Department of Planning and Budget
2020 Fiscal Impact Statement

1. **Bill Number:** SB890

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

2. **Patron:** Saslaw

3. **Committee:** Passed Both Houses

4. **Title:** Transportation; amends numerous laws related to funds, safety programs, revenue sources, etc.

5. **Summary:** The bill adopts numerous structural changes to the transportation funding system in the Commonwealth. Most transportation revenues are directed to a new Commonwealth Transportation Fund and the existing Highway Maintenance and Operating Fund. Funds are then disbursed, based on codified formulas, to subfunds established to meet the varying transportation needs of different modes of transportation.

The existing gas tax based on a percentage of the wholesale price of gasoline and diesel fuel is converted to a cents-per-gallon tax. A rate of $0.262 per gallon of gasoline will be phased in over two years, and then indexed every year thereafter.

Imposes a regional motor vehicle fuels sales tax at a rate of 7.6 cents per gallon of gasoline and 7.7 cents per gallon of diesel fuel in any county or city outside of the Northern Virginia or Hampton Roads regions or the Interstate 81 Corridor, where such a tax is already imposed. The new revenues will be returned to the Commonwealth Transportation Board (CTB) transportation district in which the revenues are generated via the construction district grant program. The bill also converts the existing regional motor vehicle fuels sales in Northern Virginia, Hampton Roads, and the Interstate 81 Corridor from a tax based on a percentage of the distributor price of a gallon of gasoline to this same cents per gallon rate. The rate will be indexed each year beginning July 1, 2021.

The Department of Motor Vehicles (DMV) will implement a Highway Use Fee for alternative fuel and fuel efficient vehicles. Alternatively, starting in July 1, 2022, a person whose vehicle would be subject to this new fee may elect to instead enroll in a mileage-based user fee program to be developed by the Department.

In Northern Virginia, the bill proposes a reduction in the regional Washington Metropolitan Area Transit Authority (WMATA) capital fee, a grantor's tax, from $0.15 per $100 of value to $0.10 per $100 of value. Proposes an additional grantor's tax of $0.10 per $100 of value, called the regional congestion relief fee, to be imposed on real estate sale transactions located in any county or city in Planning District 8. Revenue from the regional congestion relief fee would be deposited to the Northern Virginia Transportation Authority (NVTA) Fund. The bill also raises the existing transportation district transient occupancy tax and the local transportation transient occupancy tax in the localities in northern Virginia from two percent to three percent.

The bill authorizes the use of transportation bonds and funds to complete the final section of Corridor Q of the Appalachian Development Highway System, and authorizes bond issuances for improvements in the Interstate 81 and Interstate 66 corridors.

The bill establishes a new Virginia Passenger Rail Authority.

The bill also creates numerous new transportation safety programs, including an Interstate Operations and Enhancement Program, a Virginia Highway Safety Improvement Program, the Special Structures Program, and a Transit Ridership Incentive Program.

6. **Budget Amendment Necessary**: No. The budget approved by the General Assembly includes a $50,000 general fund appropriation for potential periods of imprisonment in state adult correctional facilities as a result of this legislation.

   In addition, the budget approved by the General Assembly includes sufficient appropriation to address the transportation revenue adjustments resulting from this legislation.

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

8. **Fiscal Implications:**
   Restructures Virginia's Transportation Funding Model
   Commonwealth Transportation Fund
   Renames the Commonwealth Transportation Trust Fund to the Commonwealth Transportation Fund (CTF). The Fund would serve as the fund to which all transportation revenues are deposited and then distributed to programs and funds. These transportation revenues include:

   - Motor vehicles fuels taxes and road taxes for diesel fuel (proposed to be increased in this bill)
   - Vehicle registration fees (proposed to be reduced in this bill)
   - Highway use fee (proposed in this bill)
   - 0.5 percent statewide sales and use tax
   - 0.3 percent statewide sale and use tax for transportation
   - 4.15 percent motor vehicles sales and use tax
   - Motor Vehicle Rental Tax (10 percent of gross proceeds from rentals for most passenger vehicles)
   - $0.03 of the $0.25 per $100 of assessed value of the statewide recordation tax.
   - Tax on liquid alternative fuel, set at the rate for gasoline.
   - International Registration Plan fees
   - 1/3 of the revenue from insurance premium taxes

   Currently, the transportation revenues described above are allocated in various ways across the transportation agencies and authorities, the Commonwealth Transportation Trust Fund and its subfunds, and other transportation related funds. This bill would redirect all of the revenues described above to the renamed Commonwealth Transportation Fund from which the funding would be distributed.

