

STATE SUMMARY OF COUNTY TRANSPORTATION FUNDING AND FINANCE

VIRGINIA COUNTIES

FUNDING SOURCES FOR COUNTY TRANSPORTATION PROJECTS

From State Funds:

- Counties receive up to 20 percent of funds in the Virginia Transportation Infrastructure Bank.
- Counties receive up to \$5 million per year of "revenue sharing" funds for highway maintenance projects.
- Counties receive additional revenues in qualifying regions through additional state sales taxes.

From County Funds:

- Counties use proceeds from sales taxes, or motor vehicle license taxes to fund county transportation projects.

COUNTIES FACE THE FOLLOWING CHALLENGES IN FUNDING AND FINANCING TRANSPORTATION PROJECTS

- The major source of state transportation revenues, the cent per gallon motor fuels tax, is effectively on the decline; worth only 45 percent of its 1986 value.
- Highway Maintenance and Operating Fund (HMOF) revenues, consisting of the state gas tax, motor vehicle sales tax and license fees, have been insufficient to cover the needs of the Fund since 2002 - \$3 billion diverted from construction.
- After providing for crossover, needed federal matching funds and state funded programs, no funds have been available for distribution through the construction allocation formula since 2009.
- Federal revenues have been held essentially flat since the expiration of SAFETEA-LU.

NEW FUNDING AND FINANCING SOLUTIONS FOR COUNTIES

- In 2013, the Commonwealth Transportation Board (CTB) released a draft of the Fiscal Years 2014-2019 Six-Year Improvement Program (SYIP)-- HB 2313 (estimated to provide \$2.6 billion of local and regional revenues for transportation (through FY 2018)
- HB 2313 passed in 2013 makes several changes to transportation revenue for the Commonwealth of Virginia. The bill eliminates the \$0.175 cents per gallon tax on motor fuels and replaces it with a percentage based tax of 3.5 percent for gasoline and 6 percent for diesel fuel. The bill also imposes a \$64 annual registration fee on hybrid electric motor vehicles, alternative fuel vehicles and electric vehicles, which is

Share of County Owned Road Miles Out of Public Roads Statewide	3%
Share of County Owned Bridges Out of Public Bridges Statewide	2%
Share of Structurally Deficient Bridges Out of County Owned Bridges	21%

COUNTY FINANCIAL AUTHORITY		
	County Authority	Limitations
Levy Property Taxes	X	
Levy Personal Property Taxes		
Levy Local Option Sales Taxes	X	Counties may levy general-purpose local option sales taxes of 1%
Levy a Local Gas Tax	X	Transportation districts operating rapid heavy rail or located in Northern Virginia impose motor fuel sales tax at 2% for operating and capital costs of transit systems or other transportation purposes
Charge a Motor Vehicle License or Registration Fee	X	Counties can collect vehicle license tax at any flat rate up to the rates charged by the state
Form Special Districts for Transportation	X	

Note: only two counties maintain their local roads, Arlington County and Henrico County.

higher than the registration fee for regular vehicles. The bill also raises the state sales tax from 4 percent to 4.3 percent with additional revenues devoted to transportation. These additional taxes are expected to raise approximately \$335 million annually for Northern Virginia and approximately \$221 million per year for Hampton Roads.

- For the Northern Virginia PDC, the legislation provides for an increase in the sales tax to 6 percent (0.7 percent higher than in the rest of the state); an increase in the transient occupancy tax of 2.1 percent; and the addition of a \$0.15 per \$100 grantors tax. Of the total local revenues raised in the Northern Virginia PDC, 70 percent would go to the region as a whole to be used for priority transportation and mass transit projects that reduce congestion. The remaining 30 percent would be given directly to localities on a pro rata basis, to be used for additional urban or secondary road construction, other capital improvements that reduce congestion, other transportation projects, or public transportation purposes.
- In the Hampton Roads PDC, jurisdictions in the region will see an increase in the total sales tax to 6 percent (0.7 percent higher than in the rest of the state) as well as an increase in the wholesale gas tax to 5.6 percent. All revenues received from those two additional levies would be used for new construction projects to new or existing roads within the region.