

Department of Planning and Budget

2017 Fiscal Impact Statement

1. Bill Number: HB2448

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

2. Patron: Marshall, R.G.

3. Committee: Appropriations

4. Title: Measures to relieve traffic congestion in certain areas of the Commonwealth.

5. Summary: This bill requires that 50 percent of payments from the Commissioner of Highways to a locality for the maintenance, construction, and reconstruction of highways be based on the ratio of vehicle miles traveled on highways within the locality to the total vehicle miles traveled on highways in the Commonwealth. Under current law, such payments are based on the number of moving-lane-miles in the locality, and under the bill, the remaining 50 percent of such payments will continue on that basis.

This bill also establishes a refundable individual income tax credit, for taxable years beginning on and after January 1, 2017, but before January 1, 2022, in an amount equal to 50 percent of the value of any tolls paid for driving on Interstate Route 66.

6. Budget Amendment Necessary: Yes. Adjustment to general fund revenues in FY 2018.

7. Fiscal Impact Estimates: Preliminary. See Item 8

8. Fiscal Implications:

Tax Credit

Based on preliminary data from the Office of the Secretary of Transportation, an estimated \$18.0 million in tolls could be generated from I-66 in FY 2018. If all such revenues were paid by Virginians and all of these Virginians claimed the 50 percent income tax credit provided under this legislation, the potential negative impact to the general fund would be \$9.0 million.

The Virginia Department of Transportation (VDOT) has a private service provider that records electronic toll payments for all Commonwealth of Virginia Toll Facilities. To assist toll patrons with information to support the tax credit, the service provider would be responsible for sending an annual summary of electronic toll payments to all patrons who utilized I-66 Inside the Beltway. Electronic transmission of patron annual toll statements will likely be an option, but VDOT would instruct the service provider to send the first year's tax statements to all I-66 toll patrons using their addresses in the E-Zpass database. It is unknown at this time how much the preparation and mailing of these statements would cost.

In subsequent years, patrons could be allowed to opt in for electronic annual toll statements; electronic transmission would reduce the cost of distributing the toll statements.

The Department of Taxation believes it can incorporate the necessary activities to implement this tax credit into its regular operations, unless multiple tax-related bills pass that cumulatively create a need for administrative funding for the agency.

Urban Transportation Services District

Virginia Code § 15.2-2403.1 states that any urban county that has established an urban transportation service district (UTSD) in accordance with this section shall maintain the roads within such district. The statute currently gives the county an amount equal to the per lane mile maintenance payments made to cities and certain towns pursuant to § 33.2-319 for the area within the district for purposes of road maintenance. The proposed bill amends § 15.2-2403.1 so that counties with UTSDs would receive the payments in accordance with the proposed revision to urban maintenance payments in § 33.2-319. Therefore, there will be a financial impact if counties elect to establish UTSD's. Since there are no counties currently taking advantage of the UTSD statute, the exact financial impacts are not known.

The proposed legislation does not specify the funding source from which the road maintenance payment to the UTSD counties will be paid. If the allocation is required to come from VDOT's maintenance budget, the impact could be significant. The actual amount would depend on the size of the UTSD.

This proposed legislation also changes the amount received by the counties that take over maintenance of their roads, as changes to the rate will be based on moving-lane-miles and vehicle miles traveled on highways or portions thereof pursuant to § 33.2-319.

Urban Maintenance Payments

Virginia Code § 33.2-319 allows VDOT to make quarterly highway maintenance payments to qualifying urban localities for eligible roads based on the number of lanes available to peak hour traffic.

The payments are calculated per moving-lane-mile using two categories that are based on functional classification (Arterials and Locals/Collectors). The urban street maintenance payment rates for FY 2017 are \$20,717 per-lane-mile for Arterials and \$12,161 per-lane-mile for Local/Collectors.

In accordance with 24VAC30-325-10, turning lanes (including center turning lanes), shoulders, and on-street parking areas are not counted when developing the urban street inventory.

This proposed legislation would distribute 50 percent of the allocations available for the urban street maintenance payment program using the current per moving-lane-mile calculation process identified above based on functional classification. The remaining 50 percent of the allocations would be distributed based on the total ratio of vehicle-miles-traveled (VMT) to the total statewide VMT.

A preliminary review of this alternative by VDOT found that approximately 70 percent of local governments now receiving maintenance payments would see a reduction in those payments. This is based on the assumption that the total budget for urban maintenance payments is unchanged and the payments to each locality gets redistributed based on 50 percent under the current process and 50 percent using the localities VMT ratio to the total statewide VMT. An additional \$19 million of nongeneral fund revenues would be needed to hold urban localities harmless.

- 9. Specific Agency or Political Subdivisions Affected:** VDOT; Department of Taxation; all urban localities that receive maintenance payments; all localities if additional funds to address any increase have to come from remaining funds for maintenance and construction.

10. Technical Amendment Necessary: No

11. Other Comments: None