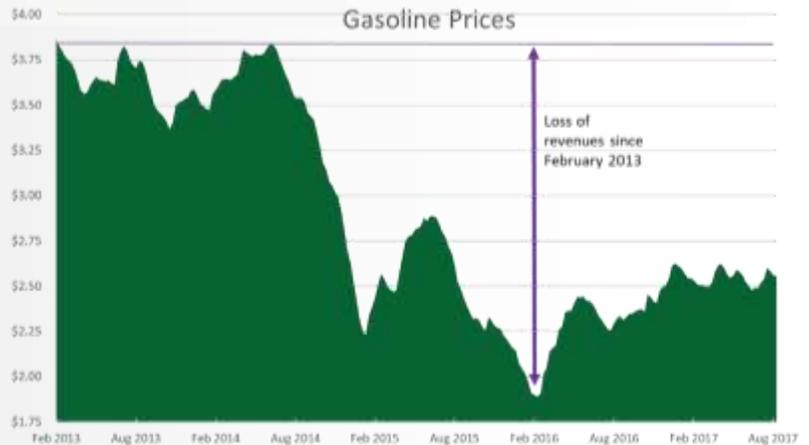


NVTC Supports a Regional Gas Tax Floor that Matches the State Gas Tax Floor



Where things stand

Northern Virginia jurisdictions continue to lose millions of dollars in gas tax revenue that could be used to meet their Metro subsidies. In fiscal year 2017, the counties of Arlington, Fairfax and Loudoun and the cities of Alexandria, Fairfax and Falls Church missed out on more than \$16.9 million, or 37 percent of what they should have received were a floor in place. The gas tax, which is based on the sales price of fuel, has fluctuated as prices have fallen in recent years. While the state gas tax has protections that maintain a minimum level of revenue, the regional gas tax does not.



FY 2017 GAS TAX RECEIPTS (MILLIONS)		
	Actual Collections	Lost Revenue (Due to Lack of Floor)
City of Alexandria	\$ 2,416.4	\$ 1,402.7
Arlington County	2,309.6	1,361.5
Fairfax County	15,279.8	9,388.3
City of Fairfax	1,118.3	693.9
City of Falls Church	346.3	209.4
Loudoun County	7,052.9	3,914.4
	\$ 28,523.3	\$ 16,970.2

What is the regional gas tax?

A 2.1 percent tax is imposed on fuel sold by wholesale dealers in Northern Virginia. The Commonwealth of Virginia collects the tax and remits it to NVTC, where it is held in trust for member jurisdictions' restricted use. The regional gas tax was first levied in 1981 at 2 percent of retail sales. In 2010, the tax was changed to 2.1 percent of wholesale prices (Virginia Code Section 58.1-2291). The rate increase served to cover the loss of dealer profit included in the earlier retail tax.

How does the regional gas tax work?

Wholesale gas sales in both Northern Virginia and Hampton Roads are taxed at 2.1 percent. The state allocates revenues based on gas sales in specific jurisdictions. It then disburses the funds to NVTC and the Potomac and Rappahannock Transportation Commission (PRTC) in Northern Virginia and to the Hampton Roads Transportation Accountability Commission (HRTAC) in Coastal Virginia.

Gas tax revenues must be used for specific purposes. NVTC jurisdictions apply the funds to cover their WMATA subsidies. Loudoun County, which currently may use gas tax receipts for roads, will use them for Metro when the Silver Line opens in 2020. PRTC jurisdictions use the revenues to help cover their Virginia Railway Express subsidies. HRTAC applies the funds to major road, bridge and tunnel projects.

Why have revenues fallen 40 percent over four years?

In early 2013, gas prices were hovering around \$3.50 per gallon. Because the tax is tied to the price of fuel, as gas prices dropped – in subsequent years going below \$2 per gallon – gas tax revenues plummeted.

What would happen if a tax floor was established?

Ensuring a minimum threshold of revenues, as was done with the state gas tax, would provide a level of fiscal assurance to NVTC jurisdictions, allowing them to budget more effectively. If the regional gas tax had the same protections as the state gas tax, NVTC jurisdictions would have taken in \$45.5 million in fiscal 2017, as opposed to the \$28.5 million they received.