# Department of Planning and Budget
## 2019 Fiscal Impact Statement Template

1. **Bill Number:** SB1716

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

2. **Patron:** Obenshain

3. **Committee:** Finance

4. **Title:** Interstate 81; tolling; Interstate 81 Corridor Improvement Fund.

5. **Summary:** Authorizes the Commonwealth Transportation Board (the Board) to impose tolls on Interstate 81, subject to conditions and limitations set forth in the bill. If the Board implements the tolls, it also would be required to offer annual toll passes for passenger vehicles. Revenues from such tolls would be deposited in the Interstate 81 Corridor Improvement Fund, established by the bill, and be used for capital, operating, and improvement costs along the Interstate 81 corridor. In allocating such revenues, the Board would develop and update, in consultation with an Interstate 81 Committee established by the bill, an Interstate 81 Corridor Improvement Program.

6. **Budget Amendment Necessary**: No.

7. **Fiscal Impact Estimates:** Preliminary. See item 8, below.

8. **Fiscal Implications:** The proposed bill would authorize the Commonwealth Transportation Board (CTB) to implement tolling along Interstate 81 (I-81) in order to fund improvements to I-81 and other roads in the corridor.

   The bill's language authorizes tolls up to $0.17 per mile per segment for vehicles defined as Class 6 or higher by the Federal Highway Administration (FHWA). Such vehicles would include medium- and heavy-duty trucks with three or more axles. The bill would limit tolls for all other vehicles at two-thirds the rate of Class 6 and higher vehicles. The bill also would limit the total toll for the entire length of I-81 in one direction to $55.25 for vehicles Class 6 and higher; similarly, the total toll for other vehicles would be limited to two-thirds of the Class 6 and up rate. The CTB also would be required to offer an annual pass for passenger motor vehicles that, for a fee not exceeding a full-length round trip, would entitle such vehicles to travel on I-81 without additional tolls for 12 months.

   In the event that the CTB elects to begin tolling on I-81, additional nongeneral fund revenue would be collected and deposited to the Interstate 81 Corridor Improvement Fund established by the legislation. The Fund would be used for capital, operating, tolling operations and maintenance, and other improvement costs identified in an Interstate 81 Corridor Improvement Plan adopted by the CTB.

The Interstate 81 Corridor Improvement Plan was approved by the CTB in December 2018 and presented to the General Assembly. An initial review identified $2.0 billion of potential, prioritized capital improvement projects for the I-81 corridor. The plan estimated that a system of time-variable tolls for trucks ($0.15/mile from 6:00 am to 9:00 pm; $0.075/mile from 9:00 pm to 6:00 am) and passenger automobiles ($0.075/mile from 6:00 am to 9:00 pm; $0.05/mile from 9:00 pm to 6:00 am) with an annual pass cost of $30 could generate $145.0 million annually in toll revenue, once the tolls are fully implemented based on anticipated traffic and usage patterns.

Annual revenue is expected to increase in future years based on estimates of increased utilization of I-81. It is expected that the revenue generated by the tolls would be sufficient to make additional operational improvements, support tolling operational costs, and to pay debt service on toll revenue bonds for the full $2.0 billion in identified improvements.

Assuming all projects are funded through toll-supported debt, considered 9(c) bonds, the Commonwealth's debt capacity would not be impacted. Bond issuances would need to be approved by the General Assembly. Additional nongeneral fund appropriation would be needed to make debt service payments from the Fund in future years. It could take several years to fully implement tolling on I-81. As a result, any fiscal impact is not likely to occur during the current biennium. To the extent that any expenditures are necessary during the current biennium, prior to receipt of toll revenues, Item 450 I. of the Governor's Introduced Budget (HB1700/SB1100) includes a general fund appropriation of $75.0 million for the Virginia Transportation Infrastructure Bank in FY 2020 and allows for a portion of the funding to be used for startup costs associated with an I-81 tolling initiative.

The bill also would require the CTB to report annually on the status and implementation of the Interstate 81 Corridor Program. The bill also establishes an Interstate 81 Committee consisting of 15 members (two of which are ex-officio) including: the five chairs of the Planning Districts impacted, three members of the House of Delegates residing in the impacted Planning Districts, two member of the Senate residing in the impacted Planning Districts, and the three CTB members representing the Bristol, Salem, and Staunton Construction Districts. The Commissioner of Highways and the Commissioner of the Department of Rail and Public Transportation (DRPT) would serve as ex-officio members of the committee. The committee would be required to meet four times per year and consult with interested stakeholders. As a result of member participation in the committee's meetings, an estimated $6,000 in interim compensation and $3,300 in travel costs would be charged to the General Assembly's budget.

VDOT and DRPT would be required to support the committee as appropriate. At this time, the costs of supporting the committee are indeterminate; however, it is anticipated that VDOT and DRPT could absorb the costs within existing resources.

9. **Specific Agency or Political Subdivisions Affected:** Commonwealth Transportation Board, Department of Transportation, Department of Rail and Public Transportation.

10. **Technical Amendment Necessary:** No.

**11. Other Comments:** This bill is identical to HB2718.

This bill would implement the financing option identified by the CTB's Interstate 81 Corridor Improvement Plan, required by Chapter 743, 2018 Acts of Assembly, by establishing a dedicated Fund for I-81 improvements and authorizing the CTB to establish tolls along I-81 to finance those improvements.