



# GENERAL ASSEMBLY UPDATE



## News From VPCGA at the General Assembly

February 19, 2010

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Dear Member,

### Senate Passes Variable Rate Fuels Tax Overwhelmingly

This morning the Virginia Senate passed, by a vote of 31-9, legislation that would impose a variable rate motor fuels tax. This new concept is that the tax would be tied to the federal corporate fuel efficiency index, and adjusted annually. Under federal law, the fuel efficiency standards will increase by approximately 40 percent over the next decade. So if the Senate passed bill were to become law, Virginia fuels tax would increase to approximately 25 cents per gallon over this period.

Traditionally, the House of Delegates has been much less receptive to variable rate fuels taxes, particularly where those increases would be automatic. We will be working to educate the members of the House Finance Committee on the provisions of the bill over the coming days.