



VIRGINIA HOUSE
APPROPRIATIONS
COMMITTEE

CHAIRMAN LUKE E. TORIAN

January 14, 2026

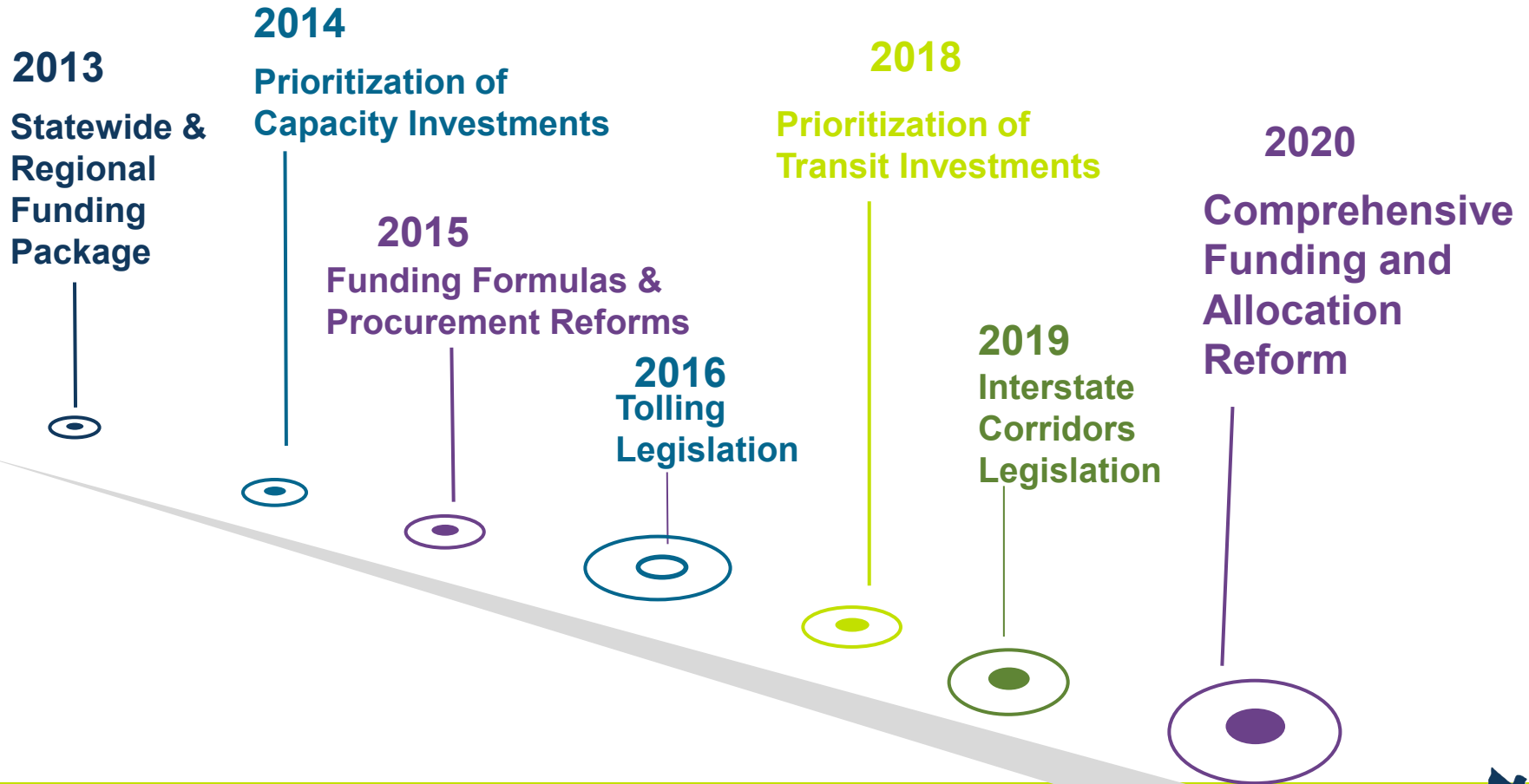
TRANSPORTATION 101

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RECENT CHANGES IN VIRGINIA'S TRANSPORTATION PROGRAM

LEGISLATIVE INITIATIVES SINCE 2013 HAVE FUNDAMENTALLY CHANGED VIRGINIA TRANSPORTATION



TRANSPORTATION IN VIRGINIA: PRE-2013

- Subjective decisions
- Engineering-based solutions
- Politically-driven process
- Led by intuition
- Partial funding of projects and uncertainty
- Opaque decision-making
- VDOT/administration controlled
- Locality-driven

