

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: HB2331

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Lingamfelter

3. Committee: Appropriations

4. Title: Allocation of highway maintenance and construction funds.

5. Summary: The proposed legislation alter the method used to provide funding for the maintenance of highways. Currently, maintenance needs are funded first from all available transportation funds. The Commonwealth Transportation Board (CTB) determines the amount of funding necessary, and allocates such funding from the Highway Maintenance and Operating Fund. If the revenues in the fund are insufficient, funds in the Transportation Trust Fund are utilized. Of the funds remaining in the Transportation Trust Fund, the CTB makes allocations for highway construction. In FY 2012, the transfer is estimated to be \$448.9 million from the Transportation Trust Fund to provide for the maintenance needs.

The proposed legislation would direct the CTB to utilize only those revenues provided to the Highway Maintenance and Operating Fund in allocating funds for maintenance. The funds deposited in the Transportation Trust Fund would be used only for highway construction, after the CTB sets aside funds for administrative and general expenses.

6. Budget Amendment Necessary: Yes. The amount provided for highway maintenance in Item 453 would need to be reduced in FY 2012 to reflect the loss of Transportation Trust Fund support. An adjustment in an equal amount will need to be made to the construction program in Item 452.

Also, the proposed legislation conflicts with language in Item 436 A.1., which directs that the highway share of the Transportation Trust Fund be used for maintenance purposes prior to construction activities.

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

8. Fiscal Implications: The proposed legislation would restrict the CTB's ability to fully fund the Commonwealth's maintenance needs. The CTB would be limited to only the revenues deposited into the Highway Maintenance and Operating Fund, which have been insufficient for several years. VDOT has relied on a crossover of funds from the Transportation Trust Fund to cover the maintenance budget.

9. Specific Agency or Political Subdivisions Affected: Department of Transportation

10. Technical Amendment Necessary: None.

11. Other Comments: The bill strikes language referring to two transfers that are taken off the top of the Transportation Trust Fund before allocations are made. These transfers, set out in §33.1-23.1:1 and §33.1-23.1:2, are not struck by the proposed legislation. It is not clear if they would still be effective.

Date: 1/27/2011 dpb/smc

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