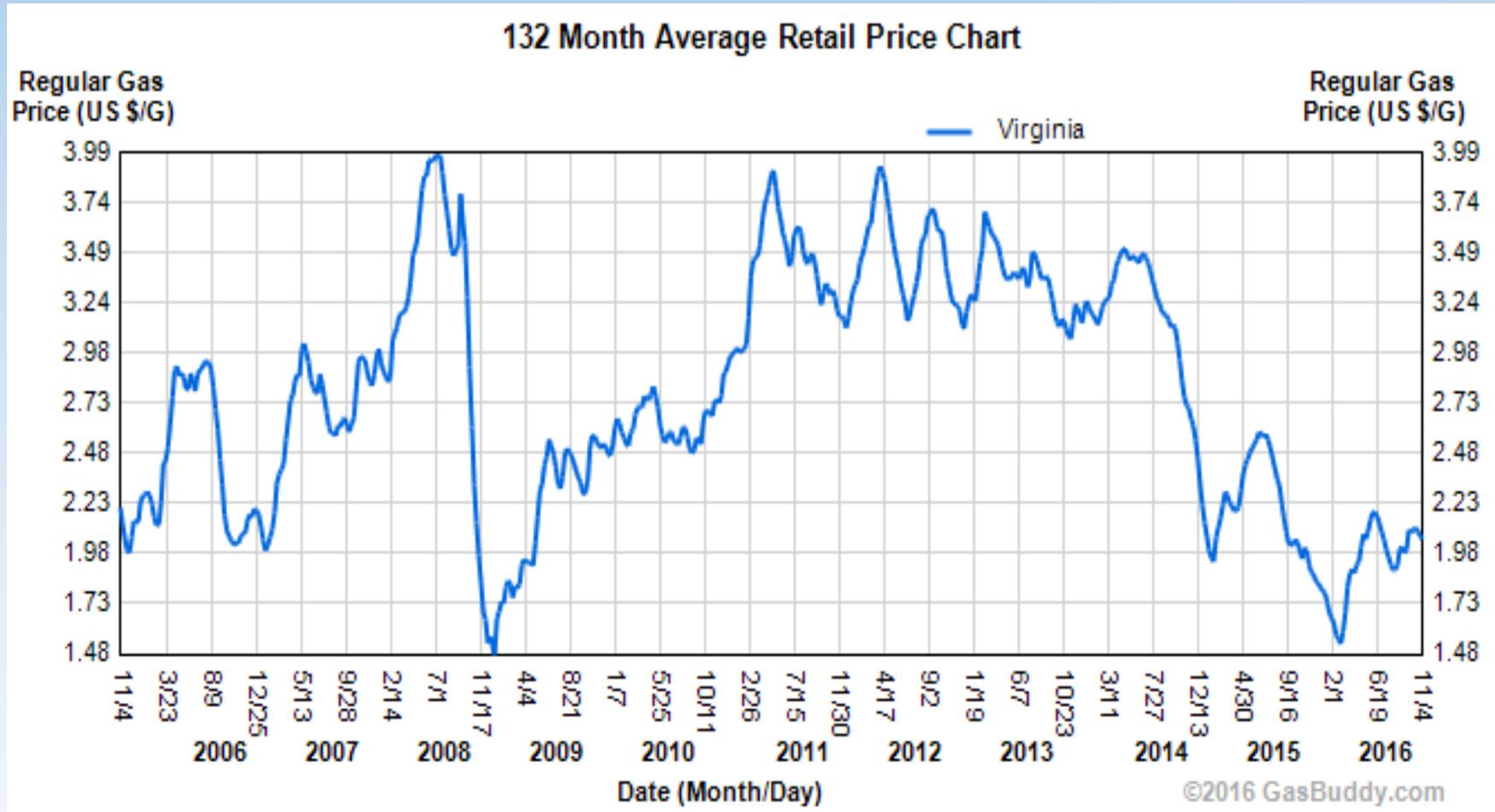


# Regional Motor Fuels Tax Floor

FAMPO Policy Committee May 15, 2017



# Background

- Regional Motor Fuels sales tax was first levied in 1981 at the rate of 2 percent of retail sales
- Effective January 1, 2010, the tax was changed to a 2.1 percent tax on a wholesale basis
- Revenues are deposited into a special fund and distributed to the applicable transportation district commission
- Funds are applied to the operating deficit, capital, and debt service of the mass transit system of such district or;
- applied to and expended for any transportation purpose

