

Transportation

The adopted budget for Transportation agencies provides a net increase of \$374.4 million NGF over the adjusted appropriation for current operations. In addition, an increase of \$379.9 million from the general fund is included to finance portions of SB 33/HB 608 as passed by the 2000 Session of the General Assembly. SB 33/HB 608 is known as the "Virginia Transportation Act of 2000." The \$379.9 million general fund increase is offset by a \$14.1 million GF reduction in debt service payments for the U.S. Route 58 Corridor Development and Northern Virginia Transportation District programs. Debt service on these programs will be paid through increased revenues in the Commonwealth Transportation Fund. As a result of this general fund adjustment, the net general fund increase for the 2000-02 biennium for transportation is \$365.8 million.

Overall, the adopted budget provides \$6.3 billion in the 2000-02 budget, an increase of 13.4 percent over the 1998-2000 activity-based budget. Of the \$6.3 billion, \$1,458.9 million is proposed to fund the Virginia Transportation Act of 2000 (the "Act"). The adopted budget is closely linked with the Act, which includes appropriations, transfers, and projects related to highway construction, mass transit, rail, airports, and ports.

Virginia Transportation Act of 2000

The Virginia Transportation Act of 2000 includes \$2.6 billion over six years for transportation projects around the Commonwealth. For the 2000-02 biennium, the Act or the budget includes the following features:

- **Sources of Funds**
 - **General Fund for Transportation.** Includes \$379.9 million from the general fund. The Act specifies how the funding is to be allocated to the various projects and modes.
 - **Additional State Construction Fund Revenue.** Includes \$140.4 million in additional state revenues in the Transportation Trust Fund and Highway Maintenance and Operating Fund, which represents the difference between the official revenue estimate for transportation and estimated actual revenue collections. The Act specifies the amount of the estimated transfer.
 - **Additional Federal Construction Fund Revenue.** Includes \$97.8 million in additional federal highway revenues, which represents the incremental revenue growth in certain categories of federal highway funds.
 - **Additional Revenues from Electronic Fuels Tax ("Rack Tax").** Includes \$72.0 million in additional state and federal transportation

revenues resulting from the passage of HB 1275/SB 530, which changed the point of collection for motor vehicle fuels tax effective January 1, 2001.

- **Interest on Deposits.** Includes \$9.4 million in interest on deposits into the newly created Priority Transportation Fund established in the Act.
- **Transfers to the Priority Transportation Fund.** Includes three transfers totaling \$34.4 million. These transfers include \$10 million from the Mass Transit Capital Fund, \$14.4 million in Department of Transportation and Department of Rail and Public Transit agency productivity savings, and \$10 million in agency savings resulting from the annual valuation of retirement assets by the Virginia Retirement System.
- **Bond Authorization.** The Act also grants authority to the Commonwealth Transportation Board to issue \$1.1 billion in Federal Highway Reimbursement Anticipation Notes ("FRANs") over the next six years. The budget includes language ensuring debt service payments may be made, so that the first debt issue can occur prior to the 2001 Session of the General Assembly. An estimated \$725 million in FRANs will be issued in the 2000-02 biennium.

- **Uses of Funds**

- **Fix the Six-Year Improvement Program.** For the 2000-02 biennium, \$307.3 million from the general fund is appropriated in the Act for specific highway projects around the state. This general fund infusion will allow projects included in the FY 2000 Six-Year Improvement Program to have the state funding required when and where it is needed.
- **Capitalize New Initiatives for Mass Transit, Ports, and Airports.** An additional \$70.4 million from the general fund is appropriated to finance new initiatives in the non-highway modes of transportation. In all cases, these funds will be leveraged with federal, local, and other sources of funding. The additional funding to specific modes and programs includes:
 - \$52.3 million for a new statewide transit vehicle and equipment program financed with \$35.3 million from the general fund and \$17 million in federal highway funds.
 - \$25 million from the general fund to capitalize the Virginia Airports Revolving Loan Fund (VARLF). Another \$5 million from the general fund in FY 2002 is appropriated for

a statewide competitive grant program for airports that do not qualify for the VARLF. Finally, \$2 million from the general fund in FY 2001 is appropriated to the Smithsonian Institution's National Air and Space Museum Extension at Dulles.

- \$3.1 million from the general fund to the Virginia Port Authority, with \$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.
 - **Contingency Reserve.** The budget includes \$2.2 million from the general fund for potential cost increases.
 - **Create the Priority Transportation Fund.** The Act and adopted budget include \$354.0 million during the 2000-02 biennium to create the Priority Transportation Fund from non-general fund sources, including the additional state construction fund revenue, federal construction fund revenue, the "Rack Tax," interest earnings, and transfers. The fund will be used to finance a series of projects listed in the Act.
 - **Debt Service for 1999 Bond Authorizations.** The budget also provides the required debt services payments for the U.S. Route 58 Corridor Development Program and the Northern Virginia Transportation District Program 1999 bond authorizations. The estimated debt service is \$16 million each year of the biennium.
- **Secretary of Transportation**
 - **Language Concerning General Fund Appropriation to Transportation.** Includes language governing the appropriation from the general fund to transportation for specific purposes as outlined in the Act. Language also requires the Secretary of Transportation to report on the implementation of the Act three times each year.
 - **Federal Funding for Mass Transit and Highways.** Continues existing budget language governing the allocation of federal highway funds. Language has been added that directs certain percentages of this funding to mass transit projects.

