Department of Planning and Budget
2020 Fiscal Impact Statement

1. **Bill Number:** HB1414

House of Origin	☐	Introduced	☒	Substitute	☒	Engrossed
Second House	☒	In Committee	☐	Substitute	☐	Enrolled

2. **Patron:** Filler-Corn

3. **Committee:** Finance and Appropriations

4. **Title:** Transportation; amends numerous laws related to funds, safety programs, revenue sources, etc.

5. **Summary:** The bill adopts numerous structural changes to the transportation funding system in the Commonwealth. Most transportation revenues are directed to a new Commonwealth Transportation Fund and the existing Highway Maintenance and Operating Fund. Funds are then disbursed, based on codified formulas, to subfunds established to meet the varying transportation needs of different modes of transportation. The bill contains transitional provisions phasing in the new funding structure over a period of four years.

   The existing gas tax based on a percentage of the wholesale price of gasoline and diesel fuel is converted to a cents-per-gallon tax. A rate of $0.282 per gallon of gasoline will be phased in over three years, and then indexed every year thereafter. The regional gas tax will be converted to a rate of $0.076 per gallon of gasoline.

   Registration fees for motor vehicles will be lowered. The Department of Motor Vehicles will implement a Highway Use Fee for alternative fuel and fuel efficient vehicles. Alternatively, a person whose vehicle would be subject to this new fee may elect to instead enroll in a mileage-based user fee program to be developed by the Department.

   In Northern Virginia, the bill proposes a reduction in the regional Washington Metropolitan Area Transit Authority (WMATA) capital fee, a grantor's tax, from $0.15 per $100 of value to $0.10 per $100 of value. Proposes an additional grantor's tax of $0.10 per $100 of value, called the regional congestion relief fee, to be imposed on real estate sale transactions located in any county or city in Planning District 8. Revenue from the regional congestion relief fee would be deposited to the Northern Virginia Transportation Authority (NVTA) Fund. The bill also raises the existing transportation district transient occupancy tax and the local transportation transient occupancy tax in the localities in northern Virginia from two percent to three percent.

   The bill authorizes the use of transportation bonds to complete the final section of Corridor Q of the Appalachian Development Highway System, and authorizes a bond issuance for improvements in the Interstate 81 and Interstate 66 corridors.

   The bill establishes a new Virginia Passenger Rail Authority.

The bill adopts several safety initiatives, including: (i) making it illegal to possess an open container of alcohol in a motor vehicle, (ii) requiring all passengers in a vehicle to wear safety belts and making failure to wear a safety belt a primary offense, (iii) prohibiting the use of handheld personal communication devices, (iv) establishing a speed monitoring program in highway safety corridors that uses a vehicle sensor to take a picture of a vehicle traveling more than 10 miles over the speed limit, subjecting the driver to a monetary fine, and (v) allowing localities to lower the speed limit below 25 miles per hour in business and residential districts. The Commissioner of the Department of Motor Vehicles will establish an advisory committee to oversee education and enforcement of policies such as the seatbelt and hands-free provisions.

The bill also creates numerous new transportation safety programs, including an Interstate Operations and Enhancement Program, a Virginia Highway Safety Improvement Program, the Special Structures Program, and a Transit Incentive Program.

The bill would increase the interval for the required vehicle safety inspections from once per year to once every two years.

6. **Budget Amendment Necessary**: No. The Introduced Budget (HB/SB30) includes sufficient appropriation to address the revenue adjustments resulting from this legislation.

7. **Fiscal Impact Estimates:** Preliminary. See item 8.

8. **Fiscal Implications:**

Restructures Virginia's Transportation Funding Model

Commonwealth Transportation Fund

Renames the Commonwealth Transportation Trust Fund to the Commonwealth Transportation Fund (CTF). The Fund would serve as the fund to which all transportation revenues are deposited and then distributed to programs and funds. These transportation revenues include:

- Motor vehicles fuels taxes and road taxes for diesel fuel (proposed to be increased in this bill)
- 0.5 percent statewide sales and use tax
- 0.3 percent statewide sales and use tax for transportation
- 4.15% motor vehicles sales and use tax
- Motor Vehicle Rental Tax (10 percent of gross proceeds from rentals for most passenger vehicles)
- $0.03 of the $0.25 per $100 of assessed value of the statewide recordation tax.
- Tax on liquid alternative fuel, set at the rate for gasoline.
- International Registration Plan ($15 per trip)
- 1/3 of the revenue from insurance premium taxes

Currently, the transportation revenues described above are allocated in various ways across the transportation agencies and authorities, the Commonwealth Transportation Trust Fund and its subfunds, and other transportation related funds. This bill would redirect all of the revenues described above to the renamed Commonwealth Transportation Fund from which the funding would be distributed.

