

HRTPO CITIZEN TRANSPORTATION ADVISORY COMMITTEE

TRANSPORTATION FUNDING



Presented by:

Dwight L. Farmer, P.E.

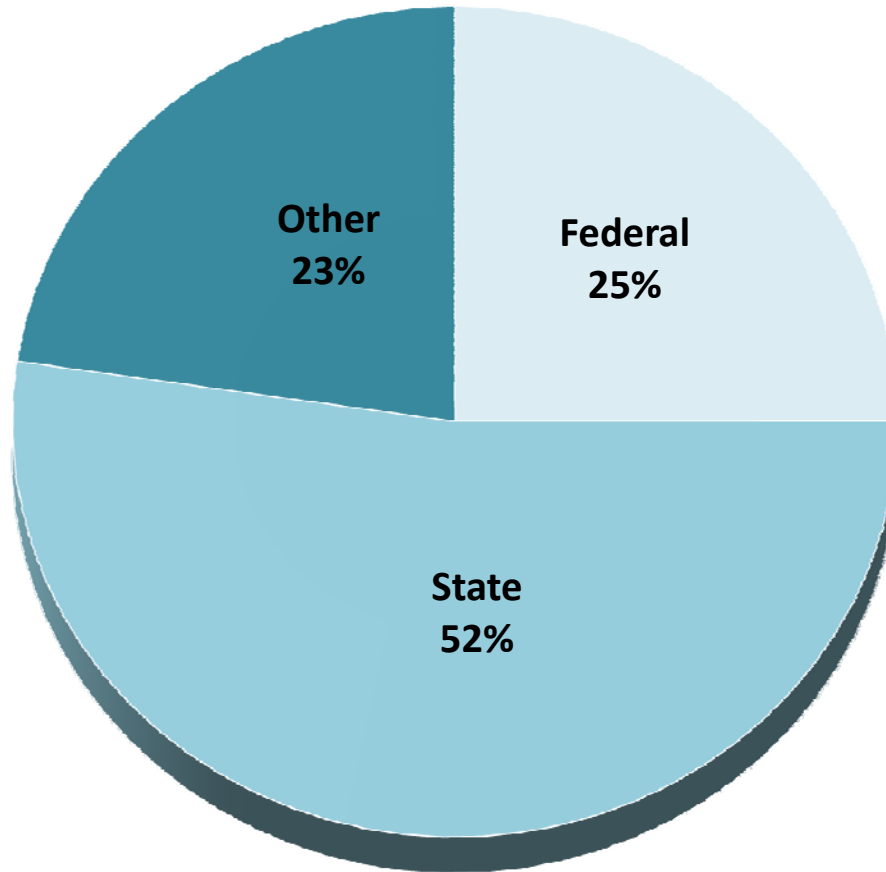
Executive Director/Secretary

Hampton Roads Transportation Planning Organization

May 13, 2010

TOTAL TRANSPORTATION REVENUES

VDOT FY 2010 Revenues: \$ 3,378,370,576



Note: "Other" revenue sources for construction include Conditional Prepayment Rate (CPR) bonds, Priority Transportation Fund, and toll facilities revenues.
Source: Virginia Department of Transportation.



COMMONWEALTH TRANSPORTATION FUND

The **Commonwealth Transportation Fund (CTF)** is a group of special revenue funds used to account for all revenues designated for highway operations, maintenance, construction, and related activities, excluding toll facilities. The 1986 Special Session of the General Assembly established the current transportation-funding framework.

**Highway
Maintenance and
Operating Fund**

**Transportation
Trust Fund**

**Priority
Transportation
Fund**

Federal Funds



STATE TRANSPORTATION FUNDS

The Code of Virginia requires the allocation of transportation revenues primarily between two funds, each designated for specific purposes: the **Highway Maintenance and Operating Fund (HMOF)** and the **Transportation Trust Fund (TTF)**.

The HMOF disburses funding for transportation infrastructure maintenance projects.

The TTF was established in 1986 to provide funding for capital improvements to all modes of Virginia's transportation system.



CODE SETS MAINTENANCE AS THE PRIORITY

Section 33.1-23.1 of the Code of Virginia requires the Commonwealth Transportation Board to allocate reasonable and necessary funding for highway maintenance, including maintenance payments to localities, prior to funding construction projects.