VIRGINIA TRANSPORTATION FUNDING PROCESS TODAY

- Objective decisions
- Outcome-based solutions
- Data-driven process
- Led by analytics
- Full funding of projects and certainty for sponsors
- Transparent decision-making
- Independent Commonwealth Transportation Board
- Regionally-driven

FUNDING, PRIORITIZATION, AND FORMULA CHANGES SINCE 2013

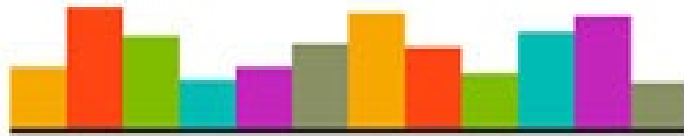
- Renewed Virginia's transportation program by providing new resources for all modes of transportation (HB 2313, 2013)
- Reformed Virginia's transportation program by requiring use of an outcome-based prioritization process, increasing accountability and transparency, and increasing the independence of the CTB (HB 2, 2014)
- Refocused Virginia's transportation program by replacing a decades-old allocation formula with a new formula that aligns funding with needs (HB 1886 and HB 1887, 2015)
- Restored integrity to tolling programs by limiting use on Interstates without provision of new capacity (2016)

ENHANCED STATEWIDE & REGIONAL FUNDING

2013 Funding Legislation (HB 2313)

- Increased Statewide Sales & Use Tax by 0.3%
 - Established Regional Sales Tax of 0.7%
- Increased Motor Vehicle Sales (“titling”) Tax from 3.0% to 4.15%
- Converted Motor Fuels Tax from excise to sales tax
 - Effective decrease from 17.5 to 16.2 cents per gallon
- Increased Alt. Fuel Vehicle Registration fee to \$64
- Established Dedicated Regional Funding Sources in Northern Virginia and Hampton Roads

2014 LEGISLATION AIMED TO IMPROVE OBJECTIVITY OF PROJECT SELECTION

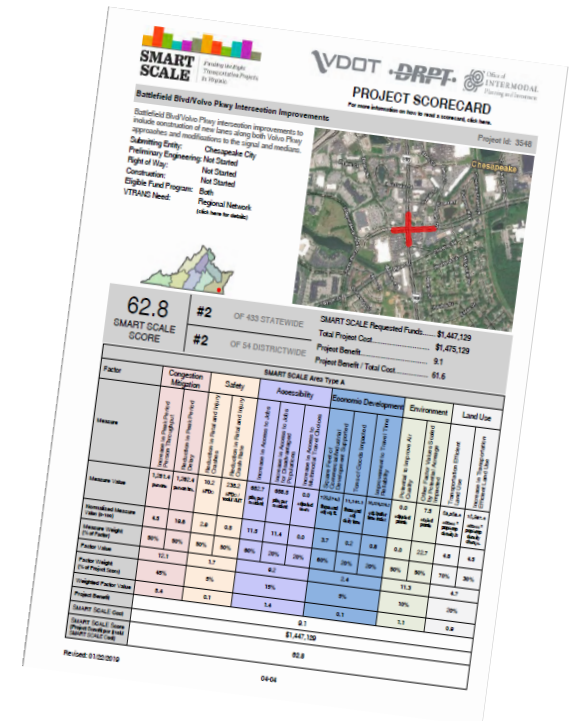


SMART SCALE

Funding the Right Transportation Projects in Virginia

System
Management &
Allocation of
Resources for
Transportation

Safety,
Congestion,
Accessibility,
Land use,
Economic
Development &
Environment



PROJECT SELECTION NOW DRIVEN BY OBJECTIVE CRITERIA TO PRIORITIZE STATE AND REGIONAL PRIORITIES



2014 Prioritization of Capacity Investments

Legend

- VDOT District Boundaries
- MPO/PDC Boundaries
- Counties and Cities

Weighting Typologies

- Category A
- Category B
- Category C
- Category D



PROJECT SELECTION NOW DRIVEN BY OBJECTIVE CRITERIA TO PRIORITIZE STATE AND REGIONAL PRIORITIES

Factor	Congestion Mitigation	Economic Development	Accessibility	Safety	Environmental Quality
Category A	45%	5%	25%	15%	10%
Category B	25%	20%	25%	20%	10%
Category C	20%	25%	15%	30%	10%
Category D	10%	30%	10%	40%	10%

