

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: HB523

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

2. Patron: Subramanyam

3. Committee: Labor and Commerce

4. Title: Dulles Greenway.

5. Summary: Amends the powers and responsibilities of the State Corporation Commission (SCC) to regulate toll road operators under the Virginia Highway Corporation Act of 1988. The bill adds requirements that toll rates not materially discourage the public's use of the toll road, that the cost of operating the toll road be reasonably apportioned across all toll road users based on the relative distance each class of user travels on the toll road, such that the toll rates are established in a reasonable and nondiscriminatory manner in relation to the benefit obtained, and that toll rates shall provide the operator with no more than a reasonable return. In addition, the bill (i) requires the SCC, by October 1, 2020, to initiate an investigation into the tolls charged by all operators subject to the Act and to issue a ruling by April 1, 2021, on its investigation as to whether the current tolls charged by the operator comply with such new requirements; (ii) prohibits the SCC from using the fact that any incremental return resulting from increased traffic related to a relative change in potential toll users that is greater than zero on a cumulative basis as the sole basis for finding that the operator's return exceeds a reasonable level as specified in such new requirements, during any future complaint proceeding; (iii) requires the SCC, in its initial investigation, to develop a baseline from which it can measure the relative change in potential toll users and directs how the incremental return shall be computed; (iv) prohibits an operator from seeking a toll increase that attempts to raise its return above the reasonable level; (v) requires the full disclosure, in public financial reports to the SCC, of the details of any related party transactions; and (vi) establishes a presumption that any related party transactions shall be presumed to be imprudent and excluded from costs used for any purpose, including but not limited to costs of lobbyists, excessive compensation, and entertainment expenses, unless the operator provides information showing that at least three separate competitive bids demonstrate that the operator could not have achieved better contract terms from a third party.

6. Budget Amendment Necessary: Indeterminate – see Item 8.

7. Fiscal Impact Estimates: Indeterminate – see Item 8.

8. Fiscal Implications: The proposed legislation requires the State Corporation Commission (SCC) to initiate an investigation into the tolls charged by toll operators no later than October 1, 2020 and issue a ruling on its investigation no later than April 1, 2021. The bill also

requires the SCC to develop a baseline from which it can measure the relative change in potential toll users in conducting its initial investigation into tolls charged by operators. According to the SCC, the requirement to develop a baseline from which it can measure the relative change in potential toll users could require the SCC to hire an external consultant; however, the scope and cost of the contract cannot be determined at this time.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission and Virginia Department of Transportation

10. Technical Amendment Necessary: No.

11. Other Comments: None.