



**FY 2014 – 2019 Preliminary Financial Plan
Impacts of HB 2313 (Enrolled)**

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The Landscape

- **The lack of funding for transportation has been a significant issue for a decade**
- **It has been a generation since a sustainable adjustment to transportation revenues has been enacted**
- **The major source of state transportation revenues, the cent per gallon motor fuels tax, is effectively on the decline; worth only 45% of its 1986 value**
- **Federal transportation revenues are stagnant and the future of the federal transportation program is uncertain**

The Landscape

- HMOF revenues have been insufficient to cover the needs of the Fund since 2002 - \$3 billion diverted from construction
- To address growing maintenance needs, federal funds were added to the maintenance program in 2006
- In FY 2013
 - the state crossover is \$364 million
 - \$330 million of federal funds will be used for maintenance
- After providing for crossover, needed federal matching funds and state funded programs, no funds have been available for distribution through the construction allocation formula since 2009

Commonwealth Transportation Fund FY 2014 – 2019 Preliminary Six-Year Financial Plan

- **The FY 2014 – 2019 Preliminary Six-Year Financial Plan has been updated to reflect the additional transportation revenues provided by HB 2313**
- **HB 2313 is estimated to provide \$4 billion of additional statewide transportation revenues over the period**
- **The FY 2014 – 2019 Preliminary Six-Year Financial Plan totals nearly \$30 billion**
- **The Bill is also estimated to provide \$2.6 billion of local and regional revenues for transportation (through FY 2018) – not included in the CTF revenues**



Commonwealth Transportation Fund FY 2014 – 2019 Preliminary Six-Year Financial Plan Estimated Revenues (in millions)

	2014	2015	2016	2017	2018	2019	Total
State Transportation Revenues							
HMO	\$ 1,612.0	\$ 1,885.1	\$ 2,053.6	\$ 2,135.8	\$ 2,170.0	\$ 2,205.4	\$ 12,061.9
TTF net interest	1,086.2	1,156.0	1,212.9	1,254.8	1,286.9	1,320.0	7,316.8
PTF (From TTF)	156.0	169.5	183.1	190.7	199.7	209.1	1,108.1
Local and Other Revenues	399.1	342.1	329.1	328.1	328.7	328.5	2,055.7
Total	<u>3,253.3</u>	<u>3,552.7</u>	<u>3,778.7</u>	<u>3,909.4</u>	<u>3,985.3</u>	<u>4,063.0</u>	<u>22,542.5</u>
Federal Revenues	<u>914.4</u>	<u>933.0</u>	<u>943.8</u>	<u>943.8</u>	<u>943.8</u>	<u>943.8</u>	<u>5,622.5</u>
Total Revenues	<u>4,167.7</u>	<u>4,485.7</u>	<u>4,722.5</u>	<u>4,853.2</u>	<u>4,929.1</u>	<u>5,006.8</u>	<u>28,165.0</u>
Other Financing Sources							
GARVEE Bonds	332.0	-	375.0	161.9	-	-	868.9
Capital Improvement Bonds	284.1	122.9	122.9	122.9	122.9	61.6	837.3
Total	<u>616.1</u>	<u>122.9</u>	<u>497.9</u>	<u>284.8</u>	<u>122.9</u>	<u>61.6</u>	<u>1,706.2</u>
Total Revenues and Other Financing Sources	<u>\$ 4,783.8</u>	<u>\$ 4,608.6</u>	<u>\$ 5,220.4</u>	<u>\$ 5,138.0</u>	<u>\$ 5,052.0</u>	<u>\$ 5,068.4</u>	<u>\$ 29,871.2</u>



Commonwealth Transportation Fund FY 2014 – 2019 Preliminary Six-Year Financial Plan

