

## Department of Planning and Budget 2020 Fiscal Impact Statement

**1. Bill Number:** HB1541

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

**2. Patron:**        McQuinn

**3. Committee:** Passed Both Houses

**4. Title:**            Creation of the Central Virginia Transportation Authority; funding.

**5. Summary:** Creates the Central Virginia Transportation Authority, composed of the counties and cities located in Planning District 15. The Authority will administer transportation funding generated through the imposition of an additional regional 0.7 percent sales and use tax and a 7.6 cents per gallon tax on gasoline and gasohol and 7.7 cents per gallon tax on diesel fuel.

**6. Budget Amendment Necessary:** Yes. Item 402 requires a \$50,000 general fund appropriation for potential periods of imprisonment in state adult correctional facilities.

Item 451. An amendment would be needed to appropriate the revenues generated by this bill and allow for their distribution. The budget amendment to Item 451 #3h, as approved by the House, is sufficient to appropriate the revenues generated by this legislation.

**7. Fiscal Impact Estimates:** Final. See item 8.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2020	-	-	-
2021	\$179,497,782	-	Central Virginia Transportation Fund
2022	\$198,158,342	-	Central Virginia Transportation Fund
2023	\$200,252,202	-	Central Virginia Transportation Fund
2024	\$202,317,512	-	Central Virginia Transportation Fund
2025	\$204,598,900	-	Central Virginia Transportation Fund
2026	\$207,098,551	-	Central Virginia Transportation Fund

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2020	-	-
2021	\$179,497,782	Central Virginia Transportation Fund
2022	\$198,158,342	Central Virginia Transportation Fund
2023	\$200,252,202	Central Virginia Transportation Fund
2024	\$202,317,512	Central Virginia Transportation Fund
2025	\$204,598,900	Central Virginia Transportation Fund
2026	\$207,098,551	Central Virginia Transportation Fund

**8. Fiscal Implications:** The bill would create the Central Virginia Transportation Authority (CVTA) consisting of 16 members representing the counties, cities, and towns in Planning District 15 which include: Charles City County, Chesterfield County, Goochland County, Hanover County, Henrico County, New Kent County, Powhatan County, the City of Richmond, and the Town of Ashland.

The bill also would create the Central Virginia Transportation Fund which would be used to fund transportation projects in Planning District 15. The fund would consist of revenues generated by an additional regional 0.7 percent sales and use tax and a 7.6 cents per gallon tax on gasoline and gasohol and 7.7 cents per gallon tax on diesel fuel. Both taxes would be applied in the localities within Planning District 15. The following table summarizes the revenue that would be generated by the additional taxes proposed by this bill, based on estimates from the Department of Taxation.

<b>Fiscal Year</b>	<b>Motor Fuels Sales Tax Revenue</b>	<b>0.7% Additional Sales and Use Tax Revenue</b>	<b>Total New Revenue</b>
2021*	\$47,093,109	\$132,404,673	\$179,497,782
2022	\$51,405,817	\$146,752,525	\$198,158,342
2023	\$51,151,637	\$149,100,565	\$200,252,202
2024	\$50,831,338	\$151,486,174	\$202,317,512
2025	\$50,688,947	\$153,909,953	\$204,598,900
2026	\$50,726,039	\$156,372,512	\$207,098,551

\* FY2021 estimate is for 11 months of collections

There is currently a 2.1 percent tax regional wholesale gas tax imposed in the Northern Virginia and Hampton Roads regions and in localities along the I-81 corridor. This bill would convert those tax rates from a percentage of wholesale price to a per gallon rate of 7.6 cents per gallon of gasoline sold and 7.7 cents per gallon of diesel fuel sold. The rate would be indexed to inflation starting in FY 2022. The per gallon rates proposed by the bill are equivalent to the percentage rates currently imposed in those regions; as a result, this is not expected to have a fiscal impact on revenue collections in the Northern Virginia and Hampton Roads regions and the I-81 corridor.

