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RE: Final Highlights from the 2020 Virginia General Assembly Session

Purpose. To inform the Northern Virginia Transportation Authority (NVTa) of the final highlights from the 2020 Virginia General Assembly Session.

Background. The Northern Virginia Transportation Authority (the Authority) had two legislative priorities for the 2020 Legislative Session;

- 1) RESTORE LONG TERM FUNDING TO THE AUTHORITY
- 2) AMEND THE VIRGINIA INVESTMENT OF PUBLIC FUNDS ACT TO INCLUDE FITCH RATINGS

Both initiatives were successful in the 2020 Virginia General Assembly session:

- The General Assembly and Governor Northam have approved HB 1414/SB 890 which not only provide additional state transportation funds but contain provisions that when fully implemented, will provide \$50 million each year towards replacing Authority revenue diverted to the Metro Capital Fund. The funding meets several of the Authority's goals, chief of which the provisions include \$20 million of statewide funds.
- The General Assembly adopted and the Governor signed HB 1587, which allows the Authority to use ratings from Fitch Ratings along with Standard and Poors, and Moody's when considering investment of Authority funds. House Bill 1587 is effective July 1, 2020.

HB 1414/SB 890 -The economic consequences of COVID-19 and related concerns for when the economy will recover moved Governor Northam to delay imposition of some of the provisions related to Authority funding in the bills. The timing of the Authority's new funding will occur according to the schedule noted below:

- July 1, 2020 – The Authority gets \$20 million each year from the statewide Commonwealth Transportation Fund. This money comes off the top. No local match is required.
- July 1, 2020 – A new \$.05/\$100 regional grantors tax is imposed and revenue is allocated to the Authority. This is imposed in Planning District 8.

- May 1, 2021 – Several provisions become effective that will secure the full \$30 million in annual regional grantors tax revenue for the Authority while minimizing negative impact for the Metro Capital Fund or non-Metro localities:
 - The Authority regional grantors tax increases to \$.10/\$100
 - For Metro Compact localities:
 - Metro Capital Fund grantors tax reduced to \$.10/\$100
 - Metro Capital Fund Transient Occupancy Tax increased to 3%
 - For Prince William, Manassas and Manassas Park the changes include funding must be dedicated 2/3 to public transportation and 1/3 for transportation purposes
 - Grantors tax reduced to \$.10/\$100
 - Transient Occupancy Tax increased to 3%
 - The delay in the TOT increases recognizes the substantial negative impact of COVID-19 on the hospitality industry. The governor delayed all TOT increases in any bills until May 1, 2021.

New Statewide Funding and the creation of new Authorities. The General Assembly and the Governor approved new statewide and regional transportation funding including a new regional transportation authority for the Richmond region. Northern Virginia should benefit significantly from new statewide funding for multimodal projects including up to \$1 billion in authorized debt to help finance the Long Bridge expansion project. And Hampton Roads secured new dedicated funding for its regional transit system – something they did not achieve in HB 2313.

Details of the new statewide and regional transportation initiatives reflected below.

- Stabilizes state fuel taxes so they continue to be significant sources of funding for transportation; effective July 1, 2020
 - Converts statewide and regional fuel taxes to a cents per gallon structure
 - Increases the state fuel tax by 10 cents per gallon over two years
 - At end of increase, indexes fuel taxes to the Consumer Price Index
- Imposes a regional 7.6-cent per gallon regional fuel tax in every locality that does not have such a tax increase; effective July 1, 2020
 - These funds will be deposited in the Regional Transportation District fund where revenue is raised and programmed by the Commonwealth Transportation Board.
- Creates a new Highway Use Fee and Mileage-Based User Fee Program for high fuel efficiency or electric vehicles designed to expand how these vehicles support transportation in the Commonwealth.
- Reduces statewide transportation revenue in two ways
 - Annual vehicle registration fee is reduced \$10 in every category
 - Eliminates the DMV \$5 surcharge for transaction conducted at the office vs. online
- Central Virginia Transportation Authority

- Impacting jurisdictions in Planning District 15: Richmond City, Town of Ashland, Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent and Powhatan
- The revenue sources:
 - .7% increase in the sales and use tax; effective October 1, 2020
 - 7.6 cents per gallon regional tax on gas indexed to CPI; effective July 1, 2020
- Distribution of revenue
 - 35% to the new Authority
 - 15% to the Greater Richmond Transit Company for transit and mobility services in Planning District 15
 - 50% returned to the localities proportionally to be used to improve transit and local mobility, construction, maintenance or expansion of roads, sidewalk and trails
- New Funding for Hampton Roads Transit Needs
 - The revenue sources:
 - \$.06/\$100 grantors tax ; effective July 1, 2020
 - 1% transient occupancy tax; effective May 1, 2021
 - \$20 million each year from state recordation tax revenues; effective July 1, 2020
 - HRTAC programs the revenue to develop, maintain and improve a core regional network of transit routes and related infrastructure based on an adopted regional transit plan.

Clarifying Open Meeting Authority. The last success of the session was language clarifying that the Authority and other public bodies can meet electronically during a declared governor announced state of emergency to conduct ordinary business as defined by their authorizing statutes. The language was placed in both budget bills for fiscal years 2020, 2021 and 2022. The provisions became effective April 24, 2020 when Governor Northam signed the FY 2020 budget bill. Legislation to create a permanent structure could be considered in 2021.