



TRANSPORTATION FUNDING IN VIRGINIA

| Stacy Londrey

December 17, 2025

Overview

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



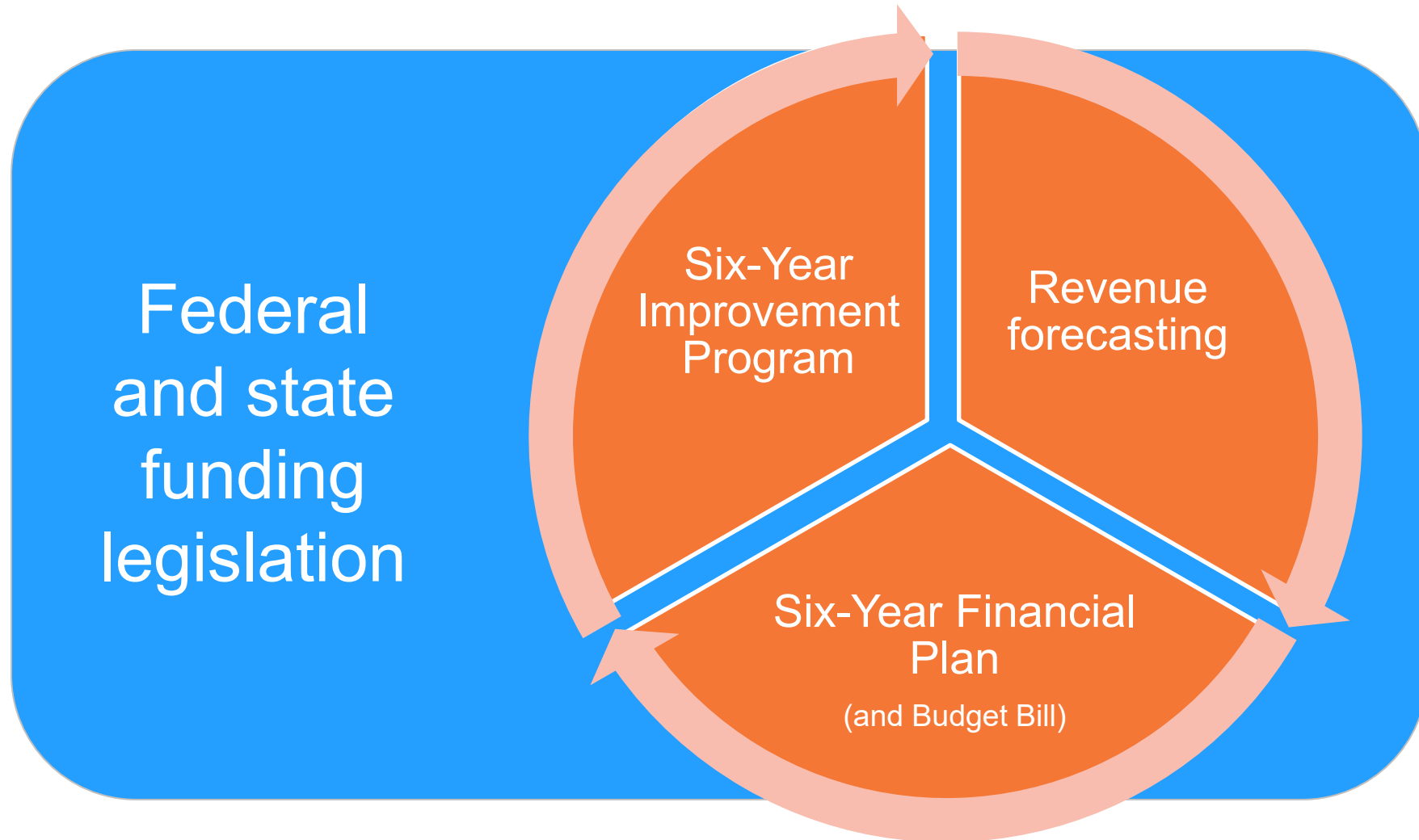
How projects are funded

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

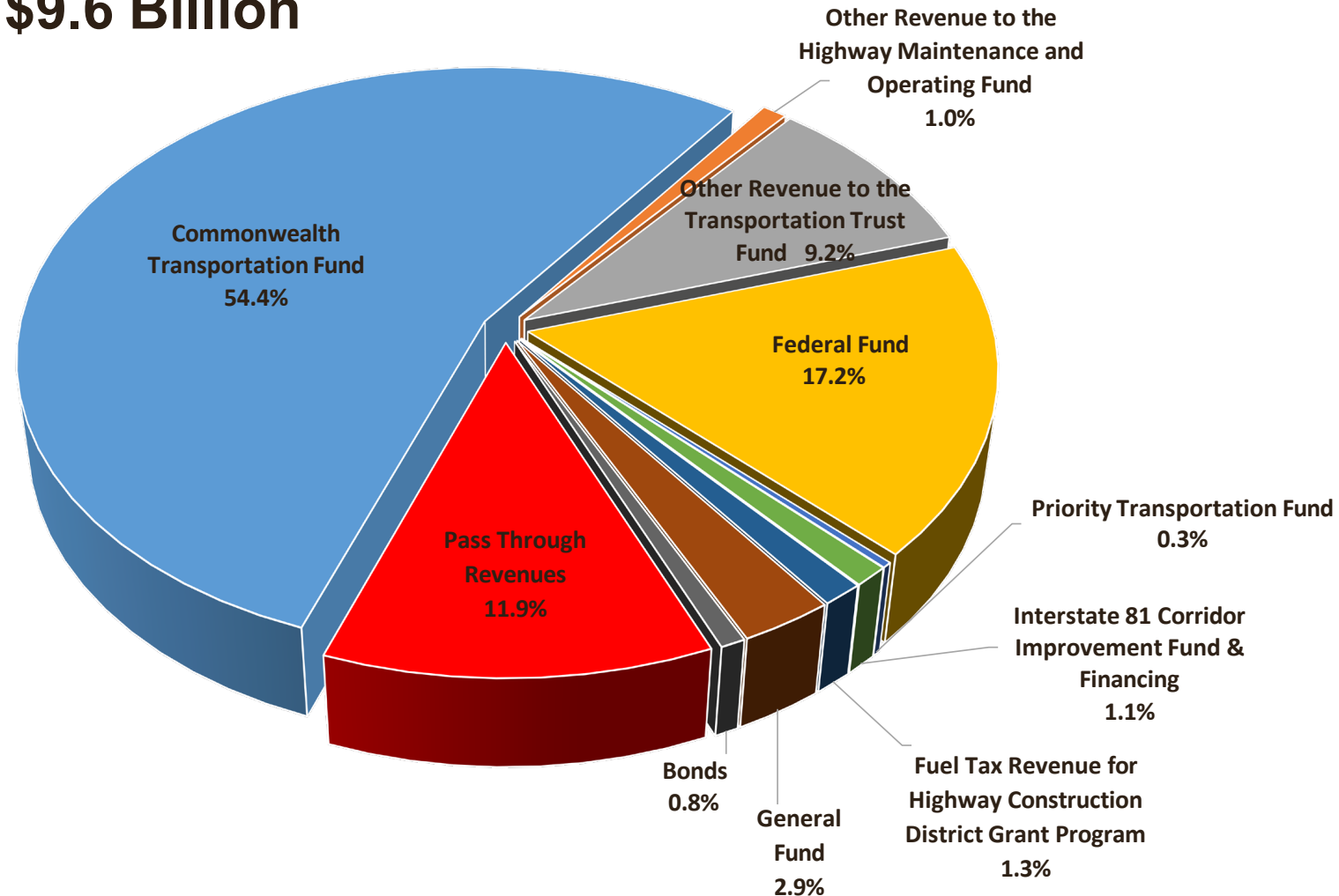
Toll collections

Bond programs

Regional revenue sources

Revenues in FY2026

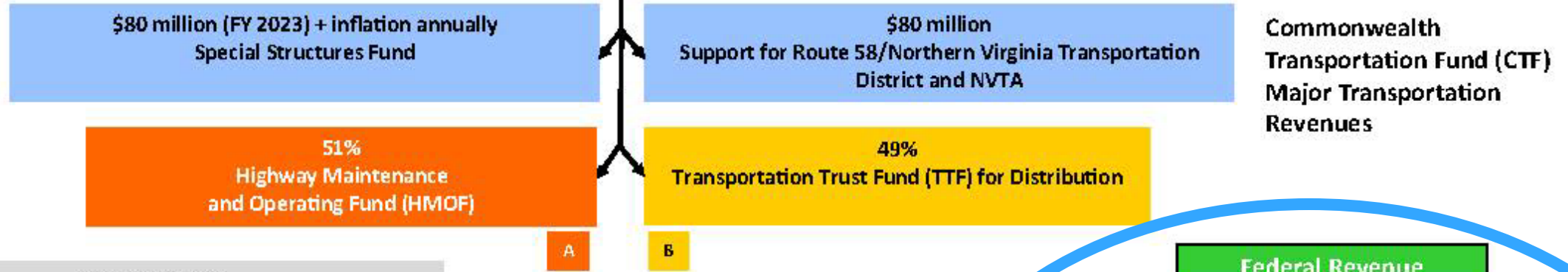
\$9.6 Billion



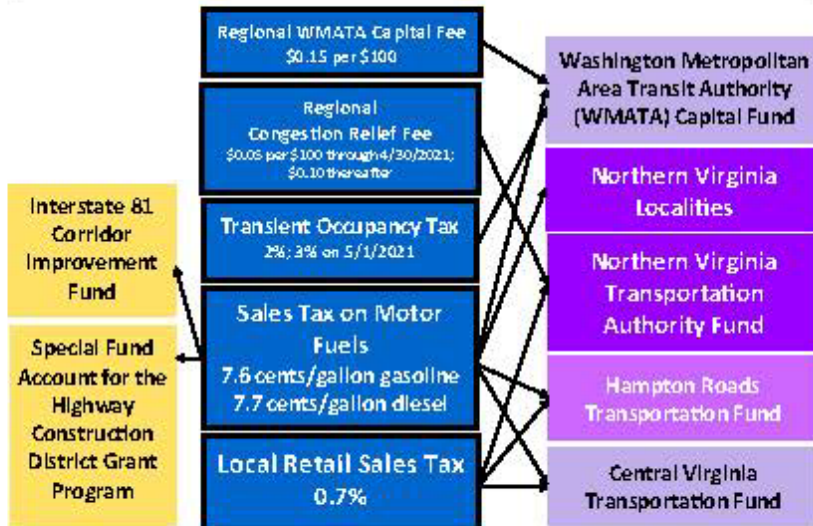
Major State Revenues