First, the bill provides that of the funding in the CTF, $40 million annually is to be deposited into the Route 58 Corridor Development Fund; $40 million annually is to be deposited into the Northern Virginia Transportation District Fund; and $10 million in FY 2021, $30 million in FY 2022, and $80 million annually thereafter is to be deposited into the Special Structure Fund. The bill also provides that the amount deposited into the Special Structure Fun shall be adjusted annually based on the change in the consumer price index for all urban consumers.

Toll revenue and concession payments to the Commonwealth under the Public-Private Transportation Act of 1995 also would be deposited to the CTF; however, they would be allocated to the Transportation Trust Fund (TTF) established by the bill.

Interest, dividends, and appreciation accrued to the TTF or the Highway Maintenance and Operating Fund (HMOF) also would be allocated to the CTF and distributed two-thirds to the Virginia Transportation Infrastructure Bank and one-third to the Transportation Partnership Opportunity Fund.

The remaining funding in the CTF would be allocated between the HMOF and the TTF. The table below summarizes the split of the CTF allocation.

Commonwealth Transportation Fund allocation

Fund	FY 2021 & beyond
HMOF	51.0%
TTF	49.0%

Of the amounts allocated to the TTF from the CTF, the bill provides for further distribution to specific programs and subfunds. Similar to the distribution of the CTF, funds would be distributed from the TTF by percentage. The table below summarizes the distribution of funds from the TTF.

Transportation Trust Fund distribution

	FY 2021 & beyond
Construction Programs	53.00%
Commonwealth Mass Transit Fund	23.00%
Commonwealth Rail Fund	7.50%
Commonwealth Port Fund	2.50%
Commonwealth Aviation Fund	1.50%
Commonwealth Space Flight Fund	1.00%
Priority Transportation Fund	10.50%
Department of Motor Vehicles Fund	1.00%

Construction Programs
The bill would change the allocations within VDOT's construction programs. Additionally, the bill would create two new programs that would receive funding from the amounts allocated to construction programs. The two programs created are the Interstate Operations and Enhancement Program and the Virginia Highway Safety Improvement Program. These distributions are separate from the distribution of the statewide regional fuels tax proposed by this legislation, described in a later section of this impact statement. The table below shows the proposed percentage allocations of funding among the construction programs.

Construction programs	**Current**	**FY 2021 & beyond**
State of good repair	45.0%	30.0%
High-priority projects program	27.5%	20.0%
Highway construction district grant programs	27.5%	20.0%
Interstate Operations and Enhancement Program	-	20.0%
Virginia Highway Safety Improvement Program	-	10.0%

Commonwealth Mass Transit Fund
This bill would alter the distributions from the Commonwealth Mass Transit Fund. First, the bill directs that prior to percentage-based allocation, beginning in FY 2022, up to $50.0 million in funding is to be allocated to the Washington Metropolitan Area Transit Authority (WMATA) as matching funds to federal and other funds provided by the Federal Transit Administration, the District of Columbia, and the State of Maryland. The funding would be provided only if the District of Columbia and the State of Maryland each provide at least one-third of the funding provided by the Federal Transit Administration. The bill also provides that the funding provided by the Commonwealth could not exceed the amount provided by the District of Columbia and Maryland. This would reduce the amount available to allocate to other uses of the Fund.

The bill also would alter the percentage-based allocations of the Commonwealth Mass Transit Fund that the Department of Rail and Public Transportation is required to recommend to the Commonwealth Transportation Board. The table below shows the proposed percentage allocations of funding among the Commonwealth Mass Transit Fund.

Commonwealth Mass Transit Fund	Current	FY 2021 & beyond
Operating costs of transit providers (non-WMATA)	31.0%	27.0%
Capital purposes for transit providers (non-WMATA)	12.5%	18.0%
WMATA for capital purposes and operating assistance	53.5%	47.0%
Special programs	3.0%	2.0%
Transit Ridership Incentive Program	-	6.0%

Other transportation funds
The bill also allocates other transportation funds for the purposes listed:

- Commonwealth Transit Capital Fund
  - A subaccount of the Commonwealth Mass Transit Fund used to support capital expenditures involving the establishment, improvement, or expansion of public transportation services.
- Commonwealth Rail Fund
  - Allocated as follows: 93.0 percent distributed to the Virginia Passenger Rail Authority as soon as practicable with the remaining 7.0 percent for use by the Department of Rail and Public Transportation (DRPT) for planning purposes and for grants for rail projects not administered by the Virginia Passenger Rail Authority, of which DRPT may use up to $4 million for the purposes of the Shortline Railway Preservation and Development Fund.
- Commonwealth Port Fund.
  - Allocated by the CTB to the Board of Commissioners of the Virginia Port Authority to be used to support port capital needs and the preservation of existing capital needs of all ocean, river, or tributary ports within the Commonwealth.
- Commonwealth Aviation Fund
  - Funding would be allocated similarly to the existing allocation from the Commonwealth Airport Fund, which is repealed by this bill.

