

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: HB1248

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: Transportation construction, operation and maintenance, and funding.

5. Summary: The proposed legislation would amend various Code provisions regarding transportation planning, operation, and funding.

Transportation Funding:

The bill would increase from two-thirds to three-fourths the amount of any general fund surplus that is deposited to the Transportation Trust Fund. The bill would also direct that in any year in which general fund growth is five percent or greater, at least one percent shall be transferred to the Transportation Trust Fund (TTF). The bill would allow amounts from both sources to be deposited into the TTF or one of its subfunds. The bill increases the amount of sales and use tax that is deposited in the Transportation Trust Fund from the current 0.5 percent to 0.75 percent by FY 2020. The years of the increase are FY 2013, FY 2015, FY 2017, FY 2019 and FY 2020. The additional funding is to be paid to the Highway Maintenance and Operating Fund (HMOF).

The proposed legislation would create the Transportation Improvement District Fund (TIDF) into which would be deposited 25 percent of the growth in tax revenue generated within specified transportation improvement districts. The districts are to surround transportation projects identified by the Commonwealth Transportation Board with the Governor's approval. The tax sources identified are the retail sales tax, the individual and corporate income tax and the insurance license tax.

The bill amends the formula through which VDOT allocates construction funding by directing the first \$500 million for specified purposes prior to allocation to the primary, secondary and urban systems. It also authorizes the Commonwealth Transportation Board (CTB) to accept fees for naming or sponsorship rights on transportation facilities. Revenues from such fees are to be deposited in the HMOF. The bill also authorizes local governments to contribute local funds to toll road projects within their jurisdictions to reduce the rates of the toll road.

Operations and Planning:

The bill makes amendments to the revenue sharing program to allow local partners to use the

funding for maintenance activities. It amends the provisions involving local and regional transportation planning to ensure consistency with state plans. It also authorizes VDOT to bid for interstate maintenance contracts when supported by a cost-benefit analysis.

The bill creates the Virginia Toll Road Authority, which is to be led by a board of directors of 11 citizens appointed by the Governor and the Secretary of Transportation. One director is to be appointed for each congressional district. The proposed legislation authorizes the Toll Road Authority to construct and operate toll roads within the Commonwealth and issue revenue bonds for their construction. Such revenue bonds would not be tax-supported debt and would not impact the Commonwealth's debt capacity. The Commonwealth Transportation Board is to determine which projects are to be constructed or transferred to the Authority. An enactment clause directs the Department of Transportation to provide staff support to the Authority until it is fully operational and receive reimbursement for such support.

The bill contains two additional enactment clauses. One directs the Secretary of Transportation to study the establishment of a new Northern Virginia Metropolitan Planning Organization. Another enactment clause directs the Secretary of Transportation to work with stakeholder groups to develop a proposal for the devolution of secondary road maintenance to local control in counties with populations greater than 200,000. Currently, the state is responsible for such maintenance.

- 6. Budget Amendment Necessary:** None. The Governor's introduced budget assumes the impact to the general fund and the HMOF in FY13 and FY 14.
- 7. Fiscal Impact Estimates:** Preliminary. See Item 8.

7a. Revenue Impact:

Fiscal Year	General Fund	Highway Maintenance and Operating Fund
2012	\$0	\$0
2013	(\$54,400,000)	\$54,400,000
2014	(\$56,600,000)	\$56,600,000
2015	(\$117,600,000)	\$117,600,000
2016	(\$123,300,000)	\$123,300,000
2017	(\$193,000,000)	\$193,000,000
2018	(\$200,600,000)	\$200,600,000

- 8. Fiscal Implications:** The proposed legislation would provide an additional \$111.0 million to the Highway Maintenance and Operating Fund for the biennium, as provided for in the Governor's introduced budget. The additional funding will supplant construction funding from the Transportation Trust Fund which is currently required to fully fund the state's maintenance needs. The offset construction funding will be programmed to highway improvement projects. The new allocation formula for the construction fund will better

ensure that limited construction funding is directed to areas in which it will have the greatest effect.

The bill would provide additional funding to transportation from general fund growth in years in which general fund balances or growth meets the triggers specified in the bill. Any such funding cannot be determined at this time.

The additional general fund support from the transportation improvement district also cannot be determined at this time as it depends on the date of the completion of the project and the tax growth generated by development within the district. No fiscal impact from the improvement districts will be incurred within the current biennium.

In addition, the funding generated by naming rights and sponsorships cannot be determined at this time. Any additional funding received by VDOT from these sources and deposited to the Highway Maintenance and Operating Fund would further offset the construction funding necessary to support the state's highway maintenance activities.

It is currently unknown what projects the Toll Road Authority may undertake. Any projects constructed by the Authority with revenue bond proceeds would free state transportation funding for other priorities.

- 9. Specific Agency or Political Subdivisions Affected:** Virginia Department of Transportation, local governments

- 10. Technical Amendment Necessary:** None.

- 11. Other Comments:** Identical to SB639.

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