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



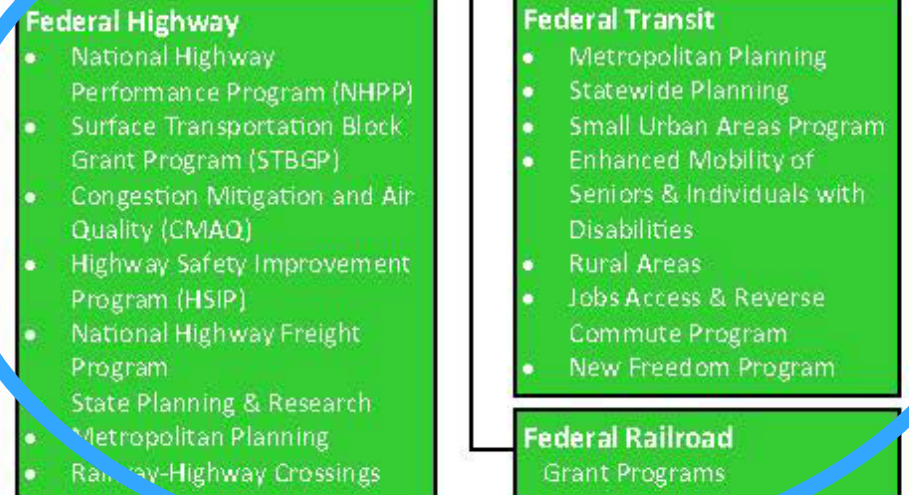
Regional Revenues



Bond Programs



Federal Revenue

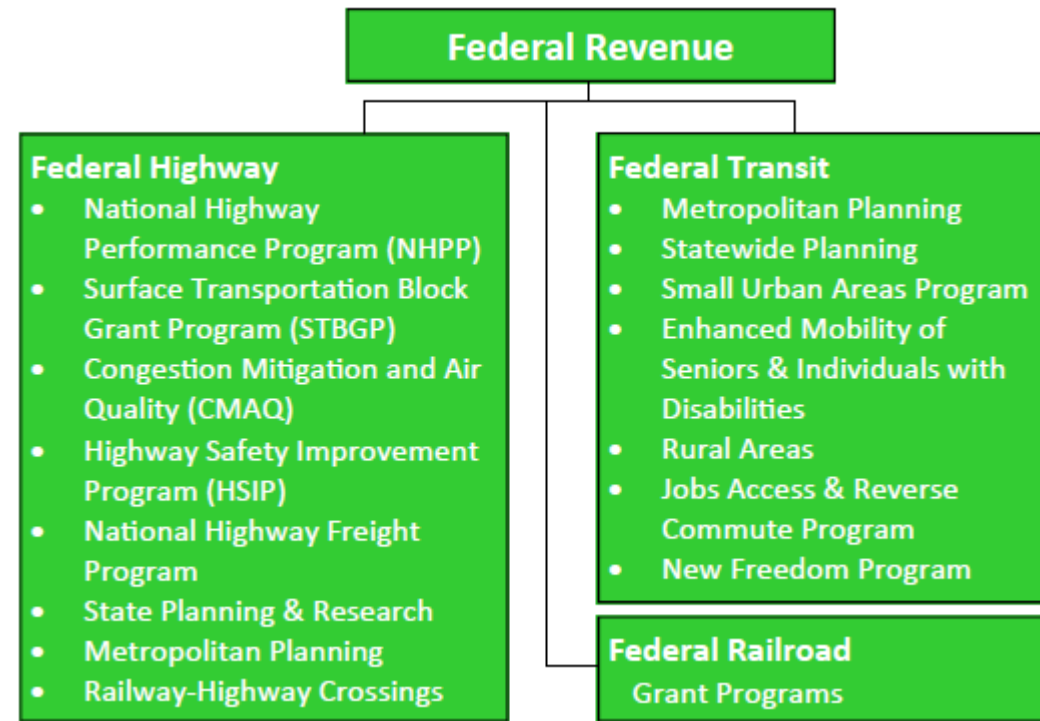


Federal Revenue

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

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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 NVTB

Commonwealth Transportation Fund (CTF)
Major Transportation Revenues

51%
Highway Maintenance and Operating Fund (HMOF)

