

# Special Report:

## Transportation Funding and Reform Package Dedicates Funds for Hampton Roads



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The transportation funding and reform package passed by the 2013 General Assembly means Hampton Roads will receive significant additional transportation funding for the first time in decades.

The 2013 General Assembly has put forth a comprehensive long-term transportation funding and reform package for Governor Bob McDonnell to sign into law. Once enacted, the plan will raise \$880 million in additional statewide 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. Of the \$3.5 billion in revenue generated statewide, approximately \$658 million would be generated in Hampton Roads. An additional \$175 - \$200 million will be generated annually for transportation projects in Hampton Roads through a dedicated gas tax and an increase in the regional sales tax, as shown in the table below:

An additional key provision of the transportation funding and reform package includes a dedicated funding source for the Mass Transit and Intercity Passenger Rail Fund - 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%). Amounts distributed - 40% for rail and 60% for transit.

**Additional Revenue Generated from HB 2313 (Millions \$)**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	5 - Year
<b>Additional Statewide Revenues<sup>1</sup></b>	<b>\$ 408.7</b>	<b>\$ 635.9</b>	<b>\$ 746.3</b>	<b>\$ 843.8</b>	<b>\$ 880.2</b>	<b>\$ 3,514.9</b>
<b>Hampton Roads Share of Additional Statewide Revenues</b>						
Elimination of 17.5¢-per-gallon motor fuels excise tax at the pump <sup>2</sup>	\$ (176.5)	\$ (177.6)	\$ (178.6)	\$ (179.7)	\$ (180.8)	\$ (893.2)
Implement 3.5% tax on the wholesale price of gasoline <sup>3</sup>	\$ 83.1	\$ 94.4	\$ 96.4	\$ 98.2	\$ 99.4	\$ 471.5
Implement 6% tax on the wholesale price of diesel <sup>3</sup>	\$ 43.2	\$ 50.8	\$ 53.5	\$ 56.8	\$ 60.1	\$ 264.4
Increase registration fee for alternative fuel vehicles to \$100 <sup>3</sup>	\$ 2.1	\$ 2.3	\$ 2.6	\$ 3.0	\$ 3.4	\$ 13.4
Increase motor vehicle sales tax from 3% to 4.3% (phase in 1%, 0.1%, 0.1%, 0.1%) <sup>4</sup>	\$ 34.9	\$ 42.4	\$ 47.2	\$ 52.8	\$ 52.8	\$ 230.1
Increase general sales tax by 0.3% from 5% to 5.3% <sup>5</sup>	\$ 52.6	\$ 54.2	\$ 55.8	\$ 57.4	\$ 59.2	\$ 279.2
Marketplace Equity Act (MEA) transportation share <sup>3</sup>	\$ 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% <sup>5</sup>	\$ 8.8	\$ 18.1	\$ 27.9	\$ 33.5	\$ 34.5	\$ 122.8
<b>Total</b>	<b>\$ 77.6</b>	<b>\$ 117.9</b>	<b>\$ 139.3</b>	<b>\$ 157.6</b>	<b>\$ 165.3</b>	<b>\$ 657.7</b>
<b>Regional Component of HB 2313: Revenue Generated in Hampton Roads</b>						
Increase Hampton Roads sales tax by 0.7% <sup>5</sup>	\$ 122.7	\$ 126.4	\$ 130.1	\$ 134.0	\$ 138.1	\$ 651.3
Implement 2.1% Hampton Roads tax on the wholesale price of gasoline <sup>3</sup>	\$ 49.9	\$ 56.6	\$ 57.8	\$ 58.9	\$ 59.6	\$ 282.8
<b>Total</b>	<b>\$ 172.6</b>	<b>\$ 183.0</b>	<b>\$ 187.9</b>	<b>\$ 192.9</b>	<b>\$ 197.7</b>	<b>\$ 934.1</b>

<sup>1</sup>Statewide revenue estimates provided by Senate Finance.

<sup>2</sup>Estimate assumes statewide average motor fuels consumption of 601 gallons per capita.

<sup>3</sup>Estimate based on statewide revenues provided by Senate Finance, prorated according to projected population.

<sup>4</sup>Estimate based on regional proportion of motor vehicle sales taxes generated in FY 2012, assuming a constant proportion of state-wide revenues.

<sup>5</sup>Estimate based on regional local option sales tax revenues.