

**Hampton Roads
Transportation Planning Organization
Special Board Meeting
March 4, 2013**

The Regional Board Room, 723 Woodlake Drive, Chesapeake, Virginia

- 11:30 am **1.** Call to Order
- 2.** Public Comment Period (*limit 3 minutes per individual*)
- 3.** Submitted Public Comments
- 4.** Approval of Agenda
- 11:45 am **5.** HB 2313 Summary
- 6.** Technical Amendments to HB 2313
- 7.** Technical Amendment to the State Budget Bill
- 8.** Old/New Business
- 1:00 pm **ADJOURNMENT**

ITEM #1: CALL TO ORDER

The meeting is scheduled to be called to order by the Chair at 11:30 a.m.

ITEM #2: PUBLIC COMMENT PERIOD

Members of the public are invited to address the HRTPO Board. Each speaker is limited to three minutes.

ITEM #3: SUBMITTED PUBLIC COMMENTS

Any written public comments will be distributed as a handout at the meeting.

ITEM #4: APPROVAL OF AGENDA

Members are provided an opportunity to add or delete items from the agenda. Any item for which a member desires consideration by the HRTPO Board should be submitted at this time for consideration under "Old/New Business".

ITEM #5: HB 2313 SUMMARY

The 2013 General Assembly has put forth a comprehensive long-term transportation funding and reform package (HB 2313) for Governor Bob McDonnell to sign into law (enclosed). Once enacted, the plan will raise \$880 million in additional funding to be invested in the Commonwealth's transportation network by year 2018, or approximately \$3.5 billion over the course of the next five years. An additional \$175-\$200 million will be generated annually for Hampton Roads.

Statewide key components of HB 2313 include:

- Eliminating the 17.5 cents per gallon gas tax.
- Implementing a 3.5% tax on motor fuel at the wholesale level.
- Implementing a 6% tax on diesel at the wholesale level.
- Increasing the statewide sales & use tax from 5% to 5.3%.
- Increasing the motor vehicle titling tax from 3% to 4.3%.
- Implementing a \$100 fee on alternative fuel vehicles.
- Increasing the share of the sales & use tax that is dedicated to Transportation from 0.50% to 0.675%.
- Providing a dedicated funding source for the Mass Transit and Intercity Passenger Rail Fund (IPROC) – Amounts generated by a portion of the 0.3% increase in general sales tax increase will be used to support rail and transit projects in the Commonwealth (0.125%). 40% of these funds will be distributed for rail and 60% for transit.

Regional key components of HB 2313 include:

- Providing for a 0.70% sales tax increase in Hampton Roads to fund local road improvements.
- Implementing a 2.1% regional tax on the wholesale price of gasoline.

Attached are tables estimating revenues generated statewide and in Hampton Roads from each of the HB 2313 components.

In addition, Secretary Connaughton has recommended the HRTPO Board take action on supporting the regional component of HB 2313. As such, the HRTPO staff will prepare a resolution supporting the regional component of HB 2313 and will distribute this resolution as a handout at the meeting for review and approval.

Mr. Dwight L. Farmer, HRTPO Executive Director, will brief the HRTPO Board on this item.

Attachment 5 – Estimated Revenue Tables

Enclosure 5 – HB 2313 Legislation Text

Handout

RECOMMENDED ACTION:

Approve the Resolution.

Additional Statewide Funding from HB2313* (Millions \$)

Key Components	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	5 - Year
Eliminates the 17.5 cents per gallon motor fuels tax	\$ (871.1)	\$ (889.3)	\$ (907.4)	\$ (922.6)	\$ (938.2)	\$ (4,528.6)
Implements 3.5% tax on the wholesale price of gasoline	\$ 412.0	\$ 470.1	\$ 482.0	\$ 493.2	\$ 501.6	\$ 2,358.7
Implements 6% tax on the wholesale price of diesel	\$ 214.3	\$ 252.9	\$ 267.6	\$ 285.3	\$ 303.1	\$ 1,323.2
Implements \$100 registration fee for alternative fuel vehicles	\$ 10.2	\$ 11.4	\$ 13.0	\$ 15.0	\$ 17.0	\$ 66.6
Increases motor vehicle sales tax to 4.3% (phased in 1%, 0.1%, 0.1%, 0.1%)	\$ 184.0	\$ 223.9	\$ 248.8	\$ 278.5	\$ 278.6	\$ 1,213.7
Increases statewide sales & use tax by 0.3% from 5.0% to 5.3%	\$ 265.8	\$ 301.2	\$ 313.2	\$ 325.2	\$ 336.3	\$ 1,541.7
Marketplace Equity Act (MEA) transportation share	\$ 144.6	\$ 164.1	\$ 170.8	\$ 177.5	\$ 183.6	\$ 840.6
Increase transportation share of existing sales and use tax from 0.5% to 0.675%	\$ 49.0	\$ 101.7	\$ 158.4	\$ 191.8	\$ 198.2	\$ 699.1
Totals	\$ 408.7	\$ 635.9	\$ 746.3	\$ 843.8	\$ 880.2	\$ 3,514.9

