

Governor's Proposed Amendments to House Bill 3202



VDOT Reforms

- Preserves Five of House's Major Reform Components –
 - Performance Measures for Project Evaluation and Selection
 - Competitive Bidding of VDOT Functions
 - Automated Toll Collection
 - Reassignment of Road Classification Based on Function
 - Creation of Transportation Accountability Commission
- Keeps accountability and performance measurement provisions for regional authorities and Metro audit
- Eliminates General Assembly CTB appointment authority
- Amends time limitations of environmental review to be restricted to general permits
 - Corresponds with language included in HB 2206 – Wardrup



Land Use Changes

- Urban Transportation Service Districts (UTSD)
 - Available to urban counties (population over 90,000) who “opt in” to accept responsibility to maintain local roads within the UTSD
 - Locality will receive current urban maintenance payment to maintain roads located within the UTSD
 - Amends to move up date establishing UTSD to December 31, 2008
 - Amends to eliminate increase in Henrico road funding

- Retains Full Impact Fee Authority for Localities Establishing a UTSD to combat sprawl and relieve traffic congestion
 - Eligible urban counties may charge impact fees for public facilities broadly defined – roads, schools, public safety facilities – identical to House adopted version
 - Full Impact Fees may only be exercised outside of UTSDs
 - Applies to agricultural land developed by-right
 - Retains Chesterfield County limitation on assessing impacts fees to transportation improvements



Land Use Provisions

- Urban Development Areas (UDA)
 - Expands number of jurisdictions to require those with 1) 15% growth rate, OR 2) pop over 20,000 *and* 5% growth to establish an UDA – covers approx 67 localities *[See next slide for which localities are eligible]*
 - Conference Report restricted to NOVA, Richmond and Winchester Metro Areas
 - Remains optional for all other localities
 - Amends requirement that UDA plan for growth for at least 10 years, but no more than 20 years
 - Retains incorporation of “New Urbanism” principles
 - Authorizes assessment of impact fees for transportation purposes only, as outlined below

- Amends Existing Impact Fee Provisions to Apply to All UDA Localities
 - New provision not included in Conference Report; applies to same 67 localities above
 - Applicable to by-right commercial and residential development
 - Impact Fees for transportation purposes only – applies to projected needs caused by new development for subsequent 20 years based on traffic impact analysis
 - Includes credits for proffers
 - Allows exemption of UDAs from impact fees for compact growth

Localities Required to Establish UDAs & Authorized to Assess Road Impact Fees

Accomack County
Albemarle County
Alexandria City
Amelia County
Amherst County
Arlington County*
Augusta County
Bedford County
Botetourt County
Brunswick County
Buckingham County
Campbell County
Caroline County
Charlottesville City
Chesapeake City
Chesterfield County
Craig County
Culpeper County
Cumberland County
Dinwiddie County
Fairfax City
Fairfax County* +
Fauquier County*
Fluvanna County
Franklin County
Frederick County*
Gloucester County
Goochland County
Greene County
Greensville County

Halifax County
Hanover County
Harrisonburg City
Henrico County
Isle of Wight County
James City County
King George County
King William County
Loudoun County* +
Louisa County
Lunenburg County
Manassas City
Manassas Park City
Mecklenburg County
Montgomery County
New Kent County
Northumberland County
Orange County
Page County
Pittsylvania County
Powhatan County
Prince George County
Prince William County* +
Richmond County
Roanoke County
Rockbridge County
Rockingham County
Shenandoah County
Spotsylvania County* +

Stafford County* +
Suffolk City
Sussex County
Virginia Beach City
Warren County
Washington County
Winchester City
York County

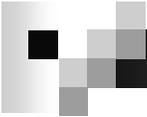
*Localities already have ability to assess road impact fees

