

**HB 3202 Revenue Sources Implementation Plans and Procedures
as October 1, 2007**

Statewide Taxes and Fees

<u>Revenue Source</u>	<u>Authority</u>	<u>Responsible Agency</u>	<u>Estimated Cost</u>	<u>Implementation Procedures</u>	<u>Issues/Items To be Resolved</u>	<u>Status/Next Steps</u>
2/3 General Fund Undesignated Surplus	§2.2-1514	Dept of Accounts & Dept of Planning & Budget		1) Calculate as part of year-end Close Procedures 2) Notify DPB 3) DPB includes in Governor's Budget Bill/amendments	None	None
Abusive Driver Fees	§46.2-206.1	Courts, DMV		http://www.courts.state.va.us/publications/hb_3202.pdf Detailed training has been provided by the Courts to the Circuit and District Clerks of Courts. Software modifications have been made to reflect the fees in the database used by the Clerks.	RFP for 2 nd and 3 rd year collection is being developed by DMV	Revenue does not transfer to HMO until August 2008.
Demerit Fees	§46.2-206.1	DMV		DMV developing procedures based on current demerit fee process; currently at 8 points notice is sent to driver recommending driver improvement clinic	RFP for collection process under development	Review procedures/post on website
Registration Fee (passenger vehicle)	§46.2-694	DMV, MVDB	\$62,000	DMV modifies systems; notify customers; update registration notices. http://www.dmv.virginia.gov/exec/notice.asp?id=34 Motor Vehicle Dealer Board notifies all dealers of change in amount. Example: "Dealer Talk" June 2007	None	Begin collection on July 1, 2007
Registration Fee (trailers /semi-trailers)	§46.2-694.1	DMV, MVDB		DMV modifies systems; notify customers; update registration notices http://www.dmv.virginia.gov/exec/notice.asp?id=34 MVDB notifies all dealers of changes in amount	None	Begin collection on July 1, 2007

<u>Revenue Source</u>	<u>Authority</u>	<u>Responsible Agency</u>	<u>Estimated Cost</u>	<u>Implementation Procedures</u>	<u>Issues/Items To be Resolved</u>	<u>Status/Next Steps</u>
Registration Fee (heavy trucks)	§46.2-697	DMV, MVDB		DMV modifies systems; notify customers; update registration notices; IRP notified http://www.dmv.virginia.gov/exec/notice.asp?id=34 Motor Vehicle Dealer Board notifies all dealers of change in amount	None	Begin collection on July 1, 2007
Liquidated Damages	§46.2-1135	DMV		DMV modifies systems; update tables; mailing notices to customers and weigh scales; citations modified and updated		Begin collection on July 1, 2007
Recordation Tax	§58.1-815.4	Dept of Accounts		Internal distribution procedure by Comptroller – 2 cents of state recordation tax to Commonwealth Mass Transit Fund and 1 cent to HMOF	None	Incorporate into the 2008-2010 biennial budget; first deposit will occur in FY 2009
Diesel Tax	§58.1-2217 §58.1-2249 §58.1-2706	DMV		DMV modifies systems, notifies tax payers and IFTA which is complete. See May 2007 Virginia Fuels Tax Information and News	None	Begin collection in September 2007
1/3 rd Insurance Premiums	§58.1-2531	SCC/Dept of Accounts		SCC transfers funding to DOA; DOA makes distribution to Priority Transportation Fund; written certification by SCC	None	First deposit will occur on July 15, 2008

HB 3202 REGIONAL TAXES AND FEES

<u>Regional Revenue Source</u>	<u>Authority</u>	<u>Responsible Agency</u>	<u>Estimated Cost</u>	<u>Implementation Procedures</u>	<u>Issues/Items To be Resolved</u>	<u>Status/Next Steps</u>
\$10 Annual License Fee	§46.2-755.1	HRTA/NVTA, DMV, MVDB		<p>Summary – see website for details:</p> <ol style="list-style-type: none"> 1. For dealer based sales, auto dealer collects fee at time of purchase and remits to DMV who remits to HRTA/NVTA. Dealer collects unless customer chooses to handle transaction with DMV directly. Buyer’s order form and DMV system for calculation of taxes and fees will be updated to include a new line item for regional registration and regional sales tax. Vehicle not registered until fee is paid. 2. DMV collects the fee directly for casual sales and remits to HRTA/NVTA. 3. DMV Selects process as if dealer/DMV in steps 1 and 2 above. Locality operated DMV Selects within Authority boundaries will not be reimbursed cost of processing. 4. When a car owner moves into a locality within one of the Authorities from localities or countries outside Virginia, process to be followed is same as casual sales. Value of vehicle will be current value. 5. When a car owner moves into one of the Authorities' localities <u>from another Virginia jurisdiction</u>, DMV will bill car owner for the first annual license fee and initial registration fee. The billing and collection may occur thru a third-party vendor. If the “move from” locality is within the Authority, no action is required. 6. A locality must go online to check the garage jurisdiction in DMV records when they determine a new resident. If the DMV record does not yet reflect the correct jurisdiction (i.e., NVTA or HRTA), the locality should change the garage jurisdiction in DMV online at that time. The localities would assume the workload increase for updating DMV records with more current data, but no fees would be collected at that time. 	<p>Cost effectiveness of outsourcing.</p> <p>IFB to be issued in next 30 days</p>	<p>Proposed Procedures to be posted to HB3202.virginia.gov website</p> <p>January 1, 2008 implementation date in Northern Virginia</p> <p>April 1, 2008 implementation date in Hampton Roads</p>

