

Charlottesville-Albemarle
Regional Transit Authority Plan

Appendix H

Existing and Potential New Funding Sources

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Submitted by:

Nelson/Nygaard Consulting Associates
10 High Street, Suite 903
Boston, MA 02110

As a subcontractor to:

Vanasse Hangen Brustlin, Inc.

Submitted to:

Thomas Jefferson Planning District Commission
401 East Water Street
Charlottesville, VA 22902

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1 Executive Summary

CTS and JAUNT are currently funded through a variety of federal, state, and local sources. A new Regional Transportation Authority (RTA) would have access to all of the same state and federal funds now used by these two operators. The members of the new organization would be responsible for providing the local share of funding for the services, just as the City and County do today. However, the development of a new RTA, in itself, would not impact the amounts that would be available—rather, existing funds would simply be shifted to the new RTA. Therefore, if the new RTA is to operate the services now provided by CTS, the funds now received by CTS would be available for RTA service. Similarly, if the new RTA were to operate some or all of the services now provided by JAUNT, the funds now received by JAUNT could be shifted to the new RTA.

UTS is funded largely through UVa student fees. If UTS were to become a member of the RTA these same funds could be used to fund UVa's share of RTA service. However, UTS also operates charter service for University events and organizations, and charges fees for these services. Federal regulations prohibit recipients of federal transit funding from operating charter services if there are other willing and able vendors. Thus, an RTA, since it would need to receive federal transit funds, could probably not provide UTS' charter services. Therefore, unless an alternative approach for providing UVa's charter services can be devised, the federal funding regulations would likely prevent UTS' participation in an RTA, unless the University established and maintained a separate organizational unit for the charter services or contracted with a private provider for charter services.

Beyond existing funding sources, there are also a large number of potential new funding sources. The passage of HB 3202 in 2007 was intended to provide the Northern Virginia Transportation Authority (NVTA) and the Hampton Roads Transportation Authority (HRTA), and their member jurisdictions, with the authority to levy a broad array of new taxes and fees for transportation. The Virginia Supreme Court recently ruled against the imposition of the HB3202 taxes and fees based upon the mechanism by which they were imposed.¹ However, with legislation and corrections to the enabling authorities, it could still be possible to develop similar revenue sources for the Charlottesville-Albemarle area. Property taxes and a local sales tax are additional options that have been discussed as potential options.

The total amounts of new funding that could be generated by these sources could be large: up to \$18.4 million per year in Charlottesville and \$34.1 million per year in Albemarle County (see Table 1 below).

1 Marshall v. Northern Virginia Transportation Authority, www.courts.state.va.us/opinions/opnscvwp/1071959.pdf .

Table 1: Projected Annual Revenue (2009)

HB 3202 Authority Sources	Rate	Charlottesville	Albemarle County	Charlottesville-Albemarle Area
Grantor's Tax	40¢/\$100	\$1,112,426	\$3,972,212	\$5,084,638
Motor Vehicle Rental Tax	2%	\$51,603	\$807,858	\$859,461
Transient Occupancy Tax	2%	\$800,800	\$666,653	\$1,467,453
Safety Inspection Fee	\$10	\$282,764	\$878,210	\$1,160,974
Initial Vehicle Registration	1%	\$854,974	\$2,655,379	\$3,510,353
Sales Tax on Auto Repairs	5%	\$450,314	\$1,398,585	\$1,848,899
Regional Registration Fee	\$10	\$282,764	\$878,210	\$1,160,974
Motor Fuels Sales Tax	2%	<u>\$1,405,527</u>	<u>\$3,210,179</u>	<u>\$4,615,706</u>
Subtotal		\$5,241,173	\$14,467,286	\$19,708,459
HB 3202 Local Option Sources				
Commercial Real Estate	10¢/\$1000	\$1,526,000	\$1,707,760	\$3,233,761
Local Registration Fee	\$10	\$282,76	\$878,210	\$1,160,974
Commercial/Residential Impact Fee	Locally Set	Depends <u>upon rate</u>	Depends <u>upon rate</u>	Depends <u>upon rate</u>
Subtotal		\$1,808,765	\$2,585,970	\$4,394,735
Other Sources				
Property Tax	1¢/\$1000	\$526,713	\$1,694,898	\$2,221,612
Local Sales Tax	1%	<u>\$10,815,000</u>	<u>\$15,330,000</u>	<u>\$26,145,000</u>
Subtotal		\$11,341,713	\$17,024,898	\$28,366,612
Total All Sources		\$18,391,651	\$34,078,155	\$52,469,806

2 Introduction

At present, CTS service is funded through a variety of sources that include federal, state, city, county funds, fares, and other miscellaneous sources such as advertising. This document describes those funding sources.

