



COMMONWEALTH *of* VIRGINIA
Office of the
SECRETARY *of* TRANSPORTATION

Transportation Update

Shannon Valentine

January 15, 2020

Overview of Administration Proposals

- Omnibus transportation package
 - SB890 (Saslaw)
- Transportation Safety
 - SB907 (Lucas)

Governor's Transportation Package (SB890 Saslaw)

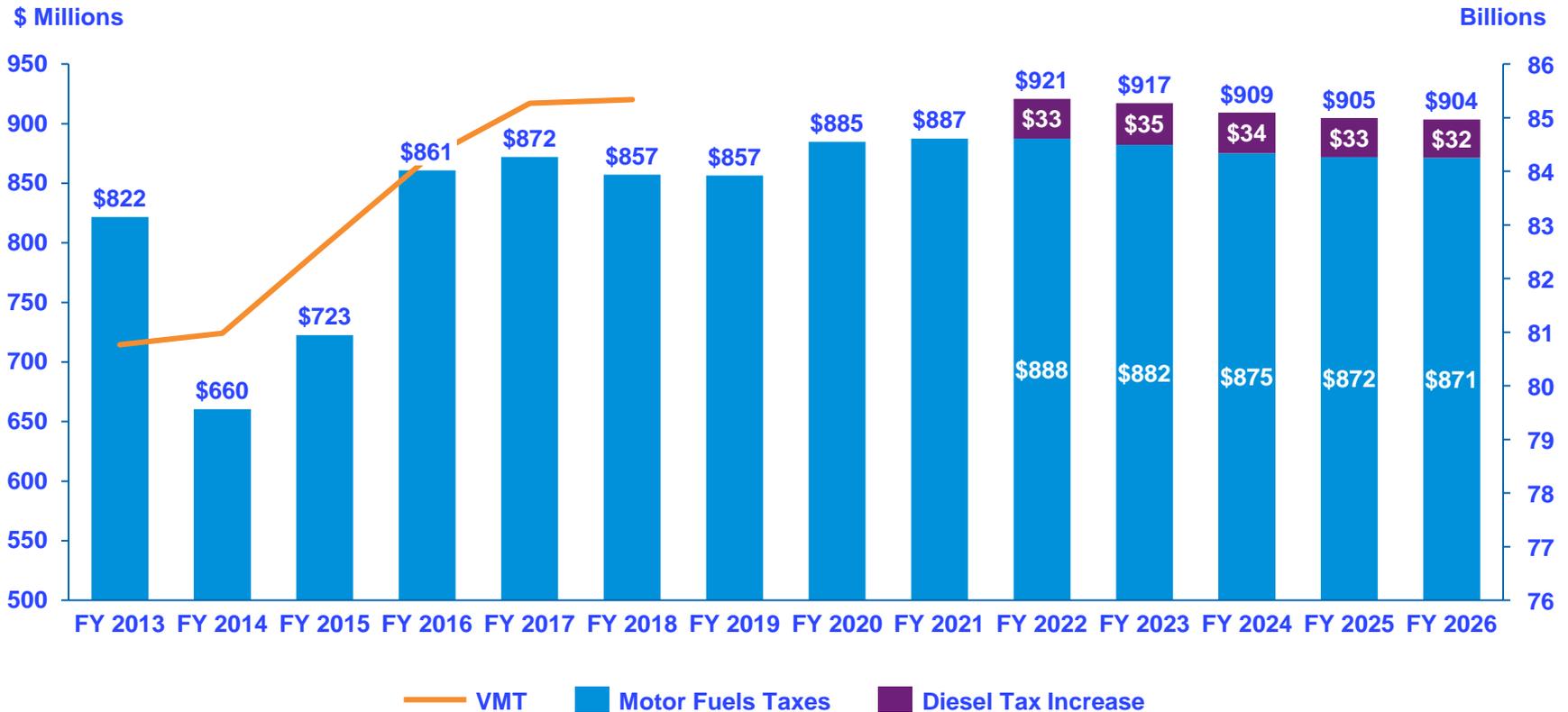
- Restructures Virginia's transportation funding model
- Transforms rail in the Commonwealth
- Reduces fatalities and injuries on Virginia's highways

Virginia's Transportation Funding Model Is Unsustainable

3 key reasons:

