

Managing, Transforming & Investing in a 21st Century Virginia Transportation System

***A Balanced, 3-Part Plan Integrating
New Ideas & Traditional Common Sense***

House Republican
Virginia Reform Initiative on Transportation

February 10, 2006

New Ideas, Common Sense Progress

Building on our past success, House Republicans are:

- **Managing** growth in a sensible manner
- **Transforming** how transportation services are organized, planned & delivered
- **Investing** new, dedicated and sustained revenue for targeted solutions to reduce congestion and increase mobility – without increasing transportation taxes

New Ideas, Common Sense Management

*Because a connection exists btwn land use & transportation,
House Republicans are promoting sensible
growth management tools*

- Enact reforms so localities can better incorporate transportation into land use decisions (HB 1506, HB 1513, HB 1521, HB 1528, HB 1529)
- Improve how localities create their comprehensive plans, coordinate with VDOT
- Allow more counties, cities and towns to request cash proffers from developers to help pay for the costs of roads, schools and other services
- Allow localities to use these funds when applying for matching state funds under an expanded revenue-sharing program
- Provide more and better opportunities for localities to make transportation project planning, management, construction and maintenance decisions

New Ideas, Common Sense Transformation

*Because we must fix an outdated system for better results,
House Republicans are promoting free-market reforms*

- Increase opportunities for partnerships with the private sector and local governments (HB 667, HB 681)
- Provide additional access to cost-effective and time saving procurement methods (HB 666, HB 671)
- Expedite deployment of new technologies to squeeze more capacity out of existing roadways and keep traffic moving (HB 677)
- Mitigate traffic-causing accidents by making most dangerous drivers who abuse transportation system pay their shared of costs (HB 527)
- Instill greater accountability and oversight of transportation agencies (HB 673, HB 676, HB 1365)

New Ideas, Common Sense Investment

Because we understand VA transportation needs not only reform but investments, House Republicans are championing innovative financing and additional funds

- Provide greater opportunities for lease concessions and innovative means of bringing in private-sector funding (HB 1426)
- Leverage dedicated ongoing funding towards most significant regional projects (HB 1257)
- Creating new dedicated ongoing funding streams for successful programs – Local Revenue Sharing... Transit Capital Projects... and Transportation Partnership Opportunity Fund
- Create new dedicated ongoing funding for Local Congestion Mitigation Fund for “quick fix” projects to improve daily commutes and overall mobility
- Allocate significant surplus revenue to targeted, project-specific improvements throughout Commonwealth
- Supporting FRAN debt service and asset protection

Funding Resources

- Provide over \$2.0 billion in additional revenues for transportation over next 2 biennia
 - On top of more than \$4.4 billion annual commitment already dedicated to transportation
- Utilize surplus revenues in FY 2007 for one-time specific capital projects
- Dedicate 1/3 insurance premium tax revenues to transportation, and fulfill commitment to repay 2003 FRANs with general funds
- Dedicates additional portion of recordation tax to transportation (building on Rt. 58 success) to areas in the most need of congestion relief -- NoVa & Hampton Roads
- Ensure most egregious abusers of roadway system contribute their fair share
 - Estimated that 25% of all traffic congestion attributable to traffic incidents

	Revenue Sources				
	2006-2008 Biennium		2008-2010 Biennium		4-Year Total
	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	
1/3 Insurance License Tax Revenues	\$ 138.80	\$ 146.70	\$ 146.70	\$ 146.70	\$ 578.90
Redirect \$40 m/yr Recordation for Transportation	30.00	40.00	40.00	40.00	150.00
GF Commitment to 2003 FRAN Debt Service	37.40	37.40	37.40	37.40	149.60
General Fund for Specific Projects	552.60	-	-	-	552.60
Civil Penalties from "Abusers" bill	93.90	136.81	179.72	179.72	590.15
New Revenues	852.70	360.91	403.82	403.82	2,021.25
Existing Transportation Revenues	4,426.36	4,469.05	4,603.12	4,741.21	18,239.74
Grand Total	5,279.06	4,829.96	5,006.94	5,145.03	20,260.99

Funding Uses

- Direct one-time use of general funds to priority targeted projects already identified by the CTB and local governments
- Create new revolving bond funds in Northern Virginia & Hampton Roads
 - Modeled after successful Route 58 Corridor Development Program
- Fulfill existing commitments – 2003 FRAN debt service, expand local revenue sharing program, capitalize Transportation Partnership Opportunity Fund

