

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. Bill Number: HB447

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

2. Patron: Williams

3. Committee: Finance

4. Title: Motor vehicle rental and peer-to-peer vehicle sharing tax; disposition.

5. Summary: Redirects revenues derived from motor vehicle rental and peer-to-peer vehicle sharing taxes from the Commonwealth Transportation Fund to the Special Fund for Administration of Aviation Laws (Aviation Special Fund), to be used for the administration of aviation laws and the construction, maintenance, and improvement of airports.

6. Budget Amendment Necessary: Budget amendments may be necessary to reflect the loss of revenues to all transportation agencies and the increase to the Aviation Special Fund.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

8. Fiscal Implications: This bill redirects the revenue from existing taxes on motor vehicle rentals and peer-to-peer vehicle sharing from the Commonwealth Transportation Fund (CTF) to the Aviation Special Fund. Based on estimates from the Department of Taxation, it is anticipated that this legislation would result in a decrease in CTF revenue of \$41.1 million in FY2025 and \$41.8 million in FY2026 with a corresponding increase in revenues to the Aviation Special Fund.

Fiscal Year	Commonwealth Transportation Fund impact	Aviation Special Fund impact
FY2025	-\$41,120,427	\$41,120,427
FY2026	-\$41,784,611	\$41,784,611
FY2027	-\$41,798,075	\$41,798,075
FY2028	-\$41,811,754	\$41,811,754
FY2029	-\$42,544,742	\$42,544,742
FY2030	-\$43,289,458	\$43,289,458

Revenues deposited to the CTF are 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 (VDOT), 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.

Fiscal Year	Highway Maintenance Operating Fund impact	Transportation Trust Fund impact
FY2025	-\$20,971,418	-\$20,149,009
FY2026	-\$21,310,151	-\$20,474,459
FY2027	-\$21,317,018	-\$20,481,057
FY2028	-\$21,323,995	-\$20,487,760
FY2029	-\$21,697,819	-\$20,846,924
FY2030	-\$22,077,624	-\$21,211,834

The impact to the HMOF listed above is for illustrative purposes based on statutory distributions of the CTF. However, current policy under Item 434 A.1. of Chapter 1, 2023 Acts of Assembly, Special Session I, provides that VDOT is required to prioritize the maintenance program activities. As a result, assuming no reductions to planned maintenance program activities as a result of this legislation, the reductions to the HMOF allocations would be offset by reductions to VDOT construction programs in addition to the reductions to construction programs resulting from the decreases to the TTF distribution. The 2024 Budget Bill (HB30/BS30) includes similar language.

The Aviation Special Fund is administered by the Department of Aviation and supports airport maintenance, airport security, facilities and equipment, airport promotion, and air service development. Any costs associated with distribution of these revenues would be absorbed within the additional revenues. The Aviation Special Fund does not receive a distribution from the TTF. However, the Commonwealth Aviation Fund, also administered by the department, does receive a distribution from the TTF. The reductions to the TTF resulting from this bill would decrease the allocation to the Commonwealth Aviation Fund by approximately \$302,000 in FY2025 and \$307,000 in FY2026.

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: None.