

Department of Planning and Budget

2006 SSI Fiscal Impact Statement

1. Bill Number HB 5079

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Crockett-Stark

3. Committee Appropriations

4. Title Additional funds for systems in certain counties, cities and towns.

5. Summary/Purpose:

The proposed legislation would modify the revenue-sharing program by removing the required local matching funds, the \$50 million cap on the program, and the prioritization process used to distribute previously limited funding.

6. Fiscal Impact: Preliminary. See Item 8.

7. Budget amendment necessary: None.

8. Fiscal implications:

The revenue-sharing program is a state/local matching program for the improvement, construction or maintenance of transportation facilities within localities. The program is intended for relatively small and immediately needed improvements or to supplement funding provided for existing projects, and is open to all counties and those cities and towns which are included in the urban system of roadways. Currently, the Code caps the program at \$50 million. Localities who submit requests to the CTB must match the requested funding level with local revenues, of which no more than one-half may take the form of proffers. The program contains prioritization criteria regarding the distribution of funds to localities. Each locality may receive up to one million dollars in matching funding.

The proposed legislation removes the \$50 million cap on the allocations made by the CTB to the program and removes the local match requirement. The prioritization process used to distribute the matching funds and the cap on the amount of proffered funds localities may use for their match are also removed. The bill, as noted in its title, changes the revenue match program into another source of state funds for local governments.

The 2006 Appropriation Act allocates \$15 million to the revenue-sharing program. The Appropriation Act, by its own provisions, supersedes any acts passed after its enactment. Because the program is now limited to \$15 million in the Appropriation Act, there may be no fiscal impact resulting in changes to the spending cap authorized in this bill. If the Appropriation Act is amended, or the CTB follows the General Assembly's intent as

expressed in this bill, the impact may be much higher than the \$15 million the CTB presently has allocated to the program, in which case the funding would need to be reallocated from other programs. If each of the 95 counties and 81 eligible municipalities receive an allocation of \$1 million dollars, the potential impact of the bill could reach as high as \$176 million.

Redirection of existing revenues to an increased revenue-sharing program could impact VDOT's ability to match federal funding, which could result in a loss to the Commonwealth of four dollars in federal funding for every one dollar not available for match.

9. Specific agency or political subdivisions affected:

County, city and town governments
Virginia Department of Transportation
Commonwealth Transportation Board

10. Technical amendment necessary: None.

11. Other comments:

- 1) HB 5050, HB 5058, SB 5022 and HB 5088 also amend the revenue-sharing program.
- 2) The bill requires the CTB to allocate up to \$1 million to any eligible local government. It is unclear at what level below \$1 million that allocations would still meet the intent of the bill.

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cc: Secretary of Finance

Secretary of Transportation