

Department of Planning and Budget 2006 Fiscal Impact Statement

1. Bill Number: HB 976

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Suit

3. Committee: Finance

4. Title: Sales and Use Tax Exemption for Military Personnel

5. Summary/Purpose: This bill would amend §58.1-2403(10) to include registration certificates issued by the United States Armed Forces as valid documents which can be used by the holder to gain exemption from payment of motor vehicle sales and use tax (SUT).

Enactment of this bill would address concerns with the imposition of motor vehicle sales and use tax on military personnel formerly stationed outside of the United States. The law is currently structured to charge SUT to military personnel who purchase vehicles overseas, obtain an Armed Forces registration certificate and then return stateside when it has been 12+ months since the vehicle was purchased. Given the current law, the Department of Motor Vehicles (DMV) cannot accept Armed Forces Registrations as valid documents for exemption purposes.

6. Fiscal impact estimates are indeterminate. See Item 8, below.

7. Budget amendment necessary: No.

8. Fiscal implications: Since DMV does not track the number of customers who present Armed Forces registration certificates, the degree of revenue reduction cannot be determined. However, it is anticipated that the impact will be minimal, given that the exemption would apply to a very limited group of individuals.

Passage of this bill would have an impact, albeit minimal, on revenue collected for highway/transportation construction, maintenance, and operation. Pursuant to §58.1-2425, the SUT revenue collected by DMV is allocated to the Virginia Department of Transportation (VDOT) solely for the construction, reconstruction, and maintenance of highways and for the regulation of traffic on those highways. The depositories for these monies are the Transportation Trust Fund, which receives one-third and the Highway Maintenance and Operating Fund, which receives two-thirds.

9. Specific agency or political subdivisions affected: Virginia Department of Transportation, Department of Motor Vehicles.

10. Technical amendment necessary: None.

11. Other comments: Despite the fact that they would be impacted by a decrease in SUT revenue, VDOT has vetted the proposal and has no objection to DMV pursuing the legislation. Additionally, the Departments of Agriculture & Consumer Services and Military Affairs support the proposal.

Date: 01/25/06/jlv

Document: G:\06-08\FIS\DMV\HB976.Doc Janet Vogelgesang

cc: Secretary of Transportation