

Governor's Proposed Amendments HB 2313

Summary

The Governor's proposed substitute for HB 2313 includes 3 major categories of changes:

1. Modest adjustments to revenues

- Reduction in titling tax from 4.3% to 4.15%,
- Reduction in alt fuel vehicle fee from \$100 to \$64,
- Reduction in NOVA grantors fee from \$0.25 to \$0.15 per \$100,
- Reduction in NOVA transient occupancy tax from 3% to 2%

2. Adjustments to respond to AG's advisory opinion relating to the regional components of the legislation

- Changes the categorization of regions to metrics based on

3. Technical amendments

- Correction of Code cross references
- Adjustment of language related to Leaking Underground Storage Tank
- Correction to transitional provisions relating to fuel tax remittance

Revenue Related Amendments

Cumulative Actions: The Governor proposed amendments to HB 2313 in the area of revenues reduce the cumulative statewide revenues from \$3.5 billion to \$3.4 billion from FY 2013 to FY 2018. For the Northern Virginia regional package, the revenue estimate is decreased from \$1.7 billion to \$1.6 billion over the five-year period. There are no changes related to the revenues in the Hampton Roads regional package.

Titling Tax: Reduces the proposed phased-in increase in the motor vehicle titling tax from 4.3% to 4.15%.

- Rate would be 4.0% effective July 1, 2013, 4.05% effective July 1, 2014, 4.10% effective July 1, 2015, and 4.15% July 1, 2016 and thereafter
- Net result is a decrease in assumed revenues from \$1.2 billion to \$1.1 billion over the five-year period through FY 2018. Results in an annual reduction of about \$32.0 million a year when fully implemented in FY 2017
- Retains provisions relating to the exclusion of manufacturer incentives/rebates, and the increase in the minimum fee from \$35.00 to \$75.00 to reflect both the change in the tax rate and the increase in vehicle values since the rate was last adjusted in 1986

Alternative Fuel Vehicles Annual Fee: The substitute reduces the increase in the \$100.00 annual fee to \$64.00 for alternative fueled and hybrid vehicles, resulting in a five-year revenue reduction of \$24.0 million. The current fee is \$50.00 for electric vehicles.

- The \$64.00 fee would generate approximately \$10.9 million on an annual basis by FY 2018. In comparison, the \$100.00 fee would have generated approximately \$17.0 million by FY 2018.

NOVA Grantors Tax: Reduces the proposed “congestion relief fee,” or grantors filing charge, from \$0.25 per \$100.00 value to \$0.15 per \$100.00 value of the net sales price of a home in Northern Virginia. This does not result in any reduction in the revenues assumed to be generated but reflects updated data. This is assumed to generate about \$30.0 million each year.

NOVA Transient Occupancy Tax: Reduces the proposed regional transient occupancy tax from 3% to 2% in the Northern Virginia region. Also stipulates that the tax will be locally collected to eliminate the need for impacted facilities to have to file with 2 separate entities given that the existing transient occupancy tax is locally-administered.

Payments to Counties that Have Withdrawn from the Secondary System: Changes language relating to the payments to Arlington and Henrico Counties to state that the per mile rate will be based on moving lane miles as opposed to lane miles. These counties have been paid on a per lane mile rate since the Code provisions were changed in 1985. This reduces the maintenance payments to those two jurisdictions contrary to the intent of the General Assembly.

Other Changes

Establishment of the Regional Boundaries: Changes the classification of regions where the additional state sales tax, motor fuels tax, grantor’s fee, and transient occupancy tax are applied. Adopted bill listed the Hampton Roads Transportation Planning Organization jurisdictions by name and referenced Northern Virginia jurisdictions by membership in the Northern Virginia Transportation Authority. The substitute replaces reference to specific localities and instead defines eligibility based on a series of criterion based on planning district with specific population, registered vehicle, and transit ridership thresholds.

This amendment further clarifies that the intent was to impose the additional taxes in areas facing unique congestion problems, and makes the same remedies available to areas that might reach those same levels in the future.

Ensuring Funds Are Used Solely for Transportation Purposes: Amends language in the 14th enactment clause that prohibits the use of funding for purposes other than transportation to clarify that if a locality uses the new revenue for non-transportation purposes it loses funding for one year. This amendment prevents a single jurisdiction from being able to unilaterally terminate the Northern Virginia regional revenue components.