

SPOTSYLVANIA COUNTY VIRGINIA RAILWAY EXPRESS (VRE) PARTICIPATION

An Information Fact Sheet

Some Basic Facts

- ❖ The Spotsylvania Board of Supervisors voted on August 18, 2009 to join the Potomac and Rappahannock Transportation Commission (PRTC) as a member jurisdiction and to participate in the Virginia Railway Express (VRE). Minutes of the August 18, 2009 Board meeting can be reviewed at:
<http://www.spotsylvania.va.us/DownloadFiles/Minutes/bos/081809.pdf>
- ❖ **Spotsylvania County officially became a member of PRTC, and participant in the Virginia Railway Express, on February 15, 2010.**
- ❖ Links to several background information documents related to Spotsylvania and VRE participation can be found on the County's website at:
www.spotsylvania.va.us/departments/bos
- ❖ At their December 8, 2009 meeting, the Spotsylvania Board of Supervisors appointed Supervisors Gary Skinner and Jerry Logan to serve on the PRTC Board, and Supervisors Henry (Hap) Connors, Jr. and Benjamin Pitts to serve as alternates. Supervisor Gary Skinner was also appointed to the VRE Operations Board with Supervisor Jerry Logan to serve as his alternate.

About the Motor Fuels Sales Tax, Which Benefits Member Jurisdictions

- ❖ Each PRTC member jurisdiction earns **2.1% motor fuels tax revenues** collected by the Virginia Department of Taxation, which agency bears responsibility for insuring that payments are made as required and tax revenue is properly credited by jurisdiction. Department of Taxation staff audits distribution of this tax and monitors receipts by jurisdictions. The state's Taxation Department is compensated for its oversight services with a portion of the 2.1% tax, borne by all member jurisdictions on a proportionate basis in accordance with tax yields. (As an example, in FY09 the Department of Taxation collected approximately \$100,000 on gross PRTC fuel tax revenue of \$19 million.)
- ❖ Each member jurisdiction has its own Local Government Investment Pool bank account for these tax deposits, which are made monthly.
- ❖ Distributors at the wholesale level selling motor vehicle fuels in member jurisdictions, which now includes Spotsylvania County, **must** register, collect and pay the 2.1% motor fuel sales tax and file a monthly form.

- ❖ Of special note: a tax change which was enacted by the Virginia General Assembly in 2009 became effective on January 1, 2010. Under this change, motor vehicle fuel **distributors at the wholesale level** are now taxed at a 2.1% rate. Prior to this change, motor vehicle fuel **retailers** were taxed at a 2.0% rate. The Department of Taxation reaffirmed that there is a tax obligation for fuel sold to retailers in Spotsylvania County beginning on February 15, 2010 in its communication sent to distributors.
- ❖ The process of collection enforcement and reporting does result in enforcement actions from time to time, and also results in debit and credit adjustments when instances of misattribution are found. Experience has shown that these adjustments are a small fraction of the total yield. PRTC does not focus on an individual month's deposits as a basis for projecting annual yields precisely because monthly deposits are affected by adjustments of this sort in addition to belated payments that sometimes arise. The General Assembly enacted the change of taxing distributors instead of retailers as a way to curb the incidence of adjustments / belated payments. A reasonable assumption would be that with far fewer distributors than retailers, there are fewer opportunities for human error, making auditing oversight easier.
- ❖ Of great importance -- the tax dollars resulting from the 2.1% motor fuels sales tax are used for **transportation improvements in the jurisdictions where the taxes are levied**, as allowed by the Code of Virginia.
- ❖ Most likely, the first of the fuel tax revenue postings to Spotsylvania County's Local Government Investment Pool account will happen in April, and will indicate, in this one instance, a one-half month deposit for February 2010 (due to the County's February 15, 2010 effective membership date). There is usually a lag time between the taxes-due date and the posting date due to the necessary paperwork process which insures that collections and attributions are correct.