Virginia Counties

State Summary of Transportation Funding and Finance

## **Transportation and Financial Authority:**

Counties have authority to:

• Levy a tax on motor vehicles, trailers, and semitrailers at a rate not to exceed the rate of the annual tax imposed by the Commonwealth on each motor vehicle, trailer, or semi-trailer.

• Levy a local motor vehicle registration fee in an amount up to the State’s vehicle registration fee This fee has been widely adopted and is levied in nearly every county and city (in 87 counties out of 95; and in 33 cities out of 40).

• Sell franchises for a period not to exceed forty years to any company so long as the county board retains the power to establish reasonable rates and enforce maintenance of the county’s property.

• Counties which do not join transportation districts may appropriate money to provide public transportation services to county residents and may operate the same.

Counties do not have authority to:

• Charge any noteworthy fees not already listed

Mandated/Authorized Transportation Services:

• The state is responsible for maintaining local county roads, however, counties may elect to maintain their local roads. To date, only two counties maintain their local roads (Arlington and Henrico).

## **Funding Sources for County Transportation Projects:**

Counties Receive:

• Up to 20% of funds in the Virginia Transportation Infrastructure Bank.

• Up to $5 million per year of "revenue sharing" funds for highway maintenance projects.

• Dedicates funds to the Dulles Metrorail Extension Project and the Route 58 Corridor Development Fund (%1.3 billion in bond).

• Operating and capital budget funding for Virginia Railway Express (VRE) (2012 CAFR):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Passenger revenue | Federal grants | Virginia grants | Jurisdiction contributions | Equipment rentals |
| 38% | 29% (largely for capital) | 16% (roughly even split between capital and operating) | 17% (operating) | 0.3% |

Counties Collect:

• Additional revenues in qualifying regions through additional state sales taxes

## **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% of its 1986 value.

• HMOF revenues 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.

• Not predicting any growth in federal revenues beyond the expiration of MAP-21 in 2014.

## **Innovative Solutions to Funding and Financing Challenges:**

• 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 includes provisions that impose additional taxes to address transportation needs in planning district commissions (PDC). 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 % (0.7 % higher than in the rest of the state); an increase in the transient occupancy tax of 2.1 %; and the addition of a $0.15 per $100 grantors tax. Of the total local revenues raised in the Northern Virginia PDC, 70 % would go to the region as a whole to be used for priority transportation and mass transit projects that reduce congestion. The remaining 30 % 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 % (0.7 percent higher than in the rest of the state) as well as an increase in the wholesale gas tax to 5.6 %. All revenues received from those two additional levies would be used for new construction projects to new or existing roads within the region.

• VA cases for Public Transit

○ 2009 legislation allowed Northern Virginia localities to increase commercial real estate (CRE) tax for transportation: New capacity only; Fairfax County, Arlington County increased CRE tax.

○ 2013 legislation provided additional funds: Mass transit: 60% of the 0.125% sales tax increase; Passenger rail: 40% of the 0.125% sales tax increase.

○ 2013 legislation required DRPT to allocate transit funds based on performance: Vehicles (80% match); Infrastructure (25-40% match); Other (15% match).