



COMMONWEALTH of VIRGINIA

Office of the

SECRETARY of TRANSPORTATION

Sustainability of Virginia's Transportation Funding

Nick Donohue

Deputy Secretary of Transportation

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Virginia Department of Rail and Public Transportation



2019 Appropriations Act

- It is the intent of the **General Assembly Secretary of Transportation and Commonwealth Transportation Board shall... evaluate**
- **(i) the impact of increase fuel efficiency and increased use of hybrid and electric vehicles on transportation revenues, and**
- **(ii) potential options to provide a sustainable funding stream for transportation infrastructure**

Fuel Tax Collections FY16-FY18

- **Vehicle miles traveled increased 3.2%**
- **Fuel tax collections decreased 0.6%**
- **First time driving increased and fuel tax collections decreased at the same time, without a change in rate**
- **In FY18 fuel tax collections would have been \$60M higher if they had kept pace with driving**

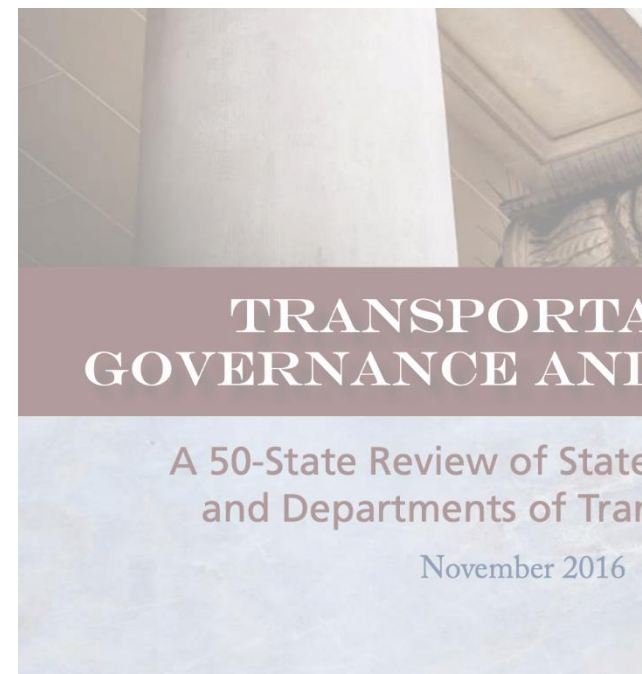
How Transportation Funded in Virginia – FY 2018

CTF Sources	CTF Revenues (in millions)
Gas Tax	\$638.3
Diesel Tax/Road Tax	\$216.9
Registration Fees/IRP	\$328.0
Motor Vehicle Sales Tax	\$943.7
Retail Sales Tax	\$1,043.8
Insurance Premiums	\$168.0
Misc	\$107.6

Retail Sales and Use Tax

According to AASHTO only 5 other states use retail sales and use tax

- Kansas – 1% out of 6.5% rate
- Connecticut – 0.5% out of 6.35% rate
- Nebraska – 0.25% increase until 2033
- Arkansas – 0.5% temporary increase to back bond issuances
- Utah – A portion is dedicated to transportation with amount declining over time



Not All Revenue Sources are Created Equal

Annual growth in CTF revenue sources on a unit basis from 2011 to 2025 (actuals and estimates)

- **Retail sales tax: 2.9%**
- **Motor vehicle sales tax: 2.7%**
- **Fuel tax: 0.7%**
- **Registration fees: 0.7%**

Potential Impact of Growing Revenue Streams

- **If fuel tax collections and registration fees grew at the average rate of retail sales tax starting in FY11**
 - **In FY20 the fuel tax would be expected to generate \$1,042.9M instead of \$866.5M In FY20 registration fees would be expected to generate \$307M instead of \$261.3M**
- **Over the upcoming six-year improvement program the additional revenues would be \$1.92B above current estimates**

Potential Impact of Growing Revenue Streams

Over the SYIP funds would be distributed as follows:

- **\$790.0M for State of Good Repair**
- **\$482.8M for High Priority Projects**
- **\$482.8M for District Grant Program**
- **\$80.9M for Transit Programs**
- **\$60.4M for Priority Transportation Fund**

Who Pays for Transportation In Virginia?

(in millions)

CTF and Federal Sources	Autos/Residents	Trucks
Gas Tax	\$1,383	-
Diesel Tax/Road Tax*	-	\$456.3
Registration Fees/IRP	\$184.0	\$144.0
Motor Vehicle Sales Tax	\$943.7	-
Retail Sales Tax	\$1,043.8	-
Insurance Premiums	\$168.0	-
Misc	\$107.6	\$148.2
TOTAL / Percentage	\$3,836.1 / 83.7%	\$742.5 / 16.3%

* While autos pay a portion of this tax, their share is assumed to be zero for purposes of this analysis

How Does Virginia Compare with Other States?

State	Truck Share of State/Fed \$	% of VMT by Trucks	Ratio of Truck \$ Share to Truck VMT
Virginia	16.3%	6.4%	2.55
Maryland	27%	6%	4.83
Pennsylvania	39%	9%	4.33
New York	33%	7%	4.71
Tennessee	37%	10%	3.70
West Virginia	38%	12%	3.17
Avg paid on 81 (w/o VA)	34.8%	8.8%	3.95

Next Steps

- **Work to better quantify anticipated impacts of increased fuel efficiency and hybrid/electric vehicles on fuel tax revenues**
- **Identify best practices in other states**
- **Evaluate potential options to address revenue sustainability**
 - **Mid-term, including potential ‘bridge’ options**
 - **Long-term, including VMT fees**