SMART SCALE FACTORS AND EVALUATION MEASURES

Congestion Mitigation		Safety		Accessibility			Economic Development			Environment		Land Use
15% of score		20% of score		25% of score			20% of score			10% of score		10% of score
50%	50%	50%	50%	60%	20%	20%	60%	20%	20%	50%	50%	100%
Increase in Daily Person Throughput	Decrease in Person Hours Delay	Reduction in Fatal and Severe Injury	Reduction in Fatal and Severe Injury Rate	Increase in Access to Jobs	Increase in Access to Jobs for Disadvantaged Populations	Improved Access to Multimodal Choices (Users Benefit Value)	Economic Development Support (Sq. ft.)	Freight Access Improvements (Tons Benefit Value)	Travel Time Reliability	Air Quality (Total Benefit Value)	Acres of Natural/Cultural Resources Potentially Impacted	Support for Transportation Efficient Land Use



CHANGES TO FUNDING FORMULA IMPLEMENTED IN 2015 SESSION

- Repealed old “40/30/30” system of distributions to Primary, Secondary and Urban System roadways in effect since 1986
 - Over the years, work-arounds had made formula meaningless – few if any dollars allocated to local projects
 - Difficult to fund high-cost, high-priority projects under that system
 - Increasing share of funding had to be diverted to maintenance
- Replaced with a new distribution
- 45% - State of Good Repair (district caps 17.5%) – maintenance replacement
- 27.5% - High Priority Projects Program – statewide selections
- 27.5% - Construction District Grant Program – regional priorities
- Also expanded prioritization process to highway maintenance and State of Good Repair Program
- Provided increased funding to address transit capital needs

2015 LEGISLATION REFORMED THE “P-3” PROCESS TO ENSURE BEST VALUE

- Established P-3 Review Committee with standards for Finding of Public Interest and requires certification that negotiated terms are consistent with the Finding prior to signing of a Comprehensive Agreement
 - Assignment of risks, liabilities, and responsibilities to be handled by the private and public sectors
 - Requires VDOT to establish a process to identify high risk projects and mitigate potential risks
 - Benefit of using P3 over conventional procurement options
 - Advisory Committee must determine a P3 procurement is in the public interest prior to initiating procurement
 - Prohibits a Comprehensive Agreement unless the Secretary certifies that risks, liabilities, and permitting responsibilities have not materially changed during negotiations



ADDED ACCOUNTABILITY TO INCREASED USE OF TOLLING

- Toll-financed improvements have resulted in more than \$10.0 billion in capital investments
 - Focus on active traffic management to maximize vehicle throughput and can provide additional funding streams to support investments in other modes
- In FY 2024, Virginia toll roads are estimated to generate more than \$714 million in gross revenues

Virginia's Toll Facilities

Chesapeake Bay Bridge Tunnel	Chesapeake Expressway
Dominion Boulevard	Powhite Parkway
Pocahontas Parkway	Downtown Expressway
Dulles Toll Road	Coleman Bridge
South Norfolk Jordan Bridge	Dulles Greenway
Elizabeth River Crossings	I-95 HOT Lanes
I-64 HOT Lanes	I-395 HOT Lanes
I-495 Express	I-66

2018: TRANSIT REFORMS DEDICATED REVENUE FOR TRANSIT CAPITAL AND INCREASED CAPACITY



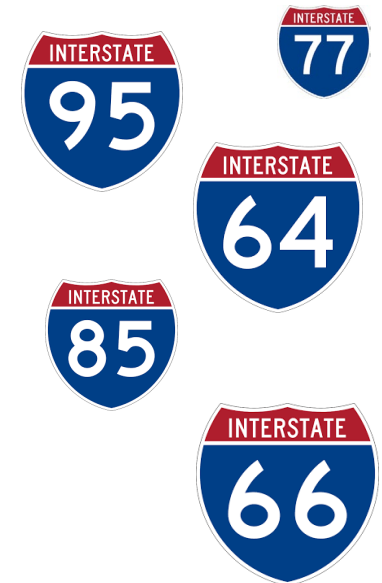
Prioritization of Transit Investments

- Established dedicated funding stream for both transit and commuter rail
- Provided \$154 million annually in dedicated to the WMATA Capital Fund
- Redirected regional TOT and Grantors Tax
- Established a “floor” of regional gas tax consistent with state
- Dedicated Funding for Commuter Rail Operating and Capital
- \$15.0 million annually to VRE
- Requires prioritization process for transit operating and capital investments

