

Transportation

The Governor's proposed budget for Transportation agencies provides a net increase of \$945.3 million NGF over the adjusted appropriation for current operations. In addition, an increase of \$423.9 million in general funds is recommended. This GF total is offset by a proposed \$14.1 million reduction in general fund support for the U.S. Route 58 Corridor Development Program and the Northern Virginia Transportation District Program. Debt service for these programs is proposed to be funded from Commonwealth Transportation Funds.

The proposed budget provides \$6.9 billion in the 2000-2002 budget, an increase of 24 percent over the 1998-2000 activity-based budget. Of the \$6.9 billion, \$994.0 million is proposed to fund a series of transportation items referred to as "Innovative Progress" that was announced in August, 1999.

The recommended budget assumes passage of legislation to securitize up to 40 percent of the Commonwealth's allocation from the Tobacco Settlement. The budget includes \$570.1 million from this transaction, which involves selling up to 40 percent of the Settlement revenues to the "Tobacco Settlement Financing Corporation." This \$570.1 million is included in the \$945.3 million increase in total NGF funding, which is referred to above.

Transportation Proposals

In August, 1999, a series of proposals was announced to address transportation concerns in the Commonwealth. The proposed budget includes the following funding for these items:

Sources of Funds

- **Sale of Tobacco Assets to Fund a Priority Transportation Fund.** Recommends an estimated \$570.1 million in the first year for deposit into the proposed Priority Transportation Fund. In addition, language is recommended giving the Governor the authority to sell up to 40 percent of the tobacco assets to the proposed Tobacco Settlement Financing Corporation after July 1, 2001.
- **General Funds for Transportation.** Recommends \$423.9 million in general funds. [This total does not include a proposed \$14.1 million reduction in general fund support for the U.S. Route 58 Corridor Development Program and the Northern Virginia Transportation District Program.]

Uses of Funds

- **Payback to the Transportation Trust Fund.** \$200 million which was diverted from the Transportation Trust Fund during the 1990-92 recession is slated to be repaid in the introduced budget. The \$200 million is recommended to be spent as follows:
 - ♦ An additional \$157.4 million for the highway construction program, which represents the 78.7 percent share for highway construction.
 - ♦ A total of \$29.4 million to mass transit, with \$1.0 million designated for payment of the debt service on the Eastern Shore Railroad, which represents the 14.7 percent share for mass transit.
 - ♦ A total of \$8.4 million to ports, which represents the 4.2 percent share for ports. Budget language designates \$2.4 million for the continued study of the Craney Island Dredged Material Management Area, and \$700,000 for the first phase of an \$18.1 million dredging of the inbound channel of the Norfolk Harbor.
 - ♦ A total of \$4.8 million to aviation, which represents the 2.4 percent share for aviation. Budget language designates \$2 million in the first year for the Smithsonian Institution for the National Air and Space Museum Extension at Dulles.

- **Creation of the Priority Transportation Fund.** The budget proposes using \$794.0 million to create a Priority Transportation Fund from all sources, including:
 - ♦ \$212.3 million from the general fund. Budget language earmarks \$25 million in the first year for capitalizing the Virginia Airports Revolving Loan Fund. Language also proposes earmarking \$10 million in the second year for teleworking tax credits for employers who establish incentives for employees to telework in the regions of the state that have not attained federal air pollution limits.
 - ♦ \$570.1 million in estimated proceeds which result from the sales of 40 percent of the Tobacco Settlement revenues to the proposed Tobacco Settlement Financing Corporation.
 - ♦ An estimated \$11.6 million in the second year, which represents the remaining Tobacco Settlement revenues not sold to the proposed Tobacco Settlement Financing Corporation.

- **Reduction of GF Support for Debt Service.** These totals do not include a proposed reduction of \$14.1 million in general fund support for the U.S. Route 58 Corridor Development Program (\$7.7 million) and the Northern Virginia Transportation District Program (\$6.4 million). The proposed budget supplants these general funds with Commonwealth Transportation Funds. However, the proposed budget does include the \$40 million GF each year for the U.S. Route 58 Corridor Development Program.

