



**NORTHERN VIRGINIA TRANSPORTATION COMMISSION**

# **NVTC, State Transit Funding, and the Importance of the Regional Gas Tax**

Presentation to the Senate Finance Transportation Subcommittee  
Virginia State Senate

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# Transit is Integral to Northern Virginia and the Commonwealth



## Moves People

- Daily riders: 329K Metrorail, 169K bus, and 19K VRE
- Bus and Rail serve our populations
- Metrorail and VRE reduces congestion by 25 percent

## Supports Businesses

- 300K jobs w/in ½ mile of Metrorail
- \$25B in real estate investment
- 4M sq ft of new commercial development

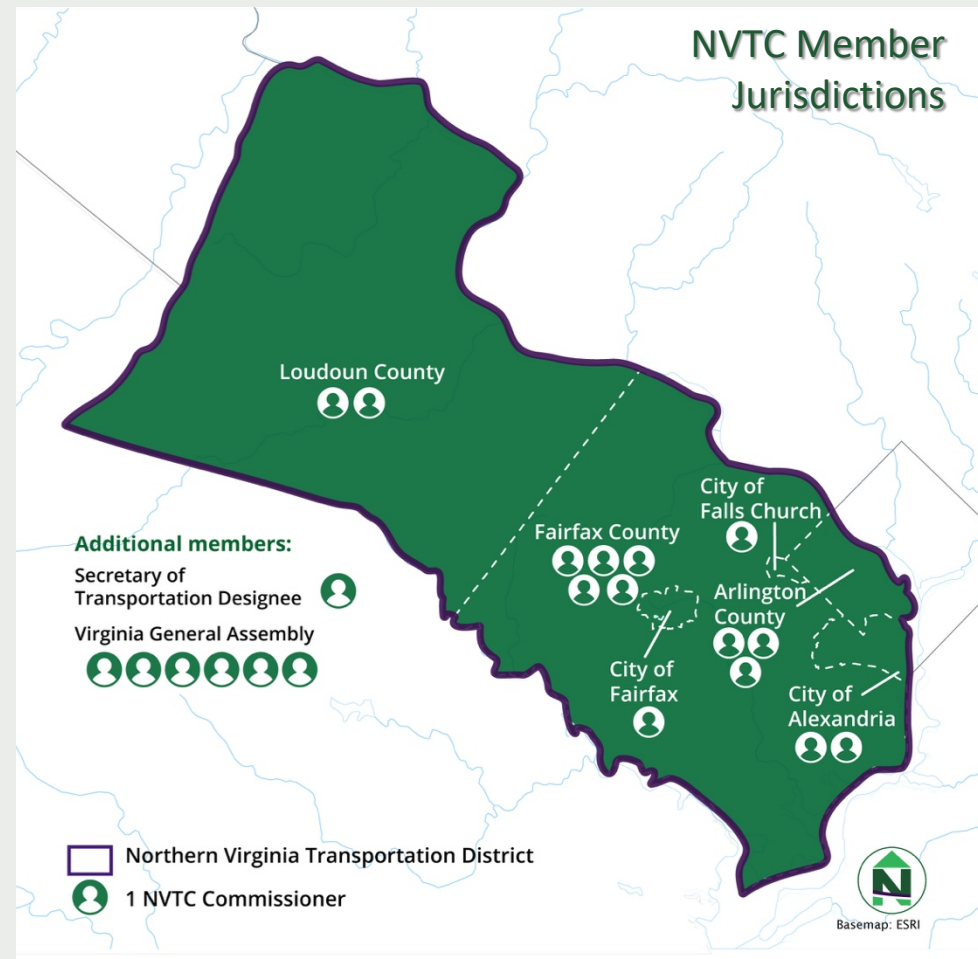
## Drives the Economy

- \$235B in property value
- \$3.1B/year in property tax revenues
- \$600M/year in State general fund revenues

# NVTC: The Voice of Transit in Northern Virginia



- ✓ Designates WMATA's Virginia Board Members
- ✓ Administers Regional Gas Tax for WMATA
- ✓ Manages state and regional funding for six bus systems, Metrorail and VRE
- ✓ Co-owns VRE, Virginia's only commuter rail system
- ✓ Provides transit research and technical expertise
- ✓ Administers new I-66 Commuter Choice Program



## NVTC Jurisdictions' Transit Systems



On behalf of its jurisdictions, VRE, and WMATA, NVTC handles all grant management and compliance for:

- ✔ **\$144 million** in state assistance for WMATA
- ✔ **\$ 44 million** in state assistance for local transit systems
- ✔ **\$ 29 million** in regional motor fuels tax revenue for WMATA
- ✔ **\$ 45 million** in state funding for VRE
- ✔ **\$ 20 million** in federal grants for local transit systems
- ✔ **\$ 10 million** in toll revenues for multimodal projects

NVTC provides a **single voice for region-wide transit deliberations** – from WMATA reforms to joint procurements.