HMOF REVENUE SOURCES

HMOF Revenues Sources Revised FY 2010: \$1,776,250,590

State Taxes and User Fees

HMOF Portion

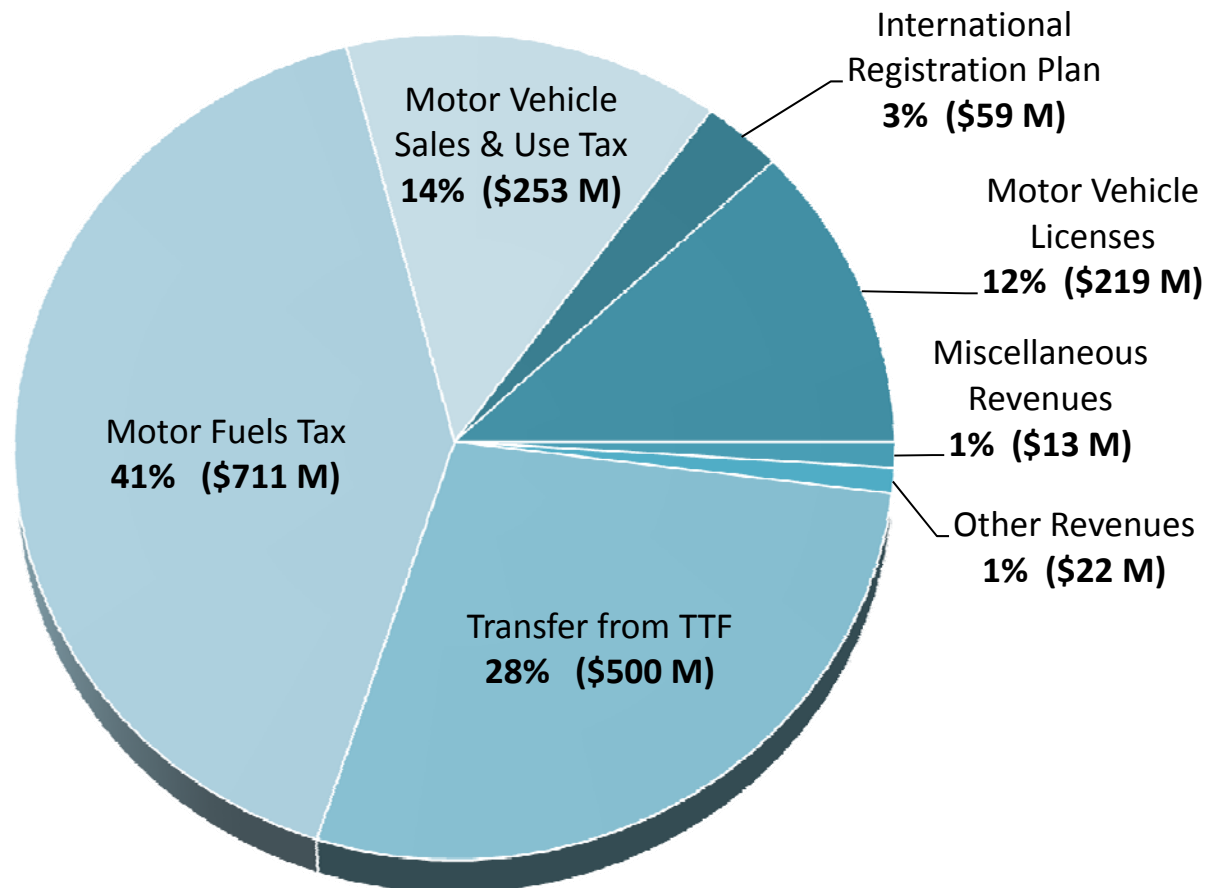
Gas Tax: 14.85 cents per gallon

Every 1 cent generates \$50 million in annual revenue

Vehicle Sales and Use Tax: 2%

Each percent generates about \$190 million in annual revenue

Vehicle License Fee: \$16

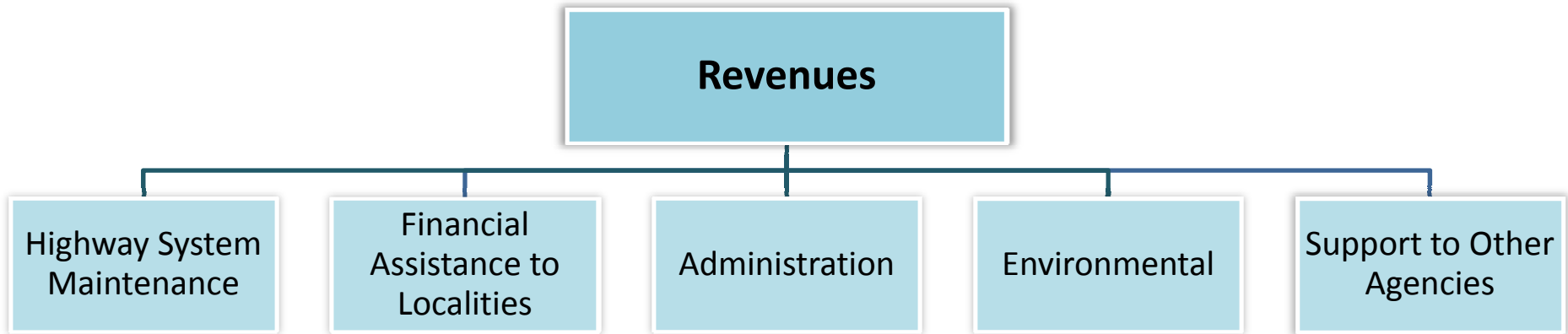


The HMOF receives most of the revenues generated by motor fuels tax, motor vehicle sales tax, and the annual vehicle license fee

Source: Virginia Department of Transportation, Revised Annual Budget FY 2009-2010.



HMOF USE OF FUNDS



Source: Virginia Department of Transportation.



HIGHWAY TTF FUNDS ALLOCATIONS

Section 33.1-23 of the Code of Virginia directs State highway construction funds to be allocated:

- First, any required Federal Interstate match
- Then, 5.67% of remainder to unpaved roads
- Of the remainder*:
 - 40% to the primary system
 - 30% to the secondary system
 - 80% distributed by population, 20% by land area
 - 30% to the urban system
 - 100% distributed by population

*The “remaining” funds for FY 2010 are zero dollars.



TTF REVENUE SOURCES

TTF Revenues by Source Revised FY 2010: \$1,759,734,079

State Taxes and User Fees

TTF Portion

Gas Tax: 2.5 cents per gallon

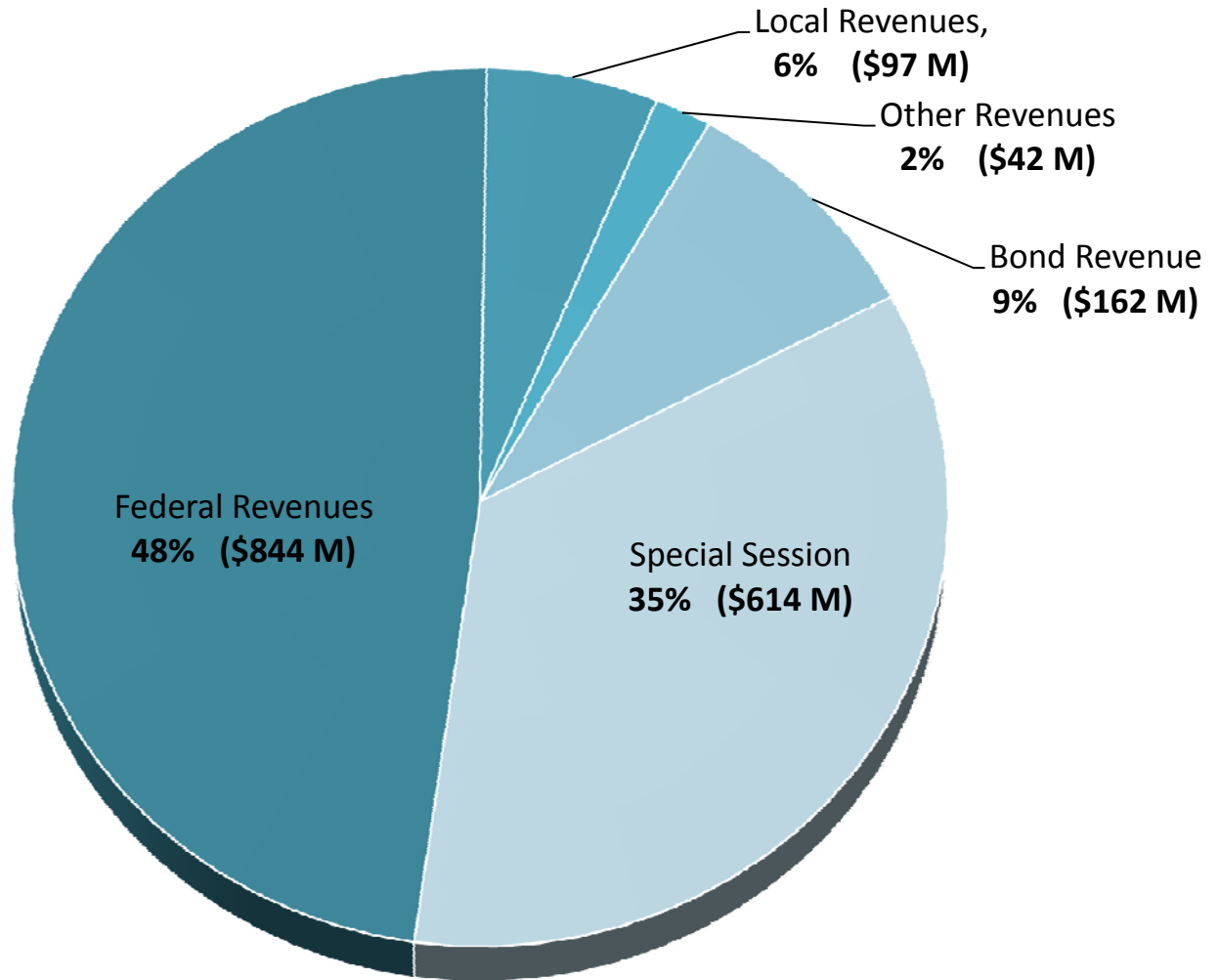
Every 1 cent generates \$50 million in annual revenue

