

The Proposed HB-1579 Transportation Funding Bill

I. Background:

1. It is clear that this proposed legislation is the product of some very good homework. The Bill looks to the ports as a generator of additional new transportation revenues. The proposed Bill is a leap into the future, at least one kind of future. There may be some better final answer to the intractable transportation funding challenge we face in Virginia and, especially here in Hampton Roads. A list of alternative solutions that could produce the substantial revenues required might include:
 - a. The decision to recognize that transportation is a core public service affecting everyone and everything, and that transportation funding, therefore, should come from the General Fund.
 - b. A return to the idea of the seven regional fees and taxes but having them approved by the localities this time, in order for the process to be legal.
 - c. Launching again, the idea of a regionally-approved regional sales tax with its revenues earmarked for regional transportation.
 - d. A plan that approved of off-shore drilling and that stipulated that the resultant new tax base revenues would be earmarked in substantial part for regional transportation.
2. But, now, back to the proposed HB-1579 legislation. This Bill includes a number of markedly new visionary concepts that are consistent with emerging, 21st Century national trends.
3. This Bill postulates a paradigm shift in how the subject of transportation funding is addressed, and, because of its significant new approach to the transportation funding challenge, it is one of those Bills that may require a year or two to reach fruition. It is also one of those Bills that, rightfully, could become non-partisan and broadly supported by the public-at-large.
4. This Bill has legs. The breadth of its visionary advantages appears to outweigh the challenges posed by the research and editing work that remains to be accomplished.

II. The Merits of the Bill are:

1. The Bill creates a “regional revenue source” for transportation. The Bill develops and then uses a new, stable and long-term regional revenue source. In generations past, it was gas taxes and user fees (state and federal dollars) that did the job and funded our roads. Nationwide, it is well recognized that this historic, two-wheeled funding source is no longer sufficient, and that we now need a three-wheeled chariot to do the job. The new “regional revenue source” concept in this Bill provides that third wheel funding source in a way that uniquely fits the needs of Virginia. This third, new revenue source concept is in synch with national trends where elsewhere also, the new third wheel is a “regional revenue source”, but

elsewhere, it may be one or more regional fees or taxes, or one or more regional transportation tax districts, or one or more regional benefactor-based contributions, or whatever.

2. The Bill adopts the “beneficiary fee” concept. Although nascent in its development so far, there is an emerging national trend to identify the beneficiaries of a region’s roads, not just its users. For 50 years, user fees (gas taxes, vehicle licensing fees, tolls, etc.) were the backbone of transportation funding, and everyone understood, and still understands, the merits of this “user fee” system of funding. But, there are more beneficiaries—citizens, businesses and organizations that are not direct users, but who benefit handsomely—than there are users of those roads. Some take this concept to its hypothetical end and suggest that transportation is a core function of government and its funding, therefore, should come from the General Fund. The proposed legislation that we are reviewing does not go in that direction. Rather, it accepts reality and the art of the possible. It retains the time-honored “user fee” revenue sources, and it augments that with a “beneficiary fee” component to the regional revenue sources. In this proposed legislation the beneficiaries—the seaports, airports and in-land ports—are the identified sources of the new regional transportation revenues, in that their aggregated tax base increases are, in part, channeled to a new regional transportation revenue fund. There are other emerging beneficiary fee concepts elsewhere, both large and small in scope, and these include the concepts of regionally administered proffer fees or impact fees earmarked for transportation, assessments on or contributions from certain businesses, etc. The beneficiary fee concept designed into this Bill, however is rather clever. It seems to really fit the unique coastal character of Virginia, and it directly targets the state’s most dynamic four metropolitan areas where transportation backlogs pose severe threats to those regions and to the state’s economic vitality, itself.
3. The Bill establishes a regional lock box for the regionally collected new revenue sources. Specifically, for example, the Bill creates a Hampton Roads Transportation Revenue Fund (HRTRF) where all duly collected regional revenues from the beneficiaries in Hampton Roads would be deposited until needed for the purpose of advancing or launching properly approved regional transportation projects. This is as close to a genuine transportation lock box as we have seen before.
4. The Bill seeks a common sense, new transportation revenue source. This Bill, as noted above, is the product of some impressive homework. Like grasping for straws, prior efforts gave birth to often unrelated abuser driver’s fees, grantors taxes, double auto licensing fee increases, etc. as the new revenue sources. Predictably, this only succeeded in building a broad base of opposition and lots of letters to the editor. This new Bill contains none of the stretched reasoning required before. Rather, the Bill’s port-based, regional, beneficiary fee in a regional lock-box concept makes sense to the average commuter and homeowner.

