

**2005 NORTHERN VIRGINIA TRANSPORTATION COMMISSION
STATE AND FEDERAL LEGISLATIVE AGENDA**

Approved: December 2, 2004

The Crisis in Transit Funding

Current transit expenditures in Northern Virginia total almost \$500 million annually. Of this amount, only \$87 million comes to this region from the commonwealth's Mass Transit Fund, despite a statutory target of 95 percent of eligible net expenses. If the commonwealth were to meet its target, another \$100 million would be needed each year for Northern Virginia alone. And, since the Mass Transit Fund receives 14.7 percent of funds flowing into the commonwealth's Transportation Trust Fund, and Northern Virginia transit systems receive no more than 75 percent of state transit funding, it would take over \$900 million annually in additional state funds flowing into the TTF to allow Northern Virginia to receive its intended transit allotment ($\$900 \text{ million} \times .147 \times .75 = \100 million).

While these shortfalls are enormous, they don't tell the complete story since the projects in the Commonwealth Transportation Board's six-year transportation program are severely constrained due to lack of funding. The commonwealth's VTrans 2025 multi-modal plan establishes the need for almost three times as much in annual transit spending in Northern Virginia if transit is to maintain its current market share (\$1.4 billion versus \$500 million spent currently and reflected in CTB's six-year program).

Investments in transit yield significant dividends. Currently, the 430,000 weekday transit trips in Northern Virginia are saving about 8,150 tons of air pollutants and 59 million gallons of gasoline each year. The rate of return on the commonwealth's investment in Metrorail is almost 20 percent annually (according to KPMG) and the Texas Transportation Institute estimates over a billion dollars in reduced congestion for auto drivers in the Washington, D.C. metropolitan area resulting from previous transit investments.

NVTC joins the Virginia Municipal League, Virginia Association of Counties, Virginia Transit Association, Northern Virginia Transportation Authority, and many individual jurisdictions in calling upon the Governor and the General Assembly to make transportation the primary focus of the 2005 session of the General Assembly and to significantly increase transportation funding. Given the failure of the General Assembly to address this issue during the 2004 session and the consequent decline in transportation funding, the commonwealth is experiencing disinvestment in its transportation infrastructure. Absent a major infusion of new and sustained investment in transportation NVTC fears a congestion and mobility crisis that will strangle economic growth and profoundly and negatively affect the quality of life of all our citizens.

State Legislative Actions Required to Increase and Safeguard Funding

1. Provide significant increases in statewide transportation funding from stable, reliable and permanent sources, and recognizing that Northern Virginia has a major portion of statewide transit ridership and provides a very significant share of the commonwealth's financial resources, ensure that this region receives its fair share.
2. Meet the commonwealth's statutory goal of 95 percent of transit capital and operating costs (net of fares and federal assistance) from the Mass Transit Fund (MTF). This would require at least \$133 million annually statewide in new funds, to build, operate and maintain the limited transit projects and constrained transit systems included in CTB's six-year program. This is more than double the current level of state funding from the MTF. Projected transit needs in Northern Virginia shown in the commonwealth's VTrans 2025 middle scenario are almost three times greater than the current level of transit expenditures.
3. NVTC emphasizes the critical need for a permanent transit funding solution but supports proposals to use unallocated state budget funds for transit capital and one-time operating initiatives.
4. Proposals to increase statewide transportation revenues should ensure that transit receives at least its current share by directing the proceeds into the Transportation Trust Fund (of which the Mass Transit Fund receives 14.7 percent).
5. Article X, Section 9c of the Virginia Constitution provides a largely untapped mechanism for revenue bonds with available borrowing capacity currently over \$10 billion. Beginning in 1993, Northern Virginia has benefited from state-issued 9d debt for transportation projects, including \$136 million going primarily to NVTC to support WMATA's projects. NVTC supports efforts to form a statewide coalition to leverage available transportation funding for major highway and transit projects by issuing 9c bonds, to cover all or part of the project costs, using toll and fare revenue to cover debt service. A coalition is needed since 9c debt requires a two-thirds vote of the General Assembly and certification by the Governor (twice) that revenue will cover debt service. Revenue bonds qualifying under section 9c should not affect the commonwealth's overall debt capacity since they are repaid entirely from project revenues. Also, NVTC supports a combination of 9(c) bonds and tax-supported funding when necessary to fully fund such projects.