Vehicle Sales and Use Tax: 1%

Each percent generates about \$190 million in annual revenue

Vehicle License Fee: \$3

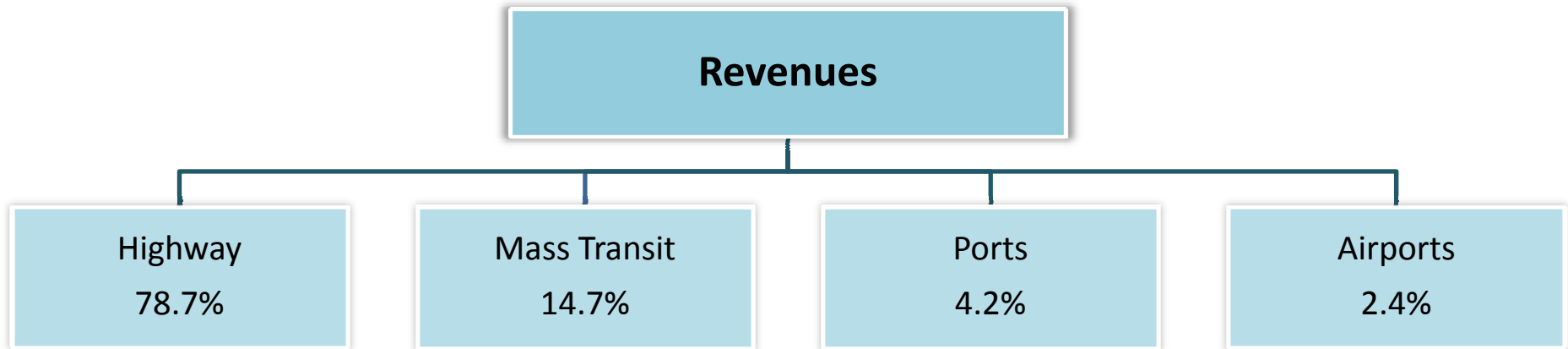
Sales and Use Tax: 0.5%



Source: Virginia Department of Transportation, Revised Annual Budget FY 2009-2010.



TTF USE OF FUNDS



Source: Virginia Department of Transportation.



SIX-YEAR IMPROVEMENT PROGRAM

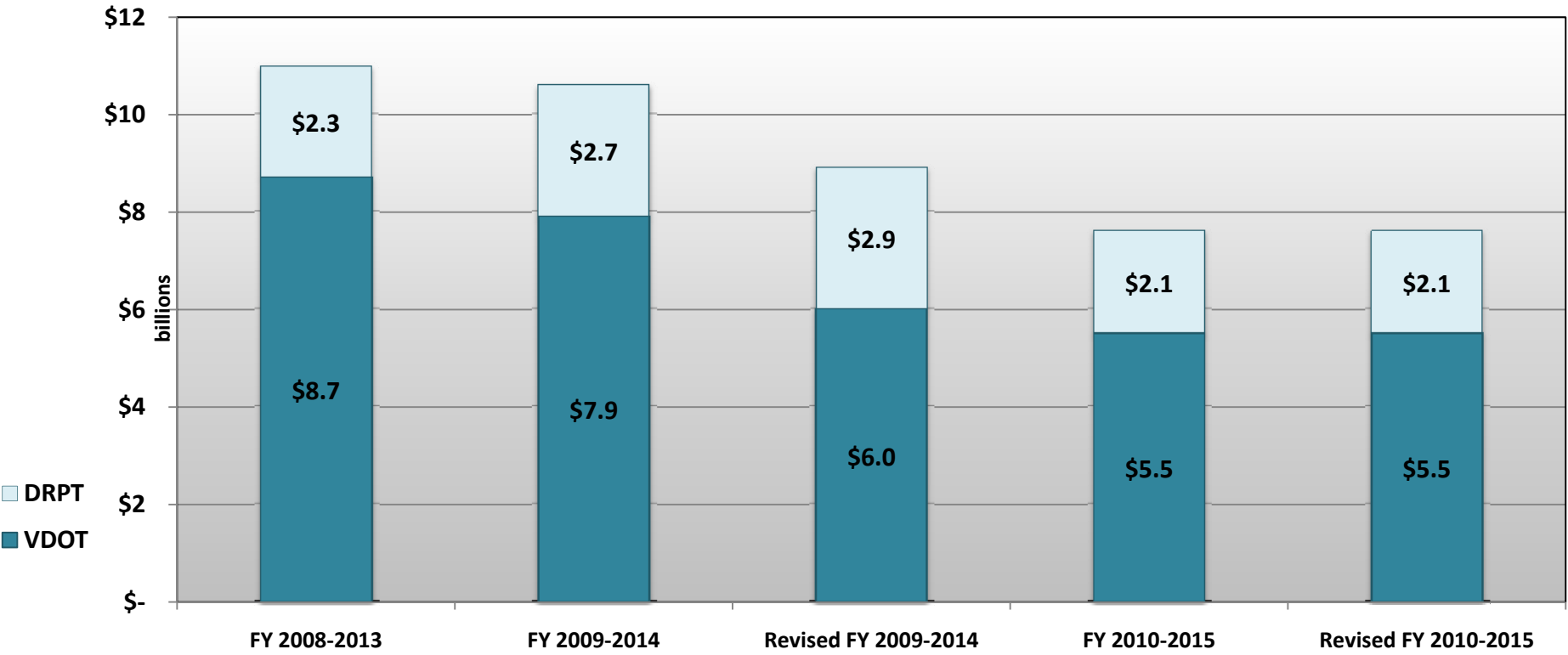
The **Six-Year Improvement Program (SYIP)** is the mechanism that the **Commonwealth Transportation Board (CTB)** uses to schedule and program projects. The SYIP allocates funds for transportation projects proposed for construction, development or study in the next six fiscal years. The program is updated annually.