*Source: Summary materials provided by Senate Finance.

Statewide Components of HB2313 (Millions \$): Estimated Revenue Generated in Hampton Roads -

Key Components	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	5 - Year
Eliminates the 17.5 cents per gallon motor fuels tax ¹	\$ (176.5)	\$ (177.6)	\$ (178.6)	\$ (179.7)	\$ (180.8)	\$ (893.2)
Implements 3.5% tax on the wholesale price of gasoline ²	\$ 83.1	\$ 94.4	\$ 96.4	\$ 98.2	\$ 99.4	\$ 471.5
Implements 6% tax on the wholesale price of diesel ²	\$ 43.2	\$ 50.8	\$ 53.5	\$ 56.8	\$ 60.1	\$ 264.4
Implements \$100 registration fee for alternative fuel vehicles ²	\$ 2.1	\$ 2.3	\$ 2.6	\$ 3.0	\$ 3.4	\$ 13.4
Increases motor vehicle sales tax to 4.3% (phased in 1%, 0.1%, 0.1%, 0.1%) ³	\$ 34.9	\$ 42.4	\$ 47.2	\$ 52.8	\$ 52.8	\$ 230.1
Increases statewide sales & use tax by 0.3% from 5.0% to 5.3% ⁴	\$ 52.6	\$ 54.2	\$ 55.8	\$ 57.4	\$ 59.2	\$ 279.2
Marketplace Equity Act (MEA) transportation share ²	\$ 29.4	\$ 33.3	\$ 34.5	\$ 35.6	\$ 36.7	\$ 169.5
Increase transportation share of existing sales and use tax from 0.5% to 0.675% ⁵	\$ 8.8	\$ 18.1	\$ 27.9	\$ 33.5	\$ 34.5	\$ 122.8
Totals	\$ 77.6	\$ 117.9	\$ 139.3	\$ 157.6	\$ 165.3	\$ 657.7

¹Estimate assumes statewide average motor fuels consumption of 601 gallons per capita.

²Estimate based on statewide revenues provided by Senate Finance, prorated according to projected population.

³Estimate based on regional proportion of motor vehicle sales taxes generated in FY12, assuming a constant proportion of state-wide revenues.

⁴Estimate based on regional local option sales tax revenues. This includes the 1% local option.

⁵Estimate based on regional local option sales tax revenues.

Regional Components of HB2313 (Millions \$): Estimated Revenue Generated in Hampton Roads

Key Components	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	5 - Year
Increases regional sales tax by an additional 0.7% to a total of 6% ¹	\$ 122.7	\$ 126.4	\$ 130.1	\$ 134.0	\$ 138.1	\$ 651.3
Implements 2.1% regional tax on the wholesale price of gasoline ²	\$ 49.9	\$ 56.6	\$ 57.8	\$ 58.9	\$ 59.6	\$ 282.8
Totals	\$ 172.6	\$ 183.0	\$ 187.9	\$ 192.9	\$ 197.7	\$ 934.1

¹Estimate based on regional local option sales tax revenues.

²Estimate based on statewide revenues provided by Senate Finance, prorated according to projected population.

Tables prepared by the Hampton Roads Planning District Commission.

ITEM #6: TECHNICAL AMMENDMENTS TO HB 2313

At the recommendation of Secretary Connaughton, the HRTPO Board is requested to submit any technical amendments it may have to the transportation legislation recently passed by the General Assembly (HB 2313). Please note that any amendments recommended by the HRTPO Board to the Administration cannot be of a policy nature. Technical amendments are related to new information that may come to light or new interpretations of previously existing information that may emerge that result in changing the wording of the legislation already passed and may involve minor changes in spelling or grammar or may include significant alterations.