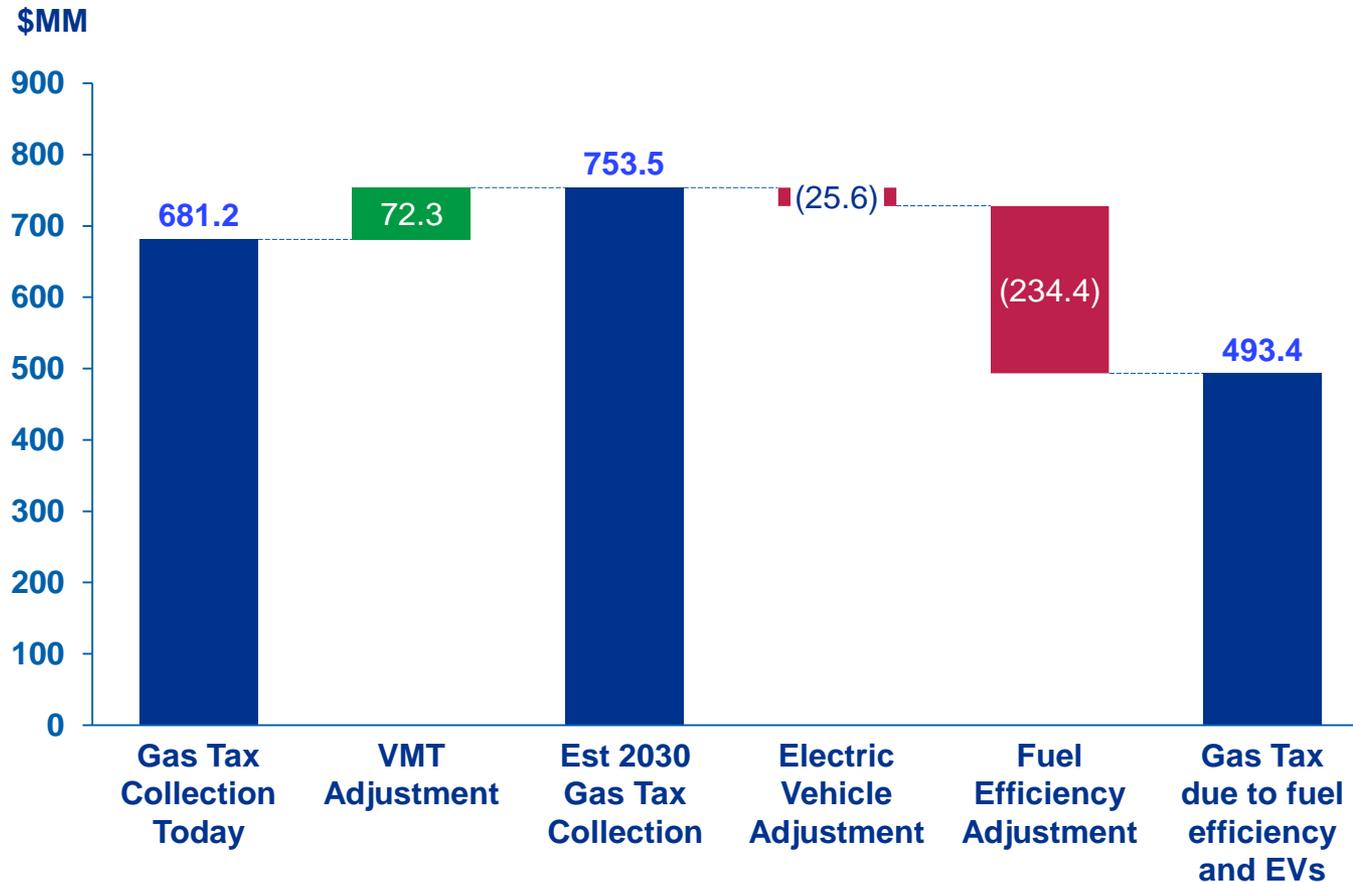
- Increased fuel efficiency
- Structure of HB2313 (2013) motor fuels tax – tied to sales price of gas
- Significant reliance on regressive fees paid exclusively by Virginians

Motor Fuels Tax Revenue and Vehicle Miles Traveled (VMT)



Sources: CTF Revenue Reporting by DOA; VDOT VMT Report 2200 - DVMT by Maintenance Jurisdiction All Roads, annualized total (VMT reflects calendar year reporting); Tax Forecast, November 2019 update for FY 2020 forward

KPMG Forecast Gas Tax Collections (2030)



