

Department of Planning and Budget 2007 Fiscal Impact Statement

1. Bill Number HB 2703

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

2. Patron Hugo

3. Committee House Appropriations

4. Title Transportation District Programs, and Transportation Projects Fund; created.

5. Summary/Purpose:

The proposed legislation would require that beginning on July 1, 2007, an amount of state sales and use tax revenue equal to one-half percent of the sales and use tax be deposited into a new Commonwealth Transportation Projects Fund, which would be part of the Transportation Trust Fund, for transportation projects in each highway construction district distributed on a pro rata basis, based on the total sales and use tax collected in the localities in each highway construction district.

The bill would also create a transportation program for each highway construction district (similar to the Northern Virginia Transportation Program) as the means by which the revenues are distributed. In addition, the revenues may be used to issue bonds annually with a face value up to two-thirds of the amount of revenue estimated to be dedicated for each respective fiscal year, with the bond proceeds distributed to each transportation program on the same pro rata basis.

For all the transportation programs other than that for Northern Virginia and that for Hampton Roads, the Commonwealth Transportation Board shall determine the transportation projects to be funded. The transportation projects to be funded in Northern Virginia shall be as determined by the Northern Virginia Transportation Authority. The transportation projects to be funded in Hampton Roads shall be as determined by the Hampton Roads Metropolitan Planning Organization with the advice and consent of the members of the House Appropriations and Senate Finance Committees residing in Planning District 23.

6. Fiscal Impact: Preliminary.

<i>General Fund</i>	
<i>Fiscal Year</i>	<i>Amount</i>
FY 2008	(\$536,000,000)
FY 2009	(\$564,400,000)
FY 2010	(\$597,200,000)
FY 2011	(\$625,600,000)
FY 2012	(\$651,500,000)
FY 2013	(\$671,000,000)

<i>Nongeneral Fund</i>	
<i>Fiscal Year</i>	<i>Amount</i>
FY 2008	\$536,000,000
FY 2009	\$564,400,000
FY 2010	\$597,200,000
FY 2011	\$625,600,000
FY 2012	\$651,500,000
FY 2013	\$671,000,000

7. Budget amendment necessary: Yes. Item 443. The reduction in general fund revenues would likely require there be significant reductions in general fund appropriations for some programs or some agencies in FY 2008.

8. Fiscal implications:

The new Commonwealth Transportation Projects Fund would also receive one-half percent of the state retail sales tax which currently supports the general fund. The retail sales tax revenues are to be transferred from the Commonwealth Transportation Projects Fund to the new transportation district programs on a pro rata basis pursuant to the amount of sales tax revenue each locality in the district paid.

According to the Department of Treasury, the debt issued under the authority of this bill would be tax-supported debt of the Commonwealth. If 10-year notes were issued at an interest rate of 4.25 percent, utilizing the maximum debt service available, the principal amount of outstanding notes could potentially reach \$4.8 billion.

9. Specific agency or political subdivisions affected:

All county and city governments
Hampton Roads Metropolitan Planning Organization
Northern Virginia Transportation Authority
Department of Transportation
Commonwealth Transportation Board
Department of Treasury

10. Technical amendment necessary: None.

11. Other comments:

- 1) The proposed legislation authorizes the Hampton Roads Metropolitan Planning Organization (MPO) to determine the projects to be funded in the Hampton Roads Transportation District Program, with the advice and consent of certain members of the General Assembly who live within the boundaries of the MPO. The Hampton Roads district is comprised of VDOT's Hampton Roads construction district, which includes counties and cities which lie outside of the Hampton Roads MPO. The term "advise and

consent” should be clarified. For example, would the General Assembly members be able to block a specific project?

Date: 01/30/07 / smc

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cc: Secretary of Finance

Secretary of Transportation