

DEPARTMENT OF TAXATION

2011 Fiscal Impact Statement

1. **Patron** Thomas Davis Rust

3. **Committee** House Finance

4. **Title** Transportation Funding

2. **Bill Number** HB 2404

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would dedicate an amount estimated by TAX to equal a one-quarter percent retail sales and use tax in the Cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park, and the Counties of Arlington, Fairfax, Loudoun, and Prince William to the Northern Virginia Transportation Authority beginning July 1, 2011. The bill would also dedicate an amount estimated by TAX to equal a one-quarter percent retail sales and use tax in the 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 to the Hampton Roads Transportation Planning Organization beginning July 1, 2011. The revenues would be required to be used solely for projects in the Commonwealth Transportation Board's Six-Year Improvement Program. The revenues would revert to the General Fund if they are not obligated to an active project in the design or construction phase within four years of the transfer.

This is a component of the Governor's 2011 Transportation Agenda.

The effective date of this bill is not specified.

6. Budget amendment necessary: No.

7. Fiscal Impact Estimates are: Preliminary. (See Line 8.)

8. Fiscal implications:

Administrative Costs

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

Revenue Impact

This bill would require the transfer of discretionary General Fund revenues to the Northern Virginia Transportation Authority of approximately \$90.5 million in Fiscal Year 2012, \$93.3 million in Fiscal Year 2013, \$97.0 million in Fiscal Year 2014, \$102.2 million in Fiscal Year 2015, \$107.3 million in Fiscal Year 2016, and \$112.6 million in Fiscal Year 2017 to the Northern Virginia Transportation Authority.

Revenue Impact (millions) (Effective July 1, 2011)						
Locality	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Arlington County	\$9.8	\$10.1	\$10.5	\$11.0	\$11.6	\$12.1
Fairfax County	41.5	42.8	44.5	46.8	49.2	51.6
Loudoun County	14.7	15.1	15.7	16.6	17.4	18.3
Prince William County	12.6	12.9	13.5	14.2	14.9	15.6
Alexandria	6.2	6.4	6.6	7.0	7.3	7.7
Fairfax City	2.9	3.0	3.1	3.3	3.5	3.6
Falls Church	0.8	0.8	0.8	0.9	0.9	1.0
Manassas	1.8	1.9	2.0	2.1	2.2	2.3
Manassas Park	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>
Northern VA Total	\$90.5	\$93.3	\$97.0	\$102.2	\$107.3	\$112.6

This bill would require the transfer of discretionary General Fund revenues to Hampton Roads Transportation Planning Organization of approximately \$49.7 million in Fiscal Year 2012, \$51.2 million in Fiscal Year 2013, \$53.3 million in Fiscal Year 2014, \$56.1 million in Fiscal Year 2015, \$58.9 million in Fiscal Year 2016, and \$61.8 million in Fiscal Year 2017.

Revenue Impact (millions) (Effective July 1, 2011)						
Locality	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Isle of Wight County	\$0.6	\$0.6	\$0.6	\$0.7	\$0.7	\$0.7
James City County	2.3	2.4	2.5	2.6	2.7	2.9
York County	2.6	2.6	2.7	2.9	3.0	3.2
Chesapeake	8.7	8.9	9.3	9.8	10.3	10.8
Hampton	3.7	3.8	4.0	4.2	4.4	4.6
Newport News	5.7	5.9	6.1	6.4	6.7	7.1
Norfolk	7.7	8.0	8.3	8.7	9.1	9.6
Poquoson	0.1	0.1	0.1	0.1	0.2	0.2
Portsmouth	1.7	1.7	1.8	1.9	2.0	2.1
Suffolk	2.0	2.1	2.1	2.3	2.4	2.5
Virginia Beach	13.6	14.1	14.6	15.4	16.2	17.0
Williamsburg	<u>1.1</u>	<u>1.1</u>	<u>1.1</u>	<u>1.2</u>	<u>1.3</u>	<u>1.3</u>
Hampton Roads Total	\$49.7	\$51.2	\$53.3	\$56.1	\$58.9	\$61.8

This bill is estimated to dedicate a total of \$140.2 million in Fiscal Year 2012, \$144.5 million in Fiscal Year 2013, \$150.3 million in Fiscal Year 2014, \$158.3 million in Fiscal

Year 2015, \$166.2 million in Fiscal Year 2016, and \$174.4 million in Fiscal Year 2017 to transportation projects.

9. Specific agency or political subdivisions affected:

Department of Taxation
Department of Transportation
Northern Virginia Transportation Authority
Hampton Roads Transportation Planning Organization

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, Spotsylvania, and Stafford and the Cities of Fredericksburg, Manassas and Manassas Park.

Proposal

This bill would dedicate an amount estimated by TAX to equal a one-quarter percent retail sales and use tax in the Cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park, and the Counties of Arlington, Fairfax, Loudoun, and Prince William to the Northern Virginia Transportation Authority beginning July 1, 2011. The bill would also dedicate an amount estimated by TAX to equal a one-quarter percent retail sales and use tax in the 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 to the Hampton Roads Transportation Planning Organization beginning July 1, 2011. The revenues would be required to be used solely for projects in the Commonwealth Transportation Board's Six-Year Improvement Program. The revenues would revert to the General Fund if they are not obligated to an active project in the design or construction phase within four years of the transfer.

This is a component of the Governor's 2011 Transportation Agenda.

The effective date of this bill is not specified.

Similar Legislation

Senate Bill 1394 is identical to this bill.

House Bill 1865 would clarify that portions of counties and cities may be members of local transportation districts if set forth in an ordinance adopted by the locality. The bill would also provide that the local governing body of a county or city, or portion thereof, that is a member of the Northern Virginia Transportation District or the Potomac and Rappahannock Transportation District would determine whether to impose the Motor Vehicle Fuel Sales Tax in the locality and the rate, not to exceed 2.1 percent.

House Bill 1892 would impose a motor vehicle fuel sales tax at a rate of 1% of the sales price charged by distributors to retail dealers and reduce the sales and use tax rate on food for human consumption from 1.5% to 1%. The bill would also impose an additional 0.5 percent state retail sales and use tax and an increase in the grantor's tax by a rate of \$0.40 per \$100 of value in Northern Virginia with the revenues dedicated to the Northern Virginia Transportation Authority for transportation needs.

House Bill 2016 would consolidate the duties of the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission into the Northern Virginia Transportation Authority.

House Bill 2222 would require that 30 percent of the growth in the state tax revenues attributable to localities embraced by the Northern Virginia Transportation Authority, and facilities located in Hampton Roads, and the Richmond, Salem and Staunton Highway Construction Districts be appropriated from the General Fund to the Northern Virginia Transportation Authority and for construction projects in localities embraced by the Hampton Roads Transportation Authority and the Richmond, Salem, and Staunton Highway Construction Districts starting in Fiscal Year 2011.

Senate Bill 1285 would dedicate all state retail sales and use and income taxes paid by highway contractors to the Transportation Trust Fund.

cc : Secretary of Finance

Date: 1/23/2011 AM
DLAS File Name: HB2404F161