

## NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

### MEMORANDUM

**FOR:** Chairman Martin E. Nohe and Members  
Northern Virginia Transportation Authority

**FROM:** Mayor Parrish, Chair – NVTA Finance Committee

**DATE:** May 4, 2018

**SUBJECT:** Revised Revenue Projections FY2019 through FY2023

**1. Purpose:** To seek the Northern Virginia Transportation Authority (NVTA) approval of proposed revenue projection revisions for FY2019 through FY2023. These revisions are necessitated by changes to the NVTA's revenue stream enacted as part of the HB 1539. The NVTA Finance Committee met on May 2, 2018 and unanimously recommended Authority adoption of the revenue projection revisions.

**2. Suggested Motion:** *I move the Authority adoption of the revised FY2019 - FY2023 revenue projections.*

**3. Background:**

- a. The Finance Committee recommended the original FY2018 through FY2023 Revenue Projections to the Authority in October 2017.
- b. The Authority adopted the proposed estimates, which are now required to be revised due to changes made by the General Assembly in the NVTA revenue stream.
- c. Changes in the revenue stream result in the elimination of all Transient Occupancy Tax (TOT) and Grantors Tax revenues, effective in FY2019.
- d. Revenue projections are the initial step in determining the amount of Regional Revenue Fund PayGo resources available for the Authority's FY2018 - FY2023 Six Year Program (SYP).
- e. Since the underlying economics of the original estimates have not changed, NVTA staff recalculated the original estimates based on the TOT and Grantor's Tax elimination.
- f. The table below shows the originally adopted projections:

<b>Northern Virginia Transportation Authority</b>							
NVTA Revenue	FY2018 Projection	FY2019 Projection	FY2020 Projection	FY2021 Projection	FY2022 Projection	FY2023 Projection	Total Revenues FY 2018 - 2023
<b>Sales Tax</b>	\$ 253,421,494	\$ 258,926,224	\$ 265,846,393	\$ 272,982,830	\$ 280,453,992	\$ 288,142,662	\$ 1,619,773,594
<b>Transient Occ. Tax</b>	\$ 30,218,980	\$ 31,034,154	\$ 31,748,477	\$ 32,570,413	\$ 33,330,749	\$ 34,159,837	\$ 193,062,611
<b>Grantors Tax</b>	\$ 44,616,624	\$ 45,167,888	\$ 45,819,213	\$ 46,377,477	\$ 47,043,160	\$ 47,614,206	\$ 276,638,568
<b>Total Revenue</b>	\$ 328,257,098	\$ 335,128,266	\$ 343,414,083	\$ 351,930,721	\$ 360,827,901	\$ 369,916,705	\$ 2,089,474,773
<b>70% Regional Revenue</b>	\$ 229,779,968	\$ 234,589,786	\$ 240,389,858	\$ 246,351,504	\$ 252,579,531	\$ 258,941,694	\$ 1,462,632,341
<b>30% Local Distribution</b>	\$ 98,477,129	\$ 100,538,480	\$ 103,024,225	\$ 105,579,216	\$ 108,248,370	\$ 110,975,012	\$ 626,842,432
<b>Year to Year % Change</b>		2.09%	2.47%	2.48%	2.53%	2.52%	

- g. The following table shows the proposed revised revenue amounts. (There are no changes to the FY2018 amounts since the legislative changes are effective starting in FY2019.)

Northern Virginia Transportation Authority							
Proposed Revised Revenue Projections							
NVTA Revenue	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	Six Year Totals
Sales Tax	\$ 253,421,493	\$ 258,926,225	\$ 265,846,393	\$ 272,982,830	\$ 280,453,992	\$ 288,142,662	\$ 1,619,773,595
Transient Occ. Tax	\$ 30,218,980						\$ 30,218,980
Grantors Tax	\$ 44,616,624						\$ 44,616,624
<b>Total Revenue</b>	<b>\$ 328,257,097</b>	<b>\$ 258,926,225</b>	<b>\$ 265,846,393</b>	<b>\$ 272,982,830</b>	<b>\$ 280,453,992</b>	<b>\$ 288,142,662</b>	<b>\$ 1,694,609,199</b>
70% Regional Revenue	\$ 229,779,968	\$ 181,248,358	\$ 186,092,475	\$ 191,087,981	\$ 196,317,794	\$ 201,699,863	\$ 1,186,226,439
30% Local distribution	\$ 98,477,129	\$ 77,677,868	\$ 79,753,918	\$ 81,894,849	\$ 84,136,198	\$ 86,442,799	\$ 508,382,760
Year to Year % Change		-21.12%	2.67%	2.68%	2.74%	2.74%	

- h. The General Assembly action results in:
- i. Elimination of TOT results in a \$163 million reduction in revenue and a \$114 million reduction in funds available for the SYP.
  - ii. Elimination of Grantor’s Tax results in a \$232 million reduction in revenue, and a \$162 million reduction in funds available for the SYP.
  - iii. The total revenue reduction of \$395 million results in an average annual revenue reduction of \$79 million and a reduction of \$276 million in funds available for the SYP.

**4. Next Steps**

- a. The revised revenue projections for FY2019 through FY2023, permit NVTA staff to present proposed Regional Revenue Fund and Local Distribution Fund Budgets.
- b. The Regional Revenue Fund Budget will permit the finalization of the PayGo availability projections for the SYP.
- c. The Six Year Program Funding Strategy will be built on the Regional Revenue and PayGo projections.
- d. The legislative changes in the Authority’s revenue stream will trigger a mandatory disclosure event to be posted on the Municipal Securities Rulemaking Board (MSRB), Electronic Municipal Market Access (EMMA) system. Depending on the timing of the finalization of the Commonwealth action, this disclosure may be required to be posted prior to the next Finance Committee and/or Authority meeting.
- e. Revising the revenue estimates will require an additional mandatory disclosure on MSRB/EMMA, after Authority adoption of the revisions. This disclosure must occur within ten days of the Authority’s adoption of the revised revenue projections.