



# **VDOT UPDATE**

Virginia Senate Finance and Appropriations Committee  
Capital Outlay and Transportation Subcommittee



January 24, 2025

# Updates

- **Commonwealth Transportation Fund forecast**
- **Elizabeth River Crossings Toll Relief – Status Update and Proposed Amendments**
- **Interstate 81 Corridor Improvement Program Update**
- **Interstate 64 Gap Widening Project Update**
- **Proposed legislation for Debt Authorization for Special Structures Program**
- **VDOT Capital Outlay Update – Lockwood Boulevard in Mechanicsville**

# Transportation Revenue Update

## State Revenue Update

- The updated December revenue forecast impacts revenues through FY 2032, inclusive of FY 2026 – 2031 planning period
- Change across major revenue sources over previous expectations through FY 2030
  - Retail Sales and Use Tax – Increase of \$114 million
  - Motor Vehicle Sales and Use – Increase of \$325 million
  - Statewide Motor Fuels Tax – Reduction of \$50 million
  - Highway Use Fee – Increase of \$352 million
  - Insurance Premium Tax – Increase of \$165 million

## Federal Revenue

- Minor adjustments based on obligation authority adjustments

# Transportation Revenue Estimate Updates

## *Value of revenue changes to the CTF since December 2023 assumptions*

Details of Differences	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Retail Sales and Use Tax	\$ 26.4	\$ 9.6	\$ 9.9	\$ 6.3	\$ 19.2	\$ 42.7	\$ 114.1
Motor Vehicle Sales and Use Tax	27.0	19.6	41.2	61.9	78.6	96.5	324.8
Statewide Motor Fuels Tax	7.5	1.3	(13.4)	(11.6)	(14.9)	(18.6)	(49.7)
Aviation Fuels Tax	-	-	-	-	-	-	-
Road Tax	(4.3)	(0.6)	(1.0)	0.5	0.9	1.3	(3.2)
International Registration Plan	(5.2)	(4.1)	(3.0)	(1.3)	(1.2)	(1.3)	(16.1)
Registration Fees	(0.6)	0.5	0.5	0.5	0.5	0.5	1.9
State Insurance Premium Tax	7.4	20.2	25.2	31.5	37.2	43.8	165.3
Recordation Tax	(3.4)	7.6	18.8	26.9	31.1	29.5	110.5
Vehicle Rental Tax	15.6	15.9	16.9	16.3	16.7	17.9	99.3
Highway Use Fee	25.5	36.8	50.5	64.7	79.6	95.2	352.3
Miscellaneous Revenues to HMOF	0.3	0.3	0.3	0.3	0.3	0.3	1.8
	<b>\$ 96.2</b>	<b>\$ 107.1</b>	<b>\$ 145.9</b>	<b>\$ 196.0</b>	<b>\$ 248.0</b>	<b>\$ 307.8</b>	<b>\$ 1,101.0</b>

# Commonwealth Transportation Fund (CTF) Revenue Estimate

(in millions)

State Revenue Forecast	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	2026-2031 TOTAL
<b>Sources of Funds</b>								
Retail Sales and Use Tax	\$ 1,418.6	\$ 1,477.0	\$ 1,534.5	\$ 1,587.3	\$ 1,655.6	\$ 1,731.4	\$ 1,795.5	\$ 9,781.3
Motor Vehicle Sales and Use Tax	1,220.5	1,240.2	1,256.4	1,271.8	1,281.0	1,295.9	1,310.2	7,655.5
Statewide Motor Fuels Tax	1,511.8	1,555.9	1,586.4	1,633.0	1,674.5	1,714.4	1,764.2	9,928.4
Aviation Fuels Tax	2.0	2.0	2.0	2.0	2.0	2.0	2.0	12.0
Road Tax	80.8	82.3	83.0	84.3	84.4	84.5	85.8	504.3
International Registration Plan	114.4	115.9	117.3	119.4	119.8	120.1	120.5	713.0
Registration Fees	218.9	222.4	220.8	222.8	223.2	226.9	230.8	1,346.9
State Insurance Premium Tax	228.7	240.4	249.4	258.7	267.8	278.0	282.6	1,576.9
Recordation Tax	52.5	63.6	74.8	85.4	92.6	93.4	94.8	504.6
Vehicle Rental Tax	42.8	43.5	44.3	43.9	44.2	45.1	46.4	267.3
Highway Use Fee	90.9	104.7	119.0	133.9	149.5	165.8	182.8	855.7
<b>Total Commonwealth Transportation Fund</b>	<b>\$ 4,981.9</b>	<b>\$ 5,147.9</b>	<b>\$ 5,287.9</b>	<b>\$ 5,442.5</b>	<b>\$ 5,594.6</b>	<b>\$ 5,757.5</b>	<b>\$ 5,915.6</b>	<b>\$ 33,145.9</b>

