

**WMATA/Transit Funding Bills**

**February 23, 2018**

	<a href="#"><u>HB 1539 (Hugo)</u></a>	<a href="#"><u>SB 856 (Saslaw)</u></a>
<b><u>WMATA and Regional Provisions</u></b>		
<p><b>New Funding for WMATA</b></p>	<ul style="list-style-type: none"> <li>• Creates a WMATA Capital Fund: \$110 million/year               <ul style="list-style-type: none"> <li>○ Restricted Fund for non-debt service capital purposes:                   <ul style="list-style-type: none"> <li>▪ Approximately \$30 million in existing state revenues: \$20 million from state recordation tax (Northern Virginia Transportation District Fund) and \$10 million from 1/3 of motor vehicle rental tax revenues.</li> </ul> </li> <li>○ Non-Restricted Fund for capital and debt service:                   <ul style="list-style-type: none"> <li>▪ \$45 million from existing NVTA 30% funds; and,</li> <li>▪ Approximately \$30 million from the existing NVTA 2% Transient Occupancy Tax (TOT).</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Creates a WMATA Capital Fund: \$135.4 million/year (excluding gas tax floor, which is discussed below)               <ul style="list-style-type: none"> <li>○ Restricted Fund for non-debt service capital purposes:                   <ul style="list-style-type: none"> <li>▪ Approximately \$30 million in existing state revenues: \$20 million from state recordation tax (Northern Virginia Transportation District Fund) and \$10 million from 1/3 of motor vehicle rental tax revenues.</li> </ul> </li> <li>○ Non-Restricted Fund for capital and debt service:                   <ul style="list-style-type: none"> <li>▪ \$31 million from existing NVTA 30% funds based on WMATA formula.</li> <li>▪ \$30 million from increasing the grantor’s tax in NVTC jurisdictions (currently assessed at \$0.15/\$100 in NVTA jurisdictions and increased under the bill to \$0.25/\$100 in NVTC jurisdictions).</li> <li>▪ \$45 million from 3% TOT for NVTC jurisdictions – repeals existing 2% TOT from NVTA jurisdictions, imposes 3% TOT on NVTC jurisdictions (also maintains 2% TOT on Prince William, Manassas and Manassas Park to be used for public transportation purposes).</li> </ul> </li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• TOT and NVTA 30% funding changes become effective 30 days after the District of Columbia and state of Maryland each enact legislation or take actions to provide their share of the \$500 million.</li> <li>• States that any NVTA funds used in Virginia for WMATA are essentially determined to be for the benefit of the NVTA jurisdictions.</li> <li>• Deposits/expenditures from this fund will not be used to calculate or reduce the share of federal, state, or local revenues otherwise available to participating jurisdictions, and will not be used in any computation of or formula for public education funding.</li> </ul>		

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<b>WMATA Board Composition</b>	<ul style="list-style-type: none"> <li>● Near Term Reform Board (4-5 members):                             <ul style="list-style-type: none"> <li>○ Until July 1, 2021, limits NVTC to appoint one non-elected official to the WMATA Board.</li> <li>○ Additional language permits a larger board size if Maryland and D.C. do not comply.</li> </ul> </li> <li>● Longer-Term Board:                             <ul style="list-style-type: none"> <li>○ Changes permanent NVTC appointment to a single appointee, plus Secretary of Transportation or their designee.</li> <li>○ Maintains the Governor’s appointee as a Principal Director of WMATA.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Principals-Only Board (8 members):                             <ul style="list-style-type: none"> <li>○ Restricts participation of alternates.</li> <li>○ 20% of funding from Commonwealth to be withheld if any alternates participate or take action as WMATA Board members when both appointed members by that same WMATA compact member are present.</li> </ul> </li> </ul>
<b>WMATA Operating Expense Limitation</b>	<ul style="list-style-type: none"> <li>● Stipulates that total operating assistance for WMATA cannot increase by more than 2% annually or CTB will withhold 50% of state funds:                             <ul style="list-style-type: none"> <li>○ Does not include: (i) any service, equipment, or facility that is required by any applicable law, rule, or regulation; (ii) any capital project approved by the WMATA Board; and (iii) any payments or obligations of any kind arising from or related to legal disputes or proceedings between or among WMATA and any other person or entity.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Stipulates that total operating assistance for WMATA cannot increase by more than 3% annually or CTB may withhold up to 20% of state funds:                             <ul style="list-style-type: none"> <li>○ Does not include: (i) any service, equipment, or facility that is required by any applicable law, rule, or regulation; (ii) any capital project approved by the WMATA Board; and (iii) any payments or obligations of any kind arising from or related to legal disputes or proceedings between or among WMATA and any other person or entity.</li> </ul> </li> </ul>

