Transportation Financing: Decade of Difference

November 22, 2019
Transportation Infrastructure Investments Support Multiple Public Policy Objectives

- Mobility Options
- Broadband Deployment
- Global Commerce / Economic Development
- Energy / Emissions
- Labor / Workforce
- STEM Applications / Autonomous Systems
Virginia’s Transportation Programs: Air, Land, Sea & Space

Department of Transportation
- 128,500 lane miles
- 21,000 bridges and structures
- 25 Special Structures
- 41 rest areas / welcome centers
- 114 commuter parking lots
- 7,735 FTEs

Department of Rail and Public Transportation
- 173.5 million passenger trips
- 125 billion ton-miles of freight
- 27,000 jobs

Virginia Port Authority
- 6 commercial facilities
- 2.9 million TEUs
- $1.1 billion local taxes
- 343,000 jobs

Department of Motor Vehicles
- $2.9 billion revenue
- 5.9 million licensed drivers
- 8.4 million registered vehicles
- 75 customer service centers
- 13 weigh stations
- 2,080 FTEs

Department of Motor Vehicle Dealer Board
- 4,450 automobile dealers
- 19,000 licensed salespersons

Commercial Spaceflight Authority
- 2 launch facilities
- Payload Processing Facility
- Dedicated UMS Testbed

Motor Vehicle Dealer Board
- 4,450 automobile dealers
- 19,000 licensed salespersons

Department of Aviation
- 66 public airports
- 27 million enplanements
- 3,400 registered aircraft
- 147,000 jobs

FY20 Appropriation
$7.7 billion

Population
8.4 million
Topics:

Transportation Funding & Where the Money Goes
Recent Legislative Activity
Challenges to Funding Sustainability
2020 Outlook
Transportation Funding is Complicated

Source: Virginia Department of Transportation.
Transportation Spending is Complex

Highway Maintenance and Operating Fund (HMOF)
- Highway Maintenance and Operations
- Financial Assistance to Localities
- Administration
- Support to Other Agencies

Transportation Trust Fund (TTF) for Modal Distribution
- Mass Transit 14.7%
- Ports 4.2%
- Airports 2.4%
- Highways 78.7%

Priority Transportation Fund (PTF)
- CPR Debt Service
- Operating
- Capital
- Special

Mass Transit (Application Based)
- Operating
- Capital
- Special

Intercity Passenger Rail Operating and Capital Fund (IPROCC) (Application Based)
- Improvements for Freight and Passenger Rail
- Passenger Trains Operating and Capital Costs

Rail Enhancement Fund (Application Based)

Commonwealth Transportation Fund (CTF)
- Major Transportation Allocations
- Approvable to Fiscal Year 2020

Federal Revenue
- Supplement Highway Maintenance
- GAVTE Debt Service
- Supplement Construction
- Mass Transit/Rail

Interstate Funding Program
- Interstate 85 Corridor
- 100% of Regional Fuels Tax
- 43.4% of Statewide Sources
- Statewide Interstate Use
- 17.3% Interstate 95
- 11.7% Interstate 64
- 19.2% Interstate Improvements
- Northern Virginia Transportation Authority 6.4% of Statewide Sources

Federal Funding - Pre Formula
- Support to Other Agencies
- Environmental
- Planning and Research
- Transportation Planning & Land Use
- Revenue Sharing
- Federal Match
- Construction Management
- Debt Service
- Capital Outlay
- Rail Programs

Federal Funding Remaining
- National Highway Performance Program (NHPP) not allocated above
- National Highway Freight Program

§ 33.2-358. Allocation of funds among highway systems.

CIB Formula—Up to $500 million through FY 2020
- 25% Bridge
- 25% High Priority Projects
- 25% Interstate, Primary and Primary Extension Pavements
- 15% Public-Private Transportation Act Projects
- 5% Unpaved roads
- 5% to Smart Roadway Technology

Optional 10% for Rail Projects

Funds not allocated to a Project
- 50% High Priority Projects
- 50% Highway Construction District Grant Program until July 3, 2020

2016 Appropriation Act Authorization and FY 2021 Forward Funds Available for Construction
- State of Good Repair 45%
- High-Priority Projects 27.5%
- Highway Construction District Grant Program 27.5%

Source: Virginia Department of Transportation.
Main transportation funding sources are indirect user taxes.