6. NVTC favors securing the funds in the Transportation Trust Fund by adopting a constitutional amendment to prevent diversion of transportation funds to other uses.
7. The Blue Ribbon Panel on Metro Funding is expected to report in mid-December, 2004 on appropriate sources of dedicated funding. NVTC is supportive of the work of the panel and looks forward to the opportunity to evaluate its recommendations.
8. At the same time statewide transit funding shortfalls are being addressed, and transit fare levels are being examined, NVTC strongly favors an increase in its own two percent regional motor fuels tax to at least four percent. This user fee currently yields about \$22 million annually for the six NVTC jurisdictions. Senate Bill 458 directing this change passed the Senate in the 2004 session.

Other State Legislative Actions

1. NVTC supports legislation that would allow local jurisdictions located in clean air non-attainment areas to permit the transfer of development rights into districts well served by transit. Senate Bill 580 introduced in the 2004 General Assembly session provided for such actions.
2. Recognizing the synergy between public transit and expanded commuter and intercity passenger rail services, and consistent with the recommendations of the Governor's Commission on Rail Enhancement for the 21st Century, NVTC urges that any new programs to benefit rail transportation should be accomplished using revenue sources that would not otherwise be available to public transit. NVTC also favors requirements that would provide access to any such new sources of state funding for freight railroads only if the private railroads provide matching funds, allow access for public passenger rail service on reasonable terms and agree to complete projects entrusted to them on time and on budget.
3. NVTC supports a technical correction restoring sales tax exemptions (equivalent to those available for the commonwealth's other transit systems) to four systems that are not departments of local governments (including Alexandria DASH).
4. NVTC supports legislation that will safeguard the effectiveness of HOV lanes serving this region. The second report of the HOV Enforcement Task Force is expected to include such recommendations and NVTC intends to evaluate them as soon as they are available.

Federal Legislative Actions

1. In reauthorizing TEA-21, Congress should recognize the needs of WMATA as described in its Metro Matters campaign. Within the six-year horizon of that reauthorization, WMATA has documented needs for maintenance and rehabilitation as well as new railcars, buses and system improvements. WMATA has executed funding agreements with its local governments that require at least \$260 million in federal funding plus \$144 million for Homeland Security. VRE also has documented needs for rail cars, locomotives, parking and platforms totaling almost \$200 million. Currently TEA-21 is extended for the sixth time through May 31, 2005 at two-thirds of a \$7.8 billion annual level for transit. The Senate has passed a bill with average annual transit authorizations of \$9.4 billion and the House has passed a bill with \$8.6 billion for transit. NVTC favors the Senate approach but notes that the House version also contains a significant increase for transit.
2. This region's Metrochek program provides a strong incentive to use transit with tax-free, employer-provided transit benefits available up to \$100 per month (rising to \$105 on January 1, 2005). NVTC supports bills that would expand mandatory benefits to all branches of the federal government and raise the monthly benefit levels to match those of parking.
3. NVTC supports federal restructuring and funding of Amtrak that will create a financially healthy enterprise. Any such restructuring should guarantee access to Amtrak facilities for commuter rail systems and maintain the ability of Amtrak to serve as a contract commuter rail operator at local option. NVTC does not favor plans that would require increased state funding for Amtrak to meet federal mandates.
4. NVTC favors federal legislation that would broaden the cap on commuter rail liability at a level no greater than \$250 million per occurrence. The current \$200 million cap applies only to rail passengers. Freight railroads providing access to commuter rail systems are now demanding \$500 million in insurance. This change in the federal cap would protect public transit systems providing commuter rail service from the expense of unnecessary and excessive levels of insurance and in some cases allow access to freight facilities where it is now denied.

5. NVTC favors federal legislation on value pricing of transportation facilities that will explicitly establish as a priority, the use of toll revenues in excess of debt service for capital, operating and maintenance costs of transit systems serving the facilities. Also, transit vehicles should be exempt from tolls and through multimodal planning the new facilities should include adequate access for the provision of public transit services.