			<p>6. DMV adds a flag in their system that says whether or not a vehicle has paid the fees. With real time updates for garage jurisdiction changes for intrastate vehicle moves, the DMV's data will be correct in advance of the next state registration renewal.</p> <p>7. Upon next state registration date, if the regional payment flag shows "not paid," DMV bills the fee with the DMV registration renewal form or may have a third-party vendor bill the customer.</p> <p>8. There could be times when a vehicle moves into an authority jurisdiction and out again, before the registration expires. DMV's collection would solely be based on the garage jurisdiction listed at the time of registration renewal. If someone moves in and then out again, and if the DMV garage jurisdiction gets updated in both cases, the fees wouldn't get collected.</p> <p>9. If customer does not pay, state vehicle registration will be withheld ("stop" on account). DMV will determine collection process (likely third party vendor) and removal of "stop" procedures with a goal of 1) customer convenience and 2) minimal increase in traffic to DMV customer service center.</p> <p>DMV will take the direct cost of implementation of this fee "off the top" of the remittance to either Authority with monthly reporting of costs and subject to audit.</p>		
--	--	--	---	--	--

Regional Revenue Source	Authority	Responsible Agency	Estimated Cost	Implementation Procedures	Issues/Items To be Resolved	Status/Next Steps
1% Initial Registration Fee	\$46.2-755.2	HRTA/NVTA, DMV, MVTB		<p>1. For dealer based sales, auto dealer collects fee at time of purchase and remits to DMV who remits to HRTA/NVTA. Dealer collects unless customer chooses to handle transaction with DMV directly. Buyer's order form and DMV system for calculation of taxes and fees will be updated to include a new line item for regional registration and regional sales tax. Vehicle not registered until fee is paid.</p> <p>2. DMV collects the fee directly for casual sales and remits to HRTA/NVTA.</p> <p>3. DMV Selects process as if dealer/DMV in steps 1 and 2 above. HRTA/NVTA will reimburse DMV for proportionate cost of DMV Select processing. Locality operated DMV Selects within Authority boundaries will not be reimbursed cost of processing.</p> <p>4. When a car owner moves into one of the Authorities from localities or countries outside Virginia, process to be followed is same as casual sales. Value of vehicle will be current value.</p> <p>5. When a car owner moves into one of the Authorities' localities <u>from another Virginia jurisdiction</u>, DMV will bill car owner for the first annual license fee and initial registration fee. The billing and collection may occur thru a third-party vendor. If the "move from" locality is within the Authority, no action is required.</p> <p>6. A locality must go online to check the garage jurisdiction in DMV records when they determine a new resident. If the DMV record does not yet reflect the correct jurisdiction (i.e., NVTA or HRTA), the locality should change the garage jurisdiction in DMV online at that time. The localities would assume the workload increase for updating DMV records with more current data, but no fees would be collected at that time.</p> <p>6. DMV adds a flag in their system that says whether or not a vehicle has paid the fees.</p>	<p>Cost effectiveness of outsourcing.</p> <p>IFB to be issued in next 30 days</p>	<p>Proposed Procedures to be posted to HB3202.virginia.gov website</p> <p>January 1, 2008 implementation date in Northern Virginia</p> <p>April 1, 2008 implementation date in Hampton Roads</p>

			<p>7. Upon next state registration date, if the regional payment flag shows “not paid,” DMV bills the fee with the DMV registration renewal form or may have a third-party vendor bill the customer.</p> <p>8. There could be times when a vehicle moves into an authority jurisdiction and out again, before the registration expires. DMV's collection would solely be based on the garage jurisdiction listed at the time of registration renewal. If someone moves in and then out again, and if the DMV garage jurisdiction gets updated in both cases, the fees will not get collected.</p> <p>9. If customer does not pay, state vehicle registration will be withheld (“stop” on account). DMV will determine collection process and removal of “stop” procedures with a goal of 1) customer convenience and 2) minimal increase in traffic to DMV customer service center.</p> <p>DMV will take the direct cost of implementation of this fee “off the top” of the remittance to either Authority with monthly reporting of costs and subject to audit.</p>		
--	--	--	--	--	--

