

Department of Planning and Budget 2006 Fiscal Impact Statement

1. Bill Number: SB708

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

2. Patron: Hawkins, C.

3. Committee: Senate Finance

4. Title: Funding of Transportation Programs in the Commonwealth of Virginia

5. Summary/Purpose:

This bill provides several mechanisms for funding the transportation needs of the Commonwealth of Virginia.

The bill establishes three new transportation funds. Two of these funds, the Virginia Urban Congestion Relief Fund and the Virginia Rural Transportation Fund, will be administered by the Commonwealth Transportation Board. The third fund, the Shortline Railway Preservation Fund, will be administered by the Department of Rail and Public Transportation.

The bill also adjusts certain fees and taxes applicable to transportation.

- Motor Vehicle registration fees (MVRF) are increased by \$10 per vehicle plus an additional \$10 on vehicles between 4,000 and 6,500 lbs.
- Motor Vehicle Sales and Use Tax (MVST) is increased by 2 percent in ½ percent increments over four years.
- A Sales Tax on Motor Fuels (STMF) will be imposed at the wholesale level, 2 percent in FY 2007 and 1 percent each of the following three years.
- Motor Fuels Tax Rate (MFTR) on diesel fuel at the pump will increase from \$ 0.16 to \$ 0.175
- Remove Sales Tax Exemption (STE) on auto repairs in FY 2009.
- Dedicate auto insurance premium tax to transportation.

The bill restricts all moneys credited to specific transportation funds to the sole use of purposes to fund and to maintain highways, public transportation, congestion mitigation, railways, seaports, and airports; to pay bonds and obligations for funding transportation projects; and to grant loans to finance transportation projects. Through revenues raised by this bill and the creation of new funds, specific needs of urban congestion, rural transportation funding, and further rail development in the Commonwealth are addressed. In addition, general fund revenues, with few exceptions, will be restricted to non-transportation projects.

6. Fiscal Impact Estimates are Preliminary: (See Item 8)

7. Budget amendment necessary: Yes

- a) Item 265
- b) Item 444
- c) Item 438
- d) Item 437

8. Fiscal implications:

According to the Department of Taxation (TAX), TAX will incur an estimated \$318,600 in systems development, processing, and compliance costs in FY 2008 increasing to an estimated \$419,994 in FY 2012, which includes an additional 6 positions for audit and compliance purposes beginning in FY 2010.

The additional estimated revenues will be distributed as follows:

- Local governments will receive an estimated \$18.2 million in FY 2009, increasing to an estimated \$22.1 million in FY 2012;
- The Virginia Urban Congestion Relief Fund will receive an estimated \$290.0 million in FY 2007, increasing to an estimated \$612.4 million in FY 2012;
- The Virginia Rural Transportation Fund will receive an estimated \$80.0 million in FY 2007, increasing to an estimated \$243.9 million in FY 2012;
- The Rail Enhancement Fund will receive an estimated \$9.2 million in FY 2007, increasing to an estimated \$43.2 million in FY 2012;
- The Shortline Railway Preservation Fund will receive an estimated \$0.9 million in FY 2007, increasing to an estimated \$4.3 million in FY 2012;
- The Highway Maintenance and Operating Fund will receive an estimated \$90.3 million in FY 2009, increasing to an estimated \$254.1 million in FY 2012;
- The Commonwealth Transit Capital Fund will receive an estimated \$45.2 million in FY 2007, increasing to an estimated \$127.0 million in FY 2012; and
- The Commonwealth Transportation Fund will receive an estimated \$13.4 million in each year from FY 2009 through FY 2012.

Total revenue generated for the state in FY 2007 and FY 2008 would equal \$1,258.8 million.

9. Specific agency or political subdivisions affected:

Department of Taxation
Department of Rail and Public Transportation
Virginia Department of Transportation

10. Technical amendment necessary: No

11. Other comments: Revenue by Source (\$ millions)

Revenue Source	FY 2007	FY 2008	Totals
Auto Insurance Premium Tax	\$ 111.3	\$ 117.6	\$ 228.9
Motor Vehicle Sales Tax	92.4	196.7	289.1
Sales Tax on Motor Fuels	205.3	320.2	525.5
Motor Fuels Tax on Diesel	20.3	21.3	41.6
Registration Fees	86.3	87.4	173.7
Totals	\$ 515.6	\$ 743.2	\$1,258.8

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cc: Secretary of Transportation

Secretary of Finance