



TRANSPORTATION FUNDING IN VIRGINIA

| Stacy Londrey

December 17, 2025

Overview

- **How projects are funded**
- **Transportation revenue sources**
- **Funding programs and allocations**



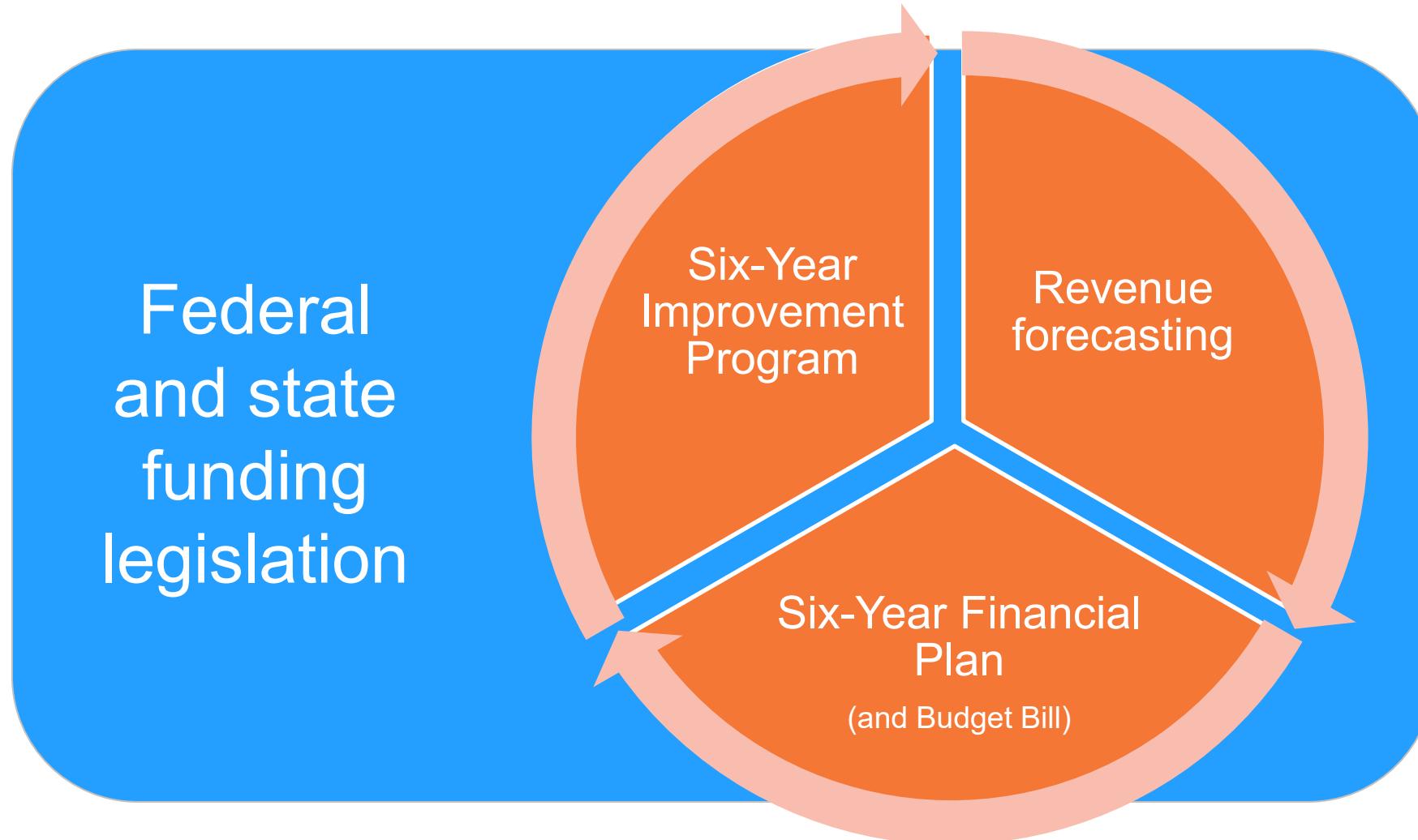
How projects are funded

Process overview

Timeline

Roles & responsibilities

Funding process overview



Revenue forecasting

Federal revenue

- **Federal estimates are computed by VDOT based on federal apportionment tables provided by U.S. DOT**

State revenue

- **Six-year transportation revenue estimates are provided by the Department of Taxation each November**

Six-Year Financial Plan

**Identifies planned funding for allocation to Highways,
Transit, Ports and Aviation**

Approved annually by Commonwealth Transportation Board

- Staff presents draft plan in April; final version approved in June; takes effect July 1

Funding philosophy

- First priority is maintaining existing infrastructure
- Then, other operating programs and needs are funded
- Remaining funding is distributed for construction

Six-Year Improvement Program

Outlines planned spending for construction projects for the next six years

Approved annually by Commonwealth Transportation Board

- Staff presents draft plan in April; final version approved in June; takes effect July 1

Includes projects selected through prioritization processes laid out in CTB policy

Transportation revenue

Federal funding

State taxes and fees

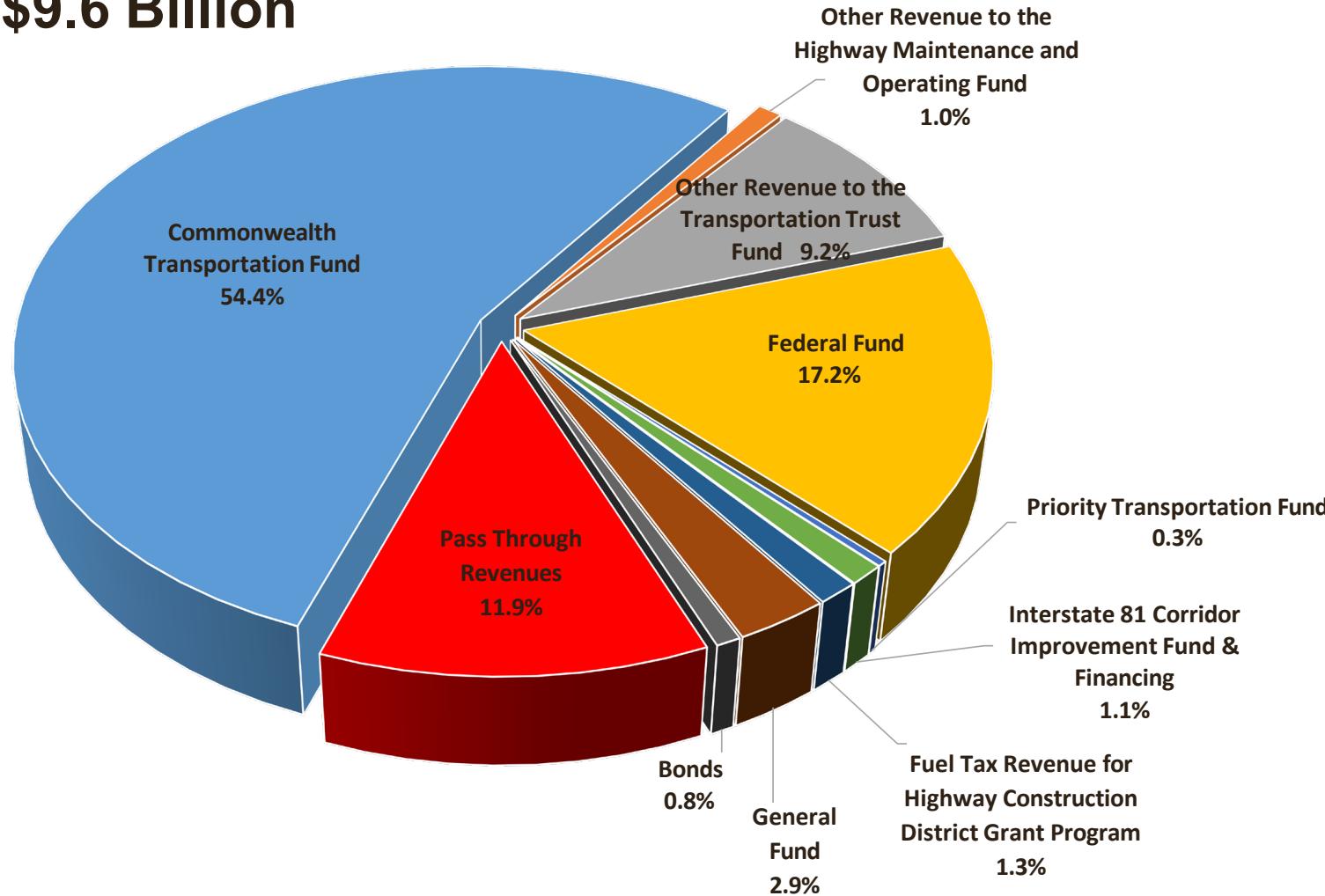
Toll collections

Bond programs

Regional revenue sources

Revenues in FY2026

\$9.6 Billion



Major State Revenues

International Registration Plan \$15 per trip	Motor Vehicle License Fees Base car: \$20.75 CTF Share	Tax on Motor Fuels 26.2 cents/gallon + CPI in future years — Gasoline 27.0 cents/gallon + CPI in future years — Diesel	Highway Use Fee Fuel Economy	Motor Vehicle Sales and Use Tax 4.15%	Retail Sales and Use Tax 0.5% + 0.3% + 0.1% GF transfer	Recordation Taxes 3 of the 25 cents per \$100	Motor Vehicle Rental Tax 75% CTF 25% WMATA Capital Fund	Insurance Premium Taxes 1/3
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Commonwealth Transportation Fund