- Dedicated Sales Tax is largest single state revenue source.
  - Approximately 4% average annual growth.
  - May grow more slowly in the future.

Direct user funding from fuels taxes are increasingly stagnant with forecast to decline over time.

- After a reduction in rate, and stagnant consumption, motor fuels tax revenue is approximately the same level as FY 2008.
  - Growth rate of under 1%.
Toll Projects Capture Direct User Value and Enhance Throughput

• Toll-financed improvements have resulted in more than $10.0 billion in capital improvement project investments.
  • Focus on active traffic management to maximize vehicle throughput.
  • Can provide additional funding streams to support investments in other modes.
  • Terms of these projects can be longer than 50 years.

• In FY 2019, Virginia toll roads generated more than $725.0 million in gross revenues.
  • Gross toll revenues have doubled in past five years.
  • Use of this financing model will likely increase.

Gross Toll Revenue

<table>
<thead>
<tr>
<th>Virginia’s Toll Facilities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Chesapeake Bay Bridge Tunnel</td>
<td>Chesapeake Expressway</td>
</tr>
<tr>
<td>Dominion Boulevard</td>
<td>Powhite Parkway</td>
</tr>
<tr>
<td>Pocahontas Parkway</td>
<td>Downtown Expressway</td>
</tr>
<tr>
<td>Dulles Toll Road</td>
<td>Coleman Bridge</td>
</tr>
<tr>
<td>South Norfolk Jordan Bridge</td>
<td>Dulles Greenway</td>
</tr>
<tr>
<td>Elizabeth River Crossings</td>
<td>I-95 HOT Lanes</td>
</tr>
<tr>
<td>I-64 HOT Lanes</td>
<td>I-395 HOT Lanes</td>
</tr>
<tr>
<td>I-495 Express</td>
<td>I-66</td>
</tr>
</tbody>
</table>
## VDOT Drives Transportation Agency Spending

<table>
<thead>
<tr>
<th>Agency Title</th>
<th>FY 2020 ($ in millions)</th>
<th>FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GF</td>
<td>NGF</td>
</tr>
<tr>
<td>Secretary of Transportation</td>
<td>$0.0</td>
<td>$0.9</td>
</tr>
<tr>
<td>Commercial Space Flight Authority</td>
<td>0.0</td>
<td>15.8</td>
</tr>
<tr>
<td>Department of Aviation</td>
<td>&gt;0.1</td>
<td>35.9</td>
</tr>
<tr>
<td>Department of Motor Vehicles</td>
<td>0.0</td>
<td>293.6</td>
</tr>
<tr>
<td>Department of Motor Vehicles – Transfer Payments</td>
<td>0.0</td>
<td>185.9</td>
</tr>
<tr>
<td>Department of Rail &amp; Public Transportation</td>
<td>0.0</td>
<td>590.5</td>
</tr>
<tr>
<td>Department of Transportation</td>
<td>40.0</td>
<td>6,342.2</td>
</tr>
<tr>
<td>Motor Vehicle Dealer Board</td>
<td>0.0</td>
<td>3.1</td>
</tr>
<tr>
<td>Virginia Port Authority</td>
<td>1.0</td>
<td>222.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$41.0</strong></td>
<td><strong>$7,689.9</strong></td>
</tr>
</tbody>
</table>

* Includes one-time transfer of $7.5 million NGF from TTF to VCSFA in FY20.

**Note:** (a) Positions for authorities are not included in the Appropriation Act.
Majority of Spending is on Maintenance

- Similar to prior revenue challenges, increasing maintenance costs will decrease funding available for other investments.
  - Transfers from construction to maintenance program are more than $100 million annually.

- Special structures remain a funding challenge given higher costs relative to traffic volume.
  - Estimated cost of $2.5 billion.
  - Request for Information issued for the rehabilitation, maintenance, and potential replacement of 17 moveable bridges and structures.

