

Department of Planning and Budget 2007 Fiscal Impact Statement

1. Bill Number HB2881

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 Phillips

3. Committee House Appropriations

4. Title Insurance license tax revenue; dedication to Priority Transportation Fund.

5. Summary/Purpose: The proposed legislation would dedicate the revenues from the motor vehicle insurance license tax in each fiscal year to the Priority Transportation Fund and repeals the current dedication to the Fund of one-third of the estimated revenues from all insurance license taxes.

6. No Fiscal Impact. See Item 8.

7. Budget amendment necessary: None.

8. Fiscal implications: The proposed legislation would repeal the tenth enactments of Chapter 1019 and Chapter 1044 of the Acts of Assembly of 2000, which direct one-third of all insurance premium license taxes to the Priority Transportation Fund (PTF) for the support of debt service on Federal Highway Reimbursement Anticipation Notes (FRANs). In the 2006 Appropriation Act, only 27 percent of the tax is directed to the PTF, which represents the amount of the insurance premium tax revenue derived from automobile insurance premiums. The proposed legislation would amend the statutory authorization to limit the amount of insurance premium taxes used for transportation purposes to that amount which is raised by motor vehicles. Given this, the change in statute would not impact the amount of insurance premium funding dedicated to FRANs debt service in the current biennial budget.

9. Specific agency or political subdivisions affected: Department of Transportation

10. Technical amendment necessary: Yes. There is not a tax identified in the Code of Virginia as the "motor vehicle insurance license tax." To improve clarity, the proposed legislation should be amended to "the share of insurance premium tax revenues derived from automobile insurance premiums."

11. Other comments: None.

Date: 01/25/07 / smc

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cc: Secretary of Finance

Secretary of Transportation