

DEPARTMENT OF TAXATION

2003 Fiscal Impact Statement

1. **Patron** Lingamfelter

2. **Bill Number** HB 1852

3. **Committee** House Appropriations

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Retail Sales and Use Tax: Appropriation of Revenue for Transportation Projects

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would return a portion of the state retail sales and use tax revenue generated in specific transportation regions back to those regions to fund transportation projects. The regions and distribution are as follows:

- Northern Virginia Regional Transportation District - revenue generated by a one-half percent sales and use tax on sales in localities comprising the district, up to \$50 million;
- Hampton Roads Transportation District - revenue generated by a one-half percent sales and use tax on sales in localities comprising the district, up to \$50 million; and
- Interstate 81 Corridor Region - revenue generated by a one-half percent sales and use tax on sales in localities comprising the region, up to \$20 million.

The maximum appropriations from the General Fund to the funds established in this bill would be \$120 million per year. This bill does not contain a retail sales and use tax increase.

All projects funded by these appropriations would be determined by the Commonwealth Transportation Board based on criteria set forth in the bill.

The provisions of this bill would be effective July 1, 2003.

6. **Fiscal Impact Estimates are:** Tentative. (See Line 8.)

6a. **Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2002-03	\$367,700	GF
2003-04	\$69,120	GF

7. Budget amendment necessary: Yes.

This bill would require appropriations to be established for the Northern Virginia Regional Transportation Fund, the Hampton Roads Regional Transportation Fund, and the Interstate 81 Corridor Transportation Fund.

8. Fiscal implications:

Administration

There are costs associated with systems modifications to implement this legislation. The provisions of this bill are effective July 1, 2003; therefore, the Department of Taxation would incur system development costs of \$367,700 in fiscal year 2003. Systems costs for fiscal year 2004 would be \$69,120.

Revenue

This bill would not result in the gain or loss of revenue; however it would reduce General Fund revenue available for unrestricted use, as an appropriation of the state sales and use tax revenue would be made to the specified funds. The maximum appropriation required under this bill would be \$120 million.

9. Specific agency or political subdivisions affected:

Department of Taxation
Department of Accounts
Department of the Treasury
Localities in the Northern Virginia Regional Transportation District
Localities in the Hampton Roads Regional Transportation District
Localities in the Interstate 81 Corridor Region

10. Technical amendment necessary: No.

11. Other comments:

This bill would appropriate one-half percent of the state sales and use tax revenue generated in specific transportation regions back to those regions to fund transportation projects. The three regions and their localities are identified in this bill as follows:

Northern Virginia Regional Transportation District: Counties of Arlington, Fairfax, Loudoun, and Prince William, and the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park.

Hampton Roads Regional Transportation District: Counties of Isle of Wight, James City, and York, and the cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg.

Interstate 81 Corridor Region: Counties of Augusta, Botetourt, Frederick, Montgomery, Pulaski, Roanoke, Rockbridge, Rockingham, Shenandoah, Smyth, Warren, Washington, and Wythe, and the cities of Bristol, Harrisonburg, Radford, Salem, Staunton, and Winchester.

All funds appropriated as a result of this bill would be deposited into the appropriate non-reverting funds created by the Department of the Treasury, i.e., the Northern Virginia Regional Transportation Fund, the Hampton Roads Regional Transportation Fund, and the Interstate 81 Corridor Transportation Fund. Any funds remaining in such funds at the end of the biennium would remain in such fund and would not revert to the General Fund.

The second enactment clause provides that the funds appropriated as a result of this bill cannot be used to calculate or reduce the share of federal, state or local revenues or funds otherwise available to any county or city, including state basic aid requirements.

cc : Secretary of Finance

Date: 01/15/03\wbs

Document : S:\2003leg\WorkInProgress\OTPwork\HB1852F161.doc