49%
Transportation Trust Fund (TTF) for Distribution

A

B

Regional Revenues

Interstate 81 Corridor Improvement Fund Special Fund Account for the Highway Construction District Grant Program	Regional WMATA Capital Fee \$0.15 per \$100	Washington Metropolitan Area Transit Authority (WMATA) Capital Fund Northern Virginia Localities Northern Virginia Transportation Authority Fund Hampton Roads Transportation Fund Central Virginia Transportation Fund
	Regional Congestion Relief Fee \$0.05 per \$100 through 4/30/2021; \$0.10 thereafter	
	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%	

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 Projects

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
- Railway-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

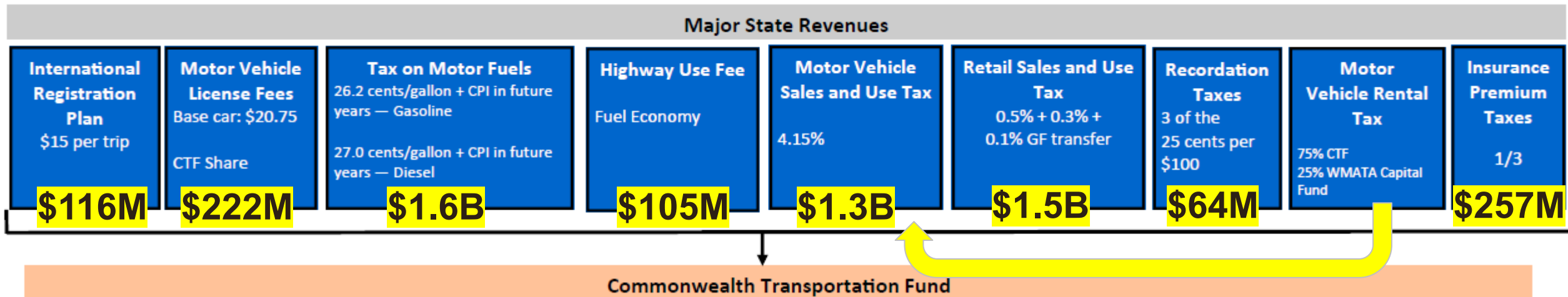
Federal Railroad Grant Programs

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

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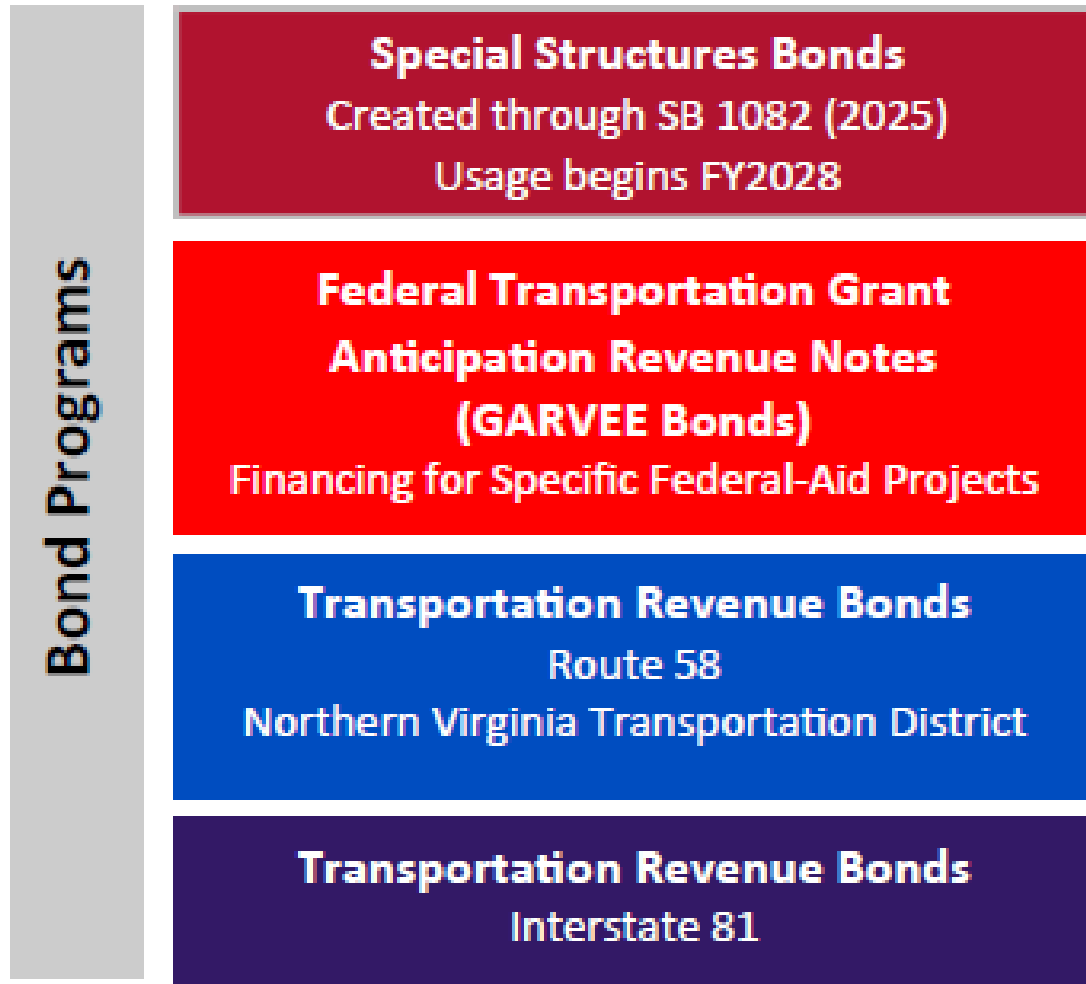
Federal Transit