The SYIP outlines the CTB's plan to distribute available funds for **ports, airports, public transit, rail, and prioritized highway construction** projects.

The SYIP includes funding for the **interstate, primary, urban, and secondary systems, public transportation, and other Federal and state transportation programs.**



FUNDING CHALLENGES: DECLINING STATE FUNDING



Source: Virginia Department of Transportation and Virginia Department of Rail and Public Transportation.



REVISED FINAL FY 2010-2015: ALL SYSTEMS

Annual Funding Allocations: All Systems

Revised Final FY 2010-2015 SYIP

Funding Allocation Summary (\$ millions)

District	FY 2010		FY 2011		FY 2012		FY 2013		FY 2014		FY 2015		FY 2010-2015	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Bristol	\$ 63.8	5.7%	\$ 58.0	5.7%	\$ 54.7	5.1%	\$ 55.8	5.5%	\$ 80.6	8.1%	\$ 84.8	8.7%	\$ 397.6	6.4%
Culpeper	\$ 22.2	2.0%	\$ 13.6	1.3%	\$ 14.7	1.4%	\$ 13.3	1.3%	\$ 7.3	0.7%	\$ 5.7	0.6%	\$ 76.9	1.2%
Fredericksburg	\$ 30.1	2.7%	\$ 17.9	1.8%	\$ 19.8	1.8%	\$ 23.2	2.3%	\$ 20.1	2.0%	\$ 41.7	4.3%	\$ 152.8	2.5%
Hampton Roads	\$ 96.4	8.7%	\$ 78.8	7.7%	\$ 135.3	12.5%	\$ 156.1	15.5%	\$ 179.7	18.1%	\$ 156.9	16.2%	\$ 803.2	13.0%
Lynchburg	\$ 24.6	2.2%	\$ 16.9	1.7%	\$ 14.4	1.3%	\$ 13.6	1.4%	\$ 13.7	1.4%	\$ 14.7	1.5%	\$ 98.0	1.6%
Northern VA	\$ 349.3	31.4%	\$ 359.4	35.3%	\$ 343.2	31.8%	\$ 198.8	19.8%	\$ 137.5	13.8%	\$ 106.2	10.9%	\$ 1,494.4	24.2%
Richmond	\$ 82.4	7.4%	\$ 49.8	4.9%	\$ 53.7	5.0%	\$ 67.0	6.7%	\$ 71.3	7.2%	\$ 50.3	5.2%	\$ 374.6	6.1%
Salem	\$ 50.1	4.5%	\$ 30.0	2.9%	\$ 33.6	3.1%	\$ 46.5	4.6%	\$ 33.7	3.4%	\$ 53.0	5.5%	\$ 246.9	4.0%
Staunton	\$ 45.7	4.1%	\$ 30.2	3.0%	\$ 29.9	2.8%	\$ 32.1	3.2%	\$ 20.9	2.1%	\$ 14.8	1.5%	\$ 173.7	2.8%
ARRA 2009 Projects	\$ 15.1	1.4%	\$ 2.0	0.2%	\$ 1.0	0.1%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 18.1	0.3%
Statewide Projects	\$ 334.7	30.0%	\$ 362.8	35.6%	\$ 379.9	35.2%	\$ 399.9	39.7%	\$ 429.7	43.2%	\$ 443.2	45.6%	\$ 2,350.1	38.0%
Grand Total	\$ 1,114.2	100%	\$ 1,019.5	100%	\$ 1,080.2	100%	\$ 1,006.4	100%	\$ 994.5	100%	\$ 971.3	100%	\$ 6,186.2	100%

Source: Revised Final FY 2010-2015 SYIP, Approved 12/17/09.



REVISED FINAL FY 2010-2015: INTERSTATE

Annual Interstate Funding Allocations: Interstate System only

Revised Final FY 2010-2015 SYIP
Funding Allocation Summary (\$ millions)

District	FY 2010		FY 2011		FY 2012		FY 2013		FY 2014		FY 2015		FY 2010-2015	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Bristol	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 19.2	11.4%	\$ 29.3	13.0%	\$ 48.5	3.3%
Culpeper	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Fredericksburg	\$ 7.9	2.7%	\$ 0.6	0.2%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 4.0	1.8%	\$ 12.5	0.9%
Hampton Roads	\$ 12.4	4.2%	\$ 2.4	0.9%	\$ 16.1	5.3%	\$ 35.1	18.1%	\$ 57.5	34.3%	\$ 101.0	44.9%	\$ 224.4	15.4%
Lynchburg	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Northern VA	\$ 221.6	75.7%	\$ 253.8	92.3%	\$ 252.8	83.5%	\$ 125.0	64.6%	\$ 61.7	36.8%	\$ 50.5	22.4%	\$ 965.6	66.3%
Richmond	\$ 24.3	8.3%	\$ 12.7	4.6%	\$ 16.7	5.5%	\$ 20.5	10.6%	\$ 10.8	6.4%	\$ 8.3	3.7%	\$ 93.4	6.4%
Salem	\$ 7.7	2.6%	\$ -	0.0%	\$ 10.4	3.4%	\$ 5.8	3.0%	\$ 18.5	11.0%	\$ 31.0	13.8%	\$ 73.4	5.0%
Staunton	\$ 12.4	4.2%	\$ 5.4	2.0%	\$ 6.7	2.2%	\$ 7.2	3.7%	\$ -	0.0%	\$ 1.0	0.4%	\$ 32.7	2.2%
ARRA 2009 Projects	\$ 4.5	1.5%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 4.5	0.3%
Statewide Projects	\$ 2.2	0.7%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 2.2	0.1%
Grand Total	\$ 293.0	100%	\$ 275.0	100%	\$ 302.7	100%	\$ 193.6	100%	\$ 167.8	100%	\$ 225.1	100%	\$ 1,457.1	100%

Source: Revised Final FY 2010-2015 SYIP, Approved 12/17/09.



