

Department of Planning and Budget

2002 Fiscal Impact Statement

1. **Bill Number** HB861

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron** Phillips

3. **Committee** House Finance

4. **Title** Motor fuel tax; exemptions.

5. **Summary/Purpose:**

This legislation proposes to amend §58.1-2226 of the Code of Virginia, to provide an exemption from the motor fuel tax for any nonprofit charitable organization that is exempt from taxation under §501(c)(3) of the Internal Revenue Code and that is organized and operated for the purpose of providing public transportation for counties, cities or towns.

6. **Fiscal Impact Estimates are preliminary:** See item #8.

7. **Budget amendment necessary:** No.

8. **Fiscal implications:** The fiscal implications of this legislation are uncertain. Under the old fuel tax law, fuel tax was paid based on use. The old law was changed, effective January 1, 2001, to require fuel tax to be collected at the terminal rack from suppliers instead of from fuel retailers. With very limited exceptions, the current law requires fuel tax to be paid when fuel is purchased. Those organizations and entities that use it for non-taxable purposes are then eligible for refunds. The Department of Motor Vehicles (DMV) currently turns around refund requests in about 30 days.

It is difficult to estimate the impact this legislation will have on DMV revenues as it is unknown how many nonprofit organizations are providing public transportation for counties, cities, or towns. The state may receive less tax revenues, as it is likely some organizations are not requesting refunds. However, the potential loss in revenues should be minimal.

9. **Specific agency or political subdivisions affected:** Department of Motor Vehicles, charitable organizations.

10. **Technical amendment necessary:** None.

11. **Other comments:** None.

Date: 01/30/02/MEM

Document: G:\Fis\02\DMV\Hb861.Doc Michael McMahon

cc: Secretary of Transportation