The bill provides that of the funding in the CTF, $40 million annually is to be deposited into the Route 58 Corridor Development Fund; $20 million annually is to be deposited into the Northern Virginia Transportation District Fund; and $85 million annually is to be deposited into the Robert O. Norris Bridge and Statewide Special Structures Fund. The bill also provides that the amount deposited shall be adjusted annually based on the change in the consumer price index for all urban consumers.

Toll revenue and concession payments to the Commonwealth under the Public-Private Transportation Act of 1995 also would be deposited to the CTF; however, they would be allocated to the Transportation Trust Fund (TTF) established by the bill.

Interest, dividends, and appreciation accrued to the TTF or the Highway Maintenance and Operating Fund (HMOF) also would be allocated to the CTF and distributed two-thirds to the Virginia Transportation Infrastructure Bank and one-third to the Transportation Partnership Opportunity Fund.

The remaining funding in the CTF would be allocated between the HMOF and the TTF. Under this legislation, the portion allocated to each fund changes between FY 2021 and FY 2024, after which the allocations would remain at FY 2024 amounts. The table below summarizes the split of the CTF allocation by fiscal year.

Commonwealth Transportation Fund, allocation by year

Fund	FY 2021	FY 2022	FY 2023	FY 2024 & beyond
HMOF	53.95%	52.86%	51.86%	51.24%
TTF	46.05%	47.14%	48.14%	48.76%

Of the amounts allocated to the TTF from the CTF, the bill provides for further distribution to specific programs and subfunds. Similar to the distribution of the CTF, funds would be distributed from the TTF by percentage. Under this legislation, the portion allocated to each fund changes between FY 2021 and FY 2024, after which the allocations would remain at FY 2024 amounts. The table below summarizes the distribution of funds from the TTF.

Transportation Trust Fund distribution, by year

	FY 2021	FY 2022	FY 2023	FY 2024 & beyond
Construction Programs	54.86%	55.88%	55.51%	54.90%
Commonwealth Mass Transit Fund	21.41%	21.09%	22.23%	22.20%
Commonwealth Rail Fund	5.51%	5.28%	5.08%	5.72%
Commonwealth Port Fund	2.66%	2.55%	2.44%	2.45%
Commonwealth Aviation Fund	1.48%	1.42%	1.37%	1.35%
Commonwealth Space Flight Fund	0.90%	0.85%	0.81%	0.80%
Priority Transportation Fund	12.69%	12.47%	12.13%	12.15%
Department of Motor Vehicles Fund	0.49%	0.46%	0.43%	0.43%

Construction Programs

The bill would change the allocations within VDOT's construction programs. Additionally, the bill would create two new programs that would receive funding from the amounts allocated to construction programs. The two programs created are the Interstate Operations and Enhancement Program and the Virginia Highway Safety Improvement Program. The table below shows the proposed percentage allocations of funding among the construction programs.

Construction programs	**Current**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024 & beyond**
State of good repair	45.0%	34.7%	31.4%	30.4%	29.1%
High-priority projects program	27.5%	20.4%	19.1%	20.2%	20.0%
Highway construction district grant programs	27.5%	20.4%	19.1%	20.2%	20.0%
Interstate Operations and Enhancement Program	-	15.3%	21.5%	20.4%	20.4%
Virginia Highway Safety Improvement Program	-	9.2%	8.9%	8.8%	10.5%

Commonwealth Mass Transit Fund

This bill would alter the distributions from the Commonwealth Mass Transit Fund. First, the bill directs that prior to percentage-based allocation, funding is to be allocated to the Washington Metropolitan Area Transit Authority (WMATA) as matching funds to federal and other funds provided by the Federal Transit Administration, the District of Columbia, and the State of Maryland. The bill proposes $16.0 million in FY 2021, $34.0 million in FY 2022, and $50.0 million in FY 2023. The funding only would be provided if the District of Columbia and the State of Maryland each provide at least $50 million, and the Federal

Transit Administration provides $150 million to WMATA. For those fiscal years, this would reduce the amount available to allocate to other uses of the Fund.

