

Department of Motor Vehicles 2002 Fiscal Impact Statement

1. Bill Number SB458

House of Origin ☐ Introduced ☐ Substitute ☒ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Hawkins

3. Committee House Commerce and Labor

4. Title Motor fuel tax; below -cost sales.

5. Summary/Purpose:

Motor fuel tax; below -cost sales; penalty. Prohibits a person who sells motor fuel at a retail outlet in Virginia from selling such fuel below cost unless the sale is (i) made in good faith to meet competition; (ii) an isolated and inadvertent sale; (iii) a bona fide clearance sale for the purpose of discontinuing trade in such motor fuel; (iv) a final business liquidation sale; (v) of the refiner's motor fuel by a fiduciary or other officer under the order or direction of any court; or (vi) made during a grand opening to introduce a new or removed business.

6. Fiscal Impact Estimates are: Preliminary (see item 8 below)

7. Budget amendment necessary: No

8. Fiscal implications: For the hearings process, the annual estimated fiscal impact on DMV would be approximately \$21,780 per case. Auditing and enforcement actions are each estimated to cost approximately \$500 per case, including limited travel expenses. Audit and enforcement costs would increase depending upon the scope of the investigation. The expectation is that there would be a volume of three cases per month during the first six months, tapering off to and holding at one case every three months by the end of the first year.

9. Specific agency or political subdivisions affected: DMV

10. Technical amendment necessary: No

11. Other comments: This bill does not impact the collection of fuel taxes. The State of Maryland implemented a similar law in October 2001. To date, approximately 35 to 40 complaints have been received (an average of about 9 to 10 complaints per month). Only 9 of the complaints were determined to be actual violations (an average of 2 to 3 violations per month). to 10

Date: 01/31/02/jmc

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cc: Secretary of Transportation