- 2019 General Assembly directed VDOT review of maintenance spending in order to identify cost effective practices.
  - Report to General Assembly due in December 2019.
Long-term Legislative Initiatives Fundamentally Reformed Transportation Programs

2013
Statewide & Regional Funding

2014
Prioritization of Capacity Investments

2015
Funding Formulas & Procurement Reforms

2018
Prioritization of Transit Investments

2019
User-Based Revenues for Interstate Corridors
2013 Statewide & Regional Funding (HB 2313)

- Increased Statewide Sales & Use Tax by 0.3 percent.
  - Established Regional Sales Tax of 0.7 percent.
- Increased Motor Vehicle Sales Tax to 4.15 percent.
- Converted Motor Fuels Tax from excise to sales tax.
  - Effective decrease from 17.5 to 16.2 cents per gallon.
- Increased Alt. Fuel Vehicle Registration fee to $64.
- Established Dedicated Regional Funding Sources in Northern Virginia and Hampton Roads.
  - Expanded to I-81 Corridor in 2019.

Region | Regional Funding Sources
--- | ---
Northern Virginia | Regional Gas & Sales Tax, Transient Occupancy Tax, Grantor’s Tax
Hampton Roads | Regional Gas & Sales Tax
I-81 Corridor | Regional Gas Tax

Enhanced Statewide & Regional Funding Reduced Reliance on Debt Financed Improvements

~$600 million annually
Statewide Funding Model Shifted Majority of State Transportation Revenues to Sales Taxes

- General and motor vehicle sales taxes now account for 60% of state generated transportation revenues.
- Sales tax collections – approximately 17% of general fund revenues and one-third of state transportation revenues - have increased 8.0% through November, ahead of the annual estimate of 4.2%.
- Substantial growth of online retailers following 2019 legislation has resulted in additional revenues.
- Sensitivity of sales tax revenues to general economic conditions increases the difficulty of forecasting Commonwealth Transportation Fund revenues.
Outcome-Based Metrics for Project Prioritization Rank
Overall Project Benefits Relative to Cost

Prioritization of Capacity Investments
Established metric-driven process for selection of capacity enhancing projects at both the state and district level.

Does Not Apply to All Types of Project Funding
## Project Selection is Driven by Regional Priorities

### 2014 Prioritization of Capacity Investments

<table>
<thead>
<tr>
<th>Factor</th>
<th>Congestion Mitigation</th>
<th>Economic Development</th>
<th>Accessibility</th>
<th>Safety</th>
<th>Environmental Quality</th>
<th>Land Use</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category A</strong></td>
<td>45%</td>
<td>5%</td>
<td>15%</td>
<td>5%</td>
<td>10%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Category B</strong></td>
<td>15%</td>
<td>20%</td>
<td>25%</td>
<td>20%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Category C</strong></td>
<td>15%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>10%</td>
<td>-</td>
</tr>
<tr>
<td><strong>Category D</strong></td>
<td>10%</td>
<td><strong>35%</strong></td>
<td>15%</td>
<td>30%</td>
<td>10%</td>
<td>-</td>
</tr>
</tbody>
</table>
Despite Improvements to Project Selection Process, Identified Needs Outpace Available Funding

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>321</td>
<td>436</td>
<td>433</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$7.2B</td>
<td>$9.7B</td>
<td>$7.4B</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1.4B</td>
<td>$1.0B</td>
<td>$0.8B</td>
</tr>
</tbody>
</table>

Trend
Changes to Funding Formula Increased Focus on Asset Management and Increased Autonomy of Commonwealth Transportation Board

• Recapitalized Virginia Transportation Infrastructure Bank & Transportation Partnership Opportunity Fund.
  • Supports investment in project start-up costs and economic development opportunities.

• Increased investments for transit capital.

2015 Funding Formula & Procurement Reforms

• Repealed and replaced Primary, Secondary and Urban programs.
  • 45% - State of Good Repair (district caps 17.5%)
  • 27.5% - High Priority Projects Program
  • 27.5% - Construction District Grant Program

• Expanded prioritization process to Highway Maintenance and State of Good Repair programs.

• Increased independence of Commonwealth Transportation Board.
Changes to Procurement Processes Are Designed to Balance Risk Profile and Ensure Best Value for Money

2015 Funding Formula & Procurement Reforms

- Established standards for Finding of Public Interest and requires certification that negotiated terms are consistent with the Finding prior to signing of a Comprehensive Agreement.
  - Assignment of risks, liabilities, and responsibilities to be handled by the private and public sectors.
  - Requires VDOT to establish a process to identify high risk projects and mitigate potential risks.
  - Benefit of using P3 over conventional procurement options.
  - Advisory Committee must determine a P3 procurement is in the public interest prior to initiating procurement.