The bill also would alter the percentage-based allocations of the Commonwealth Mass Transit Fund that the Department of Rail and Public Transportation is required to recommend to the Commonwealth Transportation Board. The table below shows the proposed percentage allocations of funding among the Commonwealth Mass Transit Fund.

Commonwealth Mass Transit Fund	**Current**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024 & beyond**
Operating costs of transit providers (non-WMATA)	31.0%	27.7%	29.1%	26.8%	27.0%
Capital purposes for transit providers (non-WMATA)	12.5%	17.1%	15.4%	19.3%	17.7%
WMATA for capital purposes and operating assistance	53.5%	47.7%	50.1%	46.3%	46.6%
Special programs	3.0%	2.6%	2.8%	2.4%	2.4%
Transit Incentive Program	-	5.0%	2.8%	5.2%	6.3%

Other transportation funds
The bill also allocates the TTF to other funds for the purposes listed:
- Commonwealth Transit Capital Fund
  - A subaccount of the Commonwealth Mass Transit Fund used to support capital expenditures involving the establishment, improvement, or expansion of public transportation services.
- Commonwealth Rail Fund
  - Allocated as follows: 91.5 percent distributed to the Virginia Passenger Rail Authority as soon as practicable with the remaining 8.5 percent for use by the Department of Rail and Public Transportation (DRPT) for planning purposes and for grants for rail projects not administered by the Virginia Passenger Rail Authority, of which DRPT may use up to $4 million for the purposes of the Shortline Railway Preservation and Development Fund.
- Commonwealth Port Fund
  - Allocated by the CTB to the Board of Commissioners of the Virginia Port Authority to be used to support port capital needs and the preservation of existing capital needs of all ocean, river, or tributary ports within the Commonwealth.
- Commonwealth Aviation Fund
  - Funding would be allocated similarly to the existing allocation from the Commonwealth Airport Fund, which is repealed by this bill.

Special Structure Program
The bill establishes a Special Structure Program to implement the Special Structure Fund, originally enacted during the 2019 General Assembly Session as the Robert O. Norris Bridge and Statewide Special Structure Fund. The program would provide for the maintenance,

rehabilitation, and replacement of special structures, defined as very large, indispensable, and unique bridges and tunnels as identified by the CTB. The bill provides for the deposit of $85.0 million, annually and indexed to inflation, to the Fund from revenues directed to the CTF.

Revenue Changes

Vehicle registration fees

Currently, the standard vehicle registration fee is $40.75 per year. The total fee is comprised of various components, the revenue from each of which is directed to different funds and departments. The existing registration fee is distributed to the HMOF, TTF, the Department of Motor Vehicles (DMV), the Department of State Police (VSP), and the Department of Health. The bill proposes to reduce vehicle registration fees, primarily by reducing the amount dedicated to the HMOF. The bill proposes no reductions to the other uses of vehicle registration fees. Under this bill, starting July 1, 2021 (FY 2022), the standard vehicle registration fee would be reduced to $20.75 per year. See the table below for additional details on the standard fee. There are other fees for nonstandard vehicles; the bill proposes reductions to those fees as well.

Summary of proposed changes to registration fee components

Registration Fee Use	Current Amount	Proposed Amount
Highway Maintenance & Operations (HMOF)	$26.00	$6.00
Transportation Trust Fund (TTF)	$3.00	$3.00
Motor Vehicles Special Fund	$4.00	$4.00
State Vehicle Safety Inspection Fund (State Police)	$1.50	$1.50
Emergency Medical Services Fee (Health Department)	$6.00	$6.00
Rescue Assistance Fund (Health Department)	$0.25	$0.25
Total	$40.75	$20.75

The Department of Taxation estimates that the proposed reduction in vehicle registration fees would result in a reduction in revenues to the HMOF totaling $163.2 million in FY 2022, see more below.

Registration fee change revenue estimates

Fiscal Year	Registration Fee Change HMOF Revenue Impact
2022	($163,200,000)
2023	($164,700,000)
2024	($165,400,000)
2025	($165,400,000)
2026	($165,400,000)

The bill also provides that for FY 2021, an additional $5.0 million in registration fee revenue is to be deposited to the DMV special fund and $1.4 million is to be allocated to the Department of State Police. Starting in FY 2022, the DMV special fund would receive 28.2 percent of the fees collected, an increase from the 20 percent currently retained by the department, and the State Police would receive 0.875 percent of the fees collected.