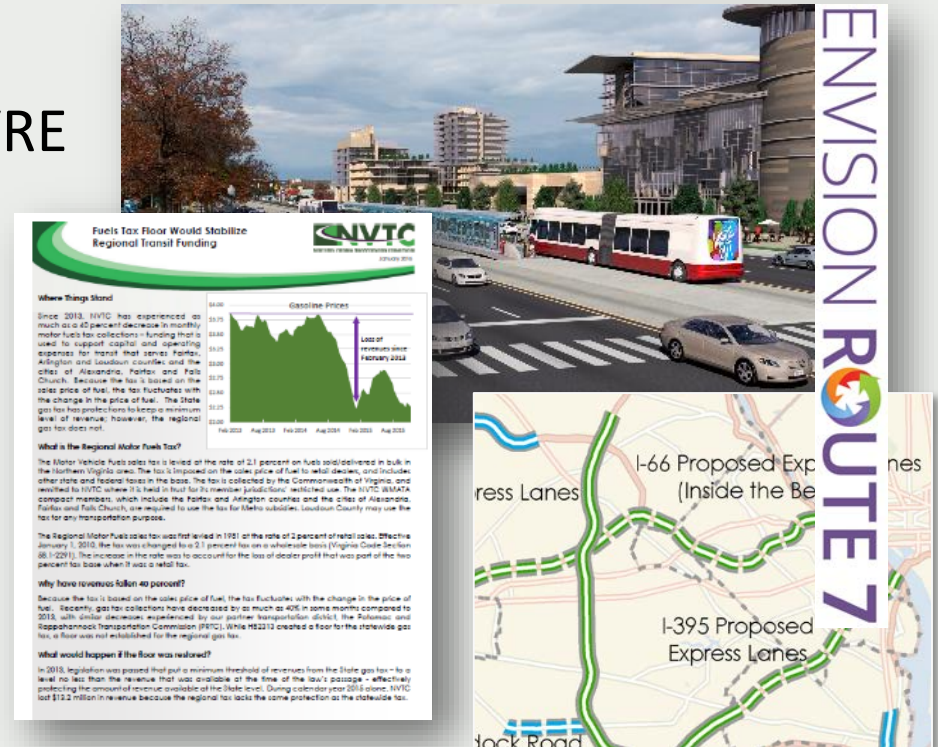
- Led **WMATA operational and governance reform discussions**
- Coordinated **NOVA-wide SafeTrack response**
- Creating **joint emergency plans** for Virginia's 25 Metrorail stations
- Spearheading **joint fare box procurement** efforts for all NOVA transit agencies



NVTC identifies **new transit options**, maximizes the **integration of transit services**, and explores **new funding sources** that benefit the whole region.

## Recent Products:

- Economic value of Metrorail/VRE
- Regional bus gap analysis
- Route 7 alternatives analysis
- Ridership analyses
- Mapping and visualization



**Fuels Tax Floor Would Stabilize Regional Transit Funding**

**Where Things Stand**

Since 2013, NVTC has experienced as much as a 42 percent decrease in monthly motor fuels tax collections - funding that is used to support capital and operating expenses for transit. Most transit providers, Arlington and Loudoun counties and the cities of Alexandria, Fairfax and Falls Church. Because the tax is based on the sales price of fuel, the tax fluctuates with the change in the price of fuel. The State gas tax has protections to keep a minimum level of revenue; however, the regional gas tax does not.

**What is the Regional Motor Fuels Tax?**

The Motor Vehicle Auto sales tax is levied at the rate of 2.1 percent on fuels sold/delivered in bulk in the Northern Virginia area. The tax is imposed on the sales price of fuel to retail dealers, and includes other state and federal taxes in the base. The tax is collected by the Commonwealth of Virginia, and remitted to NVTC where it is held in trust for its respective jurisdictions: restated use. The NVTC/SMARTA compact members, which include the Fairfax and Arlington counties and the cities of Alexandria, Fairfax and Falls Church, are required to use the tax for their public transit. Loudoun County may use the tax for any transportation purpose.