The bill provides that the Fund is to be allocated as follows: 35 percent retained by the Authority for transportation projects benefitting the localities within the Authority, 15 percent dedicated to the Greater Richmond Transit Company (GRTC) for transit and mobility services in the region, and 50 percent distributed to each locality, proportionally based on the share of total taxes generated or attributable to each locality, to improve local mobility.

<b>Fiscal Year</b>	<b>Retained by CVTA</b>	<b>Transit Services</b>	<b>Distributed to Localities</b>	<b>Total</b>
2021	\$62,824,224	\$26,924,667	\$89,748,891	\$179,497,782
2022	\$69,355,420	\$29,723,751	\$99,079,171	\$198,158,342
2023	\$70,088,271	\$30,037,830	\$100,126,101	\$200,252,202
2024	\$70,811,129	\$30,347,627	\$101,158,756	\$202,317,512
2025	\$71,609,615	\$30,689,835	\$102,299,450	\$204,598,900
2026	\$72,484,493	\$31,064,783	\$103,549,276	\$207,098,551

The Authority created by this bill would have the authority to employ a chief executive officer and other staff as deemed necessary to carry out the duties of the Authority. The number of staff needed, and the resulting costs, are currently indeterminate; however, the bill provides that the Authority's expenses are to be paid from the Fund in the absence of other funding being provided. Therefore, any impact related to expenses for the Authority and its staff and board members is included in the revenue and expenditure impacts identified.

The bill provides that staff members of the Department of Rail and Public Transportation (DRPT) will be made available to assist the Authority if requested. The amount of assistance that would be requested of DRPT is unknown; as a result, the fiscal impact to DRPT is indeterminate.

The bill would require that the Commonwealth Transportation Board (CTB) and the Virginia Department of Transportation (VDOT) continue to provide maintenance and operating support for bridges and roadways in the district's area at the level that support was being provided on July 1, 2020, until the Authority and VDOT or the CTB agree otherwise in writing.

The Department of Taxation is responsible for collecting state sales and use taxes; there is no anticipated fiscal impact resulting from this bill to the department. The Department of Motor Vehicles (DMV) is responsible for collecting gas taxes; this bill provides that DMV would be able to retain the direct costs of administering this collection.

Currently, under § 58.1-2299.10, Code of Virginia, any person who willfully evades or circumvents fuels sales tax requirements, or assists another to evade or circumvent such taxes, is guilty of a Class 6 felony.

For someone convicted of a Class 6 felony, a judge has the option of sentencing the individual to up to 12 months in jail, or one to five years in prison. Therefore, this proposal could result in an increase in the number of persons sentenced to jail or prison.

There is not enough information available to reliably estimate the increase in jail population as a result of this proposal. Any increase in jail population will increase costs to the state. The Commonwealth currently pays the localities \$4.00 a day for each misdemeanor or

otherwise local-responsible prisoner held in a jail and \$12.00 a day for each state-responsible prisoner. It also funds a considerable portion of the jails' operating costs, e.g. correctional officers. The state's share of these costs on a per prisoner, per day basis varies from locality to locality; however, according to the Compensation Board's most recent Jail Cost Report (November 2019), the estimated total state support for local jails averaged \$34.07 per inmate, per day in FY 2018.

Due to the lack of data, the Virginia Criminal Sentencing Commission has concluded, pursuant to §30-19.1:4 of the Code of Virginia, that the impact of the proposed legislation on state-responsible (prison) bed space cannot be determined. In such cases, Chapter 854, 2019 Acts of Assembly, requires that a minimum impact of \$50,000 be assigned to the bill.

**9. Specific Agency or Political Subdivisions Affected:** Department of Rail and Public Transportation; Department of Motor Vehicles; Virginia Department of Transportation; Commonwealth Transportation Board

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** The bill also provides that its provisions generating extra revenue for transportation funding shall expire if the General Assembly, any locality located in Planning District 15, or the CVTA appropriates any of the funding generated by the bill for any non-transportation purpose.