

**Summary of Collection Guidelines**  
**November 1, 2007**

HB 3202, the Transportation Funding and Reform Act of 2007, authorized NVTA to impose seven taxes and fees to generate revenues for transportation projects and services in Northern Virginia. It also requires that NVTA to “develop guidelines, policies and procedures to the efficient and effective collection and administration of the fees and taxes authorized” by NVTA. These guidelines must be made public at least 60 days prior to the implementation of the taxes and fees.

NVTA has set an effective date for the implementation of the taxes and fees of January 1, 2008. Therefore, the guidelines must be made public by November 1, 2007. To this end, members of the Financial Working Group have worked with several state agencies and the local governments to prepare the attached guidelines for collection of the taxes and fees. These guidelines are summarized as follows:

**Motor Vehicle Rental Fee**

The NVTA approved a two-percent increase in the motor vehicle rental fee within Northern Virginia. It is proposed that this fee be collected by rental car companies and transmitted to the Virginia Department of Taxation. The Department of Taxation would then remit these revenues to NVTA’s bank account. The Department will document the jurisdiction in which the tax is collected.

**Sales Tax on Auto Repairs**

The NVTA approved a five-percent sales and use tax on the labor associated with automobile repairs within Northern Virginia. It is proposed that this sales and use tax be collected by repair companies and transmitted to the Virginia Department of Taxation. The Department of Taxation will remit these revenues to NVTA’s bank account. The Department will document the jurisdiction in which the tax is collected.

**Annual Motor Vehicle Registration Fee**

The NVTA approved a \$10 annual motor vehicle registration fee increase within Northern Virginia. It is proposed that this fee be collected by the Virginia Department of Motor Vehicles (DMV). DMV will remit these revenues to NVTA’s bank account. The DMV will document the jurisdiction in which each vehicle is registered.

**Initial Motor Vehicle Registration Fee**

The NVTA approved an initial one-percent motor vehicle registration fee that applies the first time a motor vehicle is registered in Northern Virginia. There are four different scenarios for the collection of this fee: vehicle registration associated with a purchase from a dealer; vehicle registration associated with a purchase from an individual; a vehicle registration associated with a Virginia resident moving to Northern Virginia; and a vehicle registration by a non-Virginia resident moving into Northern Virginia.

Each of these four transactions will need to be handled a little differently. For most vehicles purchased from a dealer, the dealer will collect the initial registration fee as part of the sale and remit it to DMV. The fee will apply based on the jurisdiction in which the purchaser of the vehicle resides regardless of where the vehicle is purchased. If the dealer does not collect the fees, however, DMV will note that the initial registration fee has not been collected and will bill the vehicle owner, possibly using a contractor for the initial registration fee.

For vehicles purchased from an individual, the fee will apply based on the jurisdiction in which the purchaser of the vehicle resides regardless of where the vehicle is purchased. The new owner will visit DMV to register the vehicle, and DMV will collect the initial registration fee at time of initial registration.

For vehicles owned by Virginia residents who move to Northern Virginia, the owner will visit DMV to register the vehicle, and DMV will note that the initial registration fee has not been collected. DMV will bill the vehicle owner through a contractor for the initial registration fee.

If it is necessary for DMV to bill the vehicle owner, DMV will most probably use a contractor. This fee will apply even if the owner is moving from the Hampton Roads area where an initial vehicle registration fee may already have been collected. In some cases, the vehicle owner may not change his or her address on the vehicle registration. In these cases, the local Commissioners of the Revenue or Department of Tax Administration may be the first to know the owner has moved to Northern Virginia. In these cases, the Commissioner of the Revenue or Department of Tax Administration will flag the registration in the DMV system. DMV, or its contractor, will bill the vehicle owner for the initial registration fee.

For vehicles owned by non-Virginia residents who move to Northern Virginia, the owner will visit DMV to register the vehicle, and DMV will collect the initial registration fee at time of registration.

It is proposed that the DMV remit all revenues it collects less its transaction fees to NVTA's bank account. The DMV will document the jurisdiction in which each vehicle is registered.

### Safety Inspection Fee

The NVTA approved a \$10 annual motor vehicle safety inspection fee increase within Northern Virginia. This fee will be collected by service stations performing inspections. The inspection station owner will need to remit the fee directly to an NVTA lock box. The State Police will inform each inspection station in Northern Virginia that it must collect the additional \$10 fee for NVTA. The State Police will also provide NVTA a list of the number of inspections conducted by each inspection station on a regular basis.

### Transient Occupancy Tax

The NVTA approved a two-percent increase in the transient occupancy tax within Northern Virginia. The tax will be collected by hotels and motels and transmitted to the local Commissioner of the Revenue or Department of Tax Administration. It is proposed that the Commissioners of the Revenue or Department of Tax Administration remit these revenues to NVTA's bank account.

Since the tax will be collected separately in each jurisdiction, it will be easy to track where the revenue is received.

Congestion Relief Fee (Grantor's Tax)

The NVTA approved a \$0.40/\$100 valuation congestion relief fee on the sale of property in Northern Virginia. HB 3202 specifies that this Congestion Relief Fee will be collected by the Clerk of Courts in each of the jurisdictions. It is proposed that the clerks remit this fee to NVTA's bank account. Since this fee is collected by five different clerks, it will be relatively easy to separate the fees by jurisdiction.