

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: SB343

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

2. Patron: Hanger

3. Committee: Finance

4. Title: **Fuels taxes; annually adjusted**

5. Summary: This bill adjusts fuels taxes each year on April 1 by the percentage increase in the Corporate Average Fuel Economy (sales volume weighted), Total Fleet (the CAFE) for the immediately preceding calendar year over the CAFE for calendar year 2009. The first adjustment would occur on April 1, 2011.

6. Fiscal impact estimates: Preliminary.

6a. Expenditure impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2010	-	-	-
2011	\$20,520	-	NGF
2012	-	-	-

6b. Revenue impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2010	-	-
2011	\$11,600,000	NGF
2012	\$85,300,000	NGF
2013	\$165,600,000	NGF
2014	\$197,200,000	NGF
2015	\$230,100,000	NGF
2016	\$279,400,000	NGF

7. Budget amendment necessary: Yes, Item 452.

8. Fiscal Implications: The Department of Motor Vehicles (DMV) will incur a one-time expenditure estimated at \$20,520 (including expenses incurred by the agency's vendor) to programmatically implement the provisions of this legislation. In addition, the agency would have to make ongoing but undetermined expenditures to calculate the new tax rate each year and communicate that information to taxpayers. It is anticipated that the agency would be able to absorb this cost.

The Department of Taxation has provided estimates of the revenue impact of the proposed change to the fuels tax rate. Revenue projections assume that the CAFE will rise to 35.5 miles per gallon by FY 2016.

9. Specific agency or political subdivisions affected: Department of Transportation,
Department of Motor Vehicles.

10. Technical amendment necessary: No.

11. Other comments: Since this bill would not only raise fuels tax revenue, but also increase the liabilities of those entities who pay the fuels tax, some consideration may be given to increasing the current statutory provisions regarding the security (bond or certificate of deposit) required from taxpayers pursuant to Va. Code §§ 58.1-2211 and -2246.

Date: 1/22/10/jlv

Document: G:\10-12\FIS\SB343.Doc Janet Vogelgesang

Cc: Secretary of Transportation