Highway use fee

The bill proposes the establishment of a highway use fee program. This would apply a new fee to electric vehicles, alternate fuel vehicles, and fuel efficient vehicles. The fee would be charged by the DMV at the time of the vehicle's registration.

Electric vehicle owners would pay an annual fee equal to 85 percent of the amount of gas tax that would be paid on an equivalent amount of fuel as would be used by a vehicle with a combined fuel economy of 23.7 miles per gallon being driven for the average number of miles traveled by a passenger vehicle in the Commonwealth.

The bill defines a fuel-efficient vehicle as one which has a combined miles per gallon rating, as determined by the U.S. Environmental Protection Agency, of 25 or greater. However, the highway use fee would apply to any vehicle with a combined miles per gallon rating greater than 23.7. For any vehicle with a combined 23.8 mpg or greater, the owner would pay a fee equal to 85 percent of the difference of gas tax that would be paid on the amount of fuel as would be used by a vehicle with a combined fuel economy of 23.7 miles per gallon and the vehicle being registered being driven for the average number of miles traveled by a passenger vehicle in the Commonwealth.

Since the highway use fee is calculated using the gas tax, the amount paid annually would increase along with the phased-in gas tax increases proposed by this legislation. Similarly, the amount would increase if the gas tax is indexed to inflationary increases as proposed by this legislation. The bill does not define the average number of miles traveled by a passenger vehicle in the Commonwealth, nor does it identify a state agency to determine that average. The highway use fee also would increase or decrease as the average number of miles driven increases or decreases. It is estimated that the highway use fee would generate $38.0 million in FY 2021 and $46.7 million in FY 2022, see more below. The revenues would be deposited to the CTF for distribution as proposed by this legislation.

Highway use fee revenue estimates

Fiscal Year	Highway Use Fee Revenue Impact
2021	$38,000,000
2022	$46,700,000
2023	$55,900,000
2024	$58,800,000
2025	$58,800,000
2026	$58,800,000

Mileage-based user fee program
The bill also proposes the creation of an optional mileage-based user fee program. For those opting into the program, the vehicle owners would pay a mileage-based fee in lieu of the highway use tax proposed by this legislation. The amount of the mileage-based fee could not exceed the annual amount of the highway use fee the vehicle would have paid.

The mileage-based user fee program would not be in effect until FY 2023. The bill would require the Commissioner of the Department of Motor Vehicles to convene a working group to assist in the development of the mileage-based user fee. DMV would be required to issue an interim report no later than July 1, 2021, and a final report no later than December 15, 2021, on the findings of the working group. Further, DMV would be required to issue guidelines for the program no later than May 15, 2022.

Revenues would be deposited to the CTF for distribution as proposed by this legislation; however, estimates of the revenue generated by the mileage-based user fee are currently unavailable.

Motor fuels tax
The bill proposes that the existing gas tax, based on a percentage of the wholesale price of gasoline and diesel fuel, be converted to a cents-per-gallon tax and increased. The current gas tax equates to a rate of $0.162 per gallon. A rate of $0.282 per gallon of gasoline will be phased in by increasing the rate by $0.04 per gallon each year over three years, see the table below. The rate would then be indexed to the change in the Consumer Price Index for all items, all urban consumers (CPI-U) every year thereafter, or zero, whichever is greater. The regional gas tax will be converted to a rate of $0.076 per gallon of gasoline. The table below includes estimates from the Department of Taxation on the net new revenue that would be generated by this proposed tax increase. Revenue generated by this increase would be directed to the CTF for further distribution.

Proposed changes to gas tax rates and estimated new revenue

Fiscal Year	Gas Tax Rate (cents per gallon)	Diesel Fuel Tax Rate (cents per gallon)	Net New Motor Fuels Tax Revenue Estimate
2021	20.2	20.2	$152,400,000
2022	24.2	27	$319,600,000
2023	28.2	27*	$492,900,000
2024	28.2*	27*	$542,600,000
2025	28.2*	27*	$580,400,000
2026	28.2*	27*	$618,700,000

*: Tax rates indexed to inflation

Regional transportation improvement fee
Currently, there is a grantor's tax of $0.15 per $100 of value, called the "regional WMATA capital fee," imposed on real estate sale transactions located in any county or city that is a member of the Northern Virginia Transportation Authority (NVTA). For localities located in the Northern Virginia Transportation District, the revenue from such fee is deposited to the

Commonwealth's Washington Metropolitan Area Transit Authority (WMATA) Capital Fund. For localities that are not within the Northern Virginia Transportation District, the revenues remain with the locality and must be used solely for transportation purposes. Currently, the only localities which are not in the Northern Virginia Transportation District but are members of the NVTA are Prince William County and the cities of Manassas and Manassas Park.