In addition, the development of a new RTA could provide the opportunity to develop new funding sources. In Northern Virginia and the Hampton Roads areas, the recently enacted HB 3202 provided the Northern Virginia Transportation Authority (NVTA) and the Hampton Roads Transportation Authority (HRTA), and their member jurisdictions, the authority to levy a broad array of new taxes and fees for transportation. Although the Virginia Supreme Court recently ruled against the imposition of the HB3202 taxes and fees based upon the mechanism by which they were imposed, it is likely that the legislature will, in future, establish new procedures that will pass constitutional muster.

With the creation of a Regional Transportation Authority for the Charlottesville-Albemarle area, it may be possible to develop similar revenue sources. Property taxes and a local sales tax are additional options that have been discussed as potential options. This document also describes those potential revenue sources and presents projections of potential revenue.

3 Existing Funding Sources

CTS, UTS, and JAUNT services are funded through a variety of sources (see Table 2). CTS and JAUNT fund most of their operating costs using federal and state assistance, city and county contributions, passenger fares, and other miscellaneous sources. UTS funds its services primarily through student fees and charter service revenues. Additional detail on the major funding sources is provided in Tables 2, 3, and 4, and the most important sources are described in the following sections.

Table 2: CTS, UTS, and JAUNT Operating Funding Sources (FY 2009)

	CTS	UTS	JAUNT	Total
Fare Revenue	\$301,000		\$402,839	\$703,839
UVA Payments In-Lieu of Fares	\$191,000			\$191,000
State Assistance				
Formula Operating Assistance	\$776,451		\$860,957	\$1,637,408
Demonstration Funding			<u>\$123,193</u>	<u>\$123,193</u>
Subtotal	\$776,451	\$0	\$984,150	\$1,760,601
Federal Assistance				
Section 5304 Planning				
Section 5307 Urbanized Area	\$1,383,343		\$453,145	\$1,836,488
Section 5311 Non-Urbanized Area			\$927,804	\$927,804
Section 5317 New Freedom			\$53,191	\$53,191
Job Access Reverse Commute	<u>\$349,708</u>			<u>\$349,708</u>
Subtotal	\$1,733,051		\$1,434,140	\$3,167,191
City of Charlottesville**	\$2,205,371		\$791,819	\$2,997,190
Counties				
Albemarle	\$678,372		\$725,492	\$1,403,864
Nelson			\$98,058	\$98,058
Fluvanna			\$81,173	\$81,173
Louisa			\$192,563	\$192,563
Buckingham			<u>\$20,424</u>	<u>\$20,424</u>
Subtotal	\$678,372	\$0	\$1,117,710	\$1,796,082
Contract Service			\$450,450	\$450,450
Student Fees		\$2,917,000		\$2,917,000
Charters		\$450,000		\$450,000
Advertising	\$50,000			\$50,000
Other	<u>\$59,888</u>	<u>\$767,000</u>	<u>\$14,160</u>	<u>\$841,048</u>
Total	\$5,995,133	\$4,134,000	\$5,195,268	\$15,324,401

