

Transportation

The adopted 2002-04 budget for Transportation agencies totals \$6,781.0 million, including \$6,567.4 million NGF and \$213.6 million GF. This represents a net increase of \$665.2 million over the FY 2000-2002 biennium, an increase of 10 percent. In addition, language authorizes \$541.6 million in new debt for a variety of purposes, including replacement of the \$317.0 million sales and use tax for highway construction in FY 2003, and \$135.0 million for improvements to the port facilities at Norfolk International Terminals.

A number of changes to the Virginia Transportation Act of 2000 (VTA) were included in the approved budget. First, the debt ceiling for Federal Reimbursement Anticipation Notes (FRANs) is increased from \$800.0 million to \$1.2 billion, \$317.0 million of which is to replace the FY 2003 highway construction portion of the state sales and use tax transferred to the general fund. These funds will be allocated to primary, secondary and urban system projects under the state allocation formula. Second, language expands the allowable use of FRAN proceeds to all projects included in the VTA, including those previously designated as general fund projects.

Finally, the adopted budget provides \$146.6 million of additional appropriations from the general fund. This includes \$106.5 million in FY 2003 to provide one-third of the estimated insurance premium revenues to transportation, as provided by the VTA of 2000. In addition, \$40.1 million is included to cover debt service costs for the \$317.0 million issuance of FRANs. (The \$146.6 million general fund increase is offset by the substitution of \$13.1 million in Commonwealth Transportation Funds for general funds provided to the Route 58 Corridor Development Fund in FY 2003.)

The adopted budget also includes reductions to account for expected efficiencies in administrative programs at transportation agencies of 7 percent in FY 2003 and 8 percent in FY 2004, with the \$47.6 million in savings being transferred to the general fund. The Virginia Port Authority is excluded from this reduction.

- **Secretary of Transportation**
 - ***Sales and Use Tax.*** The General Assembly increased the state sales and use tax by one-half cent and dedicated it to the Transportation Trust Fund in 1986. The Highway Construction Fund receives 78.7 percent of this amount. The adopted 2002-04 budget transfers the \$317.0 million in anticipated revenues in FY 2003 to the general fund for one year to help address overall revenue shortfalls. The

\$317.0 million is replaced by an increase in VDOT's FRAN authorization, and \$40.1 million is provided from the general fund to cover debt service costs for these FRANs. The one-half cent sales and use tax proceeds are returned to VDOT in FY 2004.

- **Virginia Railway Express Track Lease Payments.** Includes language directing the Secretary to fund the VRE track lease payments from the portion of federal Minimum Guarantee funds allocated to the Department of Rail and Public Transportation.
 - **Reporting Requirements.** Includes language requiring the Secretary of Transportation to provide the Governor and the Chairmen of the House Appropriations, House Finance and Senate Finance Committees reports on the VTA of 2000 and actual expenditures and revenue collections for the transportation agencies for a six-year period, and to provide the tentative VDOT six-year program for comment prior to the adoption of the final program.
 - **Across-the-Board-Reductions.** Reduces the appropriation for the Secretary's office by \$36,659 in the first year and \$41,896 in the second year to reflect across-the-board reductions of seven and eight percent.
- **Department of Aviation**
 - **Aviation World's Fair.** Authorizes the Virginia Aviation Board and the Department of Aviation to issue \$6.6 million in debt through the Virginia Resources Authority for the Aviation World's Fair project at the Newport News/Williamsburg International Airport. Debt service is to be provided from the Commonwealth Airport Fund's discretionary funds. The adopted budget includes language stipulating that as long as debt service payments are being made, the Newport News/Williamsburg International Airport is not eligible for additional discretionary grants until the requests of other airports have been filled.
 - **Across-the-Board-Reductions.** Reduces the appropriation for the Department of Aviation by \$53,786 the first year and \$61,469 the second year to reflect across-the-board reductions in administrative programs of 7 percent in FY 2003 and 8 percent in 2004.

- **Department of Motor Vehicles**
 - ***Transfer of Activities to Department of Taxation and Agency Reductions.*** The appropriation for the Department of Motor Vehicles is reduced by \$10,664,645 the first year and \$12,682,377 the second year. This includes across-the-board reductions of seven percent in FY 2003 and eight percent in FY 2004, as well as savings resulting from the transfer to the Department of Taxation of transportation revenue forecasting, and optimization of DMV and Department of Taxation telephone customer service units. Language included under the Department of Taxation directs DPB to transfer \$591,038 to DMV to cover continuing costs of administering the PPTRA Program.
 - ***DMV Fee Increases.*** An amendment in Part 3 of the approved budget directs the Department of Motor Vehicles to increase the motor vehicle records fee by \$2.00 per transaction, the motor vehicle registration fee by \$2.00 per year, and the driver's license fee by \$3.00 for the five-year license. The majority of revenues collected from the increased motor vehicle registration and records fees are transferred to the general fund.
 - ***Enhanced Truck Weigh Program.*** The adopted budget includes an additional \$11.4 million and 50.0 FTE positions to enhance the operations at the truck weigh stations. The Governor transferred the truck weigh function from VDOT to DMV by Executive Order in 2000 along with the \$17.5 million in spending authority from the Highway Maintenance and Operating Fund (HMOF).
- **Department of Rail and Public Transportation**
 - ***Updated Revenue Forecast.*** Increases local mass transit assistance by \$40.4 million NGF to reflect increases in the revenue forecasts and the appropriation of federal highway funds to mass transit.
 - ***Transit Financing Program.*** Includes language authorizing DRPT to develop a program to assist mass transit properties in developing financing agreements, not to exceed five years, to acquire new transit vehicles and equipment.
 - ***Additional Positions.*** Includes funding for three additional positions: an at-will deputy director position, 1.0 FTE position for administrative and financial reporting efforts, and 1.0 FTE position to expand transportation planning in Northern Virginia. Also

