

# Transportation Financing Legislation



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# Bills on Docket

- ❑ HB 5006 – Carrico - Route 58 Bond Authorization
- ❑ HB 5050 – Ed Scott – VDOT Revenue Sharing Program
- ❑ HB 5057 – Kilgore – Transportation Bond Act
- ❑ HB 5058 – Ingram – VDOT Revenue Sharing Program
- ❑ HB 5082 – Wardrup – Dedication of Recordation Taxes
- ❑ HB 5092 – Wardrup – Distribution of Transportation Reserve
- ❑ HB 5079 – Crockett-Stark – VDOT Revenue Sharing Program
- ❑ HB 5088 – Wardrup – VDOT Revenue Sharing Program
- ❑ HB 5090 – Purkey – Use of General Fund Surpluses
- ❑ HB 5095 – Hugo – Provision of Metro Matching Funds
- ❑ HB 5097 – Callahan/Purkey – Use of General Fund Surpluses
- ❑ HB 5098 – Callahan/Hugo – Statewide Transportation Bond
- ❑ HB 5099 – Callahan – Amendments to Chapter 3

# HB 5082 (Wardrup) – Dedication of Recordation Taxes

- ❑ Under current law, \$40 million of recordation revenues is returned to localities by point of recordation for transportation and education purposes
- ❑ HB 5082 increases the portion of existing recordation tax revenues returned to the localities in which they are generated from \$40 million to \$100 million each year beginning in FY 2008
- ❑ Northern Virginia's localities pool their share of these revenues to support the Northern Virginia Transportation District bond program (since 1993)
- ❑ Because about 50 percent of recordation tax revenues are generated in Northern Virginia this would provide an additional \$30 million each year for the NVTD Program
- ❑ Companion legislation introduced by Delegate Hugo (HB 5095) amends the provisions of the Northern Virginia Transportation District Program to dedicate the additional \$30 million to match federal funds for Metro
  - If federal legislation is not adopted, revenues would support other regional projects