**Includes flexed Urban Road Funds & non-formula grants

Table 3: Federal and State Aid Grant Programs

	Program Description	Federal Funding Share	Notes
Federal Aid Grant Program			
FTA Section 5304	Supports local and statewide transit planning projects.	Up to 80% of eligible expenses	CTS: Does not expect to receive any funding for FY 2009. JAUNT: Does not expect to receive any funding for FY 2009.
FTA Section 5307	Funding for capital and preventative maintenance costs, as well as operating expenses	17 to 20% of capital and preventative maintenance costs, up to 50% of operating expenses	CTS: Expects to receive \$1,383,343 in FY09 for operating expenses. JAUNT: Passed through CTS: expects to receive \$453,145 in FY09 for operating expenses.
FTA Section 5309	Capital assistance for transit projects	Up to 80%%	These funds are earmarked each year by Congress. CTS: expects to receive \$210,906 in FY09 for a variety of projects.. JAUNT: Expects to receive \$63,200 in FY09 for a 20 pass bus.
FTA Section 5311	Supports operating and capital costs of transit operators in <u>non-urbanized</u> areas	Up to 50% of net operating expenses and up to 80% of eligible capital expenses	JAUNT: Expects to receive \$927,804 in FY09 for operating assistance, and \$425,536 for eight replacement vehicles and computer equipment.
Federal Surface Transportation Program (STP)	Supports transit capital projects	Up to 80% of eligible expenses	CTS: Expects to receive \$79,518 in FY09 for replacement diesel engines and bike racks. JAUNT: Expects to receive \$617,400 in FY09 for 10 replacement vehicles.
Federal Job Access Reverse Commute (JARC)	Supports the operating and capital costs of special programs designed to connect unemployed people to jobs	Up to 50% of eligible expenses	CTS: Expects to receive \$349,708 in FY09 for CTS night service. JAUNT: Does not expect to receive any funding for FY09.
State Aid Grant Program			
Formula Assistance	Supports costs borne by eligible recipients for operating related public transportation expenses	Up to 95% of eligible operating expenses	CTS: Expects to receive \$776,452 in FY09. JAUNT: Expects to receive \$860,957 in FY09.
Capital Assistance	Supports costs borne by eligible recipients for public transportation capital projects	Up to 95% of eligible capital expenses	CTS: Expects to receive \$68,831 in FY09 for bus equipment, fareboxes, and bike racks.
Demonstration Project Assistance	Assists communities in preserving and revitalizing public or private public transportation service by implementing innovative projects for one year of operation	Up to 95% of eligible expenses	Most successful grant applications are in the \$50K to \$150K range. CTS: Does not expect to receive any funding in FY09. JAUNT: Expects to receive \$123,193 in FY09.
Technical Assistance	Supports planning or technical assistance to help improve or initiate public transportation related services	Up to 50% of eligible expenses	These funds are usually awarded in conjunction with federal Section 5304 funds to provide 80-10-10 funding for technical studies. Neither CTS nor JAUNT expect to receive any funding for FY09.

Source: CTS and JAUNT.

Table 4: Local Funding Sources

Local Funding Sources	Program Description	Federal Ratios	Notes
City of Charlottesville	Provides operating assistance to CTS and JAUNT based on CTS annual budget and JAUNT funding requests.	Funding amounts determined via annual budget process.	CTS: Will receive \$2,205,371 for FY09 operating expenses. JAUNT: Will receive \$791,819 for FY09 operating expenses, including for the provision of complementary paratransit in Charlottesville.
Albemarle County	Provides funding to CTS and JAUNT for services provided in Albemarle County.	Funding for CTS is based on the amount of service provided in the County. Funding for JAUNT is determined via annual budget process.	CTS: Will receive \$678,372 for FY09 operating expenses. JAUNT: Will receive \$725,492 for FY09 operating expenses including for the provision of complementary paratransit.
Adjoining Counties	Nelson, Fluvanna, Louisa, and Buckingham Counties provide funding to JAUNT for service in those counties, some of which operate to and from Charlottesville.	Funding for JAUNT is determined via annual budget process.	JAUNT: Will receive \$392,218 for FY09 operating expenses for services in Nelson, Fluvanna, Louisa, and Buckingham Counties.
Contract Services	JAUNT provides contracted services to social service agencies, but are billed at the actual cost of service.	Based on purchase of service agreements	JAUNT: Expects to receive \$450,450 in FY09 for the operation of contracted services.
UVa Student Fees	Student fees of \$65 to \$70 per semester are used to fund UVa's transportation services, including UTS, and to pay for free fares for UVa students and employees on CTS.	Student fees set to provide sufficient funding for UVa's transportation programs.	UTS: Expect to collect \$2,917,000 in FY09 to cover 75% of the costs of UTS service. CTS: Will receive \$191,000 in FY09 from UVa to cover the cost of free fares for UVa students and employees.
Charters	UTS operates charter services for special events at UVa, with the proceeds used to offset other costs.	NA	UTS: Expects to generate \$450,000 in charter revenue in FY09. <i>Federally funded transit systems, such as CTS and JAUNT are prohibited from providing charter service.</i>
Other	Revenue recovery from UVA hospital to provide dedicated parking lot shuttle service for their employees	NA	UTS: Will receive \$767,000 from UVA hospital.

