



# GENERAL ASSEMBLY UPDATE



## News From VPCGA at the General Assembly

January 16, 2009

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Dear Member,

### General Assembly Convenes

Everything we have seen during the first three days of the 2009 General Assembly session indicates that this will be a very difficult year for the industry. Following is a summary of some of the most important issues we have identified, but this list will grow over the course of the next week as members have until next Friday to file legislation.

#### Motor Fuel Allowance

This week two bills were filed to repeal the one percent motor fuels allowance. ([Senate Bill 987](#)) ([House Bill 2383](#)) In both bills, the motor fuels allowance repeal is included among other allowances provided to those that collect the retail sales tax, telecommunications firms, tobacco wholesalers and others. We have been meeting with legislators this week to review our system of fuels taxation, demonstrating how the motor fuels tax allowance is unlike any of the others and that repealing it will do nothing to address Virginia's budget deficit. We anticipate that action on this issue will take place during the week of January 26th making the industry lobby day on the 29th even more important. This will be your best opportunity to discuss this issue with your legislators and let them know how it will impact your bottom line. A registration form for the lobby day can be found [here](#).

#### Tobacco

As we have previously reported, Governor Kaine has proposed to double the state's cigarette tax to 60 cents per pack. This is on top of the federal excise tax increase of 61 cents that will likely become law soon. Yesterday we attended a meeting arranged by Altria/Philip Morris to discuss these issues. We have written to the members of our congressional delegation to oppose the federal

increase and will be working to oppose the Virginia increase as well. The Virginia tobacco tax increase bills are as follows: [Senate Bill 947](#) [House Bill 2379](#)

### Motor Fuel Regulation

At the request of the Department of Weights and Measures Delegate Mark Sickles has filed [HB2446](#). This bill contains a provision that would have Virginia automatically adopt all regulations adopted by the National Conference on Weights and Measures. This could mandate issues such as automatic temperature compensation. We would appreciate your comments on this bill.

### Variable Rate Taxes

We have seen several bills that would change the way gas taxes are calculated from a cents per gallon basis to a variable percentage tied to an index. The association's longstanding policy is that fuels taxes should continue to be uniform statewide and assessed on a cents per gallon basis. The corresponding bills are [HB2194](#), [HB1846](#), [SB1283](#) and [HB1661](#).

### Biodiesel Mandate

Governor Kaine is pushing a bill to mandate that all diesel sold in Virginia after 2010 be a biodiesel blend of at least 2 percent. Given the federal ethanol mandate, we believe that the issue of fuel specifications is a national one and that state specific mandates may well have unintended consequences for fuel quality and supply. Those bills are [HB2157](#) and [SB1146](#).

### Commercialization of Rest Areas

During yesterday's briefing to House and Senate Transportation committees, Transportation Secretary Pierce Homer alluded to an effort that may be forthcoming in the federal stimulus bill to allow for the commercialization of the state's rest areas. Federal law has long prohibited this but it remains to be seen if the current recession may change that policy.

### Truck Weights

We have seen two bills, [HB2319](#) and [SB1048](#), that will increase the fees for overweight permits. These bills were prompted by a study by the Transportation Research Councils which stated that the impact on road

and bridge damage was not being adequately addressed by the current fees for overweight vehicles. These bills would replace the current incremental system of overweight fees with a fee of at least \$250. We have been meeting with a broad section of groups interested in this issue. At this point, it is unclear whether there will be an effort to increase the fees beyond \$250 per vehicle.

### Price Gouging

As anticipated this week we saw two bills ([HB1849](#) and [HB1903](#)) to expand the state's price gouging law to include price increases from suppliers. They would also implement the price gouging statute in the event of "resource shortages" resulting when a state of emergency was not in effect in Virginia. Presumably this would include times of international unrest or weather related issues that impact petroleum availability in Virginia. Again we would appreciate your careful review and comments on these bills

While these are among the most important bills facing us this session, there are dozens more impacting the industry that we will have to address. A preliminary list can be found [here](#).