

Department of Planning and Budget 2013 Fiscal Impact Statement

1. Bill Number: SB855

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: Petersen

3. Committee: Finance

4. Title: Transportation; funding

- 5. Summary:** The proposed legislation increases the base fuel tax rate in Virginia by 10 cents to \$0.275 per gallon of gasoline, gasohol, and diesel fuel. The bill requires the Commissioner of the Department of Motor Vehicles to annually increase or decrease the rate using a fuel efficiency index, which would be calculated by dividing the total annual vehicle miles traveled in the Commonwealth for the relevant year by the total gallons of motor fuel consumed for highway use in Virginia. The Commissioner is to use data published by the Federal Highway Administration. The Department of Motor Vehicles is to develop guidelines by September 1, 2013, for implementing the indexing of taxes on motor vehicle fuels. DMV is to also periodically publish the tax rates on motor vehicle fuels.

The bill also creates an electric motor vehicle battery fee of \$10, to be collected by the retailer at the same time as the sales and use tax. The revenue from the fee is to be deposited in the Highway Maintenance and Operating Fund.

Finally, the proposed legislation amends the composition of the citizen members of the Commonwealth Transportation Board (CTB), the policy board for the Department of Transportation and the Department of Rail and Public Transportation. Currently, the CTB is comprised of 17 members, with 14 citizens and three ex-officio state officials. The Code of Virginia requires that one citizen member represent each of VDOT's nine highway construction districts and five members represent the state at-large, with at least two representing urban interests and at least two representing rural interests. Currently there are three urban at-large members, with two from Hampton Roads and one from Northern Virginia. The bill would increase the number of citizen members to 23, with two representing the Richmond construction district, three representing the Hampton Roads construction district and four representing the Northern Virginia construction district.

- 6. Budget Amendment Necessary:** Yes, an adjustment to the nongeneral fund revenue totals on Page 1 as well as an increase in Item 447.

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

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2013	\$0	0	GF
2014	\$90,000	0	GF
2015	\$11,000	0	GF
2016	\$11,000	0	GF
2017	\$11,000	0	GF
2018	\$11,000	0	GF

7b. Revenue Impact: (in millions)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2013	\$0	HMOF
2014	\$464.5	HMOF
2015	\$538.7	HMOF
2016	\$558.8	HMOF
2017	\$577.6	HMOF
2018	\$597.0	HMOF

- 8. Fiscal Implications:** The Department of Taxation reports it cannot make the required systems and forms changes necessary to collect the electric motor vehicle battery fee before January 1, 2014. The Department of Taxation would incur general fund administrative expenses of approximately \$90,000 in FY2014 and \$11,000 in FY2015 and thereafter for the necessary systems and forms changes and processing costs related to the battery fee.

The additional revenue generated by the increase in the motor vehicle fuels tax would be deposited to the Highway Maintenance and Operating Fund (HMOF). Currently, since Virginia must provide for roadway maintenance and operation prior to the expenditure of funds for construction projects, funding has been transferred from the construction budget to cover maintenance needs. In FY2013, this transfer from construction funds totaled \$363.5 million. The additional revenue generated by the provisions of this bill would offset the construction fund crossover and likely provide a surplus of maintenance funds. Any funds remaining in the HMOF after the provision of the full amount necessary would be available for allocation to construction projects.

The annual fee on electric motor batteries would also generate funding for the HMOF. The amount cannot be determined at this time. As of August 31, 2012, there were 918 electric vehicles actively registered in Virginia.

The additional members of the Commonwealth Transportation Board would be eligible for reimbursement of certain meeting expenses. The additional costs can be absorbed within the Department of Transportation's current appropriation.

9. Specific Agency or Political Subdivisions Affected: Department of Motor Vehicles, Department of Taxation, Department of Transportation, and Commonwealth Transportation Board

10. Technical Amendment Necessary: The Department of Taxation recommends the following amendment to give the agency sufficient time to make the necessary provisions for the collection of the electric motor battery fee: Page 2, Line 68, after “Beginning”, Strike “July 1, 2013” and insert “January 1, 2014”.

11. Other Comments: None.

Date: 1/22/2013 dpb/smc

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