Legislative Update

Nick Donohue
February 19, 2020
Overview of Administration Proposals

• Omnibus transportation package
  o HB1414 (Filler-Corn)
  o SB890 (Saslaw)

• Transportation Safety
  o HB1439 (Jones)
  o SB907 (Lucas)

• Hampton Roads Express Lanes Bonds Act
  o HB1438 (Jones)
Governor’s Transportation Package (HB1414 Filler-Corn / SB890 Saslaw)

• HB1414 passed the House 55 to 43
  o Referred to Senate Finance and Appropriations

• SB890 passed the Senate 23 to 17
  o Referred to House Finance
Today’s transportation funding allocation model: confusing and opaque

<table>
<thead>
<tr>
<th>Major State Revenues</th>
<th>Commonwealth Transportation Fund (CTF) Major Transportation Revenues Applicable to Fiscal Year 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Registration Plan</td>
<td>Highway Maintenance and Operating Fund (HMOF)</td>
</tr>
<tr>
<td>$15 per trip Distribution: HMOF</td>
<td>Transportation Trust Fund (TTF) for Modal Distribution</td>
</tr>
<tr>
<td>Motor Vehicle License Fees Base: $40.75 Distribution: HMOF $26 TTF $3</td>
<td>Priority Transportation Fund (PTF)</td>
</tr>
<tr>
<td>Sales Tax on Motor Fuels 5.1% gasoline 6% diesel Distribution: HMOF 80% TTF 11.3% Mass Transit Fund 3.7% PTF 4% DMV 1%</td>
<td>Mass Transit</td>
</tr>
<tr>
<td>Motor Vehicle Sales and Use Tax 4.15% Distribution: HMOF 3.15% TTF 1%</td>
<td>Intercity Passenger Rail Operating and Capital Fund (IPROC)</td>
</tr>
<tr>
<td>Retail Sales and Use Tax 0.5% + 0.3% + 0.1% GF transfer Distribution: TTF 0.3% HMOF 0.175% + 0.1% GF transfer Mass Transit 0.075% IPROC 0.05%</td>
<td>Rail Enhancement Fund</td>
</tr>
<tr>
<td>Recordation Taxes 3 of the 25 cents per $100 Distribution: TTF/Transit $30</td>
<td>Washington Metropolitan Area Transit Authority (WMATA) Capital Fund</td>
</tr>
<tr>
<td>Insurance Premium Taxes 1/3 Dedicated to PTF</td>
<td>Interstate Funding Program (HR 2719/SB 1716, 2019 Session) Statewide Components: Truck Registration Fees, Road Tax, Diesel Tax (FY 2022 start)</td>
</tr>
<tr>
<td>Motor Vehicle Rental Tax 25% TTF 50% Rail Enhancement Fund 25% WMATA Capital Fund</td>
<td></td>
</tr>
</tbody>
</table>
New, streamlined allocation model

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<td>Motor Vehicle License Fees</td>
</tr>
<tr>
<td>Base car: $20.75</td>
</tr>
<tr>
<td>Sales Tax on Motor Fuels</td>
</tr>
<tr>
<td>28.2 cents/gallon + CPI Gasoline</td>
</tr>
<tr>
<td>33.8 cents/gallon + CPI Diesel</td>
</tr>
<tr>
<td>Motor Vehicle Sales and Use Tax</td>
</tr>
<tr>
<td>4.15%</td>
</tr>
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<td>3 of the 25 cents per $100</td>
</tr>
<tr>
<td>Motor Vehicle Rental Tax</td>
</tr>
<tr>
<td>75% CTF</td>
</tr>
<tr>
<td>25% WMATA Capital Fund</td>
</tr>
<tr>
<td>Insurance Premium Taxes</td>
</tr>
<tr>
<td>1/3</td>
</tr>
</tbody>
</table>

Commonwealth Transportation Fund

- $85 million + inflation annually
  Robert O. Norris Bridge and Other Statewide Special Structures Fund
- $60 million
  Support for Route 58/Northern Virginia Transportation District Debt Service

- 51.24%
  Highway Maintenance and Operating Fund (HMOF)
- 48.76%
  Transportation Trust Fund (TTF) for Distribution
HB1414 – Revenue Sources

• Raise the gas tax by 4 cents a year for 3 years

• Index the gas and diesel tax to CPI instead of the sales price of fuel

• Create a new Highway Use Fee on fuel-efficient vehicles – a tiered fee based on fuel economy

• Cut most passenger vehicle registration fees by $20 starting in FY2022
# HB1414 Funding

