COMMONWEALTH *of* VIRGINIA

Office of the

SECRETARY *of* TRANSPORTATION

Special Session Legislative Update

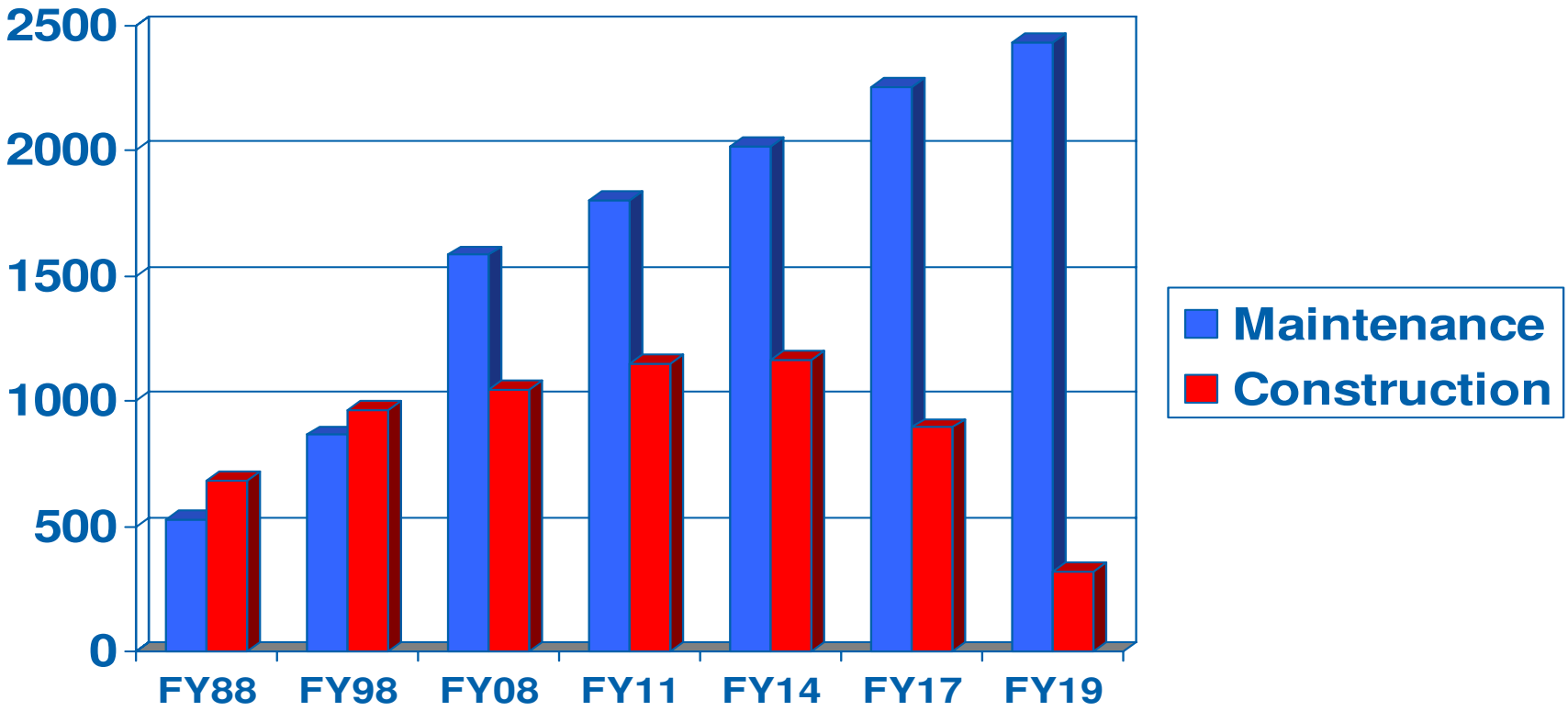
Nick Donohue

July 17, 2008

Special Session Legislative Update

- Special session was convened on June 23 and adjourned July 9
- 57 House bills and 19 Senate bills were introduced
  - Including funding proposals, formula changes, PPTA solicitations, and non-transportation related bills

