

Transportation

| Proposed Adjustments as Introduced | | | | |
|-------------------------------------------|-------------------------|------------------|-------------------------|------------------|
| (\$ in millions) | | | | |
| | FY 2021 Proposed | | FY 2022 Proposed | |
| | <u>GF</u> | <u>NGF</u> | <u>GF</u> | <u>NGF</u> |
| 2018-20 Base Budget, Ch. 854 | \$ 41.0 | \$7,689.9 | \$41.0 | \$7,689.9 |
| Proposed Increases | 0.0 | 1,884.5 | 0.0 | 1,559.9 |
| Proposed Decreases | (\$40.0) | (128.2) | (\$40.0) | (128.2) |
| \$ Net Change | <u>(\$40.0)</u> | <u>1,756.3</u> | <u>(\$40.0)</u> | <u>1,431.7</u> |
| HB/SB 30, as Introduced | \$1.0 | \$9,446.2 | \$1.0 | \$9,121.5 |
| % Change | (97.5%) | 22.8% | (97.5%) | 18.6% |
| FTEs | 0.00 | 10,315 | 0.00 | 10,255 |
| # Change | 0.00 | 132.0 | 0.00 | 72.0 |

- **Transportation Funding Reform Legislation**

- *Omnibus Transportation Funding Proposal.* The Governor’s introduced budget includes a net increase in NGF transportation expenditures of \$1,756.3 million in FY 2021 and \$1,431.7 million in FY 2022 compared to the base budget. The Governor’s proposals includes increases totaling \$1,522.0 million in FY 2021 and \$1,128.8 million in FY 2022 from updates to the financial plan, updated revenue projections, and transfers. In addition to these normal adjustments, the budget assumes additional NGF revenues across the Secretariat of \$234.3 million in FY 2021 and \$303.0 million in FY 2022 from an omnibus transportation bill which is still under development.

The proposed legislation, which was still being adjusted after the printing of the Governor’s budget, would convert the current state motor fuels sales taxes to a fixed excise tax (approx. 16.2 cents per gallon) and increase the tax, reduce base vehicle registration fees, and establish a new road use charge based on vehicle fuel economy and eliminate the annual vehicle inspection. The actual net change in revenues from the legislation will be dependent on the final determination of the bill which will likely be offered in a different form than the form upon which the budget was based.

The proposed legislation would also eliminate recordation tax allocations to transportation programs of \$61 million annually that is currently appropriated for debt service on projects for Route 58 (\$40 million GF annually), the Northern Virginia Transportation District (\$20 million annual GF transfer, with reduction shown in Department of Accounts Transfer Payments), and the Chesapeake Oak Grove Connector (\$1.0 million annual GF transfer with reduction shown in Department of Accounts Transfer Payments) and provide a portion of the increased Transportation Fund revenues to cover the cost of the debt service.

The net impact of the legislation assumed in the budget as shown in the table below, is intended to produce approximately \$194.3 million in new NGF revenue in the first year and \$262.9 million NGF in the second year for transportation programs in addition to the \$61.0 million GF in supplants.

| Assumed Revenue Adjustments from Potential Legislation | | | | |
|---------------------------------------------------------------------------------------|-------------------------|-------------------|-------------------------|-------------------|
| (\$ in millions) | | | | |
| | FY 2021 Proposed | | FY 2022 Proposed | |
| | <u>GF</u> | <u>NGF</u> | <u>GF</u> | <u>NGF</u> |
| Commercial Spaceflight Authority | | \$1.3 | | \$1.6 |
| Department of Aviation | | 1.3 | | 1.7 |
| Department of Motor Vehicles | | 3.1 | | 3.3 |
| Rail & Public Transportation | | 79.1 | | 87.6 |
| <i>Rail Enhancement Fund</i> | | 8.5 | | 10.3 |
| <i>Commonwealth Mass Transit Fund</i> | | 65.5 | | 70.4 |
| <i>Transit Capital Fund</i> | | 5.2 | | 6.8 |
| Department of Transportation | (\$40.0) | \$46.1 | (\$40.0) | 204.6 |
| <i>Highway Maintenance & Operating</i> | | 0.0 | | 36.0 |
| <i>Construction Fund</i> | | 85.1 | | 103.6 |
| <i>Priority Transportation Fund</i> | | 0.0 | | 3.9 |
| Route 58 | (\$40.0) | 40.0 | (\$40.0) | 40.0 |
| NVTD* | (\$20.0) | 20.0 | (\$20.0) | 20.0 |
| Oak Grove Connector* | (\$1.0) | 1.0 | (\$1.0) | 1.0 |
| Virginia Port Authority | | <u>3.4</u> | | <u>4.2</u> |
| Total | (\$61.0) | \$194.3 | (\$61.0) | \$262.9 |
| * General Fund savings for NVTD and Oak Grove are reflected in DOA Transfer Payments. | | | | |

