

## Department of Planning and Budget 2009 Fiscal Impact Statement

**1. Bill Number:** HB1723

House of Origin    \_\_\_ Introduced     X  Substitute    \_\_\_ Engrossed  
Second House       \_\_\_ In Committee    \_\_\_ Substitute    \_\_\_ Enrolled

**2. Patron:**        Albo

**3. Committee:** House Appropriations

**4. Title:**            **Highway Maintenance and Operating Fund; provides a formula for allocating proceeds.**

**5. Summary:** The proposed legislation would direct that the proceeds of the Highway Maintenance and Operating Fund (HMOF) be allocated to the nine highway construction districts based on population for the primary system and the secondary system, after allocations are made for operating expenses.

The bill also provides that if payments to cities and towns in the urban system or payments to counties that do not participate in the secondary system are less than the locality received in 2008, the localities shall receive the 2008 amount prior to the distribution of funds for the primary and secondary system.

The Code of Virginia currently directs the Commonwealth Transportation Board (CTB) to allocate each year the funds it deems reasonable and necessary for the maintenance of state-maintained highways, city and town maintenance payments and payments to counties that have elected to withdraw from the state secondary system. If the amount necessary for maintenance is greater than the funds available, the CTB is authorized to transfer funding from the construction program.

**6. Fiscal Impact Estimates:** Preliminary. See Item 8.

**7. Budget Amendment Necessary:** None.

**8. Fiscal Implications:** The bill would create a maintenance allocation formula for the primary and secondary system that would be based on population. The bill does not address the distribution of the maintenance funds for the interstate system. The bill also does not indicate how the CTB is to split funds between the primary and secondary systems for distribution through the formulas.

The bill would not alter the total current funding level for highway maintenance, but would have the effect of shifting funding between construction districts. Using the 2009 maintenance allocation total for the primary and secondary systems and 2008 provisional population levels from the Weldon Cooper Center for Public Service at the University of Virginia, the bill would have the following estimated impact:

Primary System Distribution

District	Current		Proposed		Change	
	Share	Allocation	Share	Allocation	Share	Allocation
Bristol	10.11%	36,364,345	4.66%	16,769,228	-53.89%	(19,595,117)
Culpeper	6.82%	24,524,068	4.87%	17,493,854	-28.67%	(7,030,214)
Fredericksburg	15.40%	55,386,341	5.91%	21,239,476	-61.65%	(34,146,865)
Hampton Roads	9.85%	35,402,453	21.77%	78,269,403	121.08%	42,866,950
Lynchburg	9.38%	33,718,043	5.01%	18,019,438	-46.56%	(15,698,605)
Northern Virginia	9.87%	35,493,485	27.21%	97,855,677	175.70%	62,362,192
Richmond	14.83%	53,305,930	15.31%	55,058,382	3.29%	1,752,452
Salem	13.16%	47,318,585	8.60%	30,933,140	-34.63%	(16,385,445)
Staunton	10.58%	38,053,626	6.65%	23,928,278	-37.12%	(14,125,348)
Total		359,566,876		359,566,876		

Secondary System Distribution

District	Current		Proposed		Change	
	Share	Allocation	Share	Allocation	Share	Allocation
Bristol	13.05%	49,381,045	4.66%	17,652,219	-64.25%	(31,728,826)
Culpeper	7.95%	30,095,172	4.87%	18,415,000	-38.81%	(11,680,172)
Fredericksburg	7.29%	27,596,770	5.91%	22,357,849	-18.98%	(5,238,921)
Hampton Roads	6.15%	23,261,518	21.77%	82,390,710	254.19%	59,129,192
Lynchburg	10.60%	40,116,648	5.01%	18,968,258	-52.72%	(21,148,390)
Northern Virginia	17.17%	64,990,840	27.21%	103,008,307	58.50%	38,017,467
Richmond	13.51%	51,123,413	15.31%	57,957,503	13.37%	6,834,090
Salem	13.72%	51,939,097	8.60%	32,561,937	-37.31%	(19,377,160)
Staunton	10.57%	39,995,511	6.65%	25,188,231	-37.02%	(14,807,280)
Total		378,500,014		378,500,014		

**9. Specific Agency or Political Subdivisions Affected:** All counties and cities and certain towns in Virginia, 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 calculate the allocations for the secondary system is that of the entire construction district, counting counties as well as cities and towns. Roads in cities and certain towns are not part of the secondary system, but are included in the urban system of highways.

**Date:** 2/6/2009 dpb/smc

**Document:** G:\GA\FIS 2009\HB1723H1.doc

cc: Secretary of Transportation