- 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

Other State Revenues – Bond Programs



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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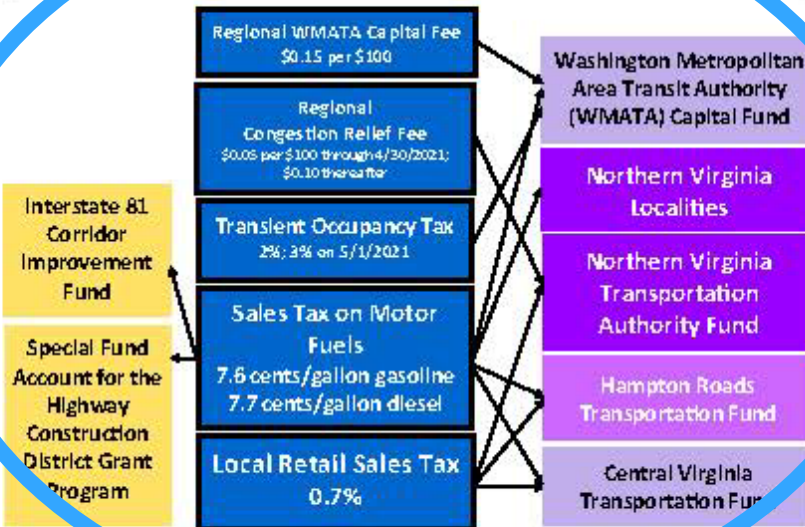
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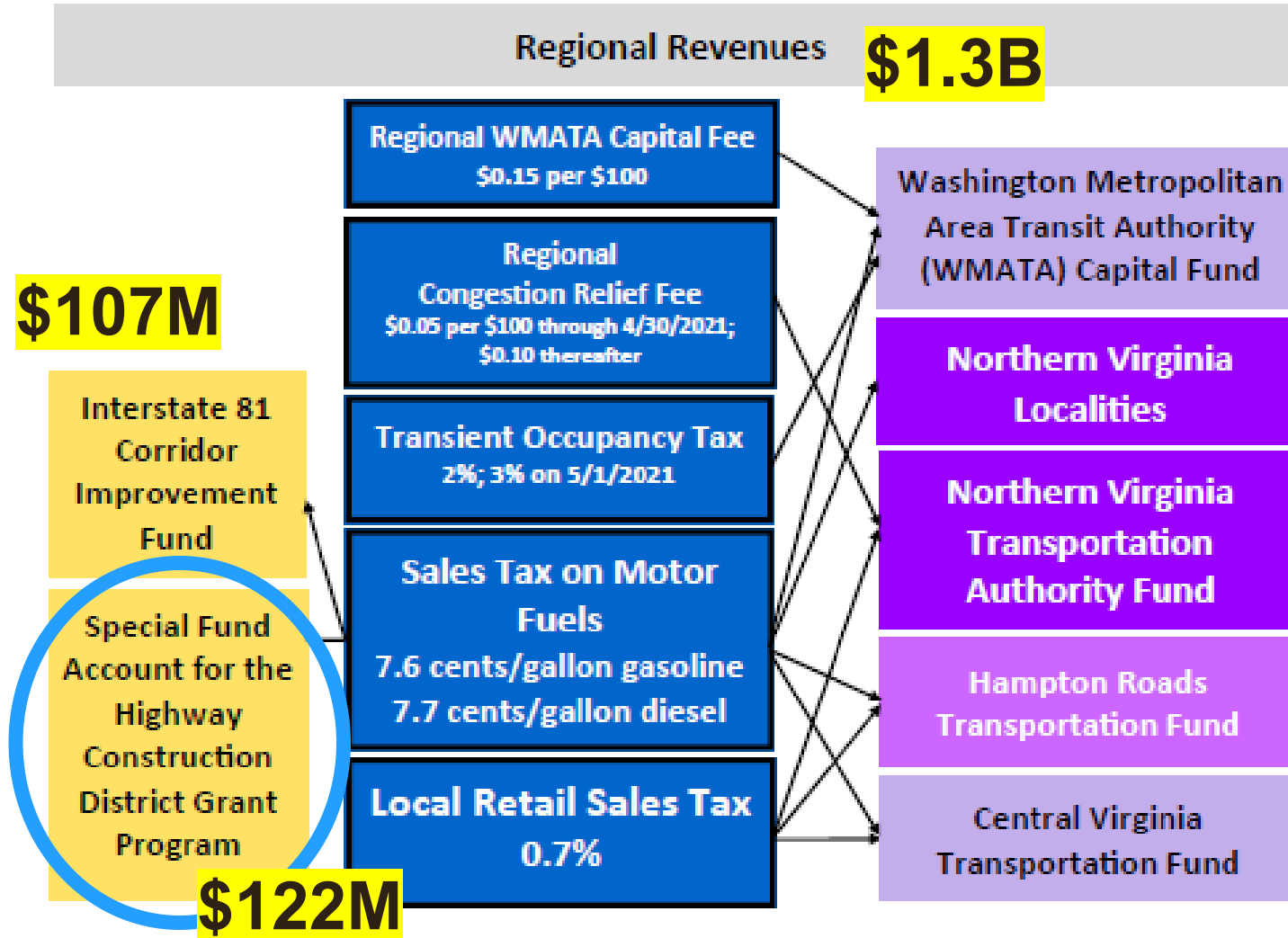
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Federal Railroad
Grant Programs

Regional revenues

FY2026 Estimates

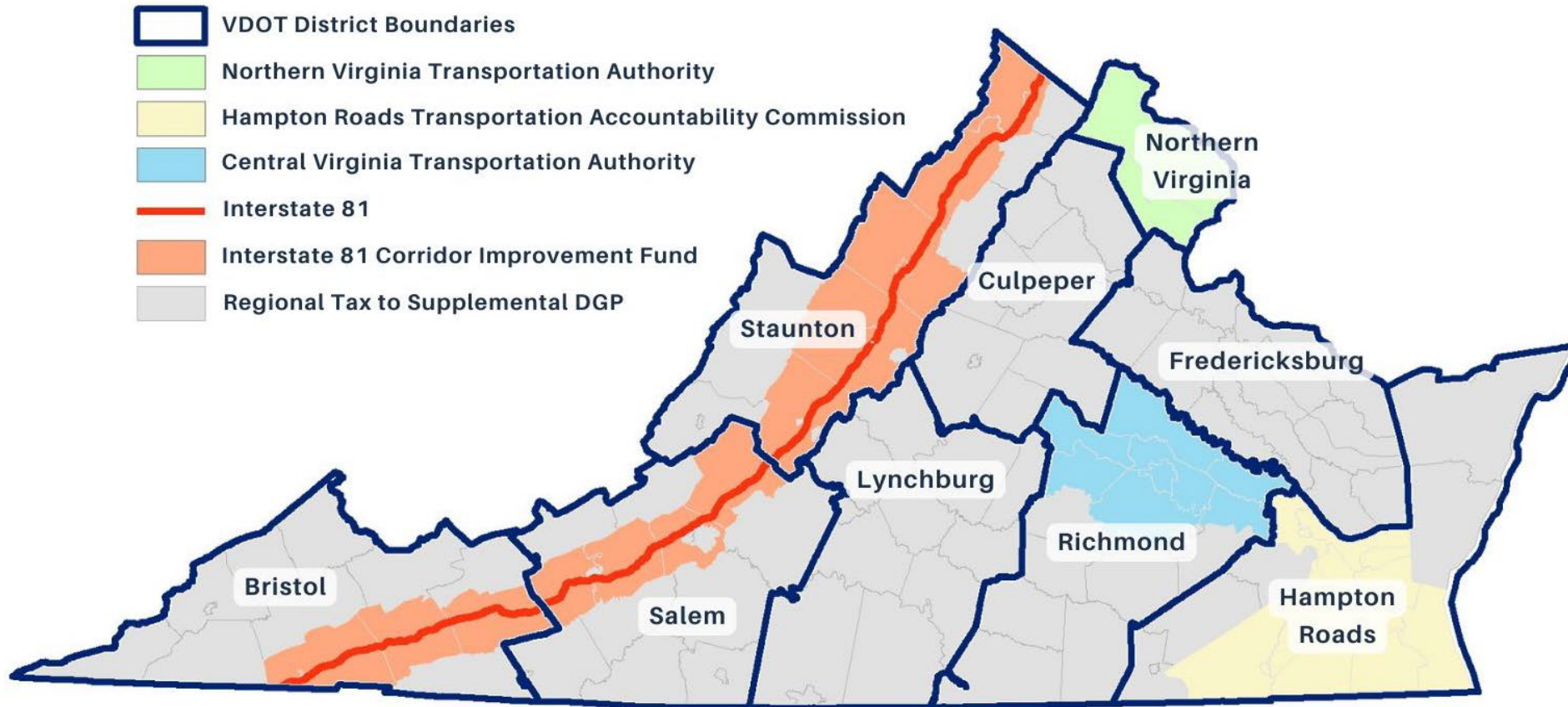


Most regional revenues are pass-throughs

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)

