

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: HB111

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

2. Patron: Scott, E.T.

3. Committee: House Appropriations

4. Title: **"Revenue-sharing" funds for highway systems in certain counties, cities, and towns**

- 5. Summary:** The proposed legislation amends the process for the distribution of funds to counties, cities and towns pursuant to the revenue sharing program. The bill provides that the funding for the program is to be from additional revenues made available by the General Assembly after January 1, 2008, rather than from annual allocations of state funds for maintenance. The legislation also allows for requests for projects between two or more localities, and requires funding requests to be accompanied by a prioritized listing of specific projects. The proposed bill eliminates the use of revenue sharing funding for the maintenance of highway systems within the locality.

The also bill amends the prioritization process used by the Commonwealth Transportation Board in awarding grants to localities. In allocating these funds, the Board must give priority (i) first when such project is administered by the county, city, or town, either directly or by contract with another entity, (ii) second when such county, city, or town commits more local funding than the amount of revenue-sharing funding requested, and (iii) third when the allocation will accelerate an existing project in the Six-Year Improvement Program or the locality's capital plans. The bill contains an enactment clause with an effective date of July 1, 2009 for the changes to the prioritization process.

Currently, the Code of Virginia caps the revenue sharing program at \$50 million per fiscal year. The bill amends the Code to allow no less than \$15 million per fiscal year, subject to appropriation for such purpose.

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

7. Budget Amendment Necessary: None.

- 8. Fiscal Implications:** Item 455 of the Governor's proposed budget allocates \$15 million to the revenue sharing program. Language in Item 455 directs that the remaining funding necessary to meet the funding requirements contained in §33.1-23.05 be provided from the proceeds of the Commonwealth of Virginia Transportation Capital Projects Revenue Bonds pursuant to §33.1-23.4:01. It is unclear how the changes to the funding requirement in §33.1-23.05 contained in the proposed legislation will impact the amount of funding to be provided from the proceeds of the bonds. It is also unclear what additional revenues will be provided

by the General Assembly after January 1, 2008. The bond proceeds directed by §33.1-23.4:01 to be provided to the revenue sharing program were authorized by the General Assembly during the 2007 session.

9. Specific Agency or Political Subdivisions Affected: Department of Transportation, Commonwealth Transportation Board, counties, cities and towns of the Commonwealth.

10. Technical Amendment Necessary: None.

11. Other Comments: This bill is identical to SB 99.

Date: 1/16/2008 dpb/smc

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cc: Secretary of Finance
Secretary of Transportation