

HB 2313

Conference Report

February 21, 2013

Overview of Revenues: HB 2313 Conference Report

- **Generates \$880 million annually statewide in 5th year when fully implemented**
 - Amount includes \$200 million from existing GF sources by year 2018
- **Provides a dynamic funding source for transportation that grows with the economy**
 - Why change? Motor fuels taxes are forecasted to be stagnant
 - ✓ Increasing CAFÉ standards
 - ✓ Increasing use of alternative fueled vehicles
 - ✓ Reduced purchasing power because gas tax based on cents per gallon
 - Sales and use tax on gasoline and on general purchases is percentage-based and thus has inherent growth factor allowing revenues to keep pace with increased costs
- **Sources retain nexus to transportation system usage**
 - Replaces current 17.5 cents per gallon gas tax by lowering the discount on motor vehicle sales – maintains a 1% discount to buy a car, adds a 3.5% motor fuel tax at rack, and a 6% diesel tax at rack (reflects higher wear and tear on roads from heavy trucks)

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- **Eliminates the HMOF/TTF “cross-over” where construction funding is transferred to maintenance**
 - Provides the more than \$500 million of additional revenue to the HMOF in FY 2017 to eliminate crossover
 - Sufficient revenue provided to ensure that the practice of transferring highway construction funding to maintenance is eliminated
 - This results in an equivalent share of funding that will remain in the highway portion of the Transportation Trust Fund which can be distributed according to the existing formulas
- Protects maintenance in the future giving them more dynamic funding sources, protecting from future “cross-over” issues

Overview of Revenues:

HB 2313 Conference Report

- **Includes major regional packages for both Northern Virginia and Hampton Roads**
 - Approximately \$300-350 million each year for Northern Virginia
 - Approximately \$173 million, growing to \$219 million by FY 2018 for Hampton Roads
- **Provides a dedicated funding source for the Mass Transit and Intercity Passenger Rail Fund (IPROC)**
 - IPROC Fund created in 2011 but has had no dedicated funding stream
 - Amounts generated by a portion of the 0.3% increase in general sales tax increase will be used to support rail and transit projects in the Commonwealth (0.125%)
 - ✓ Amounts distributed 40% for rail, 60% for transit
 - ✓ Includes the \$300 million for Phase II Dulles Rail (as included in both bills)

Overview of Revenues: HB 2313 Conference Report

- **Increases fee for alternative fueled vehicles to \$100**
 - Current rate for electric vehicles \$50 million
 - Includes hybrid vehicles
 - Excludes natural gas taxed under federal tax Code
- **Reflects compromise on use of existing GF for transportation**
 - Increases the share of the existing general sales and use tax dedicated to transportation from 0.50% to 0.675% by 2018
 - Transfers additional 0.05% each year in FY 2014, 2015 and 2016, with an additional 0.025% transferred in 4th year
 - Increases share of existing sales tax dedicated to transportation from 0.50% to 0.675% when fully phased-in

Additional Revenues for Transportation Conference Report HB 2313

Additional Statewide Funding for Transportation - HB 2313 Conference Rpt	2014	2015	2016	2017	2018	5-Year
Convert Cents Per Gallon at Pump (gasoline and diesel)	(871.1)	(889.3)	(907.4)	(922.6)	(938.2)	(4,528.6)
3.5% tax at rack on gasoline (wholesale price)	412.0	470.1	482.0	493.2	501.6	2,358.7
6% tax at rack on diesel (wholesale price)	214.3	252.9	267.6	285.3	303.1	1,323.2
\$100 Registration Fee for Alt. Fuel Vehicles	10.2	11.4	13.0	15.0	17.0	66.6
Maintain historic 1% exemption on motor vehicle sales (phase in: 1%, .1%,.1%,.1%)	184.0	223.9	248.8	278.5	278.6	1,213.7
Net Impact - User Fees	(50.7)	68.9	103.9	149.3	162.0	433.5
Increase General Sales and Use Tax 0.3%	265.8	301.2	313.2	325.2	336.3	1,541.7
MEA: Share for Transp. - Sales Tax at 5.3%	144.6	164.1	170.8	177.5	183.6	840.6
Increase Share of Existing GSUT to HMOF by 0.175% (.05/3 years, .025 yr 4)	49.0	101.7	158.4	191.8	198.2	699.1
Net Impact - Other Fees	459.4	567.0	642.4	694.5	718.1	3,081.4
Grand Total For Transportation	408.7	635.9	746.3	843.8	880.2	3,514.9