Future of Highway Maintenance & Construction Funding



Impact of Maintenance Deficit on Highway Construction by District

(in millions)

	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Bristol	($19.5)	($28.8)	($28.8)	($32.1)	($34.9)	($37.4)	($42.6)
Culpeper	(16.6)	(24.6)	(24.5)	(27.3)	(29.8)	(31.9)	(36.3)
Fredericksburg	(18.1)	(27.0)	(27.0)	(30.1)	(32.8)	(35.2)	(40.2)
Hampton Roads	(53.8)	(80.3)	(80.0)	(89.5)	(97.6)	(104.6)	(119.4)
Lynchburg	(19.3)	(28.6)	(28.5)	(31.8)	(34.7)	(37.2)	(42.4)
NoVA	(49.6)	(74.1)	(73.9)	(82.6)	(90.0)	(96.5)	(110.1)
Richmond	(37.9)	(56.5)	(56.3)	(62.9)	(68.6)	(73.5)	(83.9)
Salem	(25.5)	(38.0)	(37.9)	(42.3)	(46.1)	(49.4)	(56.3)
Staunton	(20.3)	(30.1)	(30.0)	(33.6)	(36.5)	(39.1)	(44.6)
TOTAL	($260.6)	(388.1)	(387.0)	(432.3)	(471.1)	(504.9)	($575.7)

- In FY08, maintenance deficit exceeded total funding available for the statewide secondary construction program
- In FY11 maintenance deficit will exceed both the statewide secondary and urban construction program

House Bill 6026 (Armstrong)

- Provided ~$500m for maintenance funding through new and existing revenue sources (MV sales tax and MV registration fees)
- Raised a 1% retail sales and use tax in Northern Virginia ($385m) and Hampton Roads ($200m) to address regional congestion
  - Eliminated local option income tax
- Created the Transportation Change Fund ($155m) to provide funding for transit, rail and economic development projects
- Built on HB3202 land use reforms
- Other reforms

Senate Bill 6009 S1 (Saslaw)

Passed Senate 21 to 16

- Raised statewide revenues for maintenance and transit (sales tax, gas tax, motor vehicle sales tax)
  - ~$500m for maintenance funding when fully implemented
  - ~$170m for transit when fully implemented
- Reduced sales tax on food by ½% in TTF
- Raised several taxes in Northern Virginia and Hampton Roads to address regional congestion
- Also raised a 1% sales tax in Richmond and Fredericksburg to address regional congestion starting after 2009 GA Session

Senate Bill 6009 S1 (Saslaw) with House Amendments

Failed to pass in the House 39 to 59

- Raised statewide revenues for maintenance and transit (sales tax, motor vehicle sales tax)
  - House Amendments removed the gas tax increase

  ~$240m for maintenance funding when fully implemented

  ~$80m for transit when fully implemented
- Reduced sales tax on food by ½% in TTF
- Raised several taxes in Northern Virginia and Hampton Roads to address regional congestion
- Also raised a 1% sales tax in Richmond and Fredericksburg to address regional congestion starting after 2009 GA Session

House Bill 6055 (Hamilton)

Passed House 51-45; failed to report from Senate Finance 3 to 10

- No statewide funding to address highway maintenance
- Northern Virginia – up to $640m
  - Redirect GF growth related to Dulles and National Airport
- Hampton Roads – up to $300m
  - Redirect GF growth related to Ports
- GF growth related to direct and indirect state sales, personal income, and corporate income taxes

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- **11 bills passed both houses**
  - **HB6016 allows VDOT to make improvements to secondary roads without building the road to new design standards**
  - **HB6027 provides CTB with authority to enter into fixed price contracts for materials**
  - **HB6028 directs Hampton Roads Transit to study extending Norfolk Light Rail into Virginia Beach**

Special Session Legislative Update

Other Transportation Funding Issues

- **Potential for additional state revenue reductions due to economic forecast**

- **Federal Revenues**
  - **As reported in December by USDOT Assistant Deputy Secretary the Federal Highway Account is expected to experience a $230m deficit in FY09**

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