

**MEMORANDUM**

**TO:** Timothy J. Baroody, City Manager  
**FROM:** Robyn E. Shugart, Director of Finance  
**RE:** Release of Prior Motor Fuels Tax Allocations  
**DATE:** May 24<sup>th</sup>, 2022 (for the May 24 Council Meeting)

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**ISSUE**

Shall the City Council adopt a resolution that releases prior allocations of motor fuels taxes for various transportation projects that are no longer needed?

**RECOMMENDATION**

Staff recommends that the Council adopt the attached resolution, which requires one reading.

**BACKGROUND**

The City of Fredericksburg, as a member of the Virginia Railway Express and the Potomac and Rappahannock Transportation Commission, receives a tax on wholesale motor fuels sold within the City. The primary purpose of the tax is to ensure that resources are available to support the Virginia Railway Express, and the administration of the tax by the Potomac and Rappahannock Transportation Commission. If there are funds received by the City in excess of the required support, then the City is allowed to spend those resources on other transportation needs.

The City Council previously adopted Resolution 21-47 which set aside surplus motor fuels taxes for a wide variety of transportation projects throughout the FY 2021 budget.

The staff has determined that the remaining amounts on this resolution may be released for future re-allocation to other transportation projects.

**FISCAL IMPACT**

The balance of Resolution 21-47 that will be released for future use by City Council on other transportation needs is \$602,202.13.

Attachment: Resolution Releasing Prior Allocations of Motor Fuels Tax Funds for Various Projects



May 24, 2022  
Regular Meeting  
Resolution 22-\_\_

**MOTION:**

**SECOND:**

**RE:               Releasing Prior Allocations of Motor Fuels Tax Funds for Various Projects**

**ACTION:        APPROVED: Ayes: 0; Nays: 0**

The City of Fredericksburg (“the City”) is a member of the Potomac and Rappahannock Transportation District (the “District”), a transportation district created pursuant to the Transportation District Act of 1964 (Code of Virginia §15.2-4500 et seq.).

The Potomac and Rappahannock Transportation Commission (“PRTC”) is the governing body of the District.

The Commonwealth of Virginia levies a tax of 2.1 percent of the sales price charged to a distributor for fuels sold to a retail dealer for retail sale in the District, which participates in the operation of a rail commuter mass transportation system (Code of Virginia §58.1-1720).

All taxes paid to the State Tax Commissioner, after subtraction of the direct costs of administration by the Tax Department, are deposited in a special fund held by the District (Code of Virginia §58.1-1724).

The City Council previously adopted Resolution 21-47 which set aside surplus motor fuels taxes for a wide variety of transportation projects throughout the FY 2021 budget.

The staff has determined that the projects are complete and remaining amounts on these resolutions may be released for future re-allocation to other transportation projects.

The City wishes to release the remaining allocations for Resolution 21-47.

Therefore, the City Council of the City of Fredericksburg, Virginia hereby resolves to request that the PRTC release the unallocated balance of the funds that had been previously allocated to the transportation purposes listed under the prior resolution.

**Votes:**

**Ayes:**

**Nays:**

**Absent from Vote:**

**Absent from Meeting:**

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***Clerk's Certificate***

*I certify that I am Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Resolution No. 22-\_\_ adopted at a meeting of the City Council held May 24, 2022, at which a quorum was present and voted.*

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***Tonya B. Lacey, CMC***  
***Clerk of Council***