- Prohibits a Comprehensive Agreement unless the Secretary certifies that risks, liabilities, and permitting responsibilities have not materially changed during negotiations.
Transit Reforms Focused on Dedicated Revenue for Transit Capital and Increased Capacity

2018

Prioritization of Transit Investments

- Established dedicated funding stream for both transit and commuter rail.
- Provided $154 million annually in dedicated to the WMATA Capital Fund.
  - Redirected regional TOT and Grantors Tax.
  - Established a “floor” of regional gas tax consistent with state.
  - Dedicated Funding for Commuter Rail Operating and Capital.
    - $15.0 million annually to VRE.
- Requires prioritization process for transit operating and capital investments.
Corridor-Specific Funding Model Allocates Revenue Based on Truck Volume Relative to All Traffic

2019

Corridor-Specific Funding Models

- Established Regional Funding for Interstate 81.
- Established the Statewide Interstate Improvement Fund.
- Increased and Indexed road tax to fuel economy.
- Creates framework for VMT fuel consumption by heavy freight vehicles along interstate corridors.
- Long range improvement plans for each interstate corridor.

~$150 million in new I-81 corridor revenues
~$2.0 billion in identified needs
2020: Transportation Funding at a Crossroads

• Previous policy decisions had a positive impact on programmatic expenditures but sustainability of funding streams continues to be challenging.
  • Indirect user taxes are largest revenue sources.
  • Regional motor fuels taxes not imposed in all regions.
  • Increased fuel efficiency and use of hybrid vehicles.
  • Increased use of on-demand transportation services.

• 2019 Appropriations Act directed evaluation of potential options to provide a sustainable funding stream for transportation infrastructure.
  • Report is due on December 10, 2019.
Transportation Workgroup Report Plans to Address Funding Challenges

- **Increasing Fuel Efficiency**
  - Increasing adoption of hybrid and electric vehicles are forecasted to reduce revenues from fuel taxes by 35 percent by 2030 due to increased fleet fuel efficiency and electric vehicle adoption.

- **Reliance on Sales Tax**
  - General need to expand base to consumption of services consistent with consumer behaviors.

- **Cyclical Motor Vehicle Sales**

- **Increasing Demand for Mobility as a Service**

- **Maintaining Economic Competitiveness**
  - Congestion costs have a state economic impact of approximately $6.4 billion.
  - Capital Investments in Ports, Airport, Commercial Aerospace grow statewide economy.

- **Reducing Greenhouse Gas Emissions**
Between 2016 and 2018, driving has increased and fuel tax collections have decreased at the same time.

- Vehicle miles traveled ("VMT") increased 3.2 percent.
- Motor Fuels tax collections decreased 0.4 percent.
- Would have resulted in approximately $31.3 million if kept pace with VMT.
Regional Motor Fuels Taxes Face Similar Challenges

- Regional motor fuels taxes are imposed on eight of 21 planning districts.
  - 2.1 percent wholesale fuels tax is imposed by the Commonwealth.
  - Allocated to regional authorities or for authorized projects.
  - In FY 20, approximately $200 million in regional motor fuels tax revenues will be collected.

- Use of local transportation revenue varies by region.
  - No transit spending in Hampton Roads.
  - Only on interstate capacity projects along the I-81 corridor.
  - Can support debt authorization from dedicated funding.

- Expanding to all VDOT districts with deposit to Construction District Grant Program is an option, but has some challenges.
  - Richmond, Lynchburg Culpeper – no overlap.
  - Fredericksburg, Bristol, Salem – some overlap with existing.
  - NoVa, Hampton Roads – already fully embraced.
## Gas Tax Revenue Declines Driven by Increases in Fuel Efficiency

### Toyota Camry

<table>
<thead>
<tr>
<th>Model Year</th>
<th>MPG</th>
<th>Tax Paid</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>23</td>
<td>$81.70</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>25</td>
<td>$75.17</td>
<td>(8%)</td>
</tr>
<tr>
<td>2019</td>
<td>34</td>
<td>$55.27</td>
<td>(32%)</td>
</tr>
<tr>
<td>2019 Hybrid</td>
<td>52</td>
<td>$36.14</td>
<td>(56%)</td>
</tr>
</tbody>
</table>

