

# DEPARTMENT OF TAXATION

REVISED

## 2004 Fiscal Impact Statement

1. **Patron** Mary Margaret Whipple

2. **Bill Number** SB 458

3. **Committee** Senate Finance

**House of Origin:**

  X   Introduced

      Substitute

      Engrossed

4. **Title** Motor Vehicle Fuel Sales Tax in Certain  
Transportation Districts: Increase Tax Rate

**Second House:**

      In Committee

      Substitute

      Enrolled

### 5. **Summary/Purpose:**

This bill would increase the sales tax on motor fuels for all localities in the Northern Virginia Transportation District from two percent to four percent.

The effective date of this bill is not specified.

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

#### 6a. **Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04	\$30,000	0	GF

#### 6b. **Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2004-05	\$23,100,000	NGF
2005-06	\$23,700,000	NGF
2006-07	\$24,200,000	NGF
2007-08	\$24,600,000	NGF
2008-09	\$25,000,000	NGF
2009-10	\$25,400,000	NGF

### 7. **Budget amendment necessary:** Yes.

Items 284 and 286, Department of Taxation

## **8. Fiscal implications:**

### **Administrative**

If this bill is effective July 1, 2004, the Department would incur administrative costs of \$30,000 in fiscal year 2004 for systems modifications.

### **Revenue**

The tax increase authorized by this bill would generate an estimated \$23.1 million in total revenue for fiscal year 2005. For fiscal year 2006, it is estimated that a total of \$23.7 million would be generated by this tax increase. For fiscal year 2007, it is estimated that a total of \$24.2 million would be generated. For fiscal years 2008, 2009 and 2010, estimated revenue generated by the tax increase would be \$24.6 million, \$25 million and \$25.4 million respectively. The additional tax revenue generated by this bill would be dedicated to transportation needs in the northern Virginia transportation District.

The estimate assumes that gasoline consumption in the Northern Virginia Transportation District will grow at the same rate as the state. It also assumes that gasoline prices will remain constant at \$1.47 per gallon over the forecast horizon. The estimates should be regarded as preliminary due to the fluctuating nature in the retail selling price of motor vehicle fuels.

## **9. Specific agency or political subdivisions affected:**

Department of Taxation

Department of Treasury

Department of Accounts

Arlington County, Fairfax County, Loudon County, City of Alexandria, City of Fairfax, City of Falls Church

## **10. Technical amendment necessary: No.**

## **11. Other comments:**

Pursuant to Code of Virginia § 58.1-1720, certain transportation districts are authorized to impose a sales tax of two percent of the retail price of motor vehicle fuels. Counties and cities in the Northern Virginia Transportation District and the Potomac-Rappahannock Transportation District are authorized to impose this tax.

The revenue generated from the tax increase authorized by this bill would be collected and remitted in the same manner as the current motor vehicle fuels sales tax and deposited in the special fund account of the transportation district imposing the tax.

### **Similar Legislation**

House Bill 146 authorizes the creation of a new transportation district to include the City of Fredericksburg, Caroline County and Spotsylvania County. Should this district be created, the bill further authorizes that a two percent tax be imposed on the fuels sold within such city or county that would be a part of the membership of the new district. Additionally, the bill authorizes that the revenues from the tax imposed be applied to and expended for any transportation purpose of the new district.

cc : Secretary of Finance

Date: 1/28/2004 LDF