

**Governor's Transportation Funding Plan**

2/27/2011

<b>HB 2527/ SB 1446 Omnibus Transportation Bill</b>				
Provision	Bill as Introduced	House Substitute Passed House 65-33	Senate Substitute Passed Senate 43-6	Conference Agreement Passed Senate 32-7; Passed House 80-16
HB 3202 Bonds	Accelerates the issuance of \$1.8 billion in already authorized bonds from HB 3202 (2007) - It was originally envisioned that \$300 million in bonds would be sold each year. The Governor proposes to sell \$600 million per year for each of the next three years. These bonds are repaid by insurance premium taxes that are dedicated to the Priority Transportation Fund.	The bill states that the amount issued in any one fiscal year shall not exceed \$300 million, except for the fiscal years ending June 30, 2012, and June 30, 2013, in which the annual limitation will be increased to \$500 and \$600 million, respectively.	The bill proposes to sell \$600 million per year for each of the next three years.	The bill states that the amount issued in any one fiscal year shall not exceed \$300 million, except for the fiscal years ending June 30, 2012, and June 30, 2013, in which the annual limitation will be increased to \$500 and \$600 million, respectively.
GARVEE Bonds	GARVEE bonds will be issued to support specific projects. Both the principal and interest are repaid with future Federal transportation funds. The proposal asserted that at no time the sum of the outstanding GARVEE bonds and FRAN debt will exceed \$1.2 billion. The use of toll credits will provide for the state match of incoming Federal transportation funds.	The bill states that the aggregate principal amount outstanding at any time shall not exceed \$1.2 billion. The use of toll credits will provide for the state match of incoming Federal transportation funds.	The bill states that at no time the sum of the outstanding GARVEE bonds and FRAN debt will exceed \$1.2 billion. The use of toll credits will provide for the state match of incoming Federal transportation funds.	The bill states that the aggregate principal amount outstanding at any time shall not exceed \$1.2 billion. The use of toll credits will provide for the state match of incoming Federal transportation funds.
Creation of Virginia Transportation Infrastructure Bank (VTIB)	The funds in this bank could be used for grants or loans. VTIB funding would be available to local governments, regional transportation agencies and the private sector. A nine member board would be	The bill creates the VTIB, which will be managed by the Virginia Resources Authority, but the CTB will have the right to determine the projects for which loans or other financial assistance may be made provided by	The bill creates the VTIB, which will be managed by the Virginia Resources Authority, but the CTB will have the right to determine the projects for which loans or other financial assistance may be made provided by	The bill creates the VTIB, which will be managed by the Virginia Resources Authority, but the CTB will have the right to determine the projects for which loans or other financial assistance may be made provided by

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	established to oversee the distribution of funds. The bill specifies up to 20% of funds may be used for grants, but that grant applicants must demonstrate, among other things as determined by the Board, that such grant is the sole method available for funding a project.	the Bank. The bill specifies up to 20% of funds may be used for grants, but that any locality applying for such grant must demonstrate that the project cannot be financed on reasonable terms or would otherwise be financially infeasible without the grant or interest rate subsidy.	the Bank. The bill specifies up to 20% of funds may be used for grants, but that any locality applying for such grant must demonstrate that the project cannot be financed on reasonable terms or would otherwise be financially infeasible without the grant or interest rate subsidy.	the Bank. The bill specifies up to 20% of funds may be used for grants, but that any locality applying for such grant must demonstrate that the project cannot be financed on reasonable terms or would otherwise be financially infeasible without the grant or interest rate subsidy.
2% Growth in the General Fund to Transportation	Permits dedication of two percent of the growth in the General Fund to transportation in years in which the General Fund growth is at least five percent.	No Provision	No Provision	No Provision
Revenue Sharing	Increases the availability of Revenue Sharing, specifically eliminating the \$1 million cap per project, the tiered allocation structure, and the \$50 million program maximum.	Raises the per project cap to \$10 million, raises the program maximum to \$200 million, eliminates the tier structure, and gives priority to projects in the Six-Year Plan.	Raises the per project cap to \$10 million and the program maximum to \$200 million. Retains the project tier priority structure.	Increases the project cap to \$10 million and the total program cap to \$200 million. Removes the tier structure, but stipulates that priority will be given to projects in the Six-Year Improvement Program or a locality's capital plan.
Intercity Passenger Rail Operating and Capital Fund.	Establish an Intercity Passenger Rail Operating and Capital Fund. – Federal law requires states to assume financial support for regional corridor trains by 2013. In addition, the Commonwealth is funding new trains from Lynchburg to Washington and from Richmond to Washington using a three year grant. At	Substantially similar to Original Bill	Substantially similar to Original Bill	Substantially similar to Original Bill

