

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cc: Secretary of Transportation