

# Department of Planning and Budget

## 2017 Fiscal Impact Statement

**1. Bill Number:** HB2130

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

**2. Patron:** Levine

**3. Committee:** Finance

**4. Title:** Motor vehicle fuels sales tax in certain transportation districts.

**5. Summary:** This bill provides that the tax that is imposed on the sales price of motor fuel in Northern Virginia shall be imposed on the regional price of gas, defined and computed as a six-month average price of fuel. The regional price has an initial floor of January 11, 2017. If a newly averaged regional price is higher than the preceding regional price, the tax is imposed on the new regional price, but if a newly averaged regional price is less than the preceding regional price, the higher of the two remains the regional price. If the regional price is at any time equal to or greater than the statewide average wholesale price of unleaded regular gasoline on February 20, 2013, then the tax is imposed on the regional price, which moving forward shall not be less than the statewide average wholesale price of unleaded regular gasoline on February 20, 2013, and shall not be more than a price of \$4 per gallon of unleaded regular gasoline. The bill also raises the rate of taxation of motor fuel in Northern Virginia from 2.1 percent to 3 percent.

**6. Budget Amendment Necessary:** Yes, Item 456. An appropriation adjustment should be reflected in service area 60706, Distribution of Northern Virginia Transportation Authority Fund Revenues, and 60707, Distribution of Hampton Roads Transportation Fund Revenues.

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

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2017	-	-
2018	66,600,000	Northern Virginia*
2019	79,600,000	Northern Virginia
2020	79,300,000	Northern Virginia
2021	79,200,000	Northern Virginia
2022	78,900,000	Northern Virginia

\* Northern Virginia Transportation District; Potomac and Rappahannock Transportation Commission

<i>Fiscal Year</i>	<i>Dollars**</i>	<i>Fund</i>
2017	-	-
2018	63,500,000	Hampton Roads
2019	76,300,000	Hampton Roads
2020	76,400,000	Hampton Roads
2021	76,800,000	Hampton Roads
2022	77,000,000	Hampton Roads

\*\* 14 Cents per gallon Fuels Excise Tax

- 8. Fiscal Implications:** The revenue impact estimate for FY 2018 reflects a 10-month effect. The additional funding would be remitted to the regions through the existing processes.

The Department of Motor Vehicles (DMV) estimates that it will need to expend between \$55,000 and \$60,000 in FY 2017 for its vendor to make the system changes required to implement the provisions of this legislation. These costs can be absorbed within existing resources. The agency estimates that staff hours required for implementation could be accomplished during the normal work schedules for DMV employees, given current workloads.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Motor Vehicles, Department of Transportation, localities in the Northern Virginia Transportation District and Hampton Roads area where the tax is imposed.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** None.

**Date:** 1/23/2017

**Document:** Janet Vogelgesang G:\16-18\FIS 2017\HB2130.docx

cc: Secretary of Transportation