



Virginia Department of Rail and Public Transportation

HB 1359 – Transit Capital Project Revenue Advisory Board

Status Update to the Commonwealth Transportation Board

June 20, 2017

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Revenue Advisory Board – Key Questions

- How much funding is needed?
 - Estimate state transit capital needs
- What are potential funding sources?
 - Examine potential revenue sources
- Which projects should be funded?
 - Develop approach for project prioritization
- How should funds be allocated to capital projects?
 - Develop approach for capital program structure



Existing Transit Capital Revenue Sources

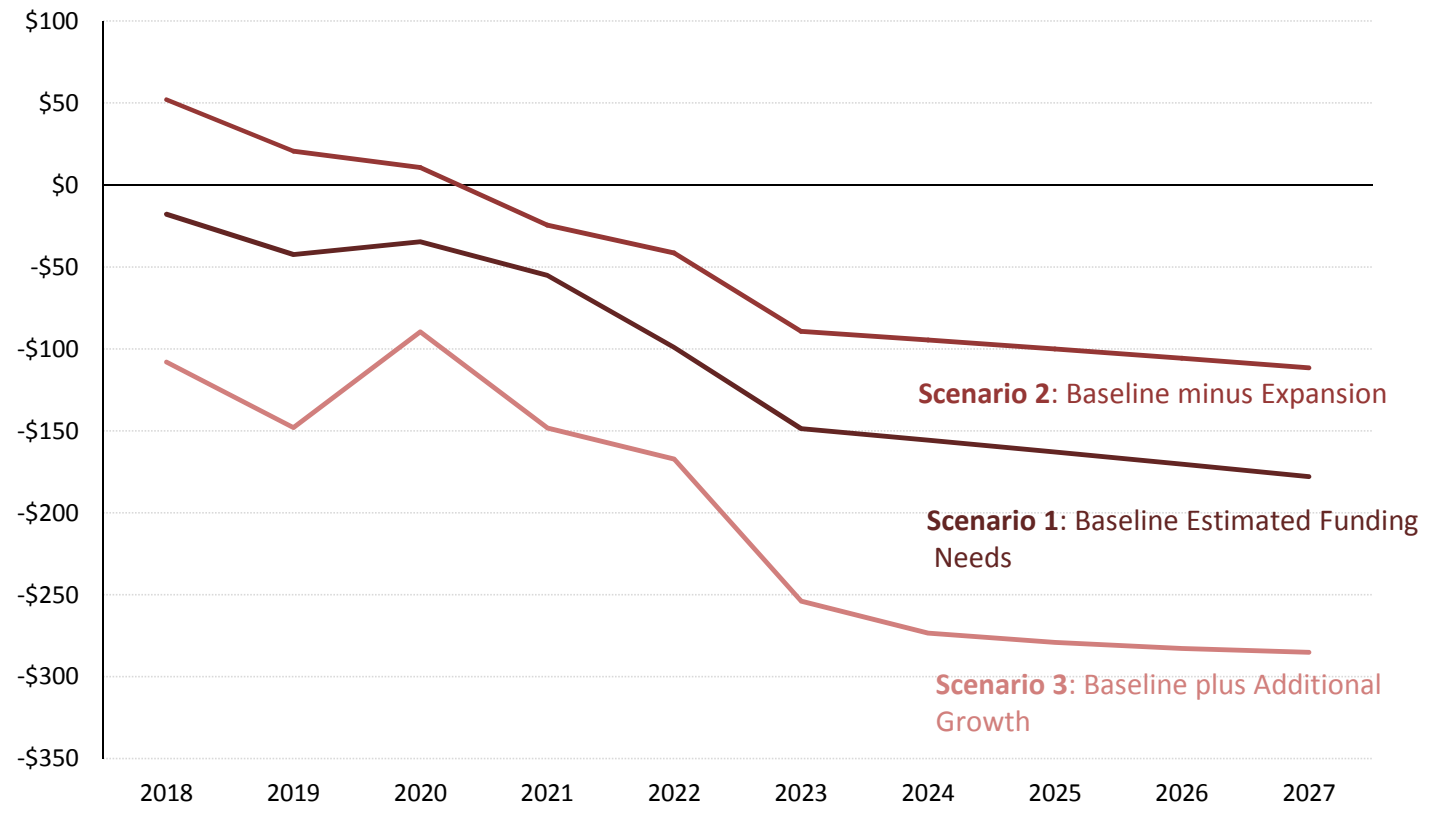


- Transportation Trust Fund – 1986 Session
 - 14.7% dedicated to transit; of this amount, 25% allocated to Transit Capital ~ \$37 M annually
- Recordation Taxes
 - \$0.01/\$100 ~ \$15 M annually
- Retail Sales and Use Tax – 0.3% increase in HB2313
 - 0.075% dedicated to transit; of this amount, 25% allocated to Transit Capital ~ \$20 M annually
- Sales Tax on Fuel
 - 5.1% tax; 3.11% of revenue dedicated to transit capital ~ \$28 M annually
- CPR Bonds – 20% minimum; \$110 M annually
 - Actual allocations have exceeded 40%
- Federal Transit Administration ~ \$41 M annually

