

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: HB1144

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

2. Patron: Webert

3. Committee: Finance and Appropriations

4. Title: Rate of tax on gasoline and diesel fuel.

5. Summary: Lowers the rate of tax on gasoline and diesel fuel on July 1, 2022, from 26.2 cents per gallon to 21.2 cents per gallon on gasoline and from 27 cents per gallon to 20.2 cents per gallon on diesel fuel, the rates that were in effect before July 1, 2021. The bill provides that the rate of tax on gasoline and diesel fuel will return to 26.2 and 27 cents per gallon, respectively, on July 1, 2023, and will be indexed based on the greater of the sum of the change in the United States Average Consumer Price Index for 2021 and 2022 or zero; thereafter, the rate will be indexed annually, starting on July 1, 2024, based on the change in the United States Average Consumer Price Index for the previous year.

6. Budget Amendment Necessary: Budget amendments may be necessary to reflect the loss of revenues to all transportation agencies.

7. Fiscal Impact Estimates: Preliminary. See item 8 below.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2023	-\$275,452,783	Commonwealth Transportation Fund
2024	-\$55,837,866	Commonwealth Transportation Fund
2025	\$0	-
2026	\$0	-
2027	\$0	-
2028	\$0	-

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2023	-\$275,452,783	Commonwealth Transportation Fund
2024	-\$55,837,866	Commonwealth Transportation Fund
2025	\$0	-
2026	\$0	-
2027	\$0	-
2028	\$0	-

8. Fiscal Implications: This bill would result in a loss of transportation revenue by lowering the tax rate on both gasoline and diesel fuel. Based on estimates from the Department of

Taxation, it is anticipated that this legislation would result in a decrease in fuel tax revenue of \$275.5 million in FY2023 and \$55.8 million in FY2024. The primary impact of this legislation would be the reduction in the gas and diesel tax rates in FY2023. However, a smaller impact remains in FY2024 resulting from the delay in the timing of tax collections. The table below summarizes the currently assumed rates for gasoline and diesel fuel taxes as well as tax rates proposed by this legislation for FY2023 and projections for FY2024 and beyond, which factor in estimates from the Department of Taxation of the United States Average Consumer Price Index (CPI).

	Gas Tax Rate		Diesel Tax Rate	
	Current (\$/gallon)	Proposed (\$/gallon)	Current (\$/gallon)	Proposed (\$/gallon)
FY2023	0.273	0.212	0.281	0.202
FY2024	0.277	0.277	0.286	0.286
FY2025	0.283	0.283	0.292	0.292
FY2026	0.289	0.289	0.298	0.298
FY2027	0.296	0.296	0.305	0.305
FY2028	0.303	0.303	0.312	0.312

Revenues collected from gasoline and diesel fuel taxes are deposited to the Commonwealth Transportation Fund (CTF) which is distributed to the Highway Maintenance Operating Fund (HMOF) and the Transportation Trust Fund (TTF). The table below shows the estimated impact of this bill to the HMOF and TTF. The TTF is then further distributed to subfunds and programs across transportation entities in the Commonwealth, including the Virginia Department of Transportation, Department of Rail and Public Transportation, Virginia Port Authority, Virginia Department of Aviation, Virginia Passenger Rail Authority, Virginia Commercial Space Flight Authority, and the Department of Motor Vehicles, based on distribution formulas set out in the Code of Virginia. Any loss of revenue to transportation funding may impact previously planned and programmed transportation projects and may impact funds used to support debt service on bonds previously issued.

	FY2023	FY2024
Highway Maintenance and Operating Fund	-\$140,480,920	-\$28,477,311
Transportation Trust Fund	-\$134,971,863	-\$27,360,555
Net Impact to CTF	-\$275,452,783	-\$55,837,866

9. Specific Agency or Political Subdivisions Affected: Department of Motor Vehicles, Virginia Department of Transportation, Department of Rail and Public Transportation, Virginia Port Authority, Virginia Department of Aviation., Virginia Passenger Rail Authority, Virginia Commercial Space Flight Authority.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is similar to SB541.