

## HB 2313 Conference Report – Line by Line

Page 2, lines 34 – Page 2, line 53	§15.2-4838.01	<b>Northern Virginia Transportation Authority Fund Created.</b> Establishes the Fund within the State Treasury as a non-reverting fund to be used for transportation.
Page 3, lines 54 to Page 6, line 141	§15.2-4838.1	<b>Use of Revenues by NOVA Transportation Authority.</b> Stipulates that they will be chosen from a list of projects selected by the Authority to reduce congestion.
Page 6 line 142 through Page 8 line 191	§33.1-23.03:08	<b>Priority Transportation Fund.</b> Eliminates reference to receipt of \$20 million annually derived from gasoline tax at cents per gallon. Replaces it with dedication of 4% of revenues generated by the tax at the rack to provide on-going hold-harmless for PTF with marginal growth.
Page 8 line 192 through Page 9 line 222	§33.1-23.5:1	<b>Funds for Counties that Have Withdrawn from State Highway System</b> Updates per lane mile references for Arlington and Henrico counties to reflect FY 2014 rates instead of FY 1986 rates. Does <u>not</u> change Arlington rate. Increases Henrico to reflect a rate more closely aligned with payments made to cities.
Page 9 line 223 through line 241	§33.1-23.5:1	<b>Hampton Roads Transportation Fund Established.</b>  Creates a special non-reverting Hampton Roads Transportation Fund in the State Treasury to hold the revenues generated by the regional taxes imposed in this Act.  Defines the Hampton Roads region to mirror the Transportation Planning Organization in the region. (includes: Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg, and the Counties of Gloucester, Isle of Wight, James City, and York)
Page 10, lines 242-245	§58.1-300	<b>Incomes not subject to local taxation.</b> Technical – eliminates references to Code provisions eliminated elsewhere in the Act.
Page 10 lines 246 - 265	§58.1-520	<b>Contingent expiration – Definitions.</b> Eliminates references to Code section repealed elsewhere in this Act.
Page 10 line 266 to Page 11 line 286	§58.1-520	<b>Contingent effective – Definitions.</b> Eliminates Code section repealed elsewhere in this Act.

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Page 11 line 287 – Page 12 line 308	§58.1-601	<b>Administration of Chapter.</b> This section sets out the administration of the collection of sales tax from remote sellers to implement collection of sales tax pursuant to the Marketplace Equity Act.
Page 12 line 309 – Page 20 line 522	§58.1-602	<b>Definitions.</b> This section amends the definitions used in the sales tax chapter of title 58.1 to include language relating to redefinition of terms that might be necessary to comply with the provisions of the Marketplace Equity Act.
Page 20 line 523 – Page 21 line 541	§58.1-603	<b>Imposition of sales tax.</b> Includes the increase in the general sales tax of 0.3%. Does not apply to food.
Page 21 line 542 – Page 22 line 566	§58.1-603.1	<b>Additional sales tax in certain cities or counties.</b> Includes an additional 0.7% sales tax for the Hampton Roads and Northern Virginia regional funds. (brings total sales tax in those 2 regions to 6% inclusive of statewide increase of 0.3% above) Does not apply to food.
Page 22 line 567 to Page 23 line 592	§58.1-604	<b>Imposition of Use Tax.</b> Mirrors the sales tax section above to make the corresponding increase of 0.3% to the use tax.
Page 23 line 593 –617	§58.1-604.01	<b>Additional use tax in certain cities or counties.</b> Mirrors the additional 0.7% sales tax for the Hampton Roads and Northern Virginia regional funds to increase the use tax. (brings total sales tax in those 2 regions to 6% inclusive of statewide increase of 0.3% above)
Page 24 line 618 – Page 25 line 652	§58.1-604.01	<b>Use tax on motor vehicles, machinery, tools and equipment brought into Virginia for performing contracts.</b> Reflects the same 0.3% increase for other items with the existing exclusions unchanged.
Page 25 line 653 to Page 28 line 739	§58.1-605	<b>Local Sales Tax Provisions.</b> This section sets out the administration of the collection of sales tax from remote sellers to implement collection of sales tax pursuant to the Marketplace Equity Act for the local

