

Department of Planning and Budget 2023 Fiscal Impact Statement

1. Bill Number: SB1079

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Cosgrove

3. Committee: Finance and Appropriations

4. Title: Commonwealth Mass Transit Fund.

5. Summary: Allocates 3.5 percent of the Commonwealth Mass Transit Fund (the Fund) to commuter rail systems jointly operated by transportation districts and excludes such commuter rail systems from receiving allocations pursuant to other distributions of the Fund. The bill requires such commuter rail systems to submit reports to the Commonwealth Transportation Board. The bill limits allocations by the Northern Virginia Transportation Commission (NVTC) for distribution to the Washington Metropolitan Area Transit Authority (WMATA) to 50 percent of the total operating and capital assistance required to be provided by NVTC or other Virginia entities in the approved WMATA budget and establishes reporting requirements for NVTC. The bill codifies requirements for WMATA to adopt and submit certain planning documents first required pursuant to the eighth enactment of Chapter 854 and the eighth enactment of Chapter 856 of the Acts of Assembly of 2018 and repeals the original requirements.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary. See item 8.

8. Fiscal Implications:

Commuter Rail Funding Changes

This bill alters the allocation of the Commonwealth Mass Transit Fund (CMTF) by decreasing the allocation to support the operating costs of transit providers from 27 percent to 24.5 percent, decreasing the allocation to support the capital costs of transit providers from 18 percent to 17 percent, and creating a new allocation of 3.5 percent to commuter rail systems jointly operated by transportation districts. The Virginia Railway Express (VRE) is the only such commuter rail system. The bill would exclude the commuter rail systems from receiving funding from the transit operating or capital shares of the CMTF. VRE is currently eligible for and receives funding from the CMTF; this bill would create a dedicated allocation for VRE.

The bill requires that the distribution of the commuter rail funds be based on service delivery factors which are to be evaluated every three years. Any funds allocated but not distributed

from the commuter rail funds based on these factors would be allocated to the share of the CMTF supporting transit capital.

Commonwealth Mass Transit Fund Allocations	FY24 Existing Distribution		FY24 Proposed Distribution	
Operating costs of transit providers	27.0%	\$120.7M	24.5%	\$109.5M
Capital purposes for transit providers	18.0%	\$80.4M	17.0%	\$76.M
WMATA for capital purposes and operating assistance (to NVTC)	46.5%	\$207.8M	46.5%	\$207.8M
Special programs	2.5%	\$11.2M	2.5%	\$11.2M
Transit Ridership Incentive Program	6.0%	\$26.8M	6.0%	\$26.8M
Commuter rail system	-	-	3.5%	\$15.6M
Total CMTF for distribution		\$446.9M		\$446.9M

Based on the FY24 estimates for the CMTF, the allocation for transit operating assistance would be reduced by \$11.2 million to \$109.5 million and the allocation for transit capital assistance would be reduced by \$4.4 million to \$76.0 million. The proposed 3.5 percent allocation to commuter rail systems would be approximately \$15.6 million. The bill proposes that the Commonwealth Transportation Board (CTB) withhold 20 percent of the commuter rail allocation unless the commuter rail system prepares and submits a detailed annual operating budget and any proposed capital expenditures and projects for the following fiscal year to the CTB by February 1st of each year.

Washington Metropolitan Area Transit Authority Funding

Per the Washington Metropolitan Area Transit Authority (WMATA) Compact, Virginia, through the Northern Virginia Transportation Commission (NVTC), is required to provide an annual contribution to support operating and capital needs of the WMATA system. Funding for the obligation is split between northern Virginia localities and a specific allocation of funds from the CMTF. Currently, WMATA operating and capital assistance receives an allocation of 46.5 percent of the CMTF. The bill does not alter the percentage of this allocation. However, it caps the total amount of the allocation from the CMTF to the NVTC for WMATA for operating and capital assistance at 50 percent of the Virginia share of total operating and capital assistance required in the approved WMATA budget. Calculation of the cap excludes any funding provided to WMATA from the Washington Metropolitan Area Transit Authority Capital Fund. In any year where the standard allocation exceeds the cap included in this bill, the bill proposes that the additional funds would instead be allocated to the share of the CMTF supporting transit capital.

WMATA and NVTC Reporting

The bill codifies existing requirements for WMATA to adopt or update a capital improvement program and strategic plan in order to receive the full allocation of the WMATA operating and capital assistance from the CMTF. The bill adds the requirement that the NVTC prepare and submit a detailed annual operating budget and any proposed plan for the following fiscal year to the CTB by February 1st of each year. It also requires the Commonwealth's representatives to the WMATA Board of Directors and the WMATA

General Manager to annually address the CTB regarding the WMATA budget, system performance, and utilization of the Commonwealth's investment in the WMATA system. Failure to complete any of these requirements would result in the Commonwealth withholding 20 percent of the WMATA operating and capital allocation of the CMTF. For reference, 20 percent of this allocation would be approximately \$41.5 million in FY24.

Transition

The bill's third enactment clause allows DRPT and the Commonwealth Transportation Board (CTB) to use the existing allocation methodology for the CMTF in FY24 in order to facilitate the transition to the allocations established by this legislation.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Rail and Public Transportation, Northern Virginia Transportation Commission, Washington Metropolitan Area Transit Authority, northern Virginia localities.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** HB1496 also alters the allocation of the CMTF.