

Department of Planning and Budget 2008 Fiscal Impact Statement

1. **Bill Number:** HB 275

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron:** Watts

3. **Committee:** Rules

4. **Title:** Motor fuel tax; rate increase.

5. **Summary:** This bill increases the tax on gasoline, diesel fuel, and alternative fuel by \$0.10 per gallon and increases the motor carrier road tax by an equivalent of \$0.10 per gallon of fuel used in the Commonwealth. All motor fuels taxes will be indexed every two years beginning July 1, 2009, by an amount equal to the percentage change in the U.S. Department of Labor's Producer Price Index for Highway and Street Construction. The revenue generated is used for transportation purposes as required by existing law.

6. **Fiscal impacts estimates:** Preliminary.

b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2008	-	-	-
2009	\$454.1 million	-	NGF
2010	\$516.4 million	-	NGF
2011	\$529.8 million	-	NGF
2012	\$575.5 million	-	NGF

7. **Budget amendment necessary:** Yes, Item 456.

8. **Fiscal implications:** The revenues generated by the bill would provide additional revenue to the Highway Maintenance and Operating Fund (HMOF). As a result, crossover of funds from the Transportation Trust Fund (\$260 million in FY 2009) to the HMOF is eliminated, freeing up funds available for formula construction.

9. **Specific agency or political subdivisions affected:** Virginia Department of Transportation, Department of Motor Vehicles.

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

11. **Other comments:** Retail fuel purchases by commercial fuel consumers (tractor-trailer trucks, etc.) may be impacted by the proposed increases. Several border states would have lower fuels tax rates than Virginia should this bill become law. According to the International Fuels Tax Administrators (IFTA) web site:

- Kentucky's fuels tax rates in December 2007 were 19.6 cents per gallon for gasoline and 16.6 cents per gallon for diesel;
- Tennessee's fuels tax rates in December 2007 were 20 cents per gallon for gasoline and 17 cents per gallon for diesel; and
- Maryland's fuels tax rates in December 2007 were 23.5 cents per gallon for gasoline and 24.25 cents per gallon for diesel.

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Document: G:\08-10\FIS\HB275.Doc Janet Vogelgesang

cc: Secretary of Transportation