+Localities authorized to do pilot service districts and broader impact fees



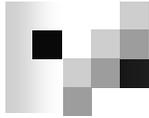
Overview - Statewide Funding Package

- Provides approximately \$400 million annually in new, on-going funding for statewide transportation projects
 - Sources of fees and the respective increases thereof are unchanged from HB 3202 as adopted by the House
- Provides \$300 million each year in bond proceeds until \$3.0 billion in bonds are issued, up from the \$2.5 billion approved by legislature
- Includes amendment to protect transportation revenues from diversion – authorization for fees imposed by HB 3202 for transportation expire on December 31 of any year in which Gov & GA appropriate any revenues designated by law for transportation for non-transportation purposes
- General Fund Support for Transportation
 - Dedicates 3 cents of existing 25 cent per \$100 value of the GF recordation tax to transportation on ongoing basis – estimated at \$64 million in first year
 - If long-term growth trends of this source continue, the 3 cent portion would increase to \$180+ million within 10 years
 - Source is not capped – will keep growing
 - One-third of insurance premiums - \$137 million in FY 2009
 - Language in HB 3202 designates this as a non-general fund going forward
 - 2/3 of General Fund surpluses
 - Average of \$84.5 million based on 10-year average



Changes Proposed by Governor to Statewide Funding Package

- Statewide fee increase package identical to that which was included in HB 3202 as adopted by the House
 - Gov's amendment adds back the diesel equalization that was eliminated in Conference
 - Fully eliminates retroactivity of abuser fees – everyone starts w/ zero demerit points on July 1, '07
- Increases the bond authorization from \$2.5 billion to \$3.0 billion
 - Also increases the life of the bonds from 20-years to 25-years to fit the expanded authorization within the identified revenue stream
 - Allows the highway portion to be used to match all federal funds in an attempt to maximize state dollars flowing through the existing allocation formula
 - Increases the portion of bond proceeds dedicated to transit from 15.7 percent to 20 percent
- Increases from 50% to 66% the share of General Fund surpluses dedicated to transportation
- Swaps uses of insurance premiums and recordation tax revenues
 - HB 3202 as adopted dedicated recordation tax revenues to the bond repayment and used insurance premiums to support basic transportation programs
 - Governor's amendment flips this – insurance premiums used to support debt service and recordation tax revenues used for basic transportation programs



STATEWIDE TRANSPORTATION FUNDING

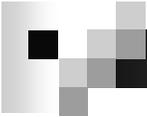
(\$ in millions)

Sources	Rate Change	FY08	FY09	FY10	FY11	FY12	FY13
Abusive Drivers Fee	8+ demerits; varies by conviction	\$0.0	\$61.9	\$65.4	\$65.4	\$65.4	\$65.4
Registration Fee -- Cars & Light Trucks	\$10	62.4	62.4	62.4	62.4	62.4	62.4
Registration Fee for Heavy Trucks/Trailers	\$10 plus weight fee	27.0	27.0	27.0	27.0	27.0	27.0
Violation of Weight Limits by Heavy Trucks	varies	3.4	3.4	3.4	3.4	3.4	3.4
Diesel/Road Tax	1 1/2 cents	19.8	20.9	21.9	22.9	23.8	24.3
Insurance Premiums	1/3rd of total	0.0	137.0	144.1	150.8	159.7	169.5
Recordation tax**	3 cents	0.0	64.1	67.3	67.5	67.9	68.6
General Fund Surplus	GF	Approp. Act*	2/3rds general fund surplus				
Statewide New Revenue Total		\$112.6	\$376.7	\$391.4	\$399.4	\$409.6	\$420.6
*Budget amendments to Chapter 3 (Appropriation Act) appropriate <u>\$500 million in surplus general funds</u> to transportation for spending in FY 2008							
**Estimate based on official long range forecast. Low growth projects reflects volatility of source. Actual average growth since 1990 average of 11.9 percent a year							
Uses of New Revenues		FY08	FY09	FY10	FY11	FY12	FY13
Debt Service	insurance premiums		\$137.0	\$144.1	\$150.8	\$159.7	\$169.5
Transportation Trust Fund		Approp. Act	2/3rds general fund surplus				
Transit Operating	2 cents recordation	0.0	42.7	44.9	45.0	45.3	45.7
Highway Maintenance	others fees/taxes	112.6	196.9	202.5	203.6	204.6	205.3
\$3.0 Billion Bond Authorization							
Amount of Sale - 25-year debt	\$100 m. then \$300 m.						
Transit Capital	20.0%	20.0	60.0	60.0	60.0	60.0	60.0
Rail	4.3%	4.3	12.9	12.9	12.9	12.9	12.9
Federal Highway Match/Revenue Sharing/Statewide & Regional Projects	75.7%	75.7	227.1	227.1	227.1	227.1	227.1