Source: CTS, UTS, and JAUNT.

Federally funded transit systems—as a condition of receiving federal funds—are prohibited from providing charter service when there are other willing and able vendors. As a result, a new RTA could not provide UTS' charter service, nor receive this source of income. However, all other sources, or \$14.4 million of \$15.3 million, would be available for use by a new RTA or other regional transit entity. Furthermore, these funding sources would be available through existing mechanisms. In the case of City and County contributions, new cost sharing and allocations could also be developed to better define each party's' respective share (potential cost allocation methods will be addressed in Appendix I).

3.1 Federal Funding

Both CTS and JAUNT rely on Federal Transit Administration (FTA) funds to cover a significant proportion of their operating and capital costs. UTS does not use any federal funds. For regional transit in the Charlottesville-Albemarle area, the most important federal funding sources are FTA Section 5307, 5311, and Job Access Reverse Commute (JARC).

3.1.1 Section 5307 Urban Area Funds

The FTA 5307 Urbanized Area Formula funds are among the most important sources of transit funding for urbanized areas and the localities within them. For large urbanized areas, the federal formula funds are apportioned to the area's designated recipient, which is typically the area's largest transit operator. Large urbanized areas are those that had more than 200,000 residents at the time of the last U.S. Census.

For small urbanized areas with less than 200,000 residents, which includes the Charlottesville-Albemarle area, the FTA apportions the funds to the state, which determines their use. In Virginia, DRPT allocates the funds among the small urbanized areas. In the Charlottesville-Albemarle area, the City is the FTA-designated recipient of FTA funds, but these funds can be passed through to other eligible organizations, such as JAUNT. In small urbanized areas, such as Charlottesville-Albemarle County, the funds can be used for both transit capital and transit operations.

For FY 2009, CTS expects to receive \$1,383,343 in Section 5307 funds, and JAUNT expects to receive \$453,145.

3.1.2 FTA Section 5309

FTA Section 5309 funds are for Bus and Rail New Starts and are earmarked by Congress. FTA Section 5309 Bus funds can be used for capital projects such as replacement or expansion of buses or bus facilities. Section 5309 funds cover up to 80% of eligible capital expenses with a minimum 20% state or local match.

For FY 2009, CTS expects to receive \$210,906 for passenger shelters, fareboxes and radios, AVL, and on-street boxes. In subsequent years, CTS will receive Section 5309 funds for the construction of the Avon Yard and for replacement buses. JAUNT expects to receive \$63,200 for a 20-passenger bus.

(In addition, FTA Section 5309 Fixed Guideway (FG) funds are distributed to large urbanized areas on an urbanized area formula. These funds can be used for capital purposes on fixed guideway transit services such as rail, ferry, cable cars, and buses operating in exclusive rights of way. The Charlottesville-Albemarle area is not eligible for these funds due to its small size (less than 200,000 residents).)

3.1.3 FTA Section 5311

FTA Section 5311 funds provide operating and capital assistance to transit services in rural areas and small urban areas (less than 50,000 in population). These funds are administered through DRPT. The funds are used for transit capital and operating purposes in non-urbanized areas can be used for up to 50% of operating costs. For FY 2009, JAUNT expects to receive \$927,804 in Section 5311 operating assistance for its rural services, and \$425,536 for eight replacement vehicles and computer equipment.

3.1.4 Job Access Reverse (JARC)

Job Access and Reverse Commute (JARC) funds can be used for capital and operating costs of equipment, facilities, and associated capital maintenance items related to providing access to jobs, promoting transit use by workers with non-traditional work schedules, the purchase or lease of vehicles for shuttle service at suburban locations, costs associated with adding reverse commute service or to otherwise facilitate transportation to suburban job opportunities.

