

## Department of Planning and Budget 2007 Fiscal Impact Statement

**1. Bill Number** SB1379

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed

**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron**        Potts

**3. Committee**    Finance

**4. Title**            Transportation Future Fund.

**5. Summary/Purpose:** The proposed legislation would establish the Transportation Future Fund (the Fund) to support the design and construction of surface transportation infrastructure of long-term statewide significance. The bill directs the funding to specific construction projects. The Fund is to be financed through a one percent increase in the sales and use tax and through establishment of toll roads.

**6. Fiscal Impact Estimates are:** Preliminary. See Item 8.

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07	\$185,558		GF
2007-08	\$86,992		GF
2008-09	\$18,300		GF

The Department of Taxation would incur administrative costs in the implementation of this bill for the systems and forms changes and notification mailers necessary to implement this bill.

**6b. Revenue Impact:**

<b>Increase in State Sales and Use Tax</b>			
<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07	\$0		
2007-08	\$722,300,000		NGF
2008-09	\$1,017,000,000		NGF
2009-10	\$1,071,900,000		NGF
2010-11	\$1,122,300,000		NGF
2011-12	\$1,168,300,000		NGF
2012-13	\$1,216,200,000		NGF

**7. Budget amendment necessary:** Yes. Item 265, Item 269 and Item 443.

**8. Fiscal implications:** The proposed legislation would create the Transportation Future Fund (the Fund) and direct to it revenues generated by a one percent increase in the state retail sales and use tax.

The proposed legislation would also authorize the Commonwealth Transportation Board (CTB) to impose and collect tolls on the interstate highway system. The CTB is to determine the placement, rates and payment methods for each of the toll facilities created. It is not known what revenue may be generated by interstate tolls. The proposed legislation does not contain a provision instructing the CTB to create the tolls as permissible by federal law, and it is not clear what authority currently exists for Virginia to establish tolls on the interstate system. Congress has approved certain tolling programs on a pilot basis, but the tolling scenario envisioned by the bill may not be authorized on the Interstate system. Under the provisions of two of the pilot programs, the funds generated by the tolls must be used for specific purposes.

The proposed legislation would instruct VDOT to establish sales teams to attract private investment in highway toll facilities in the Commonwealth. The proceeds derived from such investments are to be deposited into the Transportation Future Fund. It is not known what revenue may be generated by the actions of such sales teams, or if the establishment of the teams will require additional staffing at VDOT.

**9. Specific agency or political subdivisions affected:** Department of Transportation, Commonwealth Transportation Board, Department of Taxation

**10. Technical amendment necessary:** In order to allow time for the Department of Taxation to make the required systems changes, the retail sales and use tax increase is assumed to be effective September 1, 2007.

**11. Other comments:** None.

**Date:** 01/29/07 / smc

**Document:** F:\SMC\GA\FIS 2007\SB1379.Doc

cc: Secretary of Finance

Secretary of Transportation