

DEPARTMENT OF TAXATION

2006 Fiscal Impact Statement

1. **Patron** Mark L. Cole

2. **Bill Number** HB 145

3. **Committee** House Finance

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

4. **Title** Motor Vehicle Fuel Sales Tax: Imposition
In Certain Transportation Districts

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

The bill would make the imposition of the 2% motor vehicle fuel sales tax optional in the localities that comprise the Northern Virginia Transportation District and the Potomac and Rappahannock Transportation District. Currently, the 2% motor vehicle fuel sales tax is imposed by all localities within these districts.

The effective date of this bill is not specified.

6. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

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

8. **Fiscal implications:**

Administrative Costs Impact

TAX has not assigned any administrative costs to this bill because the changes required by a single bill such as this can be implemented as part of the annual changes to our systems and forms. As stand-alone legislation, TAX considers implementation of this bill as "routine," and does not require additional funding.

TAX will provide specific administrative costs on any legislation that is not "routine." Additionally, TAX will review all state tax legislation likely to be enacted prior to the passage by each house. If the aggregate number of routine bills likely to pass either house is unusually large, it is possible that additional resources will be required. If so, TAX will identify the costs at that time.

Revenue Impact

Currently, the 2% motor vehicle fuel sales tax is levied in all localities within the Potomac and Rappahannock Transportation District and the Northern Virginia Transportation District. This bill allows the local governing bodies within the districts the option of not

imposing the tax. Due to the fact that it is unknown which localities, if any, will choose to leave the districts, the revenue impact is unknown.

9. Specific agency or political subdivisions affected:

Department of Taxation
Department of Treasury
Department of Accounts
Counties of Arlington, Fairfax, Prince William, and Stafford
Cities of Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, and Manassas Park

10. Technical amendment necessary: No.

11. Other comments:

Generally

Currently, the 2% motor vehicle fuel sales tax is levied in the localities that comprise the Potomac and Rappahannock Transportation District and the Northern Virginia Transportation District. The revenue from the tax is distributed monthly to the appropriate district and is used for transportation needs within the district.

This Proposal

This bill would allow the localities the election to impose the tax.

Similar Legislation

Senate Bill 64 would increase the motor vehicle fuel sales tax from 2% to 4% in the Northern Virginia Transportation District only.

House Bill 1148 would clarify that changes to the composition of a transportation district would be effective the 1st day of the month that is at least 60 days after certification by the Secretary of the Commonwealth.

cc : Secretary of Finance

Date: 01/16/2006 WBS
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