

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: HB1248

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

2. Patron: Lingamfelter

3. Committee: Finance

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 eight percent or greater, the Governor may provide at least one percent to the Transportation Trust Fund (TTF) in the Appropriation Act. The bill would allow amounts from both sources to be deposited into the TTF or one of its subfunds. The bill provides sales and use tax revenue to the Highway Maintenance and Operating Fund (HMOF). The amount is to start at 0.05 percent in FY2013 and increase by 0.05 percent to 0.25 percent by FY 2020. The years of the 0.05 percent increase are FY 2015, FY 2017, FY 2019 and FY 2020.

The bill amends the formula through which 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 or sponsorship 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 HMOF.

Operations and Planning:

The bill makes amendments to the revenue sharing program to allow local partners to use the funding for maintenance activities. It also authorizes the VDOT commissioner or the CTB to award interstate maintenance contracts.

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:** Yes. An adjustment to the front page is needed to increase general fund revenues by \$7.9 million in FY2013 and \$8.5 million in FY2014 and to decrease nongeneral fund revenues by the same amounts each year. In addition, a budget amendment is also recommended to Item 447. The Governor's introduced budget provides \$54.4 million in FY2013 and \$56.6 million in FY2014 to the Highway Maintenance and Operating Fund (HMOF) in coordination with the sales tax funding that was transferred to the fund pursuant to the introduced version of this legislation. With the changes made by the substitute, the additional appropriation provided to the HMOF is less. A reduction of \$7.9 million the first year and \$8.5 million the second year is recommended in Item 447.

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

7a. Revenue Impact:

Fiscal Year	General Fund	Highway Maintenance and Operating Fund
2012	\$0	\$0
2013	(\$46,500,000)	\$46,500,000
2014	(\$48,100,000)	\$48,100,000
2015	(\$100,600,000)	\$100,600,000
2016	(\$105,400,000)	\$105,400,000
2017	(\$165,000,000)	\$165,000,000
2018	(\$171,600,000)	\$171,600,000

- 8. Fiscal Implications:** The proposed legislation would provide an additional \$95.0 million to the Highway Maintenance and Operating Fund for the biennium. 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 road and bridge improvement projects.

The Governor's introduced budget provides \$111.0 million to the HMOF from the general fund due to a different method of calculating the sales tax generated by 0.05 percent. The proposed substitute does not include the revenue generated from sales of food, and therefore generates a lower revenue amount than that included in the introduced budget.

The bill could 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.

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.

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

10. Technical Amendment Necessary: None.

11. Other Comments: Similar to SB639 S1.

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