

**Department of Planning and Budget**  
**2006 Special Session Fiscal Impact Statement**

**1. Bill Number SB 5007**

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

**2. Patron**        Devolites Davis

**3. Committee**    Senate Finance

**4. Title**            Transportation funding for Northern Virginia

**5. Summary/Purpose:**

The proposed legislation would authorize localities in Northern Virginia to impose or raise certain taxes and fees. The revenue would be deposited into the Special Transportation Fund for Northern Virginia (the Fund) within the state treasury. The revenue generated would be transferred from the Fund to the Northern Virginia Transportation Authority and used to fund the construction of specified transportation projects in the region. The Authority would have responsibility for administering the Fund.

The bill would also designate how the money in the new fund would be distributed.

The bill would enlarge the membership of the Northern Virginia Transportation Authority (the Authority) by adding three additional members of the General Assembly from Northern Virginia (to the three already on the Authority) and a mayor of a town within the region.

The authority to levy all of the additional fees and taxes would not become effective until July 1, 2007.

**6. Fiscal Impact Estimates are: Preliminary**

**Revenue Impact:**

**Special Transportation Fund for Northern Virginia**

(dollars shown in millions)

<b>Fiscal Year</b>	<b>Amount</b>
2008	\$263.8
2009	\$265.5
2010	\$266.6

**7. Budget amendment necessary: Yes.**

## 8. Fiscal implications:

### REVENUE

The table below summarizes the estimated revenues that would be generated by the taxes and fees that Northern Virginia localities would be authorized to levy under the provisions of the proposed legislation. Following the table are descriptions of each source:

(dollars shown in millions)

<b>Tax/Fee</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Motor vehicle license fee	52.6	52.6	52.6
Initial automobile license fee	14.9	15.0	15.1
Grantor's tax	110.8	110.8	110.8
Diesel fuel tax	3.2	3.3	3.3
Motor vehicle sales tax	31.6	31.8	32.0
Vehicle rental fee	7.7	8.0	8.2
Transient occupancy tax	43.0	44.0	44.5
<b>Total</b>	<b>263.8</b>	<b>265.5</b>	<b>266.6</b>

- **Motor vehicle license fee**—An additional annual automobile license fee. The rate for passenger cars and pickup trucks would be \$30. The rate for other types of vehicles would range from \$40 to \$12.
- **Initial motor vehicle license fee**—An additional, one-time license fee charged at the time the vehicle is registered in the locality. The fee would be equal to 0.25 percent of the retail value of the vehicle. These estimates are based on vehicles first titled in one of the Northern Virginia localities in FY 2006. It does not include vehicles brought in from outside the area and on which the motor vehicle sales tax had already been paid. Because the bill would also impose the initial fee on vehicles brought into the area from other parts of the state, the estimates shown likely underestimate the revenue impact.
- **Grantor's tax**—An additional grantor's tax of 20 cents per \$100 of value on each deed or other recorded instrument by which real estate is sold that would be paid by the seller of the real estate.
- **Diesel fuel tax**—An additional tax of 1.5 cents per gallon on diesel fuel, blended fuel, and alternative fuel.
- **Motor vehicle sales tax**—An additional tax of one-half of one percent (0.5%) of the value each motor vehicle sold in Northern Virginia.
- **Vehicle rental fee**—Two percent of the gross proceeds of the rental in the locality of any daily rental vehicle.
- **Transient occupancy tax**—An additional five percent of the amount charged for the occupancy of any room.

## USES OF REVENUE

The bill would require that the revenue generated for the new fund be distributed as follows, in priority order:

- **Metro transit**—\$50 million each year to be used as matching funds for any new federal funding. Distribution would be contingent upon Alexandria and Arlington being members of the Authority.
- **Virginia Railway Express**--\$20 million each year for capital improvements. Distribution would be contingent upon Prince William County being a member of the Authority.
- **Residential, urban, and secondary road construction**—At least 40 percent of the amount remaining after the distributions for Metro and Virginia Railway Express. The Northern Virginia Transportation Authority would determine the projects for which the funds would be used. The funds would be distributed among the localities on a pro rata basis.
- **Remainder**—All other remaining revenues would be used for projects as determined by the Authority.

In addition to the requirements for distributing the funds set out in the codified sections of the bill, the legislation contains a separate enactment clause setting out a list of projects, by county, and requires the Authority to construct them or contribute to their funding “in addition to all other expenditures and projects required...under the provisions of this act.” It is not clear whether these projects would be included in the 40 percent allocated for “residential, urban, and secondary construction” or whether the funding for these enumerated projects would be in addition to the 40 percent.

### 9. Specific agency or political subdivisions affected:

Department of Taxation  
Department of Accounts  
Northern Virginia Transportation Authority

#### Counties:

Arlington  
Fairfax  
Loudoun  
Prince William

#### Cities:

Alexandria  
Falls Church  
Fairfax  
Manassas  
Manassas Park

Towns:

Leesburg

Vienna

Purcellville

Dumfries

Herndon

**10. Technical amendment necessary:** None.

**11. Other comments:**

This bill is similar to HB 5054 and 5056.

**Date:** 09/28/06 / rwh

**Document:** G:\LEGIS\Sept 06 Session\SB5007.DOC Dick Hall-Sizemore