



**Transportation Revenue Outlook
HB 2313: Expectations Then and Now
and Additional Programmatic Changes**

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Changes in Funding Dedicated to Transportation

- ❑ **Expectations of HB 2313 with full implementation**
 - Financial Outlook prior to HB 2313 (2013)
- ❑ **Today's revenue picture**
- ❑ **Construction Program funding distribution**
- ❑ **Outlook**

HB 2313: Virginia Adopted Enhanced Revenue Stream for Transportation

- ❑ Virginia's 2013 General Assembly adopted legislation providing for enhanced long-term transportation funding.
- ❑ When adopted, it was assumed that about \$850 million annually would be available when fully implemented (2018) from a combination of new and existing revenue sources.
- ❑ Included \$200 million from existing General Fund (GF) sources by year 2018.
- ❑ The estimates anticipated an additional \$500 million annually for regional "self-help" packages in Hampton Roads and Northern Virginia.



HB 2313 Revenue Estimates (2013)

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)	\$ (922.6)	\$ (938.2)	\$ (954.5)	\$ (5,483.1)
3.5% Sales and Use Tax on gasoline and 6% on diesel	626.3	723.0	749.6	778.5	804.7	831.8	4,513.9
1.6% increase in Sales and Use Tax on gasoline if Marketplace Equity Act (MEA) is not approved by January 1, 2015		89.6	220.5	225.5	229.2	233.0	997.8
Net of Gas Tax Change	\$ (244.8)	\$ (76.7)	\$ 62.7	\$ 81.4	\$ 95.7	\$ 110.3	\$ 28.6
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
\$64 Alternative Fuel Vehicle Fee	6.5	7.3	8.3	9.6	10.9	12.4	55.0
Increase titling tax from 3% to 4.15%	184.0	213.7	228.0	246.3	246.5	246.7	1,365.2
Net tax/fee increases	\$ 456.3	\$ 522.2	\$ 549.5	\$ 581.1	\$ 593.7	\$ 606.9	\$ 3,309.7
Total New Revenue	\$ 211.5	\$ 445.5	\$ 612.2	\$ 662.5	\$ 689.4	\$ 717.1	\$ 3,338.2
Incremental Sales Tax Commitment Over 4 Years (0.5% to 0.675%) - No increased transfer after FY 2015 without MEA	49.0	101.7	105.6	109.6	113.3	117.1	596.2
Additional Funding for Transportation	\$ 260.5	\$ 547.2	\$ 717.8	\$ 772.1	\$ 802.7	\$ 834.2	\$ 3,934.4

*Projected

Includes Fuel Tax revenue dedicated to DMV Special Fund

Implementation of HB 2313 since 2013

- ❑ **Alternative Fuel Vehicle Fee was repealed in 2014**
- ❑ **Though Marketplace Fairness Act revenue was never included in the official estimates, local revenue from this effort is not available for transportation purposes**
- ❑ **Without MFA, the gasoline fuel tax was increased by 1.6% on January 1, 2015, as anticipated in the estimates**
- ❑ **Incremental sales tax transfers from the General Fund were not increased after the gas tax increased, as anticipated**

State Revenue Updates

Commonwealth Transportation Fund (CTF) Revenue updates since HB 2313

	2014	2015	2016	2017	2018	2019	TOTAL
Prior to HB 2313	\$ 2,567.5	\$ 2,629.7	\$ 2,691.5	\$ 2,759.8	\$ 2,807.0	\$ 2,855.6	\$ 16,311.1
After HB 2313	2,828.8	3,176.1	3,407.0	3,529.6	3,606.9	3,686.9	20,235.3
Difference	261.3	546.4	715.5	769.8	799.9	831.3	3,924.2
December 2013 Update	2,809.9	3,085.3	3,269.1	3,358.2	3,422.1	3,489.0	19,433.6
March 2015 Update	2,799.1	3,072.8	3,248.7	3,326.6	3,393.3	3,476.3	19,316.8
Difference from HB 2313 Estimate	\$ (29.7)	\$ (103.3)	\$ (158.3)	\$ (203.0)	\$ (213.6)	\$ (210.6)	\$ (918.5)

December 2015 update will be released with Governor's Budget

Total CTF Revenue Estimates less anticipated interest earnings

Fuel Tax Revenue

- ❑ **HB 2313 estimates projected growth in the price of fuel beyond the price floor built into the legislation**
- ❑ **Updates since the legislation and actual collections reflect the current and anticipated changes in fuel price**

