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HOUSE BILL NO. 60

Offered January 14, 2004

Prefiled December 8, 2003

A BILL to amend and reenact §§ 58.1-2217, 58.1-2249, 58.1-2289, 58.1-2701, and 58.1-2706 of the Code of Virginia, relating to motor fuel tax.

Patrons—Parrish, Dillard and Marshall, D.W.; Senators: Colgan and Potts

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-2217, 58.1-2249, 58.1-2289, 58.1-2701, and 58.1-2706 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-2217. Taxes levied; rate.

A. There is hereby levied a tax at the rate of ~~seventeen and one-half~~ *twenty-four* cents per gallon on gasoline and gasohol.

B. There is hereby levied a tax at the rate of ~~sixteen~~ *twenty-two and one-half* cents per gallon on diesel fuel.

C. Blended fuel that contains gasoline shall be taxed at the rate levied on gasoline. Blended fuel that contains diesel fuel shall be taxed at the rate levied on diesel fuel.

D. There is hereby levied a tax at the rate of five cents per gallon on aviation gasoline. Any person, whether or not licensed under this chapter, who uses, acquires for use, sells or delivers for use in highway vehicles any aviation gasoline shall be liable for the tax at the rate of ~~seventeen and one-half~~ *twenty-four* cents per gallon, along with any penalties and interest that may accrue.

E. There is hereby levied a tax at the rate of five cents per gallon on aviation jet fuel purchased or acquired for use by a user of aviation fuel other than an aviation consumer. There is hereby levied a tax at the rate of five cents per gallon upon the first 100,000 gallons of aviation jet fuel, excluding bonded aviation jet fuel, purchased or acquired for use by any aviation consumer in any fiscal year. There is hereby levied a tax at the rate of one-half cent per gallon on all aviation jet fuel, excluding bonded aviation jet fuel, purchased or acquired for use by an aviation consumer in excess of 100,000 gallons in any fiscal year. Any person, whether or not licensed under this chapter, who uses, acquires for use, sells or delivers for use in highway vehicles any aviation jet fuel taxable under this chapter shall be liable for the tax imposed at the rate of ~~sixteen~~ *twenty-two and one-half* cents per gallon, along with any penalties and interest that may accrue.

F. In accordance with § 62.1-44.34:13, a storage tank fee is imposed on each gallon of gasoline, aviation gasoline, diesel fuel (including dyed diesel fuel), blended fuel, and heating oil sold and delivered or used in the Commonwealth.

§ 58.1-2249. Tax on alternative fuel.

A. There is hereby levied a tax at the rate of ~~sixteen~~ *twenty-two and one-half* cents per gallon on liquid alternative fuel used to operate a highway vehicle by means of a vehicle supply tank that stores fuel only for the purpose of supplying fuel to operate the vehicle. There is hereby levied a tax at a rate equivalent to ~~sixteen~~ *twenty-two and one-half* cents per gallon on all other alternative fuel used to operate a highway vehicle. The Commissioner shall determine the equivalent rate applicable to such other alternative fuels.

B. In addition to any tax imposed by this article, there is hereby levied an annual license tax of fifty dollars per vehicle on each highway vehicle that is fueled from a private source if the alternative fuels tax levied under this article has not been paid on fuel used in the vehicle. If such a highway vehicle is not in operation by January 1 of any year, the license tax shall be reduced by one-twelfth for each complete month which shall have elapsed since the beginning of such year.

§ 58.1-2289. Disposition of tax revenue generally.

A. Unless otherwise provided in this section, all taxes and fees, including civil penalties, collected by the Commissioner pursuant to this chapter, less a reasonable amount to be allocated for refunds, shall be promptly paid into the state treasury and shall constitute special funds within the Commonwealth Transportation Fund. Any balances remaining in these funds at the end of the year shall be available for use in subsequent years for the purposes set forth in this chapter, and any interest income on such funds shall accrue to these funds. Except as provided in § 33.1-23.03:1, no portion of the revenue derived from taxes collected pursuant to §§ 58.1-2217, 58.1-2249 or § 58.1-2701, and remaining after authorized refunds for nonhighway use of fuel, shall be used for any purpose other than the construction, reconstruction or maintenance of the roads and projects comprising the State Highway System, the

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59 Interstate System and the secondary system of state highways and expenditures directly and necessarily
60 required for such purposes, including the retirement of revenue bonds.