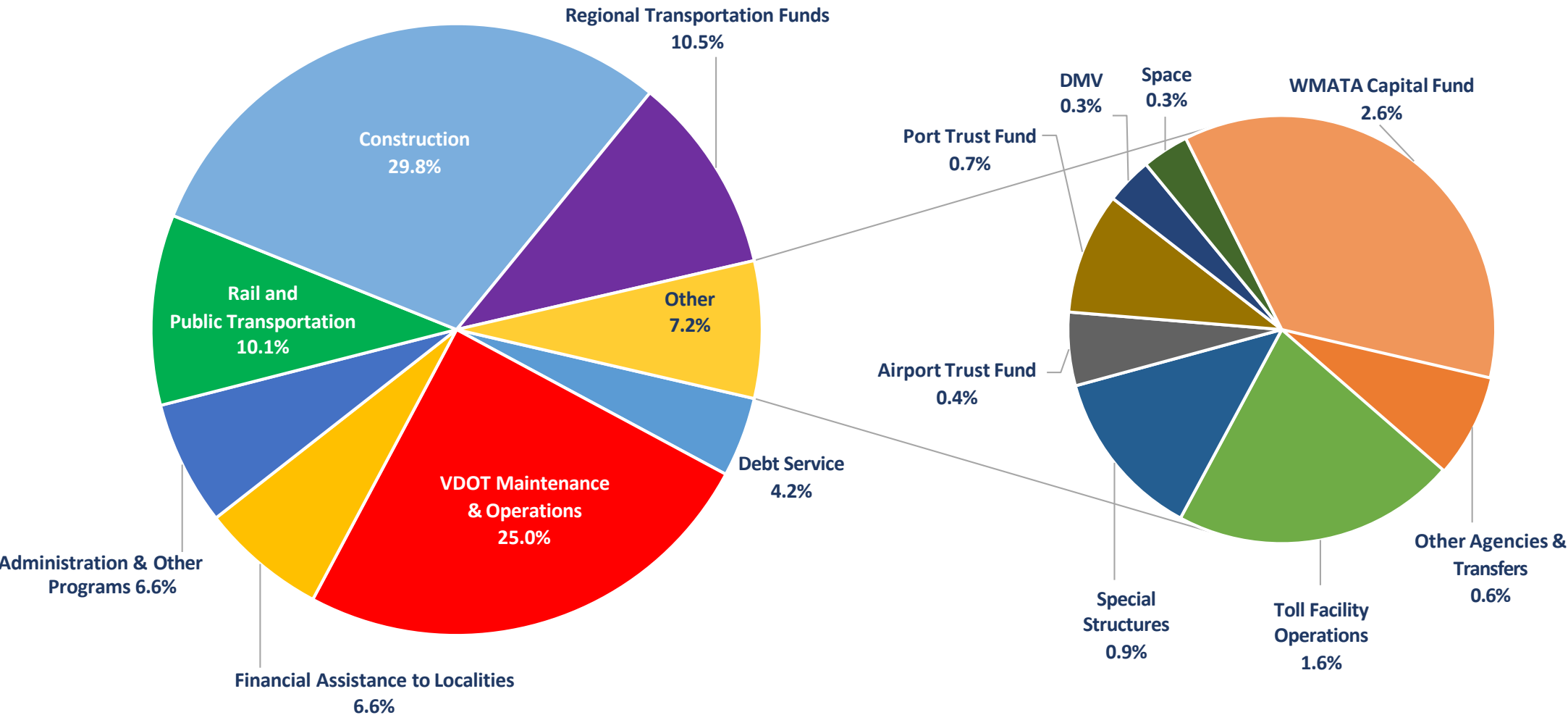


The regional fuels tax funding the Supplemental District Grant is collected in all areas of the Commonwealth where it is not already imposed (shown in the gray areas).

Allocations

Funding distribution across programs
Intended uses

Allocations in FY2026



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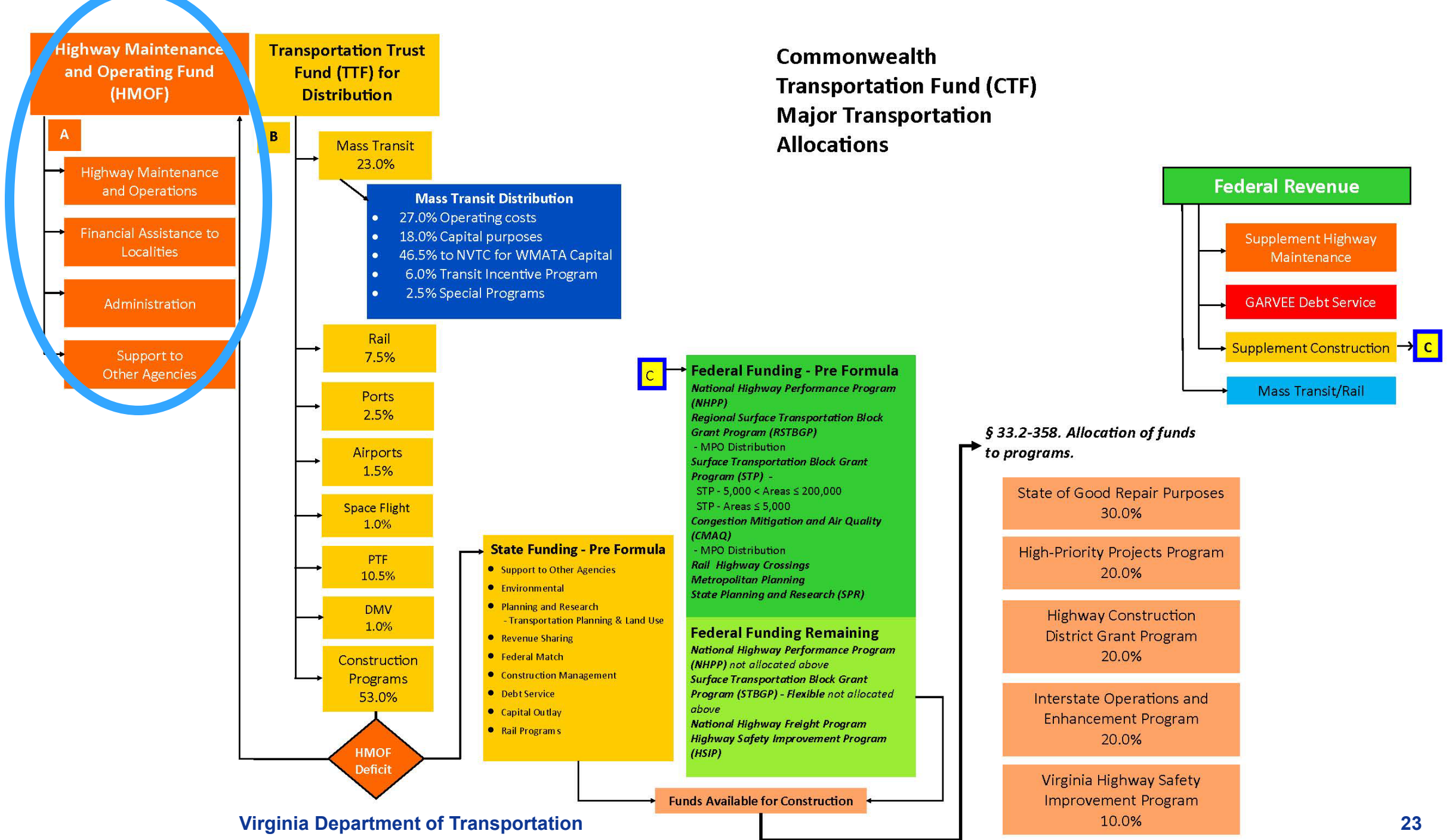
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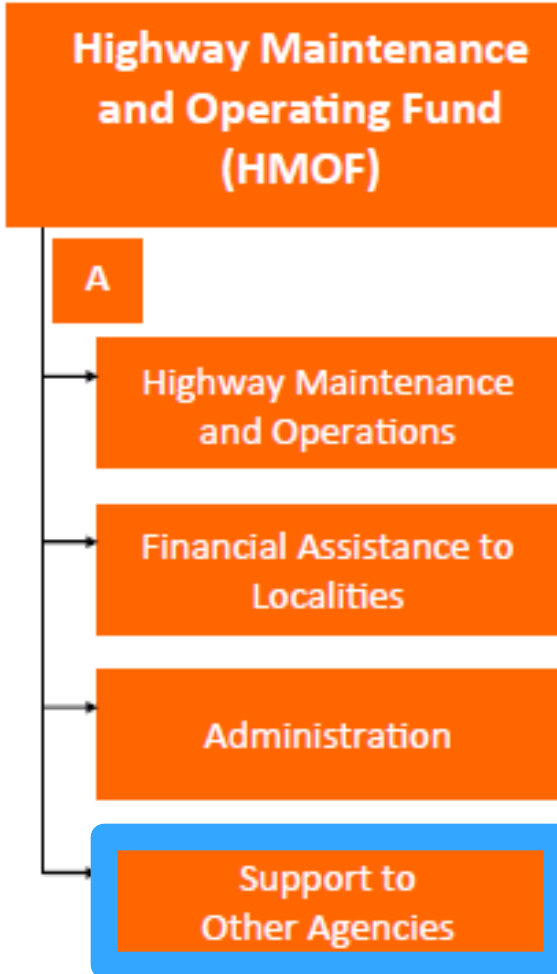
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Federal Railroad Grant Programs