2019: “I-81” LEGISLATION PROVIDES REVENUE BASED ON TRUCK VOLUME RELATIVE TO ALL INTERSTATE CORRIDORS



- Established Regional Funding for Interstate 81
 - ~\$150 million in new I-81 corridor revenues
 - ~\$2.0 billion in identified needs
- Established the Statewide Interstate Improvement Fund
- Increased road tax and indexed it to fuel economy
- Creates framework for VMT fuel consumption by heavy freight vehicles along interstate corridors
- Long range improvement plans for each interstate corridor



2020 TRANSPORTATION LEGISLATION

- Omnibus transportation package
 - HB1414 (Filler-Corn) / SB890 (Saslaw)
- Central Virginia Transportation Authority
 - HB1541 (McQuinn)
- Hampton Roads Transit Regional Transit Program
 - HB1726 (Askew) / SB1038 (Lucas)
- Transportation Safety
 - HB1439 (Jones) / SB907 (Lucas)

2020 OMNIBUS TRANSPORTATION PACKAGE

- Established the Commonwealth Transportation Fund in the Code. The Fund consists of all revenues previously provided to the Highway Maintenance and Operating Fund (HMOF) and the Transportation Trust Fund (TTF)
 - Increased gasoline tax 5 cents a year for 2 years and then indexed it to CPI
 - Current rates are 29.8 cents a gallon on gas and 30.8 cents a gallon on diesel

2020 OMNIBUS TRANSPORTATION PACKAGE

- Instituted a fuel efficiency highway use fee
 - Pay 85% of the difference between fuel usage at 25 mpg and actual use
 - billed annually with registration fee
 - Repealed \$64 vehicle license tax for electric vehicles
- Reduced vehicle registration fee by 50%
- Eliminated annual motor vehicle inspection fee
 - Backfill funding provided from fee to State Police
- Eliminated use of general fund for transportation debt service – Route 58, NVTD and Pinner’s Point Connector
 - Backfilled with Commonwealth Transportation Funds

2020 OMNIBUS TRANSPORTATION PACKAGE (CONTINUED)

- Indexed the regional fuels taxes to CPI instead of the sales price of fuel
- Imposed the regional fuels tax in all areas of the Commonwealth where it is not imposed to be used for the District Grant Program
- Provided \$50 million annually to the Northern Virginia Transportation Authority
 - \$20 million off-the-top from the Commonwealth Transportation Fund
 - \$30 million from Grantor's Tax of \$0.10 per \$100 of assess value
 - Existing \$0.05 per \$100 Grantor's Tax is redirected from WMATA Capital Fund
 - WMATA Capital Fund held harmless with a 1% increase in the transient occupancy tax
 - Increase of \$0.05 per \$100 Grantor's Tax

COMMONWEALTH TRANSPORTATION FUND

Consists of the following:

- 0.9% retail sales and use tax (of this 0.5% applies to food)
- 4.15% motor vehicle sales and use tax
- All of motor fuels tax, IFTA road tax, and alternative fuels
- Majority of vehicle registration and truck registration fees
- 1/3 of state insurance premiums
- \$0.03 recordation tax
- 3% vehicle rental tax
- Highway use fee



TRANSPORTATION FUNDING SOURCES



COMMONWEALTH TRANSPORTATION FUND DISTRIBUTION

- Off-the-top
 - \$40M for the Route 58 Corridor Development Fund
 - \$40M for the Northern Virginia Transportation District
 - \$80M for Special Structures Fund, adjusted annually by CPI-U
- Of remaining funds
 - 51% for the Highway Maintenance and Operating Fund
 - 49% for the Transportation Trust Fund

TRANSPORTATION TRUST FUND DISTRIBUTION

- 53% for construction programs
- 23% for the Commonwealth Mass Transit Fund
- 7.5% for the Commonwealth Rail Fund
- 2.5% for the Commonwealth Port Fund
- 1.5% for the Commonwealth Aviation Fund
- 1% for the Commonwealth Space Flight Fund
- 10.5% for the Priority Transportation Fund
- 1% for the Department of Motor Vehicles