The bill proposes to decrease this fee from $0.15 per $100 of value to $0.10 per $100 of value. Based on estimates from the Department of Taxation, the reduction in this fee would decrease total revenues by $17.8 million annually, of which: WMATA Capital Fund revenues would decrease by $15.2 million; and, local revenues would decrease by $2.6 million.

Regional congestion relief fee
The bill proposes an additional grantor's tax of $0.10 per $100 of value, called the regional congestion relief fee, to be imposed on real estate sales transactions located in any county or city that is a member of a planning district of a certain population and with a certain amount of transit ridership. Currently, the only planning district that would meet the criteria of the bill is Planning District 8, which includes Loudoun, Prince William, Fairfax, and Arlington counties and the cities of Alexandria, Manassas, and Manassas Park.

Revenues from the regional congestion relief fee from localities in Planning District 8 would be deposited in the Northern Virginia Transportation Authority (NVTA) Fund. It is estimated that revenue into the NVTA Fund would equal $35.6 million annually.

If other planning districts meet the criteria of the bill, additional legislation would be needed to direct the deposit of revenue collected.

Net impact to local revenues from grantor's tax changes
Current statute provides that 30 percent of the revenue to the NVTA Fund is to be distributed back to localities on a pro rata basis of taxes and fees collected for various transportation improvements. As a result, it is estimated that the decrease in revenues to localities impacted by the decrease in the regional transportation improvement fee, Prince William County and the cities of Manassas and Manassas Park, would be partially offset by the regional congestion relief fee revenue allocated to the NVTA Fund. The table below summarizes the estimated annual net impact to local revenues by locality.

Annual net impact of grantor's tax changes to local revenues by locality

	Local impact from regional transportation improvement fee	Distribution of net new NVTA Fund revenues	Net impact to local revenue
Prince William	($2,372,251)	$1,423,350	($948,900)
Manassas	($142,912)	$85,747	($57,165)
Manassas Park	($73,038)	$43,823	($29,215)
Total	($2,588,200)	$1,552,920	($1,035,280)

Transportation District Transient Occupancy Tax increase
There is currently a two percent additional Transportation District Transient Occupancy Tax (TDTOT) for localities located in the Northern Virginia Transportation District. The revenue from this tax is deposited to the WMATA Capital Fund. This bill would increase the TDTOT to three percent. Estimated revenue generated by the proposed increase is noted in the table below.

Impact on WMATA Capital Fund revenue of proposed increase to TDTOT

Fiscal Year	TDTOT Revenue Increase
2021	$15,100,811
2022	$15,402,827
2023	$15,710,884
2024	$16,025,101
2025	$16,345,603
2026	$16,672,516

Local Transient Occupancy Tax increase
The bill also increases the transient occupancy tax for localities that are members of the Northern Virginia Transportation Authority but not members of the Northern Virginia Transportation District. The localities that meet that criteria are Prince William County and the cities of Manassas and Manassas Park. The tax would be raised from two percent to three percent. The revenue collected is administered by the locality in which it was generated. Whereas currently the revenue can only be used for public transportation purposes, the bill would require two-thirds to be used for public transportation with the remaining one-third to be used for any transportation purpose. There is no state fiscal impact associated with this increase.

Net impact to CTF revenue and distribution
Table 1, attached at the end of this fiscal impact statement, summarizes the net impact of the proposed changes to revenues included in the bill along with the distribution of those net revenues.

Creates Virginia Passenger Rail Authority
The bill would create the Virginia Passenger Rail Authority with the purpose to "promote, sustain, and expand the availability of passenger and commuter rail service in the Commonwealth and to increase ridership of such service by connecting population centers with passenger and commuter rail service and increasing availability of such service." The Authority would be governed by a 15 member Board of Directors consisting of:

- Three members residing within the boundaries of the Northern Virginia Transportation Commission (NVTC);
- Three members residing within the boundaries of the Potomac and Rappahannock Transportation Commission (PRTC);
- Two members residing within the boundaries of the Richmond Metropolitan Transportation Authority (RMTA);

- Two members residing within the boundaries of the Hampton Roads Transportation Accountability Commission (HRTAC);
- Two members residing within Planning District Committees 5, 9, 10, or 11;
- The Director of the Department of Rail and Public Transportation (DRPT), who shall serve as the chair of the Board and vote in the event of a tie;
- One nonlegislative citizen member appointed by the Governor who shall represent the National Passenger Railroad Corporation and who shall serve without voting privileges;
- The chief executive officer of commuter rail service jointly operated by the Northern Virginia Transportation District and the Potomac Rappahannock Transportation District, who does not have voting privileges.

