




Bringing Virginia's Transportation Funding Up to Speed

FY 2016 – 2021 Outlook

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Virginia Enacts Legislation to Enhance Transportation Revenues



After more than a decade of legislative efforts, Virginia's 2013 General Assembly adopted legislation providing a dynamic long-term transportation funding solution.


At the time it was projected to generate over \$800 million a year once fully implemented (2018) from a combination of new and existing state revenue sources.

Additional \$500 million annually for regional "self-help" packages.

In 2014, legislation passed requiring the CTB to use an objective and quantifiable prioritization process.

A new construction formula was created in 2015 to direct funding to state of good repair and create high priority projects and district grant programs.

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History

Transportation funding in Virginia has historically been provided from user fees or taxes


- Motor Fuels Tax
- Motor Vehicle Sales Tax
- Vehicle Registration

Gas tax first implemented in 1923 - 2 cents per gallon



State Gas Tax was last increased in 1986 to \$17.5 cents per gallon

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Other Funding Sources

Federal Highway Administration

- Single largest source
- Nearly 20 percent of budget

Tolls

- Provide for debt service on bonds issued to construct tolled highways and bridges
- Typically removed once debt is retired




Bond Programs

- Special tax districts and corridor development programs
- Programs adopted to leverage state and federal revenues to support for bonds

Public-Private Partnerships

- Virginia's Public-Private Transportation Act had been utilized to develop mega projects
- Construction of new capacity and maintenance over life of concession

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1986 Special Session

The 1986 Special Session provided new revenues for transportation by increasing existing sources


- Increased the Motor Fuels Tax
- Increased the Motor Vehicle Sales and Use Tax
- Increased Motor Vehicle Registration Fees

Increased the Retail Sales and Use Tax by 0.5 percent


- Dedicated to transportation
- First dedication a traditionally general fund revenue source

Established formulas for distributing capital funds

- Highways
- Mass Transit
- Ports
- Airports



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Subsequent Transportation Initiatives

2000

- Virginia Transportation Act of 2000
- Established an indirect GARVEE program and provided general fund assistance
- Included long list of specific projects

2005

- 2005 Transportation Initiative included in Budget
- Directed the use of \$848 million towards transportation investments
- Included \$350 million of General Fund dollars

2007

- HB 3202 created \$3.0 billion capital projects bond program
- Dedicated new revenues to transportation
- Created regional authorities to address transportation needs

2011

- Created a direct GARVEE bond program
- Accelerated the use of the Capital Projects Bond program

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VDOT **New Revenue Model Needed**

Needed to address the shortcomings of a 30-year old excise tax based funding model

Motor fuels excise tax growth forecast was stagnant	Increasing CAFE standards	Increasing use of alternative fueled vehicles	Reduced purchasing power relative to inputs
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VDOT **The Statewide Solution**

Eliminated the 17.5 cents per gallon gas tax

Replaced the excise tax with a Sales Tax on Motor Fuels

- A 3.5% (5.1%) gas fuel sales tax at rack
- A 6% diesel sales tax at rack (reflects higher wear and tear on roads from heavy trucks)

Increased the motor vehicle titling tax from 3 percent to 4.15 percent phased four year implementation

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VDOT **The Statewide Solution**

Recognized the importance of transportation as a core function of government, providing additional funding from traditional general fund revenue sources.

Increased the share of the existing retail sales and use tax dedicated to transportation from 0.50% to 0.675% when fully phased in (FY 2017)	Increased the retail sales and use tax from 5.0% to 5.3%, dedicating the increase to transportation
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VDOT **Chapter 766 of the 2013 Acts of Assembly Additional Funding**

Expected to provide over \$800 million a year once fully implemented

Represents a 17% increase in transportation funds

Retail Sales & Use Tax becomes largest revenue source

Category	Percentage
Retail Sales & Use Tax	48%
Gas Tax Change	36%
Incremental Sales Tax Dedication	15%
Increased Titling and Registration Fees	1%

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VDOT **Regional "Self-Help" Solution**

The Chapter also generates revenues specifically for Hampton Roads and Northern Virginia and future Planning Districts that meet specific transportation related criteria

- Hampton Roads**
 - 0.7% local sales tax
 - 2.1% Sales Tax on Fuel
- Northern Virginia**
 - 0.7% local sales tax
 - Regional congestion relief fee - \$0.15 per \$100
 - Transient occupancy tax - 2%

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VDOT **Transit and Rail**

Provides a dedicated funding for Mass Transit and Intercity Passenger Rail Fund (IPROC).

- Dedicates a portion of the 0.3% increase in the general sales tax to support rail and transit projects in the Commonwealth (0.125%)
 - 60% for transit
 - 40% for rail
- IPROC Fund created in 2011 but had no dedicated funding stream.
- Approximately \$80 million/year to transit and \$50 million/year for rail

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New Money! Problem Solved?