Conference Report for HB 2313 - Proposed Uses of Revenue

2014 2015 2016 2017 2018 5-Year

	2014	2015	2016	2017	2018	5-Year
Highway Maintenance and Operating Fund						
Loss from gas tax conversion	(735.4)	(751.6)	(767.5)	(781.3)	(795.4)	(3,831.2)
HMOF - 80% of amounts from 3.5% non-diesel rack	329.6	376.0	385.6	394.5	401.2	1,886.9
HMOF - 80% of amounts from 6% diesel rack	171.4	202.3	214.1	228.2	242.5	1,058.6
Eliminate 1.3% of sales tax exemption on motor vehicle sales (1% yr 1, .1% add'l years 2-4)	184.0	223.9	248.8	278.5	278.6	1,213.7
Increase alternative fueled vehicle fee to \$100	10.2	11.4	13.0	15.0	17.0	66.6
Use portion of general sales and use tax increase for HMOF (0.175%)	155.1	175.7	182.7	189.7	196.2	899.3
Increase Share of Existing Sales Tax to HMOF to 0.675% over 4 years	49.0	101.7	158.4	191.8	198.2	699.1
Total to HMOF:	163.9	339.4	435.0	516.4	538.3	1,993.0
Transportation Trust Fund						
Loss from gas tax conversion	(108.5)	(110.4)	(112.4)	(113.7)	(115.1)	(560.1)
TTF - 15% of amounts from 3.5% non-diesel rack	61.8	70.5	72.3	74.0	75.2	353.8
TTF - 15% of amounts from 6% diesel rack	32.1	37.9	40.1	42.8	45.5	198.5
MEA: 3% Share for Transp. Trust Fund - Sales Tax at 5.3%	144.6	164.1	170.8	177.5	183.6	840.6
Total to TTF:	130.0	162.1	170.8	180.6	189.2	832.8
Intercity Passenger Fund and Transit Capital						
Use portion of general sales and use tax increase for IPROC and Transit (0.125%)	110.8	125.5	130.5	135.5	140.1	642.4
Intercity Passenger Rail Operating and Capital Fund (40%)	44.3	50.2	52.2	54.2	56.1	257.0
Mass Transit Trust Fund (60%)	66.5	75.3	78.3	81.3	84.1	385.4
DMV Total - Holds Harmless for Gas Tax Amount	6.3	7.2	7.5	7.8	8.0	36.8
PTF Total - Holds Harmless for Fuel Tax Evasion Assumption	25.1	28.9	30.0	31.1	32.2	147.3
Grand Total for Transportation	408.7	635.9	746.3	843.8	880.2	3,514.9

Additional Provisions: Conference Report HB 2313

- Prohibits tolling of existing lanes of Interstate I-95 South of Fredericksburg
- Retains the refund for diesel-powered passenger vehicles
 - Rate identical to non-diesel vehicles
- Retains refunds for other non-highway vehicles
 - Watercraft, non-road use, etc.
- Includes maintenance of effort provisions on both the state and regional levels to ensure regions are not negatively impacted for undertaking “self-help”

Increased Funding for Public Education

- **Also includes additional dedicated funding for Public Education**

- Dedicates additional 1/8th percent of existing general sales and use tax for education
- Dedicates 1.25% of sales tax generated from Marketplace Equity Act (MEA) to public education
- Includes trigger that if MEA is not adopted by January 1, 2015, general fund transfers to HMOF will be used to backfill the difference
- Also includes a “double-trigger” that if MEA is subsequently adopted, provisions go back into effect

Additional General Fund for Education						
(\$ in millions)	2014	2015	2016	2017	2018	5-Year
MEA for Public Education (1.25%)	59.3	67.3	70.0	72.8	75.3	344.5
Dedicate add'l 1/8% sales and use tax	99.7	113.0	117.5	122.0	126.1	578.3
Total:	159.0	180.3	187.5	194.8	201.4	922.8

Comparison to House-Adopted and Senate-Adopted Versions

- Total revenue levels reflect compromise between House and Senate statewide figures
 - House-adopted version totaled \$827 million in FY 2018 and included \$283 million GF transfer to HMOF
 - Senate-adopted version reported to total \$1.0 billion by FY 2018 and utilized \$56.6 million from existing GF resources
 - Conference Report includes FY 2018 statewide total of \$880 million and \$198 million GF transfer to HMOF