

Federation Budget Input from the Transportation Committee

## **Restoration of Transportation Funds Allocated to Dedicated Funding For Metro**

The Federation appreciates the recent state legislation that restored \$50 million a year of the \$102 million diverted in 2018 from the Northern Virginia Transportation Authority to pay for dedicated funding for Metro. The legislature increased the tax on real estate transactions in Northern Virginia to 20 cents from 15 cents per \$100 of sales price to help pay for the restoration.

The restored money will help pay for roads and transit, enabling the region to move ahead more quickly on such projects as

- Including widening Richmond Highway (Route 1) in Fairfax including the addition of bus rapid transit there, and
- Widening and improving Route 28 in Fairfax, Loudoun and Prince William

## **Increase and Indexation of the State Gas Tax**

The Federation also appreciates the recent state legislation that will raise the state gas tax by 5 cents a gallon in each of the next two years, and then index it to inflation. The gas tax would increase to 21.2 cents per gallon 1 July 2020 and to 26.2 cents per gallon a year later. In subsequent years, the rate would be adjusted annually to keep pace with inflation. This is a step toward a modern, sustainable transportation system in Virginia. This once-in-a-generation package will boost our economy, reduce congestion, and dramatically transform rail and transit throughout the Commonwealth. Revenue from the tax will be used to:

- help pay for the Governor's \$3.7 billion plan to double passenger rail service over the next decade,
- ensuring the state's transportation fund remains solvent to support critical transit, including Metro, and infrastructure projects.

Motorists in Northern Virginia, Hampton Roads and the Route 81 corridor also pay a regional gas tax — about 2.1 percent more, or an average of 21.9 cents per gallon, which goes to fund projects in those regions. The legislation extends that regional gas tax to all counties and cities in the commonwealth to boost funds for local projects. The legislation also reduces vehicle registration fees, establishes a highway use fee for alternative-fuel and fuel-efficient vehicles, and keeps the state's annual vehicle safety inspections. In Northern Virginia, it raises the local transportation tax that applies to hotel rooms to 3 percent from 2 percent and increases a real estate transfer tax that applies to home sales, changes that are expected to generate about \$30 million in additional funds for Northern Virginia projects, officials said.