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		option sales tax.
Page 28 line 740 to Page 30 line 802	§58.1-606	<b>Local Use Tax Provisions.</b> This section sets out the administration of the collection of sales tax from remote sellers to implement collection of sales tax pursuant to the Marketplace Equity Act for the local option use tax.
Page 30 line 803 to Page 34 line 903	§58.1-608.3	<b>Entitlement to certain sales tax revenues.</b> This existing Code section relates to sales tax revenues generated at specific facilities – hotels, sports arenas, etc. – that are expressly given permission to retain portions of the sales tax funding generated at such facilities. New language is added excluding retention of the additional 0.3% dedicated to transportation under this act, as well as any regional transportation sales tax included in this Act. Already excluded is the 1% distributed by school age population, the existing 0.5% dedicated to the TTF and the 1% local option sales tax
Page 34 line 904 to Page 37 line 987	§58.1-612.	<b>Dealers Defined Contingent expiration date(sales tax)</b> Like the previous sales tax section, this includes language authorizing changes to definitions and collection practices which allows the methods to change if required to comply with the provisions of the Marketplace Equity Act.
Page 37 line 988 to Page 41 line 1084	§58.1-612.	<b>Dealers Defined Contingent effective date(sales tax)</b> Like the previous sales tax section, this includes language authorizing changes to definitions and collection practices which allows the methods to change if required to comply with the provisions of the Marketplace Equity Act.
Page 41 line 1085 to Page 42 line 1109	§58.1-614.	<b>Vending machine sales.</b> This updates the sales tax provisions related to vending machines to reflect the 0.3% increase in the general sales tax included in this bill as well as the regional increases contemplated in NOVA and Hampton Roads.
Page 42 line 1110 to Page 43 line 1141	§58.1-615.	<b>Returns by dealers.</b> Also related to Marketplace Equity. Limits sales tax returns by dealers to no more than once per month.
Page 43 line 1142 to Page 44 line 1176	§58.1-625.	<b>(effective until July 1, 2017) Collection of Tax.</b> Another section which is amended to include language relating to compliance with provisions of the Marketplace Equity Act. (Note: the contingent effective dates are

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		unrelated to this legislation and are pre-existing)
Page 44 line 1177 to Page 46 line 1210	§58.1-625.	<b>(effective July 1, 2017) Collection of Tax.</b> Another section which is amended to include language relating to compliance with provisions of the Marketplace Equity Act. (Note: the contingent effective dates are unrelated to this legislation and are pre-existing)
Page 46 line 1211 to Page 47 line 1236	§58.1-635.	<b>Failure to file return; civil penalties.</b> Another section which is amended to include language relating to compliance with provisions of the Marketplace Equity Act.
Page 47 line 1237 to Page 56 line 1491  (Note: changes begin on page 55, line 1454)	§58.1-638.	<b>Disposition of state sales and use tax revenues.</b>  Includes changes to distribution of sales tax as follows: F. 2 reflects the dedication of an additional 1/8 <sup>th</sup> percent of the sales and use tax to education through the existing Education SOQ Fund created in 2004.  G. Sets out the phased increase in the share of the existing sales and use tax transferred to the HMOF by year. Amounts equal 0.05% in FY 2014, 0.10% in FY 2015, 0.15% in FY 2016, and 0.175% in FY 2017 and beyond. Percentages are used because the language is drawn in comparison to the existing 0.50% going to the TTF since 1986. Enactment clause says that the amounts do NOT apply to food.  H. Sets out the distribution of the additional 0.7% sales and use tax in Northern Virginia and Hampton Roads and directs their deposits to the respective funds.
Page 56 line 1492 to Page 57 line 1520	§58.1-638.2	<b>Disposition of sales tax generated by the Marketplace Equity Act.</b> This language sets out the distribution of tax revenues generated by the MEA as follows: 1% local – 50% to transportation, 50% any purpose 1% school age population .25% SOQ Remainder to transportation (3.05%) with amounts being deposited in the Transportation Trust Fund
Page 58 line 1521 to line 1533	§58.1-638.3	<b>Disposition of 0.3% sales tax for transportation</b> Sets out the distribution of the 0.3% increase in sales tax for transportation as follows: .175% to the HMOF

