

Snapshot of Virginia Plan

Multimodal

\$3.5 billion over five years

- **Sales taxes:** Directs .175% of existing sales tax revenues to transportation; raises sales tax by .3% with 1.25% of the increase dedicated to transit and passenger rail. (Statewide sales tax increases from 5% to 5.3%)
- **Local taxes:** Imposes mandatory taxes in two regions: in Northern Virginia, increases sales tax by .7% and adds 15 cent per \$100 assessed value to real estate transfer tax along with a 2% increase in hotel tax); in Hampton Roads it increases sales tax by .7% and adds a 2.1% wholesale tax on gasoline
- **Gas tax:** Eliminates the cents per gallon tax on gasoline and diesel; adds a 3.5% wholesale tax on gasoline and 6% on diesel (wholesale tax increases by 1.6% in 2015 if the Internet sales tax ban is not lifted)
- **Vehicle fees:** Adds a \$64 fee on hybrid vehicles and raises the motor vehicle sales and use tax by 1.15% (According to the summary below, this fee would also apply to electric and alternative fuel vehicles. Prior to this there was a \$50 fee on electric vehicles only.)
- **Other fees:** Direct a portion of internet sales tax receipts to transportation if Congressional ban is lifted, which would raise \$1.13 billion over five years

A couple of other things of note

The sales tax increase is for nonfood merchandise.

According to the *Washington Post*, "To win passage, Republicans had to swallow their aversion to raising taxes, and Democrats had to accept diverting as much as \$200 million a year in general fund revenue toward roads instead of schools or other services." This diversion wasn't included in the outline.

Below is a more detailed summary that includes where the money will go...

HB 2313 Revenues and appropriations of State; changes to revenues collected and distribution, report.

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Summary as enacted with Governor's Recommendation: ([all summaries](#))

Revenues and appropriations primarily for transportation. Makes several changes to the revenues collected by the Commonwealth, and the distribution of such revenues, primarily for the benefit of transportation. The changes are as follows:

The bill eliminates the \$0.175 per gallon tax on motor fuels, and replaces it with a percentage-based tax of 3.5% for gasoline and 6% for diesel fuel. The bill provides for a refund of an amount equal to a 2.5% tax paid on diesel fuel for passenger cars, pickup or panel trucks, and trucks having a gross vehicle weight rating of 10,000 pounds or less.

The bill imposes a \$64 annual registration fee on hybrid electric motor vehicles, alternative fuel vehicles, and electric motor vehicles. Current law imposes a \$50 fee on electric motor vehicles only. The revenues are designated for the Highway Maintenance and Operating Fund.

The bill raises the state sales and use tax across the Commonwealth from 4% to 4.3% and designates the increased revenues for the Highway Maintenance and Operating Fund, the Intercity Passenger Rail Operating and Capital Fund, and the Commonwealth Mass Transit Fund.

The bill establishes procedures for the collection of the state sales and use tax from retail dealers located outside Virginia for sales made into the Commonwealth, contingent upon the federal government passing legislation authorizing such collection. In the event that such revenues are collected, a portion of the revenues will be allocated to localities for education, a portion will be allocated to localities with a stipulation that some of the funds be used by the locality for transportation needs, and a portion of the revenues will be deposited in the Transportation Trust Fund. A portion will also be used to reimburse localities that currently impose a retail sales tax on the sale of certain fuels used for domestic consumption, as the bill also repeals the authority to impose such tax. If the federal government does not pass legislation authorizing the Commonwealth and other states to collect sales taxes from retail dealers located outside the respective state by January 1, 2015, then the motor fuels tax imposed on gasoline will be raised from 3.5% to 5.1% (the motor fuels tax on diesel fuel will remain at 6%, but the diesel fuel refund for passenger cars, pickup or panel trucks, and trucks weighing less than 10,000 pounds will be in an amount equal to a 0.9% tax paid). If the federal government passes such legislation after January 1, 2015, the rate of tax on gasoline will revert to 3.5%.

The bill amends the tax on the sale of motor vehicles (the "titling tax"). Currently, the titling tax is 3%. A new rate of 4.15% will be phased in over four years.

The bill increases the share of existing general sales and use tax revenues used for transportation from a 0.50% sales and use tax to a 0.675% sales and use tax, phased in over four years. The

additional allocation will be deposited into the Highway Maintenance and Operating Fund. The bill also allocates the revenues from an existing 0.125% sales and use tax to public education.

The bill imposes additional state taxes and a fee in Planning Districts meeting certain population, motor vehicle registration, and transit ridership criteria. The additional taxes and fee are a retail sales tax of 0.70%, a 2.1% tax on wholesale distributors of motor fuels, a 2.0% transient occupancy tax, and a fee on grantors of real property equal to \$0.15 per \$100 of the value of the real property sold by such persons. The transient occupancy tax and grantor's fee currently would apply only in the Northern Virginia Planning District, and the tax on wholesale distributors of motor fuels currently would apply only in the Hampton Roads Planning District (under current law, the same tax on wholesale distributors is imposed in the Northern Virginia Planning District). The retail sales tax currently would apply in both the Northern Virginia and Hampton Roads Planning Districts. The additional revenues generated in the Northern Virginia Planning District are deposited into a Northern Virginia Transportation Authority Fund, with 30% of the funds being distributed to the member localities for use on transportation projects, and the remainder to be used for regional transportation projects. The additional revenues generated in the Hampton Roads Planning District are deposited into a Hampton Roads Construction Fund to be used solely for new construction projects on new or existing roads, bridges, and tunnels, as approved by the Hampton Roads Transportation Planning Organization.

The 0.70% state sales and use taxes in Planning Districts are in addition to the 0.3% state sales and use tax increase that applies throughout the Commonwealth.

Of the increased revenues in the Highway Maintenance and Operating Fund, \$100 million in fiscal years 2014, 2015, and 2016 will be dedicated to Phase II of the Dulles Metrorail Extension Project, subject to certain conditions. Beginning in fiscal year 2020, \$20 million dollars from the Highway Maintenance and Operating Fund will be deposited into the Route 58 Corridor Development Fund.

The bill prohibits tolling on Interstate 95 south of Fredericksburg without prior approval of the General Assembly.

The bill also makes several technical changes related to the administration of these various provisions.