

## Department of Planning and Budget 2012 Fiscal Impact Statement

**1. Bill Number:** SB639

House of Origin	<input type="checkbox"/>	Introduced	<input checked="" type="checkbox"/>	Substitute	<input checked="" type="checkbox"/>	Engrossed
Second House	<input checked="" type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

**2. Patron:** Wagner

**3. Committee:** Finance

**4. Title:** Transportation construction, operation and maintenance, and funding.

**5. Summary:** The proposed legislation would amend various Code provisions regarding transportation operation, and funding. The bill authorizes local governments to contribute local funds to toll road projects within their jurisdictions or those their residents may use to reduce the rates of the toll road. The bill makes amendments to the revenue sharing program to allow local partners to use the funding for maintenance activities. It also allows the commissioner of the Department of Transportation or the Commonwealth Transportation Board to award contracts for interstate maintenance.

The bill indexes the tax on motor vehicle fuels to inflation. Beginning July 1, 2012, and continuing on each July 1 thereafter, the tax on motor vehicle fuels is to be indexed to the US Department of Labor's Producer Price Index. The bill also clarifies existing Code language requiring electric motor vehicles to pay a \$50 annual license tax.

The bill contains an enactment clause which repeals the sunset provision on local income taxes adopted by referendum. Currently, certain localities in Northern Virginia have authority to levy an income tax of up to one percent to fund transportation improvements. The sunset provision requires such income taxes to expire five years from the effective date of the tax.

**6. Budget Amendment Necessary:** Yes. An adjustment to the front page is needed to increase general fund revenues by \$54.4 million in FY2013 and \$56.6 million in FY2014 and to decrease nongeneral fund revenues by \$47.2 million in FY2013 and \$46.4 million in FY2014. In addition, a budget amendment is also recommended to Item 447. The Governor's introduced budget provides \$54.4 million in FY2013 and \$56.6 million in FY2014 to the Highway Maintenance and Operating Fund (HMOF) in coordination with the sales tax funding that was transferred to the fund pursuant to the introduced version of this legislation. With the changes made by the substitute, the additional appropriation provided to the HMOF is \$7.2 million in FY2013 and \$10.2 million in FY2014. A reduction of \$47.2 million the first year and \$46.4 million the second year is recommended in Item 447.

**7. Fiscal Impact Estimates:** Preliminary. See Item 8.

**7a. Revenue Impact:**

Index Motor Vehicles Fuels Tax		
Fiscal Year	Highway Maintenance and Operating Fund	General Fund
2012	\$0	\$0
2013	\$7,200,000	\$54,400,000
2014	\$10,200,000	\$56,600,000
2015	\$29,000,000	\$117,600,000
2016	\$59,000,000	\$123,300,000
2017	\$91,000,000	\$193,000,000
2018	\$125,600,000	\$200,600,000

- 8. Fiscal Implications:** The proposed substitute would index the motor vehicle fuels tax to inflation and deposit the additional funding generated to the HMOF. The additional funding will supplant construction funding from the Transportation Trust Fund which is currently required to fully fund the state's maintenance needs. The offset construction funding will be programmed to road and bridge improvement projects.

The proposed substitute would eliminate the transfer of sales and use tax revenue to the HMOF that was contained in the introduced version of the legislation. The elimination of the transfer would make general fund revenue available for appropriation to other programs or agencies.

The bill would also charge a \$50 license tax on electric vehicles. Currently, there are 780 electric vehicles registered in Virginia, which would generate \$39,000 in revenue. This revenue would be addition to the amounts shown in the table in Item 7.a.

- 9. Specific Agency or Political Subdivisions Affected:** Virginia Department of Transportation, Department of Motor Vehicles, Department of Taxation, local governments

- 10. Technical Amendment Necessary:** None.

- 11. Other Comments:** Similar to HB1248 H1.

**Date:** 2/23/2012 dpb/smc

**Document:** G:\GA\FIS 2012\SB639S1.doc