

## **Department of Planning and Budget**

### **2014 Fiscal Impact Statement**

**1. Bill Number:** HB345

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

**2. Patron:** Taylor

**3. Committee:** Finance

**4. Title:** Motor fuels tax; alternative fuels.

**5. Summary:** This bill provides that the motor fuels tax on non-liquid alternative fuels shall be the percentage tax on a gallon of gasoline multiplied by the average wholesale cost of the amount of the alternative fuel required to produce the energy content of a gallon of unleaded gasoline, for each such amount of alternative fuel.

**6. Budget Amendment Necessary:** No

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

**8. Fiscal Implications:** In order to implement this bill, the Department of Motor Vehicles (DMV) would have to determine a method for securing the pricing data in order to calculate the rates. Although data exists for gasoline and diesel that is widely used and accepted within the marketplace, the degree to which data for other types of fuel, like hydrogen, can be secured and used cannot be determined.

Moreover, it should be noted that under § 58.1-2201, "wholesale price" is defined as "the price at the rack". However, alternative fuels are not sold through the same wholesale rack as gasoline and diesel. In order to effectively implement this legislation and calculate rates, the point of taxation and data source would have to be designated for the variety of different fuels that fall under this category. While the revenue impact cannot be determined at this time, DMV does anticipate lower revenue collections from a reduced tax rate via the proposed legislation.

**9. Specific Agency or Political Subdivisions Affected:** Department of Motor Vehicles, alternative fuels vehicle operators, alternative fuel sellers.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

**Date:** 1/14/14

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c: Secretary of Transportation