

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: SB1322

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

2. Patron: Hanger

3. Committee: Finance

4. Title: Tax on motor fuels

5. Summary: This bill imposes an additional 2.1 percent tax on motor fuels sold at wholesale to a retail dealer for sale in a locality along the Interstate 81 Corridor. The revenues from the tax would be deposited into an Interstate 81 Corridor Improvement Fund, to be used by the Commonwealth Transportation Board to fund improvements along the corridor or to support debt to fund such improvements.

6. Budget Amendment Necessary: Yes, Item 450, service area 60323 and Agency 154 in FY 2020.

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

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2019	-	-	-
2020	\$188,870	2	Motor Vehicle Special Fund and I 81 Corridor Improvement Fund
2021	\$498,128	5	I 81 Corridor Improvement Fund
2022	\$498,128	5	I 81 Corridor Improvement Fund
2023	\$498,128	5	I 81 Corridor Improvement Fund
2024	\$498,128	5	I 81 Corridor Improvement Fund
2025	\$498,128	5	I 81 Corridor Improvement Fund

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2019	-	-
2020	\$55 million	I 81 Corridor Improvement Fund
2021	\$60.7 million	I 81 Corridor Improvement Fund
2022	\$61.3 million	I 81 Corridor Improvement Fund
2023	\$61.3 million	I 81 Corridor Improvement Fund
2024	\$61.2 million	I 81 Corridor Improvement Fund

8. Fiscal Implications: The Department of Motor Vehicles (DMV) would require two additional employees in its Tax Services Division to handle the new accounts, as well as three additional employees in its External Audit division to audit tax returns. As permitted

by the bill, DMV would recover its direct costs for administration from the fund; however, a budget amendment is needed to appropriate the funding and to increase the agency's maximum employment level.

\$42,000 of the FY 2020 expenditure impact is a direct external cost to DMV which would be incurred as a payment to an external vendor for necessary modifications to the computer systems which support the administration of the Motor Vehicle Fuels Sales Tax.

9. Specific Agency or Political Subdivisions Affected: Department of Motor Vehicles, Virginia Department of Transportation.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/18/2019

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Cc: Secretary of Transportation