\$80 million (FY 2023) + inflation annually
Special Structures Fund

\$80 million
Support for Route 58/Northern Virginia Transportation District and NVTA

51%
Highway Maintenance and Operating Fund (HMOF)

49%
Transportation Trust Fund (TTF) for Distribution

Commonwealth Transportation Fund (CTF)
Major Transportation Revenues

A

B

Regional Revenues

Interstate 81 Corridor Improvement Fund	Regional WMATA Capital Fee \$0.15 per \$100	Washington Metropolitan Area Transit Authority (WMATA) Capital Fund
Special Fund Account for the Highway Construction District Grant Program	Regional Congestion Relief Fee \$0.05 per \$100 through 4/30/2021; \$0.10 thereafter	Northern Virginia Localities
	Transient Occupancy Tax 2%: 3% on 5/1/2021	Northern Virginia Transportation Authority Fund
	Sales Tax on Motor Fuels 7.6 cents/gallon gasoline 7.7 cents/gallon diesel	Hampton Roads Transportation Fund
	Local Retail Sales Tax 0.7%	Central Virginia Transportation Fund

Bond Programs

Special Structures Bonds

Created through SB 1082 (2025)
Usage begins FY2028

Federal Transportation Grant Anticipation Revenue Notes (GARVEE Bonds)

Financing for Specific Federal-Aid Project

Transportation Revenue Bonds

Route 58
Northern Virginia Transportation District

Transportation Revenue Bonds

Interstate 81

Federal Revenue

Federal Highway

- National Highway Performance Program (NHPP)
- Surface Transportation Block Grant Program (STBGP)
- Congestion Mitigation and Air Quality (CMAQ)
- Highway Safety Improvement Program (HSIP)
- National Highway Freight Program
- State Planning & Research
- Metropolitan Planning
- Rail-Highway Crossings

Federal Transit

- Metropolitan Planning
- Statewide Planning
- Small Urban Areas Program
- Enhanced Mobility of Seniors & Individuals with Disabilities
- Rural Areas
- Jobs Access & Reverse Commute Program
- New Freedom Program

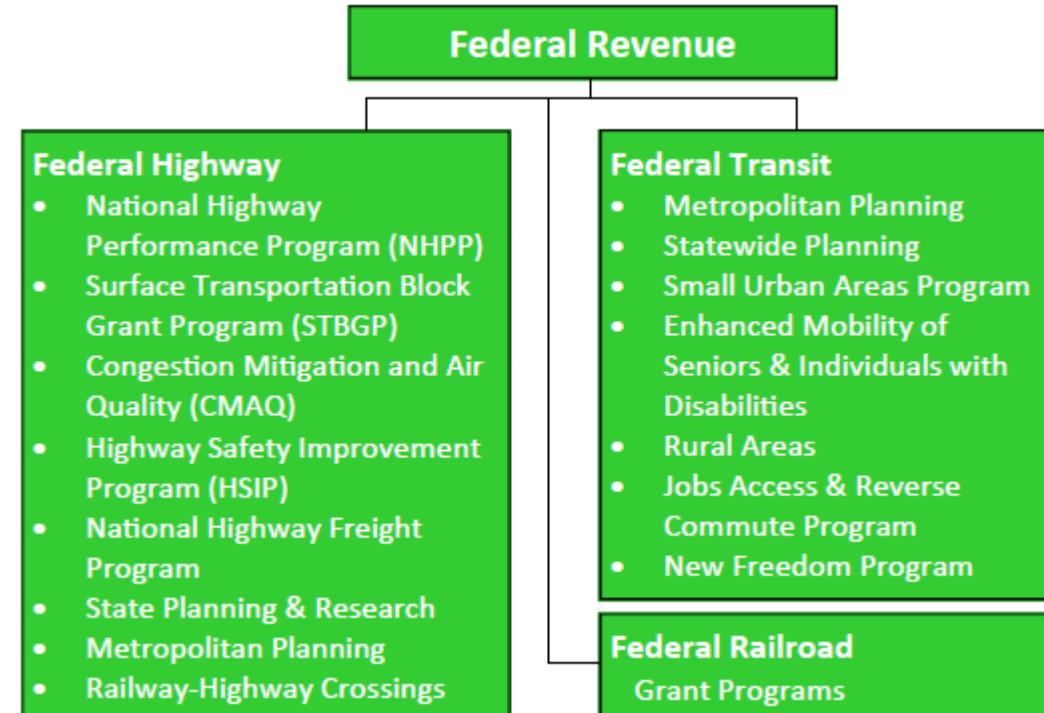
Federal Railroad Grant Programs

Federal Revenue

Majority comes from the Highway Trust Fund, which includes federal fuels tax and truck and heavy vehicle fees

Distributed based on the current surface transportation authorization act — IIJA/BIL

- Includes both apportioned funding and allocations



FY2026 Estimate
\$1.7B

Major State Revenues

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Commonwealth Transportation Fund (CTF)

\$80 million (FY 2023) + inflation annually
Special Structures Fund

\$80 million
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Commonwealth Transportation Fund (CTF)
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- National Highway Freight Program
- State Planning & Research
- Metropolitan Planning
- Railway-Highway Crossings

Federal Revenue

Federal Transit

- Metropolitan Planning
- Statewide Planning
- Small Urban Areas Program
- Enhanced Mobility of Seniors & Individuals with Disabilities
- Rural Areas
- Jobs Access & Reverse Commute Program
- New Freedom Program

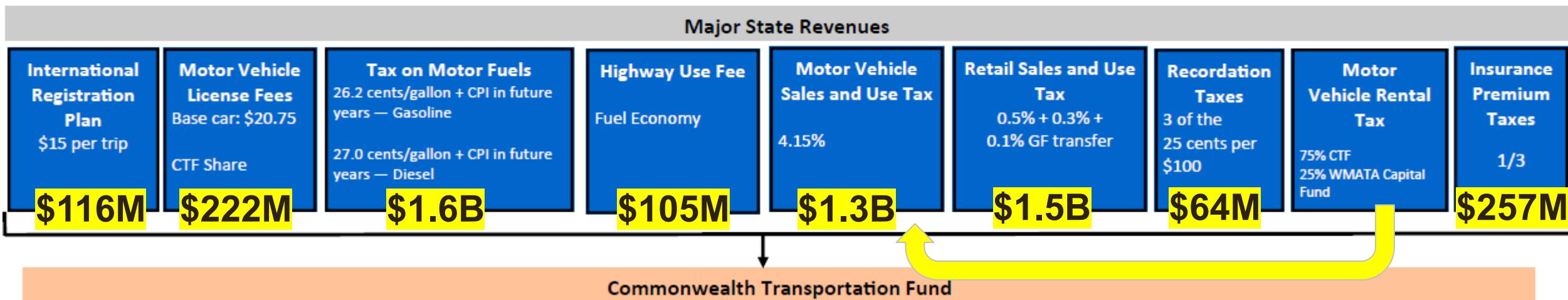
Federal Railroad Grant Programs

Major State Revenues

Code of Virginia establishes:

- Types and amounts of taxes and fees
- How they are used

FY2026 Estimates



Other State Revenues – Tolling

Tolls are currently collected on three facilities:

- **I-66 Express Lanes – Northern Virginia District**
- **I-64 Express Lanes – Hampton Roads District**
- **Powhite Parkway – Richmond District – ends December 2026**

FY2026 Estimate
\$92.5M

Major State Revenues

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Regional Revenues

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Transient Occupancy Tax
2%: 3% on 5/1/2021

Sales Tax on Motor Fuels
7.6 cents/gallon gasoline
7.7 cents/gallon diesel

Local Retail Sales Tax
0.7%

Washington Metropolitan Area Transit Authority (WMATA) Capital Fund

Northern Virginia Localities

Northern Virginia Transportation Authority Fund

Hampton Roads Transportation Fund

Central Virginia Transportation Fund

Interstate 81 Corridor Improvement Fund

Special Fund Account for the Highway Construction District Grant Program

Bond Programs

Special Structures Bonds
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Federal Transportation Grant Anticipation Revenue Notes (GARVEE Bonds)
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Transportation Revenue Bonds
Route 58
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Transportation Revenue Bonds
Interstate 81

