

## Department of Planning and Budget 2007 Fiscal Impact Statement

**1. Bill Number:** SB1399

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

**2. Patron:** O'Brien

**3. Committee:** Finance

**4. Title:** Retail sales taxes on motor fuels; Virginia Department of Rail and Public Transportation

**5. Summary/Purpose:** This bill transfers the Motor Vehicle Fuels Sales Tax collected in the localities comprised by the Northern Virginia Transportation District to the Transportation Trust Fund rather than for support of the Washington Metropolitan Area Transit Authority (WMATA). The bill makes the Department of Rail and Public Transportation (DRPT) responsible for funding Virginia's share of WMATA's expenses.

**6. Fiscal impact estimates are preliminary.** See Item 8.

**7. Budget amendment necessary:** Yes, Item 437.

**8. Fiscal implications:** This bill places full responsibility for providing Virginia's share of the annual funding for the Washington Metropolitan Area Transit Authority (WMATA) within the Department of Rail and Public Transportation. Total Virginia funding for WMATA in FY 2008 is expected to be approximately \$172.6 million. The Commonwealth will dedicate approximately \$60.0 million in state assistance in FY 2008 through existing programs. A large portion of Virginia's share of WMATA funding has historically come from Fairfax and Arlington counties, Alexandria, Falls Church, and the City of Fairfax.

Federal law requires the member governments of WMATA (Maryland, Washington, D.C., and Virginia) to dedicate funds from a stable and reliable source to WMATA. An additional motor vehicle fuels sales tax is currently imposed in the six localities that belong to the Northern Virginia Transportation District: Fairfax, Loudoun, and Arlington counties and the cities of Fairfax, Falls Church, and Alexandria. The two percent sales tax is in addition to the statewide 17.5 percent sales tax on motor vehicle fuels. Five of the localities in Northern Virginia (Fairfax and Arlington counties and the cities of Fairfax, Falls Church and Alexandria) must use the funds for their share of the subsidy for the operation and capital expenses of WMATA. This is expected to be approximately \$27 million in FY 2008. Loudoun County, which is not served by WMATA and does not contribute, may use the funds for any transportation expenses. Loudoun's revenues are expected to be approximately \$8.0 million in FY 2008.

Under the provisions of this bill, \$27.0 million in gas tax revenue would no longer be provided to WMATA. The bill instructs that all of the regional gas tax revenue would be directed to the Transportation Trust Fund, including that generated by Loudon County. Beginning in FY 2008, \$35.0 million in new revenues would be distributed for transportation purposes through formula.

Currently, the local jurisdictions also provide approximately \$85.6 million annually from local general funds to WMATA to fund certain capital commitments the localities have entered into, such as the Interim Capital Contributions Agreement and the “Metro Matters” Agreement. These payments to WMATA are agreed to by each jurisdiction on a year-by-year basis.

Total WMATA funding from Virginia sources	\$172.6 million
State assistance from existing programs	<u>- \$60.0 million</u>
Funding currently provided by Virginia localities	\$112.6 million
Current regional capital commitments to WMATA	\$85.6 million
Current regional gas tax provided to WMATA	<u>\$27.0 million</u>
<b>Total funding to now be provided by Virginia</b>	<b>\$112.6 million</b>

At the present time, all budgets, financial plans, and payments to WMATA are monitored, evaluated, and conducted by the nine staff of the Northern Virginia Transportation Commission. Additionally, the staffs of the five local jurisdictions perform project oversight for the many WMATA projects. This bill would transfer that responsibility and workload to DRPT, where it would require a minimum of eight staff and approximately \$1.2 million for the salaries, rent, and associated expenses. Although not specifically stated in the bill, funding to support these new DRPT responsibilities could come from the agency’s share of the distribution of the regional gas tax revenues deposited into the Transportation Trust Fund (approximately \$5.5 million per year), which is distributed by formula.

**9. Specific agency or political subdivisions affected:** Department of Rail and Public Transportation, Washington Metropolitan Area Transit Authority, Northern Virginia Transportation Commission, Fairfax, Loudoun, and Arlington Counties, Alexandria, Falls Church, City of Fairfax

**10. Technical amendment necessary:** No.

**11. Other comments:** None.

**Date:** 1/28/07/jlv

**Document:** G:\06-08\07 Budget Development\FIS\SB1399.Doc Janet Vogelgesang

cc: Secretary of Transportation