Reduction of \$671 million over the period from initial expectations

	(in millions)						
	2014	2015	2016	2017	2018	2019	TOTAL
Fuel Tax Estimates							
Prior to HB 2313	\$ 863.9	\$ 882.0	\$ 899.9	\$ 915.0	\$ 930.5	\$ 946.3	\$ 5,437.6
After HB 2313	619.9	804.5	960.3	994.1	1,023.4	1,053.6	5,455.8
Difference	(244.0)	(77.5)	60.4	79.1	92.9	107.3	18.2
 December 2013 Update	 597.8	 709.0	 832.0	 846.4	 858.0	 875.5	 4,718.7
 March 2015 Update (includes 2014 Actuals)	 649.7	 712.1	 839.7	 848.3	 858.7	 876.5	 4,785.0
Difference from HB 2313 Estimate	\$ 29.8	\$ (92.4)	\$ (120.6)	\$ (145.8)	\$ (164.7)	\$ (177.1)	\$ (670.8)

HB 2313 Revenues Dedicated to Regional and Local Entities

- **The Chapter also generates revenues specifically for Hampton Roads and Northern Virginia and future Planning Districts that meet specific transportation related criteria**
 - **Hampton Roads**
 - 0.7% local sales tax
 - 2.1% Sales Tax on Fuel (no floor on wholesale price)
 - **Northern Virginia**
 - 0.7% local sales tax
 - Regional congestion relief fee - \$0.15 per \$100
 - Northern Virginia transient occupancy tax – 2%
- **These dedicated revenues would provide for the acceleration of existing or additional road and bridge projects**
- **A portion of the sales and use tax revenues from Marketplace Fairness Act (5.3%) was to be distributed to the localities**
 - **Local Sales Tax – 1/2% for any purpose**
 - **Local Sales Tax – 1/2% for Transportation**



Revenue estimate updates for the Regional Sources

Anticipated revenue has been reduced, the greatest of which is in Hampton Roads

The 2.1% additional fuels tax in the region does not have the floor of the statewide average wholesale price of a gallon on February 20, 2013.

	(in millions)						
	2014	2015	2016	2017	2018	2019	TOTAL
HB 2313 Estimates							
Northern Virginia	\$ 272.5	\$ 304.3	\$ 314.9	\$ 325.5	\$ 335.5	\$ 345.8	\$ 1,898.5
Hampton Roads	176.4	201.0	208.6	216.2	223.1	230.2	1,255.5
Total	\$ 448.9	\$ 505.3	\$ 523.5	\$ 541.7	\$ 558.6	\$ 576.0	\$ 3,154.0
March 2015 update (2014 Actuals)							
Northern Virginia	261.5	309.7	306.3	316.4	326.7	336.2	1,856.8
Hampton Roads	145.0	174.4	171.8	176.2	181.6	187.4	1,036.4
Total	\$ 406.5	\$ 484.1	\$ 478.1	\$ 492.6	\$ 508.3	\$ 523.6	\$ 2,893.2
Difference							
Northern Virginia	(11.0)	5.4	(8.6)	(9.1)	(8.8)	(9.6)	(41.7)
Hampton Roads	(31.4)	(26.6)	(36.8)	(40.0)	(41.5)	(42.8)	(219.1)
Total	\$ (42.4)	\$ (21.2)	\$ (45.4)	\$ (49.1)	\$ (50.3)	\$ (52.4)	\$ (260.8)

Bond Proceeds for Construction

- ❑ **Construction program support from Capital Projects Revenue Bonds has diminished**

- ❑ **FY 2012 – FY 2017 financial plan included \$1.65 billion**
 - \$1.131 billion for construction
 - \$518.7 million for transit and rail

- ❑ **FY 2016 – FY 2021 financial plan includes \$480 million**
 - \$0 for construction
 - \$480 million for transit and rail

Outlook

- ❑ **Commonwealth Transportation Fund revenues finished FY 2015 \$50.1 million ahead of the official estimate**
 - Due to stronger than expected motor vehicle sales tax collections
- ❑ **Current collections**
 - Fuel tax collections are up; seeing the impact of the 1.6% increase implemented in January 2015
 - Motor Vehicle Sales and Use tax collections are also up
 - Modest growth in Retail Sales and Use Tax
- ❑ **Potential for continued growth in future estimate updates**
- ❑ **Revenues will not likely reach the original expectations of HB 2313**
- ❑ **Construction funds distributed by the HB 1887 formula averages \$415 million a year.**