Interstate 81 Corridor Improvement Fund and Program

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Deputy Secretary of Transportation
April 9, 2019
Governor Northam’s Amendments

- Recommended 28 line amendments to both HB2718 (Landes and Austin) and SB1716 (Obenshain and Carrico)
  - Increase in statewide truck registration fees
  - Impose a 2.1% regional fuels tax along 81 corridor
  - Increase in statewide diesel and road taxes
  - Technical amendments
  - “Kill switch” provision
  - NVTA Technical amendments
Governor Northam’s Amendments

- Approved by House 58-39 and by Senate in two blocks
  - 25-13 for the increase in truck registration fees
  - 22-14 for the remaining amendments
- Governor Northam signed both bills April 3, 2019
- Amendments were supported by multiple organizations
  - Virginia Trucking Association
  - Virginia Chamber of Commerce
  - Virginia FREE
  - Virginia Transportation Construction Alliance
Overview of Amendments

• Raises both statewide and regional revenues

• Statewide revenues are distributed based on of truck miles traveled on Interstate highways
  – 41.0% to Interstate 81 corridor
  – 17.9% to Interstate 95 corridor (outside NOVA)
  – 12.6% to Interstate 64 corridor
  – 9.1% to the Northern Virginia Transportation Authority
  – 19.4% for other improvements to Interstate highway corridors
## Revenue Estimates

<table>
<thead>
<tr>
<th></th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
<th>FY25</th>
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<td>61.3</td>
<td>61.2</td>
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Figures in millions

* New estimates are being developed based restructuring of tax
## Revenue Distribution

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<tr>
<th></th>
<th>FY20</th>
<th>FY21</th>
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<th>FY23</th>
<th>FY24</th>
<th>FY25</th>
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<td>Interstate 95 Corridor</td>
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<td>Interstate 64 Corridor</td>
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<td>18.9</td>
<td>27.8</td>
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<td>NVTA Fund</td>
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<td>20.2</td>
<td>20.1</td>
<td>20.1</td>
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<tr>
<td>Other Imp to Interstates</td>
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<td>29.2</td>
<td>42.9</td>
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<td>TOTAL</td>
<td>155.8</td>
<td>211.1</td>
<td>282.5</td>
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Truck Registration Fees
(58.1-697.2)

• Increases maintain Virginia’s progressive fee structure
• Captures both in-state and interstate trucks through International Registration Plan
• Increases bring Virginia more in-line with other I-81 corridor states
• Fees for farm vehicles remain ½ of the fee for heavy trucks as of January 1, 2019
2.1% Regional Fuels Tax  
(58.1-2295.1)

- Applies in Planning District Commissions in which Interstate 81 is located  
  - PDCs 3, 4, 5, 6, and 7

- Functions the same as the regional fuels tax in Hampton Roads and Northern Virginia

- 100% of revenues are deposited in Interstate 81 Corridor Improvement Fund
Road Tax
(58.1-2701)

• Road Tax is a surcharge on diesel fuel paid by trucks through International Fuels Tax Agreement that—
  – Have two axles and weight greater than 26,000 pounds
  – Have three or more axles
  – Are combination vehicles with a weight greater than 26,000 pounds

• Current rate is $0.035 per gallon
Road Tax
(58.1-2701)

- Starting July 1, 2019 the rate will be $0.01125 times the average fuel economy for heavy trucks
  - Current average mpg is 6
  - $6 \times 0.01125 = $0.0675 per gallon
  - An increase of $0.0325 per gallon

- Starting July 1, 2020, rate will be $0.0225 \times \text{average mpg}
  - $6 \times 0.0225 = $0.135 per gallon
  - An increase from current rates of $0.10 per gallon
Diesel Tax
(58.1-2217.1)

• Amendments impose an additional diesel tax at the wholesale level of 2.03%
  – Results in an $0.068 increase in diesel tax rate

• Starts July 1, 2021

• Includes the floor from HB2313 (2013)
Interstate 81 Corridor Improvement Fund and Program
(33.2-3601 and 33.2-3602)

• Moneys may only be used for capital, operating and other improvement costs identified in an adopted Interstate 81 Corridor Improvement Plan

• Board must, starting July 1, 2020, annually update and adopt the 81 Corridor Improvement Program
  – Must consult with Interstate 81 Committee and review their recommendations
  – Must report on status and effectiveness of projects
Interstate 81 Corridor Report
(33.2-3602 D)

• Board must report to the General Assembly by December 15 each year on—
  – Safety and performance of Interstate 81
  – Assessment of effectiveness of the operational strategies and capital projects implemented through the Program
  – Status of projects funded through the Program
  – Current and projected balances of the Fund
Interstate 81 Committee
(33.2-3603)

- Board must establish Interstate 81 Committee
- 15 voting members and two ex-officio
  - 5 planning district commission chairs
  - 4 members of the House of Delegates
  - 3 members of the Senate
  - 3 CTB members from Bristol, Salem and Staunton
  - VDOT Commissioner and DRPT Director ex-officio
- Required to hold 4 public meetings each year
Interstate 81 Committee
(33.2-3603)

- Purpose is to provide advice and recommendations to the Board—
  - Development of the Program
  - Updates to the I-81 Corridor Improvement Plan

- Committee shall review the Interstate 81 Corridor Improvement Plan as it relates to project prioritization and funding options
  - Must report to the General Assembly and Governor by December 15, 2019 on recommendations
Interstate 81 Corridor Improvement Plan (33.2-3604)

- Requires the Board to regularly update the Plan and establishes requirements for such updates—
  - Needs assessment
  - Solutions identification
  - Prioritization of potential solutions
  - Incident management and truck parking

- Moneys in the Fund can only be used for items included in the Plan
Northern Virginia Transportation Authority

(Enactment Clauses 6 and 7)

• Revenues are deposited into the Northern Virginia Transportation Authority Fund and distributed
  – 30% to local governments
  – 70% to the Authority for regional projects

• Moneys for purposes of the benefits calculation and distribution to local governments are determined to be generated by locality in the same manner as the retail sales and use tax

• These revenues may not support debt
Interstate Highway Corridors

• ~50% of statewide revenue increases

• Operational improvements and other enhancements to interstate corridors to improve
  – Safety
  – Reliability
  – Travel flow

• Any Interstate with 10%+ of Interstate truck traffic shall receive an amount approximately equal its percentage of Interstate truck traffic over time
Other Provisions

• Revenues raised by the legislation expire December 31 in any year the General Assembly uses the funds for a non-transportation purpose

• If any part of the legislation is found to be unconstitutional the remaining portions shall remain in effect

• Board and VDOT shall continue to undertake all work on I-81 that they undertook as of July 1, 2019