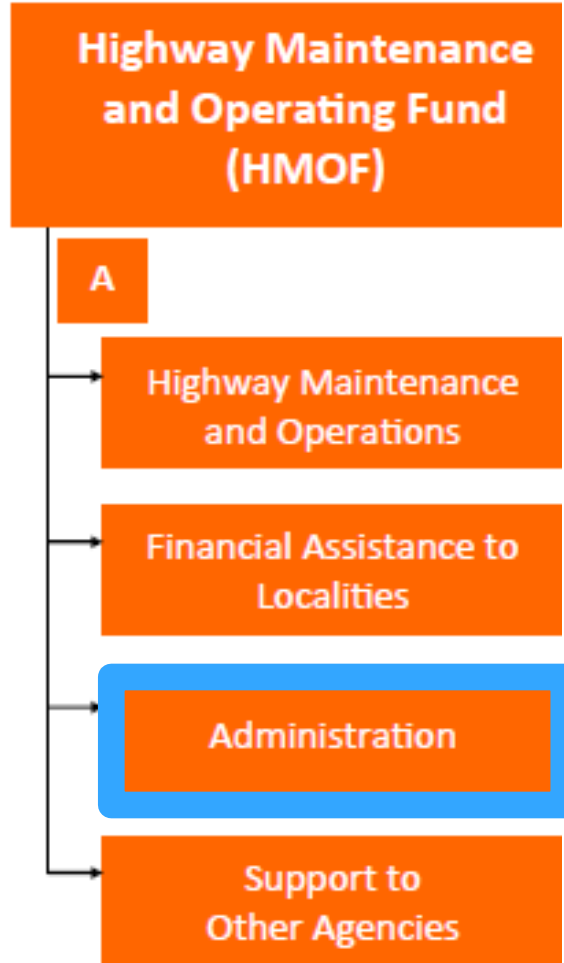
Highway Maintenance & Operations



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

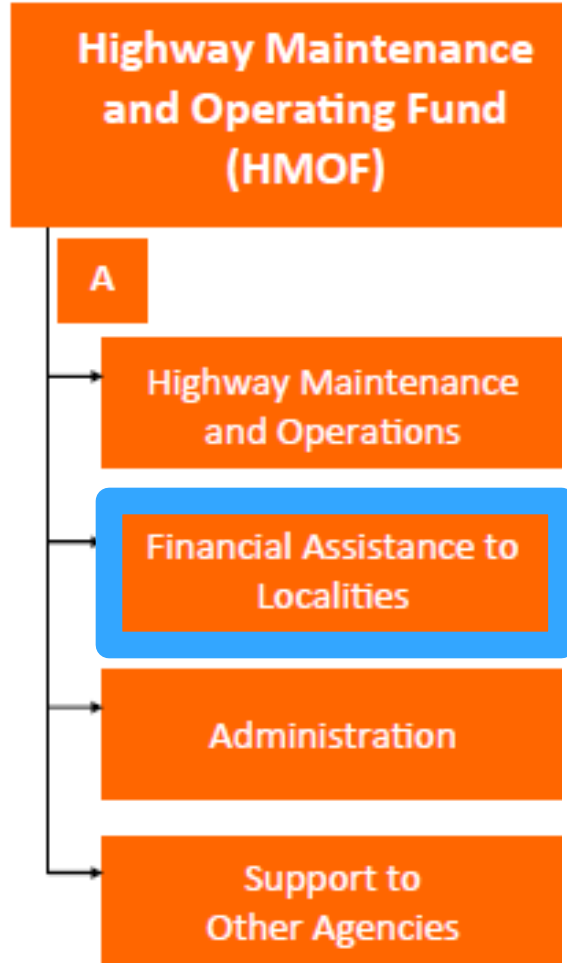
Highway Maintenance & Operations



Administration

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

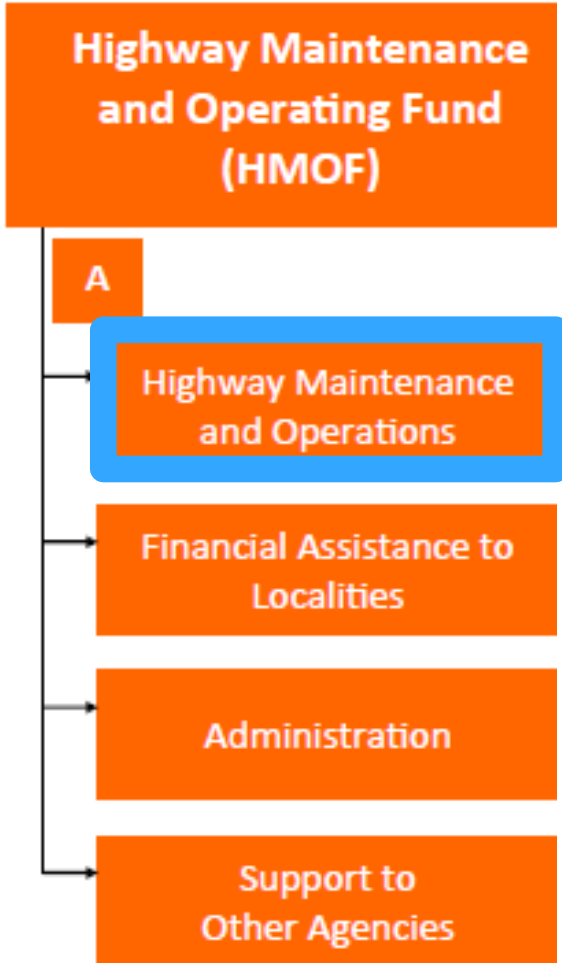
Highway Maintenance & Operations



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

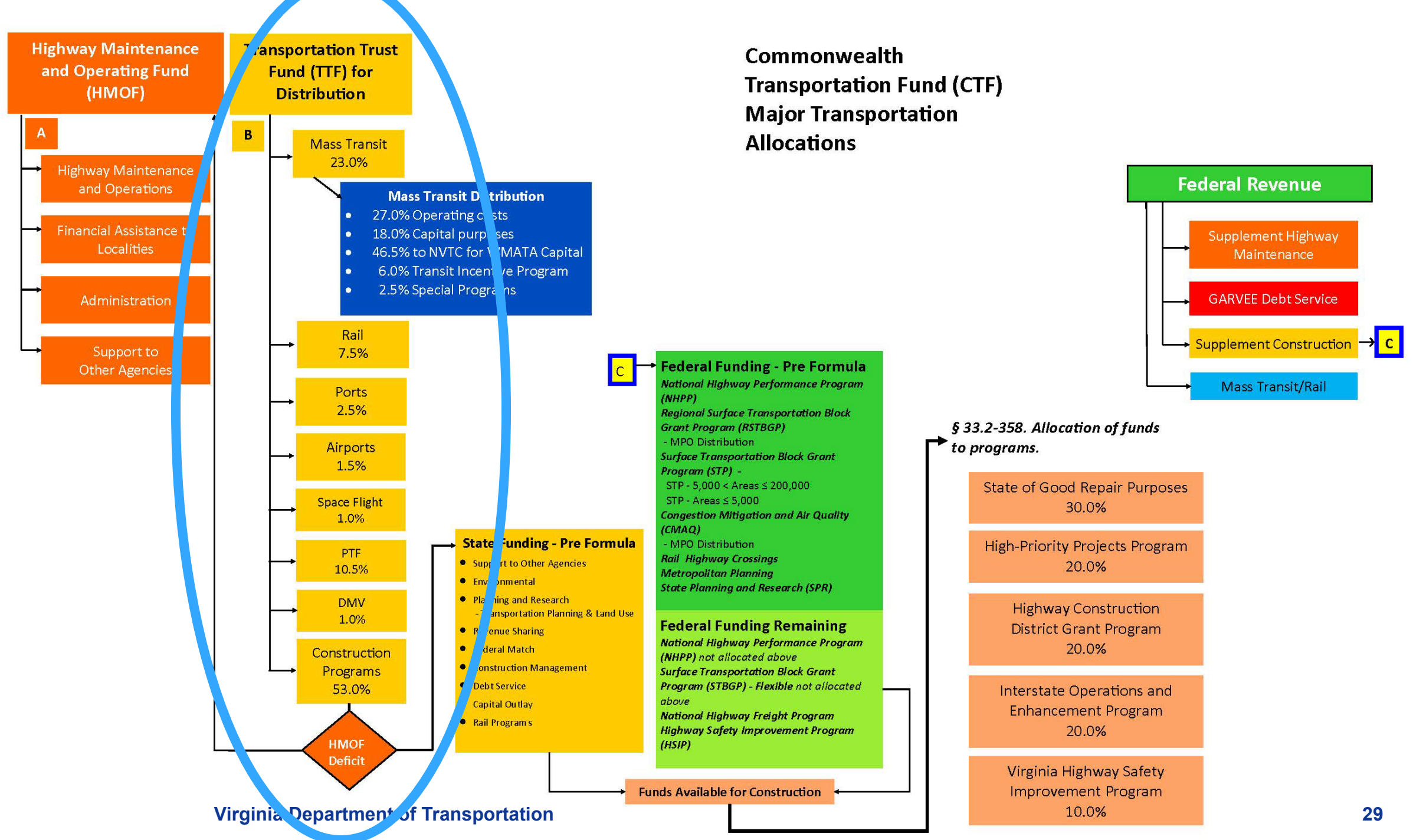


Special Structures
Daily Operations

