

DEPARTMENT OF TAXATION

2005 Fiscal Impact Statement

1. **Patron** Mary Margaret Whipple

2. **Bill Number** SB 1099

3. **Committee** House Finance

House of Origin:

☐ Introduced

☐ Substitute

☐ Engrossed

4. **Title** Sales Tax On Motor Fuels

Second House:

☒ In Committee

☐ Substitute

☐ Enrolled

5. **Summary/Purpose:**

This bill would increase the sales tax on fuels in every county or city situated in the Northern Virginia Transportation District from two to four percent.

The effective date of this bill is not specified.

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

	Dollars	Fund
Fiscal Year		
2004-05	-0-	NGF
2005-06	\$27,100,000	NGF
2006-07	\$30,500,000	NGF
2007-08	\$31,500,000	NGF
2008-09	\$32,300,000	NGF
2009-10	\$33,100,000	NGF
2010-11	\$34,000,000	NGF

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

The tax increase authorized by this bill would generate an estimated \$27.1 million in total revenue for fiscal year 2006, \$30.5 million for fiscal year 2007, \$31.5 million for fiscal year 2008, \$32.3 million for fiscal year 2009, \$33.1 million in fiscal year 2010 and \$34 million for fiscal year 2011. All revenue from this increase in the tax rate would be dedicated to the Northern Virginia Transportation District and applied to the operating deficit, capital and debt service of the mass transit system.

The Department would incur minimal costs to implement this bill.

9. Specific agency or political subdivisions affected:

Department of Taxation
Department of Treasury
Department of Accounts
Arlington County, Fairfax County, Cities of Alexandria, Fairfax and Falls Church

10. Technical amendment necessary: No.

11. Other comments:

Pursuant to *Virginia Code* § 58.1-1720, certain transportation districts are authorized to impose a sales tax of two percent on the retail price of motor vehicle fuels. Counties in the Northern Virginia Transportation District and the Potomac-Rappahannock Transportation District are authorized to impose this tax. This bill would increase the tax rate in the Northern Virginia Transportation District from 2 percent to 4 percent, while leaving the tax rate in the Potomac-Rappahannock Transportation District at the current level of 2 percent.

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.

cc : Secretary of Finance

Date: 2/10/2005 LDF
SB1099FE161