Under this bill, the Authority would have the ability to own and manage real estate associated with passenger rail as well as oversee and contract for passenger rail service. The Authority would have the authority to purchase, lease, acquire via eminent domain, lease, and/or sell property as needed to carry out its mission. The sale of land with a value of more than $5 million also requires the approval of the Commonwealth Transportation Board.

In addition, the Authority would be able to issue bonds for purposes related to its mission, including for the payment of all or part of the cost of rail facilities. Any bonds issued to pay for the initial funding of capital expenditures would be limited to capital expenditures submitted for approval by the CTB. The bonds issued by the Authority would not be backed by the full faith and credit of the Commonwealth and bonds could not be backed by revenues from the Commonwealth Rail Fund. The issuance of bonds or the sale of land requires approval of six of the members present and voting (see comments).

The Authority created by this bill would have the authority to employ an executive director and other staff as deemed necessary to carry out the duties of the Authority. The number of staff needed, and the resulting costs, are currently indeterminate; however, the bill provides that the Authority's expenses are to be paid from the Commonwealth Rail Fund in the absence of other funding being provided. Therefore, any impact related to expenses for the Authority and its staff and board members would be funded from the identified revenue sources.

<u>Safety Initiatives</u>

Open container prohibition

Current statute prohibits the consumption of alcoholic beverages while driving. This bill would expand the prohibition to include "knowingly or intentionally" possessing an alcoholic beverage in an opened container within the passenger area of a vehicle. This prohibition would not apply to open containers located in a locked glove compartment, located in a trunk or other area not containing passengers, or open containers in the passenger area of a motor carrier of living quarters of a motor home. A violation of these provisions of the bill would be a Class 4 misdemeanor.

A Class 4 misdemeanor is punishable by a fine of up to $250. All revenue collected from such fines is deposited into the Literary Fund. It is not possible to estimate either the number of convictions that may result or the amount of each fine that may be assessed under this legislation, therefore, the impact of this bill cannot be determined.

Speed monitoring
This bill would require the Virginia Department of State Police (VSP) to establish and operate a speed monitoring program in highway safety corridors that uses sensors to detect speeding vehicles and automatically takes a picture of the vehicle for issuance of a summons.

There are three designated highway safety corridors in Virginia. They are located in Roanoke, Henrico, and Prince William Counties. Each would require a separate automated system to monitor the speed of all vehicles in all lanes. The bill provides for the state police to enter into an agreement with a private company to set up and operate the speed monitoring system, including administrative duties associated with the program.

All speed monitoring program violations are designated to be handled in the same manner as traffic infractions. Any penalties under this program cannot exceed existing, applicable fines. Currently, revenue from traffic infraction penalties are deposited to the Literary Fund; however, the bill provides VSP may retain any monetary penalties from the speed monitoring system, not to exceed the direct cost of operating the program. It is anticipated that VSP would contract with a private vendor for the installation and maintenance associated with the speed monitoring system. Any payments made to the vendor would be made from the monetary penalties provided to VSP by this legislation. The amount of anticipated revenue from such penalties is currently indeterminate; additional analysis by VSP and any potential vendor would be needed to ensure the costs of any system implemented could be covered by anticipated revenues.

The bill requires the involvement of sworn personnel to manage issues with the summons process and fulfill other mandates. VSP anticipates the need for three additional sworn supervisor positions to operate the speed monitoring program. The estimated cost for these positions, including benefits and equipment, is $676,015 in FY 2021 and $417,172 in FY 2022. These direct costs of the program could be covered by penalty revenue retained by VSP.

Virginia Highway Safety Improvement Program.
The bill would establish the Virginia Highway Safety Improvement Program with the goal of reducing motorized and nonmotorized fatalities and severe injuries on state and local highways. Funds for the program would be distributed from the TTF through VDOT construction programs. Funding would be allocated as follows: at least 54 percent for infrastructure projects that address a hazardous road location or feature and address an identified highway safety problem; at least 29 percent for strategies and activities to address behavioral causes of crashes that result in fatalities and severe injuries; and up to 17 percent towards an investment strategy intended to achieve a significant reduction in the anticipated number of fatalities and severe injuries over a five-year period.

