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JOHN WATKINS SUMMARIZES TRANSPORTATION PLAN

Now that the 2007 Session of the Virginia General Assembly has come to an end and the Governor and Assembly have finished with the disposition of his amendments, I felt that it would be important to provide a detailed summary of the transportation plan as it has finally emerged. The Governor's amendments were overwhelmingly accepted during the veto session this past week. The resulting changes will provide, at least, a short-term fix for the transportation needs of Virginia. Currently the legislation provides up to \$65 Million a year from the General Fund plus an additional 2/3 of any General Fund surplus. Out of the \$65 Million, \$44 Million will go to transit operating funds; \$21 Million will go to highway maintenance funds. All of the 2/3 of the surplus will go to the Transportation Trust Fund to construct roads. The legislation also includes the authorization for up to \$3 Billion in bonds for road construction for urban and secondary roads, federal match and revenue sharing. This bond package will be paid back by the dedication of 1/3 of the insurance premium tax. These funds traditionally were General Funds. Twenty percent (20%) of the bond package will go to transit capital and operating. Four and three-tenths percent (4.3%) will go to rail.

New sources of revenues that will be directed to transportation are the abusive driving fees, which could potentially raise \$60 Million per year statewide. These fees are in addition to existing penalties for various traffic offenses to include DUI, reckless driving, felony charges as a result of operating a vehicle and the accumulation of greater than eight points on your DMV record. There is an additional \$10 registration fee on all vehicles which will add approximately \$60 Million a year for cars and light trucks and approximately \$27 Million a year for heavy trucks and trailers. There will also be additional weight fees for heavy trucks and trailers. On fuel tax there is a 1½ ¢ per gallon increase in diesel fuel road tax, which will amount to approximately \$21 Million a year.

Included in the legislation are regional "self-help" packages for Northern Virginia and Hampton Roads. In Northern Virginia, the transportation authority may raise additional revenues from an additional 40¢ grantor's tax on real estate sales, a 2% vehicle rental tax, a \$10 additional inspection fee, a 1% additional vehicle registration fee, an additional \$10 regional registration as well as a 2% transient occupancy tax increase and the imposition of sales tax on all auto repair labor. In addition to that, the individual localities in Northern Virginia may also add a commercial real estate surcharge, additional vehicle registration fee and a commercial and residential impact fee. All of these fees in Northern Virginia will be allocated with 40% going to local road and transit needs and 60% going to regional needs such as the Metro System, the Virginia Railway Express System and priority regional highway projects.

In Hampton Roads, the legislation authorizes the regional authority, if 51% of the population and 7 of the 12 localities agree, to impose a 2% gas tax, a 40¢ grantor's tax on real estate sales, a 2% vehicle rental tax, a \$10 additional inspection fee, a 1% additional vehicle registration fee, a \$10 regional registration fee, and again the imposition of sales tax on auto repair labor. Additionally, individual localities may impose a commercial real estate surcharge, additional local vehicle registration, and a commercial and residential impact fee. These new revenues will primarily be used to improve or rebuild U.S. Route 460, Interstate 64, Southeastern Parkway, Dominion Boulevard, U.S. Route 17 and Interstate 664. Other projects will include downtown and mid-town tunnels and Interstate 564 and Craney Island Connectors.

In addition the legislation provided authorization for the expansion of urban development areas to 70 localities with significant growth. This potentially could expand certain impact fee authorizations beyond the Hampton Roads and Northern Virginia areas. These impact fees could only be implemented in those areas beyond Northern Virginia and Hampton Roads where the jurisdiction would be required to provide maintenance for any areas of the locality in which impact fees are assessed. Under the criteria established in the legislation, Amelia County, Chesterfield County, Henrico County, Powhatan County and Goochland County would be authorized to establish urban development areas and impose impact fees if they picked up the road maintenance in those areas.

This legislation will be effective July 1, 2007. It passed in the Senate by a vote of 29-10-1, and in the House it passed by a vote of 85-15. There are many detailed sections to this legislation, and this explanation is broad but provides a candid evaluation of the agreed-to legislation.

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