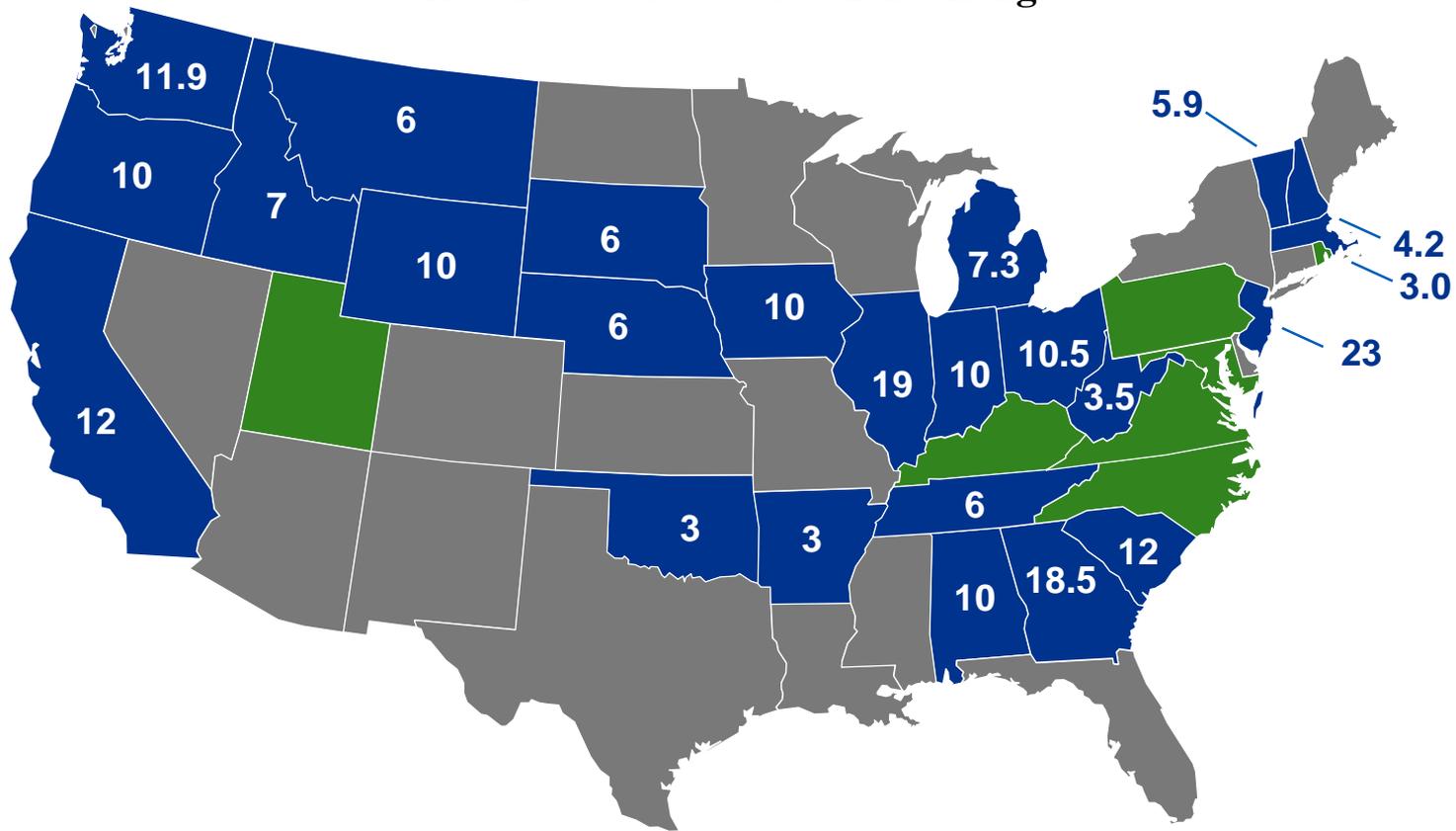
~31% reduction in collections due to increased fuel efficiency