The Regional Motor Fuels tax was first levied in 1981 at the rate of 2 percent of retail sales. Effective January 1, 2010, the tax was changed from 2.1 percent tax on a wholesale basis (Virginia Code Section 46.1-2291). The increase in the rate was to account for the loss of dealer profit that was part of the two percent tax base when it was a retail tax.

**Why have revenues fallen 40 percent?**

Because the tax is based on the sales price of fuel, the tax fluctuates with the change in the price of fuel. Recently, gas tax collections have decreased by as much as 42% in some months compared to 2013, with similar decreases experienced by our partner transportation districts, the Potomac and Appalachian Transportation Commission (PATC), and the Washington Metropolitan Area Transit Authority (WMATA). In 2012, the State legislature passed a law that created a floor for the statewide gas tax. A floor was not established for the regional gas tax.

**What would happen if the floor was restored?**

In 2013, legislation was passed that put a minimum threshold of revenues from the State gas tax - for a level no less than the revenue that was available at the time of the law's passage - effectively protecting the annual revenue available at the State level. During calendar year 2013 alone, NVTC lost \$12.2 million in revenue because the regional tax lacks the same protection as the statewide tax.

**ENVISSION ROUTE 7**

I-66 Proposed Express Lanes (Inside the Beltway)

I-395 Proposed Express Lanes

# NVTC Works Closely with NVTA



## **NVTC and NVTA are actively engaged throughout the year**

- Coordinating on funding programs
- Collaborating on regional transportation issues
- At each other's regional coordination meetings

## **NVTC provides transit expertise to NVTA**

- Participating on NVTA's technical committees
- Contributing transit-focused technical analysis to long range planning efforts
- Providing technical support on transit issues
- Reviewing and may endorse transit applications to NVTA for regional funding



**NVTC and NVTA are reliable partners in NOVA transportation funding.**

# State Transit Funding is at a Crossroad



## Revenue constraints

- State Transit Capital Funding to decline by 44 %
- Local Gas Tax Receipts not meeting expectations

## Investment Needs

WMATA capital costs needs est. +\$500 million/year

VRE operating and capital needs estimated +\$45 million/year



# The Transit Capital Deficit is Stark



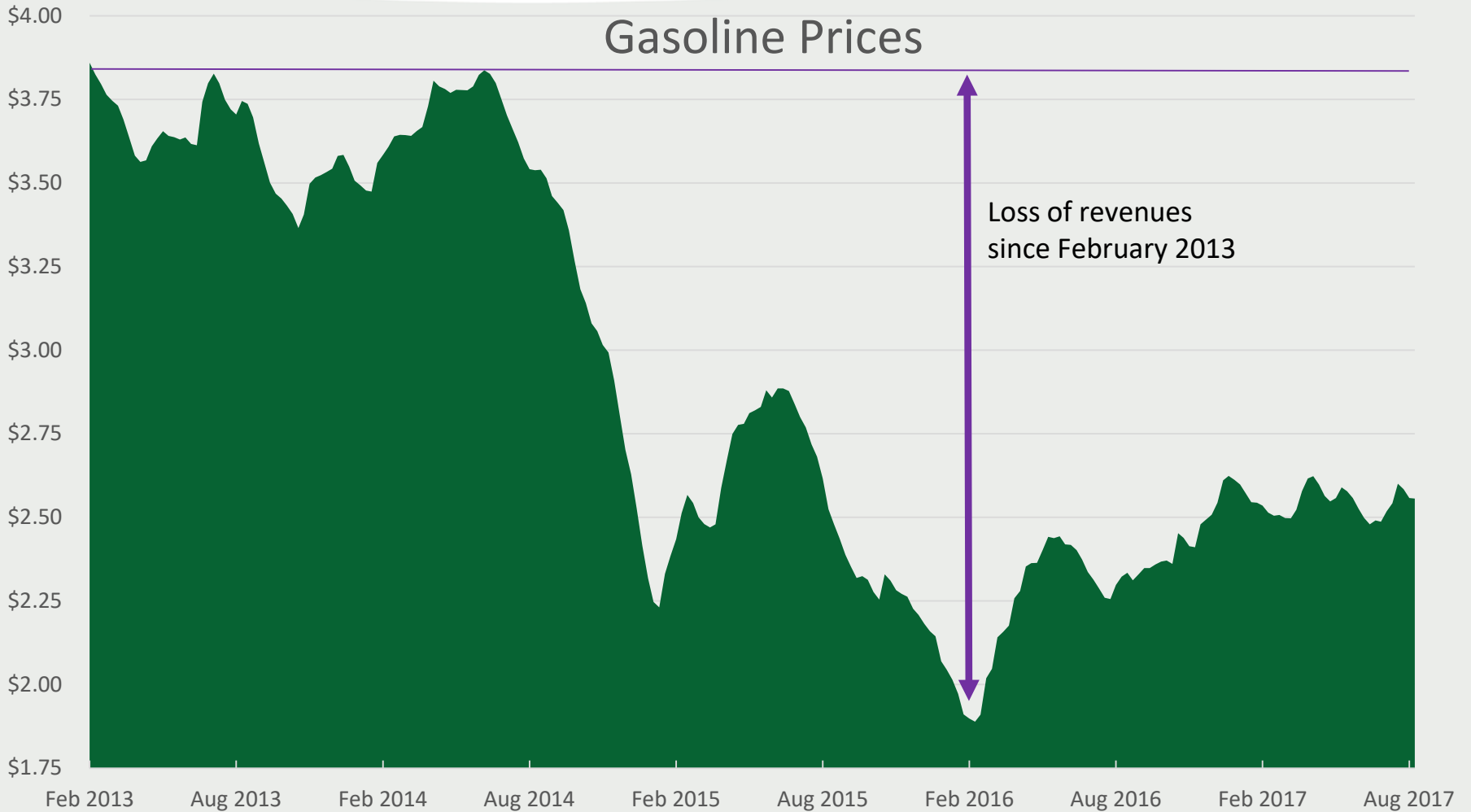
### Projected State Transit Capital Deficit (FY18-27)