included is \$108,000 NGF for office space in Northern Virginia. The Governor provided this funding administratively in FY 2002.

- ***Across-the-Board-Reductions.*** Reduces the appropriation for the Department of Rail and Public Transportation by \$235,241 the first year and \$269,778 the second year to reflect across-the-board reductions in administrative programs of seven percent in FY 2003 and eight percent in 2004.

- **Department of Transportation**

- ***Virginia Transportation Act.*** A number of actions were adopted that affect various components of the VTA.
 - Raises the current FRAN ceiling from \$800.0 million to \$1.2 billion.
 - Provides that \$317 million of FRANs will be used to replace the ½ cent sales and use tax diverted to the General Fund. These FRANs proceeds will be distributed to projects on the primary, secondary and urban systems typically funded according to the state allocation formula set out in §33.1-23.1 of the *Code of Virginia*. The budget also include \$7.1 million from the general fund the first year and \$32.9 million general fund the second year to pay the debt service on these FRANs.
 - Provides flexibility for the use of FRAN proceeds. Adopted language allows any project in the Virginia Transportation Act of 2000 to be financed with FRAN proceeds.
 - Includes an increase of \$106.5 million for the Priority Transportation Fund in FY 2003, as set forth in the VTA. This represents the deposit of one-third of the estimated insurance premium revenues.
- ***Updated Revenue Forecast.*** Increases funding by \$643.2 million to reflect increases in the federal and state revenue forecasts since FY 2000 when the last budget was adopted.
 - 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 earmarks assumed to be included in the upcoming reauthorization of the federal highway program.

- 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 \$7.1 million in FY 2003 and by \$51.9 million in FY 2004, reflecting the proposed sale of \$427.0 million in FRANs during FY 2003. Of the increase for FRAN debt service, \$7.1 million in FY 2003 and \$32.9 million in FY 2004 are from the general fund, reflecting debt service on the diverted one-half cent sales and use tax in 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.
- **Route 58 Corridor Development Program.** The adopted budget replaces \$13.1 million of the \$40.0 million general fund allocation for Route 58 corridor debt service in FY 2003 with \$13.1 million Commonwealth Transportation Funds, to free up the general funds for other purposes. The FY 2004 Route 58 amount remains at \$40.0 million general funds.
- **Limit Increases in Administrative Costs.** Includes language requiring VDOT to itemize and document any increased funding for administrative programs included in the six-year program.
- **Additional Positions.** Includes language limiting increases in the Department's maximum position level to positions related to highway construction and maintenance.
- **Route 28 Transportation Improvement District.** Includes language authorizing the transfer of special tax revenues collected in the State Route 28 Highway Transportation Improvement District to a third party to secure and to provide for the payment of debt service of bonds for the proposed Route 28 Public Private Transportation Act projects.
- **Trans Dominion Express.** Includes language clarifying that the funding for the Trans Dominion Express (Bristol Rail) provided in the VTA can be used to finance pay-as-you-go costs for preliminary engineering, track upgrade, and rolling stock requirements.

- ***Grooved Surfaces on Interstate Highway Shoulders.*** Includes language directing VDOT to expedite its program of installing grooved surfaces and other means of identifying roadway shoulders along the Interstate system, beginning with I-81. Language also requires the Department to report to the House and Senate Transportation Committees on the progress of the program by November 1, 2003.
- ***Vision for the Boulevard.*** Includes language directing VDOT to examine improvements to Exit 78 of I95 as part of its ongoing study of the Interstate 95 and 64 corridors around the City of Richmond.
- ***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 at the previously established \$40.0 million level.
- ***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.
- ***Across-the-Board-Reductions.*** Reduces the appropriation for the Department of Transportation by \$10,804,523 the first year and \$12,535,172 the second year to reflect across-the-board reductions in administrative programs of 7 percent in FY 2003 and 8 percent in 2004.
- **Motor Vehicle Dealer Board**
 - ***Across-the-Board-Reductions.*** Reduces the appropriation for the Motor Vehicle Dealer Board by \$117,263 the first year and \$134,014 the second year to reflect across-the-board reductions in administrative programs of 7 percent in FY 2003 and 8 percent in 2004.
- **Virginia Port Authority**

- ***Additional Port Revenue Bonds.*** Authorizes \$135.0 million in Commonwealth Port Fund debt for renovation and equipment at 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 11th 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.
- ***Updated Revenue Forecast.*** Increases port revenues by \$4.7 million NGF to reflect updated revenue forecasts since Chapter 1073 of the 2000 Session was enacted.