

# VACo Transportation Steering Committee

August 19, 2021

## **2021 General Assembly Special Session Review of Relevant Issues**



# COVID-19 Impact to Commonwealth Transportation Fund

- Estimated negative impact through FY22 of ~\$870M
  - Round 3 of SMART SCALE was \$850M in total
- FY20 collections were \$121.0M less than forecast
  - (\$45.4M) from fuel tax
  - (\$39.1M) from motor vehicle sales tax
  - (\$29.7M) from retail sales tax
  - (\$27.0M) from vehicle registrations
- FY21 projected to be down \$400.8M from forecast
- FY22 projected to be down \$348.9M from forecast



# Commonwealth Transportation Fund (CTF)

## Collections Ended FY 2021 with a \$371.5 Million Surplus

Actual Collections Compared to the Official Forecast for Fiscal Year 2021  
(Millions of Dollars)

Revenue Sources	FY2020 Actual	FY2021 Actual	FY2021 Forecast	Percent Change 2020-2021		Forecast Variance	
				Actual	Forecast	Amount	Percent
Motor Fuels Tax	844.0	971.9	976.1	15.2	15.7	(4.2)	(0.4)
Road Use Tax	20.5	55.0	42.3	168.3	106.3	12.7	30.0
Vehicle Sales Tax	954.1	1,110.6	942.4	16.4	(1.2)	168.2	17.8
Vehicle Licenses	270.8	241.7	209.7	(10.7)	(22.6)	32.0	15.3
Highway User Fee	-	42.7	38.0	na	na	4.7	12.4
State Sales Tax	1,124.2	1,264.1	1,180.0	12.4	5.0	84.1	7.1
Recordation Tax	59.7	83.8	67.1	40.4	12.4	16.7	24.9
Insurance Premiums Tax	183.6	181.4	181.4	(1.2)	(1.2)	0.0	0.0
Int'l Registration Plan	70.4	121.4	71.0	72.4	0.9	50.4	71.0
Interest Earnings	19.8	5.9	10.1	(70.2)	(49.0)	(4.2)	(41.6)
Rental Tax	38.7	34.3	24.7	(11.4)	(36.2)	9.6	38.9
Aviation Fuels Tax	1.8	1.0	2.0	(44.4)	11.1	(1.0)	(50.0)
Miscellaneous	17.9	19.8	17.3	10.6	(3.4)	2.5	14.5
<b>TOTAL</b>	<b>\$3,605.5</b>	<b>\$4,133.6</b>	<b>\$3,762.1</b>	<b>14.6</b>	<b>4.3</b>	<b>371.5</b>	<b>9.9</b>



- Total revenue growth exceeded the target with a 9.9 percent forecast variance.
  - The forecast variance was due to a surge in motor vehicle and retail sales tax collections.

**The December and Official Commonwealth Transportation Fund Forecast for Fiscal Year 2022**  
(Dollars in Millions)

August 18, 2021

	Fiscal Year 2021				Fiscal Year 2022						
	Actual	% Growth	December Forecast		Official Forecast	Change	% Growth over FY 21				
							December	Official			
<b>Commonwealth Transportation Fund</b>											
Motor Fuels Tax	\$	971.9	15.2 %	\$	1,278.8	\$	1,238.5	\$	(40.3)	31.6 %	27.4 %
Road Tax		55.0	168.3		27.5		47.2		19.7	(50.0)	(14.2)
Aviation Fuels Tax		1.0	(44.4)		2.0		2.0		0.0	100.0	100.0
Motor Vehicle Sales and Use Tax		1,110.6	16.4		899.6		899.6		0.0	(19.0)	(19.0)
Motor Vehicle Rental Tax		34.3	(11.4)		29.7		29.7		0.0	(13.4)	(13.4)
Motor Vehicle License Fees		241.7	(10.7)		202.9		202.9		0.0	(16.1)	(16.1)
Highway User Fee		42.7	n/a		46.6		46.6		0.0	9.1	9.1
International Registration Plan		121.4	72.4		73.9		73.9		0.0	(39.1)	(39.1)
Retail Sales and Use Tax		1,264.1	12.4		1,126.0		1,214.7		88.7	(10.9)	(3.9)
Recordation Tax (3 cents)		83.8	40.4		57.0		57.0		0.0	(32.0)	(32.0)
Insurance Premiums Tax (1/3)		181.4	(1.2)		171.8		180.7		8.9	(5.3)	(0.4)
Interest Earnings		5.9	(70.2)		10.1		10.1		0.0	71.2	71.2
Miscellaneous		19.8	10.6		17.3		17.3		0.0	(12.6)	(12.6)
<b>Total State Taxes and Fees</b>	<b>\$</b>	<b>4,133.6</b>	<b>14.6 %</b>	<b>\$</b>	<b>3,943.2</b>	<b>\$</b>	<b>4,020.2</b>	<b>\$</b>	<b>77.0</b>	<b>(4.6) %</b>	<b>(2.7) %</b>

The December forecast is based on the October 2020 IHS Markit Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation. The Official forecast was adjusted during the mid-session to reflect collections.