### Hyundai Sonata

<table>
<thead>
<tr>
<th>Model Year</th>
<th>MPG</th>
<th>Tax Paid</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>21</td>
<td>$89.49</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>24</td>
<td>$78.30</td>
<td>(13%)</td>
</tr>
<tr>
<td>2019</td>
<td>28</td>
<td>$66.32</td>
<td>(26%)</td>
</tr>
<tr>
<td>2019 Hybrid</td>
<td>52</td>
<td>$44.74</td>
<td>(50%)</td>
</tr>
</tbody>
</table>

### Chevy Malibu

<table>
<thead>
<tr>
<th>Model Year</th>
<th>MPG</th>
<th>Tax Paid</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>22</td>
<td>$85.42</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>23</td>
<td>$81.70</td>
<td>(4%)</td>
</tr>
<tr>
<td>2019</td>
<td>29</td>
<td>$64.80</td>
<td>(24%)</td>
</tr>
</tbody>
</table>

### Ford F-150 (2WD)

<table>
<thead>
<tr>
<th>Model Year</th>
<th>MPG</th>
<th>Tax Paid</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>16</td>
<td>$120.46</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>17</td>
<td>$110.54</td>
<td>(8%)</td>
</tr>
<tr>
<td>2019</td>
<td>20</td>
<td>$93.96</td>
<td>(22%)</td>
</tr>
</tbody>
</table>

Source: Office of the Secretary of Transportation.
Many States Use Variable Fuel Taxes to Address Increasing Fuel Efficiency

<table>
<thead>
<tr>
<th>Inflation-based Index</th>
<th>State</th>
<th>Gas Tax + Fees (cpg)</th>
<th>Index Type</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Alabama</td>
<td>21.21</td>
<td>National Hwy CCI</td>
</tr>
<tr>
<td></td>
<td>California</td>
<td>55.18</td>
<td>State Inflation</td>
</tr>
<tr>
<td></td>
<td>Florida</td>
<td>37.99</td>
<td>Consumer Price Index</td>
</tr>
<tr>
<td></td>
<td>Georgia</td>
<td>35.28</td>
<td>Fuel Efficiency + CPI</td>
</tr>
<tr>
<td></td>
<td>Indiana</td>
<td>42.90</td>
<td>State Inflation</td>
</tr>
<tr>
<td></td>
<td>Maryland</td>
<td>35.30</td>
<td>Gasoline Prices + CPI</td>
</tr>
<tr>
<td></td>
<td>Michigan</td>
<td>42.86</td>
<td>State Inflation Rate</td>
</tr>
<tr>
<td></td>
<td>North Carolina</td>
<td>36.45</td>
<td>Population Growth + CPI</td>
</tr>
<tr>
<td></td>
<td>Rhode Island</td>
<td>34.00</td>
<td>Consumer Price Index</td>
</tr>
<tr>
<td></td>
<td>Utah</td>
<td>30.01</td>
<td>Gasoline Prices + CPI</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Price-based Index</th>
<th>State</th>
<th>Gas Tax + Fees (cpg)</th>
<th>Index Type</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Arkansas</td>
<td>21.80</td>
<td>Gas Prices</td>
</tr>
<tr>
<td></td>
<td>Connecticut</td>
<td>36.85</td>
<td>Gas Prices</td>
</tr>
<tr>
<td></td>
<td>Hawaii</td>
<td>46.76</td>
<td>General Sales Tax</td>
</tr>
<tr>
<td></td>
<td>Illinoïs</td>
<td>36.87</td>
<td>General Sales Tax</td>
</tr>
<tr>
<td></td>
<td>Kentucky</td>
<td>26.00</td>
<td>Gas Prices</td>
</tr>
<tr>
<td></td>
<td>Nebraska</td>
<td>30.50</td>
<td>Gas Prices + State Spend</td>
</tr>
<tr>
<td></td>
<td>New Jersey</td>
<td>41.40</td>
<td>Gas Prices</td>
</tr>
<tr>
<td></td>
<td>New York</td>
<td>45.35</td>
<td>Gas Prices</td>
</tr>
<tr>
<td></td>
<td>Pennsylvania</td>
<td>58.70</td>
<td>Gas Prices</td>
</tr>
<tr>
<td></td>
<td>Vermont</td>
<td>30.46</td>
<td>Gas Prices</td>
</tr>
<tr>
<td></td>
<td>Virginia</td>
<td>21.95</td>
<td>Gas Prices</td>
</tr>
<tr>
<td></td>
<td>West Virginia</td>
<td>35.70</td>
<td>Gas Prices</td>
</tr>
</tbody>
</table>

