

DEPARTMENT OF TAXATION

2015 Fiscal Impact Statement

1. **Patron** J. Randall Minchew

3. **Committee** House Finance

4. **Title** Department of Taxation; Itemized Accounting
for Northern Virginia Transportation Authority

2. **Bill Number** HB 1525

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would require the Department of Taxation to provide the Northern Virginia Transportation Authority with an itemized accounting of the costs retained by the Department for administering the additional 0.7% state sales and use tax imposed in the Northern Virginia Transportation Authority as well as the methodology used to determine the costs and the reasons for any fluctuation in the amount of such costs.

The Department is authorized to retain sufficient revenues to recover the costs it incurs in administering the sales and use tax modifications enacted by House Bill 2313 in the 2013 General Assembly Session. House Bill 2313 (Acts of Assembly 2013, Chapter 766) increased the state portion of the Retail Sales and Use Tax from 4 percent to 4.3 percent and imposed an additional state sales and use tax at a rate of 0.7% in the counties and cities embraced by the Northern Virginia Transportation Authority and the Hampton Roads Region effective July 1, 2013.

The effective date of this bill is not specified.

6. **Budget amendment necessary:** No.

7. **No Fiscal Impact.** (See Line 8.)

8. **Fiscal implications:**

The Department considers implementation of this bill as routine, and does not require additional funding. The direct costs of implementing and administering the additional 0.7% state sales and use tax enacted by House Bill 2313 are deducted monthly on a proportionate basis from the entities receiving revenues from the 0.7% state sales and use tax revenues: the Northern Virginia Transportation Authority and the Hampton Roads Region. As the start-up costs for the sales and use tax modifications have already been reimbursed, the ongoing costs for the sales and use tax modifications are anticipated to be minimal.

The Department's costs consist of staff time, contractors for the computer systems, and processing costs. Such costs may fluctuate between months as not all contractors invoice the Department every month and the Department calculates and recovers processing costs on a quarterly basis. Implementation costs incurred prior to the effective date of the taxes were reimbursed from the sales and use tax revenues over a period of several months after the sales and use tax modifications were imposed beginning July 1, 2013. The Department provides the Authority any amounts charged with the monthly 0.7% sales tax distribution report.

9. Specific agency or political subdivisions affected:

Department of Taxation
Northern Virginia Transportation Authority
Counties of Arlington, Fairfax, Loudoun, and Prince William and the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park

10. Technical amendment necessary: No.

11. Other comments:

The Department has contacted the Northern Virginia Transportation Authority staff to identify the particular information requested and will be providing on a routine basis.

The effective date of this bill is not specified.

cc : Secretary of Finance

Date: 1/28/2015 AM
DLAS File Name: HB1525F161