~3.4% reduction in collections due to EV penetration

Source: KPMG Analysis

Recent Changes to Gasoline Tax Rates

Recent Gas State-wide Tax Changes

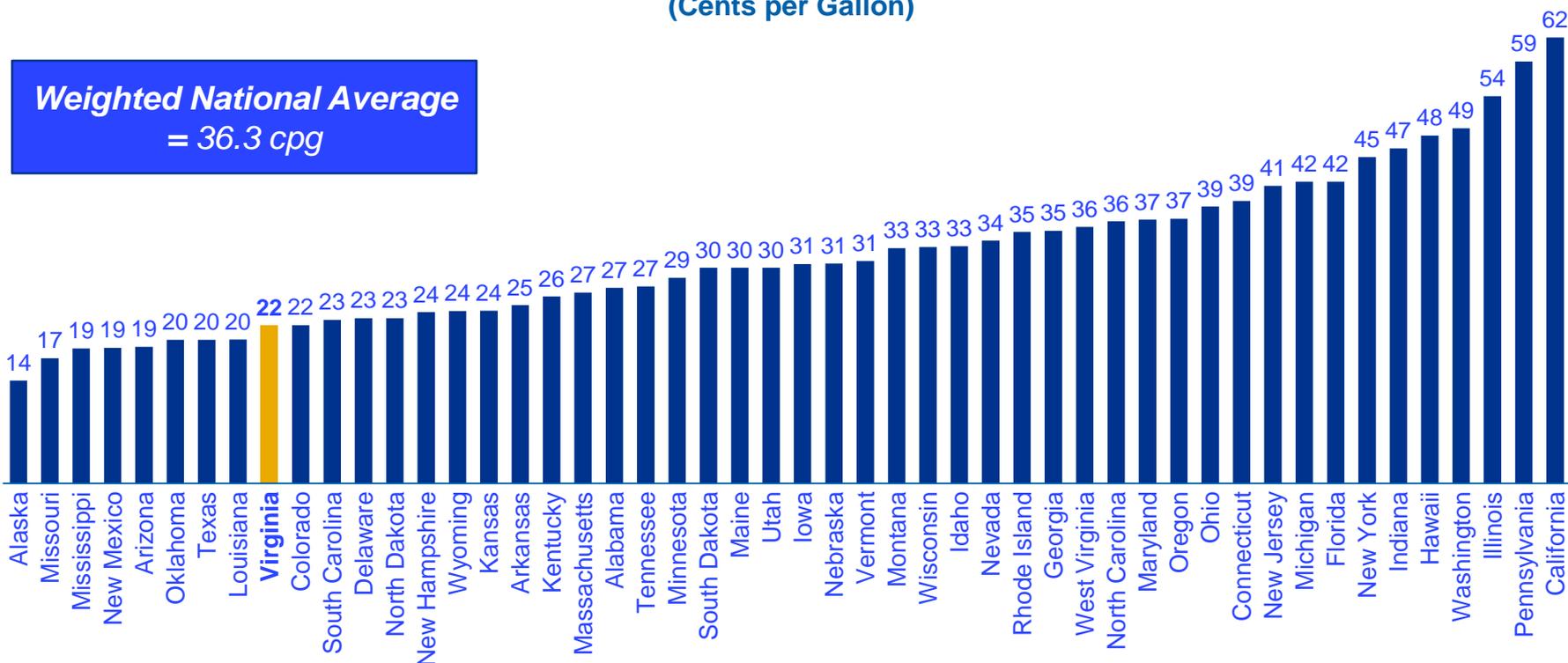


States w/ Direct Changes to Rate
 States w/ Changes to Underlying Mechanism

Note: 21 states have increased their gas tax rates an average of 10 cents per gallon since 2013.
 Source: National Conference of State Legislatures

Motor Fuels “Full” Tax Rates by State

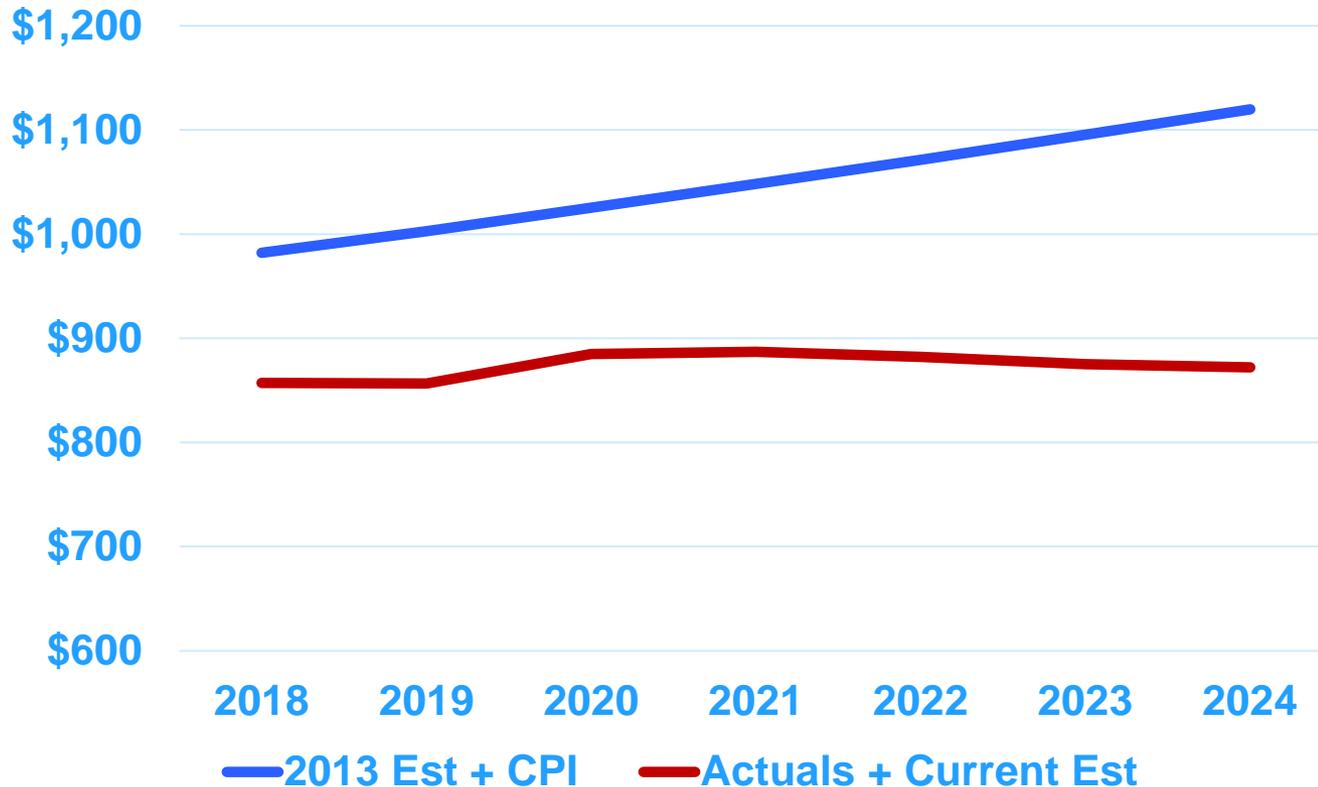
Current Gasoline Tax Rates by State (Cents per Gallon)



Note: Includes state excise taxes for gasoline (excludes diesel) plus other applicable taxes and fees collected on gasoline such as local taxes. Excludes federal excise tax of 18.4 cpg. National average represents approximate volume-weighting