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<p><b>WMATA Strategic Plans/CIP/Reform Efforts</b></p>	<ul style="list-style-type: none"> <li>● Establishes a Metro Reform Commission (appointed by General Assembly (GA)):               <ul style="list-style-type: none"> <li>○ Advises and makes recommendations to WMATA Compact Signatories on Wolf (National Capital Area Interest Arbitration Standards) Act.</li> <li>○ Makes recommendations on reforms to the WMATA Compact.</li> <li>○ Receives semiannual reports from WMATA.                   <ul style="list-style-type: none"> <li>▪ All state funding from Mass Transit Fund withheld if semiannual reports not received.</li> </ul> </li> </ul> </li> <li>● Requires Secretary of Transportation to conduct Compact Review and report quarterly to GA and Metro Reform Commission on status of revising the WMATA Compact and implementation of reforms, including:               <ul style="list-style-type: none"> <li>○ review of the legal and organizational structure of WMATA;</li> <li>○ the composition and qualification of Board Members;</li> <li>○ labor costs;</li> <li>○ elimination of binding–arbitration;</li> <li>○ addressing pension liabilities; and,</li> <li>○ addressing safety improvements, financial and operational improvements.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Requires WMATA to adopt capital improvement program (CIP) and Strategic Plan:               <ul style="list-style-type: none"> <li>○ Detailed CIP covering the current fiscal year and, at a minimum, the next five fiscal years, with NVTC public hearing.</li> <li>○ First strategic plan must include a plan to align services with demand and to satisfy recommendations included in LaHood Study.</li> <li>○ 20% of funding from Commonwealth to be withheld if not completed by July 1, 2019, and in subsequent years.</li> </ul> </li> <li>● Requires WMATA Performance Annual Report (NVTC) to the Governor and the GA on the performance and condition of WMATA, including:               <ul style="list-style-type: none"> <li>○ safety and reliability of rapid heavy rail and bus systems;</li> <li>○ financial performance of WMATA related to rail and bus operations, including: farebox recovery, service per rider, cost per service hour;</li> <li>○ potential strategies to reduce the growth in such costs and to improve the efficiency of WMATA operations;</li> <li>○ use of the funds provided from the Capital Fund to improve the safety and condition of the rapid heavy rail mass transportation system; and,</li> <li>○ ridership of rail and bus system.</li> </ul> </li> </ul>

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<b>NVTC WMATA Oversight &amp; Reporting</b>	<ul style="list-style-type: none"> <li>• Requires annual certification by NVTC of receipt of the following:               <ul style="list-style-type: none"> <li>○ WMATA’s annual capital budget;</li> <li>○ WMATA’s annual independent financial audit;</li> <li>○ WMATA’s National Transit Database annual profile; and,</li> <li>○ Single audit reports.</li> </ul> </li> <li>• All funding from new WMATA Capital Fund will be withheld if certification is not received.</li> </ul>	
<b>Gas Tax Floor</b>	<p>No provision. HB 768 (Jones), which is being considered separately, includes a “stepped up” gas tax floor.</p>	<ul style="list-style-type: none"> <li>• Makes the following changes to the regional gas tax:               <ul style="list-style-type: none"> <li>○ Implements 2.1% tax at the distributor level for a gallon of unleaded gas; and,</li> <li>○ Places a floor on the gas tax at the statewide average wholesale price of a gallon of fuel on February 20, 2013, plus a distributor charge calculated by the Commissioner for that date.</li> </ul> </li> </ul> <p>Additionally, SB 896 (Wagner), which is being considered separately, includes a gas tax floor.</p>
<b>Allocation of Proceeds from Gas Tax Floor</b>	<p>No provision.</p>	<ul style="list-style-type: none"> <li>• Allocates additional revenues from imposition of the regional gas tax floor:               <ul style="list-style-type: none"> <li>○ In NVTC jurisdictions: 68.4% (approximately \$18.6 million) to WMATA Capital Fund and 31.6% (approximately \$8.6 million) to VRE.</li> <li>○ Outside NVTC: approximately \$18 million to VRE.</li> </ul> </li> </ul>
<b>Expanded Use of C&amp;I Tax</b>	<p>No provision.</p>	<ul style="list-style-type: none"> <li>• Allows use of C&amp;I to pay a portion of local share of WMATA funding.</li> </ul>

