

## Department of Planning and Budget 2018 Fiscal Impact Statement

**1. Bill Number:** HB 768

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

**2. Patron:** Jones, S.C.

**3. Committee:** Finance

**4. Title:** Motor vehicle fuels sales tax in certain areas of the Commonwealth; price floor

**5. Summary:** This bill establishes a floor on the 2.1 percent sales tax imposed on motor vehicle fuels sold in Northern Virginia and Hampton Roads by requiring that the average distributor price upon which the tax is based be no less than the statewide average wholesale price on February 20, 2013, plus distributor charges.

**6. Budget Amendment Necessary:** Yes. Item 453, service area 60707 for Hampton Roads.

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

**Expenditure and Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>	<i>Dollars</i>	<i>Fund</i>
2019	\$45,200,000	NVTC & PRTC*	\$21,900,000	Hampton Roads
2020	\$45,100,000	NVTC & PRTC	\$22,000,000	Hampton Roads
2021	\$42,700,000	NVTC & PRTC	\$20,900,000	Hampton Roads
2022	\$40,600,000	NVTC & PRTC	\$19,800,000	Hampton Roads
2023	\$38,300,000	NVTC & PRTC	\$18,700,000	Hampton Roads
2024	\$37,900,000	NVTC & PRTC	\$18,500,000	Hampton Roads

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

**8. Fiscal Implications:** The revenue impact for FY 2019, estimated by the Department of Taxation, reflects 11 months of revenue. Taxpayers are required to pay the tax on the 20<sup>th</sup> day of the second month following the month in which the activity occurred, but must file and pay both April and May taxes in June. The additional funding would be remitted to the transportation commissions using the existing processes.

The forecast is based on a statewide average distributor charge of \$3.72/gallon, comprised of a statewide average wholesale charge of \$3.22 and a distributor charge of \$0.50. The \$3.22 is a weighted average of the statewide average wholesale price for gasoline (\$3.16/gallon) and diesel (\$3.36/gallon), based on consumption levels of each fuel in the state.

The distributor price of gasoline is expected to rise over time. Therefore, the bill will create less extra revenue as the distributor price comes closer to the floor price. Pursuant to Virginia Code § 58.1-2299.20, the Department of Motor Vehicles will recover the direct

costs of administration of the Motor Vehicle Fuels Sales Tax from the transportation commissions.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Motor Vehicles, Virginia Department of Transportation, Northern Virginia Transportation Commission, Potomac and Rappahannock Transportation Commission, Hampton Roads Transportation Accountability Commission.

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

**11. Other Comments:** None.

**Date:** 2/22/2018

**Document:** G:\18-20\FIS 2018\HB768S1.docx

cc: Secretary of Transportation