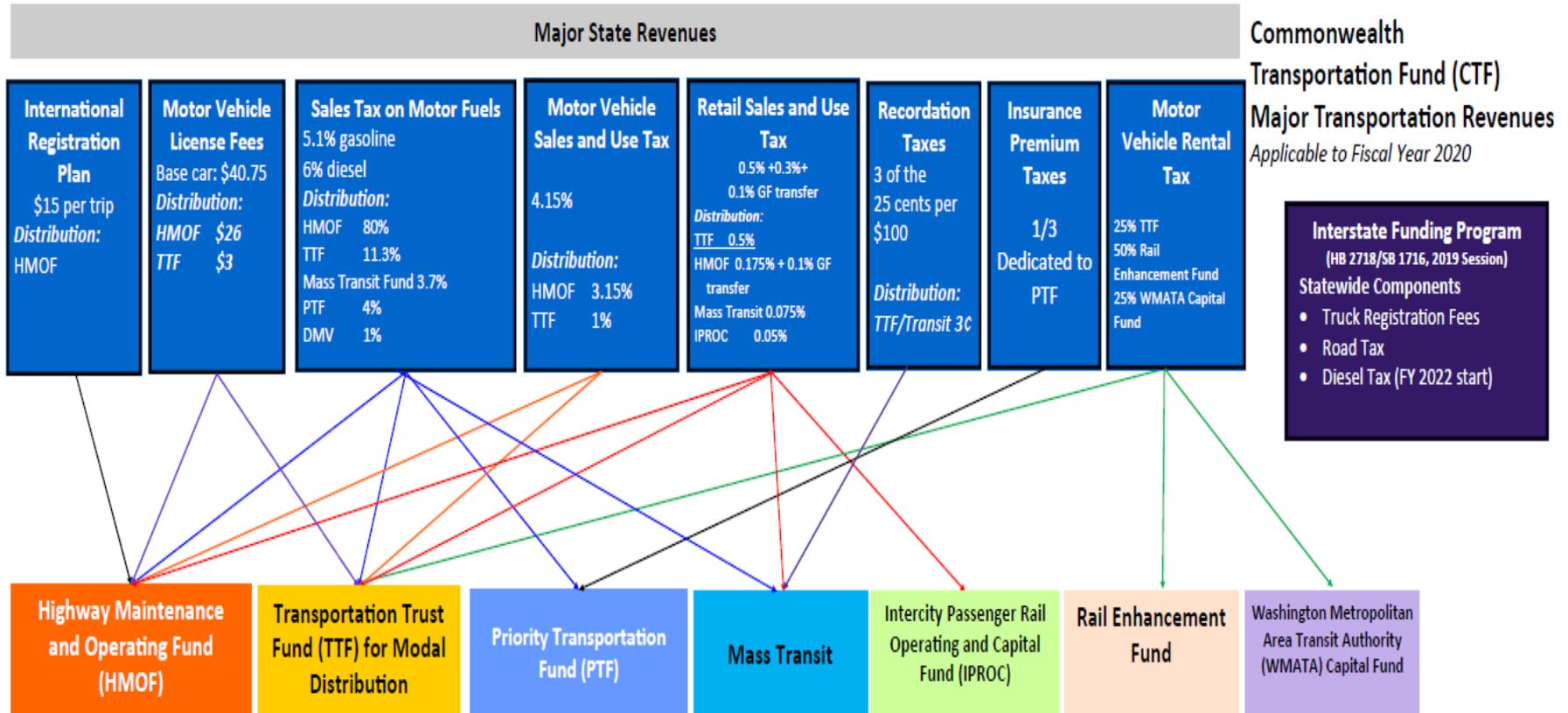
Source: American Petroleum Institute - State Motor Fuels Taxes (rates effective as of 10/1/2019)