	(amounts in millions)		
	FY 2013 - 2018 SYFP	February's Preliminary FY 2014 - 2019 SYFP	Updated Preliminary FY 2014 - 2019 SYFP
State Transportation Revenues			
HMO	\$ 9,002.6	\$ 9,056.6	\$ 12,061.9
TTF net interest	6,132.4	6,379.1	7,316.8
PTF (From TTF)	1,074.3	1,007.6	1,108.1
Local and Other Revenues	2,442.6	2,197.8	2,055.7
Total	<u>18,651.9</u>	<u>18,641.1</u>	<u>22,542.5</u>
Federal Revenues	<u>6,349.9</u>	<u>5,623.4</u>	<u>5,622.5</u>
Total Revenues	<u>25,001.8</u>	<u>24,264.5</u>	<u>28,165.0</u>
Other Financing Sources			
GARVEE Bonds	577.6	868.9	868.9
Capital Improvement Bonds	1,250.0	450.0	837.3
Total	<u>1,827.6</u>	<u>1,318.9</u>	<u>1,706.2</u>
Total Revenues and Other Financing Sources	<u>\$ 26,829.4</u>	<u>\$ 25,583.4</u>	<u>\$ 29,871.2</u>

HB 2313 Revenues Statewide

- **HB 2313 moves Virginia away from a cents per gallon motor fuels tax in favor of a sales tax on motor fuels**
 - **3.5% on gasoline**
 - **6.0% on diesel**
- **It incrementally raises the Motor Vehicle Sales Tax from 3.0% to 4.3% by FY 2017**
- **A \$100 registration fee is added to alternative fuel vehicles**
- **The Bill recognizes the importance of transportation as a core function of government, providing additional funding from traditionally general fund revenue sources**
 - **Increases the retail sales tax revenues dedicated to transportation from 0.5% to 0.675% by FY 2017**
 - **Increases the retail sales and use tax from 5.0% to 5.3%**



HB 2313 Revenues Statewide (in millions)

Revenue Source	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019*	6-Year Total
Eliminate 17.5 cents/gallon tax on motor fuel (gasoline and diesel)	(871.1)	(889.3)	(907.4)	(922.3)	(938.2)	(954.5)	(5,482.8)
3.5% Sales and Use Tax on gasoline and 6% on diesel	\$ 626.1	\$ 723.1	\$ 749.7	\$ 778.6	\$ 804.5	\$ 831.2	\$ 4,513.2
1.6% increase in Sales and Use Tax on gasoline if Marketplace Equity Act (MEA) is not approved by January 1, 2015	-	89.6	220.4	225.5	229.2	233.0	997.7
Net of Gas Tax Change	\$ (245.0)	\$ (76.6)	\$ 62.7	\$ 81.8	\$ 95.5	\$ 109.8	\$ 28.1
0.3% Sales and Use Tax increase (5.3% total)	265.8	301.2	313.2	325.2	336.3	347.8	1,889.5
\$100 Alternative Fuel Vehicle Fee	10.2	11.4	13.0	15.0	17.0	19.3	85.9
Increase titling tax from 3% to 4.3%	184.0	223.9	248.8	278.5	278.6	278.7	1,492.5
Net tax/fee increases	\$ 460.0	\$ 536.5	\$ 575.0	\$ 618.7	\$ 631.9	\$ 645.7	\$ 3,467.8
Total New Revenue	\$ 215.0	\$ 459.9	\$ 637.7	\$ 700.5	\$ 727.4	\$ 755.5	\$ 3,496.0
Incremental Sales Tax Commitment Over 4 Years (0.5% to 0.675%) - No increased transfer after FY 2015 without MEA	49.0	101.7	101.7	101.7	101.7	101.7	557.5
Additional Funding for Transportation	\$ 264.0	\$ 561.6	\$ 739.4	\$ 802.2	\$ 829.1	\$ 857.2	\$ 4,053.5

*Projected

Marketplace Equity Act (MEA)

Dedicates a portion of the retail sales and use taxes to be generated by the Marketplace Equity Act (MEA) to transportation

MEA not approved by January 1, 2015

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Total
MEA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Fund Transfer (SUT)	49.0	101.7	101.7	101.7	101.7	101.7	557.5
1.6% additional Sales & Use Tax on gasoline		89.6	220.4	225.5	229.2	233.0	997.7
Total	\$49.0	\$191.3	\$322.1	\$327.2	\$330.9	\$334.7	\$1,555.2

