

## Transportation

The Governor's proposed 2002-04 appropriation for Transportation includes \$107.0 million GF and \$6,601.9 million NGF. In addition, proposed language authorizes \$998.6 million in new debt for a variety of purposes, including debt to supplant the one-half cent sales and use tax for highway construction.

The budget proposes a 6 percent reduction in administrative programs at transportation agencies, with the \$17.8 million in savings being transferred to the general fund.

Significant policy changes to the Virginia Transportation Act of 2000 (VTA) are proposed in the budget, including increasing the debt ceiling for Federal Reimbursement Anticipation Notes (FRANs) from \$800.0 million to \$1.0 billion and expanding the use of VTA funding. The proposed budget also includes language that suspends all general fund appropriations required by the VTA in the 2002-04 biennium.

HB/SB 30 includes an additional 205.0 FTE positions and related funding to reflect certain administrative actions taken by the Governor during the 2000-02 biennium: 144.0 FTE positions at the Department of Transportation (VDOT); enhanced truck weigh operations by the Department of Motor Vehicles (DMV); and increased staff and administrative support at the Department of Rail and Public Transportation (DRPT).

Finally, proposed language directs the Department of Transportation to fully fund the Commonwealth's commitment to the Smithsonian's National Air and Space Museum Extension near Dulles International Airport.

- **Secretary of Transportation**

- **Redirect One-Half Cent Sales and Use Tax Dedicated to Highway Construction.** In 1986, a Special Session of the General Assembly increased the state sales and use tax by one-half cent and dedicated it to the Transportation Trust Fund. The Highway Construction Fund receives 78.7 percent of this amount. The Governor's proposed 2002-04 budget transfers this revenue stream, \$317.0 million in FY 2003 and \$335.6 million in FY 2004, to the general fund. The \$652.6 million is replaced with proposed tax-supported debt authorization of an equal amount, with \$26.9 million GF proposed for debt service. The one-half cent sales and use tax dedicated to ports, aviation, and mass transit would remain intact.

- **Department of Aviation**
  - **Aviation World's Fair.** Authorizes the Virginia Aviation Board and the Department of Aviation to issue \$15.0 million in debt through the Virginia Resources Authority for the Aviation World's Fair project at the Newport News/Williamsburg International Airport. The proposed debt would be supported by the Commonwealth Airport Fund, prior to other allocations to airports around the state.
  - **Revised Revenue Forecast.** Increases NGF revenue by \$1.6 million to reflect the revised revenue forecasts since Chapter 1073 was enacted.
- **Department of Motor Vehicles**
  - **Enhanced Truck Weigh Program.** In 2000, by Executive Order, the Governor transferred the truck weigh function from VDOT to DMV along with the \$17.5 million in spending authority from the Highway Maintenance and Operating Fund (HMOF). The Governor's proposed 2002-04 budget assumes an additional \$11.4 million and 50.0 FTE positions to enhance the operations at the truck weigh stations.
  - **Increase Agency Funding.** Includes \$25.4 million in increased funding for the agency to reflect revenue increases in the DMV Special Fund. These revenue adjustments, made administratively by the Governor in FY 2002, provide funds for increased personal services expenditures and to enhance technology and facilities at DMV.
  - **Adjust Tax Collections.** Increases spending authority by \$19.0 million NGF in two aid-to-locality programs -- \$16.8 million for rental car tax collections that are remitted to localities based on where the car is located, and \$2.9 million for tax collections on manufactured homes that are remitted to localities based on where the mobile home will be located.
- **Department of Rail and Public Transportation**
  - **Revised Revenue Forecast.** Increases local mass transit assistance by \$40.4 million NGF to reflect revised revenue forecasts since Chapter 1073 was enacted.

