

DEPARTMENT OF TAXATION

2005 Fiscal Impact Statement

1. **Patron** William H. Fralin, Jr.

2. **Bill Number** HB 2302

3. **Committee** House Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Individual Income Tax: Credit for Toll
Payments

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would provide an individual and corporate income tax credit to a taxpayer who owns and operates commercial vehicles equal to 25% of the amount paid for the use of any highway while operating the vehicle in Virginia through the purchase of tokens or electronic toll collection payments.

This bill would be effective for taxable years beginning on and after January 1, 2006.

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

6a. **Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2004-05	\$0	GF
2005-06	\$26,400	GF
2006-07	\$222,869	GF
2007-08	\$51,622	GF
2008-09	\$53,171	GF
2009-10	\$54,766	GF
2010-11	\$56,408	GF

6b. **Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2004-05	\$0	GF
2005-06	(\$1.0 million)	GF
2006-07	(\$2.0 million)	GF
2007-08	(\$2.0 million)	GF
2008-09	(\$2.0 million)	GF
2009-10	(\$2.0 million)	GF
2010-11	(\$2.0 million)	GF

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

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8. Fiscal implications:

The Department would incur administrative costs of \$26,400 in Fiscal Year 2006, \$222,869 in Fiscal Year 2007, \$51,171 in Fiscal Year 2008, \$53,171 in Fiscal Year 2009, \$54,766 in Fiscal Year 2010, \$56,408 in Fiscal Year 2011 for forms development and systems modifications.

This bill would reduce General Fund revenue by \$1.0 million in Fiscal Year 2006 and by \$2.0 million in Fiscal Year 2007 and years thereafter. This estimate is based on the Smart Tag tolls paid by vehicles with 3 or more axles. If "commercial vehicles" is defined to include trucks and buses with 2 axles the revenue loss would be higher.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No

11. Other comments:

Proposal

This bill would provide an income tax credit to a taxpayer who owns and operates commercial vehicles equal to 25% of the amount paid for the use of any highway while operating said vehicles in Virginia.

Receipts in the form of tokens or electronic toll collection payments are evidence of payment. Any excess credit can be carried over for the next five years. The credit would not apply to cash toll payments.

Electric toll collection payments are amounts properly deducted from a user's account through a toll payment system that automatically deducts the amount of the toll from an account each time the taxpayer's vehicle passes through the toll collection facility, by means of a transponder or other electronic vehicle identification system.

The bill does not define the term "commercial vehicles." The Code of Virginia has different definitions for different purposes.

cc : Secretary of Finance

Date: 1/29/2005 NMS
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