Congressional Approval by July 1, 2013

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Total
MEA	\$144.6	\$164.1	\$170.8	\$177.5	\$183.6	\$189.9	\$1,030.5
General Fund Transfer (SUT)	49.0	101.7	158.4	191.8	198.2	204.8	903.9
Total	\$193.6	\$265.8	\$329.2	\$369.3	\$381.8	\$394.7	\$1,934.4

Net Change	\$144.6	\$74.5	\$7.1	\$42.1	\$50.9	\$60.0	\$379.2
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Distribution of HB 2313 Revenues

Revenue Source	HMOF	TTF	PTF	DMV	Mass Transit	IPROC	Local	Education
Sales Tax on Fuel	80%	15%	4%	1%				
\$100 Alt. Vehicle Registration	100%							
Increase MVSUT	100%							
Increase RSUT 0.3%	58% (.175 of .3)				25% (60% of .125 of .3)	17% (40% of .125 of .3)		
Sales Tax Diversion	100%							
MEA		58%					18%	24%

Transit and Rail

FY 2014 – 2019

(in millions)

The Bill dedicates 0.125 of the 0.3 percent increase in the Retail Sales and Use Tax to Mass Transit and Passenger Rail

- **60% of 0.125 of 0.3 dedicated to Mass Transit (25% of the total revenue generated by the 0.3 percent increase)**
- **40% of 0.125 of 0.3 dedicated to IPROC (17% of the total revenue generated by the 0.3 percent increase)**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019*	Total
Mass Transit	\$66.5	\$75.4	\$78.4	\$81.4	\$84.1	\$87.0	\$472.8
Intercity Passenger Rail Operating and Capital Fund	44.3	50.2	52.2	54.2	56.1	58.1	315.1
Total	\$110.8	\$125.6	\$130.6	\$135.6	\$140.2	\$145.1	\$787.9

** Projected*

Support to Maintenance FY 2014 – 2019 (in millions)

The support to the HMOF and the maintenance program based on the February preliminary plan was as follows:

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Total
State Crossover	\$433.5	\$419.3	\$451.4	\$474.8	\$501.0	\$523.7	\$2,803.8
Federal Support	240.6	295.4	300.6	297.4	299.1	307.5	1,740.6
Total	\$674.1	\$714.8	\$752.0	\$772.2	\$800.1	\$831.2	\$4,544.4

HB 2313 will generate \$3.0 billion new HMOF revenues, reducing the support needed

Construction FY 2014 – 2019

- **Based on the new construction formula approved in the 2012 General Assembly Session, an amount not to exceed \$500 million in any given year, may be distributed as follows:**
 - **25 percent to bridge reconstruction and rehabilitation;**
 - **25 percent to advancing high priority projects statewide;**
 - **25 percent to reconstructing deteriorated interstate and primary system pavements determined to have a Combined Condition Index of less than 60;**
 - **15 percent to projects undertaken pursuant to the PPTA**
 - **5 percent to paving unpaved roads carrying more than 200 vehicles per day;**
 - **5 percent to smart roadway technology.**
- **Amounts available for construction in excess of \$500 million to be distributed by the original construction formula**
- **Original formula created in 1986**
 - **5.67% unpaved roads**
 - **Balance distributed - 40% primary, 30% secondary, and 30% urban**

Implementation FY 2014 – 2019

- **Funds will be distributed using the new CTB formula during the period**
 - **Distribute the first \$500 million annually for the specific purposes as outlined, balancing by category over the six-years**
 - **Amounts exceed \$500 million in FY 2017 and are distributed through the original formula**
- **Additional PTF revenues will also permit the issuance of the CPR bonds as previously planned**
- **Route 58 Corridor Development Program**
 - **House Bill 1953 changed the maximum amount of the bonds that may be issued from \$704.3 million to \$1.3 billion, an increase of \$595.7 million**
 - **HB 2313 provides \$20 million a year to support the program beginning in FY 2020**

