

Department of Planning and Budget 2013 Fiscal Impact Statement

1. Bill Number: HB2333

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Watts

3. Committee: Finance

4. Title: Transportation funding and administration.

5. Summary: The bill would create separate funds for each planning district commission (PDC) which would receive revenue generated by an additional 0.5 percent sales tax and an additional recordation tax of \$0.40 per \$100 valuation. The planning district commission must meet certain conditions before the General Assembly may vote to impose the taxes in the member localities. The additional sales and use tax would not apply to food for human consumption.

The bill would reduce the sales tax on food from 2.5 percent to 2.0 percent. Currently, 0.5 percent of the revenue is deposited to the Transportation Trust Fund (TTF). The bill provides additional funding for transportation by imposing a motor fuels sales tax rate of five percent and dedicating the funding to the Highway Maintenance and Operating Fund (HMOF). In addition, the bill indexes the existing motor vehicle fuels tax to the U.S. Department of Transportation's Transportation Services Index.

The bill also increases the annual license tax on electric vehicles from \$50 to \$102 and imposes it on hybrid motor vehicles, with the additional revenue deposited to the Intercity Passenger Rail Operating and Capital Fund (IPROCF).

6. Budget Amendment Necessary: Yes, revenues on Page 1, Item 442, Item 446, Item 447.

7. Fiscal Impact Estimates: Preliminary, from the Department of Taxation, in millions:

Fiscal Year	5% sales tax on motor fuels	Index motor fuels tax	Hybrid and electric motor license tax	Decrease sales tax on food
	HMOF	HMOF	IPROCF	TTF
FY2014	\$852.50	\$7.40	\$10.10	(\$76.30)
FY2015	\$979.70	\$25.20	\$7.30	(\$86.50)
FY2016	\$1,011.70	\$41.50	\$8.70	(\$89.90)
FY2017	\$1,045.10	\$57.20	\$10.90	(\$93.40)
FY2018	\$1,074.30	\$75.20	\$13.50	(\$96.50)
FY2019	\$1,074.30	\$75.20	\$12.70	(\$99.80)

8. Fiscal Implications: The proposed legislation does not immediately provide revenue to the PDCs as it authorizes the General Assembly to vote in a future session to impose the additional taxes if the PDCs meet the specified conditions.

The additional funding to the HMOF would offset a required transfer from the construction budget. Since Virginia requires the funding of maintenance of existing roads prior to the expenditure of funds for construction projects, construction funding must be annually transferred to provide for Virginia's maintenance needs. In FY2013, this crossover of construction funding totaled \$363.5 million. Accounting for the elimination of the crossover funding, the proposed legislation provides a net gain to the Transportation Trust Fund.

9. Specific Agency or Political Subdivisions Affected: Department of Taxation, Department of Transportation, planning district commissions, local governments

10. Technical Amendment Necessary: None.

11. Other Comments: None.

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