

Transportation

Who Decides & Who Pays?

Roles and Responsibilities

- Federal
- State
- Regional
- Sub-Regional (Northern Virginia)
- Local

Virginia

- Commonwealth Transportation Board
 - Policy Making Body
- Northern Virginia District became a full service district in 1987 (one of 9)
- VDRPT - Created in 1992 as a separate agency
- State owns and maintains most of the highways including local roads
 - Virginia - one of only four states
 - 1932 Byrd Road Act
 - Independent Cities
 - Arlington and Henrico Counties opted out

Washington D.C. Region

- Transportation Planning Board of the Council of Governments (TPB of COG)
- Northern Virginia, Suburban Maryland, and D.C.
- Creation of the Transportation Plan
 - Long Range Planning
 - Multimodal, Air Quality Conformity
 - Financially Constrained Long Range Plan (CLRP) - Updated every 3 years
- Creation of the Transportation Improvement Program (TIP)
 - Implementation Plan

Sub-Regional (Northern Virginia)

- Northern Virginia Transportation Authority
 - Established July 1, 2002
 - 16 Members, 9 jurisdictions, 2 Gov appointees (including a CTB member), and 3 GA members, VDOT Commissioner, and DRPT Director
 - Transportation referendum
 - Broad authority

Local Government

- Land Use Planning and Authority
- Dillon Rule State
- Secondary Road System Coordination
- Transit is primarily a local responsibility

Transportation Equity Act for the 21st Century

- TEA-21 is a federal six-year multi-modal surface transportation authorization act FY 1998-2003
- Reauthorization of ISTEA of 1991
- FY 2004 – Reauthorization of TEA-21
- \$218 Billion Authorized (40% increase over ISTEA)
- Created firewall between Transportation and other domestic discretionary spending (Defense, Education, Agriculture, etc)
- Guaranteed Funding
 - \$198 of \$218 (Authorized)

Federal Highway Trust Fund

- Federal Gasoline Tax - 18.4 Cents
 - 15.44 to Highway Account
 - 2.86 Cents to Mass Transit Account
 - 0.1 Trust Fund
- Federal Truck User Taxes
 - Tires, Sales, and Use
- FY 97 - \$ 21.3 Billion
- FY 03 - \$ 31.6 Billion

Key Revenue Sources

- **Federal revenues are the largest single source of funding to the highway construction program**
- **95 percent of all transportation revenues are generated from taxes and user fees, primarily the motor fuels tax**
- **At the state level, we are now in the longest period of no adjustments to state taxes and user fees for transportation since 1946**

Federal Revenue

- **Federal motor fuels tax is 18.4 cents per gallon for gasoline**
 - This tax comprises 87% of the Federal Highway Trust Fund
- **The federal motor fuels tax has been adjusted 5 times since 1986**
 - 4 times upward, once down

TEA-21 Funds for Virginia

- Federal Funds make up approx. 23% of VDOT Budget, but 55% of the Construction budget (FY2003)
- Donor State -
 - Contribute 2.78%
 - Receive 2.55%

State Transportation Revenue

- **The 1986 Special Session, the last time there was a statewide transportation revenue adjustment, created the Transportation Trust Fund or TTF**
- **Until the TTF, there was only one fund – the Highway Maintenance and Operating Fund (HMOF) – into which all transportation revenues were deposited**

Virginia Highway Trust Funds

- Highway Maintenance & Operating Fund
 - Used to be the sole repository of all highway funding
- Transportation Trust Fund
 - Highways - 78.7%
 - Mass Transit - 14.7%
 - Airports - 2.4%
 - Ports - 4.2%
- Priority Transportation Fund
 - VTA 2000
 - FRANs, Insurance Premiums, General Funds, Rack Tax, TTF and HMO

Major State Revenue Sources

- | | | |
|--|-------------|---------------------|
| ▪ State Motor Fuels Taxes (17.50 cents per gallon) | | <u>FY 2005 Est.</u> |
| - HMOF | 14.85 cents | \$733.7 mil. |
| - TTF | 2.50 cents | \$126.8 mil. |
| - DMV | 0.15 cents | |
| Every 1 cent generates \$51 million in revenue | | |
| ▪ Motor Vehicle Sales and Use Tax (3 percent) | | |
| - HMOF | 2 percent | \$385.8 mil. |
| - TTF | 1 percent | \$207.7 mil. |
| Every 1 percent generates \$208 million in revenue | | |
| ▪ Motor Vehicle License Fee (\$29.50) | | |
| - HMOF | \$16.00 | \$125.4 mil. |
| - TTF | \$ 3.00 | \$ 21.3 mil. |
| - DMV | \$ 4.00 | |
| - State Police/General Fund/EMS/Rescue Squad | \$ 5.50 | |
| - Jamestown 2007 | \$ 1.00 | |
| ▪ State General Sales and Use Tax (5 percent) | | \$417.5 mil. |
| - TTF | 0.5 percent | |

