

VRE asks legislators for minimum tax on gas amid falling gas prices

BY VANESSA REMMERS/THE FREE LANCE-STAR | Posted: Sunday, December 20, 2015
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Plummeting prices at the pump could take a toll on the region's ability to raise revenue for local transportation projects.

Now leaders across the region are hoping state lawmakers will allow them to institute a minimum tax on gas that offsets falling fuel prices.

The Virginia Railway Express has included a gas tax floor in its legislative agenda, a list of initiatives its members want legislators to support in the upcoming 2016 General Assembly session. Spotsylvania, Fredericksburg and Stafford are all VRE members. Stafford supervisors also recently added the gas tax floor to their legislative agenda.

A 2.1 percent gas tax charged in localities that participate in the commuter rail system has been a major revenue stream for local transportation projects. With gas prices well above \$3 per gallon in recent years, the tax added millions to transportation budgets in Stafford, Spotsylvania, Fredericksburg and counties to the north.

But as gas prices dropped dramatically, millions less has flowed into those localities' coffers.

So VRE members are asking for permission to use a floor similar to what the state created with the 2013 landmark legislation that overhauled how it pays for roads, highways and mass transit.

The new 2013 law replaced the 17.5 cents-per-gallon tax with a 3.5 percent wholesale gasoline tax. That tax rate increased to 5.1 percent this year after Congress failed to let states levy a tax on Internet sales that was to be part of the transportation funding.

The floor on the gas tax raises the rate so the revenue collected is equal to what a 5.1 percent rate would have brought in on the wholesale price as of Feb. 20, 2013—\$3.17 per gallon. According to the Department of Motor Vehicles, that rate today is effectively 16.2 cents per gallon.

Stafford budget director Nancy Collins estimated that Stafford would have collected an additional



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Keith Wigglesworth waits for his wife's 7:07 a.m. VRE train to depart the new Spotsylvania station on Monday.

\$300,000 under the VRE tax—pushing the total up to \$4.1 million—had a \$3 floor been implemented in fiscal year 2015, when gas prices averaged \$2.77 per gallon.

Collins said the \$3 floor was just for calculating the impact, and there hasn't been any discussion of what officials actually want the gas floor price to be.

As of Friday, the average gas price in the Fredericksburg area was \$1.78 for a gallon of regular, according to AAA Mid-Atlantic. That's down from \$1.88 in January 2015 and \$3.14 in January 2014.

Each fiscal year from 2011 to 2013, Stafford took in more than \$5 million in gas tax revenues.

In fiscal year 2014, the total was \$4.95 million. In fiscal year 2015, the county collected \$3.8 million.

Stafford expects to collect \$3.5 million in gas tax revenue this budget year, which ends in June.

The county usually spends about half of the gas tax revenue to pay the VRE subsidy, which in fiscal year 2014 was more than \$2.5 million.

But Stafford also has used the revenue to help pay for some major projects, including the Interstate 95 interchange at Centreport Parkway. In fiscal year 2015, the county expected to use the revenues to help pay for more than a dozen road projects.

Collins said Friday that the county may be scaling back some road projects in later years of the county's capital improvement plan, but final decisions haven't been made.

In a Nov. 17 update to the board, county staff said they are working to resolve funding issues by the time the CIP is presented in March.

“Right now we are taking road projects out of our six-year plan because we can't afford them,” said Stafford Supervisor Paul Milde, who is also a VRE Operations Board member. “I don't support increasing the gas tax, but I would support a floor on the gas tax.”

Milde asked Ken Hutcheson of the Williams Mullen firm if he expects pushback from Republicans in the House of Delegates. Hutcheson lobbies the General Assembly on the county's behalf.

Hutcheson said legislators have indicated that excluding Stafford and other VRE localities from gas-tax floor eligibility was an oversight.

“I think anytime there is something that may be viewed as a tax increase, which I think some may argue that that is what this is ... there is clearly going to be a concern,” Hutcheson said. “But I think there is a recognition that no one anticipated gas prices plummeting to where they are today.”