Governmental authorities and non-profit organizations are eligible to receive JARC funds, which are administered by the MPO in large urbanized areas and the state (DRPT in Virginia) in small urban areas.

For FY 2009, CTS expects to receive \$349,708 in JARC funds for night service.

3.1.5 Surface Transportation Program (STP)

Surface Transportation Program (STP) funding, which is administered through DRPT, is available for transit capital purposes and are available for up to 80% of project costs. STP funds are available to recipients of FTA Section 5307 and 5311 funding. For FY 2009, JAUNT expects to receive \$617,400 for 10 replacement vehicles.

3.2 State Funding

The Virginia Mass Transit Trust Fund (MTTF) is funded through allocations from the state's Transportation Trust Fund. Under Virginia Code, \$800,000 is taken off the top for paratransit capital projects, 73.5% is allocated for state operating assistance (also known as formula assistance grants), 25% is awarded for capital assistance, and 1.5% is awarded through special projects grants. The three State Assistance programs are described below.

3.2.1 State Formula Assistance

State Formula Assistance can be used to fund operations, select capital purchases, and the local required share for federal capital grants. Recipients of Section 5307 funds generally receive a portion of the Virginia transit trust fund equivalent to their share of the total state transit operating costs. For recipients of Section 5311 funds, the State generally contributes 18% of total operating costs, although this percentage can fluctuate from year to year.

In FY 2009, CTS expects to receive \$776,451 in State Formula Assistance, and JAUNT expects to receive \$860,957.

3.2.2 State Capital Assistance

VDRPT distributes State Capital Assistance from Virginia's transit trust fund to support a range of activities including vehicle purchase, lease and rehabilitation, construction or improvement of facilities, debt service for major capital projects, and safety and security equipment. The actual apportionments have varied based on available state resources. Funds are distributed among the approved capital projects on the basis of uniform state participation ratio in the non-federal costs of all approved projects.

In recent years, the State has funded approximately 23% of capital improvements. For FY 2009, CTS expects to receive \$68,831 for matches for FY 2009 FTA Section 5309 funded projects (described above) and replacement diesel engines. JAUNT expects to receive \$ 197,411 for replacement vehicles and computers.

3.2.3 State Demonstration Project Assistance

State Demonstration Project Assistance is provided to develop and test new or existing technologies or procedures that:

- Improve the efficiency of public transportation providers in all functional areas.
- Offer creative approaches to identify and penetrate public transportation markets.
- Increase private sector involvement in all areas of public transportation.
- Raise the utilization and productivity of existing public transportation services.

- Improve public transportation services to the disabled.

These funds are intended to be used for one year. Eligible recipients are local governments, transportation districts and public service corporations. In FY 2006, CTS received \$59,000 in FY06 for its “Town and Gown” service, and in FY 2007, JAUNT received \$60,000 for its Buckingham service. For FY 2009, CTS will not receive any funds from this source, but JAUNT expects to receive \$123,193

3.3 Local Funding

CTS, UTS, and JAUNT receive local funding from a variety of sources that include city and county local funds, fees for contracted services, UVa student fees, and charter services.

3.3.1 City and County Local Funds

The City of Charlottesville and Albemarle County provide local funds to CTS and JAUNT to support operations. Local funding amounts are determined annually based on funding needs and requests by the respective agencies as part of the annual budgeting process. For FY 2009, the City has budgeted \$2,205,371 million for CTS and \$791,819 for JAUNT. Albemarle County has budgeted \$678,372 for CTS and \$725,492 for JAUNT.

In addition, Nelson, Fluvanna, Louisa, and Buckingham Counties provide funding to JAUNT for service in those counties, some of which operate to and from Charlottesville. These funding allocations are also determined through the annual budgeting processes of the counties. For FY 2009, JAUNT will receive a total of \$392,218 from the four counties.

3.3.2 Contract Services

JAUNT provides contract services to a number of social service agencies, and charges the agencies the actual cost of providing the services. For FY 2009, JAUNT expects to receive \$450,450 for these services.

3.3.3 UVa Student Fees

UVa imposes a fee of approximately \$72 per semester for all undergraduate and graduate students for transportation services. This fee funds 75% of the cost of UTS service. It also used to purchase free fares for UVa students and employees on CTS. The student fee is budgeted to generate approximately \$2.9 million in FY 2009, of which \$191,000 will be paid to CTS for the free fare program.