Establishes the Interstate Operations and Enhancement Program.
The bill would establish an Interstate Operations and Enhancement Program to improve the safety, reliability, and travel flow along interstate highway corridors in the Commonwealth. Funds for the program would be distributed from the TTF through VDOT construction programs. The CTB and the Office of Intermodal Planning and Investment would evaluate and prioritize potential strategies and improvements, with priority given to operational and transportation demand management strategies that improve reliability and safety of travel. The bill would require the funding be distributed proportionally to the Interstate 81 Corridor Improvement Fund and Northern Virginia Transportation Authority Fund based on the ratio of miles traveled by vehicles classified as Class 6 or higher by the Federal Highway Administration. The bill also would require that funding for other highway corridors be similarly proportional. The CTB would be required to report to the Governor and General Assembly on the status of the program.

Bond Authorizations
Commonwealth of Virginia Passenger Rail Facilities Bond Act of 2020
The bill's 16th enactment would create the Commonwealth of Virginia Passenger Rail Facilities Bond Act of 2020. This would authorize the CTB to issue up to $1.0 billion in bonds to support passenger rail improvements in the Commonwealth. The bill declares the goal of pursuing various rail and other infrastructure improvements leading into Washington, D.C. from Virginia, including a new bridge structure that crosses the Potomac River between Arlington County and the District of Columbia in the vicinity of the 14th Street Bridge complex and the Metro Fenwick Bridge. The bonds could be used for the construction, modification and/or acquisition of various rail facilities, structures, easements, rights-of-way, and equipment necessary for enhancing passenger rail access and the desired improvements. The CTB also is authorized to borrow money in anticipation of the issuance of bonds by the issuance of bond anticipation notes (BANs), including BANs issued as commercial paper.

The bill proposes that debt service on the bonds issued by the CTB, and repayment of any BANs issued, be paid solely from toll revenues associated with the Transform 66 Inside the Beltway express lanes project (the "Inside the Beltway Express Lanes"). The bill states that the revenues from the Inside the Beltway Express Lanes are intended to be applied to pay for transportation and other infrastructure improvements in and around the I-66 corridor. The bill authorizes the CTB to collect and set tolls at a level that would result in sufficient revenue generation to make debt service payments on bonds issued for passenger rail improvements and cover the operating expenses associated with toll facilities for the Inside the Beltway Express Lanes. The bill also declares that security for the bonds does not create or constitute a pledge of the faith and credit of the Commonwealth or any political subdivision. The bonds would not be considered tax-supported debt; as a result, they would not impact the Commonwealth's debt capacity.

Commonwealth Transportation Interstate 81 Corridor Bond Act of 2020
The bill's 17th enactment would create the Commonwealth Transportation Interstate 81 Corridor Bond Act of 2020. This would authorize the CTB to issue up to $1.0 billion in bonds to support improvements to the Interstate 81 (I-81) corridor. The bonds issued under this bond act would be in support of the I-81 Corridor Improvement Plan as established by

the 2019 General Assembly (Chapter 837, 2019 Acts of Assembly) and could be used for construction, improvement and/or acquisition of property, facilities, rights-of-way, and engineering necessary for improving transportation and safety in the corridor. Debt service on the bonds would be paid from the Interstate 81 Corridor Improvement Fund to which are deposited revenues from a regional fuels tax imposed in localities along the corridor. The bonds would not be considered tax-supported debt; as a result, they would not impact the Commonwealth's debt capacity.

9. **Specific Agency or Political Subdivisions Affected:** Commonwealth Transportation Board, Virginia Department of Transportation, Department of Rail and Public Transportation, Department of Motor Vehicles, Department of Aviation, Virginia Port Authority, Virginia Commercial Space Flight Authority, Northern Virginia Transportation Authority, Planning District 8, Northern Virginia Transportation District, localities, State Police

10. **Technical Amendment Necessary:** Yes. Lines 1467 through 1478. The amounts in Section 33.2-1526.1:3. describing transitional allocations for the Commonwealth Mass Transit Fund total over 100 percent for FY 2021 and FY 2022.

    Line 468. Strike "eight" and insert "twelve".

