

ITEM #5: HB 2313 SUMMARY

The 2013 General Assembly has put forth a comprehensive long-term transportation funding and reform package (HB 2313) for Governor Bob McDonnell to sign into law (enclosed). Once enacted, the plan will raise \$880 million in additional funding to be invested in the Commonwealth's transportation network by year 2018, or approximately \$3.5 billion over the course of the next five years. An additional \$175-\$200 million will be generated annually for Hampton Roads.

Statewide key components of HB 2313 include:

- Eliminating the 17.5 cents per gallon gas tax.
- Implementing a 3.5% tax on motor fuel at the wholesale level.
- Implementing a 6% tax on diesel at the wholesale level.
- Increasing the statewide sales & use tax from 5% to 5.3%.
- Increasing the motor vehicle titling tax from 3% to 4.3%.
- Implementing a \$100 fee on alternative fuel vehicles.
- Increasing the share of the sales & use tax that is dedicated to Transportation from 0.50% to 0.675%.
- Providing a dedicated funding source for the Mass Transit and Intercity Passenger Rail Fund (IPROC) – 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%). 40% of these funds will be distributed for rail and 60% for transit.

Regional key components of HB 2313 include:

- Providing for a 0.70% sales tax increase in Hampton Roads to fund local road improvements.
- Implementing a 2.1% regional tax on the wholesale price of gasoline.

Attached are tables estimating revenues generated statewide and in Hampton Roads from each of the HB 2313 components.

In addition, Secretary Connaughton has recommended the HRTPO Board take action on supporting the regional component of HB 2313. As such, the HRTPO staff will prepare a resolution supporting the regional component of HB 2313 and will distribute this resolution as a handout at the meeting for review and approval.

Mr. Dwight L. Farmer, HRTPO Executive Director, will brief the HRTPO Board on this item.

Attachment 5 – Estimated Revenue Tables

Enclosure 5 – HB 2313 Legislation Text

Handout

RECOMMENDED ACTION:

Approve the Resolution.

Additional Statewide Funding from HB2313* (Millions \$)

Key Components	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	5 - Year
Eliminates the 17.5 cents per gallon motor fuels tax	\$ (871.1)	\$ (889.3)	\$ (907.4)	\$ (922.6)	\$ (938.2)	\$ (4,528.6)
Implements 3.5% tax on the wholesale price of gasoline	\$ 412.0	\$ 470.1	\$ 482.0	\$ 493.2	\$ 501.6	\$ 2,358.7
Implements 6% tax on the wholesale price of diesel	\$ 214.3	\$ 252.9	\$ 267.6	\$ 285.3	\$ 303.1	\$ 1,323.2
Implements \$100 registration fee for alternative fuel vehicles	\$ 10.2	\$ 11.4	\$ 13.0	\$ 15.0	\$ 17.0	\$ 66.6
Increases motor vehicle sales tax to 4.3% (phased in 1%, 0.1%, 0.1%, 0.1%)	\$ 184.0	\$ 223.9	\$ 248.8	\$ 278.5	\$ 278.6	\$ 1,213.7
Increases statewide sales & use tax by 0.3% from 5.0% to 5.3%	\$ 265.8	\$ 301.2	\$ 313.2	\$ 325.2	\$ 336.3	\$ 1,541.7
Marketplace Equity Act (MEA) transportation share	\$ 144.6	\$ 164.1	\$ 170.8	\$ 177.5	\$ 183.6	\$ 840.6
Increase transportation share of existing sales and use tax from 0.5% to 0.675%	\$ 49.0	\$ 101.7	\$ 158.4	\$ 191.8	\$ 198.2	\$ 699.1
Totals	\$ 408.7	\$ 635.9	\$ 746.3	\$ 843.8	\$ 880.2	\$ 3,514.9

*Source: Summary materials provided by Senate Finance.

Statewide Components of HB2313 (Millions \$): Estimated Revenue Generated in Hampton Roads -

Key Components	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	5 - Year
Eliminates the 17.5 cents per gallon motor fuels tax ¹	\$ (176.5)	\$ (177.6)	\$ (178.6)	\$ (179.7)	\$ (180.8)	\$ (893.2)
Implements 3.5% tax on the wholesale price of gasoline ²	\$ 83.1	\$ 94.4	\$ 96.4	\$ 98.2	\$ 99.4	\$ 471.5
Implements 6% tax on the wholesale price of diesel ²	\$ 43.2	\$ 50.8	\$ 53.5	\$ 56.8	\$ 60.1	\$ 264.4
Implements \$100 registration fee for alternative fuel vehicles ²	\$ 2.1	\$ 2.3	\$ 2.6	\$ 3.0	\$ 3.4	\$ 13.4
Increases motor vehicle sales tax to 4.3% (phased in 1%, 0.1%, 0.1%, 0.1%) ³	\$ 34.9	\$ 42.4	\$ 47.2	\$ 52.8	\$ 52.8	\$ 230.1
Increases statewide sales & use tax by 0.3% from 5.0% to 5.3% ⁴	\$ 52.6	\$ 54.2	\$ 55.8	\$ 57.4	\$ 59.2	\$ 279.2
Marketplace Equity Act (MEA) transportation share ²	\$ 29.4	\$ 33.3	\$ 34.5	\$ 35.6	\$ 36.7	\$ 169.5
Increase transportation share of existing sales and use tax from 0.5% to 0.675% ⁵	\$ 8.8	\$ 18.1	\$ 27.9	\$ 33.5	\$ 34.5	\$ 122.8
Totals	\$ 77.6	\$ 117.9	\$ 139.3	\$ 157.6	\$ 165.3	\$ 657.7

¹Estimate assumes statewide average motor fuels consumption of 601 gallons per capita.

²Estimate based on statewide revenues provided by Senate Finance, prorated according to projected population.

³Estimate based on regional proportion of motor vehicle sales taxes generated in FY12, assuming a constant proportion of state-wide revenues.

⁴Estimate based on regional local option sales tax revenues. This includes the 1% local option.

⁵Estimate based on regional local option sales tax revenues.

Regional Components of HB2313 (Millions \$): Estimated Revenue Generated in Hampton Roads

Key Components	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	5 - Year
Increases regional sales tax by an additional 0.7% to a total of 6% ¹	\$ 122.7	\$ 126.4	\$ 130.1	\$ 134.0	\$ 138.1	\$ 651.3
Implements 2.1% regional tax on the wholesale price of gasoline ²	\$ 49.9	\$ 56.6	\$ 57.8	\$ 58.9	\$ 59.6	\$ 282.8
Totals	\$ 172.6	\$ 183.0	\$ 187.9	\$ 192.9	\$ 197.7	\$ 934.1

¹Estimate based on regional local option sales tax revenues.

²Estimate based on statewide revenues provided by Senate Finance, prorated according to projected population.