3.3.4 Charters

UTS operates charter services for University events, such as football games and alumni events. These charters, while a small part of its overall service, are nonetheless an important transportation support service for UVa programs. For FY 2009, UTS expects to provide \$450,000 worth of charter services.

Federally funded transit systems, such as CTS and JAUNT, are prohibited from providing charter service when other willing and able vendors are available. This prohibition is considered to be one significant barrier to UTS becoming part of an RTA since it would mean that it could not meet its charter service needs.

3.3.5 Other

UTA receives revenue from the UVA hospital to provide dedicated parking lot shuttle service for their employees.

4 Potential New Funding Sources and Revenues

The passage of HB 3202 in 2007 was intended to provide the Northern Virginia Transportation Authority (NVTa) and the Hampton Roads Transportation Authority (HRTA), and their member jurisdictions, with the authority to levy a broad array of new taxes and fees for transportation. The Virginia Supreme Court recently ruled against the imposition of the HB3202 taxes and fees based upon the mechanism by which they were imposed.² However, with legislation and corrections to the enabling authorities, it could still be possible to develop similar revenue sources for the Charlottesville-Albemarle area. Property taxes and a local sales tax are additional options that have been discussed as potential options. This section describes those potential revenue sources and presents projections of potential revenue.

4.1 NVTa and HRTA Revenue Sources

HB 3202 authorized eight different types of regional taxes and fees that will be collected region-wide, and three types of local-option taxes and fees that can be levied at the discretion of each individual jurisdiction:

Region-Wide

- Motor Fuel Sales Tax
- Grantor's Tax
- Motor Vehicle Rental Tax
- Transient Occupancy Tax
- Safety Inspection Fee
- Initial Vehicle Registration Fee
- Sales Tax on Auto Repairs
- Regional Registration Fee

Local Option

- Commercial Real Estate
- Local Registration Fee
- Commercial/Residential Impact Fee

² Marshall v. Northern Virginia Transportation Authority, www.courts.state.va.us/opinions/opnscvwp/1071959.pdf.

The authorizations for the two authorities and regions varies slightly in terms of specific sources and rates (see Table 5):

- H 3202 authorizes a 2% sales tax on motor fuels in the Hampton Roads region (this tax is already collected in Northern Virginia).
- The bill authorizes a 2% transient occupancy tax in Northern Virginia but not in the Hampton Roads area.
- The commercial real estate tax can be up to 25¢ per \$100 in Northern Virginia, but only up to 10¢ in the Hampton Roads area.

Table 5: HB 3202 Funding Authorizations

	Northern Virginia Transportation Authority	Hampton Roads Transportation Authority
Region-Wide		
Sales Tax on Gasoline	—	2%
Grantor's Tax (property transfer tax)	40¢/\$100	40¢/\$100
Motor Vehicle Rental Tax	2%	2%
Transient Occupancy Tax	2%	—
Safety Inspection Fee	\$10	\$10
Initial Vehicle Registration Fee	1%	1%
Sales Tax on Auto Repairs	5%	5%
Regional Registration Fee	\$10	\$10
Local Option		
Commercial Real Estate	Up to 25¢	Up to 10¢
Local Registration Fee	\$10	\$10
Commercial/Residential Impact Fee	TBD	TBD
Annual Revenue (millions)	\$200 - \$215	\$425 - \$445

4.2 Potential New Charlottesville-Albemarle Area Taxes and Fees

With the development of a new Charlottesville-Albemarle Regional Transportation Authority, it is possible that similar sources could be developed for the Charlottesville-Albemarle area. The following sections describe these potential sources, initial assumptions on rates and how they could be imposed, and the resulting revenue. The total amounts of new funding that could be generated could be large: up to \$18.4 million per year in Charlottesville and \$34.1 million per year in Albemarle County.

4.3 Authority to Impose New Taxes and Fees

Local property taxes are imposed by individual jurisdictions, and both Charlottesville and Albemarle County have the authority to increase property taxes to provide funding for transit. All of the other potential sources, however, would require legislative authority. The Legislature, through the Transportation Act of 1964 and the 2007 HB 3202 transportation funding bill, has granted transportation authorities and their member jurisdictions in Northern Virginia and Hampton Roads with the authority to levy the taxes and fees described in this document as “HB 3202 sources.” A Charlottesville-Albemarle RTA would need similar legislative approval.