REVISED FINAL FY 2010-2015: NON-INTERSTATE

Annual Funding Allocations: Non-Interstate System only

Revised Final FY 2010-2015 SYIP
Funding Allocation Summary (\$ millions)

District	FY 2010		FY 2011		FY 2012		FY 2013		FY 2014		FY 2015		FY 2010-2015	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Bristol	\$ 63.8	7.8%	\$ 58.0	7.8%	\$ 55.0	7.0%	\$ 56.0	6.7%	\$ 61.4	7.4%	\$ 55.5	7.4%	\$ 349.1	7.4%
Culpepper	\$ 22.1	2.7%	\$ 14.0	1.8%	\$ 15.0	1.9%	\$ 13.3	1.6%	\$ 7.3	0.9%	\$ 6.0	0.8%	\$ 77.0	1.6%
Fredericksburg	\$ 22.1	2.7%	\$ 17.3	2.3%	\$ 20.0	2.5%	\$ 23.2	2.8%	\$ 20.1	2.4%	\$ 38.0	5.1%	\$ 140.3	3.0%
Hampton Roads	\$ 84.0	10.2%	\$ 76.4	10.3%	\$ 119.2	15.3%	\$ 121.0	14.6%	\$ 122.1	14.8%	\$ 56.0	7.5%	\$ 579.0	12.2%
Lynchburg	\$ 24.6	3.0%	\$ 17.0	2.3%	\$ 14.4	1.9%	\$ 14.0	1.6%	\$ 13.7	1.7%	\$ 15.0	2.0%	\$ 98.0	2.1%
Northern VA	\$ 127.7	15.5%	\$ 106.0	14.2%	\$ 90.3	11.6%	\$ 74.0	8.9%	\$ 75.8	9.2%	\$ 56.0	7.5%	\$ 529.0	11.2%
Richmond	\$ 58.0	7.1%	\$ 37.1	5.0%	\$ 37.3	4.8%	\$ 47.0	5.6%	\$ 61.0	7.3%	\$ 42.0	5.6%	\$ 281.2	5.9%
Salem	\$ 42.4	5.2%	\$ 30.0	4.0%	\$ 23.2	3.0%	\$ 41.0	4.9%	\$ 15.2	1.8%	\$ 22.0	2.9%	\$ 174.0	3.7%
Staunton	\$ 33.4	4.1%	\$ 25.0	3.3%	\$ 23.2	3.0%	\$ 25.0	3.0%	\$ 21.0	2.5%	\$ 14.0	1.8%	\$ 141.0	3.0%
ARRA 2009 Projects	\$ 10.6	1.3%	\$ 2.0	0.3%	\$ 1.0	0.1%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 14.0	0.3%
Statewide Projects	\$ 332.5	40.5%	\$ 363.0	48.7%	\$ 380.0	48.9%	\$ 400.0	48.4%	\$ 430.0	52.0%	\$ 443.2	59.4%	\$ 2,348.0	49.6%
Grand Total	\$ 821.3	100%	\$ 745.0	100%	\$ 778.0	100%	\$ 823.0	98%	\$ 827.0	100%	\$ 746.2	100%	\$ 4,729.2	100%

Source: Revised Final FY 2010-2015 SYIP, Approved 12/17/09.



INADEQUATE MAINTENANCE FUNDS

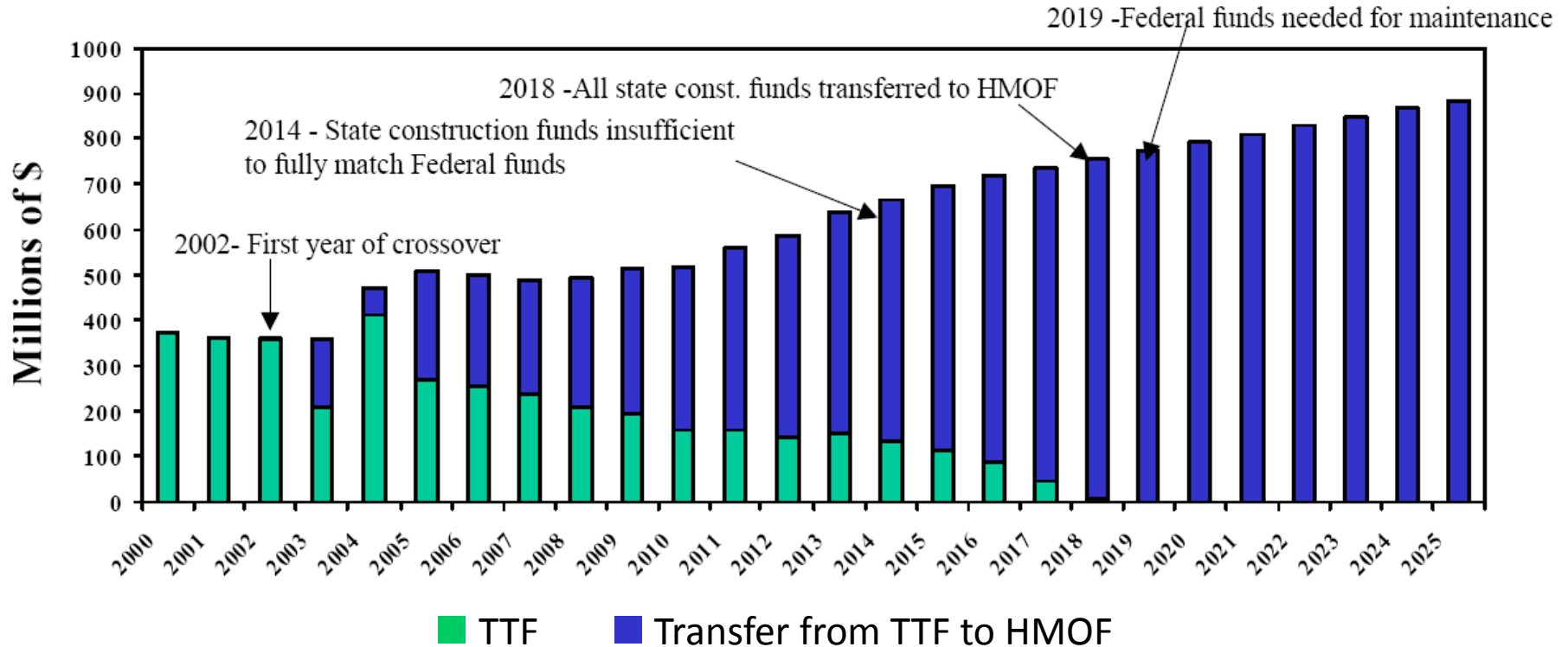
- Historically since 1987, residual funds have been transferred annually from the HMOF (maintenance) to the TTF (construction). (\$250+ million)
- Since 2002, the Maintenance fund has required a transfer from the Construction fund.
- In 2010, \$500 million was transferred from the Construction fund to the Maintenance fund.
- This has resulted in a net loss for the Construction fund of over \$750 million a year.



