

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: SB477

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Wagner

3. Committee: Finance

4. Title: Motor vehicle fuels sales tax in certain transportation districts; price floor

5. Summary: This bill places a floor on the 2.1 percent tax imposed on motor vehicle fuels sold in Northern Virginia and Hampton Roads by ensuring that the tax is not imposed on a sales price less than the statewide average sales price on February 20, 2013, which is the date used as a floor on the statewide motor vehicle fuels sales tax.

6. Budget Amendment Necessary: Yes, Item 456. An appropriation adjustment should be reflected in service area 60707, Distribution of Hampton Roads Transportation Fund Revenues.

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

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>	<i>Dollars</i>	<i>Fund</i>
2016	-	-	-	-
2017	18,400,000	Hampton Roads	27,400,000	NVTD, PRTC*
2018	21,600,000	Hampton Roads	32,000,000	NVTD, PRTC
2019	21,700,000	Hampton Roads	32,200,000	NVTD, PRTC
2020	21,800,000	Hampton Roads	32,500,000	NVTD, PRTC
2021	21,600,000	Hampton Roads	32,100,000	NVTD, PRTC
2022	21,200,000	Hampton Roads	31,300,000	NVTD, PRTC

** Northern Virginia Transportation District; Potomac and Rappahannock Transportation Commission*

8. Fiscal Implications: The revenue impact estimate for FY 2017 reflects a 10-month effect. The additional funding would be remitted to the regions through the existing process.

The Department of Motor Vehicles (DMV) estimates that the staff hours required to implement the provisions of this legislation could be accomplished during the normal work schedules for DMV employees and that otherwise there would be no impact on the agency's expenditures.

9. Specific Agency or Political Subdivisions Affected: Department of Motor Vehicles; Department of Transportation; Northern Virginia Transportation District; Potomac and

Rappahannock Transportation Commission; localities in the Hampton Roads area where the tax is imposed.

10. Technical Amendment Necessary:

- The bill, as drafted, could be interpreted as prohibiting imposition of the tax whenever the sales price of fuel is less than it was on February 20, 2013 (“In no case shall the tax . . . be imposed on a sales price that is less than . . . the sales price . . . on February 20, 2013”). The bill should be amended to clarify its intent.
- The bill provides that the minimum amount of the tax is to be based upon “the statewide average sales price of a gallon of fuel . . . on February 20, 2013.” It is unclear whether “sales price” in this instance means the price charged by a distributor for fuels sold to a retail dealer (which is the price on which the tax is currently based), or some other sales price. It appears, however, that the floor price for the Motor Vehicle Fuels Sales Tax is intended to be the same as the floor price set under § 58.1-2217 for the Fuels Tax, which suggests that “sales price” for the MVFST is to be calculated using the same price data as for the Fuels Tax. Consideration may be given to amending the bill to clarify this issue.
- Currently, the Motor Vehicle Fuels Sales Tax applies to every type of fuel that is subject to Virginia’s Fuels Tax, including alternative fuels such as propane and natural gas. In setting out separate taxes only for gasoline and diesel, this legislation appears to eliminate the tax on alternative fuels.

11. Other Comments: This bill is similar to HB 1008.

Date: 1/21/16

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c: Secretary of Transportation