HB2313: Expectations versus Reality

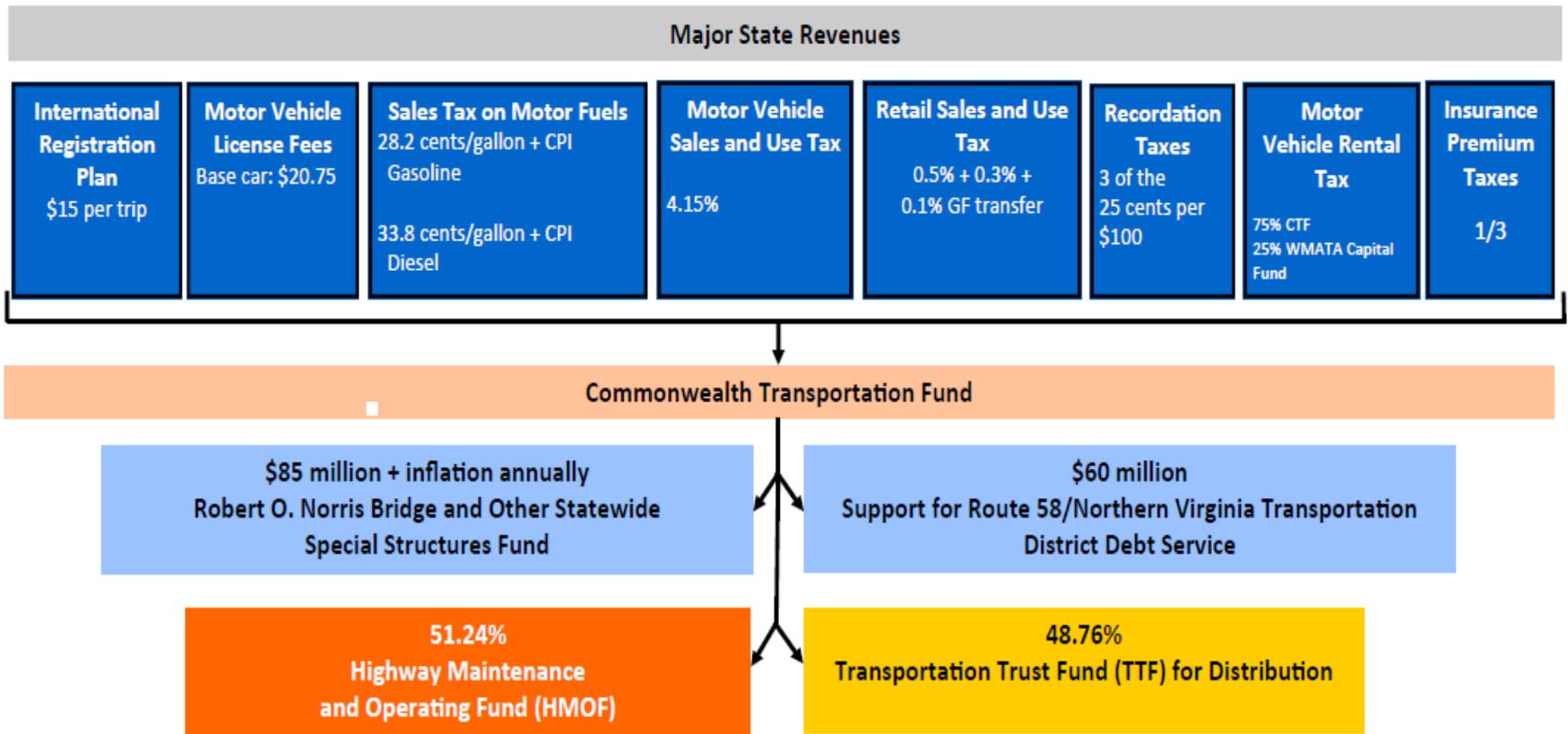


NOTE: Figures on vertical access shown in millions of dollars.

Today's transportation funding allocation model: confusing and opaque



New, streamlined allocation model



Restructuring Virginia's Transportation Funding Model

- 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
- Creates 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 FY22

Highway Use Fee

- Ensures equitable contributions from users of our transportation system
- A fuel-efficient vehicle would pay 85% of the difference between the fuel tax paid by an average vehicle and what the fuel-efficient vehicle pays
- If an average car pays \$100 in gas tax, and the fuel efficient car pays \$80 in gas tax, then the fee would be as follows:

$$\$100 - \$80 = \$20 \times 85\% = \$17$$

- Fuel efficient vehicle would save ~\$215 in gas costs (@ \$2.20/gallon)

Highway Use Fee

- In FY21 the driver of a 2000 Toyota Camry with a fuel economy of 23 mpg would pay \$101.88 in gas tax
- The driver of a 2019 Toyota Camry Hybrid with a fuel economy of 52 mpg would pay \$45.06 in gas tax
- Driver of the 2019 Camry pays \$56.82 less in gas taxes

	2000 Camry	2019 Camry Hybrid
Weight	2,998 lbs	3,572 lbs
# of Seats	5	5
Dimensions	189" L x 70" W	192" L x 72" W

Impact to Transportation Program

	FY21	FY22	FY23	FY24
Phase Gas Tax Increase	\$152.4	\$319.6	\$492.9	\$542.6
Highway Use Fee	\$38.0	\$46.7	\$55.9	\$58.8
Reg. Fee Reduction	-	(\$163.2)	(\$164.7)	(\$165.4)
GROSS TOTAL	\$190.4	\$203.1	\$384.1	\$436.0
Route 58/NVTD/Oak Grove	(\$61.0)	(\$61.0)	(\$60.0)	(\$60.0)
DMV	(\$5.0)	(\$5.0)	(\$5.0)	(\$5.0)
NET TOTAL	\$124.4	\$137.1	\$319.1	\$371.0