**Summary of the Virginia Transportation Act of 2000
SB33/HB 608 and HB/SB 30, 2000-02 Biennium
(in millions)**

<u>Sources of Funds</u>	<u>Totals</u>
• General Fund Appropriations	\$ 379.9
• Add'l State Construction Fund Revenue	140.4
• Add'l Federal Construction Fund Revenue	97.8
• "Rack Tax" Revenue	72.0
• Interest on Deposits	9.4
• Transfer of Mass Transit Capital Fund	10.0
• Transfer of VDOT Agency Savings	14.4
• Transfer of VDOT Savings from VRS Annual Valuation	10.0
• FRAN Authorization	\$ 725.0
• Total Sources	\$1,458.9

Uses of Funds

• General Funds Appropriated All Modes	\$ 379.9
- Fix the Six-Year Program	307.3
- Mass Transit Vehicle & Equipment	35.3
- Contingency Reserve	2.2
- Ports	3.1
<i>Craney Island Study (\$2.4)</i>	
<i>Norfolk Harbor Dredging (\$0.7)</i>	
- Aviation	32.0
<i>Air & Space Museum Annex (\$2.0)</i>	
<i>Virginia Airports Revolving Loan Fund (\$25.0)</i>	
<i>Capital Grant Program for Airports (\$5.0)</i>	
• Priority Transportation Fund	<u>\$1,079.0</u>
- Finance Projects in SB 33/HB 608	
Total	\$1,458.9

- **Study of Teleworking.** By November 2001, the Secretaries of Transportation, Technology, and Finance are to report on a study of the potential benefits of teleworking to the Commonwealth of Virginia. The study is to include costs and benefits, performance measures, and impact on congestion.
 - **Language Allowing Transfer of Funds between DMV and the Commonwealth Transportation Fund.** Allows a transfer of up to \$2 million in the 2000-02 biennium. In addition, the DMV Commissioner is to report on the short and long-term financial condition of the Department.
 - **Car Tax Reporting.** Requires the Secretary of Transportation and the DMV Commissioner to report on the implementation of the Commonwealth's Personal Property Tax Relief ("Car Tax") program and its actual and forecasted disbursements by November 1 of each year.
- **Department of Aviation**
 - **State Aid to Local Airports.** Includes an additional \$3.9 million for aviation activities due to projected increases in transportation revenues related to Aviation's 2.4 percent share of Transportation Trust Fund revenues. This funding increase is in addition to the funding provided in the Virginia Transportation Act of 2000.
- **Department of Rail and Public Transportation**
 - **Increased Transportation Trust Fund Revenues.** Includes an additional \$15.1 million from projected increases in state transportation revenues related to Rail and Public Transit's 14.7 percent share of Transportation Trust Fund revenues. This total is in addition to the amounts in the Act.
 - **Paratransit Assistance.** Provides \$1.6 million in mass transit assistance funding for "paratransit" services for the elderly and disabled. Language also requires the Department to work with the Specialized Transportation Council to determine the services, programs, and properties to receive the funding each year.
 - **Carry Over Funding for the Greater Richmond Transit Company (GRTC) Expansion.** Carries forward \$4.3 million in funding provided in the 1999 Appropriation Act (Chapter 935) for expanded GRTC bus service in the Richmond region. Due to delays in route decisions, this funding will not be expended by the end of FY 2000.

- **Department of Transportation**
 - ***Increased Transportation Trust Fund Revenues.*** In addition to the funding provided in the Virginia Transportation Act of 2000, the adopted budget includes an increase of \$74.7 million to reflect projected increases in federal and state transportation revenue related to Transportation's 78.7 percent share of Transportation Trust Fund revenues.
 - ***Increased Funding for the Maintenance Program.*** Includes \$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.*** Includes 410 additional positions, increasing the department's maximum employment level from 10,262 to 10,672. Language directs the Commissioner to report on the allocation of the positions by November 1, 2000.
 - ***University Engineering Scholarship Program.*** Includes \$200,000 NGF in the second year for the implementation of an engineering scholarship program. The department is to work with the State Council of Higher Education in the development of the program.
 - ***Commonwealth's Transportation Board's Six-Year Financial Plan.*** Includes \$149.3 million NGF in adjustments, primarily in maintenance and construction, based on the Commonwealth Transportation Board's FY 2000 Six-Year Financial Plan for the 2000-02 biennium. Each year, the Commonwealth Transportation Board adopts a six-year financial plan. Adjustments to this plan traditionally have been implemented through administrative actions at the beginning of each fiscal year. For 2000-02, the adopted budget reflects these changes and requires any further adjustments to be approved by the General Assembly rather than through administrative action.

- **Virginia Port Authority**
 - ***Increased Transportation Trust Fund Revenues.*** Includes an additional \$6.3 million from projected increases in state transportation revenues related to Port's 4.2 percent share of Transportation Trust Fund revenues.
 - ***Establish Office in Argentina.*** Includes \$0.35 million NGF to establish a trade office in Buenos Aires, Argentina.

- **Maritime Incident Response Advisory Board.** Includes language requiring the Authority to support the Board in its efforts and to report jointly by December 1, 2000, on the financial support needed to improve the management of maritime fire and incident issues.