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	the end of the grant, the Commonwealth will need to either identify an alternative revenue source or discontinue these trains. The Governor proposes to establish this fund; however, no revenue source has been identified.			
General Fund Surplus	The Governor proposes to take 2/3rd of the budget surplus immediately after making deposits to the Revenue Stabilization Fund and dedicate it to transportation. Current law states that 2/3rd of the annual budget surplus is to be designated to transportation. This calculation is made after the deposits to the Revenue Stabilization (rainy day) Fund, the Water Quality Fund and others.	The bill states that after deposits are made to the Revenue Stabilization Fund, 1/3 of remaining funds will be deposited into the Water Quality Improvement Fund and 2/3 will be assigned for deposit into the Transportation Trust Fund.	No Provision	No Provision

<b>Governor's Budget Amendments</b>	
Provision	Status
Recapitalization of the Transportation Partnership Opportunity Fund (TPOF) – the proposal adds \$50 million to the TPOF, which provides grants and loans to encourage the development of design-build transportation projects, projects under the Public-Private Transportation Act, and to provide funds to address the transportation aspects of economic development opportunities.	HB 1500 in House Appropriations; SB 800 in Senate Finance. The language was included in the approved budget, which passed the House 97-0 and Senate 40-0 on 2/27/11.

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<p>\$150 million for VTIB – Budget Includes \$150 million. The proposal deposits \$150 million from the first year General Fund surplus and \$250 million from the Commonwealth Transportation Fund into the VTIB.</p>	<p>HB 1500 in House Appropriations; SB 800 in Senate Finance. The approved budget includes \$32.7 million from the General Fund surplus plus the \$250 million from the Commonwealth Transportation Fund for the VTIB. The budget also specifies that this will be the sole authority for capitalizing the bank and requires the Secretary of Transportation to certify to the Governor and the General Assembly all project balances that are proposed for transfer to the Bank. The budget passed the House 97-0 and Senate 40-0 on 2/27/11.</p>
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<b>Other Legislation</b>		
Bill Number/Patron	Summary	Current Status
HB 2404 (Rust)/ SB 1394 (McWaters)	Allocates 0.25 percent of the state sales taxes collected in Northern Virginia and Hampton Roads and dedicate it to transportation projects in those regions	HB 2404 Left in House Appropriations; SB 1394 Passed By Indefinitely in Senate Finance
HJ 511 (Oder)	Constitutional amendment to permanently protect the Commonwealth Transportation Fund from transfers to the General Fund	House Adoption 96-0 on 1/19/11; A corresponding bill, SB 363 (Norment), would do the same, but would also limit the use of general funds for transportation purposes. The Senate Adopted SB 363 28-10 on 2/3/11. The bills were discussed by a conference committee but no further action was taken.
SB1417 (Obenshain)/ HB 2456 (Brink)*	The Governor previously stated that proceeds from the privatization of Alcoholic Beverage Commission (ABC) stores would go to the VTIB. The Governor estimates that \$300 million can be raised by selling the retail ABC stores and licenses. The Secretary indicated that he would like to raise a total of \$1 billion for the VTIB.	SB 1417 Left in Senate Committee on Rehabilitation and Social Services; HB 2456 Left in General Laws

\* HB 2456 is similar to SB 1417, but not officially submitted on behalf of the governor