

Department of Planning and Budget 2016 Fiscal Impact Statement

1. **Bill Number:** SB742

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

5. **Summary:** This bill changes the regional gas tax in Hampton Roads and Northern Virginia to a cents-per-gallon tax. The tax rate in Northern Virginia would be raised and subjected to the price floor of Va. Code § 58.1-2217. The tax rate in Hampton Roads would fluctuate depending on the cost of fuel, with the rate being higher when fuel prices are low and lower when fuel prices are high. The tax would be imposed on the basis of the price of each gallon of diesel fuel, unleaded gasoline, or an equivalent amount in alternative fuels as determined by the Commissioner of the Department of Motor Vehicles using a prescribed formula to calculate the average wholesale price.

6. **Budget Amendment Necessary:** Yes, Item 456. An appropriation adjustment should be reflected in service area 60707, Distribution of Hampton Roads Transportation 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	69,200,000	Hampton Roads	62,200,000	NVTD and PRTC*
2018	83,100,000	Hampton Roads	74,200,000	NVTD and PRTC*
2019	84,000,000	Hampton Roads	74,900,000	NVTD and PRTC*
2020	85,300,000	Hampton Roads	75,900,000	NVTD and PRTC*
2021	85,900,000	Hampton Roads	76,100,000	NVTD and PRTC*
2022	86,200,000	Hampton Roads	75,800,000	NVTD and PRTC*

*Northern Virginia Transportation District and Potomac and Rappahannock Transportation Commission

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

The Department of Motor Vehicles (DMV) estimates that it will need to expend \$55,670 in FY 2016 for its vendor to make the systems changes required to implement the provisions of this legislation. The Department estimates that the agency staff hours required for

implementation could be accomplished during the normal work schedules for DMV employees, given current workloads.

9. Specific Agency or Political Subdivisions Affected: Department of Motor Vehicles; Department of Transportation; localities in the Hampton Roads area where the tax is imposed; localities and transportation agencies in areas of Northern Virginia where the tax is imposed.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 2/11/16

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c: Secretary of Transportation