Recommended Technical Amendments

- The City of Virginia Beach has transmitted a letter to Secretary Connaughton (attached) requesting clarification of the implications the following section has on localities:

Each county or city embraced in the Hampton Roads Region, as described in subsection B of § 33.1-23.5:3, shall expend or disburse for transportation purposes an amount that is at least equal to the total amount expended or disbursed for transportation purposes by the county or city in its fiscal year that began on July 1, 2007.

- In addition, the HRTPO staff recommends **amending** the last sentence of the following paragraph to *"The moneys deposited in the fund shall be used solely for new construction projects on new or existing roads in the Hampton Roads Region as identified by the approved Hampton Roads Transportation Planning Organization's Long-Range Transportation Plan (LRTP) and Transportation Improvement Program (TIP)."*

"§ 33.1-23.5:3. Hampton Roads Transportation Fund established.

A. There is hereby created in the state treasury a special nonreverting fund to be known as the Hampton Roads Transportation Fund, hereafter referred to as "the Fund." The Fund shall be established on the books of the Comptroller. All revenues dedicated to the Fund pursuant to § 58.1-638 and Chapter 22.1 (§ 58.1-2291 et seq.) of Title 58.1 shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. The moneys deposited in the fund shall be used solely for new construction projects on new or existing roads in the Hampton Roads Region as approved by the Hampton Roads Transportation Planning Organization."

Mr. Dwight L. Farmer, HRTPO Executive Director, will initiate discussion on this item.

Attachment 6 – City of Virginia Beach Technical Amendment letter

RECOMMENDED ACTION:

Approval of recommended technical amendments to HB2313 and authorization for the HRTPO Executive Director to submit these recommendations to the Secretary of Transportation.



City of Virginia Beach

WILLIAM D. SESSOMS, JR.
MAYOR

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February 26, 2013

The Honorable Sean T. Connaughton
Office of the Secretary of Transportation
Patrick Henry Building, 3rd Floor
1111 East Broad Street
Richmond, VA 23219

Subject: Inquiry concerning language in Conference Committee Report for HB2313

Dear Secretary Connaughton:

While we are greatly appreciative of the efforts needed to finalize the language related to the passage of the Conference Committee Report for HB2313 (HB2313H4), we would request confirmation of our understanding of this language from line 2631 of the bill:

“Each county or city embraced in the Hampton Roads Region, as described in subsection B of § 33.1-23.5:3, shall expend or disburse for transportation purposes an amount that is at least equal to the total amount expended or disbursed for transportation purposes by the county or city in its fiscal year that began on July 1, 2007.”

It is our interpretation that “expended or disbursed for transportation” is the local amount annually allocated in our Capital Improvement Program (CIP) by City Council to support transportation. Our understanding is the language does not include previous year’s allocations and is based solely on projects derived from local tax revenues set by City Council. For Virginia Beach, the July 1, 2007 (our fiscal year 2008) amount would be \$19.7 million.

If our understanding is correct this will require the City of Virginia Beach to put \$19.7 million toward transportation forever, regardless of need or burden. This in our mind represents an unfunded mandate requiring specific action and funding by future City Councils regardless of conditions in the economy, other priorities, or mandates that may require increasing local resources.

The Honorable Sean T. Connaughton
Subject: Inquiry concerning language in Conference Committee Report for HB2313
February 26, 2013
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If at all possible, please let us know if our interpretation is correct by March 5, so we may seek clarification through the veto process, if needed.

Sincerely,

A handwritten signature in black ink, appearing to read "Will Sessoms", with a long horizontal flourish extending to the right.

William D. Sessoms, Jr.
Mayor

c: The Honorable Members of the Virginia Beach General Assembly Delegation
Robert Matthias, Assistant to the City Manager
Catheryn Whitesell, Director, Management Services

ITEM #7: TECHNICAL AMENDMENT TO THE STATE BUDGET BILL

The City of Chesapeake has offered the following language for consideration as a technical amendment to the State Budget Bill.

- Replace “...*environmental assessment for the replacement of the I-64 High Rise Bridge in Chesapeake, Virginia*” with “*environmental assessment for the improvement of the I-64 corridor from I-664/264 to I-464, including replacement of the High Rise Bridge in Chesapeake, Virginia.*”

Mr. Dwight L. Farmer, HRTPO Executive Director, will initiate discussion on this item.

RECOMMENDED ACTION:

Approval of the recommended technical amendment to the State Budget Bill and authorization for the HRTPO Executive Director to submit this recommendation to the Secretary of Transportation.

ITEM #8: OLD/NEW BUSINESS