COMMONWEALTH MASS TRANSIT FUND

- Up to \$50M off-the-top to WMATA to match the federal PRIIA funds, provided DC, MD and FTA provide their pro-rata shares
- 27% for operating assistance
- 18% for capital purposes
- 46.5% for WMATA
- 6% for the Transit Ridership Incentive Program
- 2.5% for special programs

2020 OMNIBUS TRANSPORTATION PACKAGE (CONTINUED)

- Created Virginia Passenger Rail Authority to increase passenger rail capacity and improve passenger rail services
 - Peeled off funding and responsibilities from DRPT
- Established the Transit Ridership Incentive Program to promote ridership and improve service in areas with populations over 100,000



TRANSPORTATION AGENCIES

VIRGINIA'S TRANSPORTATION AGENCIES – HB 30 AS INTRODUCED

Agency Title	FY 2027 (\$ in millions)			FTEs
	GF	NGF	Total	
Secretary of Transportation	\$0.0	\$1.1	\$1.1	6
Commercial Space Flight Authority	0.0	26.0	26.0	0
Department of Aviation	>0.1	43.8	43.8	37
Department of Motor Vehicles	0.0	388.3	388.3	2,225
DMV – Transfer Payments	0.0	135.3	135.3	0
Virginia Passenger Rail Authority	0	847.7	847.7	0
Department of Rail & Public Transportation	0.0	978.1	978.1	72
Department of Transportation	24.0	8,537.8	8,561.8	7,990
VDOT – Transfer Payments	0.0	1,032.7	1,032.7	0
Motor Vehicle Dealer Board	0.0	3.7	3.7	25
Virginia Port Authority	<u>36.5</u>	<u>298.0</u>	<u>334.5</u>	<u>260</u>
Total	\$60.5	\$12,292.7	\$12,353.2	10,615

TRANSPORTATION FUNDING SOURCES

Fund Source in Proposed Appropriation HB 30	FY 2027 (\$ in millions)	% of Total
General Fund	\$60.5	0.49%
Commonwealth Transportation Fund	9,700.5	78.53%
VDOT – Other NGF Funds	2,033.6	16.46%
DRPT – Other NGF Funds	161.5	1.31%
DMV (including transfer payments) – Other NGF Funds	117.2	0.95%
Port of Virginia – Other NGF Funds	222.3	1.80%
Motor Vehicle Dealer Board Special Funds	3.7	0.03%
Federal Trust	<u>53.9</u>	<u>0.44%</u>
Total	12,353.2	100.00%

RECENT GENERAL FUND INVESTMENTS IN TRANSPORTATION

- In the last 3 bienniums (FY 2021 through FY 2026) we have appropriated over \$1.1 billion in general fund amounts to support high priority transportation projects
- These projects include widening of I-64 from Hampton Roads to Richmond, the widening of I-81, Additional toll relief in Hampton Roads, funding to support increased contributions to WMATA and funding for Multi Use Trails
- Chapter 725 included \$136.9 million GF to support WMATA, \$101 million to support additional toll relief in Hampton Roads and \$245 million GF to support the I-81 Corridor Improvement program

APPENDIX: 2020 LEGISLATION

SPECIAL STRUCTURES FUND AND PROGRAM

- Establishes a Special Structures Program
- Requires Board to adopt a plan covering a period of not less than 30 years and update biennial, starting this year
- Funds may be used for maintenance, rehabilitation and replacement pursuant to the adopted plan
- Board may provide funding from the HMOF if they determine available funding is insufficient for adopted plan

FY21	FY22	FY23	FY24	FY25	FY26
\$10.0M	\$30.0M	\$80.0M	\$82.1M	\$84.1M	\$86.0M

INTERSTATE OPERATIONS AND ENHANCEMENT PROGRAM

- Program to manage funds from “81 bill” last session
- Funds may only be used to address a need in (i) VTrans or (ii) a Board adopted corridor plan
- Board, with assistance of Office of Intermodal Planning and Investment, must develop a prioritization process for the use of funds
- Retains requirement that certain amount of funds be used for Interstate corridors with more than 10% of Interstate truck vehicle miles traveled
- Requires reporting through Commissioner’s Biennial Report