Year following the passage of additional transportation funding:


- Realization that it will not address all wants or needs
- Debate resumed about how to distribute the funds

Determined need to formally prioritize the use of funds to obtain best value

HB 2 of the 2014 General Assembly requires implementation of a prioritization methodology by June 2016

The prioritization process must be objective and quantifiable

- Congestion mitigation
- Economic development
- Accessibility
- Safety
- Environmental Quality

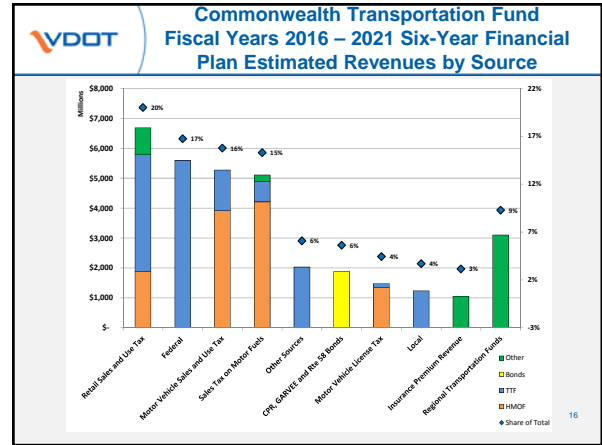


Highway Construction Formula Distributions HB 1887

- New construction formula established, fully effective FY 2021:
 - ❑ State of Good Repair – 45 percent
 - ❑ High-Priority Projects Program – 27.5 percent (to be programmed according to HB2 in FY17)
 - ❑ Highway Construction District Grant Programs – 27.5 percent (to be programmed according to HB2 in FY17)
- Funding to projects supported by CTB Formula funds remains the same
- FY 2016-2020 funds not programmed to projects are distributed 50/50 to the High-Priority Projects Program and Highway Construction District Grant Programs
 - ❑ Projects will be selected through the HB 2 prioritization process and in the FY 2017 – 2022 SYIP

Commonwealth Transportation Fund Fiscal Years 2016–2021 Six-Year Financial Plan Estimated Revenues (in millions)

	2016	2017	2018	2019	2020	2021	Total
State Transportation Revenues							
HMO	\$ 1,900.6	\$ 1,927.0	\$ 1,951.0	\$ 1,988.2	\$ 2,017.2	\$ 2,040.3	\$ 11,824.3
TTF net interest	1,157.2	1,189.8	1,224.2	1,260.7	1,294.9	1,326.7	7,453.5
PTF (From TTF)	190.9	197.1	205.4	214.7	223.0	231.0	1,262.1
Local and Other Revenues	695.1	413.0	322.2	325.3	277.9	280.4	2,314.8
Total	3,943.8	3,727.8	3,792.8	3,788.9	3,813.0	3,878.4	22,854.7
Federal Revenues							
	968.3	925.1	925.1	925.1	925.1	925.1	5,593.7
Total Revenues	4,912.1	4,652.8	4,627.9	4,714.0	4,738.1	4,803.5	28,448.5
Other Financing Sources							
GARVEE Bonds	375.0	225.2	120.0	90.0	90.0	98.0	998.2
Capital Improvement Bonds	122.9	122.9	122.9	61.6	50.0	-	480.3
Route 58	-	-	-	-	150.9	249.1	400.0
Total	497.9	348.1	242.9	151.6	290.9	347.1	1,878.6
Total Operating Revenues and Other Financing Sources	\$ 5,410.0	\$ 5,001.0	\$ 4,870.8	\$ 4,865.7	\$ 5,029.0	\$ 5,150.6	\$ 30,327.0
Pass Through Revenues							
Regional Transportation Funds	483.5	492.6	508.3	523.6	539.1	553.4	3,100.5
Grand Total	\$ 5,893.5	\$ 5,493.6	\$ 5,379.1	\$ 5,389.3	\$ 5,568.1	\$ 5,704.0	\$ 33,427.5



Commonwealth Transportation Fund Fiscal Years 2016 – 2021 Six-Year Financial Plan Estimated Allocations (in millions)