Federal Revenue

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- Statewide Planning
- Small Urban Areas Program
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Federal Railroad Grant Programs

Federal Highway

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- National Highway Freight Program
- State Planning & Research
- Metropolitan Planning
- Railway-Highway Crossings

Other State Revenues – Bond Programs

Bond Programs

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Federal Transportation Grant

Anticipation Revenue Notes (GARVEE Bonds)

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Transportation Revenue Bonds

Route 58

Northern Virginia Transportation District

Transportation Revenue Bonds

Interstate 81

**Bonds are issued as needed
to support specific projects
or programs**

**Authorization is granted by
the General Assembly**

**Bond sales are approved by
the CTB and Virginia's
Treasury Board**

**FY2026 Estimate
\$74M**

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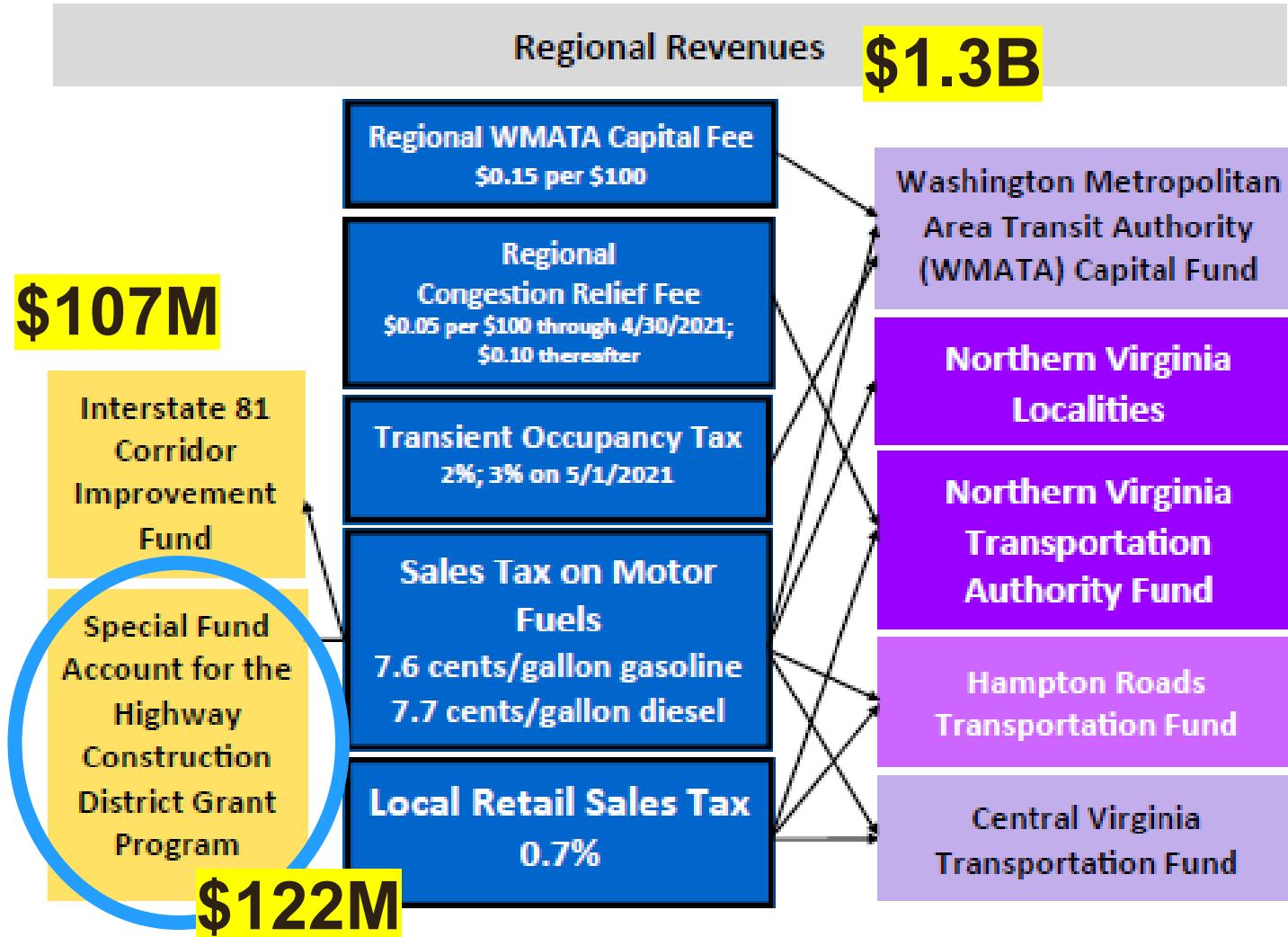
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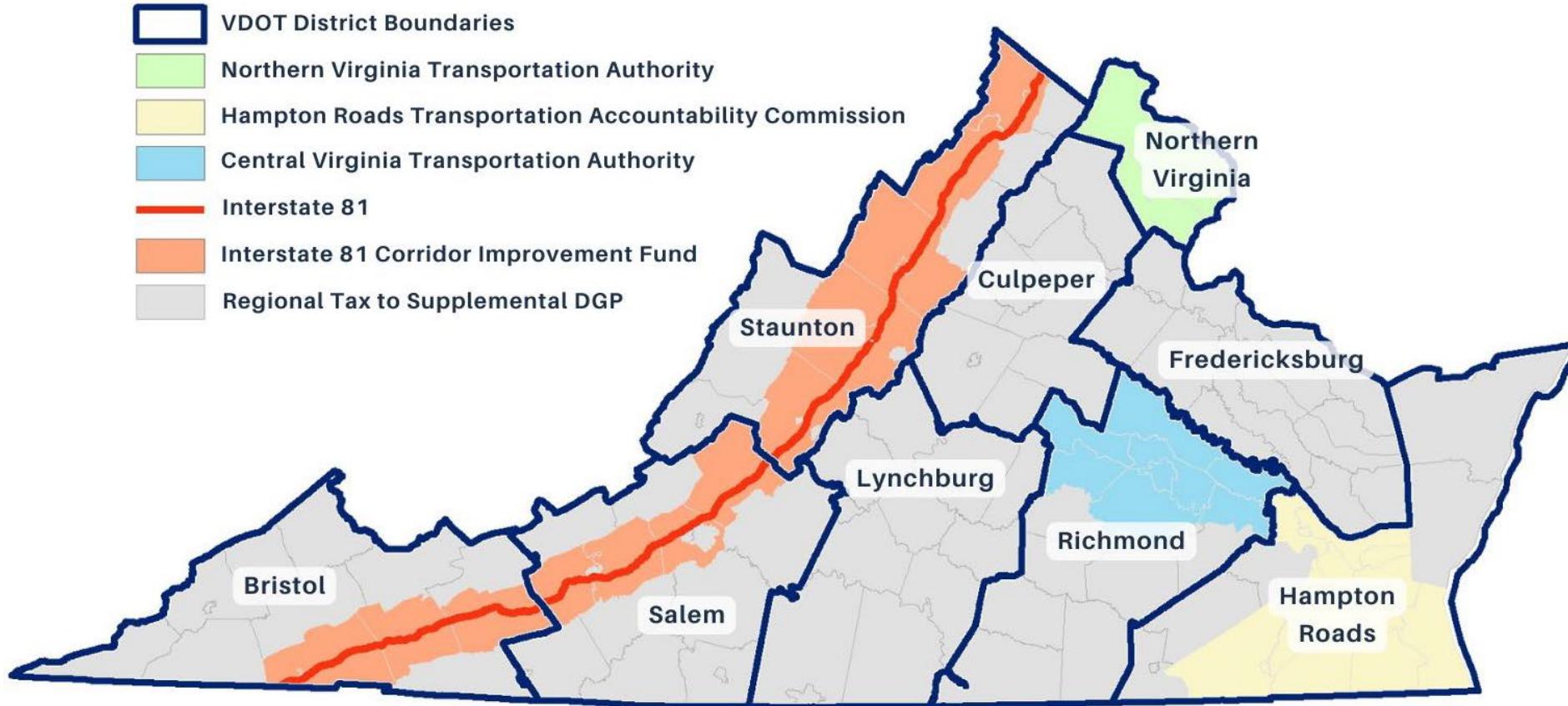


Most regional revenues are pass-throughs

Regional fuels tax

- Goes to transportation authorities and to I-81
- In all other localities, including all of Culpeper District, revenue is for “Supplemental DGP”

