

Department of Planning and Budget 2006 SSI Fiscal Impact Statement

1. Bill Number HB 5039

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Hugo

3. Committee House Committee on Appropriations

4. Title Sales and use tax; dedicate portion of state's general fund share to WMATA.

5. Summary/Purpose:

The bill directs the revenue generated by 0.25 percent of the sales and use tax in certain localities to be transferred to the Washington Metropolitan Area Transit Authority (WMATA) to match federal funds as may be required under federal law. The sales and use tax revenue shall be that generated by the counties of Arlington and Fairfax, and the cities of Alexandria, Fairfax, and Falls Church.

The revenue shall be transferred to a special non-reverting fund within the Department of Treasury.

6. Fiscal Impact: Preliminary.

<i>General Fund</i>	
<i>Fiscal Year</i>	<i>Amount</i>
FY 2007	(5,000,000)
FY 2008	(63,500,000)
FY 2009	(66,600,000)
FY 2010	(69,900,000)
FY 2011	(72,600,000)

<i>Washington Metropolitan Area Transit Authority</i>	
<i>Fiscal Year</i>	<i>Amount</i>
FY 2007	5,000,000
FY 2008	63,500,000
FY 2009	66,600,000
FY 2010	69,900,000
FY 2011	72,600,000

7. Budget amendment necessary: Yes. The reduction in general fund revenues would likely require there be significant reductions in general fund appropriations for some programs or some agencies in FY 2008.

8. Fiscal implications:

Currently, consumers are charged four percent state sales and use tax, of which 2.25 percent supports the general fund. One percent is transferred to localities to support education. An additional 0.25 percent is also transferred to localities for public education or real estate property tax relief. An amount equivalent to 0.5 percent supports the Transportation Trust Fund. The proposed legislation would transfer 0.25 percent to transportation purposes, leaving two percent of the state sales and use tax to support the general fund.

The bill authorizes the distribution of funds from new special non-reverting account to WMATA as may be required under federal law. Pending and existing federal legislation provides funding to WMATA contingent upon the provision of state funds. Pending federal legislation designates \$150 million annually for the next 10 years to WMATA, pursuant to the establishment of a dedicated state or local funding source for the cost of operating and maintaining the transit system. Existing federal legislation provides funds to WMATA contingent upon funding from participating governments. As the Comptroller shall only transfer funds from the new account to the extent as required under federal law, the impact of the bill is not clear if the pending federal legislation is not passed by Congress. Funds in the new account may exceed the existing federal match and the bill does not authorize the funds to be used for other purposes.

9. Specific agency or political subdivisions affected:

Counties of Arlington and Fairfax, and the cities of Alexandria, Fairfax, and Falls Church.
Washington Metropolitan Area Transit Authority
Department of Treasury

10. Technical amendment necessary: No.

11. Other comments: The provisions of the bill would become effective June 1, 2007.

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Document: F:\SMC\GA\FIS 2006\HB5039.Doc

cc: Secretary of Finance

Secretary of Transportation