The imposition of a local 1% sales tax for transit would also require legislative approval. While local general sales taxes are a common source of transit funding in other states, they are not currently used in Virginia, and thus there is no established precedent for such a tax. However, the Northern Virginia Transportation Commission and the Potomac Rappahannock Transportation Commission do levy a 2% tax on retail gasoline sales that is earmarked for transportation purposes. Gaining legislative approval for a local general sales tax would likely be more difficult than for the HB 3202 sources, for which precedents have already been set.³

4.4 Initial Assumptions and Potential Revenue Sources

To produce the revenue estimates, we assumed that a number of new sources could be potential options. These included:

- The same sources as in the NVRTA and HVRTA areas, and that the taxes and fees would be levied in a similar manner. In the two case where there were differences between the authorizations for the two areas, we assumed the following:
 - HB 3202 authorizes a 2% transient occupancy tax for NVRTA but not for HVRTA. We included this tax in the projections.
 - HB 3202 authorizes the collection of a commercial real estate tax in both areas, but with a rate of up to 25¢/\$1000 in Northern Virginia, and up to 10¢/\$1000 in Hampton Roads. We used the lower \$10/\$1000 rate.
- Local property and sales taxes.

³ Note also that the Fredericksburg Area Metropolitan Planning Organization (FAMPO) is currently pursuing the development of an RTA for the George Washington Region, and is also examining the development of new funding in a similar manner as approved for NVRTA and Hampton Roads in HB 3202.

On this basis, the revenue sources and rates that were examined for the Charlottesville-Albemarle area were:

Revenue Source	Rate
<i>HB 3202 Authority Imposed</i>	
Grantor's Tax	40¢/\$100
Motor Vehicle Rental Tax	2%
Transient Occupancy Tax	2%
Safety Inspection Fee	\$10
Initial Vehicle Registration	1%
Sales Tax on Auto Repairs	5%
Regional Registration Fee	\$10
Motor Fuels Sales Tax	2%
<i>HB 3202 Local Option</i>	
Commercial Real Estate	10¢/\$1000
Local Registration Fee	\$10
Commercial/Residential Impact Fee	Locally Set
<i>Other</i>	
Property Tax	1¢/\$1000
Sales Tax	1%

4.5 Projected Revenue

In FY 2009 dollars, the total amount that could be collected from all of the sources examined would be over \$52 million per year: \$18.4 million in Charlottesville and \$34.1 million in Albemarle County (see Table 6). The largest single potential source would be a 1% sales tax, which would generate \$10.8 million in Charlottesville and \$15.3 million in Albemarle County. These would be followed by the Grantor's and Motor Fuels taxes, which would generate a total of \$4.0 and \$3.2 million annually. The individual sources and projected amounts are described in the following sections.

4.5.1 Grantors Tax

The Grantor's Tax would be levied when property changes hands, and would be levied at a rate of 40¢ per \$100 of property value. Future changes in Grantor's Tax revenues would be largely tied to real estate sales volumes and prices. Over the past few years, there have been large increases in volume and prices, which have produced very large increases Grantor's Tax revenues. Recently, sales volumes have declined, and prices have also weakened. As a result, changes in Grantor's Tax revenues could vary significantly on a year-to-year basis.

For FY 2009, the Grantor's Tax would generate \$1.1 million per year in Charlottesville and \$4.0 million in Albemarle County. Of all of the HB 3202 sources examined, the Grantor's Tax would generate the largest amounts of revenue.