11. **Other Comments:** Under the provisions of the Virginia Passenger Rail Authority Act, the bill specifies that the sale of land or issuance of bonds requires an affirmative vote of six members of the Virginia Passenger Rail Authority Board of Directors present and voting. The bill proposes the Board include 12 nonlegislative citizen members with voting privileges; if all 12 were present and voting, six would represent less than a majority of the members. This language appears to be related to an earlier version of the bill which proposed a total of eight voting members of the Board.

Table 1: Summary of proposed Net Revenue and Distribution of the Commonwealth Transportation Fund

	FY 2021	FY 2022	FY 2023	FY 2024
Revenue and Commitments Provided in HB 1414				
Highway Use Fee	$38,000,000	$46,700,000	$55,900,000	$58,800,000
Reduce License Fees	$0	($163,200,000)	($164,700,000)	($165,400,000)
Increase Motor Fuels	$152,400,000	$319,600,000	$492,900,000	$542,600,000
Total Revenue Impact	**$190,400,000**	**$203,100,000**	**$384,100,000**	**$436,000,000**
CTF Direct Allocations				
Route 58/NVTD/Oak Grove	($61,000,000)	($61,000,000)	($60,000,000)	($60,000,000)
DMV and VSP	($6,400,000)	($6,400,000)	($6,400,000)	($6,400,000)
Net Revenue Impact	**$123,000,000**	**$135,700,000**	**$317,700,000**	**$369,600,000**
Expenditure and Distribution Impact				
Statewide Special Structures	**$20,000,000**	**$20,000,000**	**$80,000,000**	**$85,000,000**
Highway Maintenance and Operating Fund	**$19,255,429**	**$19,323,342**	**$49,917,225**	**$54,930,494**
Transportation Trust Fund				
Construction Programs				
State of good repair	$7,970,953	$6,257,570	$19,786,889	$23,294,188
High-priority projects program	$4,686,093	$3,806,356	$13,147,867	$16,009,751
Highway construction district grant programs	$4,686,093	$3,806,356	$13,147,867	$16,009,751
Interstate Operations and Enhancement Program	$3,514,570	$4,284,642	$13,278,044	$16,329,946
Virginia Highway Safety Improvement Program	$2,113,336	$1,773,642	$5,727,784	$8,405,119
Total Construction Programs	**$22,617,398**	**$19,559,812**	**$64,714,345**	**$79,673,964**
Mass Transit Fund				
Washington Metropolitan Area Transit Authority matching allocation	$16,000,000	$34,000,000	$50,000,000	$50,000,000
Operating costs of transit providers (non-WMATA)	$10,333,971	$10,170,774	$17,371,037	$20,233,657
Capital purposes for transit providers (non-WMATA)	$6,379,455	$5,382,471	$12,509,739	$13,264,287
WMATA capital and operating assistance	$17,795,322	$17,510,507	$30,010,410	$34,921,794
Special programs	$969,976	$978,631	$1,555,615	$1,798,547
Transit Incentive Program	$1,865,338	$978,631	$3,370,500	$4,721,187
Total Mass Transit Fund*	**$53,306,754**	**$68,951,112**	**$114,817,301**	**$124,939,472**
Commonwealth Rail Fund				
Virginia Passenger Rail Authority allocation	$3,285,016	$3,354,959	$3,244,782	$17,066,682
DRPT allocation	$305,165	$311,663	$301,428	$1,585,429
Total Commonwealth Rail Fund	**$3,590,181**	**$3,666,622**	**$3,546,210**	**$18,652,111**
Total Commonwealth Port Fund	**$2,736,910**	**$2,690,047**	**$2,825,539**	**$3,933,418**
Total Commonwealth Aviation Fund	**$828,355**	**$815,181**	**$1,112,839**	**$1,182,451**
Total Commonwealth Space Flight Fund	**$750,851**	**$722,432**	**$934,978**	**$1,243,467**
Priority Transportation Fund	**($132,997)**	**($6,200)**	**($88,538)**	**($152,341)**
Total Department of Motor Vehicles	**$47,119**	**($22,348)**	**($79,899)**	**$196,964**
Total Transportation Trust Fund	**$83,744,571**	**$96,376,658**	**$187,782,775**	**$229,669,506**
Total Expenditure and Distribution Impact	**$123,000,000**	**$135,700,000**	**$317,700,000**	**$369,600,000**

***does not sum due to percentage allocations totalling over 100%**