61 Revenues collected under this chapter may be also used for (i) contributions toward the construction,
62 reconstruction or maintenance of streets in cities and towns of such sums as may be provided by law
63 and (ii) expenditures for the operation and maintenance of the Department of Transportation, the
64 Department of Rail and Public Transportation, the Department of Aviation, the Virginia Port Authority,
65 and the Department of Motor Vehicles as may be provided by law.

66 The Governor is hereby authorized to transfer out of such fund an amount necessary for the
67 inspection of gasoline and motor grease measuring and distributing equipment, and for the inspection
68 and analysis of gasoline for purity.

69 B. The tax collected on each gallon of aviation fuel sold and delivered or used in this
70 Commonwealth, less refunds, shall be paid into a special fund of the state treasury. Proceeds of this
71 special fund within the Commonwealth Transportation Fund shall be disbursed upon order of the
72 Department of Aviation, on warrants of the Comptroller, to defray the cost of the administration of the
73 laws of this Commonwealth relating to aviation, for the construction, maintenance and improvement of
74 airports and landing fields to which the public now has or which it is proposed shall have access, and
75 for the promotion of aviation in the interest of operators and the public generally.

76 C. One-half cent of the tax collected on each gallon of fuel on which the refund has been paid at the
77 rate of ~~seventeen~~ *twenty-three and one-half* cents per gallon, or in the case of diesel fuel, ~~fifteen and~~
78 ~~one-half~~ *twenty-two* cents per gallon, for fuel consumed in tractors and unlicensed equipment used for
79 agricultural purposes shall be paid into a special fund of the state treasury, known as the Virginia
80 Agricultural Foundation Fund, to be disbursed to make certain refunds and defray the costs of the
81 research and educational phases of the agricultural program, including supplemental salary payments to
82 certain employees at Virginia Polytechnic Institute and State University, the Department of Agriculture
83 and Consumer Services and the Virginia Truck and Ornamentals Research Station, including reasonable
84 expenses of the Virginia Agricultural Council.

85 D. One and one-half cents of the tax collected on each gallon of fuel used to propel a commercial
86 watercraft upon which a refund has been paid shall be paid to the credit of the Game Protection Fund of
87 the state treasury to be made available to the Board of Game and Inland Fisheries until expended for the
88 purposes provided generally in subsection C of § 29.1-701, including acquisition, construction,
89 improvement and maintenance of public boating access areas on the public waters of this
90 Commonwealth and for other activities and purposes of direct benefit and interest to the boating public
91 and for no other purpose. However, one and one-half cents per gallon on fuel used by commercial
92 fishing, oystering, clamming, and crabbing boats shall be paid to the Department of Transportation to be
93 used for the construction, repair, improvement and maintenance of the public docks of this
94 Commonwealth used by said commercial watercraft. Any expenditures for the acquisition, construction,
95 improvement and maintenance of the public docks shall be made according to a plan developed by the
96 Virginia Marine Resources Commission.

97 From the tax collected pursuant to the provisions of this chapter from the sales of gasoline used for
98 the propelling of watercraft, after deduction for lawful refunds, there shall be paid into the state treasury
99 for use by the Marine Resources Commission, the Virginia Soil and Water Conservation Board, the
100 State Water Control Board, and the Commonwealth Transportation Board to (i) improve the public
101 docks as specified in this section, (ii) improve commercial and sports fisheries in Virginia's tidal waters,
102 (iii) make environmental improvements including, without limitation, fisheries management and habitat
103 enhancement in the Chesapeake and its tributaries, and (iv) further the purposes set forth in § 33.1-223,
104 a sum as established by the General Assembly.