Regional fuels tax – HB 1414 (2020)

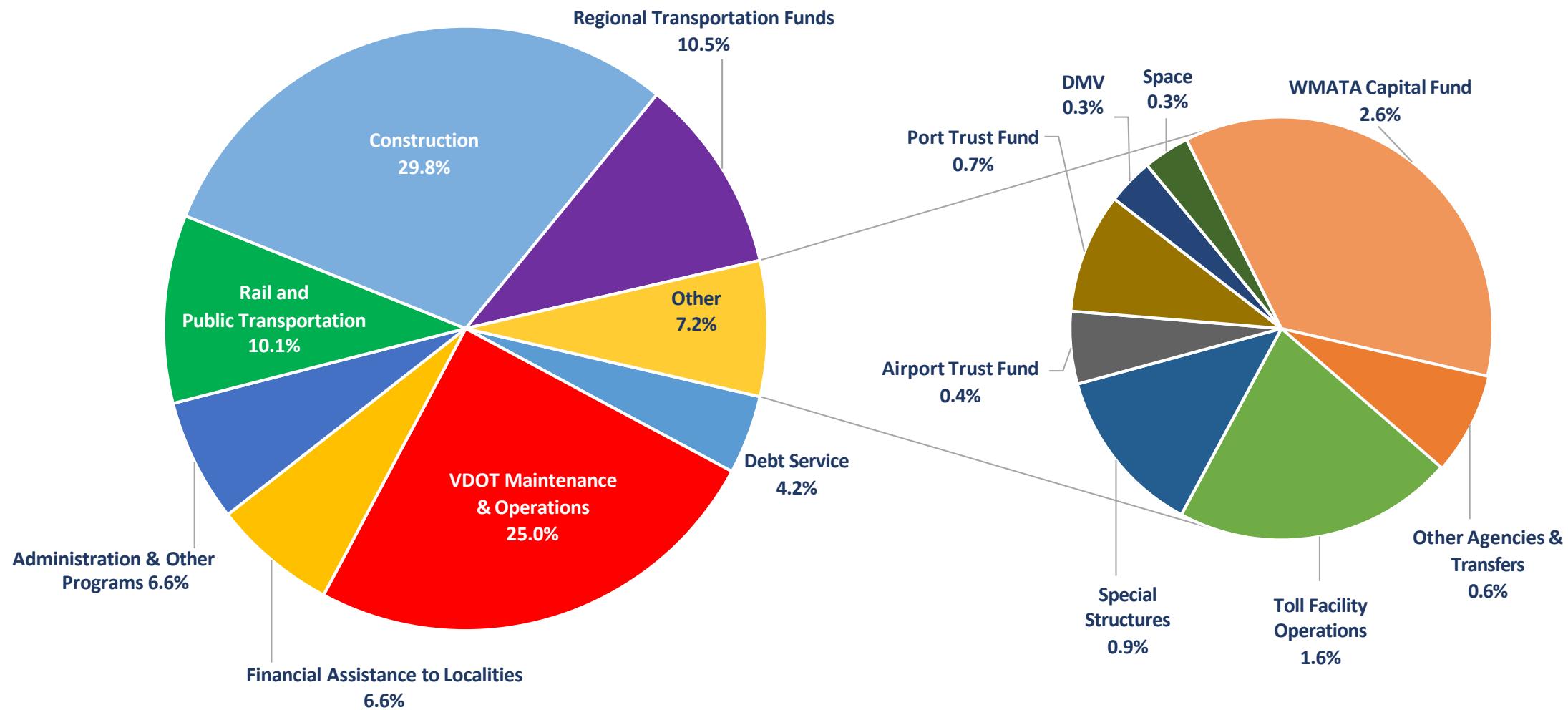


The regional fuels tax funding the Supplemental District Grant is collected in all areas of the Commonwealth where it is not already imposed (shown in the gray areas).

Allocations

Funding distribution across programs
Intended uses

Allocations in FY2026



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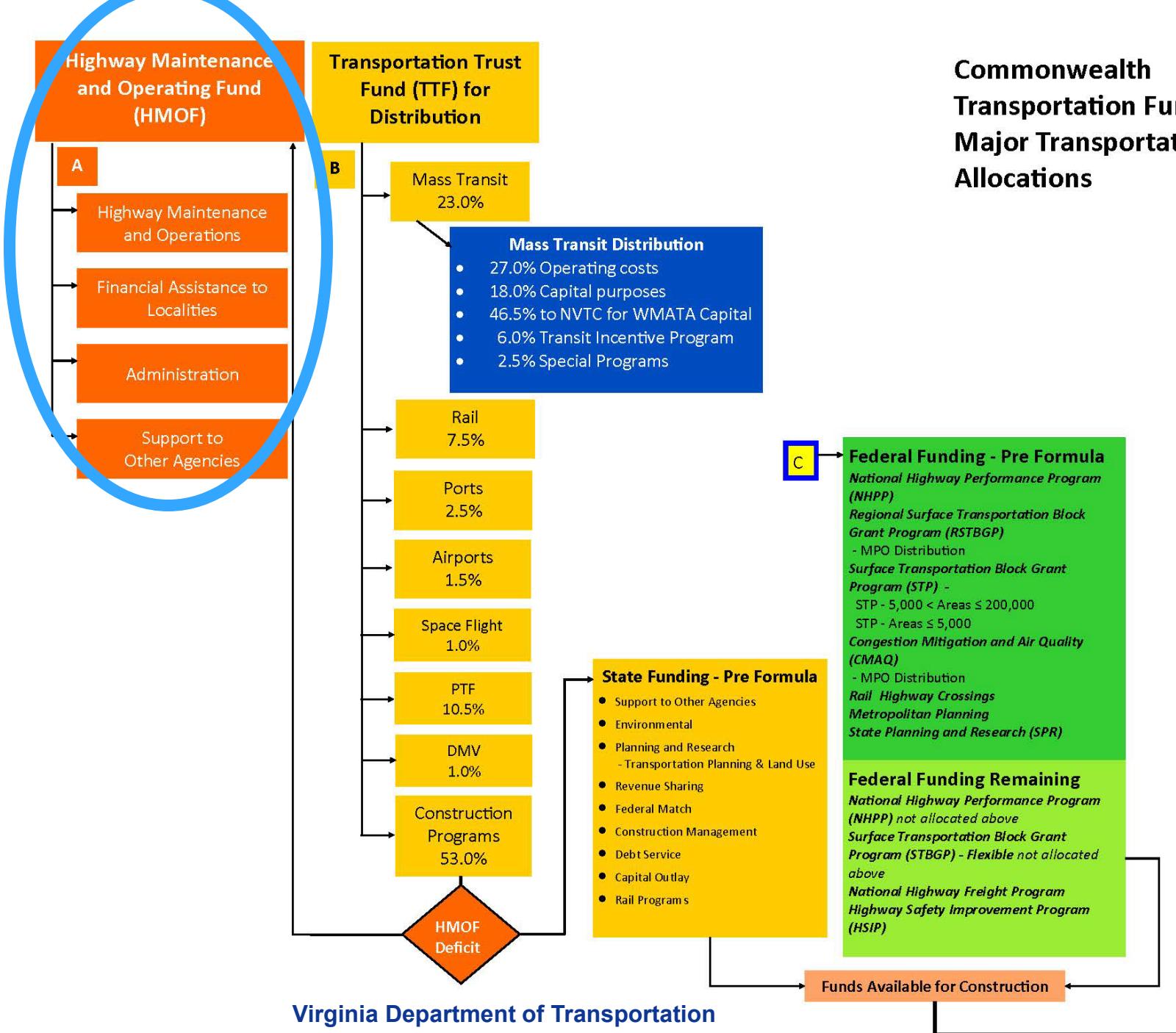
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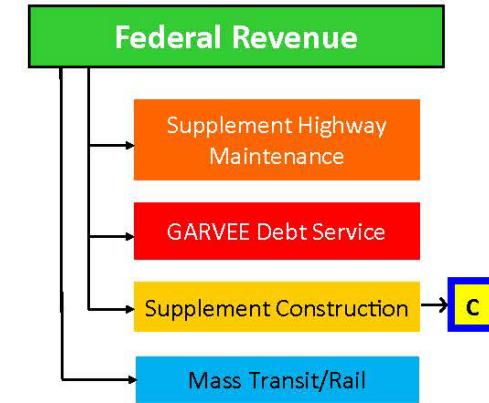
Federal Transit

- Metropolitan Planning
- Statewide Planning
- Small Urban Areas Program
- Enhanced Mobility of Seniors & Individuals with Disabilities
- Rural Areas
- Jobs Access & Reverse Commute Program
- New Freedom Program

Federal Railroad
Grant Programs



Commonwealth Transportation Fund (CTF) Major Transportation Allocations



§ 33.2-358. Allocation of funds to programs.

