



COMMONWEALTH *of* VIRGINIA

Office *of the*

SECRETARY *of* TRANSPORTATION

I-81 ADVISORY COMMITTEE MEETING

Financial Overview

John W. Lawson, Deputy Secretary of Transportation

August 13, 2019

I-81 Revenue Sources

HB2718 and SB1716 (Chapters 837 and 846 of the 2019 Acts of Assembly) provided new transportation revenues to support the interstate highways and specifically I-81

The legislation created the Interstate 81 Corridor Improvement Program and Fund

It dedicates new revenues to the Fund from the following sources:

- **I-81 share of increases in statewide truck registration fees**
- **I-81 share of increases in statewide diesel and road taxes**
- **Imposition of a 2.1% regional fuels tax along 81 corridor**

Revenue Forecast: I-81 Corridor Improvement Fund

Statewide revenues are distributed based on number of truck miles traveled on Interstate highways

I-81 share currently 43.4 percent

The Road and Diesel tax increases will be fully implemented in FY2022

In FY2025, the revenue sources are estimated to generate \$164 million for the I-81 Corridor Improvement Fund

- **Truck Registration Fees = \$33 million**
- **Diesel and Road Taxes = \$69 million**
- **Regional Fuels Tax = \$62 million**

Program Financing

The program of I-81 capital and operational improvements are estimated at \$2.2 billion

Total estimated revenues for the Fund over first 10 years = \$1.5 billion

- **Truck Registration Fees = \$300 million**
- **Diesel and Road Taxes = \$600 million**
- **Regional Fuels Tax = \$600 million**

Current forecast indicates it will take 14 years to fully fund the complete program of improvements

Project Financing: Debt

Funding could be made available sooner through leveraging the Regional Fuels Tax revenues

- Will require a debt authorization
 - Should not impact the debt capacity of the Commonwealth
 - Similar to bond programs implemented by NVTa and HRTAC backed by their regional revenues
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- The I-81 Regional Fuels Tax revenues could support \$500 million to \$900 million in debt proceeds

Project Financing: Debt

Options for obtaining debt financing

- **Special Tax Revenue Bonds**
- **Transportation Infrastructure Finance and Innovation Act (TIFIA)**
- **Rural TIFIA**
 - Currently working with the Build of America Bureau on feasibility of this program
 - Would be applicable to approximately two-thirds of the improvements

Through the use of debt financing, the \$2.2 billion could be raised in 10 to 11 years

Next Steps

Work with VDOT and the Chief Engineer to develop a financial plan incorporating and marrying the funding sources and spend plan for the preferred project delivery schedule

Continue working with the Bureau on potential TIFIA and Rural TIFIA financing options

Further evaluate a potential debt authorization backed by the Regional Motor Fuels Tax