Motor Fuels Tax Comparisons

	State tax	Additional tax	Total tax
Virginia	17.5 cents	*	17.5 cents
Maryland	23.5	-	23.5
North Carolina	24.6	0.3	24.9
West Virginia	20.5	4.9	25.4
Tennessee	20.0	1.4	21.4
National Average	18.4	6.9	25.3

Virginia's tax rate is 40th in the nation

*For national comparisons, the Northern Virginia 2% regional gas tax dedicated to METRO and VRE and the leaking underground storage tank fund are equivalent to a 1.5 cent "local" tax on a statewide basis

Allocations

- **Allocation of transportation revenues is directed by:**
 - *Code of Virginia*
 - The Appropriation Act
 - Virginia Transportation Act of 2000
 - Federal Law and Regulations
 - Commonwealth Transportation Board (CTB) policy, guidance, and decisions

Priorities of Allocations

- **The *Code of Virginia* and Appropriation Act dictate priority of how transportation revenues are allocated by CTB:**
 - Debt service
 - Support to other state agencies and general fund
 - Maintenance
 - Operations and administrations
 - Other Modes
 - Earmarks and special financing programs
 - Interstate, primary, secondary, urban construction projects (systems construction)

State Allocation of Funds

- Highway Construction
 - Match of Federal Interstate Funds
 - 5.67% to Unpaved Road Funds
 - 40% of remainder to Primary System
 - 30% of remainder to Secondary System
 - 30% of remainder to Urban System

Allocation Formula

- Primary System
 - 70% by VMT, 25% by lane miles, 5% needs
- Secondary System
 - 80% population, 20% area
- Urban System
 - 100% Population

Selection of Projects

- Interstate and Primary Systems
 - CTB
- Secondary System
 - VDOT in consultation with Counties
- Urban System
 - CTB in consultation with City/Town Councils
- CMAQ/RSTP - Northern Virginia
 - NVTA

Systems Construction

- **Systems construction includes the core interstate, primary, urban, and secondary funding and resulting projects**
- **For systems construction, federal funding formulas and state allocation formulas must be intertwined**
 - Title 33 of the *Code* sets out how remaining construction funds are allocated between the systems and districts
 - 1986 Special Session established state allocation rules
 - Appropriation Act sets out utilization of federal funds

Increasing Financing Impact of Maintenance

- **Six years from now, maintenance spending will be at least \$1.5 billion**
- **1986 Special Session TTF highway construction dollars are now funding maintenance**
 - \$205 million over the six years – more than the total estimated revenue increase in the TTF

Mass Transit

- **14.7% of TTF is dedicated to mass transit**
- **Mass Transit further subdivided by formula to transit purposes as outlined in Title 58 of the Code**

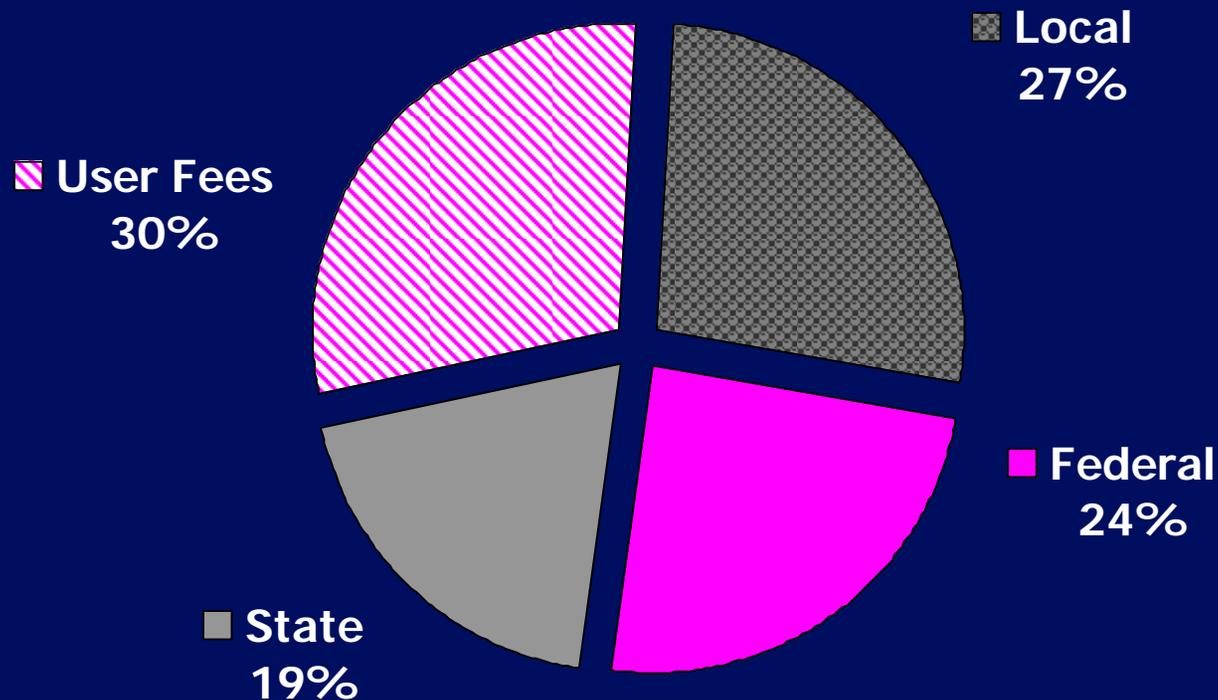
	<u>FY 2005</u>
– Mass Transit Capital – 25%	\$29.1 million
– Mass Transit Operations – 73.5%	85.5
– Special Programs – 1.5%	<u>1.7</u>
	\$116.3 million

