Summary of the 2018 General Assembly Transit Actions

Budget

The 60-day regular session of the 2018 General Assembly ended on March 10 but without a biennial budget. Governor Northam called a special budgetary session for the General Assembly on Wednesday, April 11 to resolve the differences between the House and Senate budgets but no resolution was reached until May 30. Governor Northam signed the budget bills on June 7. The absolute deadline for a state budget was June 30 when the current budget expires.

The final budget – F1 and 2 includes language that calls for investigation of a possible program for the financing of statewide transit capital needs using the Master Equipment Leasing Program. It also calls for DRPT to convene a work group that will use the Report of the Transit Capital Revenue Advisory Board findings to estimate the SGR transit capital needed annually and identify potential sources within the Transportation Trust Fund that could be used to provide lease payments for the Master Lease Program.

Omnibus Bill

Governor Northam had until April 9 to sign, amend, or veto the bills that came through the regular session. Those measures were taken up in the one-day reconvened session or "veto" session on April 18th. This is the day where the legislature voted on the Governor's amendments and vetoes.

The bill at the center of the transit debate was HB 1539/SB 856. It was the final transit omnibus conference bill for agreement on Metro and other transit measures. The bill allocates $154 million for Metro funding as was needed and $15 million for VRE but the revenue primarily comes from existing sources of funding – much of it from the Northern Virginia Transportation Authority that funds regional transportation. Governor Northam had sent down amendments to the bill that would have raised $30 million from a real estate grantor's tax and a hotel tax but while the Senate approved the amendments on a 26-12 vote, the House Republicans- led by Delegate Tim Hugo from Fairfax, blocked the new revenue in a party-line 51-48 vote thereby defeating the amendments.

History of HB 1539/SB 856

Earlier versions of the bill were extensions of outgoing Governor McAuliffe's introduced budget. Governor McAuliffe's budget had authorized $110 million in annual Capital Project Revenue bonds for statewide transit capital needs to help us avoid the "fiscal cliff" where our statewide capital program will shrink by 44%. Delegate Rip Sullivan (HB 1319) and Senator Dick Saslaw

(SB856) agreed to introduce corresponding bills that codified or put into legislation this statewide funding and $150 million in WMATA funding.

Recognizing that the legislators who were behind the Transit Capital Revenue Advisory Board legislation from back in 2016 were also those who now had power on the powerful House Appropriations Committee, language was included in the bills that required the implementation of a prioritization process for transit capital funds to ensure that the funds would be used on the highest needs.

It soon became clear that the legislators would not accept long-term bonding for transit capital because it consumed too much – 20%- of the Commonwealth's bond capacity for expenditures that would only last 10-12 years-the life of a bus. So the $110 million for statewide transit capital became difficult to achieve. The Senate Finance Transportation Subcommittee proposed an amendment that added a new statewide sales tax on TNC (Uber and Lyft) rides like 8 other states and DC do. That would have generated $21 million for statewide transit capital. Unfortunately, there was too little time to work on this proposal before the amendment went before the full Senate Finance Committee. Some members of the Committee did not fully understand the amendment and it was defeated in the full Committee. So it ultimately came back to the version of the bill that stands post-Veto session as described in the second paragraph of this summary. Governor Northam signed the bill on May 18, 2018.

Gas-tax Floor bill

The other critical revenue measure was the gas tax floor bill sponsored by Senator Frank Wagner and later Delegate Chris Jones. This was a multi-year effort culminating in victory this year. When the statewide gas tax floor was implemented in 2013 as a result of the transportation bill HB 2313, the legislature failed to have a floor also apply for the regional gas taxes in Northern Virginia and Hampton Roads. When that oversight was discovered, VTA and other transportation advocates sought to correct it. Legislators, however, were reluctant to be charged with implementing higher taxes and defeated the bills over several other sessions. This year, however, was different. Because the Metro needs were so critical, legislators allowed this bill to pass to generate the necessary funds. The floor will generate an additional $27.2M for NVTC and $18M for PRTC including $18.2M for Metro and $8.6 for VRE. It will also generate $21.9 for Hampton Roads. While the Hampton Roads revenue cannot be used directly for transit, it can be applied to other transit projects like facilities and BRT lanes that can benefit transit.

Looking Ahead

While funding for statewide transit capital remains unaddressed, we know that the budget conferees are aware of our needs and have indicated a willingness to take a hard look at funding possibilities in the future. Secretary of Transportation Shannon Valentine is very committed and will be a leader on statewide capital funding going forward. Our job as transit professionals is to do all we can to make our most compelling case possible. We, along with our partner advocates like MetroNow and the Chambers and the League of Women Voters, made much progress this session in raising the awareness of the importance of transit to our economy, access to jobs, and community vitality. Nobody would have believed a year ago that we would have a Metro funding bill pass but we did. Now we need to keep telling the story all across Virginia. While now it looks as if we have a little breathing room before falling off the "fiscal cliff" because of unanticipated savings, we have not yet identified a long-range sustainable source of transit capital funding. VTA will be reaching out to many of our member transit systems – especially those in rural and suburban areas – to organize outreach efforts with your local elected officials and your legislators so we can continue to emphasize the importance of transit in our communities.

Reforms:

Key members of the General Assembly leadership will be paying close attention to the reform work of HB 1539/SB 856. They will be looking hard at our industry's efforts to structure and implement a statewide prioritization process and strategic planning guidelines. TSDAC has already re-assembled and has already begun the review process. More about TSDAC can be found on the DRPT website.

Now that Smart Scale has been widely accepted as the alternative to political intervention in project selection, legislators see the value of having objective, measurable goals and want all transportation projects included. They know about TSDAC's work and that transit has had its own tiered capital program since 2013. But they want uniformity and want transit capital major expansion under Smart Scale – which for all practical purposes it has been. Those factors are Congestion Mitigation, Economic development, Accessibility, Safety, Environmental Quality, and Land Use. State of Good Repair capital expenditures would be based on the FTA's requirements for Transit Asset Management. TSDAC will be working to develop these guidelines over the coming months to make final recommendations to the CTB. All transit capital funding will now go through the prioritization process – not just new funds that might be allocated.

The CTB must adopt the new prioritization process by October and use the new statewide prioritization process for the FY20-25 Six Year Improvement Program. This process will exclude Metro since they now have their own set of reforms.

Shifting now to transit operating funds, by FY2020, 100% of statewide operating funds will be allocated on the basis of service delivery factors developed by TSDAC. The current factors for operating funds are passengers per revenue hour, passengers per revenue mile, and the net cost per passenger. Those could change depending on final decisions by TSDAC and the CTB.

Finally, all Urban Transit Agencies with 20+ buses serving urbanized areas of 50,000+ in population (16) will be required every 5 years to develop strategic plans. DRPT will develop guidelines for these plans that will begin with the framework of the current Transit Development Plans but they will be more expansive. Guidelines will include an assessment of state of good repair needs, a review of the performance of fixed-route bus service, and coordination with the regional MPO among other criteria. An example of a refresh of a transit network plan that has been shared at CTB and other meetings was the Richmond Transit Network Plan. Jarrett Walker was the consultant on this plan that was done to complement the new GRTC Pulse BRT that will launch on June 24.

Conclusion:

We in the transit community need to make our best case for future investments. We can’t get to our end goal if we don’t project confidence that we are worthy. If we look at the new reforms as an opportunity to shine, it can not only be good for funding but also for the vitality of our transit agencies and communities. Virginia needs us to be successful if we are to transform mobility and leave old 20th century thinking behind. We need everybody to think and act large this year for our common goal. We need to think of it as our “YES” campaign!