	2016	2017	2018	2019	2020	2021	Total
Debt Service							
	\$ 337.7	\$ 401.3	\$ 431.3	\$ 444.5	\$ 468.4	\$ 480.3	\$ 2,563.5
Other Agencies & Transfers							
	49.74	43.72	44.12	45.19	46.03	47.22	276.02
Maintenance & Operations							
	2,001.3	2,045.8	2,080.8	2,118.4	2,158.6	2,201.5	12,606.4
Tolls, Administration & Other Programs							
	438.9	432.4	443.0	452.1	461.3	470.4	2,698.1
Rail and Public Transportation							
Public Transportation	443.0	469.7	519.4	499.6	469.8	397.4	2,798.8
Rail Assistance	98.0	87.1	89.7	79.3	81.8	84.3	520.2
Other Programs and Administration	12.1	13.0	13.4	13.7	14.1	14.5	80.8
Port Trust Fund	42.9	41.5	42.7	44.1	45.4	46.5	263.1
Airport Trust Fund	24.3	23.5	24.1	24.8	25.5	26.1	148.3
Commonwealth Space Flight Fund	15.8	15.8	15.8	-	-	-	47.4
Construction	1,946.1	1,427.3	1,166.4	1,154.0	1,258.0	1,382.4	8,334.3
Total Operating Programs	\$ 5,410.0	\$ 5,001.0	\$ 4,870.8	\$ 4,865.7	\$ 5,029.0	\$ 5,150.6	\$ 30,327.0
Pass Through Programs							
Northern Virginia Transportation Authority Fund	314.9	316.4	326.7	336.2	345.7	355.1	1,995.0
Hampton Roads Transportation Fund	168.6	176.2	181.6	187.4	193.4	198.3	1,105.5
Subtotal	483.5	492.6	508.3	523.6	539.1	553.4	3,100.5
Total	\$ 5,893.5	\$ 5,493.6	\$ 5,379.1	\$ 5,389.3	\$ 5,568.1	\$ 5,704.0	\$ 33,427.5

VDOT Recommended FY 2016 Budget Summary by Program

	Revised FY 2015	Recommended FY 2016	Increase (Decrease)
VDOT Programs			
Environmental Monitoring and Evaluation (514)	\$ 13.3	\$ 13.2	\$ (0.1)
Ground Transportation Planning and Research (602)	67.9	57.8	(10.1)
Highway System Acquisition and Construction (603)	1,073.3	1,959.3	886.0
Highway System Maintenance (604)	1,580.6	1,574.0	(6.6)
Commonwealth Toll Facilities (606)	33.9	41.2	7.4
Financial Assistance to Localities (607)			
VDOT Programs	425.0	440.4	15.4
Regional Programs	455.2	483.5	28.3
Non-Toll Supported Transportation Debt Service (612)	336.2	334.5	(1.6)
Administrative and Support Services (699)	261.8	258.1	(3.7)
VDOT Capital Outlay (998)	38.0	39.1	1.1
Grant and Loan Programs	-	6.5	6.5
Total VDOT Programs	\$ 4,285.0	\$ 5,207.6	\$ 922.6
Support to Other State Agencies	66.0	65.5	(0.4)
Support to DRPT Programs	3.8	14.2	10.4
TOTAL	\$ 4,355.2	\$ 5,287.3	\$ 932.2
TOTAL OPERATING BUDGET (Net Regional Programs)	\$ 3,900.0	\$ 4,803.8	\$ 903.9

Final FY 2016 – 2021 SYIP (in billions)

➤ Total SYIP of \$13.3 billion including Transit and Rail.

	FY 2014-2019	FY 2015-2020	Revised FY 2015-2020	Proposed Final FY 2016-2021	Change
Interstate	\$2.1	\$1.4	\$1.3	\$1.1	-\$0.2
Primary	\$3.5	\$2.7	\$2.6	\$2.7	\$0.1
Secondary	\$1.0	\$0.7	\$0.8	\$0.8	\$0.0
Urban	\$0.7	\$0.9	\$0.9	\$0.9	\$0.0
Federal Maintenance	\$1.4	\$1.4	\$1.5	\$1.4	-\$0.1
Safety, TAP, Rev Sharing, Other	\$2.8	\$2.8	\$2.9	\$3.1	\$0.2
Total Highway SYIP*	\$11.5	\$9.9	\$10.0	\$9.9	-\$0.1

* (excludes debt service)

Funds Available for HB 2 and SGR (in millions)

	HB2 Percentage	Available for HB 2	SGR Percentage	Available for SGR
District Grant Programs		\$500.1		\$332.7
Bristol	7.1%	35.3	11.7%	38.9
Culpeper	6.2%	31.1	6.0%	19.9
Fredericksburg	6.9%	34.3	12.1%	40.2
Hampton Roads	20.2%	100.8	14.8%	49.1
Lynchburg	7.1%	35.7	7.6%	25.3
NOVA	20.7%	103.7	10.6%	35.1
Richmond	14.4%	72.2	17.4%	58.0
Salem	9.6%	48.1	12.1%	40.2
Staunton	7.6%	39.0	7.9%	26.1
High Priority Projects Program (Statewide)		\$500.1		
Total	100.0%	\$1,000.2	100.0%	\$332.7