Special Structure Program
The bill establishes a Special Structure Program to implement the Statewide Special Structure Fund, originally enacted during the 2019 General Assembly Session. The program would provide for the maintenance, rehabilitation, and replacement of special structures, defined as very large, indispensable, and unique bridges and tunnels as identified by the CTB. As noted earlier, the bill provides for the deposit of $10 million in FY 2021, $30 million in FY 2022, and $80 million annually thereafter, indexed to inflation, to the Fund from revenues directed to the CTF.

Revenue Changes

Vehicle registration fees

Currently, the standard vehicle registration fee is $40.75 per year. The total fee is comprised of various components, the revenue from each of which is directed to different funds and departments. The existing registration fee is distributed to the HMOF, TTF, the Department of Motor Vehicles (DMV), the Department of State Police (VSP), and the Department of Health. The bill proposes to reduce vehicle registration fees, primarily by reducing the amount dedicated to the HMOF. The bill proposes no reductions to the other uses of vehicle registration fees. Under this bill, the standard vehicle registration fee would be reduced to $30.75 per year. See the table below for additional details on the standard fee. There are other fees for nonstandard vehicles; the bill proposes reductions to those fees as well.

Summary of proposed changes to registration fee components

Registration Fee Use	Current Amount	Proposed Amount
Highway Maintenance & Operations (HMOF)	$26.00	$9.43
Transportation Trust Fund (TTF)	$3.00	$9.06
Motor Vehicles Special Fund	$4.00	$4.51
State Vehicle Safety Inspection Fund (State Police)	$1.50	$1.50
Emergency Medical Services Fee (Health Department)	$6.00	$6.00
Rescue Assistance Fund (Health Department)	$0.25	$0.25
Total	$40.75	$30.75

The bill also would eliminate the $5 fee for vehicle registration, driver's license, or special identification card renewals carried out in any DMV customer service centers. It is anticipated that the additional portion of the registration to the Motor Vehicles Special Fund would offset the revenue loss to DMV resulting from the elimination of this fee.

The Department of Taxation estimates that the proposed reduction in vehicle registration fees would result in a reduction in revenues to the HMOF totaling $80.7 million in FY 2021 and $81.4 million in FY 2022, see more below.

Registration fee change revenue estimates

Fiscal Year	Registration Fee Change HMOF Revenue Impact
2021	($80,700,000)
2022	($81,400,000)
2023	($81,800,000)
2024	($81,700,000)
2025	($81,700,000)
2026	($81,700,000)

Highway use fee

The bill proposes the establishment of a highway use fee program. This would apply a new fee to electric vehicles, alternate fuel vehicles, and fuel efficient vehicles. The fee would be charged by the DMV at the time of the vehicle's registration. This would replace the existing $64 vehicle license tax for electric vehicles.

Electric vehicle owners would pay an annual fee equal to 85 percent of the amount of gas tax that would be paid on an equivalent amount of fuel as would be used by a vehicle with a combined fuel economy of 23.7 miles per gallon being driven for the average number of miles traveled by a passenger vehicle in the Commonwealth.

The bill defines a fuel-efficient vehicle as one that has a combined miles per gallon rating, as determined by the U.S. Environmental Protection Agency, of 25 or greater. For any alternate fuel vehicle or fuel efficient vehicle, the owner would pay a fee equal to 85 percent of the difference of gas tax that would be paid on the amount of fuel as would be used by a vehicle with a combined fuel economy of 23.7 miles per gallon and the vehicle being registered being driven for the average number of miles traveled by a passenger vehicle in the Commonwealth.