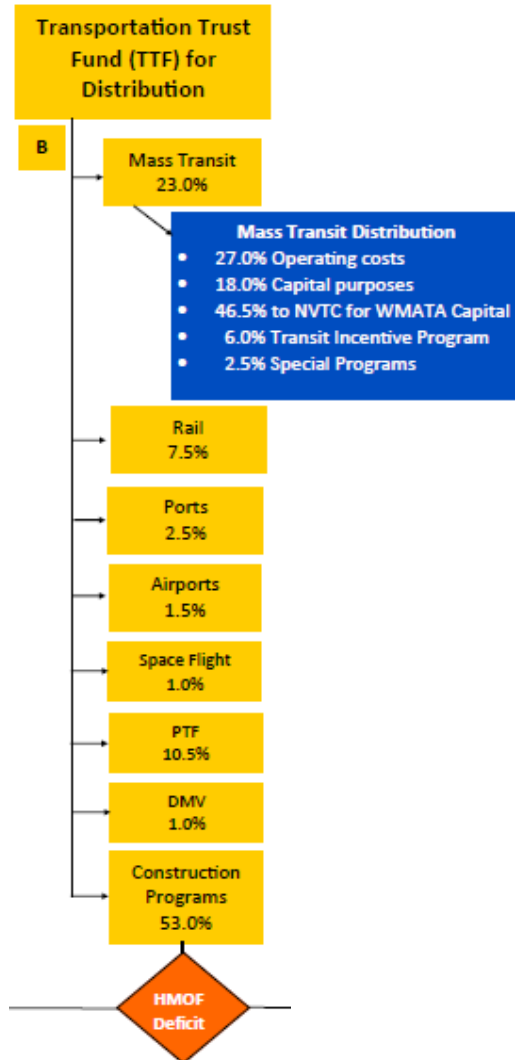
\$100
million



Operations
Centers/SSP



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*

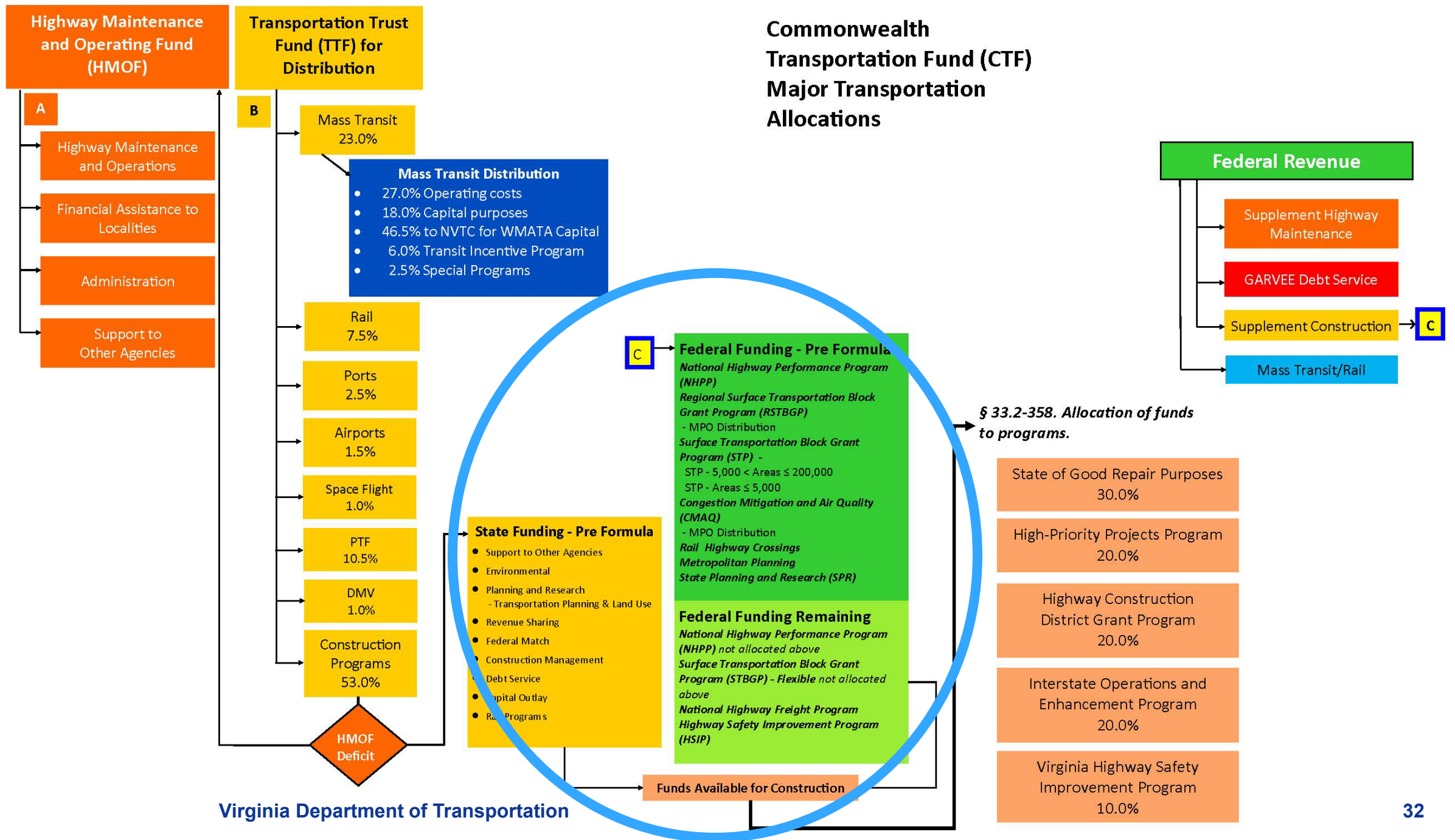
TTF Sub Funds

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**



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

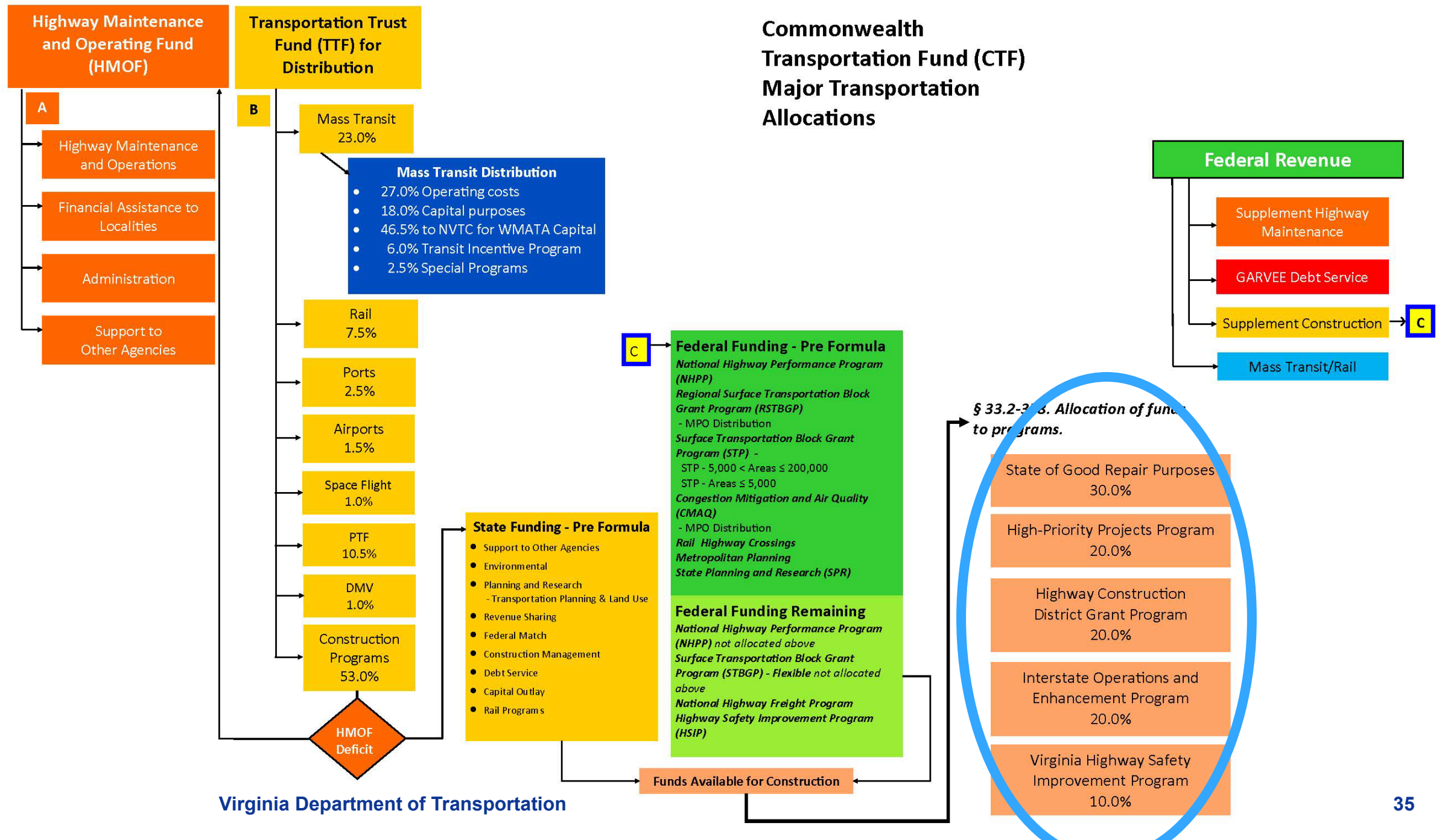
Federal Funding – Pre Formula Distributions

Federal funding 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**

→ **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)