<u>Regional Revenue Source</u>	<u>Authority</u>	<u>Responsible Agency</u>	<u>Estimated Cost</u>	<u>Implementation Procedures</u>	<u>Issues/Items To be Resolved</u>	<u>Status/Next Steps</u>
\$10 safety inspection fee	§46.2-1167.2	HRTA/NVTA Department of State Police		<ol style="list-style-type: none"> 1. Department of State Police provide list of certified inspection stations in Authority boundaries and provides to Authority by October 1 of each year. 2. Authority or a third-party vendor will notify each inspection station of requirement to collect fee and remit the fee on a monthly basis to the Authority to a lockbox facility established by the Authority. The schedule will follow the retail sales and use tax schedule. 3. NVTA/HRTA will develop the form for distribution to the inspection station to be submitted with lockbox remittance. 4. Each year as part of the Department of State Police's reconciliation process for its own fees, the Department will provide HRTA/NVTA with the number of inspections performed at each station. Information will be provided by October 1 of each year 5. NVTA/HRTA will cause all audits to be performed. NVTA/HRTA will perform any reconciliation process. 6. If a demonstrated shortfall in remittance is found in the audit/reconciliation processes, the NVTA/HRTA will notify the inspection station and require payment of any shortfall. Working with the localities in each authority, if such shortfall is not paid on a timely basis (following a reasonable time for resolution) the NVTA/HRTA will determine the appropriate action. 	<p>Cost effectiveness of outsourcing.</p> <p>IFB to be issued in next 30 days</p> <p>State Police should include system requirements for the collection of this fee in its design specifications and project scope in its current computer modernization project.</p>	<p>Proposed Procedures to be posted to HB3202.virginia.gov website</p> <p>January 1, 2008 implementation date in Northern Virginia</p> <p>April 1, 2008 implementation date in Hampton Roads</p>

Regional Revenue Source	Authority	Responsible Agency	Estimated Cost	Implementation Procedures	Issues/Items To be Resolved	Status/Next Steps
5% retail sales and use tax on auto repair services	§58.1-605 §58.1-606 §58.1-625.1	HRTA/NVTA; Department of Taxation		<p>Following standard Dept of Taxation guidelines and procedures.</p> <p>See www.policylibrary.tax.virginia.gov/OTP/Policy.nsf</p> <ol style="list-style-type: none"> 1. Develop a permanent processing system that can accept additional transportation districts and attribute tax collections to specific localities beginning January 1, 2008. 2. Develop a form and instructions for the tax. 3. Develop internal policies and procedures for the tax and train TAX employees in the policies and procedures. 4. Identify possible affected taxpayers. 5. Mail notices of the tax to possible affected taxpayers and register affected taxpayer. 6. Provide education on the tax to affected taxpayers, including information on the website and mailers. 	None	<p>Proposed guidelines have been made public week of 9/18/2007. See www.hb3202.virginia.gov</p> <p>January 1, 2008 implementation date in Northern Virginia</p> <p>April 1, 2008 implementation date in Hampton Roads</p>

Regional Revenue Source	Authority	Responsible Agency	Estimated Cost	Implementation Procedures	Issues/Items To be Resolved	Status/Next Steps
40 cent Grantor Tax (Regional Congestion Relief Fee)	§58.1-802.1	HRTA/NVTA; Clerk of the Court in each locality		Clerk of Court Collections during recordation Clerk deposits funding into bank account Clerk makes monthly disbursement to Authority bank account	None	January 1, 2008 implementation date in Northern Virginia April 1, 2008 implementation date in Hampton Roads
2% motor vehicle fuels tax	§58.1-1724.3	HRTA Department of Taxation		Following Dept of Taxation guidelines and procedures. http://www.policylibrary.tax.virginia.gov/OTP/policy.nsf Title 23, Agency 10, Chapter 240 - Motor Vehicle Fuel Sales Tax Regulations (will be updated with guidelines to streamline process)	None	April 1, 2008 implementation date in Hampton Roads
2% local rental car transportation fee	§58.1-2402.1	NVTA; HRTA DMV	\$30,000 annually	Following standard DMV guidelines and procedures for rental tax http://www.dmv.virginia.gov/webdoc/commercial/Rental_Tax/index.asp	None	January 1, 2008 implementation date in Northern Virginia April 1, 2008 implementation date in Hampton Roads
2% transient occupancy tax	§58.1-3825.1	NVTA; Local governments with the NVTA region		Each locality has varying guidelines. Authority staff will work with localities to standardize procedures http://www.arlingtonva.us/Departments/CountyBoard/CountyCode/Ch40_TransientOccupancyTax.pdf http://www.fairfaxva.gov/Taxes/TransOccTax.asp	Standardization of procedures	January 1, 2008 implementation date in Northern Virginia