



GENERAL ASSEMBLY UPDATE



News From VPCGA at the General Assembly

March 15, 2010

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Dear Member,

General Assembly 2010 Wrap Up

As we reported last night the General Assembly restored the one percent fuel allowance - consequently our members will not be paying a new \$8.5 million yearly tax bill on fuel that is stolen, evaporates, or is lost in dead storage. One of the many reasons we were successful in fighting off this proposal is that revenue from repeal of the allowance would not have gone toward erasing the state's budget deficit, but instead directly to VDOT. It appears likely that there will be a special General Assembly session this summer or fall to deal with transportation funding. Whether or not we will have to re-fight this battle remains to be seen.

I am pleased to report that the industry has emerged from the session intact and that we were able to defeat or deflect legislation that would have had a negative impact on the membership. Following is a summary of additional issues.

Fuels Taxes

It has now been 24 General Assembly sessions since they last increased motor fuel taxes. This year legislation passed the Senate that would have tied the gas tax to increases in the corporate fuel economy standards. The House carried over the bill to the 2011 session. The most likely scenario is that we will see this as one of many transportation funding options for the special session this summer or fall. In the interim we will be working to educate members that if taxes are to be raised it needs to be on a cents per gallon basis and without expanding local fuels taxes.

Rest Area Privatization

A study to review the issue of privatizing the state's rest areas was watered down by assigning it to a VDOT research council, instead of the Assembly's investigative branch. We also added a provision assuring that if the study is done it will examine the impact of privatization on existing highway businesses. However, it remains to be seen if this study will ever occur because the state budget targets the Transportation Research Council for elimination—leaving one to wonder what their priorities will be over the upcoming year.

Weights and Measures

The introduced budget included a \$17.50 annual fee for each device subject to inspection by the Department of Weights and Measures. Given that approximately 80 percent of these are petroleum devices the VPCGA Board examined various options to mitigate the economic impact this would have had on the industry and its customers. After substantial deliberation they agreed to support a 1/10th cent increase in the Virginia Petroleum Storage Tank Fund for inspections of petroleum devices. According to sources, this proposal was subject to substantial discussions in the conference committee and was one of the last items addressed early Sunday morning. Finally, a decision was made not to accept the 1/10th cent increase. Consequently the program will continue to be funded by the state with no additional fees, albeit on an irregular basis. Additional language in the budget would allow a form of privatized program so long as it is approved by the state. We will be reviewing this more closely with the Department in the coming weeks and reporting our findings.

Price Gouging

We closely followed legislation that would have amended the state's price gouging law by reducing from 30 days to 10 days the time after the declaration of a state of emergency that one could be charged with price gouging. We were concerned that this reduction could also impact waivers related to hours of service, weights, and fuel specifications and impact the industry's ability to respond to times of natural disasters. Delegate Chris Peace, the bill's sponsor, readily agreed to amend the bill to provide that the legislation would not impact waivers, and it was subsequently passed by the House. However, the bill ran into opposition in the Senate Commerce and Labor Committee, where it was defeated by an 8-6 vote.

Sales Tax Discount

Under present law, Virginia businesses that remit the sales tax are permitted to keep a portion of the sales tax they have collected to reimburse them for bookkeeping and related expenses. The state budget eliminates the allowances for those that remit sales tax electronically and reduces it by 60 percent for smaller businesses. After July 1, the allowance will be as follows:

Monthly sales volume of up to \$ 62,000 --- 1.6%

Monthly sales volume of \$62,000-\$208,000 --- 1.2%

Monthly sales volume of \$208,000 + --- .08%

Indian Recognition

Virginia's Indian tribes are becoming increasingly frustrated at the growing momentum in Washington to amend the federal recognition bill to preclude the possibility of tax evasion on motor fuel and tobacco products. They introduced legislation in Richmond this year that would have allowed the tribes to establish compacts with the state on tax issues. Tribes in other states have used such compacts to get full or partial rebates of state taxes, allowing them to undercut non-tribal businesses. After demonstrating the potential problems with the legislation it was carried over to the 2011 session. Special thanks go to Senator Jill Holtzman Vogel for all of her efforts on our behalf.