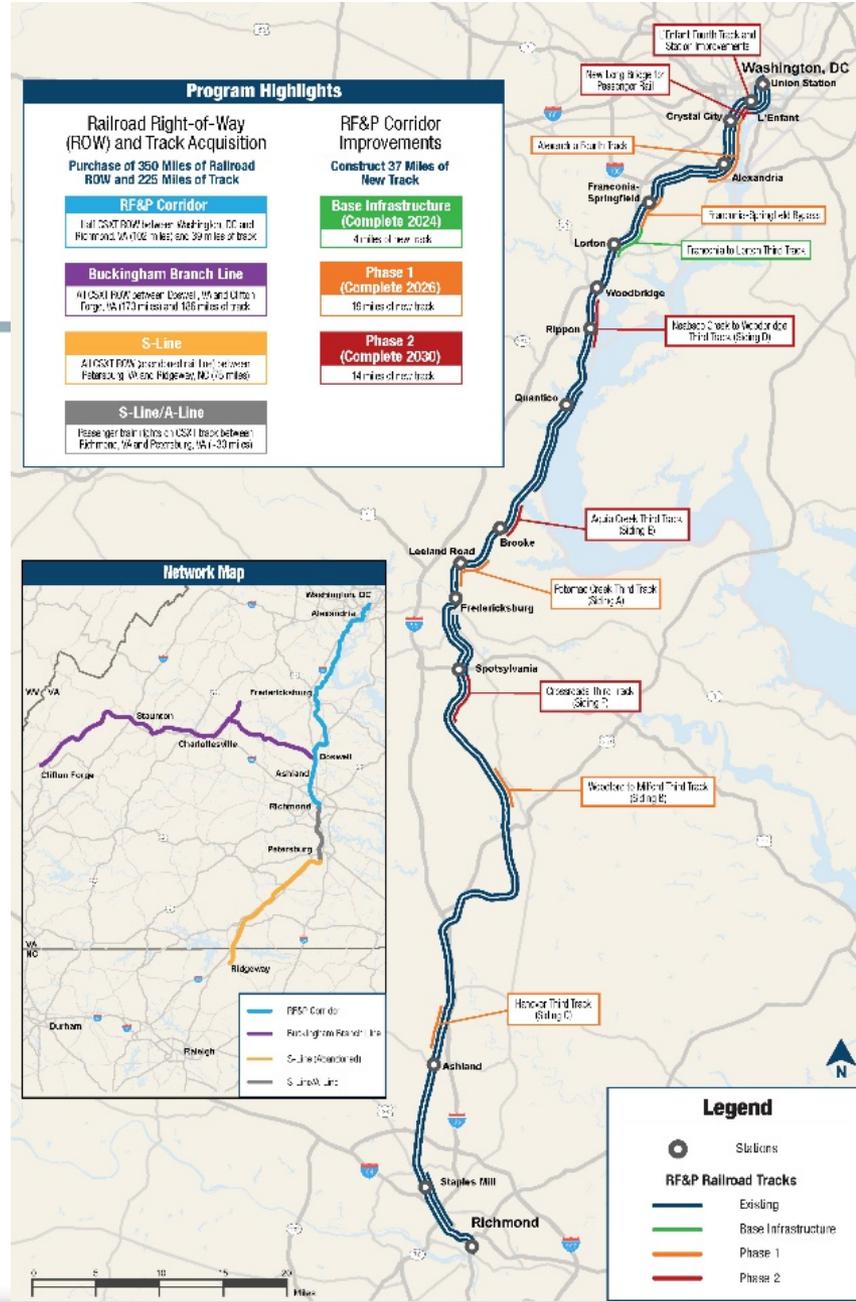
NOTE: Figures in millions of dollars

Addresses Key Transportation Needs

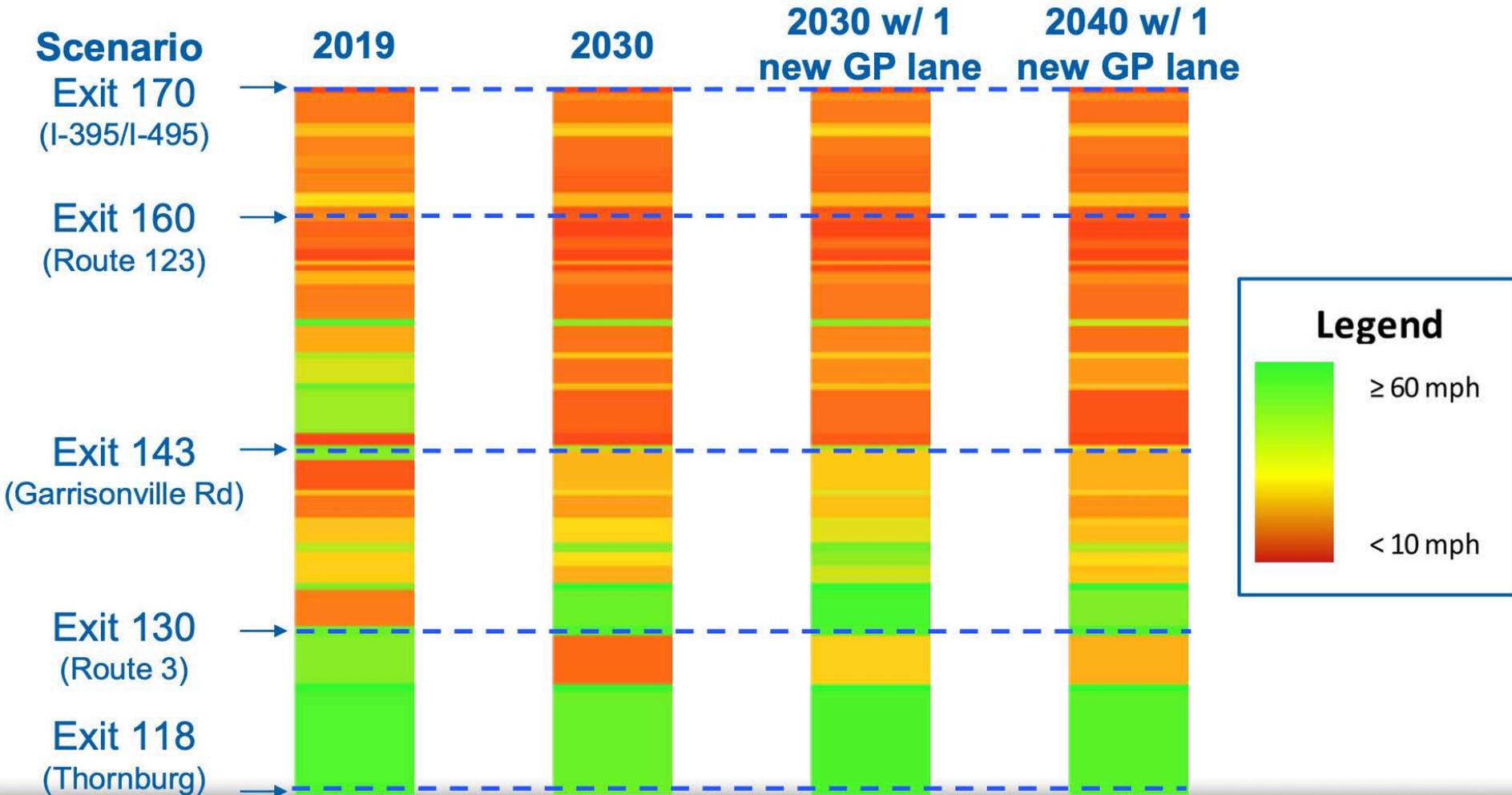
- Increases SMART SCALE Round 4 by \$200M
- Restores funding to transit from the end of the CPR bonds in 2018
- Addresses Virginia's 25 Special Structures: Robert O. Norris Bridge and Statewide Special Structures Program
- Increases safety funding by 33%
- Improves long-term condition of interstates, secondary highways, and city streets
- Matches federal PRIIA funding for WMATA
- Creates Transit Incentive Program