Since the highway use fee is calculated using the gas tax, the amount paid annually would increase along with the phased-in gas tax increases proposed by this legislation. Similarly, the amount would change if the gas tax is indexed to inflationary changes as proposed by this legislation. The bill does not define the average number of miles traveled by a passenger vehicle in the Commonwealth; the bill specifies that it would be determined by the DMV Commissioner. The highway use fee also would increase or decrease as the average number of miles driven increases or decreases. It is estimated that the highway use fee would generate $39.9 million in FY 2021 and $49.3 million in FY 2022 (see more below). The revenues would be deposited to the CTF for distribution as proposed by this legislation.

Highway use fee revenue estimates

Fiscal Year	Highway Use Fee Revenue Impact
2021	$39,900,000
2022	$49,300,000
2023	$51,800,000
2024	$54,400,000
2025	$57,100,000
2026	$60,000,000

Mileage-based user fee program

The bill also proposes the creation of an optional mileage-based user fee program. For those opting into the program, the vehicle owners would pay a mileage-based fee in lieu of the highway use tax proposed by this legislation. The amount of the mileage-based fee could not exceed the annual amount of the highway use fee the vehicle would have paid.

The mileage-based user fee program would not be in effect until FY 2023. The bill would require the Commissioner of the Department of Motor Vehicles to convene a working group to assist in the development of the mileage-based user fee. DMV would be required to issue an interim report no later than July 1, 2021, and a final report no later than December 15, 2021, on the findings of the working group. Further, DMV would be required to issue guidelines for the program no later than May 15, 2022.

Revenues would be deposited to the CTF for distribution as proposed by this legislation; however, estimates of the revenue generated by the mileage-based user fee are currently unavailable.

Motor fuels tax
The bill proposes that the existing gas tax, based on a percentage of the wholesale price of gasoline and diesel fuel, be converted to a cents-per-gallon tax and increased. The current gas tax equates to a rate of $0.162 per gallon. A rate of $0.262 per gallon of gasoline will be phased in by increasing the rate by $0.05 per gallon each year over two years (see the table below). The rate would then be indexed to the change in the Consumer Price Index for all items, all urban consumers (CPI-U) every year thereafter, or zero, whichever is greater. The bill also increases the diesel fuel tax rate. The table below includes estimates from the Department of Taxation on the net new revenue that would be generated by this proposed tax increase. Revenue generated by this increase would be directed to the CTF for further distribution.

Proposed changes to gas tax rates and estimated new revenue

Fiscal Year	Gas Tax Rate (cents per gallon)	Diesel Fuel Tax Rate (cents per gallon)	Net New Motor Fuels Tax Revenue Estimate
2021	21.2	21.2	$200,700,000
2022	26.2	27	$400,500,000
2023	26.2*	27*	$445,300,000
2024	26.2*	27*	$481,600,000
2025	26.2*	27*	$517,700,000
2026	26.2*	27*	$554,200,000

* Tax rates indexed to inflation

Regional Fuels Taxes
This legislation would establish a regional motor vehicle fuels sales tax in any county or city where another regional fuels tax is not already imposed. Currently, regional fuels tax exists in the Northern Virginia and Hampton Roads regions and the Interstate 81 (I-81) Corridor. HB1541, passed by both houses of the General Assembly, would impose a regional fuels tax in the Richmond region (Planning District 15). This bill proposes a tax rate of 7.6 cents per gallon of gasoline sold and 7.7 cents per gallon of diesel fuel sold. The rate would be indexed to inflation starting in FY 2022. This bill also proposes that revenues from the new regional taxes be returned to the CTB transportation district in which the revenues are generated via the construction district grant program.

The table below summarizes the total estimated revenues statewide in localities outside of the Northern Virginia, Hampton Roads, Richmond regions or the I-81 Corridor, based on information from the Department of Taxation.

Fiscal Year	Estimated Regional Motor Fuels Tax Revenue
2021*	$106,300,000
2022	$115,400,000
2023	$117,000,000
2024	$118,800,000
2025	$120,800,000
2026	$123,100,000

*FY 2021 amount is an 11 month estimate.

There is currently a 2.1 percent regional wholesale gas tax imposed in the Northern Virginia and Hampton Roads regions and in localities along the I-81 corridor. This bill would convert those tax rates from a percentage of wholesale price to a per gallon rate of 7.6 cents per gallon of gasoline sold and 7.7 cents per gallon of diesel fuel sold. The rate would be indexed to inflation starting in FY 2022. The per gallon rates proposed by the bill are equivalent to the percentage rates currently imposed in those regions; as a result, this is not expected to have a fiscal impact on revenue collections in the Northern Virginia and Hampton Roads regions and the I-81 corridor.

