

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: SB896

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 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 by requiring that the average wholesale price upon which the tax is based be no less than the statewide average wholesale price on February 20, 2013.

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

7. Fiscal Impact Estimates: Preliminary.

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>	<i>Dollars</i>	<i>Fund</i>
2019	\$32,340,000	NVTC & PRTC*	\$15,620,000	Hampton Roads
2020	\$30,900,000	NVTC & PRTC	\$15,000,000	Hampton Roads
2021	\$28,400,000	NVTC & PRTC	\$13,900,000	Hampton Roads
2022	\$26,000,000	NVTC & PRTC	\$12,700,000	Hampton Roads
2023	\$23,700,000	NVTC & PRTC	\$11,600,000	Hampton Roads
2024	\$23,100,000	NVTC & PRTC	\$11,300,000	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. The additional funding would be remitted to the transportation commissions using the existing process.

Today, the 2.1 percent tax is applied to the price of fuel sold by a distributor to a retail dealer, which is approximately \$0.40/gallon to \$0.50/gallon higher than the statewide average wholesale price on which the floor is based. Current revenue forecasts project the distributor's price to rise over time. Therefore, while the imposition of a floor of the February 20, 2013, wholesale price will generate additional funding, the amount of the increase is anticipated to decline over time as the difference between the forecasted growth of the distributor's price and the floor price narrows. 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: No.

11. Other Comments: This bill is identical to HB 917, HB 970, and SB 393.

Date: 1/24/2018

Document: Janet Vogelgesang G:\18-20\FIS 2018\SB896.docx

cc: Secretary of Transportation