# Regional Fuel Tax Basics

- Tax is based on the sales price of fuel so the tax fluctuates with the change in the price – lower gas prices = less revenue
- Revenues are deposited into accounts for each jurisdiction based on fuel sold in each jurisdiction
- Funds are intended to be applied to mass transportation, but can be applied to any transportation costs
- In summer of 2014 fuel prices began a significant decline
- During calendar year 2015 alone, PRTC jurisdictions lost \$10.6 million in expected revenue

# HB2313

- Replaced seventeen and one-half cents per gallon tax with a 3.5 percent of the statewide average wholesale price of a gallon tax (6.0% for diesel)
- Tax is calculated twice annually based on the statewide average of wholesale fuel prices
- Established floor for statewide tax, but not for regional fuel tax
- Wholesale statewide prices used for calculation cannot be below the prices on February 20, 2013, which were \$3.17 and \$3.36 (diesel), respectively

# Impacts of Price Decline

- PRTC jurisdictions would have realized \$25M more in gas tax revenue over fiscal years 2015 and 2016
- Some jurisdictions forced to leverage other funding sources to pay VRE/PRTC subsidies
- PRTC bus services reduced 13%, 5% annual fare increases
- Lack of available funds for other transportation purposes

# Impact of Price Decline on Revenues

Jurisdiction	Fiscal Year 2015		Fiscal Year 2016		Total Lost Revenue
	Actual Collections	Lost Revenue Without Floor	Actual Collections	Lost Revenue Without Floor	
City of Fredericksburg	\$ 1,748,562.00	\$ 634,233.00	\$ 1,362,101.00	\$ 1,243,457.00	\$ 1,877,690.00
City of Manassas	\$ 1,151,771.00	\$ 383,474.00	\$ 801,367.00	\$ 681,286.00	\$ 1,064,760.00
City of Manassas Park	\$ 746,041.00	\$ 212,524.00	\$ 547,495.00	\$ 487,699.00	\$ 700,223.00
Prince William County	\$ 13,204,493.00	\$ 4,377,193.00	\$ 9,712,516.00	\$ 8,141,825.00	\$ 12,519,018.00
Spotsylvania County	\$ 5,004,828.00	\$ 1,852,383.00	\$ 3,491,435.00	\$ 3,240,069.00	\$ 5,092,452.00
Stafford County	\$ 4,017,524.00	\$ 1,298,860.00	\$ 2,987,214.00	\$ 2,602,860.00	\$ 3,901,720.00
<b>Total PRTC</b>	<b>\$ 25,873,219.00</b>	<b>\$ 8,758,667.00</b>	<b>\$ 18,902,128.00</b>	<b>\$ 16,397,196.00</b>	<b>\$ 25,155,863.00</b>

# Legislative Efforts

- 2016 GA session SB742 passed Senate, continued in House
- 2017 GA session SB1456 passed Senate, tabled in House
- PRTC, NVTC, and HRTAC collaboration on lobbying efforts
- Individual jurisdictions also lobbied and included the tax floor in their legislative agendas
- FAMPO letter of support
- Supported by the Virginia Transit Association
- Transit Capital Projects Revenue Advisory Board agrees to include consideration of the tax floor in their report to the General Assembly

# Preparing for the 2018 GA Session

- Continued coordination between NVTC, PRTC, and HRTAC on lobbying and messaging
- Continued and enhanced coordination between Commissions and jurisdictions
- Include in jurisdictional legislative agendas
- Direct communication with Delegates and Senators
- Leverage opportunities such as the Gubernatorial election
- Engage the business community for support

# Discussion