Currently, under § 58.1-2299.10, Code of Virginia, any person who willfully evades or circumvents fuels sales tax requirements, or assists another to evade or circumvent such taxes, is guilty of a Class 6 felony.

For someone convicted of a Class 6 felony, a judge has the option of sentencing him up to 12 months in jail, or one to five years in prison. Therefore, this proposal could result in an increase in the number of persons sentenced to jail or prison.

There is not enough information available to reliably estimate the increase in jail population as a result of this proposal. Any increase in jail population will increase costs to the state. The Commonwealth currently pays the localities $4.00 a day for each misdemeanant or otherwise local-responsible prisoner held in a jail and $12.00 a day for each state-responsible prisoner. It also funds a considerable portion of the jails' operating costs, e.g. correctional officers. The state's share of these costs on a per prisoner, per day basis varies from locality to locality; however, according to the Compensation Board's most recent Jail Cost Report (November 2019), the estimated total state support for local jails averaged $34.07 per inmate, per day in FY 2018.

Due to the lack of data, the Virginia Criminal Sentencing Commission has concluded, pursuant to §30-19.1:4 of the Code of Virginia, that the impact of the proposed legislation on state-responsible (prison) bed space cannot be determined. In such cases, Chapter 854, 2019 Acts of Assembly, requires that a minimum impact of $50,000 be assigned to the bill.

Regional transportation improvement fee
Currently, there is a grantor's tax of $0.15 per $100 of value, called the "regional WMATA capital fee," imposed on real estate sale transactions located in any county or city that is a member of the Northern Virginia Transportation Authority (NVTA). For localities located in the Northern Virginia Transportation District, the revenue from such fee is deposited to the Commonwealth's Washington Metropolitan Area Transit Authority (WMATA) Capital Fund. For localities that are not within the Northern Virginia Transportation District, the revenues remain with the locality and must be used solely for transportation purposes. Currently, the only localities that are not in the Northern Virginia Transportation District but are members of the NVTA are Prince William County and the cities of Manassas and Manassas Park.

The bill proposes to decrease this fee from $0.15 per $100 of value to $0.10 per $100 of value. Based on estimates from the Department of Taxation, the reduction in this fee would decrease total revenues by $17.8 million annually, of which: WMATA Capital Fund revenues would decrease by $15.2 million; and, local revenues would decrease by $2.6 million.

Regional congestion relief fee
The bill proposes an additional grantor's tax of $0.10 per $100 of value, called the regional congestion relief fee, to be imposed on real estate sale transactions located in any county or city that is a member of a planning district of a certain population and with a certain amount of transit ridership. Currently, the only planning district that would meet the criteria of the bill is Planning District 8, which includes Loudoun, Prince William, Fairfax, and Arlington counties and the cities of Alexandria, Manassas, and Manassas Park.

Revenues from the regional congestion relief fee from localities in Planning District 8 would be deposited in the Northern Virginia Transportation Authority (NVTA) Fund. It is estimated that revenue into the NVTA Fund would equal $35.6 million annually.

If other planning districts meet the criteria of the bill, additional legislation would be needed to direct the deposit of revenue collected.

Net impact to local revenues from grantor's tax changes
Current statute provides that 30 percent of the revenue to the NVTA Fund is to be distributed back to localities on a pro rata basis of taxes and fees collected for various transportation improvements. As a result, it is estimated that the decrease in revenues to localities impacted by the decrease in the regional transportation improvement fee, Prince William County and the cities of Manassas and Manassas Park, would be partially offset by the regional congestion relief fee revenue allocated to the NVTA Fund. The table below summarizes the estimated annual net impact to local revenues by locality.

Annual net impact of grantor's tax changes to local revenues by locality

	Local impact from regional transportation improvement fee	Distribution of net new NVTA Fund revenues	Net impact to local revenue
Prince William	($2,372,251)	$1,423,350	($948,900)
Manassas	($142,912)	$85,747	($57,165)
Manassas Park	($73,038)	$43,823	($29,215)
Total	($2,588,200)	$1,552,920	($1,035,280)

Transportation District Transient Occupancy Tax increase
There is currently a two percent additional Transportation District Transient Occupancy Tax (TDTOT) for localities located in the Northern Virginia Transportation District. The revenue from this tax is deposited to the WMATA Capital Fund. This bill would increase the TDTOT to three percent. Estimated revenue generated by the proposed increase is noted in the table below.