Implementation FY 2014 – 2019 (in millions)

In implementing the new revenues produced by HB 2313, the support to the HMOF and the maintenance program is as follows:

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Total
State Crossover	\$412.3	\$217.0	\$65.8	\$ -	\$ -	\$ -	\$695.0
Federal Support	206.6	195.4	240.6	174.6	184.5	196.7	1,198.5
Total	\$618.9	\$412.4	\$306.4	\$174.6	\$184.5	\$196.7	\$1,893.5

- **Maintenance program remains at planned amounts**
- **Total support reduced by \$2.65 billion**
- **Federal support reduced, making additional state maintenance funds available to address secondary system needs**



Distribution of Funds Available for Construction

<i>Estimated (in millions)</i>		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019*	Total
Total New Funds Available for Construction		\$ 205.0	\$ 312.0	\$ 472.3	\$ 613.7	\$ 634.0	\$ 655.6	\$ 2,892.6
CPR Bonds		161.2	-	-	(13.6)	(13.6)	(13.6)	120.6
Total Funds Available for Formula Distribution		43.8	312.0	472.3	627.2	647.6	669.1	2,772.1
CTB Formula Distribution		43.8	312.0	472.3	500.0	500.0	500.0	2,328.1
<i>25 percent to bridge reconstruction and rehabilitation;</i>	<i>25.00%</i>	<i>10.9</i>	<i>78.0</i>	<i>118.1</i>	<i>125.0</i>	<i>125.0</i>	<i>125.0</i>	582.0
<i>25 percent to advancing high priority projects statewide;</i>	<i>25.00%</i>	<i>10.9</i>	<i>78.0</i>	<i>118.1</i>	<i>125.0</i>	<i>125.0</i>	<i>125.0</i>	582.0
<i>25 percent to reconstructing deteriorated interstate and primary system pavements</i>	<i>25.00%</i>	<i>10.9</i>	<i>78.0</i>	<i>118.1</i>	<i>125.0</i>	<i>125.0</i>	<i>125.0</i>	582.0
<i>15 percent to projects undertaken pursuant to the PPTA</i>	<i>15.00%</i>	<i>6.6</i>	<i>46.8</i>	<i>70.8</i>	<i>75.0</i>	<i>75.0</i>	<i>75.0</i>	349.2
<i>5 percent to paving unpaved roads carrying more than 200 vehicles per day</i>	<i>5.00%</i>	<i>2.2</i>	<i>15.6</i>	<i>23.6</i>	<i>25.0</i>	<i>25.0</i>	<i>25.0</i>	116.4
<i>5 percent to smart roadway technology.</i>	<i>5.00%</i>	<i>2.2</i>	<i>15.6</i>	<i>23.6</i>	<i>25.0</i>	<i>25.0</i>	<i>25.0</i>	116.4
Construction Formula Total		-	-	-	127.2	147.6	169.1	444.0
<i>Unpaved</i>	<i>5.67%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>7.2</i>	<i>8.4</i>	<i>9.6</i>	25.2
<i>Primary</i>	<i>40.00%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>48.0</i>	<i>55.7</i>	<i>63.8</i>	167.5
<i>Secondary</i>	<i>30.00%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>36.0</i>	<i>41.8</i>	<i>47.9</i>	125.6
<i>Urban</i>	<i>30.00%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>36.0</i>	<i>41.8</i>	<i>47.9</i>	125.6

* Projected

Previous Commitments

- **The December state revenue forecasts and the update of the federal revenue forecasts reduced the revenues available for the current construction program in FY 2013 – 2018 by \$691 million**
- **A portion of the new revenues will be used to offset this reduction**

Maintenance Payments to Counties and Dulles Rail Support

- The Bill updated the base per mile amounts for counties who maintain their own secondary roads
- For counties having an area greater than 100 square miles - \$12,529 per lane-mile for fiscal year 2014
 - Increases annual payment for Henrico by \$10 million over FY 2013
- For any county having an area less than 100 square miles - \$17,218 per lane-mile for fiscal year 2014
 - Holds Arlington's 2014 payment at the 2013 amount
- Bill also dedicates \$300 million of the new HMOF revenues to MWAA to support the Dulles Rail project