105 E. Notwithstanding other provisions of this section, there shall be transferred from moneys collected
106 pursuant to this section to a special fund within the Commonwealth Transportation Fund in the state
107 treasury, to be used to meet the necessary expenses of the Department of Motor Vehicles, an amount
108 equal to one percent of a sum to be calculated as follows: the tax revenues collected pursuant to this
109 chapter, at the tax rates in effect on December 31, 1986, less refunds authorized by this chapter and less
110 taxes collected for aviation fuels.

111 § 58.1-2701. Amount of tax.

112 A. Except as provided in subsection B, every motor carrier shall pay a road tax equivalent to
113 ~~nineteen and one-half~~ *twenty-six* cents per gallon calculated on the amount of motor fuel, diesel fuel or
114 liquefied gases (which would not exist as liquids at a temperature of sixty degrees Fahrenheit and a
115 pressure of 14.7 pounds per square inch absolute), used in its operations within the Commonwealth.

116 The tax imposed by this chapter shall be in addition to all other taxes of whatever character imposed
117 on a motor carrier by any other provision of law.

118 B. In lieu of the tax imposed in subsection A, motor carriers registering qualified highway vehicles
119 that are not registered under the International Registration Plan shall pay a fee of ~~\$100~~ *\$150* per year
120 for each qualified highway vehicle. The fee is due and payable when the vehicle registration fees are

121 paid pursuant to the provisions of Article 7 (§ 46.2-685 et seq.) of Chapter 6 of Title 46.2.

122 If a vehicle becomes a qualified highway vehicle before the end of its registration period, the fee due
123 at the time the vehicle becomes a qualified highway vehicle shall be prorated monthly to the registration
124 expiration month. Fees paid under this subsection shall not be refunded unless a full refund of the
125 registration fee paid is authorized by law.

126 C. All taxes and fees paid under the provisions of this chapter shall be credited to the Highway
127 Maintenance and Operating Fund, a special fund within the Commonwealth Transportation Fund.

128 § 58.1-2706. Credit for payment of motor fuel, diesel fuel or liquefied gases tax.

129 A. Every motor carrier subject to the road tax shall be entitled to a credit on such tax equivalent to
130 ~~sixteen~~ *twenty-two and one-half* cents per gallon on all motor fuel, diesel fuel and liquefied gases
131 purchased by such carrier within the Commonwealth for use in its operations either within or without
132 the Commonwealth and upon which the motor fuel, diesel fuel or liquefied gases tax imposed by the
133 laws of the Commonwealth has been paid by such carrier. Evidence of the payment of such tax in such
134 form as may be required by, or is satisfactory to, the Department shall be furnished by each carrier
135 claiming the credit herein allowed.

136 B. When the amount of the credit to which any motor carrier is entitled for any quarter exceeds the
137 amount of the tax for which such carrier is liable for the same quarter, the excess may: (i) be allowed as
138 a credit on the tax for which such carrier would be otherwise liable for any of the eight succeeding
139 quarters or (ii) be refunded, upon application, duly verified and presented and supported by such
140 evidence as may be satisfactory to the Department.

141 C. The Department may allow a refund upon receipt of proper application and review. It shall be at
142 the discretion of the Department to determine whether an audit is required.

143 D. The refund may be allowed without a formal hearing if the amount of refund is agreed to by the
144 applicant. Otherwise, a formal hearing on the application shall be held by the Department after notice of
145 not less than ten days to the applicant and the Attorney General.

146 E. Whenever any refund is ordered it shall be paid out of the Highway Maintenance and
147 Construction Fund.

148 F. Whenever a person operating under lease to a motor carrier to perform transport services on
149 behalf of the carrier purchases motor fuel, diesel fuel or liquefied gases relating to such services, such
150 payments or purchases may, at the discretion of the Department, be considered payment or purchases by
151 the carrier.