Impact on WMATA Capital Fund revenue of proposed increase to TDTOT

Fiscal Year	TDTOT Revenue Increase
2021	$15,100,811
2022	$15,402,827
2023	$15,710,884
2024	$16,025,101
2025	$16,345,603
2026	$16,672,516

Local Transient Occupancy Tax increase
The bill also increases the transient occupancy tax for localities that are members of the Northern Virginia Transportation Authority but not members of the Northern Virginia Transportation District. The localities that meet that criteria are Prince William County and the cities of Manassas and Manassas Park. The tax would be raised from two percent to three percent. The revenue collected is administered by the locality in which it was generated. Whereas currently the revenue can be used only for public transportation purposes, the bill would require two-thirds to be used for public transportation, with the remaining one-third to be used for any transportation purpose. There is no state fiscal impact associated with this increase.

Net impact to CTF revenue and distribution
Table 1, attached at the end of this fiscal impact statement, summarizes the net impact of the proposed changes to revenues included in the bill along with the distribution of those net revenues. The amount listed in Table 1 are illustrative based on the percentage-based allocations identified in the bill; however, the bill's eleventh enactment clause provides the CTB and VDOT flexibility to take actions deemed necessary in FY 2021, FY 2022, and FY 2023 to ensure appropriate coverage ratios for any outstanding debt backed by the Transportation Trust Fund and to keep funding programmed to projects included in the adopted six-year improvement program as of January 1, 2020. Such flexibility could result

in the CTB allocating new revenues differently from the amounts identified in the table in order to achieve the outcomes proposed in the enactment clause.

Creates Virginia Passenger Rail Authority

The bill would create the Virginia Passenger Rail Authority with the purpose to, "promote, sustain, and expand the availability of passenger and commuter rail service in the Commonwealth and to increase ridership of such service by connecting population centers with passenger and commuter rail service and increasing availability of such service." The Authority would be governed by a 15 member Board of Directors consisting of:

- Three members residing within the boundaries of the Northern Virginia Transportation Commission (NVTC);
- Three members residing within the boundaries of the Potomac and Rappahannock Transportation Commission (PRTC);
- Two members residing within the boundaries of the Richmond Metropolitan Transportation Authority (RMTA);
- Two members residing within the boundaries of the Hampton Roads Transportation Accountability Commission (HRTAC);
- Two members residing within Planning District Committees 5, 9, 10, or 11;
- The Director of the Department of Rail and Public Transportation (DRPT), who shall serve as the chair of the Board and vote in the event of a tie;
- One nonlegislative citizen member appointed by the Governor who shall represent the National Passenger Railroad Corporation and who shall serve without voting privileges;
- The chief executive officer of a commuter rail service jointly operated by the Northern Virginia Transportation District and the Potomac Rappahannock Transportation District, who does not have voting privileges.

Under this bill, the Authority would have the ability to own and manage real estate associated with passenger rail as well as oversee and contract for passenger rail service. The Authority would have the authority to purchase, lease, acquire via eminent domain, lease, and/or sell property as needed to carry out its mission. The sale of land with a value of more than $5 million also requires the approval of the Commonwealth Transportation Board.

In addition, the Authority would be able to issue bonds for purposes related to its mission, including for the payment of all or part of the cost of rail facilities. Any bonds issued to pay for the initial funding of capital expenditures would be limited to capital expenditures submitted for approval by the CTB. The bonds issued by the Authority would not be backed by the full faith and credit of the Commonwealth and bonds could not be backed by revenues from the Commonwealth Rail Fund. The issuance of bonds or the sale of land requires approval of nine of the members present and voting.

The Authority created by this bill would have the power to employ an executive director and other staff as deemed necessary to carry out the duties of the Authority. The number of staff needed, and the resulting costs, are currently indeterminate; however, the bill provides that the Authority's expenses are to be paid from the Commonwealth Rail Fund in the absence of other funding being provided. Therefore, any impact related to expenses for the Authority and its staff and board members would be funded from the identified revenue sources.

Safety Initiatives

Virginia Highway Safety Improvement Program

The bill would establish the Virginia Highway Safety Improvement Program with the goal of reducing motorized and nonmotorized fatalities and severe injuries on state and local highways. Funds for the program would be distributed from the TTF through VDOT construction programs. Funding would be allocated as follows: at least 54 percent for infrastructure projects that address a hazardous road location or feature and address an identified highway safety problem; at least 29 percent for strategies and activities to address behavioral causes of crashes that result in fatalities and severe injuries; and up to 17 percent towards an investment strategy intended to achieve a significant reduction in the anticipated number of fatalities and severe injuries over a five-year period.

