

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: HB768

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

2. Patron: Jones, S.C.

3. Committee: Appropriations

4. Title: Motor vehicle fuels sales tax in certain areas of the Commonwealth; price floor

5. Summary: This bill establishes a floor on the 2.1 percent sales tax imposed on motor vehicle fuels sold in Northern Virginia and Hampton Roads. The average distributor price of gasoline, as determined by the Commissioner of the Department of Motor Vehicles, on June 1, 2018, shall be the initial floor. If the average distributor price rises in future determinations, the new higher average will become the floor, until such time as the average distributor price of gasoline is determined to be equal to or greater than the average wholesale price of gasoline in the Commonwealth on February 20, 2013, which is the date of the floor used for the calculation of the state gasoline tax. After this threshold is met, the average distributor price used for the calculation of the regional tax will be the same as the average price used to calculate the state tax.

6. Budget Amendment Necessary: Yes. Item 453, service area 60707 for Hampton Roads.

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

Expenditure and Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>	<i>Dollars</i>	<i>Fund</i>
2019	\$7,600,000	NVTC & PRTC*	\$3,700,000	Hampton Roads
2020	\$7,900,000	NVTC & PRTC	\$3,900,000	Hampton Roads
2021	\$7,700,000	NVTC & PRTC	\$3,800,000	Hampton Roads
2022	\$7,500,000	NVTC & PRTC	\$3,700,000	Hampton Roads
2023	\$7,300,000	NVTC & PRTC	\$3,600,000	Hampton Roads
2024	\$7,300,000	NVTC & PRTC	\$3,600,000	Hampton Roads

* Northern Virginia Transportation Commission and Potomac and Rappahannock Transportation Commission

8. Fiscal Implications: The revenue impact for FY 2019 reflects 11 months of revenue. Taxpayers are required to pay the tax on the 20th day of the second month following the month in which the activity occurred, but must file and pay both April and May taxes in June. Funding would be remitted to the transportation commissions using the existing processes.

Pursuant to Va. Code § 58.1-2299.20, the Department of Motor Vehicles will recover the direct costs of administration of the Motor Vehicle Fuels Sales Tax from the transportation commissions.

9. Specific Agency or Political Subdivisions Affected: Department of Motor Vehicles, Virginia Department of Transportation, Northern Virginia Transportation Commission, Potomac and Rappahannock Transportation Commission, Hampton Roads Transportation Accountability Commission.

10. Technical Amendment Necessary: The provisions of this legislation would go into effect July 1, 2018; but the second enactment requires the Commissioner of DMV to determine the average distributor price of gasoline by June 1, 2018.

11. Other Comments: None.

Date: 2/14/2018

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cc: Secretary of Transportation