

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: HB983

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

2. Patron: Scott, J.M.

3. Committee: Finance

4. Title: Motor fuels tax rate.

5. Summary: This bill converts the rate of taxation on motor fuels from cents per gallon to a percentage rate. The bill provides that the Commissioner of the Department of Motor Vehicles shall calculate the percentage rate in an amount that will most closely yield the amount of cents per gallon being charged on the applicable motor fuel prior to the effective date of the bill. Thereafter, the percentage rates would not change, but would be applied against the average price per gallon of the fuel, less federal and state taxes, as determined by the Commissioner of the Department of Motor Vehicles over rolling six-month periods, to determine the cents to be charged.

6. Budget Amendment Necessary: Yes, Item 447.

7. Fiscal Impact Estimates: Preliminary. See #8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2012	-	-	-
2013	\$10,250	-	Nongeneral Fund
2014	-	-	-

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2013	\$16,800,000	Nongeneral Fund
2014	\$64,000,000	Nongeneral Fund
2015	\$94,100,000	Nongeneral Fund
2016	\$117,000,000	Nongeneral Fund
2017	\$150,200,000	Nongeneral Fund
2018	\$178,400,000	Nongeneral Fund

8. Fiscal Implications: The Department of Motor Vehicles will incur a one-time cost of \$10,250 (including expenses incurred by the agency's vendor) to implement the provisions of this legislation. In addition, the agency would have to make ongoing but undetermined expenditures to calculate the new tax rate each year and communicate that information to taxpayers. The agency will be able to absorb this cost.

The estimated transportation revenue impact has been calculated by the Department of Taxation, and is based on fuel consumption estimates contained in the December 2010 Commonwealth Transportation Fund forecast and on fuel price forecasts contained in the U.S. Energy Information Administration's Short-Term Energy Outlook for December 2010 and Long-Term Energy Outlook for December 2009. The revenue impact in FY 2012 represents a 5-month effect of the proposed tax changes.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Motor Vehicles, Virginia Department of Transportation.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** Currently, the Code specifies exactly how the \$0.175 collected per gallon is to be distributed. \$0.1485 is allocated to the Highway Maintenance Operating Fund, \$0.025 is allocated to the Transportation Trust Fund and \$0.0015 is allocated to the Department of Motor Vehicles Special Fund. The bill does not address how funds from its proposed tax will be allocated.

Date: 1/24/12

Document: Janet Vogelgesang G:\12-14\FIS\HB983.doc

c: Secretary of Transportation