*Deficit does NOT include VA share of proposed \$500m/year WMATA ask*

Source: Department of Rail and Public Transportation

# Reduced Gas Prices Limit Regional Sales Tax Revenues



Regional Gas Tax receipts have decreased by 40 percent.

# Northern Virginia's Regional Gas Tax: How It Works (NVTC Jurisdictions)



1. The 2.1 % tax is levied on gas sold in Northern Virginia (imposed on the sales price of fuel to retail dealers).

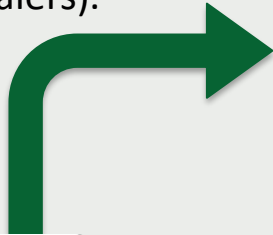


2. The tax is collected by the Commonwealth and remitted to NVTC. NVTC holds the funds in trust for member jurisdictions to use.



Arlington County, City of Alexandria,  
City of Falls Church, City of Fairfax, Fairfax County,  
(Loudoun County upon completion of Silver Line)

3. The WMATA Compact jurisdictions are required to use the tax for Metro subsidies



# FY2017 Regional Gas Tax Revenue Loss Exceeded \$31 million



FY 2017 (In thousands)

		Actual Collections	Lost Revenue
<b>NVTC</b>	City of Alexandria	\$ 2,416.4	\$ 1,402.7
	Arlington County	2,309.6	1,361.5
	Fairfax County	15,279.8	9,388.3
	City of Fairfax	1,118.3	693.9
	City of Falls Church	346.3	209.4
	Loudoun County	7,052.9	3,914.4
	<b>Total NVTC</b>	<b>\$ 28,523.3</b>	<b>\$ 16,970.2</b>
<b>PRTC</b>	City of Fredericksburg	\$ 1,257.0	\$ 936.1
	City of Manassas	760.7	511.3
	City of Manassas Park	658.0	414.8
	Prince William County	10,702.2	7,841.2
	Spotsylvania County	3,653.0	2,895.1
	Stafford County	3,334.4	2,173.0
	<b>Total PRTC</b>	<b>\$ 20,365.3</b>	<b>\$ 14,771.5</b>
<b>Total Northern Virginia</b>		<b>\$ 48,888.6</b>	<b>\$ 31,741.7</b>

# NVTC's 2018 Legislative Priorities



## Dedicated Funding for WMATA

Identify dedicated and sustainable state and regional revenue sources that will allow WMATA to address state of good repair and help accommodate growth in the region.

## Floor on the Regional Gas Tax

Restore the funding that Northern Virginia jurisdictions use to fund Metro and VRE, and also supports transportation investments in Hampton Roads.

## Restore Statewide Transit Capital Funds

Identify permanent state funding that restores the projected 40% loss to the state program that funds more than 41 transit systems in Virginia.

## Dedicated Funding for VRE

Create a dedicated funding program for VRE that will provide \$45 million/year in capital and operating need to sustain the railroad's current service level

Transit funding is at a crossroads; these investments are timely and critical.



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