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## HOUSE BILL NO. 1364

Offered January 22, 1996

*A BILL to amend and reenact §§ 58.1-1720, 58.1-1721, and 58.1-1724 of the Code of Virginia, relating to motor vehicle fuel sales tax.*

Patrons—Crittenden, Almand, Barlow, Christian, Connally, Cunningham, Darner, Davies, Hull, Jones, D.C., Jones, J.C., Keating, Robinson, Scott, Spruill, Van Landingham and Watts; Senators: Lambert, Lucas, Marsh, Maxwell, Miller, Y.B., Quayle and Waddell

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 58.1-1720, 58.1-1721, and 58.1-1724 of the Code of Virginia are amended and reenacted as follows:**

§ 58.1-1720. Sales tax on fuel in certain transportation districts.

A. There is hereby levied, in addition to all other taxes imposed on fuels subject to tax under Chapter 21 (§ 58.1-2100 et seq.) of this title, in every county or city which is a member of any transportation district in which a rapid heavy rail commuter mass transportation system operating on an exclusive right-of-way and a bus commuter mass transportation system are owned, operated or controlled, by an agency or a commission as defined in § 15.1-1344, or in any transportation district which is subject to § 15.1-1357 (b) (6) and which is contiguous to the Northern Virginia Transportation District, a sales tax of two percent of the retail price of such fuels sold within such county or city.

B. *There is hereby levied, in addition to all other taxes imposed on fuels subject to tax under Chapter 21 (§ 58.1-2100 et seq.), in every county or city which is (i) a member of a transportation district containing a city with a population of at least 100,000 but not more than 110,000 and a city with a population of at least 160,000 but not more than 200,000; (ii) a member of a transportation district which is contiguous to a transportation district designated in clause (i); or (iii) served by a bus system operated by a county with a population of at least 34,500 but not more than 38,000, a sales tax of two percent of the retail price of such fuels sold within such county or city. However, the governing body of any city or county in which the tax is levied pursuant to this subsection shall be authorized to increase the rate of the tax on such fuels sold within such city or county to a rate not exceeding five percent of the retail price thereof. If a governing body increases the rate of the tax, it shall be authorized thereafter to reduce the rate of the tax, provided that the rate shall not be less than two percent of the retail price of such fuels. The local governing body shall transmit to the Commissioner a certified copy of any ordinance increasing or reducing the rate of such tax no later than thirty days after its adoption and at least thirty days prior to the effective date of the increase or decrease.*

C. As used in this section, "retail sale" means a sale to a consumer or to any person for any purpose other than resale.

B-D. The tax imposed under this section shall be subject to the provisions of the Virginia Retail Sales and Use Tax Act (§ 58.1-600 et seq.), except that the exemption provided for motor vehicle fuels under § 58.1-609.13, and the bracket system provided in such act, shall not be applicable.

§ 58.1-1721. Reduction of local taxes.

A. In the first full fiscal year in which the tax is levied, the governing body of each county or city in which such tax is levied pursuant to subsection A of § 58.1-1720 shall reduce the rate of its real estate tax, or its real estate and other locally levied taxes, in an amount that will reduce tax revenues in the following year by an amount equal to the amount which has been or would have been allocated by the local governing body to the county or city for rail and bus services but is, as a result of the imposition of this tax, paid by the Commission.

B. *In the first full fiscal year in which the tax is levied, the governing body of each county or city in which such tax is levied pursuant to subsection B of § 58.1-1720 may reduce the rate of its real estate tax, or its real estate and other locally levied taxes, in an amount that will reduce tax revenues in the following year by an amount equal to the amount which has been or would have been allocated by the local governing body to a transportation district commission or county for bus services but is, as a result of the imposition of this tax, distributed to the transportation district or county pursuant to § 58.1-1724.*

C. As used in this section "allocated" shall mean the amount which a local governing body has agreed to pay or agrees would be an equitable share of the costs of rail and bus service to be attributed to its jurisdiction.

D. The amount of the tax reduction shall be calculated by subtracting the amount collected at the

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60 reduced rates from the amount which would have been collected at the tax rates in effect for the tax  
61 year immediately prior to the year in which the rates are reduced. Such reduced rate shall not be raised  
62 during the entire tax year for which the tax rate is reduced, but may be raised subsequently.

63 § 58.1-1724. Disposition of tax revenues.

64 A. All taxes paid to the Commissioner pursuant to this article, after subtraction of the direct costs of  
65 administration by the Department, shall be deposited in a special fund entitled the "Special Fund  
66 Account of the Transportation District of....." The amounts deposited in the special fund shall be  
67 distributed monthly to the applicable transportation district commission of which the county or city is a  
68 member ~~to or, if the county or city is not a member of a transportation district, to the county operating~~  
69 ~~the bus system serving such county or city as provided in clause (iii) of subsection B of § 58.1-1720.~~  
70 *The Commissioner shall determine the amount of the moneys distributed that was collected from each*  
71 *city or county based on retail sales of motor fuel within such locality, and shall provide such*  
72 *information to the distributees and to the localities.*

73 B. *Amounts distributed to a transportation district commission in which a rapid heavy rail commuter*  
74 *mass transportation system operating on an exclusive right-of-way and a bus commuter mass*  
75 *transportation system are owned, operated or controlled by an agency or a commission as defined in*  
76 *§ 15.1-1344 shall be applied to the operating deficit, capital and debt service of the mass transit system*  
77 *of such district or, in the case of.*

78 C. *Amounts distributed to a transportation district subject to the provisions of § 15.1-1357 (b) (6);*  
79 *shall be applied to and expended for any transportation purpose of such district.*

80 D. *Amounts distributed to a transportation district described in subsection B of § 58.1-1720 shall be*  
81 *applied to and expended for public transportation purposes within the district; however, if the*  
82 *transportation district commission determines that the public transportation needs of the district are*  
83 *being adequately met, any amounts in excess of those required to meet the public transportation needs*  
84 *shall be applied to and expended for any transportation purpose as determined by the city or county*  
85 *wherein such taxes were collected. Amounts distributed to a county operating a bus system as provided*  
86 *in clause (iii) of subsection B of § 58.1-1720 shall be applied to and expended for public transportation*  
87 *purposes within any county or city served by such bus system; however, if the governing bodies of a*  
88 *majority of the units of local government served by such bus system determine that the public*  
89 *transportation needs of the units of local government served by such bus system are being adequately*  
90 *met, any amounts in excess of those required to meet the public transportation needs shall be applied to*  
91 *and expended for any transportation purpose as determined by the county or city wherein such taxes*  
92 *were collected. As used in this section, "public transportation" shall have the same meaning ascribed*  
93 *thereto in § 33.1-12.*

94 E. *In the case of a jurisdiction which, after July 1, 1989, joins a transportation district which was*  
95 *established on or before January 1, 1986, and is also subject to § 15.1-1357 (b) (6), the funds collected*  
96 *from that jurisdiction shall be applied to and expended for any transportation purpose of such*  
97 *jurisdiction.*

98 F. *The direct costs of administration shall be credited to the funds appropriated to the Department.*