Pavement Rehab and Reconstruction

- **The draft SYIP will dedicate over \$3 billion to reconstruction and rehabilitation of pavements**
 - **27% interstate**
 - **32% primary**
 - **41% secondary**
- **This level of funding will provide the following results:**
 - **Interstate highways will be 82% or above in all districts and no road will have a CCI below 30 by 2017**
 - **Primary system pavements will be improved to 82% by 2019**
 - **Secondary system pavements will be improved to 65% by 2019**
- **The dedication of construction funding to interstate and primary roads will allow pavement allocations in maintenance to be targeted for secondary road improvements**

Enhancement of the Construction Program

- **Funds will be allocated through the original construction formula for the first time since 2009**
 - **Will focus the primary formula allocations of \$167.5 million on primary pavements**
 - **The cities and counties will be allocated \$125.6 million in FY 2017-2019 to be directed to their priorities**
 - **\$141.6 million will be provided to the counties to address unpaved roads**
- **Will work closely with regional bodies to utilize the local and regional revenues in combination with CTB funds to maximize transportation investments**
- **New revenue will provide much needed funding for key projects**



Commonwealth Transportation Fund

Fiscal Years 2014 – 2019 Six-Year Financial Plan

Estimated Allocations

(in millions)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Total
Debt Service	\$ 326.4	\$ 352.6	\$ 363.4	\$ 390.6	\$ 405.2	\$ 408.9	\$ 2,247.0
Other Agencies & Transfers	152.3	152.2	152.2	50.7	41.5	42.6	591.4
Maintenance & Operations	1,860.6	1,917.2	1,974.7	2,021.2	2,059.4	2,100.3	11,933.4
Tolls, Administration & Other Programs	388.7	414.2	419.7	426.4	434.6	440.8	2,524.5
Mass Transit Fund	502.7	521.9	535.1	546.0	555.3	502.5	3,163.5
Port Trust Fund	35.1	36.3	38.2	39.6	40.6	41.6	231.4
Airport Trust Fund	22.8	23.6	24.9	25.7	26.4	27.0	150.4
Construction	1,495.2	1,190.5	1,712.2	1,637.8	1,489.1	1,504.7	9,029.6
Total	\$ 4,783.8	\$ 4,608.6	\$ 5,220.4	\$ 5,138.0	\$ 5,052.0	\$ 5,068.4	\$ 29,871.2

	FY2013 - 2018 SYFP	February's Preliminary FY 2014 - 2019 SYFP	Preliminary FY 2014 - 2019 SYFP
Debt Service	\$ 2,179.4	\$ 2,184.4	\$ 2,247.0
Other Agencies & Transfers	309.2	291.4	591.4
Maintenance & Operations	11,604.6	11,879.0	11,933.4
Tolls, Administration & Other Programs	2,546.6	2,525.6	2,524.5
Mass Transit Fund	2,443.7	2,171.6	3,163.5
Port Trust Fund	248.6	225.8	231.4
Airport Trust Fund	142.0	146.8	150.4
Construction	7,355.3	6,158.9	9,029.6
Total	\$ 26,829.4	\$ 25,583.4	\$ 29,871.2

HB 2313 Local and Regional Revenues

- **A portion of the sales and use tax revenues from MEA will be distributed to the localities**
 - **Local Sales Tax - optional (1/2¢ of the 5.3¢)**
 - **Local Sales Tax for Local Transportation (1/2¢ of the 5.3¢)**
- **The Bill also generates revenues specifically for Hampton Roads and Northern Virginia**
 - **Hampton Roads**
 - 0.7% local sales tax
 - 2.1% Sales Tax on Fuel
 - **Northern Virginia**
 - 0.7% local sales tax
 - Regional congestion relief fee - \$0.25 per \$100
 - Northern Virginia transient occupancy tax – 3%

HB 2313 Regional Revenues (in millions)

