

# Transportation

The Governor's recommended amendments for Transportation agencies result in a net increase of \$373.6 million GF and \$675.8 million NGF for the biennium. Included in the recommended general fund adjustments are \$350.0 million of one-time general fund supplements for transportation in the first year and \$23.6 million of ongoing GF support for transportation in the second year. In addition, the Governor proposes transferring \$23.2 million collected from the three percent share of the rental vehicle tax currently directed to the general fund to a newly created fund for freight and passenger rail improvements. Also included is language eliminating the requirement in the Virginia Transportation Act of 2000 directing one-third of the insurance premium tax revenues to transportation.

The majority of the proposed amendments reflect the Governor's transportation initiative, "The Transportation Partnership of 2005", which totals \$824.0 million. The initiative includes \$373.6 million GF, as well as \$450.4 million of state and federal transportation funds. The state nongeneral fund revenues reflect the carry-forward of revenues in excess of the FY 2004 forecast as well as anticipated adjustments to the FY 2005 and FY 2006 transportation trust fund forecast. The federal funds represent adjusted apportionments received from the Federal Highway Administration. None of the increases in nongeneral fund revenue results from new revenue streams. Instead, these adjustments reflect actual revenue collections.

The major components of the Governor's transportation initiative include: \$140.0 million GF for the creation of a Private Partnership Revolving Fund; \$80.0 million GF for mass transit capital improvements; \$23.3 million NGF to fund a Rail Partnership Fund; \$40.0 million GF and \$40.0 million NGF to develop a Local Partnership Fund to encourage increased local management of construction projects; \$90.0 million GF and \$166.4 million NGF to pay off costs of projects already completed; \$97.0 million in federal funds to be transferred to maintenance; and \$147.0 million NGF reflecting revised estimates of revenues to be deposited into the Transportation Trust Fund.

- **Secretary of Transportation**
  - ***Fully Budget Operating Expenses.*** Provides \$33,483 NGF the first year and \$50,225 NGF the second year to accurately reflect the operating budget of the Office of the Secretary of Transportation. This amendment reflects recent findings by the Auditor of Public Accounts and is one of several affecting the Office of the Governor and the Cabinet Secretaries.

- **Department of Aviation**
  - *Authorize Allocations in Excess of Appropriations.* Includes language authorizing the Virginia Aviation Board to obligate funds in excess of the appropriation level provided sufficient revenues are projected to meet all obligations.
  - *Increase Appropriation to Reflect December 2004 Salary Adjustments.* Includes a technical adjustment of \$71,632 NGF in the first year and \$97,248 NGF in the second year to reflect increased personnel costs resulting from the November 2004 three percent pay raise for nongeneral fund employees and the associated impact on fringe benefit costs.
  - *Add Aircraft Licensing Position.* Provides \$43,519 NGF and one position for the aircraft licensing activities of the department and assist in collecting taxes related to aircraft licensing. This work had been handled through an agreement with the Department of Taxation. An additional \$9,661 NGF in the second year is proposed to convert an existing administrative staff position from wage to classified.
  
- **Department of Motor Vehicles**
  - *Increase Appropriation for Federal Safety Funds.* Increases the agency's federal non-general fund appropriation for the Open Container Fund grant program by a total of \$17.4 million NGF each year to reflect anticipated federal funding available for the program due to Virginia's noncompliance with federal open container guidelines.
  - *Establish Appropriation for Agency's Asset Forfeiture Program.* Recommends establishing an additional appropriation of \$217,035 NGF in the first year and \$250,000 NGF in the second year for the funds the agency receives from investigations that result in the forfeiture of assets and reflect typical collections from such activities.
  - *Establish Fund for Disbursement of Special Plate Revenues.* Proposes establishing a new fund to provide a method of disbursing revenues collected for specialized license plates. Annual disbursements will be made to qualifying organizations as stipulated in the Motor Vehicle Code of Virginia. Creation of this fund was recommended by the Department of Accounts. The NGF appropriation in the first year is \$2.0 million.

- *Increase Appropriation to Reflect December 2004 Salary Adjustments.* Includes a technical adjustment of \$1.4 million NGF in the first year and \$2.6 million NGF in the second year to reflect increased personnel costs resulting from the November 2004 three percent pay raise for nongeneral fund employees and the associated impact on fringe benefit costs.
- *Reduce Position Level to Reflect Transfers to VITA.* Reduces the agency’s maximum employment level by 51 positions in the second year to reflect transfer of those positions to the Virginia Information Technologies Agency.
- **Department of Rail and Public Transportation**
  - *Establish Separate Item for Dulles Corridor Rail Project.* Proposes creation of a separate budget item for the Dulles Corridor Rail project, to segregate these expenditures from the core assistance programs managed by the Department.
  - *Increase Appropriation to Reflect December 2004 Salary Adjustments.* Includes a technical adjustment of \$57,162 NGF in the first year and \$105,524 NGF in the second year to reflect increased personnel costs resulting from the November 2004 three percent pay raise for nongeneral fund employees and the associated impact on fringe benefit costs.
- **Department of Transportation**
  - *Governor’s Transportation Initiative.* The proposed budget includes a transportation initiative announced by the Governor entitled, “The Virginia Partnership Act of 2005.” The proposal totals \$824.0 million, \$373.6 million of which would be funded with the one-time use of general funds for transportation. The remaining \$450.4 million is comprised of state and federal transportation funds in excess of the previous forecasts. These revenues will be available for transportation programs regardless of the Governor’s transportation proposals. The major components of the initiative and the funding sources utilized for each are detailed below.
    - **PPTA Leverage Fund.** Proposes directing \$140.0 million in general funds to a new Public-Private Partnership leverage fund in the first year. This one-time infusion would be used to establish a revolving fund to provide no-interest loans of up to \$30.0 million for a period not to exceed seven years to

any proposed public-private partnership for transportation. It is envisioned that these monies would be used to defray the up-front development costs of such projects.