VIRGINIA HIGHWAY SAFETY IMPROVEMENT PROGRAM

- Establishes formula for funds in program
 - 54% for infrastructure projects to address hazardous road location or feature and address identified highway safety problem
 - 29% for strategies and activities to address behavioral causes of crashes that result
 - Remaining amounts as determined by the Board adopted investment strategies
- Program includes federal Highway Safety Improvement Program funds, Open Container funds and new revenues

COMMONWEALTH RAIL FUND

- Consolidation of Rail Enhancement Fund and the Intercity Passenger Rail Operating and Capital Fund
 - 93% provided directly to the Virginia Passenger Rail Authority
 - 7% retained for use by DRPT for non-Authority related rail purposes and activities
- Included funds (i) previously provided by Transit Capital Program for VRE track access payments and (ii) Priority Transportation Fund revenues allocated by the Board to Atlantic Gateway and Long Bridge

PASSENGER RAIL FACILITIES BOND ACT

- Expressed the General Assembly's desire to authorize the use of 66 tolls to support the Long Bridge, and related track improvements, and upgrades to the Rosslyn Metro station with a term not to exceed 39 years
- Authorized the CTB to sell up to \$1 billion in 9(d) bonds to be supported by I-66 inside the Beltway toll revenues for—
 - A new passenger rail bridge across the Potomac River along with related track improvements and property acquisition
 - Improvements and upgrades to the Rosslyn Metro station
- Allowed for the use of federal credit facilities including TIFIA and RRIF

INTERSTATE 81 CORRIDOR PROGRAM REVENUE BOND ACT

- Authorized the CTB to sell up to \$1 billion in debt to support the Interstate 81 Corridor Improvement Program with a term not to exceed 39 years
- Debt would be backed by the regional fuels tax, as amended, along the 81 corridor
- Allowed for the use of federal credit facilities including TIFIA

COMPLETION OF CORRIDOR Q

- Addressed the completion of Corridor Q of the Appalachian Development Highway provide an adequate, modern, safe, and efficient highway that will further the development needs and economic growth potential of south-central and southwest Virginia
 - Allowed the use of Route 58 Corridor Development Funds on a pay-as-you go basis for Corridor Q
- Allowed a portion of the \$600M in debt authorized for Route 58 in 2013 to be used to complete Corridor Q
- Anticipated that ~\$220-240M will be available for Corridor Q

CENTRAL VIRGINIA TRANSPORTATION AUTHORITY

- Established a Central Virginia Transportation Authority embracing all localities within Planning District 15
- Imposed a 0.7% retail sales and use tax and a regional fuels tax with funds distributed as follows—
 - 35% to be used by the Authority for transportation-related purposes benefiting PDC 15
 - 15% to be used by GRTC for transit and mobility services in PDC 15 approved by the Authority
 - 50% to be returned on a pro-rata basis to each locality to improve local mobility including construction, transit, maintenance, sidewalks, trails and mobility services

HAMPTON ROADS REGIONAL TRANSIT PROGRAM

- Established a Hampton Roads Regional Transit Fund, consisting of the following revenue sources—
 - \$0.06 per \$100 of assessed value grantors tax in the jurisdictions that are members of Hampton Roads Transit
 - 1% transient occupancy tax in the jurisdictions that are members of Hampton Roads Transit
 - \$20M in state recordation taxes
- Norfolk, Virginia Beach, Chesapeake, Portsmouth, Hampton and Newport News are members of Hampton Roads Transit

HAMPTON ROADS REGIONAL TRANSIT PROGRAM

- Funds are managed by the Hampton Roads Transportation Accountability Commission and disbursements shall be approved by the Commission
- Funds may solely used for development, construction, capital needs and operation of a regional system of inter-jurisdictional, high-frequency bus service
 - Funds may also be used for the administrative costs of the Commission
- Funds can only be used to expand light rail in the City of Norfolk

HAMPTON ROADS EXPRESS LANES BOND ACT

- Authorizes HRTAC to impose tolls on CTB designated HOT lanes on Interstate 64 from Jefferson Avenue to Bower's Hill Interchange
- Requires HRTAC to enter into an agreement with CTB and VDOT
 - Standards for operations and toll collection
 - Use of toll revenues and reimbursement of CTB expenses
 - Other provisions to ensure safe and efficient operations