Northern Virginia Local Component						
Revenue Source	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	5-Year Total
Northern Virginia 0.7% Local Sales Tax	\$ 214.1	\$ 242.6	\$ 252.3	\$ 261.9	\$ 270.8	\$ 1,241.7
Northern Virginia Grantors Tax (\$0.25/\$100)	27.9	27.9	27.9	27.9	27.9	139.5
Northern Virginia Transient Occupancy Tax 3%	37.3	42.2	43.7	45.1	46.8	215.1
Total New Local Revenue NOVA	\$ 279.3	\$ 312.7	\$ 323.9	\$ 334.9	\$ 345.5	\$ 1,596.3
Hampton Roads Local Component						
Revenue Source	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	5-Year Total
Hampton Roads 0.7% Local Sales Tax	\$ 115.2	\$ 130.6	\$ 135.8	\$ 141.0	\$ 145.8	\$ 668.4
Hampton Roads 2.1% Fuels Sales Tax	60.4	69.5	71.8	74.2	76.3	352.2
Total New Local Revenue Hampton Roads	\$ 175.6	\$ 200.1	\$ 207.6	\$ 215.2	\$ 222.1	\$ 1,020.6

Regional Revenues

Hampton Roads Transportation Fund

- **Hampton Roads Transportation Fund**
 - **The moneys deposited in the fund shall be used solely for new construction projects on new or existing roads in the Hampton Roads Region as approved by the Hampton Roads Transportation Planning Organization**
- **The "Hampton Roads Region" includes the Counties of Gloucester, Isle of Wight, James City, and York and the Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg**

Regional Revenues Northern Virginia Transportation Authority Fund

- Revenues shall be used by the Authority solely for transportation purposes benefiting those counties and cities that are embraced by the Authority.
- 30 percent of the revenues distributed on a pro rata basis based on the revenues collected related to each locality as a percent of the total
 - Shall be used either for additional urban or secondary road construction; for other capital improvements that reduce congestion; for other transportation capital improvements which have been approved by the most recent long range transportation plan adopted by the Authority; or for public transportation purposes.
- 70 percent of the revenues shall be used by the Authority to fund (i) transportation projects selected by the Authority that are contained in the regional transportation plan or (ii) mass transit capital projects that increase capacity.
- The Authority shall give priority to selecting projects that are expected to provide the greatest congestion reduction relative to the cost of the project and shall document this information for each project selected. Such projects selected by the Authority for funding shall be located (a) only in localities embraced by the Authority or (b) in adjacent localities.

Regional Revenues Northern Virginia Transportation Authority Fund

- **All transportation projects undertaken by the Northern Virginia Transportation Authority shall be completed by private contractors accompanied by performance measurement standards, and all contracts shall contain a provision granting the Authority the option to terminate the contract if contractors do not meet such standards.**
- **Localities may provide engineering services or right-of-way acquisition for any project with its own forces.**
- **The Authority shall procure under the Public-Private Transportation Act whenever feasible and advantageous.**
- **The Authority is independent of any state or local entity, including the Virginia Department of Transportation (VDOT) and the Commonwealth Transportation Board (CTB), but the Authority, VDOT and CTB shall consult with one another to avoid duplication of efforts and, at the option of the Authority, may combine efforts to complete specific projects.**
- **At the request of the Authority, VDOT may provide the Authority with engineering services or right-of-way acquisition for the project with its own forces.**

Summary

- **The revenues generated by HB 2313 will breathe new life into Virginia's transportation program**
- **It will provide substantial revenues to eliminate the state maintenance crossover and provide funding for construction formula distributions**
- **The new revenues will mitigate the reductions in the state and federal revenue updates previously identified**
- **Significant efforts will be focused on pavement rehabilitation**
- **The construction program will be increased by nearly 50%; advancing much needed projects**
- **The Bill will provide dedicated revenues to IPROC and mass transit**
- **HB 2313 will generate additional revenues in Hampton Roads and Northern Virginia to address the special transportation needs of those areas**
- **Implementation will require an enhanced partnership with local governments to deliver much needed transportation solutions**