

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: SB1358

House of Origin	<u>X</u>	Introduced	<u> </u>	Substitute	<u> </u>	Engrossed
Second House	<u> </u>	In Committee	<u> </u>	Substitute	<u> </u>	Enrolled

2. Patron: Hanger

3. Committee: Finance

4. Title: Alternative fuel tax exemption for agricultural operations.

5. Summary: This bill exempts from the alternative fuel tax any alternative fuel produced by the owner or lessee of an agricultural operation, as defined in § 3.2-300, and used (i) exclusively for farm use in any vehicle registered pursuant to § 46.2-698 or (ii) in any motor vehicles operated by the owner or lessee, or any of his immediate family members.

6. Fiscal impact estimates: Preliminary.

6a. Expenditure impact: None.

6b. Revenue impact: Indeterminate. See Item 8.

7. Budget amendment necessary: No.

8. Fiscal implications: This bill would create tax exemptions that would likely result in a loss of revenue. However, it is impossible to say how large the impact on revenue would be. Over the past three years, annual revenue from the tax on alternative fuel has averaged approximately \$250,000. This bill would eliminate some fraction of that revenue. In addition, the bill could stimulate some consumers of gasoline and diesel to switch to alternative fuel, which would have an additional impact on revenue.

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

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 1/20/09/jlv

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cc: Secretary of Transportation