

DEPARTMENT OF TAXATION

2010 Fiscal Impact Statement

1. **Patron** L. Scott Lingamfelter

3. **Committee** Senate Finance

4. **Title** Motor Vehicle Fuel Sales Tax; Definitions

2. **Bill Number** HB 1329

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would provide that for purposes of the Motor Vehicle Fuel Sales Tax imposed in the Northern Virginia Transportation District and the Potomac and Rappahannock Transportation District, "Sales price" would have the same definition as for the purposes of the Retail Sales and Use Tax, except that all transportation and delivery charges would be included, even those separately stated.

Currently the Motor Vehicle Fuel Sales Tax is collected by distributors of fuels at the rate of 2.1 percent of the sales price charged by the distributor to any retail dealer for retail sale in the Northern Virginia Transportation District and the Potomac and Rappahannock Transportation District. The revenue from the tax is distributed monthly to the appropriate district and used for transportation needs within the district.

The effective date of this bill is not specified.

6. No Fiscal Impact. (See Line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

Administrative Costs

TAX considers implementation of this bill as routine, and does not require additional funding.

Revenue Impact

This bill would have no impact on state revenues. TAX understands that it was the intent of Senate Bill 1532 (*Acts of Assembly* 2009, Chapter 532), the legislation that restructured the Motor Vehicle Fuel Sales Tax, to include all transportation and delivery charges into the sales price. As this bill is declaratory of existing law, it has no revenue impact.

9. Specific agency or political subdivisions affected:

Department of Taxation
Northern Virginia Transportation District
Potomac and Rappahannock Transportation District

10. Technical amendment necessary: No.

11. Other comments:

Background

Prior to January 1, 2010, the Motor Vehicle Fuel Sales Tax was imposed in the Northern Virginia Transportation District and the Potomac and Rappahannock Transportation District at the rate of 2 percent of the sales price charged by retail dealers of fuel to their customers. The tax was collected by retail dealers of fuel from their customers and remitted to TAX.

Effective January 1, 2010, the Motor Vehicle Fuel Sales Tax is collected by distributors of fuels at the rate of 2.1 percent of the sales price charged by the distributor to any retail dealer for retail sale in the Northern Virginia Transportation District and the Potomac and Rappahannock Transportation District. The revenue from the tax is distributed monthly to the appropriate district and used for transportation needs within the district.

The member localities of the Northern Virginia Transportation District are the Counties of Arlington, Fairfax and Loudoun and the Cities of Alexandria, Fairfax, and Falls Church; and the member localities of the Potomac and Rappahannock Transportation District are the Counties of Prince William and Stafford and the Cities of Fredericksburg, Manassas and Manassas Park. Spotsylvania County will join the Potomac and Rappahannock Transportation District effective February 15, 2010.

Currently, TAX uses the Retail Sales and Use Tax definition for "sales price," which excludes separately stated transportation charges. Separately stated federal diesel excise taxes are also excluded from "gross sales."

Proposal

This bill would define "gross sales" and "sales price" for purposes of the Motor Vehicle Fuel Sales Tax imposed in the Northern Virginia Transportation District and the Potomac and Rappahannock Transportation District. "Gross sales" would have the same definition as for the purposes of the Retail Sales and Use Tax and would exclude separately stated federal diesel excise taxes. "Sales price" would have the same definition as for the purposes of the Retail Sales and Use Tax, except that all transportation and delivery charges would be included, even those separately stated.

The effective date of this bill is not specified.

cc : Secretary of Finance