TTF TRANSFER TO FUND HMOF

Since Fiscal Year 2002, the HMOF has required transfers from the TTF to cover the needs of the HMOF.

State Construction Dollars to HMOF



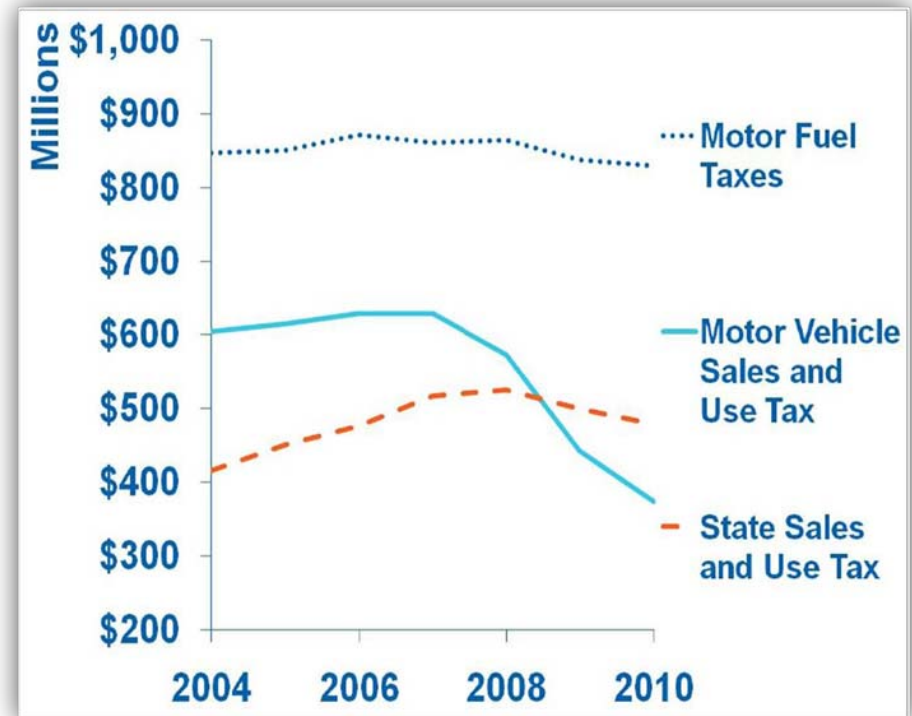
Source: VTrans 2025.



FUNDING CHALLENGES: DECLINING REVENUE SOURCES

Economic conditions affect transportation revenue sources differently

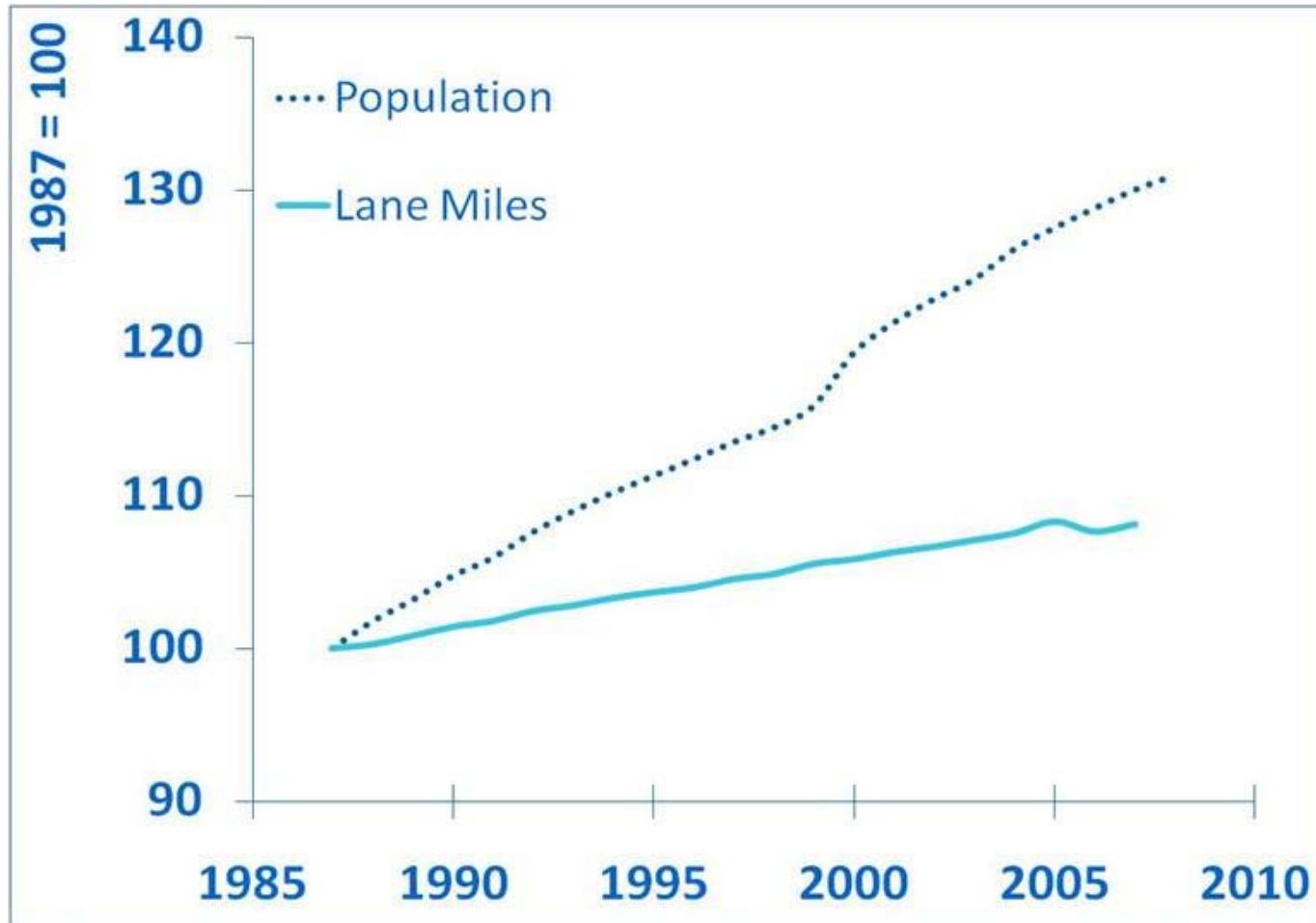
- **Gasoline consumption is down** largely due to high unemployment rates and reduced consumer spending.
- **Motor Vehicle Sales and Use Tax has also declined** as car sales slowed. The FY 2010 forecast represents a 39% decline from the peak in FY 2005.