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Total</u>
1986 Special Session (14.7%)	\$ 36.0	\$ 37.3	\$ 37.9	\$ 38.5	\$ 38.9	\$ 39.6	228.2
Retail Sales and Use Tax	19.3	20.3	20.6	21.0	22.4	22.8	126.4
Sales Tax on Fuel	27.2	27.4	27.6	27.9	28.2	28.5	166.8
Recordation Tax	15.6	15.3	14.4	14.4	14.4	14.4	88.5
Transportation CPR Bonds	110.0	77.3	50.0	-	-	-	237.3
Federal Transit Administration	41.0	41.0	41.0	41.0	41.0	41.0	246.0
Total	<u>\$ 249.1</u>	<u>\$ 218.6</u>	<u>\$ 191.5</u>	<u>\$ 142.8</u>	<u>\$ 144.9</u>	<u>\$ 146.3</u>	<u>\$ 1,093.2</u>

- Bond funds represent 44% of FY18 transit capital funding

Annual Projected State Transit Capital Deficit by Scenario (FY18 – FY27)



Long List of Revenue Options Considered

- Airport use excise tax
- Alcohol tax
- Amusement taxes
- Building permit tax
- Dedicated value added taxes
- Energy & utilities taxes
- Fertilizer/pesticide taxes (agricultural chemicals)
- Hotel excise tax
- Disposal tax surcharge
- Improvement district tax
- Insurance premium taxes
- Litter control tax
- Marine facilities tax
- Marine fuels tax
- Restaurant/prepared food tax
- Tax on marine vessels
- Tax on personal watercraft (personal property)
- Vehicle titling tax
- Licensing and recreational fee
- Local aquifer protection fee
- Tobacco tax
- Voluntary "check off" designating a portion of state income taxes to go towards identified item
- Access rights fee
- Bicycle registration fee
- Construction fee
- Connection fee
- Commercial and industrial property tax
- Property tax
- Fuel Tax
- Hospitality tax
- Mortgage transaction fee
- Real estate transfer tax
- Recordation Taxes
- Rental car taxes
- Sales and use tax
- Toll increase/implementation
- Special regional transportation taxing districts
- Payroll Tax
- Road branding / providing advertising space on public facilities
- Local water/wastewater utility user fee
- Fees for trucks servicing the port
- Inspection/monitoring/testing fee
- Off and/or on-street parking space fee
- Project investment fee
- Septic system impact fee
- Solid waste disposal fee (tipping fees, septage/sludge fees)
- Special permitting fees
- State public water supply withdrawal fee
- Transportation/Infrastructure fee for non-profits/governmental organizations whose property is not subject to property taxes
- Utility rights application fee
- Vehicle registration fee for public colleges/universities
- Vehicle use fees based on mileage (payable w/ state inspection)
- Well permit/pumping fee
- Container truck surcharge
- Development of public-private partnerships
- Leasing of air space and right-of-way
- Lottery and/or casino revenue / dedicated lottery
- Tourist tolls on roadways as part of toll system
- Traffic violation revenues - percentage
- Cap and Trade
- Driver license fee
- HOT Lanes
- Franchise fee
- Taxes on Certain Transportation and Transmission Companies
- Petroleum Business Tax
- Tire Tax
- Occupational license tax
- Dedicate portion of commercial and/or residential real estate taxes or impose a separate special tax district
- Increase sales tax base to include more services - dedicate extra revenue transportation
- Impact fees / proffers for new development
- Car registration fees
- Car tax (personal property)
- Head tax (based on # of employees)
- Impact fees / proffers / contributions for new development
- Income tax for localities with the proceeds dedicated to transit
- Joint Development
- Naming rights

