

Department of Planning and Budget

2006 SSI Fiscal Impact Statement

1. Bill Number HB 5028

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Lingamfelter

3. Committee House Committee on Transportation

4. Title Primary and Secondary Highway Construction Funds Allocations.

5. Summary/Purpose:

The introduced bill revises the statutory formulas used to allocate primary and secondary highway construction funds so that such funds are allocated on the basis of population.

The Code of Virginia details the expenditure of the Transportation Trust Fund. The Code designates the formula used to distribute the funds between the primary, secondary and urban roadway systems in Virginia. Generally, the primary system contains state-maintained roads numbered 599 and below, excluding the interstate system. The secondary system consists of state-maintained roadways numbered 600 and above. Streets within municipalities maintained by cities and towns are grouped into the urban system. The Virginia Department of Transportation's (VDOT's) classification system depends on the location of the roadway, rather than the roadway's characteristics. Primary routes such as US 250, US 33 and US 29 become classified into the urban system when they pass through cities and towns.

A roadway's classification also affects the distribution of funds by the Commonwealth Transportation Board (CTB). Primary system funds are distributed by VDOT construction district, and expenditures are determined by the CTB. Secondary funds are distributed to counties for allocation by each county's governing body. Urban funds are distributed to cities and towns and allocated as determined by the elected leaders of the municipalities.

The Code presently designates that primary funds are distributed based on three highway data elements: 70 percent based on the vehicle miles traveled on the primary system, 25 percent based on the construction district's share of primary lane miles in the state and 5 percent based on a needs factor. Secondary system allocations are distributed based on 80 percent population of the county and 20 percent on the county's land area. Urban system allocations are made to cities and towns based solely on population. In the years between the U.S. Census, the latest population estimates are taken from the Weldon Cooper Center at the University of Virginia. As noted above, this legislation modifies the formulas for the allocation of primary and secondary highway construction funds, using population as the sole criterion as is done for urban allocations

6. **Fiscal Impact:** Preliminary. See line 8.

7. **Budget amendment necessary:** None.

8. **Fiscal implications:**

The bill does not alter the current funding level, but does amend the current distribution formula by providing that funds for both the primary and secondary systems be allocated by population. The tables below show the differences between funding distribution under the current formula and the proposed formula.

FY2007 Primary Fund Allocations					
District	Current Formula	Share	HB5028	HB5028 Share	Difference
Bristol	\$ 13,452,157	11.6%	\$ 5,573,724	4.8%	(7,878,432)
Culpeper	11,352,670	9.8%	5,399,062	4.7%	(5,953,608)
Fredericksburg	11,172,270	9.7%	6,603,148	5.7%	(4,569,122)
Hampton Roads	11,762,444	10.2%	25,669,118	22.2%	13,906,674
Lynchburg	18,072,185	15.6%	5,872,041	5.1%	(12,200,144)
No. Virginia	17,728,070	15.3%	31,082,092	26.9%	13,354,022
Richmond	13,739,112	11.9%	17,642,399	15.3%	3,903,286
Salem	9,365,412	8.1%	10,226,223	8.8%	860,811
Staunton	8,995,776	7.8%	7,572,289	6.5%	(1,423,487)
Total	\$ 115,640,096	100.0%	\$115,640,096	100.0%	

FY2007 Secondary Fund Allocations*					
District	Current Formula	Share	HB5028	HB5028 Share	Difference
Bristol	\$ 6,618,012	7.6%	\$ 5,776,105	6.7%	(841,907)
Culpeper	5,962,397	6.9%	5,270,653	6.1%	(691,744)
Fredericksburg	7,563,024	8.7%	6,911,244	8.0%	(651,780)
Hampton Roads	4,791,387	5.5%	4,247,837	4.9%	(543,550)
Lynchburg	6,208,140	7.2%	4,533,749	5.2%	(1,674,391)
No. Virginia	25,619,816	29.5%	30,539,836	35.2%	4,920,020
Richmond	15,024,074	17.3%	14,930,398	17.2%	(93,677)
Salem	8,366,051	9.6%	8,391,860	9.7%	25,809
Staunton	6,577,171	7.6%	6,128,390	7.1%	(448,781)
Total	\$ 86,730,072	100.0%	\$ 86,730,072	100.0%	

*Distributions are actually made to the state's 95 counties. For the sake of simplicity, however, the effects of the proposed formula are shown here by highway construction district.

Based on the proposed changes, urbanized areas would receive more primary system funding, while Northern Virginia would receive more secondary system funding.

9. **Specific agency or political subdivisions affected:**

All county governments
Department of Transportation

10. Technical amendment necessary: None.

11. Other comments:

As the bill is currently worded, it appears that the population level to be used to perform the calculation for primary system allocations is that of the entire construction district, counting counties and cities equally. As such, the population figure used to distribute funding among construction districts for projects on the primary system in counties would include cities, although the primary system does not include roads or highways within cities. Cities and large towns receive urban system allocations, which are distributed to cities and large towns on the basis of population for road and street construction. Any additional primary system funding resulting from the revised calculation cannot be used on road projects within cities.

The inclusion of the population of cities and large towns for the primary system allocation benefits counties in construction districts with large cities. For example, much of the highway system in the Hampton Roads district is located in independent cities; as such it receives a lower primary system allocation and a higher urban system allocation. The Hampton Roads construction district currently receives \$45.7 million in urban system allocations, over half of the total \$86.7 million allocated statewide. While the rural counties in the Hampton Roads construction district would receive an additional \$13 million under the revised primary system funding formula, those funds cannot be used for road projects in the district's urban population centers.

Unlike the calculation for the primary system, the proposed language for the calculation of funding to the secondary system counts only counties; thus the bill directs two separate population formulas to calculate the allocation of funds on the basis of population.

If enacted during the current special session of the General Assembly, the proposed bill would become effective during the current fiscal year. However, the CTB has already allocated funds and awarded contracts for this fiscal year based on the current formula.

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cc: Secretary of Finance

Secretary of Transportation