*December 2024 Forecast; Rental Tax excludes share dedicated to WMATA Capital*

# Toll Relief for Elizabeth River Crossings - Background

- The Toll Relief Program began in 2017 for eligible drivers of the Downtown and Midtown Tunnels in Norfolk and Portsmouth with \$500,000 annual contribution from Elizabeth River Crossings (ERC)
- This annual contribution has grown to over \$3.22 million with annual CPI adjustments through 2036 (via amendments to the Comprehensive Agreement)
  - Initially, enrollment was limited to Norfolk and Portsmouth but later expanded to all localities in Hampton Roads Planning District
  - Eligible Drivers must have an income of \$65,000 or less and prove residency and income at in-person enrollment
- The benefit provided from ERC Contribution is a 50% rebate off two-axle, transponder-based tolls on the Downtown and Midtown Tunnels (with an E-Zpass Virginia account)
  - Applies to a maximum of 14 transactions per week
  - Rebates are applied to the E-ZPass Virginia account the following day

# Toll Relief for Elizabeth River Crossings – Implementation and Enrollment

## Commonwealth-Funded Eligible Drivers Toll Relief Fund

- **VDOT has moved forward with implementation of additional toll relief provided in the 2024 Special Session I, Chapter 2**
  - **Additional 50% relief for eligible drivers**
    - <\$50K income
    - Resident of Portsmouth, Norfolk, Newport News, Hampton or Franklin
  - **VDOT collected tiered salary information since July 2024 for eligibility at enrollment (<\$50K and \$50K to \$65K, Tier 1 and Tier 2, respectively, and associated residency requirements)**
  - **Additional 50% relief for eligible drivers went live on December 18, 2024**
    - Initial pre-funded E-ZPass account and transponder is now available, if the driver is not an existing E-Zpass account holder
    - Work underway for income verification with the Department of Taxation

## Current Statistics of Toll Relief Program

- **20,964 enrollees as of December 31, 2024**
- **Monthly average of participants who used the program in 2024 is 13,530 or 73% of total**
- **Enrollment has increased 43% since January 2024**
- **Average transactions: 18.2; Average monthly credit: \$23.95**



# Toll Relief for Elizabeth River Crossings - Usage

## December 2024 Statistics

	Total Enrollees	Enrollees with Credit	Total Credits	Average Monthly Credit
Portsmouth	<b>7,304</b>	<b>5,228</b>	<b>\$148,419</b>	<b>\$28.39</b>
Tier 1 - <\$50K	2,311	1,741	58,558	
Tier 2 - \$50K - \$65K	4,993	3,487	89,861	
Norfolk	<b>4,632</b>	<b>2,815</b>	<b>67,916</b>	<b>24.13</b>
Tier 1 - <\$50K	1,087	732	23,510	
Tier 2 - \$50K - \$65K	3,545	2,083	44,406	
Hampton, Newport News and Franklin	<b>750</b>	<b>381</b>	<b>6,494</b>	<b>17.81</b>
Tier 1 - <\$50K	172	96	2,029	
Tier 2 - \$50K - \$65K	578	285	4,465	
All Other Localities	<b>8,278</b>	<b>5,360</b>	<b>107,292</b>	<b>18.93</b>
<b>TOTAL</b>	<b>20,964</b>	<b>13,784</b>	<b>\$330,121</b>	<b>\$23.95</b>

\*Tier 1 credit activity represents period of December 18 – 31, 2024.