Establishes the Interstate Operations and Enhancement Program

The bill would establish an Interstate Operations and Enhancement Program to improve the safety, reliability, and travel flow along interstate highway corridors in the Commonwealth. Funds for the program would be distributed from the TTF through VDOT construction programs. The CTB and the Office of Intermodal Planning and Investment would evaluate and prioritize potential strategies and improvements, with priority given to operational and transportation demand management strategies that improve reliability and safety of travel. The bill would require the funding be distributed proportionally to the Interstate 81 Corridor Improvement Fund and Northern Virginia Transportation Authority Fund based on the ratio of miles traveled by vehicles classified as Class 6 or higher by the Federal Highway Administration. The bill also would require that funding for other highway corridors be similarly proportional. The CTB would be required to report to the Governor and General Assembly on the status of the program.

Bond Authorizations

Commonwealth of Virginia Passenger Rail Facilities Bond Act of 2020

The bill's 14th enactment would create the Commonwealth of Virginia Passenger Rail Facilities Bond Act of 2020. This would authorize the CTB to issue up to $1.0 billion in bonds to support passenger rail improvements in the Commonwealth. The bill declares the goal of pursuing various rail and other infrastructure improvements leading into Washington, D.C. from Virginia, including a new bridge structure that crosses the Potomac River between Arlington County and the District of Columbia in the vicinity of the 14th Street Bridge complex and the Metro Fenwick Bridge. The bonds could be used for the construction, modification and/or acquisition of various rail facilities, structures, easements, rights-of-way, and equipment necessary for enhancing passenger rail access and the desired improvements. The CTB also is authorized to borrow money in anticipation of the issuance of bond anticipation notes (BANs), including BANs issued as commercial paper.

The bill proposes that debt service on the bonds issued by the CTB, and repayment of any BANs issued, be paid solely from toll revenues associated with the Transform 66 Inside the Beltway express lanes project (the "Inside the Beltway Express Lanes"). The bill states that the revenues from the Inside the Beltway Express Lanes are intended to be applied to pay for transportation and other infrastructure improvements in and around the I-66 corridor. The bill authorizes the CTB to collect and set tolls at a level that would result in sufficient revenue generation to make debt service payments on bonds issued for passenger rail improvements and cover the operating expenses associated with toll facilities for the Inside the Beltway Express Lanes.

The bill's 14th enactment declares that security for the bonds does not create or constitute a pledge of the faith and credit of the Commonwealth or any political subdivision. According to the Department of Treasury, these bonds would not be considered tax-supported debt; as a result, they would not impact the Commonwealth's debt capacity.

Commonwealth Transportation Interstate 81 Corridor Bond Act of 2020
The bills 15th enactment would create the Commonwealth Transportation Interstate 81 Corridor Bond Act of 2020. This would authorize the CTB to issue up to $1.0 billion in bonds to support improvements to the Interstate 81 (I-81) corridor. The bonds issued under this bond act would support the I-81 Corridor Improvement Plan as established by the 2019 General Assembly (Chapter 837, 2019 Acts of Assembly) and could be used for construction, improvement and/or acquisition of property, facilities, rights-of-way, and engineering necessary for improving transportation and safety in the corridor. Debt service on the bonds would be paid from the Interstate 81 Corridor Improvement Fund to which are deposited revenues from a regional fuels tax imposed in localities along the corridor. The bonds would not be considered tax-supported debt; as a result, they would not impact the Commonwealth's debt capacity.

Statewide recordation tax revenue
SB1038 and HB1726 (which are identical) alter the annual distribution of statewide recordation tax revenue by directing that $20.0 million annually would be deposited to a newly created Hampton Roads Regional Transit Fund established by the legislation. This omnibus legislation (SB890), along with HB1414, would deposit additional Commonwealth Transportation Fund funding to the Northern Virginia Transportation District Fund (NVTDF), eliminate the existing deposit of statewide recordation tax revenue attributable to northern Virginia localities to the NVTDF, and exempt those localities from receiving a distribution of the revenue. The omnibus bills also would reduce the amount of statewide recordation tax revenues to be distributed to localities, which is required to be used for either transportation purposes or public education, from $40.0 million annually to $20.0 million annually, starting in FY 2022. If the omnibus transportation bills are enacted, along with SB1038/HB1726, the entire $20.0 million in statewide recordation tax revenue for distribution to localities would be allocated to the Hampton Roads Regional Transit Fund and other localities no longer would receive distributions after FY 2021.