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%

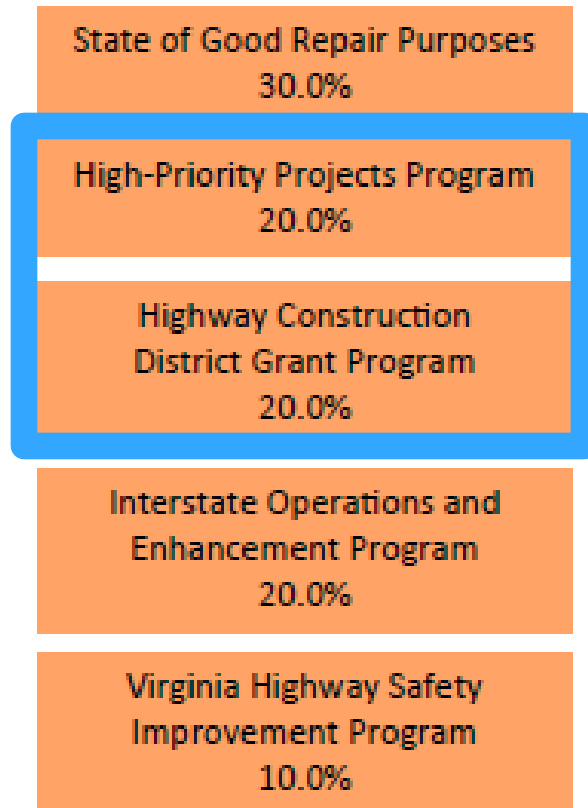
Virginia Highway Safety
Improvement Program
10.0%

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

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Interstate Operations and
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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

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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