- **Transit Capital Funding.** Recommends directing \$80.0 million GF in the first year to support the purchase of transit capital equipment. Distribution is proposed as follows: \$40.0 million for Metro rail cars, \$20.0 million for VRE rail cars, \$10.0 million for capital costs associated with the Virginia Beach bus rapid transit project, and \$10.0 million for a statewide bus purchase. The locality receiving the funding is required to provide a 20 percent match.
- **Local Partnership Funding.** Directs \$40.0 million GF in the first year and \$40.0 million in state transportation funds in the second year to support a local partnership fund. The initiative is intended to incentivize the expansion of local government take-over of highway construction contract and project management. Under this proposal, a locality that agrees to manage a project formerly financed with federal funding would receive a like-amount of state funds with which to finance a project they agree to manage, and the federal funding could be transferred to another project in that jurisdiction. If sufficient funding remains, a second component of the proposal would be to increase the amount of available revenue sharing funds thus ensuring the fund would be of assistance to localities too small to take-over management of their construction programs.
- **Rail Fund.** Proposes transferring the \$23.2 million estimated to be collected from the three percent share of the rental vehicle tax currently directed to the general fund to a newly created fund for freight and passenger rail improvements. Prior to fiscal year 2003, this funding was part of the DMV Special Fund. A yet-to-be completed companion legislative proposal will set out how these funds would be used. At this time it is unknown how project selections would be made, and by whom, and whether the focus would be freight, passenger or commuter rail.
- **Funding to Eliminate Project Deficits.** Proposes directing \$90.0 million GF in the first year and \$120.7 million of federal transportation funds and \$45.7 million of state transportation funds in the second year to pay off project deficits on all projects completed prior to June 30, 2004.

Deficits of \$217.2 million for work completed on ongoing projects would remain. Companion legislation will be proposed that prohibits use of deficit financing in future six-year programs.

- **Use of Federal Funds for Highway Maintenance.** Proposes appropriating an additional \$97.4 million of federal highway funding in the second year for highway maintenance projects. Directing these funds to the maintenance program represents a major shift in transportation policy. VDOT has never utilized federal funding for the maintenance program in the past. The additional appropriation would result in a 10 percent increase in maintenance allocations in the second year. VDOT anticipates that higher level will serve as the base funding level for maintenance, with future increases in the four percent range. This proposal results from VDOT's recent assessment of outstanding maintenance needs through the new asset management program.
- **Additional Project Funding from Revised Forecasts.** Recommends appropriating an additional \$10.2 million of federal highway funding and \$136.8 million of state highway funding in the second year to be used for additional allocations in the Six-Year Improvement Program. On the state side, these funds represent the carry-forward revenues in excess of those forecast for FY 2004 as well as anticipated adjustments to the FY 2005 and FY 2006 transportation trust fund forecast. The federal funds represent adjusted apportionments received from the Federal Highway Administration. None of this is new funding, but simply reflects adjusting the budget to reflect actual revenue collections.
- **Eliminate VDOT Support for Other State Agencies.** Recommends \$23.6 million GF in the second year which will be used to replace transportation trust funds that have been transferred from VDOT to other state agencies to support their programs and activities. Language eliminates the transfer of nongeneral funds to these agencies and directs a like amount of general funds to be used to support the same activities.

- **Eliminate Requirement to Dedicate One-Third Insurance Premium Tax Revenues for Transportation.** Includes language stating that the 10th enactment of the Virginia Transportation Act of 2000 is not in effect, thereby eliminating the requirement to deposit one-third of the insurance premium tax receipts into the Priority Transportation Fund as provided for by the Virginia Transportation Act of 2000 (VTA).
  - **Reflect Revised Revenue Forecast.** Increases VDOT's nongeneral fund appropriation by \$31.5 million in the first year and \$151.9 million in the second year to reflect revised federal and state revenue forecasts. These adjustments represent the variance between the December 2003 revenue forecast used in the development of the budget by the 2004 General Assembly, and the revised forecast released in May 2004. The additional funds already have been programmed by the Commonwealth Transportation Board during its update of the Six Year Improvement Program in June 2004, and do not result in additional project funds being available to the department.
  - **Reduce Position Level to Reflect Transfers to VITA.** Reduces the agency's maximum employment level by 182 positions in the second year to reflect transfer of information technology personnel to the Virginia Information Technologies Agency.
- **Motor Vehicle Dealer Board**
    - *Increase Appropriation to Reflect December 2004 Salary Adjustments.* Includes a technical adjustment of \$19,100 NGF in the first year and \$32,200 NGF in the second year to reflect increased personnel costs resulting from the November 2004 three percent pay raise for nongeneral fund employees and the associated impact on fringe benefit costs.
  - **Virginia Port Authority**
    - *Increase Port Security Staffing.* Recommends an additional \$205,000 NGF in the second year and five positions to increase sworn security staff by three and administrative staff supporting security operations by two.