

Transportation

The 2008-10 budget, as introduced, provides a total of \$9.9 billion for Transportation agencies, which includes \$261.9 million GF and \$9.6 billion NGF for the biennium. This represents a total increase of \$618.4 million over the approved budget for the 2006-08 biennium.

Included in the general fund amount is the re-appropriation of \$180.0 million in the second year which is part of the \$500.0 million one-time general fund supplement approved by the General Assembly in 2007. The Governor has proposed reverting \$180.0 million GF from 2007 Transportation Initiative provided in Chapter 847. The dollars are then included as additions to balances on the front page of the introduced budget in FY 2009 and then restored through an appropriation to the Department of Transportation in fiscal year 2010 for the same projects as approved in Chapter 847.

The majority of the nongeneral revenue adjustments reflect the appropriation of new transportation revenues provided through HB 3202, which was passed by the 2007 General Assembly. The budget recommended for the Department of Transportation includes \$399.5 million NGF from the increased registration fee on vehicles, increased tax rate on diesel fuel and fees on abusive drivers and overweight vehicles. Also included in VDOT is \$281.1 million NGF from the transfer of one-third of insurance premiums tax revenues to the Transportation Trust Fund. Combined with other forecast adjustments, the VDOT budget reflects a net increase of \$61.5 million over the 2006-08 biennium. Included in the Department of Rail and Public Transportation is an additional \$87.6 million NGF representing the portion of the recordation tax dedicated to the Mass Transit Fund pursuant to HB 3202.

The introduced budget also proposes merging the Motor Vehicle Dealer Board and the Board for Towing and Recover operations under the Department of Motor Vehicles. In other actions at the Department of Motor Vehicles, the Governor proposes a number of nongeneral fund adjustments to cover DMV's operational costs. These proposals include increasing the driver's licensing fee by \$10.00, authorizing DMV to recover their costs from the collection of vehicle titling tax, and authorizing DMV to retain an additional \$2.5 million each year from the continuation of a \$1.00 addition to the vehicle registration fee ("Jamestown fee"). In total, these proposals generate \$39.7 million in additional revenue to support the operations of DMV over the biennium. The proposed budget also includes \$6.5 million in additional NGF appropriations reflecting DMV's recovery of administrative costs related to the Northern Virginia and Hampton Roads regional transportation authorities.

- **Department of Aviation**

- *Enhance Airport IQ System.* Provides \$322,000 NGF the first year and \$20,000 NGF the second year for design of software that will further automate the Airport IQ system, which is used to manage the agency's financial assistance to airports programs and provide web-based functions to stakeholders.

- *Assume Funding for Civil Air Patrol.* Language authorizes the Department of Aviation to pay \$100,000 NGF each year from Aviation Special Funds to support Civil Air Patrol Operations. This activity was previously funded from the general fund through the Department of Emergency Management and a companion amendment strikes the authorizing language in VDEM.

- **Department of Motor Vehicles**

- *Raise Driver's License Fee by \$10 to Support DMV Operations.* Proposed language authorizes a \$10 increase on the issuance of any driver's license other than a commercial license, and a \$5 fee on duplicate, reissue or replacement licenses. The fees are to be deposited into the Motor Vehicle Special Fund and used to meet expenses for increased security and integrity requirements for driver's licenses. It is projected that this increase will generate \$14.4 million NGF each year for DMV operations. Companion legislation will be offered to implement the proposed fee increase.
- *Establish Appropriation for Cost Recovery from Regional Transportation Authorities.* Includes \$3.3 million NGF each year to cover DMV administrative costs of revenue collections associated with HB 3202 (2007). Of this amount, \$1.9 million is from activities related to Northern Virginia Transportation Authority and \$1.4 million from Hampton Roads Transportation Authority.
- *Retain Motor Vehicle Sales and Use Tax Revenue.* Proposed language authorizes DMV to retain one-half of one percent of the gross collections of sales and use tax on motor vehicles (titling tax) to be used for ongoing operational expenses. It is projected that this will provide just under \$3.0 million NGF for DMV each year. Currently, two thirds of the revenues generated by the titling tax are deposited in the Highway Maintenance and one third into the Transportation Trust Fund.
- *Redirect Jamestown 400th Anniversary Registration Fee.* Proposed language continues the \$1.00 additional annual fee on vehicle registrations previously imposed to support the 400th anniversary of the Jamestown Settlement but changes the distribution methodology. Under the new language, DMV will retain an additional \$2.5 million NGF each year above the \$1.0 million that had been previously authorized, bringing the DMV total to \$3.5 million NGF each year from this fee. Proposed language and a companion amendment in the Virginia Tourism Authority transfers an additional \$2.5 million NGF each year to the Virginia Tourism Enhancement Fund. Any funds above \$6.0 million derived from the fee are then to be transferred to the Virginia Land Conservation Fund. The fee has been generating about \$6.4 million in NGF revenues each year.
- *Commercial Driver's License Test Sites.* Provides \$1.2 million NGF in the second year to support lease costs for commercial driver's license testing sites in the Roanoke, Portsmouth and Richmond districts to meet new federal requirements

that must be implemented by 2010. The new requirements include backing maneuvers testing that can not be done at current CDL testing facilities.

- ***Increase Appropriation for Operating Costs.*** Provides an additional \$1.0 million NGF each year to cover increased costs of facility rental rates, electricity rate and the increased cost of aluminum for license plates.
- ***Transfer Motor Vehicle Dealer Board Operations.*** Proposes transferring operations of the Motor Vehicle Dealer Board to DMV. Included in this action is an increase of \$2.2 million NGF each year and 22 FTE positions in. Companion amendments eliminate the Board as a separate agency in the budget bill.
- ***Transfer Board of Towing and Recovery Operations.*** Proposes transferring operations of the Board of Towing and Recovery to DMV. Included in this action is an increase of \$353,761 NGF each year and 3 FTE positions. Companion amendments eliminate the Board as a separate agency in the budget bill.
- ***Establish New Department of Motor Vehicles Transfer Payments Item.*** Establishes a new separate agency code for administering the collection and disbursement of local rental tax, mobile home tax and Highway Safety Funds. Includes \$73.1 NGF each year, which is transferred from DMV to the new agency. DMV requested these activities be removed from their operating budget to more accurately reflect the costs of DMV operations.