- **CTB allocations to each public transportation system are based on formulas in Code**

Public Transportation in Virginia

- **State transportation revenues comprise 19% of funding to public transportation systems**
 - Other revenue sources are fares, local contributions, and federal funds provided directly to the system
- **47 public transportation systems with 161 million annual passenger trips**
- **15 Transportation Demand Management (TDM) programs and 35 human service agencies received FY 2005 grants from the CTB**

Total Public Transportation Funding FY 2005 -- \$694 million



Clean Air Act Amendments of 1990 (CAAA)

- Requires that states integrate air quality and transportation planning process
- ISTEA of 1991 and TEA-21 strengthened and supported CAAA
 - Required transportation plan to be consistent with state air plan - State Implementation Plan
 - Funding flexibility for alternative strategies
- Region is now “severe” non-attainment

General Assembly Approved Budget

Funding Allocation	Approved (In Millions)	Estimated Fairfax County Impact
Transportation Trust Fund		
Aviation	\$3.4	
Transit	\$20.7	
Highways	\$111.0	
Ports	\$5.9	
Subtotal	\$141.1	Approx. \$19M
Priority Transit Projects		
- Metrorail cars	\$40.0	Approx. \$20 M
- VRE rail cars	\$20.0	Approx. \$ 9 M
- Virginia Beach BRT	\$10.0	
- <u>Statewide Bus Purchase</u>	<u>\$5.0</u>	Unknown
Subtotal	\$75.0	
Project Deficits	\$256.4	Approx. \$15 M
Public-Private Partnerships	\$50.0	Unknown
Rail Partnerships	\$23.2	Unknown
Local Partnerships and Revenue Sharing	\$75.0	Unknown
Bridge and Maintenance	\$97.4	Unknown
Rest Areas and Welcome Centers	\$20.0	
DMV Computer System	\$2.4	
FRAN Debt Service	\$107.6	
TOTAL	\$848.1	



General Assembly Highlights

- ✓ Parking of Commercial Vehicles
HB 1968 Would give Fairfax County authority to restrict trucks over 12,000 pounds from non conformity streets in commercial and industrial districts. The bill was amend to exempt vehicles delivering goods. Passed House. Passed Senate.
- ✓ Blue Star Memorial Highway Designation
SB 929 Would name all of U.S. Route 1 in Fairfax County the Blue Star Memorial Highway. Passed Senate. Passed House.
- ✓ Mopeds
More than 12 bills to regulate mopeds and other similar equipment were introduced this session. The transportation committees in both houses have rolled all the bills into a study over the next year.

General Assembly Highlights

X Transportation Trust Fund

HJR 527 Would protect the TTF and HMOF. Would allow borrowing with a 2/3 vote of GA and require pay back in four years. ***Passed House. Left in Senate.***

X Transit Funding – Increase the Northern Virginia Motor Fuels Tax from Two to Four Percent

SB 1099 ***Passed the Senate. Tabled by the House.***

X Dedicated Funding Source for Metro (Blue Ribbon Panel Recommendations)

SJR 440 ***Passed Senate. Tabled in House.***

X Photo Red – Extending Existing Authority & Program Changes

All Bills Were Killed

Key Points

- Funding and allocation formula
 - it is complicated, not always fair and equitable
 - matters where it comes from – strings attached
 - everyone wants more \$ but no one wants to pay for it
 - First rule of any allocation change – increase the overall pot
- Air Quality – must be addressed
- Large projects require special funding sources
- Maintenance and FRAN debt service – a looming issue
- Highway and Transit funding policies are not equitable