# I-81 Corridor Improvement Program

- Program began in 2019
- Projects in current I-81 Corridor Improvement Program (CIP) are valued at \$3.7 billion (up from \$3.1 billion in 2023 and \$3.4 billion in 2024) with estimated delivery in 2035-2036
- Expenditures to date total \$338.3 million as of June 30, 2024
- Most projects completed to date are operational improvements, which enhance safety across the Corridor
- 35 of 65 total capital projects complete with height of construction activity due to occur in 2025-2028
- The I-81 CIP receives over \$200 million annually from dedicated funding sources, in perpetuity, through the IOEP and regional fuels tax
- Last year's budget includes additional \$70 million General Fund contribution for I-81 funding in FY 2025
- The 325-mile I-81 Corridor is critical for Virginia as it allows people and goods to flow north and south, including 50% of the state's value of goods and 44% of all Interstate truck traffic

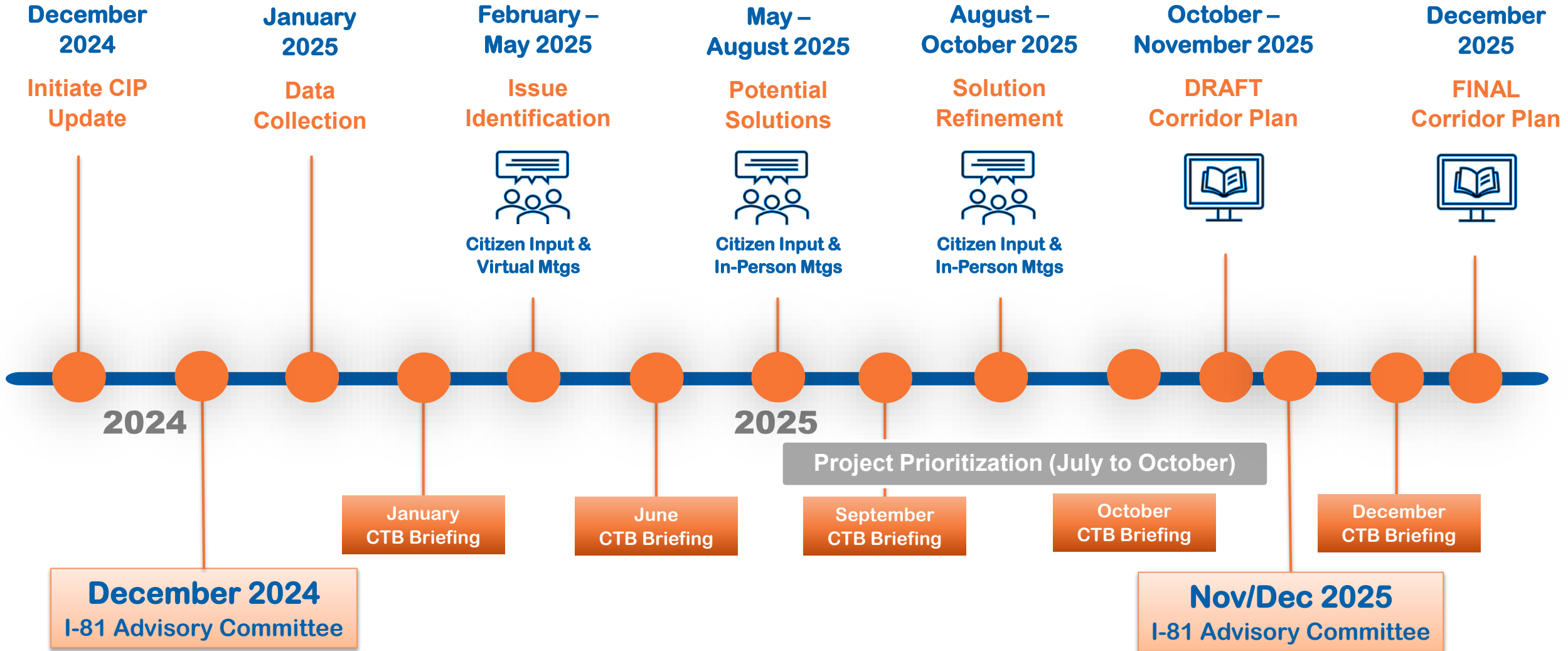
# I-81 Corridor Improvement Program – Upcoming Construction Starts

	Project Description	Anticipated Construction Start
Bristol District	Exit 45 NB Deceleration Lane Extension (Marion)	2025
Salem District	Exit 94 SB Acceleration Lane, Exit 105 NB Acceleration Lane, Exit 162 NB Acceleration Lane	2025
	Exit 128 to Exit 137 Widening NB and SB (Ironto to Salem) – 2 Projects	2025/2026
	MM 116 to Exit 128 Widening NB Only (Christiansburg to Ironto)	2028
Staunton District	MM 242 to MM 248 NB and SB Widening (Harrisonburg)	2025
	Exit 313 to Exit 317 NB and SB Widening – Construction 2028 (Winchester)	2028
	Mount Sidney Rest Area (SB Deceleration Lane, SB Acceleration Lane, NB Acceleration Lane)	2028
	Exit 205 to Exit 200 SB Widening (Raphine to Fairfield)	2028
	Exit 188 NB Acceleration Lane	2025