Source: Virginia Department of Transportation.



POPULATION OUTPACES TRANSPORTATION SYSTEM EXPANSION

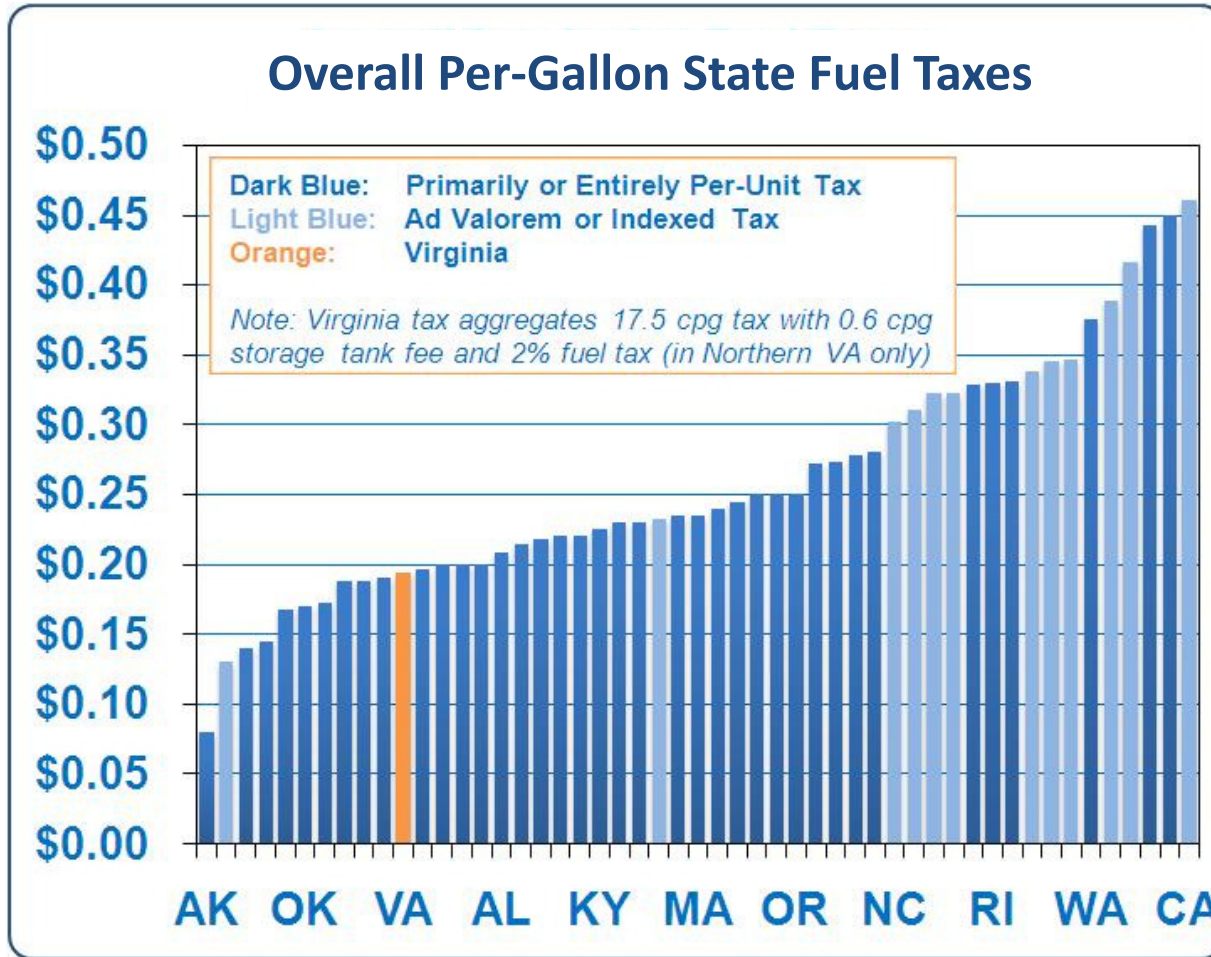


Source: VTrans 2035.