# 2021 Regular Session Budget Highlights

- Dedicates \$3.6 million in the Transit Ridership Incentive Program (TRIP) for regional connectivity programs focused on congestion reduction and mitigation through provision of long-distance commuter routes.
- Appropriates \$233.4 million in federal funding, \$20 million in uncommitted balances from the Transportation Partnership Opportunity Fund, \$15 million in other uncommitted balances previously allocated for Financial Assistance for Planning, Access Road, and Special Projects in FY 2021, and \$55 million GF in FY 2022 for specified initiatives, including:
  - \$83.5 million to extend passenger rail service from Roanoke to the Blacksburg/Christiansburg area and increase the frequency of passenger rail service along the I-81/Route 29 corridor from Washington, D.C.
  - \$83.5 million to improve commuter rail service on the Virginia Railway Express Manassas line o \$93.1 million for improvements to the I-64 corridor
  - \$32.4 million for the state’s share of dedicated regional funding for the Washington Metropolitan Area Transit Authority
  - \$10 million for regional trails
  - \$10.9 million for pilot programs for fare-free transit with urban and rural transit providers
  - \$10 million for a connected infrastructure redevelopment demonstration project in the City of Falls Church
  - Funds not allocated by June 1, 2022, will support additional pavement and bridge maintenance projects.
- Provides localities who have received funding through the Economic Development Access Program a 48-month moratorium before repayment would be required. VACo supported this budget language.



# Key Transportation Related Legislative Updates from the 2021 Session

- **[HB 1903](#) Local government; authority to reduce the speed limit in a business district or residence district.**
  - Authorizes local governing bodies to reduce the speed limit to less than 25 miles per hour, but not less than 15 miles per hour, in a business district or residence district. VACo supported this legislation.
- **[HB 1893](#) / [SB 1212](#) New River Valley Passenger Rail Station Authority; creation of authority in Planning District 4.**
  - Authorizes the creation of a regional passenger rail station authority in Planning District 4 to assist in the creation and maintenance of passenger rail in the region. The authority would be governed by a board consisting of members of each participating locality and institution of higher education. VACo supported this legislation.



## Key Transportation Related Legislative Updates from the 2021 Session (cont.)

- **[HB 1813](#) Highway construction by state or local employees; limit.**
  - Increases from \$600,000 to \$700,000 the value of highway maintenance and construction projects eligible to be performed by state or local employees. VACo supported this legislation.
- **[HB 1841](#) Crosswalk design; Commissioner of Highways to convene work group to determine model policies.**
  - Directs the Commissioner of Highways to convene a working group to determine whether there should be model policies for crosswalk design and installation and, if so, establish recommendations for such model policies. VACo is a member of the workgroup.



# JLARC Study

- VACo interviewed with JLARC staff earlier this who are charged with a review (i) the state of the highways and transportation infrastructure in the Commonwealth; (ii) funding sources used by transportation entities; (iii) trends in vehicle miles traveled and changes in commuting patterns; (iv) challenges facing transportation facilities and infrastructure, particularly the Port of Virginia, Interstate 81, and Interstate 95, due to increased activity and use and potential solutions for such challenges; (v) the impact of the increase in the number of vehicles with non-combustion engines or more fuel-efficient combustion engines on transportation funding and alternatives to ensure that the owners and operators of such vehicles are contributing a fair share to transportation funding in the Commonwealth; and (vi) the preparedness to adapt to changes within the transportation landscape due to advances in technology
- Scheduled completion November of 2021.





# Orphan Drainage Outfalls

- Issue of eroding stormwater outfalls associated with VDOT subdivision streets. Specifically, in certain older subdivisions generic drainage easements (not assigned to any party) that extend beyond the VDOT right-of-way are not being claimed and maintained by VDOT. Years of neglect and lack of maintenance has led to severe erosion problems.
- Interim report was [released](#) earlier this year detailing a workplan.
- VACo surveyed our members in coordination with VDOT in May/June to better determine to scope and scale of the problem.
- The final report will be submitted to the Chairs of the House Appropriations, Senate Finance and Appropriations, House Transportation, Senate Transportation, House Agriculture, Chesapeake and Natural Resources, and Senate Agriculture, Conservation and Natural Resources Committees by September 2021. However, the interim report notes that the magnitude and complexity of the work may require additional time and an extension by the 2022 General Assembly if appropriate.



# Federal Legislation Update

- On August 10, the U.S. Senate passed the [\*Infrastructure Investments and Jobs Act\*](#) (IIJA) in a **69-30 vote**. The bipartisan infrastructure legislation would provide \$973 billion over five years from FY 2022 through FY 2026, including \$550 billion in new investments for all modes of transportation, water, power and energy, environmental remediation, public lands, broadband and resilience. In addition to providing authorizations for a wide variety of programs, the IIJA would also make supplemental appropriations to several federal agencies.
- Above baseline investments for sectors addressed in IIJA include:
  - **Transportation:** \$284 billion
    - **Roads & Bridges:** \$110 billion
    - **Transit:** \$39 billion
    - **Rail:** \$66 billion
    - **Safety:** \$11 billion
    - **Airports:** \$25 billion
    - **Ports & Waterways:** \$17 billion
    - **Electric vehicle chargers:** \$7.5 billion
    - **Electric buses:** \$7.5 billion
    - **Reconnecting Communities:** \$1 billion
  - **Water:** \$55 billion
  - **Broadband:** \$65 billion
  - **Energy & Power:** \$73 billion
  - **Environmental remediation:** \$21 billion
  - **Western water infrastructure:** \$8.3 billion
  - **Resiliency:** \$46 billion
- Establishes a new, long-term surface transportation reauthorization

