

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: SB631

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

2. Patron: Watkins

3. Committee: Finance

4. Title: Motor fuels tax; indexed.

5. Summary: This bill requires that the motor fuels tax rate be indexed each year to the percentage change in the U.S. Department of Labor's Producer Price Index for Other Nonresidential Construction from January 1 through December 31 of the year immediately preceding the affected year.

6. Budget Amendment Necessary: Yes, Item #447.

7. Fiscal Impact Estimates: Preliminary. See #8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2012	\$18,150	-	Nongeneral Fund

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2013	\$7,700,000	Nongeneral Fund
2014	\$10,100,000	Nongeneral Fund
2015	\$28,700,000	Nongeneral Fund
2016	\$58,400,000	Nongeneral Fund
2017	\$90,100,000	Nongeneral Fund
2018	\$123,600,000	Nongeneral Fund

8. Fiscal Implications: The revenue impact, estimated by the Department of Taxation, was calculated using motor fuel consumption estimates from the December 2011 Commonwealth Transportation Fund forecast and Producer Price Index for Other Nonresidential Construction (PPI) estimates from a November 2011 Global Insight forecast. The new motor fuel tax rate is to be determined each fiscal year based on the PPI for the previous calendar year, with the new rate taking effect July 1 of each year. Due to the lag between when the new rate takes effect and collection, each year's revenue will be equivalent to one month at the prior rate and eleven months at the new rate. The Department of Motor Vehicles will incur a one-time cost of \$18,150 to implement the provisions of this legislation and will absorb this cost within existing resources.

9. Specific Agency or Political Subdivisions Affected: Department of Motor Vehicles, Virginia Department of Transportation.

10. Technical Amendment Necessary: Although the legislation authorizes the Commissioner of the Department of Motor Vehicles to round annual changes in the PPI up to the nearest tenth of a percent, it makes no provision regarding the rounding of the cents-per-gallon tax rate on gasoline. To facilitate administration, an amendment may be considered to provide for the rounding of the adjusted rate of the tax on gasoline to the nearest tenth of a cent.

11. Other Comments: None.

Date: 2/9/12

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c: Secretary of Transportation