

Department of Planning and Budget 2005 Fiscal Impact Statement

1. Bill Number HB 2145

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Joannou

3. Committee House Transportation

4. Title Local service charges by Virginia Port Authority

5. Summary/Purpose:

Property owned by state agencies is exempt from local property taxes. However, localities in which the value of state-owned property exceeds three percent of the value of all the real property located in the locality are authorized to levy a service charge on agencies that own property in their jurisdictions. The service charge is intended to cover the agency's proportional share of the locality's cost of providing police and fire protection and collecting and disposing of solid waste.

An exception to this provision is the Virginia Port Authority (VPA). Localities in which the VPA owns facilities are also subject to a service charge based on the tonnage shipped through the facilities in each locality. Any service charge based on tonnage shall be a credit against the service charge based on the property values. However, § 62.1-145 of the Code of Virginia provides that the service charge based on cargo tonnage shall be paid from the general fund. Because the General Assembly has not provided VPA with a general fund appropriation for this purpose, the agency has not been able to pay the tonnage service charge. It has paid, from its special fund revenues, the service charges based on property values to those localities in which it has facilities.

The proposed legislation would require VPA to pay the service charge based on cargo tonnage from any other revenues it has if no general fund appropriation is provided.

6. Fiscal Impact Estimates are: Preliminary

Expenditure Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|--------------|
| 2005-06 | \$1,704,891 | | Special Fund |
| 2006-07 | \$1,704,891 | | Special Fund |
| 2007-08 | \$1,704,891 | | Special Fund |
| 2008-09 | \$1,704,891 | | Special Fund |
| 2009-10 | \$1,704,891 | | Special Fund |
| 2010-11 | \$1,704,891 | | Special Fund |

7. Budget amendment necessary: None.

8. Fiscal implications:

The legislation would result in VPA having less money to operate its facilities. This reduction could hamper some of its efforts to upgrade its facilities and improve its operating capabilities in its efforts to retain the business it has and obtain new business, especially in light of its intense competition with other ports along the East Coast. The fiscal impact will increase in future years if the cargo tonnage handled by VPA increases.

9. Specific agency or political subdivisions affected:

Virginia Port Authority
Norfolk
Portsmouth

10. Technical amendment necessary: None.

11. Other comments: None.

Date: 01/20/05 / rwh

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cc: Secretary of Finance

Secretary of Transportation