# Update to I-81 Corridor Improvement Plan

- **Current financial outlook allows for additional projects for inclusion in the program**
- **New tranche of I-81 projects to be added to the program need to be identified**
- **Remaining 36 projects from the original CIP will be re-evaluated in the update**
- **Corridor Improvement Plan update to began in late 2024**
- **CIP update will include:**
  - **Problem identification**
  - **Potential solutions identification**
  - **Recommended priorities**
  - **Public outreach**
  - **I-81 Advisory Committee briefings**
  - **CTB briefings**

# Tentative CIP Schedule: November 2024 – December 2025



# Interstate 64 Gap Widening Project



- Broke ground in November 2023
- Widens first 10.7 miles of the 29-mile gap in New Kent County
- Estimated cost of \$277.8 million
- Anticipated completion in 2027

- Commonwealth Transportation Board approved contract for award January 14, 2025
- Widens 9.3 miles of the gap in New Kent County
- Estimated cost of \$246.4 million
- Anticipated completion in 2029

- Broke ground in November 2024
- Widens 9 miles of the gap through James City County
- Estimated cost of \$231.8 million
- Anticipated completion in 2027

*Total widening estimated cost of \$756 million*

# **Proposed Legislation Before the Senate Finance and Appropriations Committee**

## **Senate Bill 1082 - Transportation; Commonwealth Transportation Special Structures Program Revenue Bond Act of 2025**

# Special Structures - Background

- **Special Structures identified include 8 tunnels, 8 movable bridges and 5 fixed-span structures**
- **Characteristics warrant additional consideration for maintenance, rehabilitation, and replacement. They are considered special due to their complexity, maintenance and operations cost, level of risk and importance**
  - **Determination of importance is based on several factors, including potential long detours, high traffic volumes, economic significance (shipping and vehicular), and access to vital facilities, including military bases and ports**
- **Significant rehabilitation and replacement of structures is planned within the Special Structures Program when appropriate and financially feasible**



# Senate Bill 1082

**SB 1082 authorizes revolving debt not to exceed \$1 billion to be issued for improvements or replacements of existing Special Structures. No more than \$200 million can be issued in a year**

- **Security for the Debt: Funds committed to the Special Structures Fund ( § 33.2-1532) that are generated pursuant to § § 33.2-1524 and 33.2-1530 (Off-the-top commitment from the Commonwealth Transportation Fund and the Highway Maintenance and Operating Fund)**
- **Issuance of the debt must be approved by the Commonwealth Transportation Board, Virginia Treasury Board and the Governor.**

# Special Structures – Requested Debt Authorization

- **Advancing needed improvements or replacements saves on inflationary cost impacts in the future**
  - **VDOT has experienced 24% in cost escalation over the last three fiscal years in our construction program**
  - **Debt financing is conservatively estimated at 5% interest**
  - **The value of delivering projects earlier allows for benefits to Virginians sooner and is more cost effective**
- **The current funding source is reliable, but it is not sufficient to timely allocate funding to larger replacement efforts and other capital investments in existing Special Structures**

# VDOT Capital Outlay Update

# Property on Lockwood Boulevard in Mechanicsville

## VDOT acquired the property to replace office space in the Annex Building in February 2024



- The purchase agreement for the Lockwood building included a 25-acre parcel where the building is located along with a 50-acre parcel of land. VDOT paid \$175,000 per acre for the additional land to allow for future expansion
- VDOT plans include expanding parking and, in the future, relocating our Materials Testing Lab and Maintenance Training Academy, in the 22-acre parcel
- The remaining 16-acre and 12-acre parcels were components of the transaction with Owens & Minor and VDOT has not identified a future need for these parcels

# Property on Lockwood Boulevard in Mechanicsville

- **Staff are anticipated to relocate to the Lockwood Boulevard building beginning in the fall of 2025**
- **Staff aligned with our Construction and Maintenance and Operations efforts and other divisions that support those efforts will relocate**
- **Agency leadership and other administrative divisions will remain in Downtown Richmond in the Old Highway Building and the Hospital Building**