- State of Good Repair Purposes 30.0%
- High-Priority Projects Program 20.0%
- Highway Construction District Grant Program 20.0%
- Interstate Operations and Enhancement Program 20.0%
- Virginia Highway Safety Improvement Program 10.0%

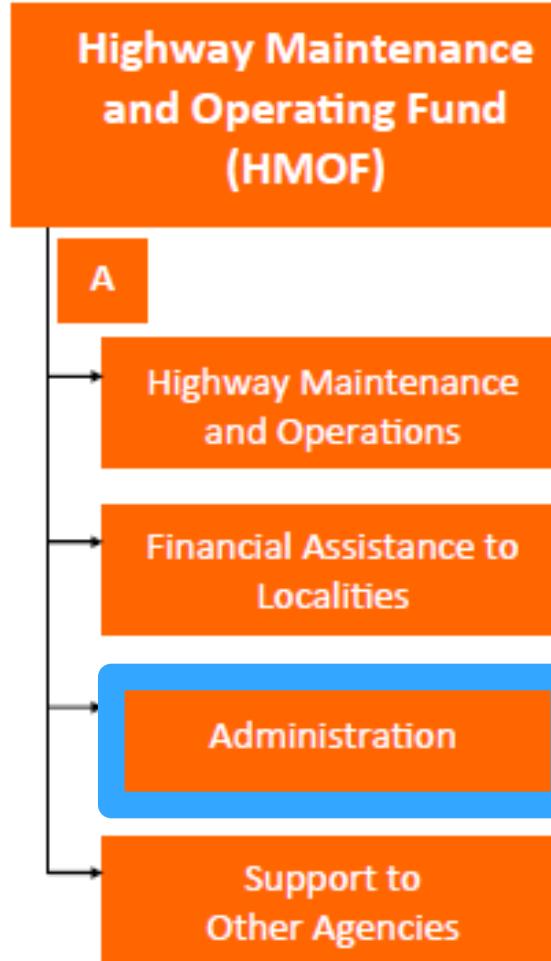
Highway Maintenance & Operations



Support to other agencies:

- To cover activities and services related to the state's transportation program
- Examples include:
 - Virginia State Police – weigh station enforcement, highway safety corridors
 - Department of Motor Vehicles – highway safety programs
 - Department of Historic Resources – required reviews of transportation projects

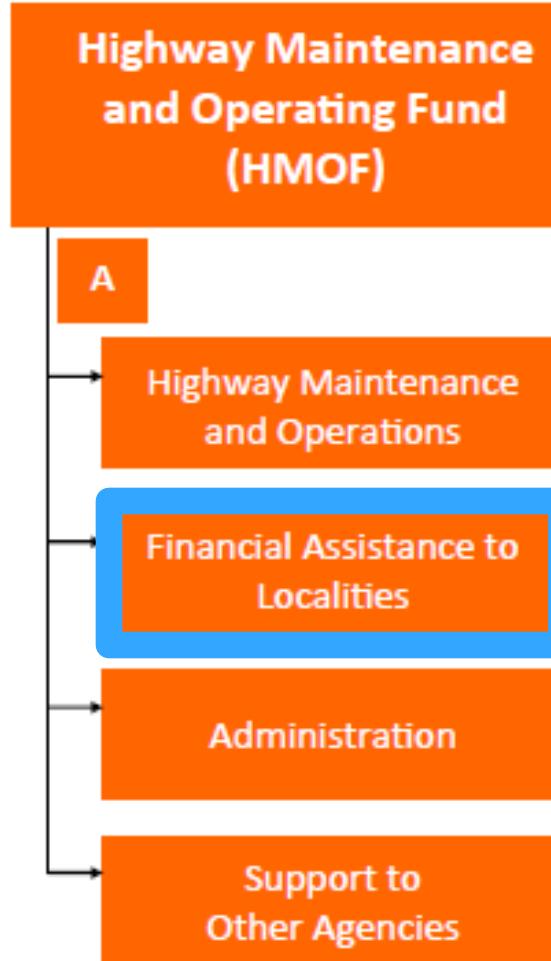
Highway Maintenance & Operations



Administration

- General administration
- Information technology
- Facilities and grounds management
- Employee training and development

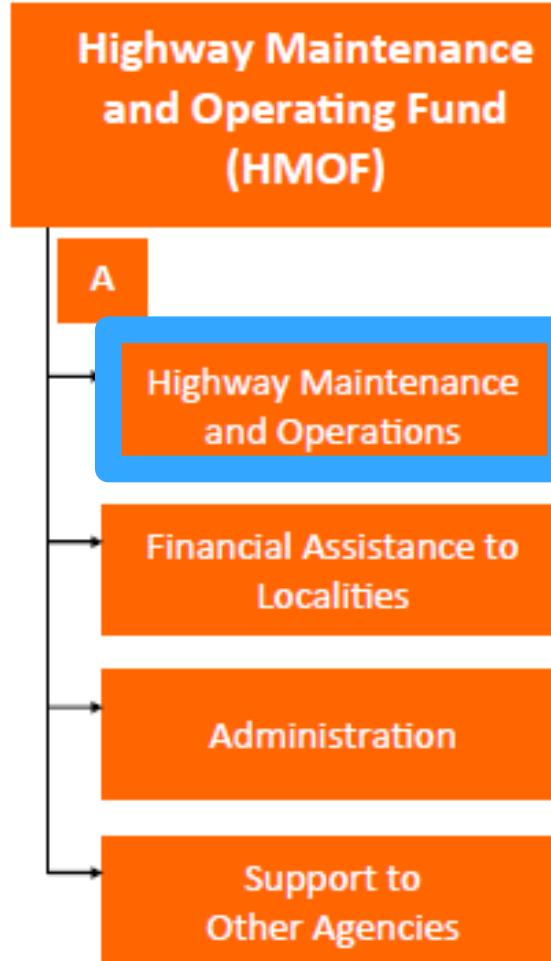
Highway Maintenance & Operations



Financial Assistance to Localities

- Maintenance payments to 84 cities and towns and the counties of Henrico and Arlington
- **Access programs:**
 - Economic Development Access
 - Airport Access
 - Recreational Access

Highway Maintenance & Operations



Highway Maintenance and Operations

- **Budget process begins with needs assessment:**
 - Inventory and condition of assets
 - Unit costs for maintenance, replacement and operations
 - Performance targets
- **Allocation is distributed to the districts, and in turn to residencies and specialized work units**
- **Create spend plans that:**
 - Account for fixed costs (labor, materials, utilities, etc.)
 - Use remainder for planned initiatives
- **Adjustments must be made when significant weather events occur**

