Department of Planning and Budget
2013 Fiscal Impact Statement

1. **Bill Number:** HB2063

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

2. **Patron:** Rust

3. **Committee:** House Finance

4. **Title:** Establishing and adjusting sources of revenues for transportation

5. **Summary:** The proposed legislation amends and increases taxes to support transportation. The bill would create a new nongeneral fund for each planning district commission (PDC) in the state to be used to fund transportation projects within the district. The fund would receive revenues generated within the localities comprising the PDC by an additional 0.5 percent state retail sales and use tax and an additional recordation tax at the rate of $0.15 per $100 of value. In order for a PDC to be eligible for a vote by the General Assembly to approve the new revenue sources, the PDC must compile a list of the 10 top transportation projects within the PDC. In addition, the governing body of each locality must vote to approve the funding of the specified transportation projects through the imposition of the new taxes. Following approval by a majority of localities representing a majority of the population in the PDC, the General Assembly is to vote in the next regular session to impose the new taxes. The bill would repeal the ability of localities to impose a local income tax if the locality is located in a PDC receiving the new taxes.

   The Commonwealth is currently divided into 21 planning districts. Franklin County, Chesterfield County, Gloucester County, and Surry County each participate in two planning districts.

   The bill would apply a five percent sales tax on motor vehicle fuels, which would be applied at the wholesale level in addition to the state motor vehicle fuels tax of 17.5 cents per gallon. The additional revenue would be divided among several sources. The Highway Maintenance and Operating Fund (HMOF) would receive 60 percent, the Transportation Trust Fund (TTF) would receive 20 percent, the Intercity Passenger Rail Capital and Operating Fund (IPROCF) would receive 7 percent and local governments would receive 13 percent.

   The bill would increase the annual license tax paid on electric motor vehicles from $50 to $102 and apply the tax to hybrid electric motor vehicles. The bill contains a provision to grant refunds of the additional gas tax paid on fuel for hybrid electric vehicles. The bill would also eliminate a specific tax credit, beginning on January 1, 2013.

6. **Budget Amendment Necessary**: Yes, an amendment to the revenues on page 1 as well as Item 139, Item 442, Item 446 and Item 447.

7. **Fiscal Impact Estimates:** Preliminary. Estimates from the Department of Taxation (in millions):

FUND	Percent of Total	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
HMOF	60%	$460.1	$529.5	$547.0	$565.5	$581.3	$581.3
TTF	20%	163.3	183.4	190.1	197.7	204.4	206.0
IPROCF	7%	53.7	61.8	63.8	66.0	67.8	67.8
Local	13%	99.7	114.7	118.5	122.5	126.0	126.0
Total	100%	$776.8	$889.4	$919.5	$951.7	$979.5	$981.1

8. **Fiscal Implications:** The proposed legislation does not impose the additional taxes in the PDCs, but only sets out the requirements that planning district commissions must meet before requesting the tax. Separate legislation in another General Assembly session would be required for the tax to be imposed. If additional sales and use taxes were collected in planning district commissions, the Department of Taxation would incur additional costs.

    The bill would repeal the Tax Credit for Vehicle Emissions, Testing Equipment, Clean-Fuel Vehicles and Certain Refueling Property. Repealing the income tax credit has a minimal revenue gain to the general fund of approximately $10,000.

9. **Specific Agency or Political Subdivisions Affected:** Department of Taxation, Department of Accounts, planning district commissions, counties, cities and towns

10. **Technical Amendment Necessary:** None.

11. **Other Comments:** None.