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		.05% to the Intercity Passenger Rail Fund .075% to the Mass Transit Fund
Page 58 line 1534 to Page 59 line 1553	§58.1-639	<b>Transitional Provisions.</b> Updates provisional implementation language to deal with remittance of sales tax for items delivered within 3 months of the effective date of the increase of 0.3% of the sales tax.
Page 59 line 1554 to 1571	§58.1-802.2	<b>Regional Congestion Relief Fee.</b> This section implements a \$0.25 per \$100 grantor's tax in the Northern Virginia Transportation Authority region.
Page 59 line 1572 to Page 63 line 1663	§58.1-811	<b>Exemptions.</b> Retains the existing exemptions from grantors tax and ensures the same apply to the regional congestion relief fee in Northern Virginia.
Page 63 line 1664 to 1675	§58.1-1742	<b>Transient Occupancy Tax In Northern Virginia.</b> Implements a 3% transient occupancy tax in Northern Virginia with revenues deposited into the NVTA Fund.
Page 63 line 1676 to Page 71 line 1867	§58.1-2201	<b>Definitions.</b> Adds definitions of alternative fuel vehicle and hybrid electric vehicle.
Page 71, line 1868 to Page 73 line 1923	§58.1-2217	<b>Taxes levied; rate.</b> The language in this section repeals the 17.5 cents per gallon tax on gasoline effective July 1, 2013. The second sentence imposes a 3.5% wholesale rack sales tax on motor fuel effective July 1, 2013. That rate is to be initially set based on the rack price in effect on February 20, 2013. Henceforth it is updated bi-annually on July 1 and January 1 to reflect the average wholesale price of regular unleaded gasoline over the preceding period.  Paragraph B makes similar changes to diesel taxes. Eliminates the current 17.5 cents per gallon tax on diesel fuel effective July 1, 2013. The second sentence imposes a 6% wholesale rack sales tax on motor fuel effective July 1, 2013.  Language in paragraph F. retains the Leaking Underground Storage Tank Fee

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Page 73 line 1923 –Page 74 line 1963	§58.1-2230	<p><b>When tax return and payment are due.</b> This section includes additional language requested by the gasoline dealers to address the implementation of the tax, specifically payments related to gasoline in inventory at the date of the expiration of the 17.5 cents gas tax and the imposition of the sales tax at the rack.</p>
Page 74 line 1964 to Page 75 line 1983	§58.1-2249	<p><b>Tax on alternative fuel</b> Adjusts the tax rate on alternative fuels to reflect the elimination of the 17.5 cents per gallon and replace it with an equivalent charge for such vehicles as compared to the rack tax rate.</p> <p>Increases the annual fee paid by electric vehicles from \$50 to \$100 and includes alternative fuel vehicles and hybrid electric vehicles in the definition.</p> <p>Includes language excluding natural gas vehicles subject to federal excise tax or registered under the International Registration Plan.</p> <p>Revenues generated are to be deposited into the Highway Maintenance and Operating Fund.</p>
Page 75 line 1984 to Page 76 line 2016	§58.1-2251	<p><b>Liability for tax; filing returns; payment of tax.</b> Changes date for annual alternative fuel license tax from December 31, to the date when vehicle first registered and annually on same date.</p>
Page 76 line 2017 to Page 81 line 2138	§58.1-2259	<p><b>Fuel uses eligible for a refund of a portion paid for motor fuels.</b> Does not change or eliminate the rate of discount applied to any of the 21 pre-existing refund provisions for any type of vehicle.</p> <p>Adds new language allowing diesel vehicles weighing 10,000 pounds or less to receive a rebate equivalent to the differential between diesel and non-diesel fuel.</p>
Page 81 line 2139 to Page 83 line 2209	§58.1-2289	<p><b>(Contingent Expiration Date) Disposition of tax revenue generally.</b> First sections are technical changes to reflect the elimination of the existing motor fuel tax.</p> <p><b>Paragraph E.</b> distributes the net revenues generated by the motor fuel and diesel wholesale sales tax as follows:</p>

