

Department of Planning and Budget 2013 Fiscal Impact Statement

1. Bill Number: SB1038

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

2. Patron: Newman**3. Committee:** Transportation**4. Title:** Unconventional vehicles

5. Summary: This bill provides for the titling and registration of mopeds and distinctive license plates for low-speed vehicles. The bill also requires a moped operator to carry government-issued photo identification and wear a face shield, safety glasses, or goggles if his moped is not equipped with safety glass or a windshield. Exempts mopeds, all-terrain vehicles and off-road motorcycles from the retail sales and use tax and instead subjects them to the motor vehicle sales and use tax. The bill, too, replaces the term "scooter" with "foot-scooter" and makes other largely technical changes based upon recommendations made by the Department of Motor Vehicles (DMV) after a year-long study of Virginia's laws relating to unconventional vehicles.

6. Budget Amendment Necessary: No.**7. Fiscal Impact Estimates:** Preliminary. See Item 8.

8. Fiscal Implications: A one-time information technology cost of \$40,000 is estimated to create systems necessary to implement the provisions of this legislation. DMV could absorb a small cost for plates issued to low-speed vehicles and mopeds, which would be offset by title and registration fees on mopeds.

By applying a three percent motor vehicle sales and use tax to mopeds, all-terrain vehicles and off-road motorcycles in lieu of the five percent general retail sales and use tax, all of the revenue will be directed to transportation. Some states have similarly transitioned from the retail sales tax on these vehicles in favor of an excise tax, similar to the titling tax in Virginia. Most notably, Maryland uses an excise tax that exempts sales to other states, giving a comparative advantage by encouraging Virginians to purchase these vehicles and avoid taxation altogether. The extent to which a similar change in Virginia would generate increased sales and revenue cannot be determined. It should be further noted that private sales of these vehicles in Virginia are currently untaxed, but under a titling tax, private sales would be taxed at the time of titling. The additional revenue from these private sales cannot be determined and would possibly further offset any reduction in total revenue.

Although the exact amount of sales cannot be determined because data is not currently kept on statewide sales of these vehicles, the industry has provided some limited data that

suggests an estimate of approximately 13,000 all-terrain vehicles, mopeds, and off-road motorcycles would be titled per year. Assuming an average sales price of \$5,200, the total impact would be approximately \$1,352,000 annually distributed to the Highway Maintenance and Operating Fund (HMOF) and \$676,000 distributed annually to the Transportation Trust Fund (TTF). Currently, the five percent retail sales and use tax is directed to the general fund, the TTF, localities, and the HMOF, in line with the Governor's introduced budget which directs 0.005 percent to maintenance activities in FY 2014. The loss by the current distribution of \$3,380,000 in retail sales and use tax would occur as follows:

Fund	Amount
General fund, unrestricted	(\$1,656,200)
General fund, restricted (SOQ)	(\$676,000)
Transportation Trust Fund	(\$338,000)
Localities	(\$676,000)
HMOF	(\$33,800)

9. Specific Agency or Political Subdivisions Affected: Department of Motor Vehicles, local school districts, localities, Department of Transportation.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 2/11/13

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c: Secretary of Transportation