

## Department of Planning and Budget 2007 Fiscal Impact Statement

**1. Bill Number** SB830

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

**2. Patron**        Devolites Davis

**3. Committee**    Finance

**4. Title**            Supplemental transportation funding for Northern Virginia.

**5. Summary/Purpose:** The proposed legislation would permit the counties and cities that are members of the Northern Virginia Transportation Authority to impose additional local taxes and fees to be used by the Authority for transportation projects in the localities comprising the Authority. The additional local option taxes and fees are: (i) an initial registration fee at the time a vehicle is first registered in the county or city by the vehicle owner at the rate of 0.50% of the value of the vehicle; (ii) a retail sales and use tax at the rate of 0.50%; and (iii) a grantor's tax at a rate of \$0.05 per \$100 of the value of the real estate. All moneys received by the Authority from these additional taxes and fees would be used for the primary benefit of those counties and cities imposing all of the additional taxes and fees.

**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            | \$176,210      |                  | GF          |
| 2007-08            | \$336,911      |                  | GF          |
| 2008-09            | \$3,066        |                  | GF          |
| 2009-10            | \$3,158        |                  | GF          |
| 2010-11            | \$3,253        |                  | GF          |
| 2011-12            | \$3,350        |                  | GF          |
| 2012-13            | \$3,450        |                  | GF          |

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

**6b. Revenue Impact:**

| <b>Total Impact of Senate Bill 830 (in millions of \$)</b> |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
|  | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> | <u>FY 2011</u> | <u>FY 2012</u> | <u>FY 2013</u> |
| Local Grantor's Tax  | \$19.0         | \$20.5         | \$21.5         | \$21.6         | \$21.7         | \$21.9         |
| Registration Fees  | \$30.1         | \$31.1         | \$32.0         | \$32.2         | \$32.4         | \$32.6         |
| Local Sales Tax  | <u>\$121.7</u> | <u>\$171.4</u> | <u>\$180.7</u> | <u>\$189.2</u> | <u>\$196.9</u> | <u>\$205.0</u> |
| Total  | \$170.8        | \$223.0        | \$234.2        | \$243.0        | \$251.0        | \$259.5        |

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

**8. Fiscal implications:** The proposed legislation would authorize the localities that are members of the Northern Virginia Transportation Authority (the Authority) to impose additional local taxes and fees. The proposed legislation directs that the revenue generated by the additional taxes and fees be transferred to the Authority for transportation projects in the localities comprising the Authority.

The bill would also repeal the authority for localities to impose a local income tax.

**9. Specific agency or political subdivisions affected:**

Department of Taxation

Washington Metropolitan Area Transit Authority

Northern Virginia Transportation Authority

Virginia Railway Express

Counties of Arlington, Fairfax, Loudoun, and Prince William

Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park

**10. Technical amendment necessary:** The additional registration fee and increase in grantor's tax proposed in this bill would be effective July 1, 2007. In order to allow time for the Department of Taxation to make the required systems changes, the local retail sales and use tax increase is assumed to be effective September 1, 2007.

Page 7, Line 372, after repealed.

Insert: "5. That the provisions of this act adding § 58.1-605.1, § 58.1-606.1 and § 58.1-639.1 shall become effective September 1, 2007."

**11. Other comments:** None.

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

**Document:** F:\SMC\GA\FIS 2007\SB830.Doc

cc: Secretary of Finance

Secretary of Transportation