Overview - Hampton Roads Regional Package

- Establishment and Composition of new Regional Authority
 - Legislation creates the Authority and names members to it [Chief elected official of each governing body (or his designee who must be an elected officer) – 12 in total; Ex-officio - 1 CTB member, 2 House members, 1 Senate member, VDOT Commissioner and Director of DRPT]
 - Authority activated and fees may be imposed if at least 7 of 12 localities representing 51% of population pass a resolution stating its approval of the Authority's imposition of the fees before December 31, 2007
 - Authority may then impose (based on a affirmative vote of 7 of 12 Authority members representing 51% of population: 2% regional gas tax, 40 cent congestion relief fee (grantors), 2% vehicle rental, \$10 inspection, 1% initial registration, 5% auto repair, and \$10 regional registration
 - In Hampton Roads, Authority must impose ALL the regional fees
- In addition, Governor's amendments authorize localities to raise additional transportation fees: Commercial real estate surcharge
 - Local vehicle registration (\$10.00)
 - Commercial Real Estate Assessment (up to 10 cents per \$100 value)
- Regional fees would generate about \$170 million a year, local fees up to an additional \$40 million per year



Changes to Hampton Roads Regional Package

- Fees imposed by the Authority itself, upon local resolutions requesting such action
 - As adopted, HB 3202 required local adoption of ordinances
- Package of fees remains largely unchanged with following exceptions:
 - Commercial real estate fee becomes a local option instead of a regionally-imposed (and utilized) source
 - Adds an additional local \$10 vehicle registration fee as a local option component in addition to the \$10 regional vehicle registration fee
- Project list remains unchanged
- Fees are regionally imposed – not local fees
 - Ensures bonds issued by Authority are considered neither state nor local debt
- Authority members who are not local elected officials become ex-officio members

HAMPTON ROADS REGIONAL PACKAGE (assumes January 2008 Implementation)

(\$ in millions)

Authority Imposed	Rate Change	FY08	FY09	FY10	FY11	FY12	FY13
Sales Tax on Gasoline	2%	\$12.6	\$30.2	\$30.2	\$30.2	\$30.2	\$30.2
Congestion Relief Fee	40 cents/\$100 value	22.7	49.1	51.6	51.7	52.1	52.6
Vehicle Rental Fee	2%	1.7	3.5	3.6	3.7	3.8	3.9
Safety Inspection Fee	\$10	6.2	12.3	12.3	12.3	12.3	12.3
Initial Vehicle Registration Fee	1%	17.0	41.2	41.9	42.2	42.9	43.5
Sales Tax Applied to Auto Repairs	5%	7.6	18.9	19.6	20.2	21.0	21.7
Regional Registration Fee	\$10	6.7	13.3	13.3	13.3	13.3	13.3
Hampton Roads Authority Total		\$74.4	\$168.5	\$172.5	\$173.8	\$175.6	\$177.5
Local Option Revenues							
Commercial Real Estate	up to 10 cents	\$10.1	\$20.3	\$20.3	\$20.3	\$20.3	\$20.3
Local Registration Fee	\$10	6.7	13.3	13.3	13.3	13.3	13.3
Hampton Roads Local Option Total		\$16.8	\$33.6	\$33.6	\$33.6	\$33.6	\$33.6
TOTAL HAMPTON ROADS		\$91.2	\$202.1	\$206.1	\$207.4	\$209.2	\$211.1