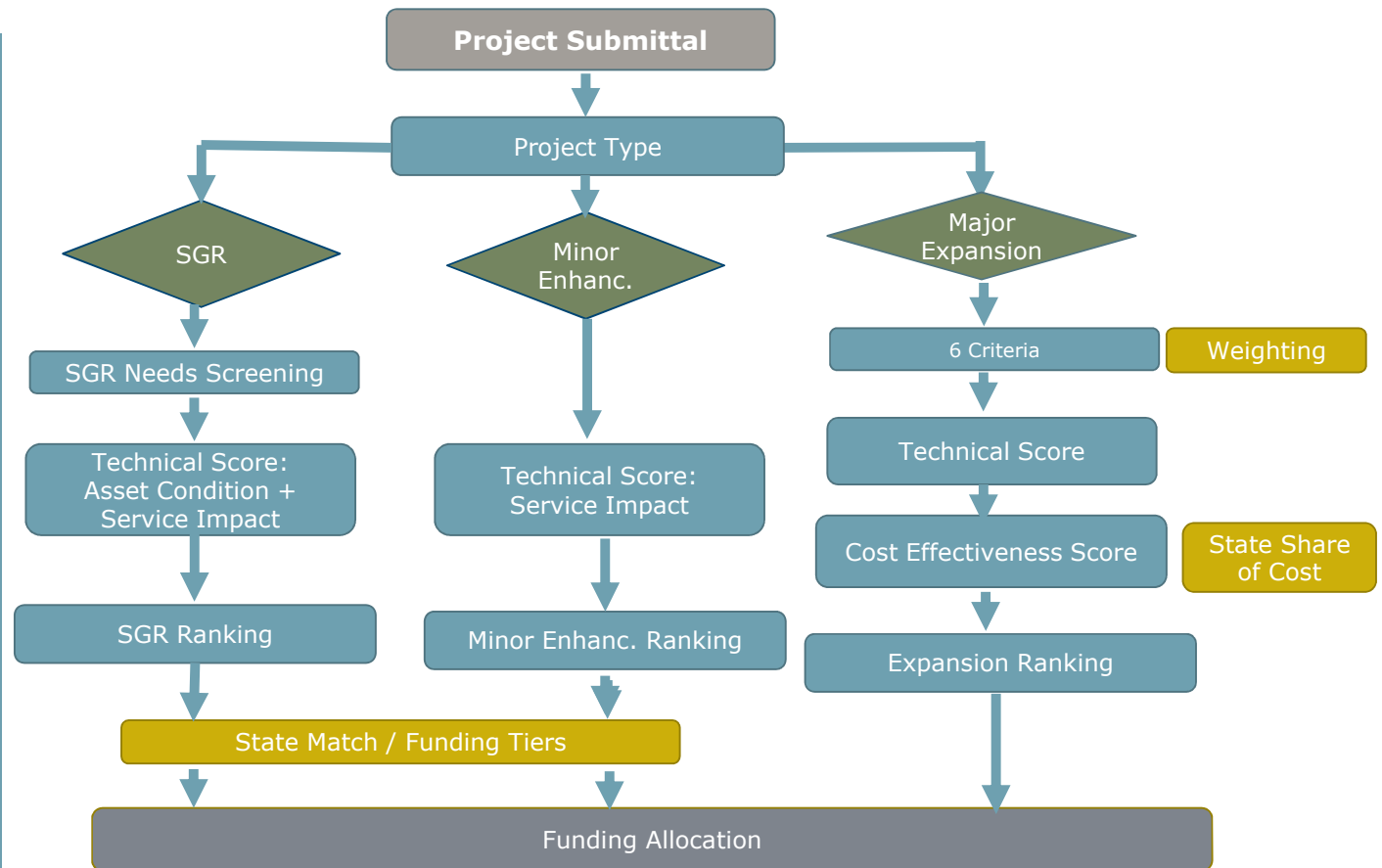


Recommendations for Transit Capital Revenue



- Consider a package that includes a variety of sources
- Consider a combination of statewide and regional options
 - Regional funds should be dedicated and prioritized regionally
- Consider incremental implementation of revenue enhancements (3 to 5 year phase-in)
- Consider implementation of a floor on regional gas taxes as part of solution
- Consider dedication of additional PTF revenues to transit capital
- WMATA needs are not fully factored into the analysis and may result in additional revenue needs beyond replacement of the PRIIA resources.

Illustrative Structure for Capital Program Prioritization



Policy Principles for Prioritization

- It is possible and desirable to prioritize transit capital projects using quantitative and qualitative measures
- Prioritization policies should be developed by CTB, in a manner similar to Smart Scale, via Board policy
- Allow for input/outreach to transit partners and ongoing process improvement



Principles for Transit Capital Program Structure

	State of Good Repair and Minor Enhancement (80%)		Expansion (20%)
	SGR (95%)	Minor Enhancement (5%)	
Funding Level	Minimum funding level (floor) for SGR Funding can be moved from expansion to SGR based on need		Funding level to be determined based on review of needs, funding can be moved to SGR but not from SGR to expansion
Illustrative State Match	up to 80%	up to 80%	up to 50%



Next Steps

- July 2017 – CTB Resolution endorsing final report with legislative recommendations
- August 1 – Report due to General Assembly
- Future:
 - Development and implementation of CTB policy on transit capital prioritization





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