9. **Specific Agency or Political Subdivisions Affected:** Commonwealth Transportation Board, Virginia Department of Transportation, Department of Rail and Public Transportation, Department of Motor Vehicles, Department of Aviation, Virginia Port Authority, Virginia Commercial Space Flight Authority, Northern Virginia Transportation Authority, Planning

District 8, Northern Virginia Transportation District, localities, law enforcement agencies, local and regional jails, Department of Corrections.

10. Technical Amendment Necessary: Yes. Line 3892, strike "$10" and insert "$5".

11. Other Comments: None.

Table 1: Summary of proposed Net Revenue and Distribution of the Commonwealth Transportation Fund

	FY 2021	FY 2022	FY 2023	FY 2024
Revenue and Commitments Provided in SB 890				
Highway Use Fee	$39,900,000	$49,300,000	$51,800,000	$54,400,000
Reduce Registration Fees	($80,700,000)	($81,400,000)	($81,800,000)	($81,700,000)
Increase Motor Fuels Taxes	$200,700,000	$400,500,000	$445,300,000	$481,600,000
Regional Fuels Taxes	$106,300,000	$115,400,000	$117,000,000	$118,800,000
Total Revenue Impact	**$266,200,000**	**$483,800,000**	**$532,300,000**	**$573,100,000**
CTF Direct Allocations				
Route 58/NVTD/Oak Grove	($81,000,000)	($81,000,000)	($80,000,000)	($80,000,000)
Net Revenue Impact	**$185,200,000**	**$402,800,000**	**$452,300,000**	**$493,100,000**
Expenditure and Distribution Impact				
Statewide Special Structures	**$10,000,000**	**$30,000,000**	**$80,000,000**	**$82,080,000**
Highway Maintenance and Operating Fund	**-$116,133,161**	**$14,724,840**	**$21,926,588**	**$48,457,790**
Transportation Trust Fund				
Construction Programs				
State of good repair	$12,628,577	$12,334,839	$11,105,883	$13,999,459
High-priority projects program	$8,419,051	$8,223,226	$7,403,922	$9,332,973
Highway construction district grant programs	$114,719,051	$123,623,226	$124,403,922	$128,132,973
Interstate Operations and Enhancement Program	$8,419,051	$8,223,226	$7,403,922	$9,332,973
Virginia Highway Safety Improvement Program	$4,209,526	$4,111,613	$3,701,961	$4,666,486
Total Construction Programs	**$148,395,257**	**$156,516,130**	**$154,019,611**	**$165,464,863**
Mass Transit Fund				
Transit Authority matching allocation	$0	$50,000,000	$50,000,000	$50,000,000
Operating costs of transit providers (non-WMATA)	$28,577,601	$24,226,194	$24,627,161	$25,710,551
providers (non-WMATA)	$19,051,734	$16,150,796	$16,418,107	$17,140,367
WMATA capital and operating assistance	$49,216,980	$41,722,890	$42,413,444	$44,279,282
Special programs	$2,646,074	$2,243,166	$2,280,293	$2,380,607
Transit Incentive Program	$6,350,578	$5,383,599	$5,472,702	$5,713,456
Total Mass Transit Fund	**$105,842,967**	**$139,726,645**	**$141,211,707**	**$145,224,262**
Commonwealth Rail Fund				
Virginia Passenger Rail Authority allocation	$44,437,815	$53,746,296	$52,976,368	$53,596,624
DRPT allocation	$3,344,782	$4,045,420	$3,987,469	$4,034,154
Total Commonwealth Rail Fund	**$47,782,597**	**$57,791,716**	**$56,963,837**	**$57,630,778**
Total Commonwealth Port Fund	**$2,326,752**	**$5,375,602**	**$5,204,933**	**$5,350,953**
Total Commonwealth Aviation Fund	**$2,715,481**	**$4,564,711**	**$4,482,560**	**$4,589,492**
Total Commonwealth Space Flight Fund	**$3,602,721**	**$5,101,141**	**$5,316,373**	**$5,645,261**
Priority Transportation Fund	**($29,771,434)**	**($22,938,024)**	**($28,978,082)**	**($33,824,758)**
Total Department of Motor Vehicles	**$10,438,821**	**$11,937,241**	**$12,152,473**	**$12,481,361**
Total Transportation Trust Fund	**$291,333,162**	**$358,075,162**	**$350,373,412**	**$362,562,212**
Total Expenditure and Distribution Impact	**$185,200,000**	**$402,800,000**	**$452,300,000**	**$493,100,000**