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<b>“Kill Switch” Provisions</b>	<ul style="list-style-type: none"> <li>Ends Virginia’s contributions enacted by HB 1539 on June 30 of any year in which Maryland and D.C. fail to provide their share of dedicated funding.</li> </ul>	<ul style="list-style-type: none"> <li>Provisions of SB 856 generating additional revenues will expire on December 31 of any year in which the GA appropriates any such revenues for non-transportation purposes or transfers any additional revenues that are to be deposited into the WMATA Capital Fund or Commuter Rail Operating and Capital Fund.</li> <li>States that SB 856 will not activate the “kill switches” included in HB 3202 and HB 2313.</li> </ul>
<b>Labor Provisions</b>	<ul style="list-style-type: none"> <li>After July 1, 2018, no employee of a WMATA contractor for a WMATA project solely within the Commonwealth of Virginia shall be required to be a member of a labor union.</li> </ul>	No provision.
<b>Maintenance of Effort</b>	<ul style="list-style-type: none"> <li>Includes a new Maintenance of Effort provision.</li> </ul>	No provision.
<b><u>Statewide Provisions</u></b>		
<b>State Prioritization</b>	<ul style="list-style-type: none"> <li>Establishes statewide prioritization process to allocate transit funds.               <ul style="list-style-type: none"> <li>Process for state of good repair capital projects to be based on federal asset management requirements.</li> <li>Process for major expansion projects to be based on SMART SCALE factors.</li> </ul> </li> </ul>	
	<ul style="list-style-type: none"> <li>Directs the Department of Rail and Public Transportation (DRPT) and the Transit Service Delivery Advisory Committee (TSDAC) to develop and implement a process (no later than July 1, 2019), to be used in the development of the FY 2020-25 Six-Year Improvement Program (SYIP).</li> </ul>	<ul style="list-style-type: none"> <li>Directs DRPT and TSDAC to develop and implement a process (no later than January 1, 2019), to be used in the development of the FY 2020-25 SYIP.</li> </ul>

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<b>DPRT Transit Funding Allocation</b>	<ul style="list-style-type: none"> <li>• Restructures the allocation of transit operating and capital funding based upon previous years' average as follows:               <ul style="list-style-type: none"> <li>○ At least 31% to be used for operating costs for properties excluding WMATA;</li> <li>○ 12.5% to be used for statewide capital improvements for properties excluding WMATA;</li> <li>○ 53.5% to NVTC for WMATA operating and capital assistance;</li> <li>○ 3% for special projects (<i>current amount</i>).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Restructures the allocation of transit operating and capital funding based upon previous years' average as follows:               <ul style="list-style-type: none"> <li>○ At least 28.9% to be used for operating costs for properties excluding WMATA;</li> <li>○ 18.4% to be used for statewide capital improvements for properties excluding WMATA;</li> <li>○ 49.9% to NVTC for WMATA operating and capital assistance;</li> <li>○ 2.8% for special projects.</li> </ul> </li> </ul>
<b>State Fiscal Cliff</b>	No provision.	<ul style="list-style-type: none"> <li>• Reauthorizes transportation bonds for single year of \$50 million match for federal Passenger Rail Investment and Improvement Act (PRIIA) funds.</li> </ul>