- **Virginia Commercial Spaceflight Authority**
 - *Facility Capacity Enhancements* Proposes to allocate \$7.5 million NGF from the Transportation Partnership Opportunity Fund to the Virginia Commercial Spaceflight Authority for two capital improvement projects at the Wallops Island Flight Facility. The first action provides \$2.5 million for a new hangar located at the Unmanned Aerial Systems Airfield and the second action provides \$5.0 million for additional facilities to support launch crew operations.
 - *Appropriate Revenues from Anticipated Legislation.* Increases appropriation by \$1.3 million NGF in the first year and \$1.6 million NGF in the second year to reflect the estimated impact of anticipated legislation to be proposed in the 2020 Session. It is anticipated that funding for the operation of the Authority will be formula driven, a change from the current level funding of \$15.8 million.
- **Department of Aviation**
 - *Appropriate Revenues from Anticipated Legislation.* Increases appropriation by \$1.3 million NGF the first year and \$1.7 million NGF the second year to reflect the estimated impact of anticipated legislation to be proposed in the 2020 Session.
- **Department of Motor Vehicles**
 - *REAL ID Implementation.* Authorizes an additional 100.00 FTE positions in FY 2021, reduced to an additional 40.00 FTE positions in FY 2022 to cover the estimated costs and increased workloads associated with the development and issuance of federal REAL ID Act compliant credentials. The additional positions are funded from the existing \$10.5 million line of credit that is repaid from the additional \$10.00 charge for REAL ID compliant credentials. An additional 100.00 FTE positions are proposed in HB/SB 29 as the department phases in the program.
 - *Establish New IT Systems Line of Credit.* Recommends increasing the Department's line of credit by \$20.1 million for agency IT improvements including migration of existing mainframe applications to cloud based services.
 - *Appropriate Revenues from Anticipated Legislation.* Increases appropriation by \$3.1 million NGF the first year and \$3.3 million NGF the second year to reflect the estimated impact of anticipated legislation to be proposed in the 2020 Session.
- **Department of Rail and Public Transportation**
 - *Washington Metropolitan Area Transit Authority.* A series of amendments are proposed to effectively transfer the appropriation of \$128.2 million NGF each year for distribution to the Washington Metropolitan Area Transit Authority Capital

Fund from the Virginia Department of Transportation (VDOT) to the Department of Rail and Public Transportation (DRPT). A separate action increases the appropriations associated with the Transit Capital Fund by \$31.8 million NGF each year based on an updated forecast of revenue growth from dedicated sources.

- *Increase Retained Administrative Overhead.* Proposes to increase authorized staffing by 8.00 FTE for administration of complex rail projects and to increase the retained overhead allocation of Rail Enhancement, Shortline Preservation, and Commonwealth Mass Transit Funds from 3.5 to 5 percent.
- *Dedicated Transit Initiatives.* Recommends language dedicating \$50.0 million NGF the first year from the Commonwealth Mass Transit Fund to transit initiatives identified by the Secretary of Transportation.
- *Dedicated Passenger Rail Funding.* Proposes language to dedicate \$50.0 million in the second year from the Commonwealth Mass Transit Fund to provide the required state match for the federal Passenger Rail Investment and Improvement Act (PRIIA). Funding for the required state match currently come from dedicated Commonwealth Project Revenue bond proceeds. Equal annual appropriations of \$50.0 million each year are provided from Maryland and the District of Columbia, to match a \$150.0 million annual appropriation from the federal government.
- *Appropriate Revenues from Anticipated Legislation.* Proposes to increase appropriations by \$79.1 million NGF the first year and \$87.6 million NGF the second year to reflect the estimated impact of anticipated legislation to be proposed in the 2020 Session which both increases revenues and increases the share of funding going to the Department of Rail and Public Transportation.

- **Department of Transportation**

- *Reflect Revised December 2019 Revenue Forecast, FY 2020-2025 Six-Year Improvement Program, and the Appropriation of Prior Year Revenues.* Contains a series of nongeneral fund revenue adjustments to align the department's appropriation with the revised revenue forecast completed in November, the Six Year Program adopted by the Commonwealth Transportation Board last June, the estimated impact of anticipated legislation, and the transfer of appropriations for the Washington Metropolitan Area Transit Authority to the Department of Rail and Public Transportation. In total, the actions provide a net increase of \$1,426.9 million NGF in FY 2021 and \$1,094.6 million NGF in FY 2020.