FUNDING CHALLENGES

Virginia drivers pay 9th lowest in fuel tax



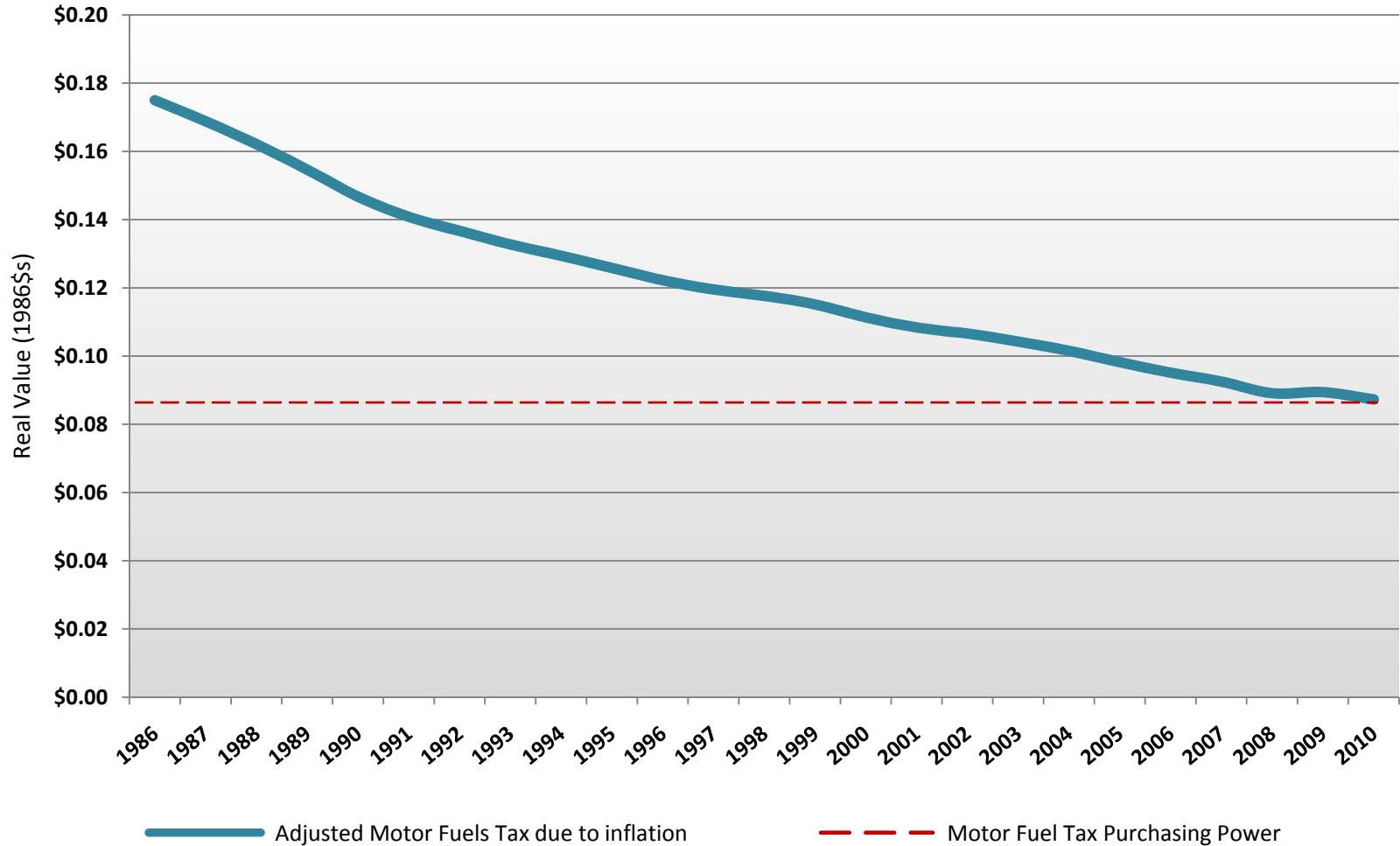
Source: American Petroleum Institute, 7/6/2009.



FUNDING CHALLENGES

Dwindling Purchasing Power of Virginia's Motor Fuels Tax Rate

In terms of buying power, the 17.5¢ tax per gallon in 1987 is now equivalent to a tax of only about 8¢ per gallon in 2010.



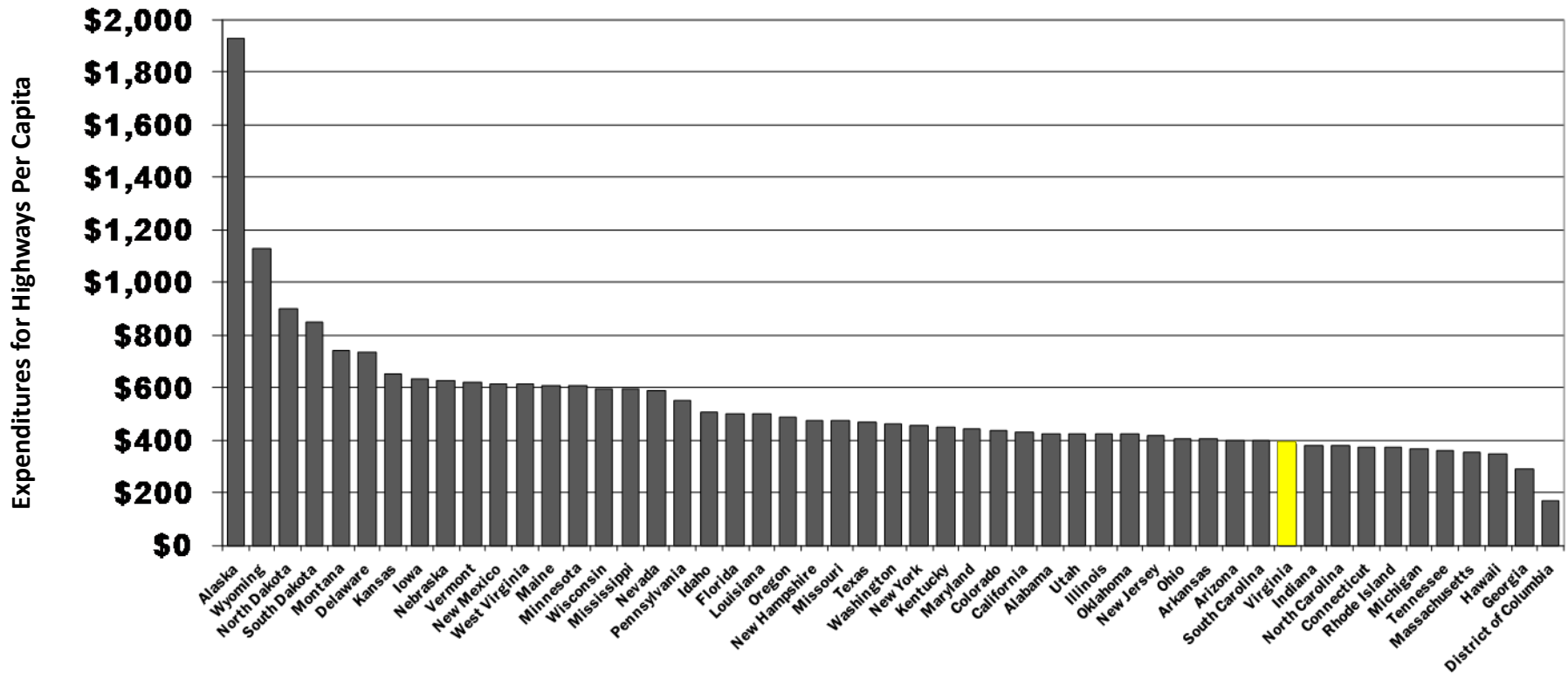
Source: HRPDC.



HIGHWAY EXPENDITURES PER CAPITA BY STATE

2006

(includes State and Local Government Expenditures)



Source: Bureau of Transportation Statistics, 2006.



QUESTIONS