Highway Maintenance & Operations

VDOT - \$2.4 Billion Annually

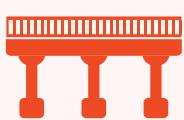
MAINTENANCE

\$770 million



Pavement

\$220 million



Bridges

\$480 million



Routine Maintenance

\$260 million



Roadside

\$225 million



Emergency Funds

TRAFFIC AND OPERATIONS

\$40 million



Guardrail

\$25 million



Ferries

\$210 million



Traffic Items

\$70 million

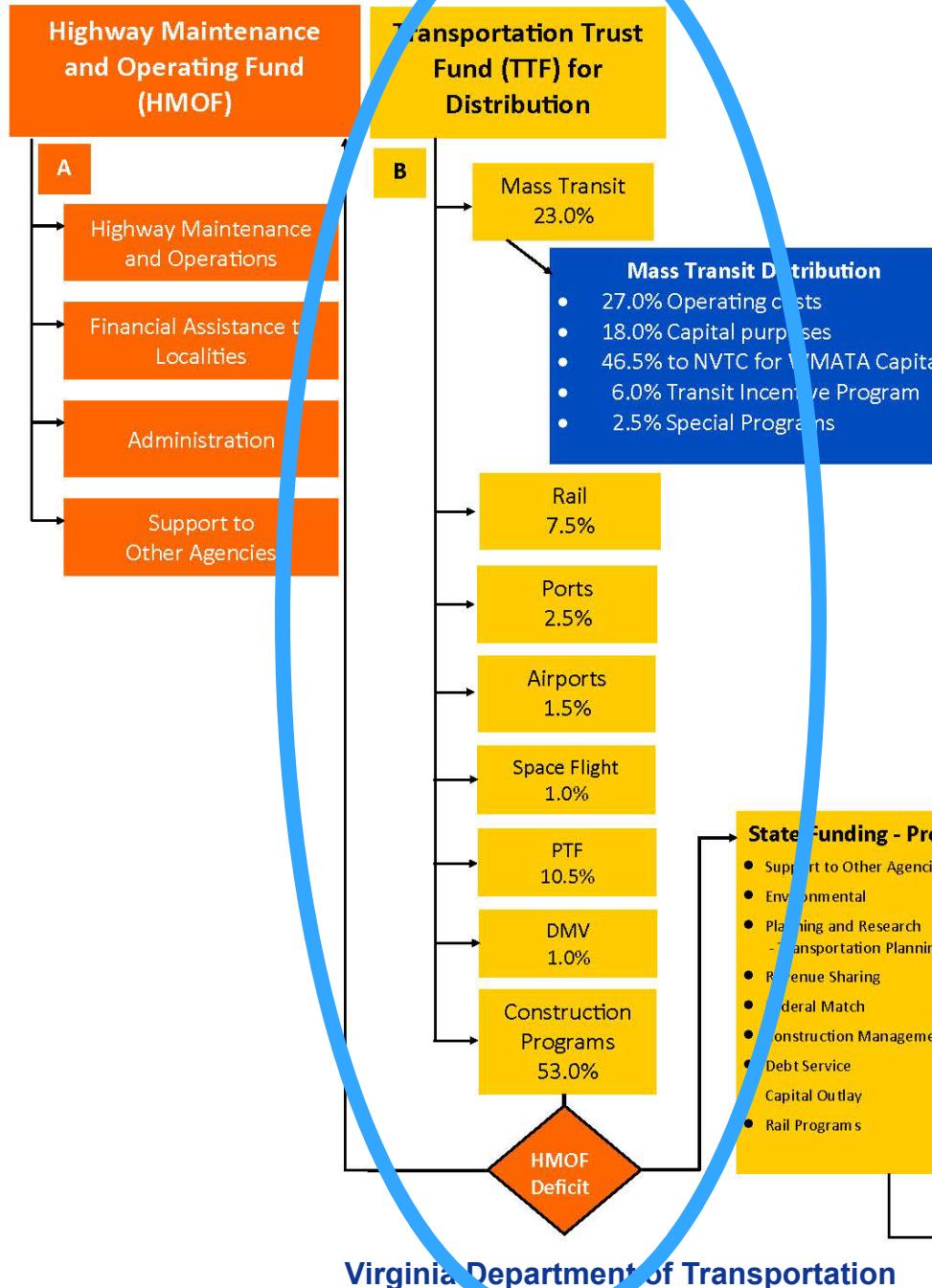


Special Structures
Daily Operations

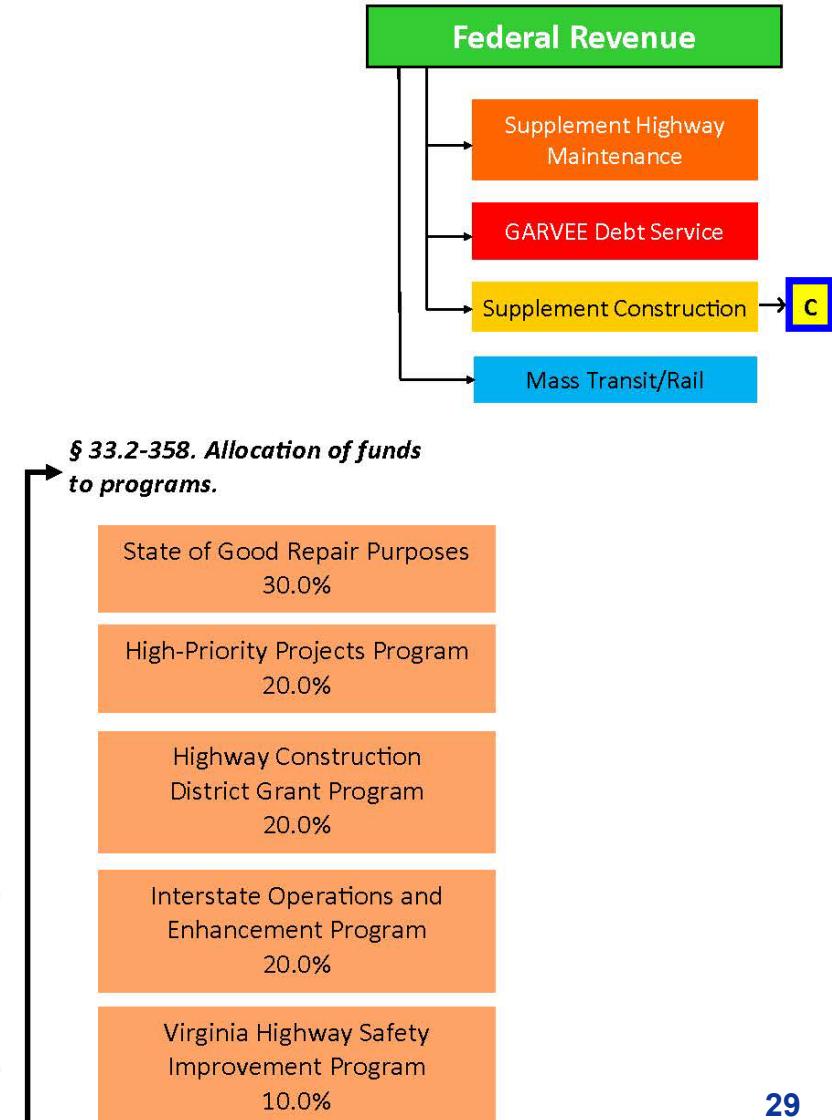
\$100 million



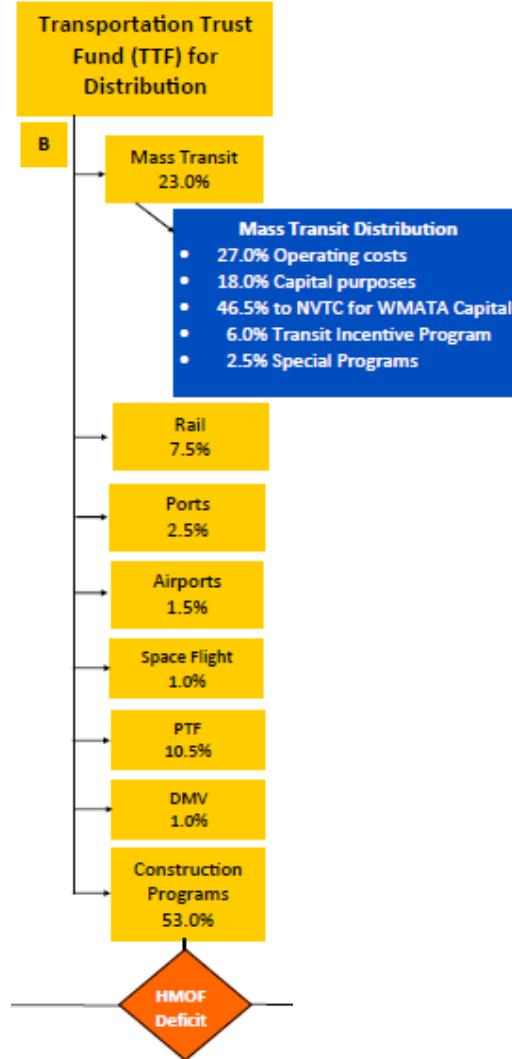
Operations
Centers/SSP



Commonwealth Transportation Fund (CTF) Major Transportation Allocations



Transportation Trust Fund



- 1. Distributions of state revenue to other modes of transportation**
- 2. Fund the Priority Transportation Fund**
 - Established in 2000 (SB 710)
 - Facilitates the financing of priority transportation projects throughout the Commonwealth
- 3. Remaining 53% to Construction**
- 4. Crossover to address Maintenance deficit, per *Code of Virginia***

