

## Department of Planning and Budget 2018 Fiscal Impact Statement

**1. Bill Number:** HB1545

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

**2. Patron:** Watts

**3. Committee:** Rules

**4. Title:** Metrorail; funding for capital expenses.

**5. Summary:** Dedicates 15 percent of state recordation tax revenue for capital expenses of the Washington Metropolitan Area Transit Authority (WMATA) for Metrorail. Such dedication is contingent on the Cities of Alexandria, Fairfax, and Falls Church, and the Counties of Arlington, Fairfax, and Loudoun, paying WMATA for capital expenses for Metrorail an amount equal to each locality's obligation to pay for operating for WMATA.

**6. Budget Amendment Necessary:** Yes, Page 1, Revenue Estimates

**7. Fiscal Impact Estimates:** Preliminary, see Item 8.

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2018	\$0	-
2019	(\$4.4 million) \$4.4 million	General Metrorail Capital Expenditures Fund
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**8. Fiscal Implications:** Based on the Official Forecast, fifteen percent of the revenues generated by the state recordation tax deposited in the state treasury in excess of \$325 million is estimated to be \$4.4 million for Fiscal Year 2018 and thereafter. Assuming that the first deposit to the Metrorail Capital Expenditures Fund (the Fund) would be based on Fiscal Year 2018 revenue, this bill is estimated to result in transfers from the General Fund to the Metrorail Capital Expenditures Fund of \$4.4 million annually beginning in Fiscal Year 2019. This would decrease the amount of General Fund revenues available for appropriation by \$4.4 million annually beginning in Fiscal Year 2019.

These revenue estimates are based on the recordation tax revenue remaining after statutorily mandated transfers to the Transportation Trust Fund. A technical amendment is suggested to clarify that this is the intended result.

The legislation does not specify what happens to the revenue deposited in the Fund in the event that the localities identified in the bill do not agree to make payments to WMATA.

The Department of Taxation notes that there are no administrative costs to the department to implement this bill.

As the Metrorail Capital Expenditures Fund would be a part of the Transportation Trust Fund and used for transportation purposes, this bill does not appear to violate Enactment 22, Chapter 896, 2007 Acts of Assembly or Enactment 14, Chapter 766, 2013 Acts of Assembly. Consideration may be given to obtaining a legal opinion for confirmation.

**9. Specific Agency or Political Subdivisions Affected:** Northern Virginia Transportation Commission, the cities of Alexandria, Fairfax, and Falls Church, and the counties of Arlington, Fairfax, and Loudoun.

**10. Technical Amendment Necessary:** Yes.

This bill may be in conflict with Va. Code § 58.1-815.4, which requires that three cents of the total recordation tax revenues collected from deeds generally (Va. Code § 58.1-801) and deeds of trust or mortgages (Va. Code § 58.1-803) be deposited into the Commonwealth Mass Transit Fund and the Commonwealth Transit Capital Fund. This bill requires all revenues generated by recordation taxes, including those imposed by Va. Code §§ 58.1-801 and 58.1-803, to be used in the calculation for the transfer to the Metrorail Capital Expenditures Fund. Since both the bill and the existing statute depend on an amount of all or total revenues, it is not clear which requirement would take precedent. It is suggested that this bill be amended to clarify that the excess upon which the calculations are based is after transfers to the Transportation Trust Fund.

**11. Other Comments:** None.

Date: February 5, 2018

File: HB1545