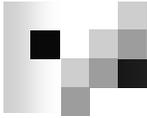
Overview – NoVA Regional Package

- Northern Virginia Transportation Authority
 - Revenue sources substantially altered to mirror Hampton Roads menu of fees
 - Commercial real estate assessment made a local option fee
 - Initial driver's license fee removed
 - Authority may impose: 40 cent grantor's, 2% vehicle rental, \$10 safety inspection, 1% initial registration, 5% auto repair, \$10 regional registration, and 2% transient occupancy
- Anticipated to generate about \$330 million at regional level
- In addition, localities may impose commercial real estate surcharge of up to 25 cents per \$100 value and a \$10 local vehicle registration fee
- Pursuant to existing voting provisions of NVTA, fees must be adopted by 6 of 9 representing 66% of population
- Unlike Hampton Roads, NVTA may choose any or all of the fees – not all or nothing proposition



Northern Virginia Regional Package

- Distribution of Authority funds between local use & NVTA use remains unchanged -
 - 40% for local road and transit projects
 - Half of that 40% limited to urban and secondary (HB 3202 as adopted); other half for all types of projects
 - 60% for regional projects:
 - \$50 Million WMATA
 - \$25 Million VRE
 - Eliminates set-asides for Dulles Rail Phase 2 and Loudoun transit
- Devolution of local road responsibility made optional, not mandatory
- Definition of commercial real estate excludes all residential property
 - Continues to allow for “swiss cheese” approach of creating districts that contain up to 85% of commercial real estate values



NORTHERN VIRGINIA REGIONAL PACKAGE (assumes January 2008 Implementation)

(\$ in millions)

Authority Imposed	Rate Change	FY08	FY09	FY10	FY11	FY12	FY13
Congestion Relief Fee	40 cents/\$100 value	\$75.8	\$163.6	\$172.0	\$172.4	\$173.6	\$175.2
Motor Vehicle Rental Tax	2%	4.2	8.6	8.8	9.0	9.2	9.5
Transient Occupancy Tax	2%	9.3	23.2	24.1	25.2	26.2	27.3
Safety Inspection Fee	\$10	8.1	16.2	16.2	16.2	16.2	16.2
Initial Vehicle Registration Fee	1%	25.9	62.8	63.9	64.4	65.4	66.4
Sales Tax Applied to Auto Repairs	5%	13.4	33.2	33.2	33.2	33.2	33.2
Regional Registration Fee	\$10	8.5	17.0	17.0	17.0	17.0	17.0
Northern Virginia Authority Total		\$145.1	\$324.5	\$335.2	\$337.4	\$340.9	\$344.8
Local Option Revenues							
Commercial Real Estate (est. is 10 cents)	up to 25 cents	\$41.7	\$83.5	\$83.5	\$83.5	\$83.5	\$83.5
Local Registration Fee	\$10	8.5	17.0	17.0	17.0	17.0	17.0
Northern Virginia Local Option Total		\$50.2	\$100.5	\$100.5	\$100.5	\$100.5	\$100.5

Amendment No. 8
Item 435 - Department of Motor Vehicles
Funding for Administration of Abusive Driver Fees

General Assembly Action: Included language authorizing DMV to retain up to 13 percent of the revenues generated by the abusive driver provisions included in HB 3202 to fund administrative and collection costs of the program. The revenue estimate attached to the abusive driver fees was offset by 18 percent to account for these costs.

Governor's Action: Includes language authorizing the Governor to expend additional revenues to implement the program if vendor bids for program administration exceed thirteen percent of the revenues collected.

Notes:

- Language in HB 3202 establishes an inter-agency working group to determine how to most efficiently implement the provisions of that legislation. The abusive driver program may be administered by DMV, the Department of Taxation or an outside vendor. That determine has yet to be made.

Amendment No. 9
Item 454 - Virginia Port Authority
Payments of Localities Hosting Port Facilities

General Assembly Action: Provided \$1.0 million each year from the general fund for city street payments to the localities hosting VPA facilities as proposed in the introduced budget.

Governor's Action: (Technical). The proposed amendment clarifies that the requirement that the funds be distributed among the localities based on twenty-foot equivalent units relates only to the portion of the payments distributed based on cargo and does not impact the portion of the pre-existing formula which is based on value of the tax exempt property.