Department of Rail and Public Transportation

- ***Increase Appropriation to Reflect November 2007 Revenue Estimate.*** Increases the agency's appropriation by \$82.7 million NGF the first year and \$90.1 million NGF the second year to reflect the latest revenue estimates for the Transportation Trust Fund and federal funds and to reflect the November 2007 official revenue estimate.
- ***Appropriate Recordation Tax Revenue.*** Increases the agency's appropriation by \$42.7 million NGF the first year and \$44.9 million NGF the second year to reflect the portion of the recordation tax dedicated to the Mass Transit Fund as directed by HB 3202 (2007).
- ***Human Services Transportation Programs.*** Includes language authorizing existing Mass Transit Fund revenues to be used to provide state matching funds for the Federal Transit Administration's New Freedom Program to fund initiatives to improve mobility of the elderly and disabled. The amendment allows transfer of the funds prior to the formula distribution of the Mass Transit Fund revenues.
- ***Funding for Project Management.*** Proposed language authorizes the use of existing public transit and rail funds for project development, management and

compliance activities. The use of funds is limited to no more than three percent of the total project cost.

- ***Study of Intercity Passenger Rail Services.*** Language authorizes DRPT use Rail Enhancement Funds to study feasibility of contracting with Amtrak for new intercity passenger rail services between Richmond and Washington, DC.

- **Department of Transportation**

- ***Appropriate HB 3202 (2007) Revenues.*** Provides an increase of \$197.0 million NGF the first year and \$202.5 million NGF the second year from the increased vehicle registration fee, the increased diesel fuel tax and the fees on abusive drivers and overweight vehicles as provided by HB 3202 (2007).
- ***Transfer Insurance Premium Revenue.*** Provides \$137.0 million NGF the first year and \$144.1 million NGF representing one-third of the revenues from insurance premiums tax revenues that are transferred to the Transportation Trust Fund pursuant to HB 3202 (2007). These revenues were previously treated as general fund so a corresponding reduction of \$109.8 million GF each year accompanies this action.
- ***Reappropriate Reverted General Funds for Transportation.*** Provides \$180.0 million GF in the second year which is part of the \$500.0 million general fund supplement approved by the General Assembly in 2007. In order to balance cash flow needs, the Governor has proposed reverting these funds from transportation in FY 2008 and re-appropriating them to VDOT in FY 2010 for the same projects that were approved in Chapter 847.
- ***Adjust Appropriation to Reflect November 2007 Revenue Forecast.*** Amendments adjust the nongeneral fund allocations within VDOT to reflect both the 2006 official revenue estimate for the Transportation Trust Fund and federal funds, as well as the November 2007 revenue forecast revision. These changes result in a net increase of \$7.1 million NGF in the first year and \$21.8 million NGF in the second year.
- ***Use Prior Year Balances for Highway Construction.*** Provides an appropriation of \$32.5 million NGF the first year and \$30.4 million NGF the second year to enable VDOT to spend prior year balances in dedicated funds for highway construction.
- ***Land Use Activities.*** Proposes \$5.7 million NGF the first year and \$5.9 million NGF the second year for land use permitting activities performed by the agency.
- ***Adjust Maximum Employment Level.*** Reduces the agency's maximum authorized employment level by 323 FTE positions. These positions are unfilled and are no longer necessary.

- **Virginia Port Authority**

- ***Provide Funding for Debt Service for Terminal Revenue Bonds.*** Provides \$6.2 million NGF each year for debt service on \$93.0 million in terminal revenue bonds issued by the Authority in FY 2008. A similar amendment reduces debt service payments by \$2.2 million NGF the first year and \$2.3 million NGF the second year based on 1997 terminal revenue bonds that were refunded at a substantial debt service savings.
- ***Provide Funding for Debt Service for Commonwealth Port Fund Bond for Craney Island.*** Provides \$11.3 million NGF in the second year for debt service on Commonwealth Port Fund bonds for construction of the Craney Island Marine Terminal. A companion amendment in Capital Outlay authorizes the issuance of \$155.0 million NGF in bonds to fund preliminary work on the proposed terminal. A similar amendment reduces the debt service appropriation by \$11.4 million NGF each year that was previously authorized for 1996 and 1998 Port Fund bonds that have now been repaid.
- ***Federal Transportation Worker Identification Credential Initiative.*** Provides \$345,202 NGF the first year and five FTE positions and \$400,000 NGF the second year to implement the new federal security mandate.
- ***Increased Employee Benefits.*** Provides \$326,159 NGF the first year and \$727,128 NGF the second year for increased employee health insurance, life insurance and pensions costs.
- ***Short-Term Debt Service Program.*** Provides \$9.5 million NGF each year and language to allow the VPA to issue short-term debt on a revolving basis to provide interim financing for capital projects. The short term debt is not to exceed \$200.0 million at any time. This will allow the Port Authority to begin smaller projects instead of having to wait until a larger debt issuance is required.
- ***Master Equipment Lease Purchase Program (MELP).*** Provides \$5.2 million NGF each year for debt services payments supported by terminal revenues to acquire equipment for port operations through the MELP program.
- ***Federal Security Grant Match.*** Provides \$826,000 NGF each year to match federal grant funds related to federal port security initiatives.