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		<p>80% to HMOF  15% to TTF  4% to PTF  1% to DMV</p>
<p>Page 84 line 2210 to Page 84 line 2233</p>	<p>§58.1-2295</p>	<p><b>(Effective July 1, 2013) Levy; payment of tax. Paragraph 2.</b> Adds a 2.1% wholesale tax at the rack on motor fuels in the Hampton Roads Region to equalize with the pre-existing rate in Northern Virginia.</p>
<p>Page 84 line 2234 to Page 85 line 2253</p>	<p>§58.1-2299.20</p>	<p><b>(Effective July 1, 2013) Disposition of tax revenues.</b></p> <p>Paragraph 1 simply clarifies that no change is made relative to the existing 2.1% motor fuel sales tax in Northern Virginia in terms of its disposition.</p> <p>Paragraph 2 deposits all the revenues generated for Hampton Roads into the Hampton Roads Transportation Fund.</p>
<p>Page 85 line 2254 to Page 86 line 2288</p>	<p>§58.1-2401</p>	<p><b>Definitions.</b></p> <p>Amends the definition of the motor vehicle sale price to exclude from the sale price used to calculate titling tax any manufacturer rebate or incentive payment</p>
<p>Page 86 line 2289 to Page 89 line 2346</p>	<p>§58.1-2402</p>	<p><b>Levy.</b></p> <p>Phases in a reduction in the sales tax discount applied to motor vehicle sales over 4 years to reflect the increase in the statewide sales tax and maintain a 1% differential between titling tax and general sales and use tax rates.</p> <p>Rate becomes 4% in FY 2014, 4.1% in FY 2015, 4.2% in FY 2016 and 4.3% in FY 2017.</p> <p>There is no change made to the rate paid for manufactured homes nor does it impact the exemption for trailers or semitrailers or mobile offices.</p> <p>Increases the minimum fee of \$35 for titling to \$75 to reflect the rate change. The minimum fee was initially imposed to ensure that person-to-person sales included accurate sale prices and were not deflated to reduce amounts paid. This increase reflects in the increases in the titling rate as well as the growth in vehicle prices since the fee was set in 1986.</p>

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Page 89 line 2346 to Page 90 line 2371	§58.1-2425	<p><b>Disposition of revenues.</b> Amends existing language relating to the distribution of titling tax to deposit the additional revenues generated by the changes in this Act to the Highway Maintenance and Operating Fund.</p>
Page 90 line 2372 to Page 90 line 2391	§58.1-2701	<p><b>Amount of tax.</b> Translates the language relating to the road-use tax paid by large trucks for mileage traveled in Virginia to reflect the shift to tax at the rack.</p>
Page 90 line 2392 to Page 91 line 2417	§58.1-2706	<p><b>Credit for payment of motor fuel, diesel or liquefied gases tax.</b> Technical change to maintain the credit for such fuels but reflects the other provisions in this Act relating to motor fuels tax.</p>
Page 91 line 2418 to 2421	§58.1-2708	<p><b>Inspection of books and records.</b> Technical language change to authorize the inspection of books related to the collection of fuels under the International Fuel Tax Agreement</p>
Page 91 line 2422 to Page 98 line 2603	2 <sup>nd</sup> Enactment	<p>The enactment clause reflects the agreement to backfill any shortfall in transportation funding if the Marketplace Equity Act is not adopted by Congress by January 1, 2015.</p> <p>If that Act does not become law, the sales tax on the wholesale price of non-diesel fuel would increase to 5.1% to replace the amounts assumed to be generated from the MEA. Applies only to non-diesel fuel.</p> <p>This contingent language only goes into effect if Congress fails to act, but requires the setting out of the entirety of the rack tax section of the Code. Language in the 15<sup>th</sup> enactment includes an “un-trigger” if Congress subsequently passes the legislation.</p>
Page 98 lines 2604-2607	3 <sup>rd</sup> Enactment	<p>This enactment reflects another contingent action if Congress does not pass the Marketplace Equity Act. Under these provisions, the phased-transfer of additional 0.175% of the pre-existing general sales and use tax revenues to the HMOF would be halted beyond the 2015 level to ensure there is no loss from the assumed MEA funding for public education.</p>



