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HOUSE BILL NO. 1095**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the House Committee on Appropriations
on January 29, 2014)

(Patron Prior to Substitute—Delegate Peace)

A *BILL to amend and reenact §§ 33.1-13.03 and 33.1-23.1 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 33.1-23.06, relating to the Innovation and Technology Transportation Fund.*

Be it enacted by the General Assembly of Virginia:

1. That §§ 33.1-13.03 and 33.1-23.1 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 33.1-23.06 as follows:

§ 33.1-13.03. Annual report by the Virginia Department of Transportation.

The Commissioner of Highways shall annually report in writing to the Governor and General Assembly, no later than November 30 each year, on (i) the condition and performance of the existing transportation infrastructure, using an asset management methodology and generally accepted engineering principles and business practices to identify and prioritize maintenance and operations needs and to identify performance standards to be used to determine those needs, and funding required to meet those needs, (ii) the Department's strategies for improving safety and security, increasing efficiency in agency programs and projects, and collaborating with the private sector and local government in the delivery of services, (iii) the operating and financial activities of the Department including, but not limited to, the construction and maintenance programs, transportation costs and revenue, and federal allocations, (iv) *the use of funds in the Innovation and Technology Transportation Fund established pursuant to § 33.1-23.06, and* ~~(iv)~~ (v) other such matters of importance to transportation in the Commonwealth.

§ 33.1-23.06. Innovation and Technology Transportation Fund.

There is hereby created in the state treasury a special nonreverting fund to be known as the Innovation and Technology Transportation Fund, referred to in this section as "the Fund." The Fund shall be established on the books of the Comptroller. The amount allocated pursuant to subsection B of § 33.1-23.1 and any funds as may be appropriated by the General Assembly shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of funding pilot programs and fully developed initiatives pertaining to high-tech infrastructure improvements. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Secretary of Transportation. "High-tech infrastructure improvements" means those projects or programs identified by the Board that reduce congestion, improve mobility, improve safety, provide up-to-date travel data, or improve emergency response. No later than November 30 each year, the Commissioner of Highways shall report in writing to the Governor and General Assembly on the use of moneys in the Fund.

§ 33.1-23.1. Allocation of funds among highway systems.

A. The Commonwealth Transportation Board shall allocate each year from all funds made available for highway purposes such amount as it deems reasonable and necessary for the maintenance of roads within the interstate system of highways, the primary system of state highways, the secondary system of state highways and for city and town street maintenance payments made pursuant to § 33.1-41.1 and payments made to counties which have withdrawn or elect to withdraw from the secondary system of state highways pursuant to § 33.1-23.5:1.

B. After funds are set aside for administrative and general expenses and pursuant to other provisions in this title that provide for the disposition of funds prior to allocation for highway purposes, and after allocation is made pursuant to subsection A, the Commonwealth Transportation Board shall allocate an amount determined by the Board, not to exceed \$500 million in any given year, as follows: 25 percent to bridge reconstruction and rehabilitation; 25 percent to advancing high priority projects statewide; 25 percent to reconstructing deteriorated interstate and primary system pavements determined to have a Combined Condition Index of less than 60; 15 percent to projects undertaken pursuant to the Public-Private Transportation Act of 1995 (§ 56-556 et seq.); five percent to paving unpaved roads carrying more than 200 vehicles per day; and five percent to ~~smart roadway technology~~ *the Innovation and Technology Transportation Fund established pursuant to § 33.1-23.06 for high-tech infrastructure improvements*, provided that, at the discretion of the Commonwealth Transportation Board, such percentages of funds may be adjusted in any given year to meet project cash flow needs or when funds cannot be expended due to legal, environmental, or other project management considerations and provided that such allocations shall cease beginning July 1, 2020. After such allocations are made, the

60 Board may allocate each year up to 10 percent of the funds remaining for highway purposes for the
61 undertaking and financing of rail projects that, in the Board's determination, will result in mitigation of
62 highway congestion. After the foregoing allocations have been made, the Board shall allocate the
63 remaining funds available for highway purposes, exclusive of federal funds for the interstate system,
64 among the several highway systems for construction first pursuant to §§ 33.1-23.1:1 and 33.1-23.1:2 and
65 then as follows:

66 1. Forty percent of the remaining funds exclusive of federal-aid matching funds for the interstate
67 system shall be allocated to the primary system of state highways, including the arterial network, and in
68 addition, an amount shall be allocated to the primary system as interstate matching funds as provided in
69 subsection B of § 33.1-23.2.

70 2. Thirty percent of the remaining funds exclusive of federal-aid matching funds for the interstate
71 system shall be allocated to urban highways for state aid pursuant to § 33.1-44.

72 3. Thirty percent of the remaining funds exclusive of federal-aid matching funds for the interstate
73 system shall be allocated to the secondary system of state highways.

74 C. In addition, the Commonwealth Transportation Board, from funds appropriated for such purpose
75 in the general appropriation act, shall allocate additional funds to the Cities of Newport News, Norfolk,
76 and Portsmouth and the County of Warren in such manner and apportion such funds among such
77 localities as the Board may determine, unless otherwise provided in the general appropriation act. The
78 localities shall use such funds to address highway maintenance and repair needs created by or associated
79 with port operations in those localities.

80 D. Notwithstanding the foregoing provisions of this section, the General Assembly may, through the
81 general appropriations act, permit the Governor to increase the amounts to be allocated to highway
82 maintenance, highway construction, either or both.

83 E. As used in this section:

84 "Bridge reconstruction and rehabilitation" means reconstruction and rehabilitation of those bridges
85 identified by the Department of Transportation as being functionally obsolete or structurally deficient.

86 "High priority projects" means those projects of regional or statewide significance identified by the
87 Board that reduce congestion, increase safety, create jobs, or increase economic development.

88 "Smart roadway technology" *"High-tech infrastructure improvements"* means those projects or
89 programs identified by the Board that reduce congestion, improve mobility, improve safety, provide
90 up-to-date travel data, or improve emergency response.