

Department of Planning and Budget 2007 Fiscal Impact Statement

1. Bill Number HB2496

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

2. Patron Albo

3. Committee House Finance

4. Title Transportation; supplemental funding for Northern Virginia.

5. Summary/Purpose: The proposed legislation would permit any city or county that is within the Northern Virginia Transportation Authority (the Authority), to impose two additional local fees and taxes to go to the Authority, and also have the Authority receive the revenue from three additional state taxes imposed in the region. The bill assures that none of the additional revenues shall be used to calculate or reduce transportation funding or be used to calculate or reduce any other funding to the applicable localities, including funding for education. The bill also repeals the authority for any locality imposing the two additional local fees and taxes to impose a local income tax.

6. Fiscal Impact Estimates are: Tentative. See Item 8.

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07	\$169,574		GF
2007-08	\$160,963		GF
2008-09	\$2,524		GF
2009-10	\$2,599		GF
2010-11	\$2,677		GF
2011-12	\$2,757		GF
2012-13	\$2,840		GF

The Department of Taxation would incur the above administrative costs in implementing the provisions of this legislation.

6b. Revenue Impact*:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07	\$0		NGF
2007-08	\$177,000,000		NGF
2008-09	\$201,200,000		NGF
2009-10	\$210,800,000		NGF
2010-11	\$212,500,000		NGF
2011-12	\$215,000,000		NGF
2012-13	\$216,800,000		NGF

* The revenue projections do not include proceeds from the tax on commercial real property.

7. Budget amendment necessary: Yes. Item 265 and Item 269.

8. Fiscal implications: The complete revenue impact of this bill is unknown, as the revenue gain from a commercial real property tax of 0.3 percent is unknown.

The proposed legislation would dedicate the revenues received from three additional regional taxes administered by the Commonwealth in the localities that compose the Northern Virginia Transportation Authority (“Authority”) to the Authority and authorize the localities that are members of the Authority to impose additional local taxes and fees to be used by the Authority for transportation projects within the localities.

The additional regional taxes and fees administered by the Commonwealth would include: i) a recordation tax at the rate of \$0.40 per \$100; ii) a lodging fee of 2%, and iii) an additional fee of \$100 on initial issuances of driver’s licenses. The additional local taxes and fees would include: i) a commercial real property tax at the rate of 0.3%; and ii) a rental car tax at the rate of 2%. This bill would also repeal the authority for the imposition of a local income tax on those localities imposing the two additional local taxes and fees authorized by this bill.

The revenue raised by the taxes and fees is to be deposited into the Special Transportation Fund for Northern Virginia. The following provisions apply to the funds in the Special Transportation Fund for Northern Virginia:

- First be used for debt service on bonds issued by the Authority.
- The next \$50 million shall be transferred to the Washington Metropolitan Area Transit Authority for capital improvements as may be required by federal law.
- The next \$30 million is to be distributed to the Virginia Railway Express for capital improvements.
- At least 25 percent of remaining revenues is to be transferred back to the localities based on the amount paid into the special fund and dedicated for use on urban and secondary road construction.
- At least 20 percent of remaining revenues is to be transferred back to the localities based on the amount paid into the special fund and dedicated for use on transportation capital improvements and public transit purposes as determined by the locality. The funds are to be conditional, based on the provision that the localities assume the responsibility for overseeing the construction process.
- At least \$20 million is to be dedicated to the Dulles Rail project, at the time that the second phase of the project begins.
- All remaining funds are to be used by the Authority for transportation projects as it so determines.

9. Specific agency or political subdivisions affected: Northern Virginia Transportation Authority and member localities, Department of Motor Vehicles, Department of Taxation

10. Technical amendment necessary: In order to allow time for the Department of Taxation to make the required systems changes, the regional lodging fee proposed in this bill is assumed to be effective December 1, 2007.

11. Other comments: Numerous bills in the House of Delegates and the Senate of Virginia identify funding sources for WMATA in response to the pending federal legislation.

The \$50 million payment to WMATA is in response to proposed federal legislation which designates \$150 million annually for the next 10 years to WMATA, pursuant to the establishment of a dedicated state or local funding source for the cost of operating and maintaining the transit system. The federal bill, introduced by Representative Tom Davis, passed the House of Representatives, but failed to clear the Senate before the 109th Congress adjourned. Congressman Davis has reintroduced the bill in the 110th Congress.

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cc: Secretary of Finance

Secretary of Transportation