Summary of the Transportation Proposals Presented in HB/SB 30 (in millions)		
<u>Sources of Funds</u>	<u>Totals</u>	
• General Fund Appropriations		\$ 423.9
• Securitization of 40% of Tobacco Settlement Funds		570.1
Total		\$ 994.0
<u>Uses of Funds</u>		
• General Funds Appropriated to the TTF		\$ 200.0
- Highway Construction (78.7%)		157.4
- Mass Transit (14.7%) <i>Eastern Shore RR (\$1.0)</i>		29.4
- Ports (4.2%) <i>Craney Island Study (\$2.4)</i> <i>Norfolk Harbor Dredging (\$0.7)</i>		8.4
- Aviation (2.4%) <i>Air & Space Museum Annex (\$2.0)</i>		4.8
• Priority Transportation Fund		794.0
- General Fund Deposit <i>Airports Revolving Loan Fund (\$25.0)</i> <i>Telework Tax Credit (\$10.0)</i>		212.3
- Sell 40% of Tobacco Settlement		570.1
- Deposit Residual Tobacco Settlement Funds after the Securitization Sale		11.6
Total		\$ 994.0

- **Secretary of Transportation**
 - ***Language Allowing Transfer of Funds between DMV and the Commonwealth Transportation Fund.*** Proposes language that allows the Secretary of Transportation to transfer funds from the Commonwealth Transportation Fund to the Department of Motor Vehicles for its continuing operation.

- **Department of Aviation**
 - ***Increased Transportation Trust Fund Revenues.*** Includes an additional \$3.9 million for aviation activities due to projected increases in transportation revenues. This total is in addition to the amounts proposed through the August, 1999, transportation initiatives.

- **Department of Transportation**
 - ***Increased Transportation Trust Fund Revenues.*** Includes an increase of \$74.7 million to reflect projected increases in federal and state transportation revenue. This total is in addition to the amounts proposed through the August, 1999, transportation initiatives.
 - ***Maintenance Program.*** Recommends \$91.5 million NGF to address the increasing highway maintenance needs resulting from new inventory and mandates, preventive maintenance on bridges and pavements, and the replacement of traffic signals and signs.
 - ***Maximum Employment Level.*** Recommends language giving the Governor the authority to increase the maximum position level as necessary to carry out transportation programs.
 - ***Technology.*** Recommends \$20 million NGF for development and implementation of computer systems applications that are the first phase of a technology improvement plan.
 - ***Employee Training and University Engineering Scholarship Program.*** Recommends \$1.2 million NGF in the first year for the implementation of an engineering scholarship program and the continuation and implementation of employee training programs, including customer service.
 - ***Commonwealth's Transportation Board's Six-Year Financial Plan.*** Proposes \$149.2 million NGF in adjustments based on the Commonwealth Transportation Board's current Six-Year Financial Plan for the 2000-02 biennium.

Each year the Commonwealth Transportation Board adopts a six-year financial plan. Recommendations in this plan traditionally have been implemented through administrative adjustments at the beginning of each fiscal year. This year, the introduced budget makes these changes instead.

The proposed adjustments occur primarily in maintenance and construction, with the remainder recommended for administration, technology, and research.

- **Department of Rail and Public Transportation**
 - **Increased Transportation Trust Fund Revenues.** Includes an additional \$15.1 million from projected increases in state transportation revenues. This total is in addition to the amounts proposed through the August, 1999, transportation initiatives.
 - **Transit Planning.** Recommends \$0.3 million NGF and two positions to expand the transit planning function as it relates to traffic congestion.
 - **Paratransit Assistance.** Eliminates \$1.6 million Oil Overcharge Trust Funds for “paratransit” services for the elderly and disabled.

- **Virginia Port Authority**
 - **Increased Transportation Trust Fund Revenues.** Includes an additional \$6.3 million from projected increases in state transportation revenues. This total is in addition to the amounts proposed through the August, 1999, transportation initiatives.
 - **Establish Office in Argentina.** Recommends \$0.35 million NGF to establish a trade office in Buenos Aries, Argentina.