5. The Bill draws upon some past successful precedent. Ports in South Carolina and New York and the Dulles airport in Northern Virginia have been contributors, respectively, to the Cooper River Bridge, the next Hudson River crossing, and the Dulles Expressway, for example. At the highest level, national security and the national economy are the primary responsibilities of the federal government, and federal transportation legislation has always sought to address and contribute to those responsibilities—John Adams’ funding of the post roads and Dwight Eisenhower’s funding of the Interstate Highway system in part for national security purposes, for example. This Bill correlates to that history and policy by involving the engines of economic vitality—the ports—into the transportation funding solution. This is a refreshing change from an earlier dependence on abusive driver fees.
6. The Bill changes the paradigm. It offers an entirely new approach to this decade-old and intractable transportation funding problem in Virginia. This out-of-the-box concept, or some other major new approach, is probably exactly what we need. In short, this Bill proposes a ports-based, regional, beneficiary fee in a regional lock-box concept which augments the time-honored existing transportation funding sources. In addition, the Bill puts needed focus on the states principle metropolitan areas which, themselves, need to accept more responsibilities and, thereby, to gain from the solutions developed. This Bill leans in that direction—requiring a regional revenue source and increased regional management—and, as such, the Bill contains several features that, hopefully, will make sense to the average commuter, homeowner and stakeholder.

III. Looking Ahead—Who Needs to do What?

1. The transportation funding challenge that faces Virginia is enormous. Much is at stake, and any proposed solution will be complex. Any solution must contain measures that pointedly apply to and assist the state’s most congested metropolitan areas. Not in terms of physics, but in terms of politics, any proposed effort approaches that of a Manhattan Project, and in this case, the Bill focuses on four metro areas that will involve the citizens and leaders of well over fifty cities and counties.
2. With that complexity and that scope, it will take time and talent to teach and inform citizens and stakeholders of its merits. But, this kind of investment is just exactly what needs to happen. The Bill needs to be socialized in a major way. The dialogue that ensues along with additional or optional concepts will contribute to a final solution, be it this Bill or an alternate overarching concept.
3. But, who should lead such an effort? Well, here, we have two legislators who have studied the matter and launched this rather impressive and sweeping new concept—a ports-based, regional, beneficiary fee in a regional lock-box concept that, seemingly, makes sense to the average commuter and homeowner.
4. Legislators, however, cannot carry this mail alone. At best, for this topic, they can only assist. The regions involved must take the lead—they have the needs; they

have, through their MPO organizations, substantial federally-assigned responsibilities for planning and programming regional transportation. Finding, developing and socializing a proposed transportation funding solution, be it this Bill or an alternate concept, will need nothing less than legislator and regional teamwork.

5. But, who or what organizations will serve as the regional partner in this endeavor? For me, the answer is crystal clear—it must be the respective regional MPOs, or in the case of Northern Virginia that is served by a highly respected Bi-State MPO, it should be both that MPO and the in-state NVTA organization that supports and assists its Bi-State MPO.
6. For many years, one would have to say that except for the MPO that serves NoVa, Virginia's MPO organizations have been weak and have not had the capacity for such responsibilities—a federal audit in 2001 found the Richmond MPO to be conditionally certified, and a federal audit in 2008 found the Hampton Roads MPO to be conditionally certified with multiple corrective actions required. The Richmond Area MPO (RAMPO) has recovered handsomely, and it aggressively continues to elevate its capacity to manage regional transportation planning. The Hampton Roads MPO (HRMPO) is in the early stages of recovery—much additional work will be required as it steadily adopts a lengthy series of new MPO best practices.
7. Still, we should seek to have these MPO organizations become the lead partner for the legislators on the effort to socialize this Bill. While some might say our MPOs are not ready, I think otherwise. Getting involved in such regional policy making will boost the professionalism and reputation of our MPOs, and it will give meaning and validity to the reforms they are adopting.
8. The old school, obscure and don't talk about them MPOs is already a thing of the past. Nationwide and for many years, MPOs have been building their capacity to deal with external affairs (no longer just a technical mission), and they have adopted an entrepreneurial spirit and skill with which they, now more successfully, advance regional matters including transportation matters. We need our MPOs and our MPO Boards of Directors to strap on the armor, study the issues intently, and to partner with the legislators to advance this Bill whether such efforts result in an alternate concept or not. This is what MPOs are supposed to do; they must contribute to shaping (even leading) the solutions to any kind of regional transportation problem.

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Drafted by
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January 6, 2009