

Department of Planning and Budget 2006 SSI Fiscal Impact Statement

1. Bill Number HB 5059

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Sickles

3. Committee House Finance

4. Title Transportation; additional statewide funding.

5. Summary/Purpose:

The bill provides additional funding to transportation through additional fees on abusive drivers, general fund surpluses and higher fuel taxes. Revenue generated by the fees on abusive drivers would support the Highway Maintenance and Operating Fund. The Transportation Trust Fund would receive 75 percent of any general fund collections that are in excess of the official estimates in the appropriation act, and 75 percent of any remaining unreserved general fund balance. The revenues received from the additional fuel taxes would also support transportation. The additional fuel tax revenues would result from raising the tax on diesel to the amount charged to gasoline, and indexing of the fuel tax rate to the Consumer Price Index.

The bill also directs a portion of the state recordation tax be returned to localities to fund transportation improvements. The portion of the recordation tax currently supports the general fund.

6. Fiscal Impact: Preliminary. See Item 8.

6a. Expenditure Impact:

The proposed legislation provides that the Department of Motor Vehicles (DMV) will be reimbursed for the costs associated with the collection of abusive driver fees. Item 435 F1 of the 2006 Appropriation Act states that DMV's costs shall not exceed 18 percent of revenue collected. If the bill is implemented, DMV may utilize an outside vendor for collections. The following table shows the agency's expenditures if an outside vendor collects fees at a cost of 18 percent of collections:

<i>DMV Collection Expenditure</i>	
<i>Fiscal Year</i>	<i>Amount</i>
FY 2007	-
FY 2008	11,268,000
FY 2009	16,092,000
FY 2010	16,092,000
FY 2011	16,092,000

6b. Revenue Impact

<i>General Fund</i>	
<i>Fiscal Year</i>	<i>Amount</i>
FY 2007	(102,800,000)
FY 2008	(236,400,000)
FY 2009	(244,400,000)
FY 2010	(244,400,000)
FY 2011	(244,400,000)

<i>Recordation Tax Returned to Localities</i>	
<i>Fiscal Year</i>	<i>Amount</i>
FY 2007	102,800,000
FY 2008	236,400,000
FY 2009	244,400,000
FY 2010	244,400,000
FY 2011	244,400,000

<i>Additional Fuel Tax Revenue</i>	
<i>Fiscal Year</i>	<i>Amount</i>
FY 2007	22,900,000
FY 2008	72,200,000
FY 2009	91,600,000
FY 2010	116,100,000
FY 2011	140,400,000

<i>Abusive Driver Fees</i>	
<i>Fiscal Year</i>	<i>Amount</i>
FY 2007	16,817,285
FY 2008	96,210,921
FY 2009	123,046,191
FY 2010	123,046,191
FY 2011	123,046,191

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. DMV and the court system may require additional staff to implement the collection procedures required by the bill.

8. Fiscal implications:

The proposed legislation directs 75 percent of general fund surpluses to the Transportation Trust Fund. The impact of the legislation is unknown, given the uncertainties with projecting future revenues, and will fluctuate from year to year.

Currently, counties and cities receive \$40 million in recordation taxes returned for transportation or public education purposes. The bill would provide counties and cities with an additional \$102.8 million in FY 2007 to be used solely for transportation purposes.

The bill indexes fuels taxes with the Consumer Price Index as determined by the federal government. The Consumer Price Index measures changes in the prices paid by urban consumers for a representative basket of goods and services and provides a reasonable calculation for the rate of inflation. The additional revenue from the increased price would support the Commonwealth Transportation Fund. The proposed legislation would raise the tax rate on diesel fuel to an amount equal that on gasoline. The tax on diesel fuel, as well as the road tax charged to motor carriers, would be indexed with the Consumer Price Index.

DMV would be responsible for assessing and collecting fees on abusive drivers. The offenses and fees are as follows:

- Driving with a suspended or revoked driver's license
- Reckless driving or aggressive driving
- Driving while intoxicated
- Any other misdemeanor driving or motor vehicle-related offense
- Fee charged per demerit point for records showing a balance of four or more

Revenue collected would first be used to reimburse DMV for expenses associated with the collection, with the remainder dedicated to the Highway Maintenance and Operating Fund. DMV estimates its expenses would be 18 percent of collections, as shown above.

9. Specific agency or political subdivisions affected:

Virginia Department of Transportation
Department of Motor Vehicles
Department of Accounts
County and city governments

10. Technical amendment necessary: No.

11. Other comments:

The bill directs the fuel tax rate to be indexed with the Consumer Price Index, which is calculated monthly by the federal government. The bill does not direct a state agency to monitor the index, and convey the new tax rate to distributors to charge consumers. The bill also does not direct a state entity to monitor the payment of the fuel taxes to ensure compliance with the new rate.

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cc: Secretary of Finance

Secretary of Transportation