- **Deputy Director Position.** Recommends an increase of \$237,394 NGF and 1.0 FTE position for an at-will deputy director position and related costs. The Governor provided this funding administratively in FY 2002.
  - **Transit Planning.** Recommends an increase of \$189,928 NGF and 1.0 FTE position to expand transportation planning in Northern Virginia. The Governor provided this funding administratively in FY 2002.
  - **Northern Virginia Office.** Recommends \$108,000 NGF for office space in Northern Virginia. The Governor provided this funding administratively in FY 2002.
  - **Administrative and Business Administration.** Recommends \$113,124 NGF and 1.0 FTE position for administrative and financial reporting efforts. The Governor provided this funding administratively in FY 2002.
- **Department of Transportation**
  - **Revised Revenue Forecast.** Increases funding by \$643.2 million to reflect revised federal and state revenue forecasts since Chapter 1073 was enacted.
    - Increases dedicated federal funding for the Woodrow Wilson Bridge project by \$298.6 million. In addition, \$38.3 million NGF is assumed in the second year from federal reauthorization earmarks.
    - Increases the toll road forecast by \$29.1 million to reflect toll collections.
    - Increases debt service payments by \$25.2 million to reflect increases for Route 58, Route 28, and the Northern Virginia Transportation District Program. In addition, FRAN debt service payments are increased by \$19.0 million in FY 2004, reflecting the proposed sale of \$110.0 million in FRANs during FY 2003.
    - Reflects \$225.0 million NGF from revised revenue forecasts for the Highway Maintenance and Operating Fund and the Transportation Trust Fund in December 2000 and December 2001.

- **Virginia Transportation Appropriation Bonds.** Proposes \$652.6 million in tax-supported debt to replace a like amount of sales and use tax revenue from the Highway Construction Fund.

Allows the bonds to be used to finance highway projects authorized by the Commonwealth Transportation Board (CTB) or to finance the Virginia Transportation Development Plan as adopted each year by the CTB.

Includes \$26.9 million GF for one-half year debt service payment for the first \$317.0 million to be sold in FY 2003. The payment is based on the assumption that the debt will be sold in November of each year with short-term debt instruments, such as commercial paper, used to provide cash flow at VDOT from July to November, if necessary.

- **Virginia Transportation Act.** A number of proposals are included that affect various components of the VTA.
  - Raises the current FRAN ceiling from \$800.0 million to \$1.0 billion, with no projects specified to receive the additional \$200.0 million.
  - Removes restrictions on the use of FRAN proceeds. The Governor's proposed language allows any project in the Virginia Transportation Development Plan to be financed with FRAN proceeds.
  - Allows the VTA's Priority Transportation Fund to be used for administrative costs; any project in the Transportation Development Plan, including secondary road projects; and highway and bridge maintenance.
  - Includes \$58.2 million NGF increase for the Priority Transportation Fund, as required by the VTA.
  - Includes language overriding the provisions of the VTA that required the Governor to transfer \$99.2 million in FY 2003 and \$106.5 million in FY 2004 from the general fund to reflect one-third of the estimated insurance premiums to the Priority Transportation Fund. In addition, the budget does not include \$20.5 million GF that had been designated in the VTA.

- **National Air and Space Museum Extension.** Includes language requiring VDOT to fully fund the Commonwealth's financial commitment to the National Air and Space Museum Extension near Dulles International Airport. Proposed language authorizes payments in excess of the current limit of \$40.0 million, although a new limit is not specified.
  - **Coalfield Expressway Public-Private Transportation Act (PPTA) Contractual Payment.** Includes language that authorizes VDOT to enter into a PPTA agreement to undertake the first phase of the Coalfields Expressway and permits contractual payments to be made from any transportation funding source in FY 2005.
  - **Increased Positions.** Adds \$14.7 million NGF and 99.0 FTE positions to implement recommendations of the Governor's Commission on Transportation Policy, 18.0 FTE positions to address environmental concerns, and 27.0 FTE positions for construction inspections. The Governor provided these positions administratively in FY 2002.
- **Virginia Port Authority**
  - **Additional Port Revenue Bonds.** Authorizes \$131.0 million in Commonwealth Port Fund debt for renovation and equipment of the Norfolk International Terminal (NIT) South.
    - Raises the Commonwealth Port Fund debt authorization ceiling from \$200.0 million to \$250.0 million.
    - Requires the bonds to be backed by the Commonwealth Port Fund, the Transportation Trust Fund, and the general fund.
  - **Additional Security Positions.** Increases security and police protection by \$628,600 NGF and 8.0 FTE positions at the four port facilities to address new requirements resulting from the September 11<sup>th</sup> terrorist attacks.
  - **Increased Insurance Costs.** Increases funding by \$200,000 NGF to fund the increased costs of workers' compensation insurance through an assigned risk program.
  - **Revised Revenue Forecast.** Increases port revenues by \$4.7 million NGF to reflect revised revenue forecasts since Chapter 1073 was enacted.