2020-25 Department of Transportation Revenue Adjustments
(\$ millions NGF)

| | <u>FY 2021</u> | <u>FY 2022</u> | <u>Total</u> |
|---------------------------|------------------|------------------|------------------|
| Align to Six Year Program | \$ 1,311.8 | \$ 634.3 | \$ 1,946.1 |
| Revenue Reforecast | 97.1 | 383.9 | 481.1 |
| 2020 Assumed Legislation | 146.1 | 204.6 | 350.6 |
| Transfer WMATA | <u>(128.2)</u> | <u>(128.2)</u> | <u>(256.4)</u> |
| Total | \$1,426.9 | \$1,094.6 | \$2,521.4 |

- *Appropriate Revenues from Anticipated Legislation.* Proposes to increase appropriation by \$146.1 million NGF the first year and \$204.6 million NGF the second year to reflect the estimated impact of anticipated legislation to be proposed in the 2020 Session.
- *Disposition of Certain Surplus Property.* The introduced budget proposes three actions to modify language related to existing authorizations for the disposition of certain surplus property and authorize the sale of additional VDOT parcels. First, the proposed language would modify the authorization included in Chapter 854 of the 2019 Acts of Assembly related to the sale of property in Lexington to direct proceeds from the sale be used to support renovation costs for the VDOT Annex Building in Richmond. In addition, the proposed language would also authorize VDOT to sell the former “Fulton Depot” with proceeds also going towards the cost of renovation of the Annex Building. Finally, language is proposed to authorize the sale of the Bartlett Area Headquarters in Isle of Wight with the proceeds of the sale being directed towards the costs of a new Hampton Roads District Office Complex.
- *Department of Transportation Capital Projects.* The following capital outlay projects in Part 2 of the budget:
 - **Statewide Capital Projects.** \$51.7 million NGF is proposed the first year and \$54.0 million NGF the second year from Commonwealth Transportation Funds to design, construct and renovate projects among VDOT’s 2,700 facilities.
 - **Maintenance Reserve.** \$6.0 million NGF each year to fund maintenance reserve projects at VDOT facilities statewide.

- **Virginia Port Authority**

- ***Virginia International Gateway Capital Lease.*** Proposes a nongeneral fund increase of \$1.7 million the first year and \$4.5 million the second year from the port terminal funds to support increased lease payments for the VIG facility based on assumed growth in container traffic. Lease payments will total \$91.7 million in FY 2020 and \$96.2 million in FY 2022.
- ***Authorize 24.00 Additional FTE Positions.*** Appropriates an additional \$3.5 million each year of nongeneral funds to support the transition of 24.00 additional FTE positions from Virginia International Terminals to the Virginia Port Authority. The additional positions are proposed to better align administrative, procurement, and information technology staff and support the growth in cargo volume.
- ***Increase Appropriation for Payments in Lieu of Taxes.*** Appropriates an additional \$76,600 NGF the first year and \$80,400 NGF the second year for payments in lieu of taxes (PILOT) paid by the VPA to the Port host cities, bringing total payments to \$2.6 million in both years. In addition, the Governor’s introduced budget maintains the current appropriation of \$1.0 million GF each year to support expenditures for roadway maintenance in host cities.
- ***Increase Debt Service for Equipment.*** Provides an increase in debt service of \$5.4 million NGF the first year and \$7.4 million NGF the second year of the biennium to support funding of terminal equipment operating needs purchased through the Master Equipment Lease Program.
- ***Reflect Anticipated Grant Funding.*** Recommends an increase of \$6.0 million NGF each year to reflect anticipated federal grant disbursements based on historical trend to reduce the need for administrative transfers during the fiscal year.
- ***Appropriate Revenues from Anticipated Legislation.*** Proposes to increase appropriations by \$3.4 million NGF the first year and \$4.2 million NGF the second year to reflect the estimated revenue impact of anticipated transportation funding legislation for the 2020 General Assembly.
- ***Port of Virginia Capital Projects.*** The following capital outlay projects, totaling \$85.2 million NGF the first year and \$70.8 million NGF the second year from Port terminal revenues for a series of capital improvement project and the procurement of additional equipment in Part 2 of the budget:
 - ***Improve Port Facilities.*** \$29.7 million the first year and \$28.3 million the second year is provided from terminal revenues to support improvements to rail yards, paving for equipment operations, facility repairs, environmental

improvements and wharf enhancements in order to improve sustainability of existing facilities.

- **Equipment Upgrades.** Provides a nongeneral fund appropriation of \$22.5 million the first year and \$22.5 million the second year to for equipment upgrades and information technology infrastructure.
- **Expand Empty Yard.** Provides \$13.0 million the first year and \$11.0 million the second year to undertake improvements to rail yards, pave for equipment operation and make facility repairs.
- **Terminal Operating Equipment.** Authorizes \$43.0 million in nongeneral fund appropriations the first year and \$20.0 million the second year for the acquisition of new equipment that allows for servicing of ultra-large container vessels.
- **Portsmouth Marine Terminal.** A separate, stand-alone, Capital Outlay amendment is proposed to authorize \$40.0 million in bond proceeds for ground improvements at Portsmouth Marine Terminal to improve the load bearing capacity of the existing facility in anticipation of potential new industrial uses including supporting growth of the offshore wind energy industry in Virginia.