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Page 99 lines 2608-2611	4 <sup>th</sup> Enactment	Repeals the existing local option income tax provisions Repeals provisions relating to propane tax Repeals a now unnecessary effective contingent date Repeals enactment clause relating to the existing commercial real estate assessment in Northern Virginia.
Page 99 lines 2612-2615	5 <sup>th</sup> Enactment	Clarifies that none of the sales tax increases included in the bill, or the calculations used to determine the additional amounts to be transferred to transportation apply to food for human consumption.
Page 99 lines 2616-2622	6 <sup>th</sup> Enactment	Provides \$100 million a year for 3 years for the Dulles Rail Phase II in FY 2014, 2015, and 2016 provided that MWA addresses all the recommendations cited by the US Inspector General and that the Secretary of U.S. DOT determines the recommendations have been addressed.
Page 99 lines 2623-2634	7 <sup>th</sup> Enactment	Includes language making all the language relating to the collection of sales from remote dealers contingent upon Congressional passage of the “Marketplace Equity Act”.
Page 100 lines 2635-2637	8 <sup>th</sup> Enactment	Includes language requiring the NVTa to work with the towns encompassed in the region.
Page 100 lines 2638-2642	9 <sup>th</sup> Enactment	Outlines the compelling congestion problems in Northern Virginia and Hampton Roads as identified by a national study.
Page 100 lines 2643-2649	10 <sup>th</sup> Enactment	Includes a requirement that the localities in Northern Virginia and Hampton Roads meet maintenance of effort requirements in terms of transportation expenditures.
Page 100 lines 2650-2652	11 <sup>th</sup> Enactment	Prohibits the imposition of tolling on Interstate 95 south of Fredericksburg pursuant to the Interstate System Reconstruction and Rehabilitation Pilot Project without prior General Assembly approval.
Page 100 lines 2653-2657	12 <sup>th</sup> Enactment	Amends the 22 <sup>nd</sup> enactment of HB 3202 from the 2007 Session to set out that the contingent expiration provisions do not apply to revenues that have been repealed (cents per gallon gas tax) in this Act.
Page 100 lines 2658-2659	13 <sup>th</sup> Enactment	Provides, beginning in FY 2020, \$20 million per year from the HMOF to the Route 58 Corridor Development Fund.

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Page 100 lines 2660 – Page 101 line 2664	14 <sup>th</sup> Enactment	Provides for the expiration of the revenues dedicated to the Northern Virginia and Hampton Roads regional transportation plans if such funds are used for non-transportation purposes or for any project outside the boundaries of those regions.
Page 101 lines 2665-2668	15 <sup>th</sup> Enactment	States that if Congress adopts the Marketplace Equity Act after January 1, 2015, the contingent provisions that go into effect in the 2 <sup>nd</sup> and 3 <sup>rd</sup> enactments of this Act revert to their previous state. In essence, the increase in non-diesel at the rack and reduced transfer of existing GF to transportation that occur if Congress does not pass the MEA by January 1, 2015 are then repealed once the Act does pass.
Page 101 lines 2669-2670	16 <sup>th</sup> Enactment	States that if any section of this Act is deemed unconstitutional it shall not affect the remaining provisions