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase Gas Tax Increase</td>
<td>$152.4</td>
<td>$319.6</td>
<td>$492.9</td>
<td>$542.6</td>
</tr>
<tr>
<td>Highway Use Fee</td>
<td>$38.0</td>
<td>$46.7</td>
<td>$55.9</td>
<td>$58.8</td>
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<tr>
<td>Reg. Fee Reduction</td>
<td>-</td>
<td>($163.2)</td>
<td>($164.7)</td>
<td>($165.4)</td>
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<tr>
<td><strong>GROSS TOTAL</strong></td>
<td><strong>$190.4</strong></td>
<td><strong>$203.1</strong></td>
<td><strong>$384.1</strong></td>
<td><strong>$436.0</strong></td>
</tr>
<tr>
<td>Route 58/NVTD/Oak Grove</td>
<td>($61.0)</td>
<td>($61.0)</td>
<td>($60.0)</td>
<td>($60.0)</td>
</tr>
<tr>
<td>DMV</td>
<td>($5.0)</td>
<td>($5.0)</td>
<td>($5.0)</td>
<td>($5.0)</td>
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<tr>
<td><strong>NET TOTAL</strong></td>
<td><strong>$124.4</strong></td>
<td><strong>$137.1</strong></td>
<td><strong>$319.1</strong></td>
<td><strong>$371.0</strong></td>
</tr>
</tbody>
</table>
SB890 – Revenue Sources

• Raise the gas tax by 4 cents a year for 2 years

• Index the gas and diesel tax to CPI instead of the sales price of fuel

• Create a new Highway Use Fee on fuel-efficient vehicles – a tiered fee based on fuel economy

• Impose a regional fuels tax in all areas of the Commonwealth that currently do not have one
## SB890 Funding

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<tr>
<td>Highway Use Fee</td>
<td>$38.0</td>
<td>$46.7</td>
<td>$49.0</td>
<td>$51.6</td>
</tr>
<tr>
<td>Regional Fuels Tax</td>
<td>$81.1</td>
<td>$88.5</td>
<td>$88.1</td>
<td>$87.5</td>
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<tr>
<td><strong>GROSS TOTAL</strong></td>
<td>$271.5</td>
<td>$454.8</td>
<td>$496.3</td>
<td>$525.2</td>
</tr>
<tr>
<td>Route 58/NVTD/Oak-Gro</td>
<td>($61.0)</td>
<td>($61.0)</td>
<td>($60.0)</td>
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</tr>
<tr>
<td><strong>NET TOTAL</strong></td>
<td>$210.5</td>
<td>$393.8</td>
<td>$436.3</td>
<td>$465.2</td>
</tr>
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</table>
Address Key Transportation Needs (HB1414 and SB890)

- Increases SMART SCALE Round 4
- Restores funding to transit from the end of the CPR bonds in 2018
- Addresses Virginia’s 25 Special Structures: Robert O. Norris Bridge and Statewide Special Structures Program
- Increases safety funding by 33%
- Improves long-term condition of interstates, secondary highways, and city streets
- Matches federal PRIIA funding for WMATA
- Creates Transit (Ridership) Incentive Program
Transforming Rail in the Commonwealth
(HB1414 and SB890)

• Establishes a Virginia Passenger Rail Authority
  o Will own and manage real estate and oversee and contract for passenger rail service

• Authorizes debt backed by I-66 Inside the Beltway toll revenues to support Long Bridge construction
  o Working in partnership with the Northern Virginia Transportation Commission

• Consolidates REF and IPROC into new Commonwealth Rail Fund
Virginia Passenger Rail Authority  
(HB1414 and SB890)

• DRPT will continue to
  o Develop rail plans and undertake rail planning
  o Administer grant programs
  o Retain 8.5% of the new Commonwealth Rail Fund
    – Up to $4M of which may be used for the Shortline Rail Preservation and Development Fund
Virginia Passenger Rail Authority (HB1414 and SB890)

Board of Directors has 12 voting members and 3 other members:

- 3 from NVTC
- 3 from PRTC
- 2 from RMTA
- 2 from HRTAC
- 2 from Western Virginia
- Amtrak representative and VRE representative, ex-officio
- DRPT Director, who shall be chair and only vote in the event of a tie
Virginia Passenger Rail Authority
(HB1414 and SB890)

• Supermajority of 9 of 12 votes required for the issuance of bonds and sale of land
  o Bonds may only be used for capital projects approved by the CTB
  o Land sales with a value in excess of $5M must be approved by the CTB

• Annual budget
  o Capital and operating budget is required by be submitted to CTB by March 1 each year
  o CTB has until May 30 to approve or reject
Improving Safety on Virginia’s Roadways
Improving Safety on Virginia’s Roadways (HB1414)

- Set of policies and investments that are anticipated to reduce fatalities by 15-20%, 120 to 160 people annually, when fully implemented

