

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: SB176

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Blevins

3. Committee: Senate Finance

4. Title: **Revises the taxes and fees of the Hampton Roads Transportation Authority.**

5. Summary: The proposed legislation would make changes to the taxes and fees that may be imposed by the Hampton Roads Transportation Authority (the Authority) as follows: (i) reduces from \$10 to \$5 the annual motor vehicle inspection fee; (ii) eliminates the 5% sales tax on labor or services charged in the repair of motor vehicles; (iii) reduces the grantor's fee that may be charged from \$0.40 per \$100 to \$0.20 per \$100; (iv) increases from 2% to 5% the retail sales tax on motor fuels sales; and (v) increases from 2% to 5% the fee that may be charged on the gross proceeds from the daily rental of motor vehicles. The proposed legislation contains an enactment clause enabling the Authority to collect the revised taxes and fees without taking any further vote in participating localities.

6. Fiscal Impact Estimates: Preliminary. See Item 8.

7. Budget Amendment Necessary: None.

8. Fiscal Implications: The proposed legislation does not impact state revenues, as the Hampton Roads Transportation Authority is a separate entity. Some state agencies are involved in the collection of certain revenue streams of the Authority. The cost of collection is recovered from collected revenues; therefore there is no expenditure impact to the Commonwealth. The table below illustrates the change in estimated revenue based on the revenues as passed by the General Assembly in House Bill 3202, Chapter 896 of the 2007 Acts of Assembly.

SB 176 Hampton Roads Transportation Authority

(millions of dollars)

	<u>Rate Change</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>
Retail Motor Fuels Sales Tax	2% to 5%	\$75.6	\$75.6	\$75.6	\$75.6	\$75.6
Grantor's Tax	repeal	0.0	0.0	0.0	0.0	0.0
Motor Vehicle Rental Tax	2% to 5%	8.7	9.0	9.2	9.5	9.7
Local Vehicle Registration Fee	repeal	0.0	0.0	0.0	0.0	0.0
First Time Vehicle Registration	1% to 2%	82.3	83.8	84.5	85.7	87.0
Auto Repairs	repeal	0.0	0.0	0.0	0.0	0.0
Vehicle Inspection Fee	repeal	0.0	0.0	0.0	0.0	0.0
HRTA Total		\$166.7	\$168.4	\$169.3	\$170.8	\$172.3
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Current HRTA Revenue		\$168.5	\$172.5	\$173.8	\$175.6	\$177.5
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Difference		(\$1.8)	(\$4.1)	(\$4.5)	(\$4.8)	(\$5.2)

**All provisions take effect on 7/1/2008*

9. Specific Agency or Political Subdivisions Affected: Department of Taxation, Department of Motor Vehicles, Department of Transportation, Hampton Roads Transportation Authority, Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg, and the counties of Isle of Wight, James City and York.

10. Technical Amendment Necessary: None.

11. Other Comments: The Authority will begin collecting taxes and fees as authorized by the 2007 General Assembly in April 2008. The revised taxes and fees will take effect July 1, 2008. Some of the revenue sources may be collected for a short period of time before they are repealed by the proposed legislation.

HB 507 also amends the provisions of the legislation regarding the Hampton Roads Transportation Authority. HB1444 and SB 676 abolish the Authority.

Date: 1/23/2008 dpb/smc

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cc: Secretary of Transportation