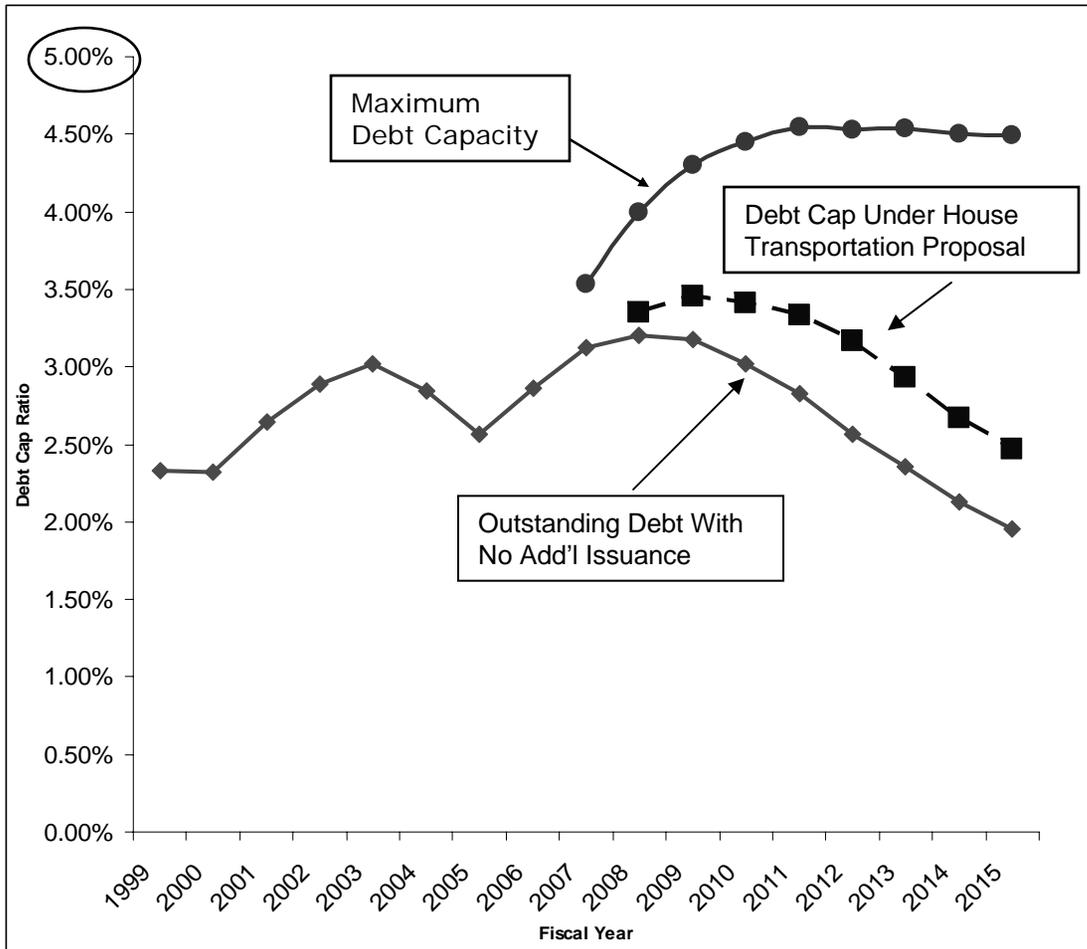
# Route 58 Corridor Development Fund

- HB 5082 (Wardrup) also dedicates an additional \$10 million of existing recordation tax revenues to the Route 58 Corridor Development Fund
  - Under current law, \$40 million is dedicated to Route 58 each year
  - These revenues would be used to supplement existing bond program for Route 58
  
- Substitute for HB 5006 (Carrico) proposed by Committee would increase the Route 58 bond authorization by \$120 million
  - The \$10 million increase in the dedication of recordation taxes to Route 58 supports this increase in bonds
  - Funds dedicated to the Hillsville Bypass as first priority, then Abingdon/Damascus corridor
  - Any remaining revenues directed to Pennington Gap Bypass or Stuart over Lover's Leap
  
- Debt would be "AA"-rated 9(d) debt
  - Assumes \$30 million is issued each year over a 4-year period
  - Assumes a 5.25% interest rate

# HB 5098: Leveraging Insurance License Tax Revenues

- ❑ Eliminates *Code* provisions relating to use of insurance premiums for transportation to reflect only the share attributable to auto policies (26-27 percent) and to ensure these revenues are deposited directly into the Commonwealth Transportation Fund
- ❑ Authorizes up to \$1.5 billion of “AA”-rated 9(d) debt
  - Debt limited to 20-year issuances
  - \$300 million would be issued each year over a 5-year period
  - Debt service funded with the portion of the existing insurance license tax attributable to automobile insurance premiums
- ❑ The Debt Capacity Advisory Committee’s (DCAC), most recent report (December 2005) indicates the Commonwealth could issue approximately \$885 million in tax-supported each year for the next ten years and stay within the self-imposed 5% debt service / revenues cap
  - Thus proposal would consume only 1/3 of outstanding annual debt capacity
  - This capacity is above and beyond all previously authorized debt
  - The model also assumes two years of excess capacity at the end of the ten-year period

# Comparison of Debt Cap Ratio No New Debt vs. House Transportation Proposal



- ❑ Assuming no new debt the debt cap ratio peaks in 2008 at 3.21%
- ❑ Assuming the full rollout of the House transportation plan, the debt cap ratio peaks in 2009 at 3.45%
- ❑ Maximum capacity reflects issuance of \$885 million in debt each year for the next ten years per the December 2005 DCAC Report

# HB 5098: Leveraging Insurance License Tax Revenues

- Bond proceeds would be distributed among the nine VDOT construction districts on the basis of population
  - CTB would allocate funds to highway and other modal projects
  - Highway projects must be on National Highway System
- Provides for a voter referendum in November 2007, prior to issuance of bonds
- Although insurance premiums are appropriated for transportation in current biennium, they are not included in VDOT Six Year Program in out-years
- Additional provisions of the legislation set aside the first \$20 million each year to match federal contributions to Metro
  - Does not go into effect unless federal legislation is adopted
  - In conjunction with Delegate Hugo's legislation (HB 5095) and Delegate Wardrup's legislation (HB 5082), provides a dedicated source for \$50 million state match for Metro Capital Improvement Program

