Department of Planning and Budget
2012 Fiscal Impact Statement

1. **Bill Number:** HB1248

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

2. **Patron:** Lingamfelter

3. **Committee:** Passed both houses

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 allow that two-thirds of any general fund surplus that is deposited to the Transportation Trust Fund (TTF) may also be deposited into one of the TTF's subfunds. It would also remove language that prohibits the other one-third of the surplus designated to nonrecurring expenditures from being used for transportation projects.

   The bill amends the formula through which the Department of Transportation (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 rights on transportation facilities. The bill contains an enactment clause requiring VDOT to develop guidelines and fees for the naming rights and report to General Assembly committees prior to adopting the guidelines. Revenues from such fees are to be deposited in the Highway Maintenance and Operating Fund (HMOF).

   The bill also imposes a $50 annual license tax on electric motor vehicles. The additional funding generated by the tax is to be deposited to the HMOF.

   Operations and Planning:
   The bill makes amendments to the revenue sharing program to allow local partners to use the funding for maintenance activities.

   The bill amends the provisions involving local and regional transportation planning to ensure consistency with state plans. Localities must submit changes to the transportation component of comprehensive plans for VDOT review. If localities or metropolitan planning organizations do not amend their plans when they conflict with state plans, the CTB is authorized to reallocate funding from the nonconforming project as permitted by state and federal law. Localities and regional organizations are to reimburse VDOT for expenses when terminating a project or requesting alterations that exceed 10 percent of the total project cost.

6. **Budget Amendment Necessary**: See Item 8.

7. **Fiscal Impact Estimates:** Final. See Item 8.

8. **Fiscal Implications:** The Governor's introduced budget provides $111.0 million for the biennium to the HMOF by redirecting 0.05 percent of the retail sales tax from the general fund. The final version of this legislation does not include transfer of the sales tax revenue to Transportation. The proposed budget approved by the Senate Finance Committee removed the transfer of general fund to the HMOF consistent with this legislation. The most recent budget approved by the House (HB1301) included the general fund transfer at a smaller amount of $94.6 million for the biennium.

   If the final budget passed is intended to be consistent with this legislation, then adjustments to the Governor's introduced budget are required. An adjustment to the front page is needed to increase general fund revenues by $54.4 million in FY2013 and $56.6 million in FY2014 and to decrease nongeneral fund revenues by the same amounts each year. In addition, a reduction of $54.4 million the first year and $56.6 million the second year is recommended to the nongeneral fund appropriation in Item 447.

   The funding generated by naming rights is not currently known. An initial review by marketing representatives from VDOT provides an estimate of the level of funding the naming right fees could produce, although the amount generated depends on the number of eligible transportation facilities that receive bids. The review identified Interstate, primary and secondary routes, as well as bridges, interchanges, tunnels and a ferry, that would be eligible for naming. With five percent of eligible facilities named, $5.5 million could be generated annually. At 20 percent saturation, naming rights could generate $21.8 million a year. If all the eligible facilities in Virginia are named, up to $109.1 million could be raised annually. Any funding received by VDOT from the naming right fees would be deposited to the Highway Maintenance and Operating Fund and used to offset the transfer of construction funding that is necessary to support the state's highway maintenance activities.

   The bill would also charge a $50 license tax on electric vehicles. Currently, there are 780 electric vehicles registered in Virginia, which would generate $39,000 in revenue.

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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