

Department of Planning and Budget 2013 Fiscal Impact Statement

1. Bill Number: SB1328

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: Wagner

3. Committee: Finance

4. Title: Revenues for Transportation.

5. Summary: The proposed legislation would increase the state sales and use tax by 0.5 percent and dedicate the revenue to transportation. One half of the additional revenue is to be deposited to the Transportation Trust Fund (TTF) and the remaining half is to be deposited to the Highway Maintenance and Operating Fund (HMOF). The additional sales and use tax would not apply to food for human consumption.

The bill eliminates the motor vehicle fuels tax on gasoline and other fuels, but retains the rate of \$0.175 per gallon on diesel fuel. The bill imposes a sales tax on all motor fuels of 5.5 percent, effective July 1, 2013. The bill would also increase the annual license tax on electric motor vehicles from \$50 to \$75 and extend it to alternative fuel vehicles.

The bill also adjusts the provisions of the transient occupancy tax. Under current law, the sales tax is imposed on the gross proceeds derived from the charge for transient accommodations made by the entity providing the accommodations. Third parties who facilitate these transactions are not liable to collect the tax on any price mark-up and other charges and fees they may charge in connection with the provision of these services. The bill amends the base to which the transient occupancy tax applies and also defines the third parties as dealers, requiring the business to register to collect sales tax.

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

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

Fiscal Year	Increase sales and use tax by 0.5%	Replace gasoline tax with 5.5% sales tax	License tax on electric motor and alt. fuel vehicles	Transient occupancy tax adjustments			
	HMOF/TTF	HMOF/TTF	HMOF	TTF	HMOF	Local sales tax	Local transient
FY2014	\$442.97	(\$36.94)	\$0.39	\$0.49	\$0.49	\$0.22	\$1.22
FY2015	\$502.08	\$44.83	\$0.40	\$1.23	\$1.23	\$0.55	\$3.05
FY2016	\$522.16	\$53.86	\$0.48	\$1.28	\$1.28	\$0.57	\$3.16
FY2017	\$542.01	\$66.37	\$0.73	\$1.32	\$1.32	\$0.59	\$3.27
FY2018	\$560.44	\$74.15	\$0.99	\$1.32	\$1.32	\$0.59	\$3.40
FY2019	\$579.49	\$74.15	\$1.41	\$1.42	\$1.42	\$0.64	\$3.53

8. Fiscal Implications: The proposed legislation would increase state transportation funding as well as local tax revenues. The additional amount deposited to the HMOF would offset a transfer from the construction budget that is required in order for Virginia to meet its mandated maintenance obligations prior to funding highway construction projects. In FY2013, this crossover of construction funding to maintenance totaled \$363.5 million.

9. Specific Agency or Political Subdivisions Affected: Department of Transportation, Department of Motor Vehicles, Department of Taxation, local governments

10. Technical Amendment Necessary: None.

11. Other Comments: None.

Date: 1/23/2013 dpb/smc

Document: G:\GA\FIS 2013\SB1328.doc