# Revenue Sharing Program

- Legislation adopted by the 2006 regular session – SB 721 – increased the cap on the VDOT revenue sharing program from \$15 to \$50 million annually
  - Also expanded program availability to cities
  - Identical to House Bill 681 (E. Scott)
- FY 2007 funding for program remained at \$15 million
- 4 bills address the VDOT revenue sharing program either to ensure VDOT dedicates \$50 million each year to program, or to remove the program cap altogether
  - HB 5050 – Ed Scott
  - HB 5058 – Ingram
  - HB 5079 – Crockett-Stark
  - HB 5088 – Wardrup

# HB 5092 – Distribution of Funds Set Aside for Transportation

- Transportation Reserve Fund
  - Chapter 3 included an appropriation of \$339 million in Item 449.10 (Department of Transportation) to be distributed pursuant to legislation adopted by the 2006 General Assembly
  - This amount mirrors the one-time GF appropriation for transportation included in HB 30 as introduced
  - If not designated for a specific purpose, these funds will remain unallocated in VDOT
  
- HB 5092 (Wardrup) distributes these funds for key transportation projects across the state
  - All projects included in the budget as adopted by the House during the regular session
  - Most also were included in Senate and Introduced budget

# HB 5092 – Distribution of Funds Set Aside for Transportation

- Designates the \$339 million reserve fund as follows:

□ Federal Match Projects	\$89 M
□ Metrorail railcar storage	\$15 M
□ VRE Rolling Stock	\$10 M
□ I-66 Westbound	\$90 M
□ CSX Third Rail Line	\$17 M
□ I-264/64 Interchange	\$22 M
□ Route 164 Rail Relocation	\$09 M
□ Route 460 Improvements	\$20 M
□ Craney Island	\$14 M
□ I-81 Rail Upgrade	\$45 M
□ Route 460 Intermodal Facility	\$ 8 M

# Total Funding Provided

- In combination, these bills would provide an additional \$2.44 billion for transportation over the next six years as follows:

■ Statewide bond proceeds	\$1,500,000,000
■ Route 58 bond authorization*	\$120,000,000
■ Project Designations	\$339,000,000
■ Recordation Distribution	\$360,000,000
■ Metro Match**	\$120,000,000

\*Route 58 bond authorization supported by \$10 million annual allocation of recordation taxes, in addition to the amounts included in “Recordation Distribution”

\*\*Metro Match includes only that portion (\$20 million/year) provided from insurance premium proceeds. Remaining \$180 million (\$30 million/year) included in distribution of recordation taxes, for a total of \$50 million/year over 6 years if federal legislation is adopted

# Use of Revenues Surpluses

- ❑ HB 5097 amends current law designating unencumbered year-end general fund surpluses to one-time expenditures
  - HB 1285 (Callahan, 2002 General Assembly) stipulates that surpluses available after required payments to the Rainy Day and Water Quality Improvement Funds be used for nonrecurring expenditures
- ❑ Amendments direct that 50 percent of these surpluses be earmarked for transportation-related projects and 50 percent used for capital projects
- ❑ Changes would be effective at year-end close, FY 2007
- ❑ Similar legislation, HB 5090 (Purkey) dedicates potential FY 2008 surpluses to specific transportation projects

# HB 5099: Amendments to Chapter 3

- Appropriates \$70 million from unappropriated balance to fund provisions of transportation financing legislation
  - \$10 million to Route 58 Corridor Development Fund in FY 2008 (in VDOT)
  - \$60 million additional distribution of recordation taxes to localities (in Department of Accounts)
- Appropriates \$23.9 million from unappropriated balance to fully fund a 3 percent teacher pay raise in FY 2008
  - Chapter 3 provided \$22 million in a reserve fund with no specified pay raise
    - Assumed further action by the General Assembly in 2007 Session
  - This appropriation equalizes the pay raise provided to teachers to that provided for state employees, local-supported employees and college faculty
- After these additional appropriations made, an unappropriated balance of approximately \$20 million remains available
  - These additional revenues are available as a result of the correction in the sales tax distribution error (HB 5032) and do not reflect any changes to the economic forecast