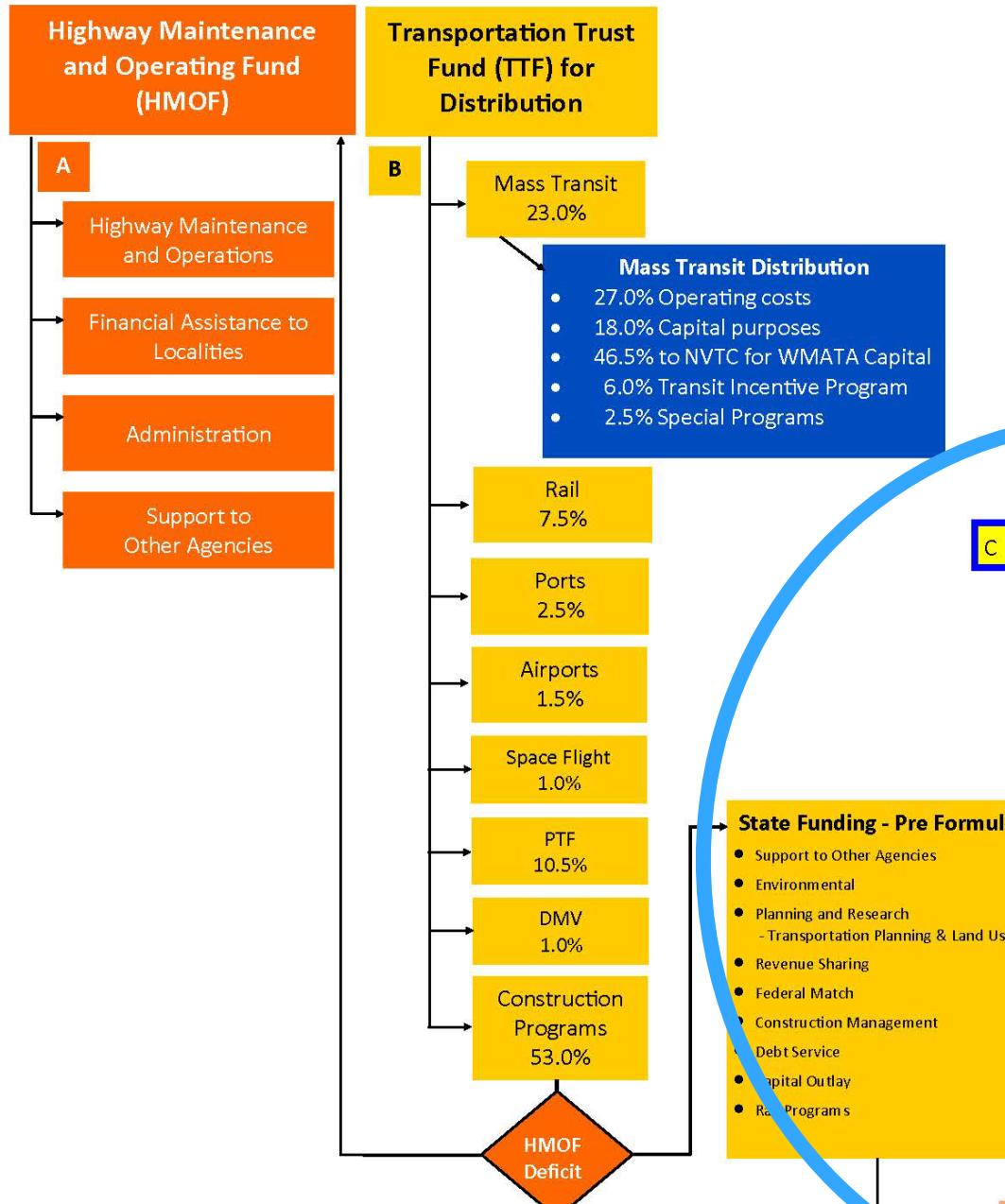
TTF Sub Funds

Transportation Partnership Opportunity Fund (TPOF):

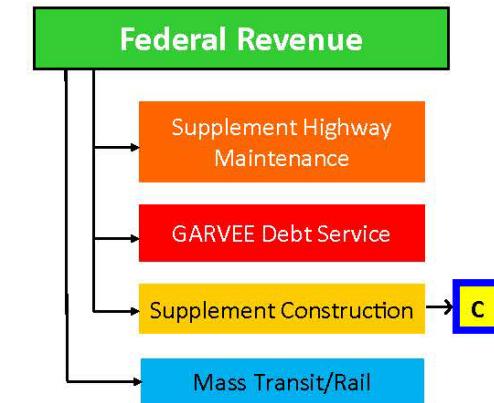
- Established 2005 through legislation
- Awarded at the discretion of the Governor in the form of grants, revolving loans or other financial tools
- Key tool in attracting and growing business in Virginia

Virginia Transportation Infrastructure Bank (VTIB):

- Established 2011 through legislation
- Makes loans and other financial assistance to localities and certain other eligible borrowers to finance transportation project



Commonwealth Transportation Fund (CTF) Major Transportation Allocations



State Funding – Pre Formula Distributions

State funding comes off the top to cover:

- **Support to other agencies**
- **Debt service**
- **Rail programs**
- **Overhead funding for:**
 - Environmental
 - Planning and Research
 - Construction Management
- **Capital Outlay projects at VDOT**
- **Revenue Sharing Program**

State Funding - Pre Formula

- Support to Other Agencies
- Environmental
- Planning and Research
 - Transportation Planning & Land Use
- Revenue Sharing
- Federal Match
- Construction Management
- Debt Service
- Capital Outlay
- Rail Programs

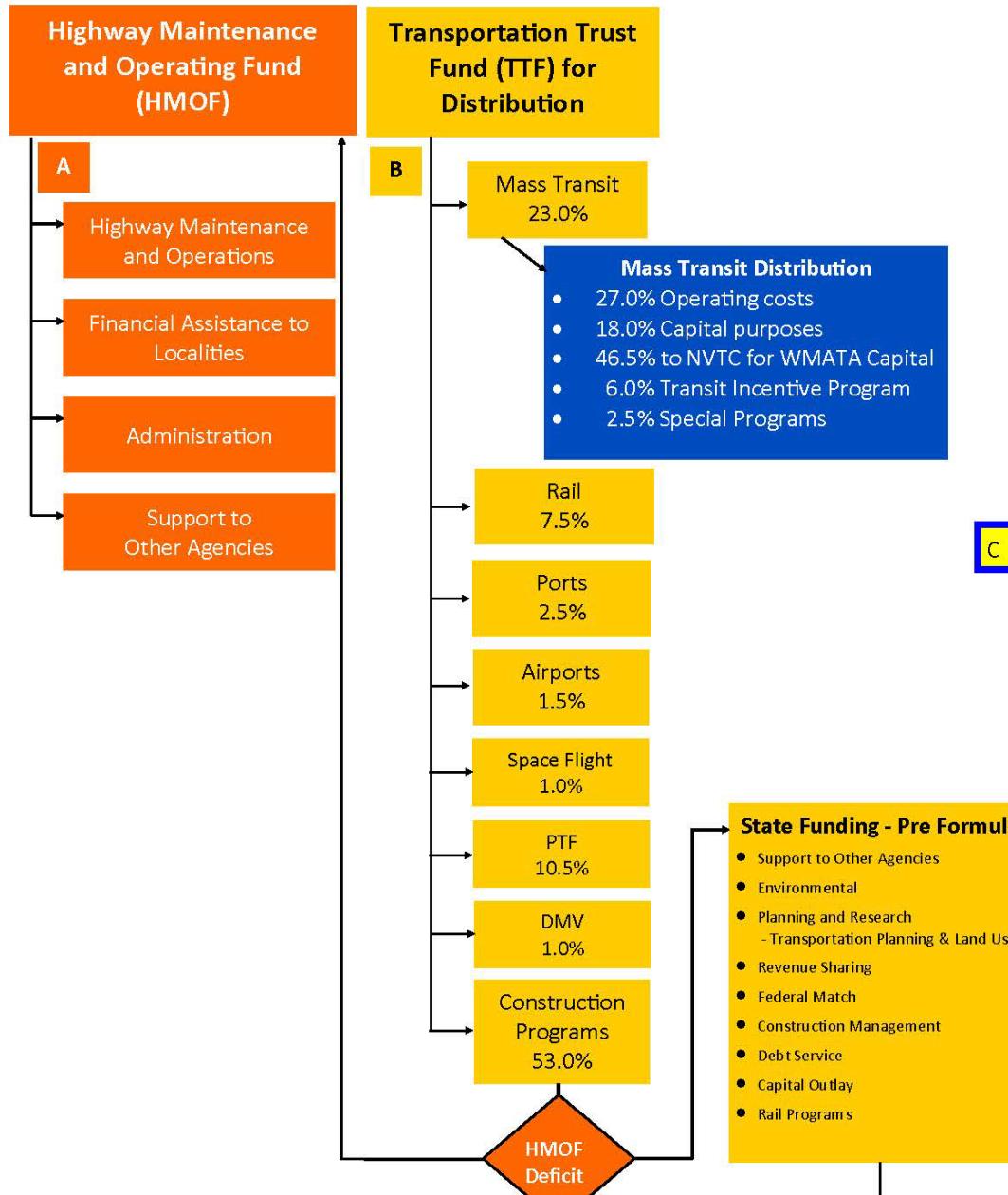
Federal Funding – Pre Formula Distributions

→ Federal Funding - Pre Formula
National Highway Performance Program (NHPP)
Regional Surface Transportation Block Grant Program (RSTBGP)
- MPO Distribution
Surface Transportation Block Grant Program (STP) -
STP - 5,000 < Areas ≤ 200,000
STP - Areas ≤ 5,000
Congestion Mitigation and Air Quality (CMAQ)
- MPO Distribution
Rail Highway Crossings
Metropolitan Planning
State Planning and Research (SPR)