Rail Announcement

- \$3.7B initiative
- A new, Virginia-owned Long Bridge will carry passenger and commuter rail, while the old bridge is reserved solely for freight.
- Virginia will acquire from CSX:
 - 350 miles of rail right-of-way
 - 225 miles of track
- Includes 37 miles of track improvements
- Partnership with Amtrak and VRE



We cannot pave our way out of congestion in NOVA



Transforming Rail in the Commonwealth

- Establishes a Virginia Passenger Rail Authority
 - 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
 - Working in partnership with the Northern Virginia Transportation Commission
- Consolidates REF and IPROC into new Commonwealth Rail Fund

Virginia Passenger Rail Authority

Board of Directors has 8 voting members and 2 other members

- 2 from NVTC
- 2 from PRTC
- 2 from RMTA
- 1 from HRTAC
- 1 from Western Virginia
- Amtrak representative
- DRPT Director, who shall be chair and only vote in the event of a tie

Virginia Passenger Rail Authority

- Supermajority of 6 of 8 votes required for the issuance of bonds and sale of land
 - Bonds may only be used for capital projects approved by the Board
 - Land sales with a value in excess of \$5M must be approved by the Board
- Annual budget
 - Capital and operating budget is required by be submitted to CTB by March 1 each year
 - CTB has until May 30 to approve or reject

Virginia Passenger Rail Authority

- DRPT will continue to:
 - Develop rail plans and undertake rail planning
 - Administer grant programs
 - 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

Interstate Operations and Enhancement Program

- 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 Incentive Program

- 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

Improving Safety on Virginia's Roadways



Improving Safety on Virginia's Roadways

- Key policies include:
 - Making seat belt use a primary offense;
 - Prohibiting the use of hand held devices;
 - Prohibiting open containers in the passenger area of vehicles;
 - Enhanced speed enforcement in highway safety corridors;
 - 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, handheld ban, and open container)
- DMV Commissioner is required to:
 - Work with Chiefs of Police and DRIVE SMART to developed training materials for law-enforcement
 - Work with traffic safety organizations to develop educational materials for the general public
 - Establish an advisory council to review materials and monitor the effectiveness of policies and whether there is a disproportionate impact certain communities

Virginia Highway Safety Improvement Program

The bill also 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

Other Key Provisions of the Omnibus Transportation Package

- Restores \$30M/year in funding to the NVTAA through grantor's tax and transient occupancy tax
- Debt authorization for the Interstate 81 Corridor Improvement Program as recommended by the Interstate 81 Committee and the CTB
- Regional fuels tax restructuring 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

(SB907 Lucas)

- Set of policies and investments that are anticipated to reduce fatalities by 15%, 120 people annually, when fully implemented
- Repeals requirement for regular safety inspection
 - According the NHTSA only 2% of crashes involve vehicle failure
 - 35 states do not require a safety inspection
 - Of the 10 safest states only 3 require safety inspections

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Includes the same protections as Omnibus Transportation bill



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