- Key policies
  - Making failure to wear a seat belt a primary offense;
  - Prohibiting the use of hand-held devices;
  - Prohibiting open alcohol containers in the passenger area of vehicles;
  - Enhanced speed enforcement in highway safety corridors; and
  - Authority for local governments to lower speed limits in business and residence districts.
Improving Safety on Virginia’s Roadways

• Three of the policies have a delayed effective date until July 1, 2021 (primary seat belt, hand-held ban, and open container)

• DMV Commissioner is required to:
  
  o Work with law enforcement, traffic safety organizations, and social equity organizations to develop training materials for law enforcement, and educational materials for the general public
  
  o Establish an advisory council to review materials, monitor the effectiveness of policies, and determine whether there is a disproportionate impact on certain communities
The bill establishes a Virginia Highway Safety Improvement Program:

- Investment in system infrastructure improvements and proven behavioral programs
- 5-year investment strategy adopted by the CTB
- Projects, strategies, and activities prioritized based on expected reduction in fatalities and serious injuries
Interstate Operations and Enhancement Program (HB1414 and SB890)

- Directs CTB to establish a program to govern the funds from the “81” bill last GA session
- CTB must establish a prioritization process for the use of funds
- Funds may only be used for a project or strategy that addresses a need in VTrans or a Board-adopted corridor plan
Transit (Ridership) Incentive Program (HB1414 and SB890)

- Directs CTB to establish a program to promote increased ridership of large urban transit systems and to reduce the barriers to transit use for low-income individuals

- Funds are allocated by the Board to:
  - Establish routes of regional significance
  - Develop regional subsidy allocation models
  - Implement bus-only lanes and fare integration

- Up to 25% of funds may be used in any area to establish fare reduction programs and/or fare elimination
Other Key Provisions of the Omnibus Transportation Package

• Restores $30M/year in funding to the NVTA through grantor’s tax and transient occupancy tax

• Authorizes debt for the Interstate 81 Corridor Improvement Program, as recommended by the Interstate 81 Committee and the CTB

• Restructures regional fuels tax in NOVA, Hampton Roads, and 81 Corridor to be indexed to CPI instead of the distributor price of fuel

• Provides funding to complete Corridor Q in Southwest Virginia
Transportation Safety
(HB1439 Jones and SB907 Lucas)

• Set of policies and investments that are anticipated to reduce fatalities by 15%, 120 people annually, when fully implemented

• Reduces the required frequency of safety inspections to every 24 months from every 12 months
  o Only 2% of all crashes are caused by vehicle failure
  o Only 14 other states require safety inspections
  o Only 3 of the 10 safest states require safety inspections
Improving Safety on Virginia’s Roadways

• Key policies include:
  o Making failure to wear a seat belt a primary offense;
  o Prohibiting the use of hand-held devices;
  o Prohibiting open containers of alcohol in the passenger area of vehicles;
  o Enhanced speed enforcement in highway safety corridors (only HB1439); and
  o Authority for local governments to lower speed limits in business and residence districts.
Hampton Roads Express Lanes Bond Act (HB1438 Jones)

- No longer includes any provisions related to Commonwealth debt
- Authorizes HRTAC to impose tolls on CTB-designated HOT lanes on Interstate 64 from Jefferson Avenue to Bower’s Hill Interchange
- Requires HRTAC to enter into an agreement with CTB and VDOT
  - Standards for operations and toll collection
  - Use of toll revenues and reimbursement of CTB expenses
  - Other provisions to ensure safe and efficient operations
Other Legislation of Interest

- HB1541 (McQuinn) – Establishes a Central Virginia Transportation Authority funded with a 0.7% sales tax and a regional fuels tax
  - Passed House 67 to 31

- HB1726 (Askew) and SB1038 (Lucas) – Establishes a Hampton Roads Regional Transit Program funded with $0.15 Grantor’s Tax and a 1% Hotel tax
  - HB1726 passed the House 60 to 37
    - Includes a re-enactment clause
  - SB1039 passed the Senate 22 to 18
Other Legislation of Interest

• HB729 (Watts) – Restores ~$70M in funding to the Northern Virginia Transportation Authority
  o Grantor’s Tax and Transient Occupancy Tax
  o State Recordation Taxes
  o Passed the House 55 to 45

• SB735 (Newman) – Authorizes peer-to-peer vehicle sharing and establishes rental tax rates
  o Passed the Senate 40 to 0
Other Legislation of Interest

• HB1217 (Tran) – Directs VDOT to conduct a study of infrastructure at-risk of deterioration due to recurrent flooding in Planning District 8 and report back to the General Assembly on the first day of the 2022 session
  - Passed House 60 to 39

• SB437 (Surovell and Vogel) – Makes it a Class 1 misdemeanor to drive in a careless or distracted manner and cause serious bodily harm to a pedestrian, bicyclist, or other vulnerable road user
  - Passed Senate 25 to 15