Federal Funding Remaining
National Highway Performance Program (NHPP) not allocated above
Surface Transportation Block Grant Program (STBGP) - Flexible not allocated above
National Highway Freight Program
Highway Safety Improvement Program (HSIP)

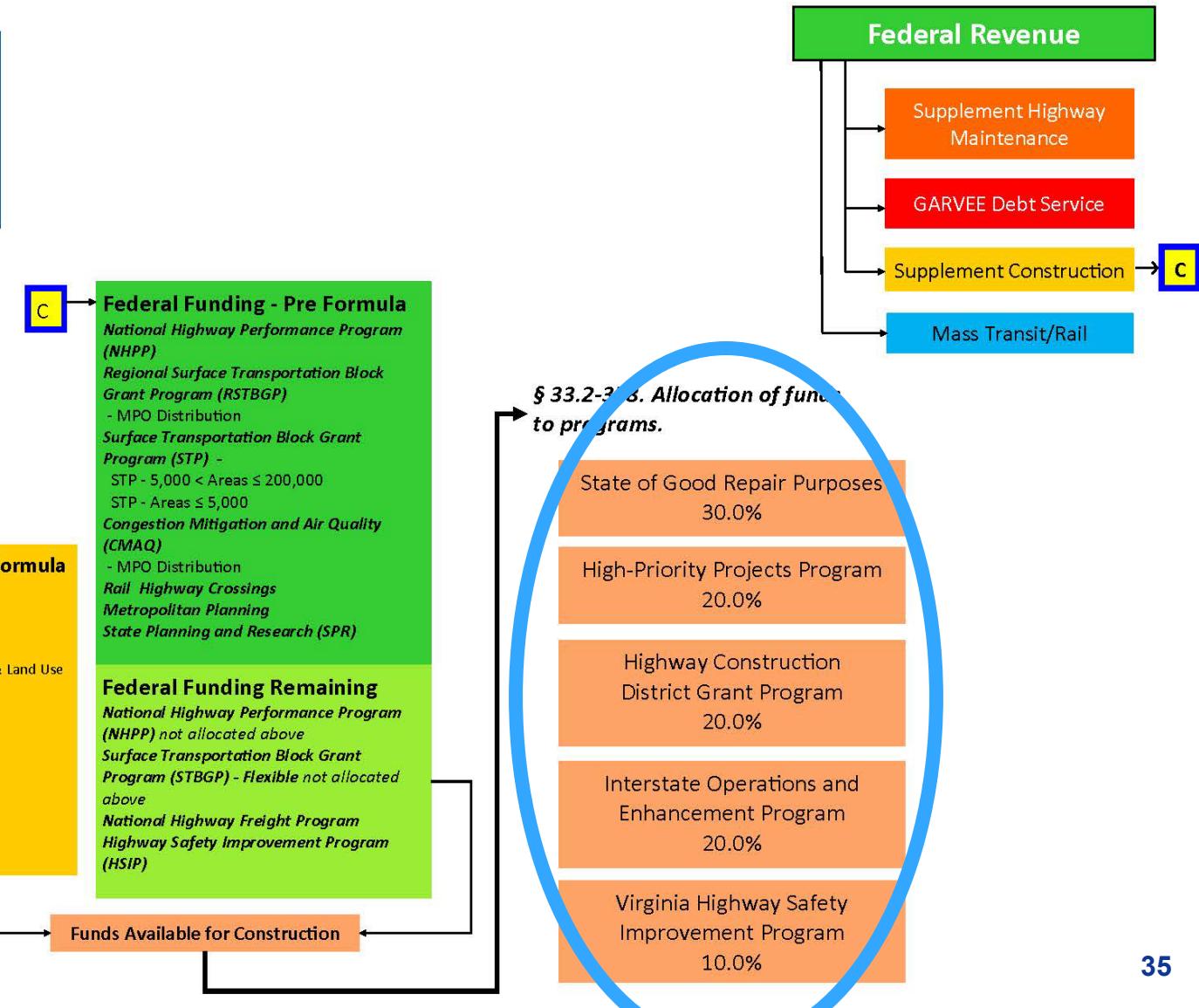
Federal funding comes off the top for:

- **MPO distributions in TMAs:**
 - RSTBG
 - CMAQ
- **Transportation Alternatives set-aside**
- **Metropolitan Planning (PL funds)**
- **State Planning & Research (SPR – VDOT Planning)**
- **Rail Highway Crossings**



Virginia Department of Transportation

Commonwealth Transportation Fund (CTF) Major Transportation Allocations



Construction Formula

§ 33.2-358. Allocation of funds to programs.

State of Good Repair Purposes
30.0%

High-Priority Projects Program
20.0%

Highway Construction
District Grant Program
20.0%

Interstate Operations and
Enhancement Program
20.0%

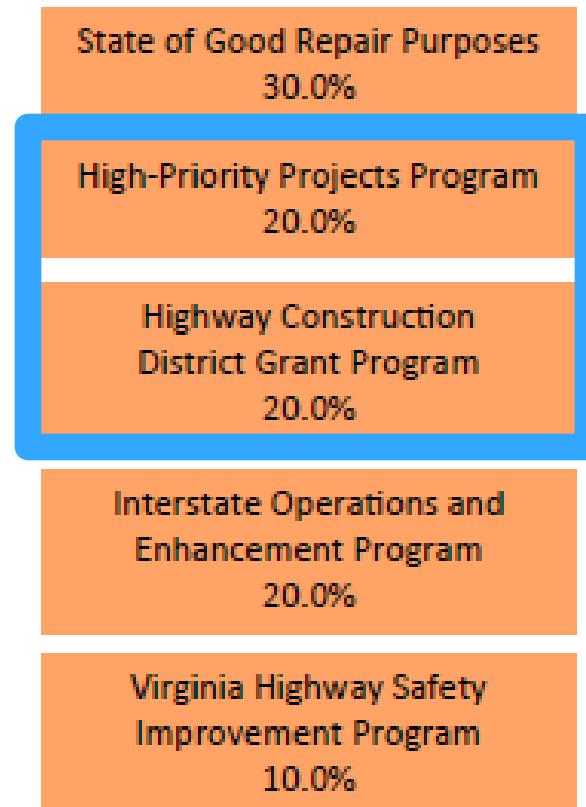
Virginia Highway Safety
Improvement Program
10.0%

State of Good Repair (SGR)

- **Established 2015 (HB 1887)**
- **Provides funding for deficient bridges and pavements owned by both VDOT and localities**
 - VDOT projects selected by staff
 - Local projects are on application basis
- **Funds available annually**
- **2024 legislation (HB 1254) made “cusp” bridges eligible for SGR funding**

Construction Formula

§ 33.2-358. Allocation of funds to programs.



Smart Scale:

- HPP and DGP, and the Supplemental DGP funds collected through regional fuels tax, comprise the funding available for Smart Scale
- Established in 2014 (HB 2)
- Projects are scored and selected for funding based on an objective progress
- Applications accepted in even years
- Applicants include localities, MPOs and PDCs

\$25M Unpaved Roads (from DGP)
\$25M ITTF (from HPP)

Construction Formula

→ *§ 33.2-358. Allocation of funds to programs.*

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30.0%

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District Grant Program
20.0%

Interstate Operations and
Enhancement Program
20.0%

Virginia Highway Safety
Improvement Program
10.0%

Interstate Operations & Enhancement Program (IOEP)

- **Established 2020 (HB 1414)**
- **To improve safety, reliability and traffic flow on interstate highway corridors**
- **Funding formula is set forth in the Code of Virginia, based on a ratio of truck VMT**
- **Candidate projects are identified through corridor improvement plans, which are updated every four years**

Construction Formula

→ *§ 33.2-358. Allocation of funds to programs.*

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Interstate Operations and
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Virginia Highway Safety
Improvement Program
10.0%

Virginia Highway Safety Improvement Program (VHSIP)

- **Established 2020 (HB 1414)**
- **Used to reduce fatalities and serious injuries by addressing both hazardous locations and behavioral causes of crashes**
- **Funds distributed based on proportion of fatalities on VDOT vs. locally maintained roads; currently ~80/20 split**
- **Funding is available annually for application by localities who maintain their own streets**

Resources

For more information

VDOT Budget and Financing

<https://www.vdot.virginia.gov/about/budget-finance/>

How Projects Are Funded

<https://www.vdot.virginia.gov/projects/roads-funded/>

Funding Program One-Pagers

https://www.vdot.virginia.gov/media/vdotvirginiagov/projects/how-projects-are-funded/funding-programs-fact-sheets-2025-updated_acc.pdf