Source(s): KPMG Analysis, National Conference of State Legislatures.
# States With Transportation Service Taxes

## Fees on Total Trip Cost

<table>
<thead>
<tr>
<th>Entity</th>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>Variable</td>
<td>1%</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>Variable</td>
<td>6%</td>
</tr>
<tr>
<td>Nevada</td>
<td>Variable</td>
<td>3%</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>Variable</td>
<td>7%</td>
</tr>
<tr>
<td>South Carolina</td>
<td>Variable</td>
<td>1%</td>
</tr>
<tr>
<td>South Dakota</td>
<td>Variable</td>
<td>4.5%</td>
</tr>
<tr>
<td>Wyoming</td>
<td>Variable</td>
<td>4%</td>
</tr>
<tr>
<td>Connecticut</td>
<td>Fixed</td>
<td>$0.25 / ride</td>
</tr>
<tr>
<td>Maryland</td>
<td>Fixed</td>
<td>$0.25 / per ride</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>Fixed</td>
<td>$0.20 / ride</td>
</tr>
<tr>
<td>California</td>
<td>Both</td>
<td>$0.10 / ride</td>
</tr>
<tr>
<td>New Jersey</td>
<td>Fixed</td>
<td>$0.50 / ride</td>
</tr>
</tbody>
</table>

## Fees on Operator

<table>
<thead>
<tr>
<th>Entity</th>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arkansas</td>
<td>Fixed</td>
<td>$15,000 / year</td>
</tr>
<tr>
<td>Colorado</td>
<td>Fixed</td>
<td>$111,250 / year</td>
</tr>
<tr>
<td>Kentucky</td>
<td>Variable</td>
<td>$280 / vehicle</td>
</tr>
<tr>
<td>California</td>
<td>Both</td>
<td>0.25% Gross Receipts</td>
</tr>
</tbody>
</table>

• At least 12 states and the District of Columbia assess some form of levy on transportation network company services. Allocation of these revenues includes:
  • Returned to localities (Alabama)
  • Dedicated to transportation or transit programs
  • Dedicated to specific functions (i.e. wheelchair-accessible vehicle access)
  • General Fund

Source(s): National Conference of State Legislatures, KPMG Analysis.
Virginia’s electric vehicle ("EV") registration fee was increased to $64 in 2013 and expanded the fee to include hybrid vehicles.

- Provisions related to hybrid vehicles were repealed in 2014.

Today 26 states impose EV registration fees.

- Virginia is third lowest.

Oregon tiered registration fee with respect to fuel economy.

Source: National Conference of State Legislatures.
The More Things Change, The More They Stay the Same

- New revenue sources – primarily increased sales taxes – generate more than $600 million in new revenue to transportation programs.
  - Expiration of bond revenues reduced available transportation revenues by almost $500 million.
- Some projects may never score highly on SMART Scale.
- Limited funding mechanisms to address high-cost, low-volume special structures.
- SMART Scale Project requests exceed available construction funds by more than $7 : $1.
- Maintenance program needs require transfers from construction program.
  - Virginia maintains statewide and regional roads as well as local roads in the counties.
- Federal funding is again in the Continuing Resolution cycle.
- Separation of responsibility for funding and land-use decisions creates unique challenges.
The Song Remains the Same

• While considerable changes to Virginia’s transportation programs have been implemented in the last decade, funding challenges persist.
  • Funding pressures continue to face transportation agencies.
  • Virginia has taken several precursor steps to more effectively capture user value (registration fees, road tax indexed to fuel economy, tolls).

• Progress that has been made to date should continue to provide integrity and accountability in project selection.

• Emerging technologies – autonomous vehicles, ridesharing, eCommerce – and evolving federal funding roles will require long-range thinking on how programs are funded.