	2006-2008 Biennium		2008-2010 Biennium		<u>4-Year Total</u>
	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	
Expedite Critical Highway & Transit Projects	\$ 552.60	\$ -	\$ -	\$ -	\$ 552.60
NOVA Revolving Bond Fund	57.48	64.61	64.61	64.61	251.31
Hampton Roads Revolving Bond Fund	40.54	47.27	47.27	47.27	182.35
Pay FRAN Debt Service	37.40	37.40	37.40	37.40	149.60
Local Revenue Sharing Program to \$50.0 m/yr	35.00	35.00	35.00	35.00	140.00
Transportation Partnership Opportunity Fund	25.00	25.00	25.00	25.00	100.00
Local Congestion Relief Fund	33.90	76.81	119.72	119.72	350.15
Expand Transit Capital Program Support	27.50	29.10	29.10	29.10	114.80
Support Asset Protection	43.28	45.72	45.72	45.72	180.44
Total Use By Source	\$ 852.70	\$ 360.91	\$ 403.82	\$ 403.82	\$ 2,021.25

New Ideas, Common Sense Results

Expedite Critical Projects Across the Commonwealth

- Dedicates a total of \$552.6 million GF in FY 2007 to expedite previously identified critical projects
 - Commits one-time general fund revenues to one-time capital construction and improvements
 - Focuses on reducing choke-points and improving traffic flows along key corridors, such as I-66, I-81 and I-64
 - Achieves completion of key phases of projects and complements funding in SYIP
 - Addresses multimodal needs, including transit and rail solutions as well as roadway improvements
 - Includes projects identified in existing Commonwealth Transportation Board or regional plans

New Ideas, Common Sense Results

Ongoing Funding Stream for Northern Virginia and Hampton Roads

- Create Northern Virginia and Hampton Roads revolving bond programs and provides a new, on-going revenue stream for these two regions with the worst congestion in Commonwealth
- Modeled after the Route 58 Corridor Development Program
 - Rt. 58 Program funded w/ \$40.0 million of recordation tax revenues each year
 - Over \$700 million has been issued to support projects along corridor
- Program funded with:
 - \$30.0 million/yr in recordation tax revenues in FY07, \$40.0 million/yr thereafter
 - Share of insurance premium revenues attributable to these two regions based on their share of state's population
 - Revenues would be leveraged to establish a revolving loan program
 - Similar to higher education equipment trust fund (HEETF)

New Ideas, Common Sense Results

Create Ongoing Funding Stream for Northern Virginia and Hampton Roads

- Revolving Fund
 - Funds would leverage 10-year notes; tranches of debt issued each year over period
 - By year 11, 1st year issuance is repaid w/ freed-up revenues used to begin process anew
 - Short-term nature of debt means additional funding is available for projects each year – unlike 25-35 year debt where single project is built and you pay into the future
- In Northern Virginia, these revenues would supplement the existing Northern Virginia Transportation District Program
 - \$57.48 million in FY 2007, \$64.61 million in FY 2008
 - Over 10 years, would support an estimated \$673 million in pay-as-you go and debt-financed projects
- In Hampton Roads, these revenues would be deposited into a new Hampton Roads Transportation District Program
 - \$40.54 million in FY 2007, \$47.27 million in FY 2008
 - Over 10 years, would support and estimated \$492 million in pay-as-you go and debt-financed projects

New Ideas, Common Sense Results

Meet Existing Commitments to Priority Functions

- \$37.4 million GF each year to pay FRAN debt service attributable to sales and use tax transferred from TTF to GF in 2003
 - GA commitment through 2013
- Use Abuser Fee revenues to fund previously identified priorities
 - Local-Revenue Sharing Program: Increases \$35.0 million year to \$50.0 million year on an on-going basis
 - Successful program utilized by 93 localities last year
 - Transportation Partnership Opportunity Fund: Dedicates \$25.0 million year on an on-going basis
 - Fund used to encourage and support PPTA opportunities
 - Legislation adopted last year, no on-going funding stream provided
 - Local Congestion Mitigation Fund: Dedicates remaining abuser fee revenues to this fund -- \$34 million in FY 07, \$119 million by FY 09
 - Included in House abuser fee bill last year
 - Provides incentive for local participation in construction funding
 - Focused on spot improvements that can substantially reduce congestion
 - Targeted to high growth, high congestion areas

New Ideas, Common Sense Results

Address Growing Costs of Existing Highway and Transit Systems

- Provides additional funding for highway maintenance
 - Secretary of Transportation has stressed that maintenance growth of about \$50.0 million year is draining construction program
 - By addressing this inflation, additional funding is freed up for the construction program
 - Would provide on-going support for growing maintenance costs from share of insurance premium revenues -- \$43.3 million in FY 07, \$45.8 million in FY 08
- Support transit capital program
 - Provide \$27.5 million in FY 07 and \$29.1 million in FY 08, representing the share of the 1/3 insurance premium revenues not attributable to auto insurance
 - Reflects proposal in introduced executive budget
 - Would increase state match for capital replacement to about 50 percent by FY 2008
 - Address decreasing state share for transit capital replacement and increased need to utilize multimodal solutions to address congestion

Raising Taxes and 20th Century Approaches are the...



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The Right Way for Virginia

