

## Department of Planning and Budget 2013 Fiscal Impact Statement

**1. Bill Number:** SB1340

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

**2. Patron:** Saslaw

**3. Committee:** Finance

**4. Title:** Revenues for transportation and education.

**5. Summary:** The proposed legislation increases the state sales tax by one percent. The additional rate does not apply to food for human consumption. One half of the increase is to be deposited to the Transportation Trust Fund (TTF) to be allocated through existing formulas. The bill does make an amendment to the formula, increasing the share of the Mass Transit Fund from 14.7 percent to 25 percent. The remaining share for highway construction is correspondingly decreased to 68.4 percent.

The revenue from the remaining 0.5 percent increase is to be dedicated to education. Two-thirds of this amount is to be allocated to cities and counties on the basis of school age population. The remaining one-third is to be used for purposes related to higher education.

The bill also increases the motor vehicle fuels tax rate by \$0.05 per gallon on July 1, 2013, and by another \$0.05 per gallon beginning July 1, 2014. Beginning on July 1, 2015, the motor vehicle fuels tax rate is to be indexed to the U.S. Department of Labor's Producer Price Index for other nonresidential construction. The rate is to be adjusted annually thereafter. The bill also raises the road tax paid by motor carriers to \$0.035 per gallon more than the current motor vehicle fuel tax rate. Currently, the rate is \$0.02 per gallon more than the fuel tax rate.

The bill contains an enactment clause which directs that \$80 million in the TTF's share of the new revenue is to be transferred to the Phase II of the Dulles Corridor Metrorail Extension Project in FY2014 through FY2017, provided the Metropolitan Washington Airports Authority (MWAA) meets specified conditions.

**6. Budget Amendment Necessary:** Yes, an amendment to the revenues on page 1 and to Item 139 and Item 446. Additional amendments will likely need to be made to the budgets of higher education institutions.

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

	Fuels Tax Increase and Index	Total Sales & Use Tax Increase		
	Transportation Trust Fund	Transportation Trust Fund	K-12 Education	Higher Education
FY2014	\$230.27	\$442.97	\$295.31	\$147.66
FY2015	\$491.82	\$502.08	\$334.72	\$167.36
FY2016	\$546.01	\$522.16	\$348.11	\$174.05
FY2017	\$587.20	\$542.01	\$361.34	\$180.67
FY2018	\$633.72	\$560.44	\$373.62	\$186.81
FY2019	\$633.72	\$579.49	\$386.33	\$193.16

- 8. Fiscal Implications:** The proposed legislation would increase funding for transportation, K-12 education and higher education. The additional funding to transportation and K-12 education would be allocated based on existing formulas. The additional funding for higher education would be determined by the Governor and the General Assembly through the Appropriation Act.

Of the funding to the Transportation Trust Fund from the increase and indexing of the motor vehicle fuels tax shown in the table above, \$80 million would be transferred to MWAA in FY2014, FY2015, FY2016 and FY2017.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Transportation, Department of Rail and Public Transportation, Department of Aviation, Department of Taxation, Virginia Port Authority, local governments, higher education institutions

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

**11. Other Comments:** None.

**Date:** 1/23/2013 dpb/smc

**Document:** G:\GA\FIS 2013\SB1340.doc