Table 6: Projected Annual Revenue (2009)

	Rate	Charlottesville	Albemarle County	Charlottesville-Albemarle area
HB 3202 Authority Sources				
Grantor's Tax	40¢/\$100	\$1,112,426	\$3,972,212	\$5,084,638
Motor Vehicle Rental Tax	2%	\$51,603	\$807,858	\$859,461
Transient Occupancy Tax	2%	\$800,800	\$666,653	\$1,467,453
Safety Inspection Fee	\$10	\$282,764	\$878,210	\$1,160,974
Initial Vehicle Registration	1%	\$854,974	\$2,655,379	\$3,510,353
Sales Tax on Auto Repairs	5%	\$450,314	\$1,398,585	\$1,848,899
Regional Registration Fee	\$10	\$282,764	\$878,210	\$1,160,974
Motor Fuels Sales Tax	2%	<u>\$1,405,527</u>	<u>\$3,210,179</u>	<u>\$4,615,706</u>
Subtotal		\$5,241,173	\$14,467,286	\$19,708,459
HB 3202 Local Option Sources				
Commercial Real Estate	10¢/\$1000	\$1,526,000	\$1,707,760	\$3,233,761
Local Registration Fee	\$10	\$282,76	\$878,210	\$1,160,974
Commercial/Residential Impact Fee	Locally Set	Depends upon rate	Depends upon rate	Depends upon rate
Subtotal		\$1,808,765	\$2,585,970	\$4,394,735
Other Sources				
Property Tax	1¢/\$1000	\$526,713	\$1,694,898	\$2,221,612
Local Sales Tax	1%	<u>\$10,815,000</u>	<u>\$15,330,000</u>	<u>\$26,145,000</u>
Subtotal		\$11,341,713	\$17,024,898	\$28,366,612
Total All Sources		\$18,391,651	\$34,078,155	\$52,469,806

4.5.2 Motor Vehicle Rental Tax

The Motor Vehicle Rental Tax of 2% would be levied on motor vehicle rental charges and total revenues would be related to rental volumes, the length of the rentals, and prices. For FY 2009, this tax would generate only \$52,000 per year in Charlottesville and \$808,000 in Albemarle County (where the airport and most rental car outlets are located).

4.5.3 Transient Occupancy Tax

The Transient Occupancy Tax of 2% would be applied to lodging receipts. Total revenues would be related to the location of lodging, visitation levels, the length of average stays, and lodging rates. For FY 2009, this tax would generate \$801,000 per year in Charlottesville and \$667,000 in Albemarle County.

4.5.4 Safety Inspection Fee

The Safety Inspection Fee of \$10 would be added to the annual safety inspection fee. This fee would generate \$283,000 in Charlottesville and \$878,000 in Albemarle County.

4.5.5 Sales Tax on Auto Repairs

The Sales Tax on Auto Repairs of 5% would be levied on automobile repair charges. Total revenue would vary from year-to-year based on those charges, which would be closely related to the number of registered vehicles. This sales tax would generate \$450,000 in Charlottesville and \$1.4 million in Albemarle County.

4.5.6 Initial Vehicle Registration

The initial Vehicle Registration Fee of 1% would be applied to the value of new vehicle registrations. Annual changes in the registration fee revenue would be related to closely to vehicle sales. This fee would generate \$855,000 in Charlottesville and \$2.7 million in Albemarle County.

4.5.7 Regional Registration Fee

The Regional Registration Fee of \$10 would be applied to annual vehicle registrations. This fee would generate \$283,000 in Charlottesville and \$878,000 in Albemarle County.

4.5.8 Motor Fuels Sales Tax

The motor fuels sales tax would be levied as a 2% tax on the sale of all motor fuels in the same manner authorized for NVTD and PRTC by the “Transportation District Act of 1964,” and by HB 3202 for Hampton Roads.

Motor fuels tax revenues would be directly related the volumes of motor fuels sold and prices. To develop the estimates presented herein, we used the methodology developed by the Potomac and Rappahannock Transportation Commission (PRTC) to project motor fuel sales tax revenues for its member jurisdictions. Since actual motor fuels consumption data is not available on a locality basis, PRTC uses past experience to project revenues on a per capita basis. As shown in Table 7, per-capita motor fuels tax revenues range from \$31.94 (Prince William) to \$71.36 (Fredericksburg). The PRTC area average is \$34.93.

Table 7: PRTC FY 2007 Motor Fuels Tax Revenue Projections

	2006 Population	FY07 Fuel Tax Revenue	FY 2007 Revenue per Capita
Prince William	369,216	\$11,794,533	\$31.94
Manassas	36,576	\$1,518,027	\$41.50
Manassas Park	13,910	\$852,662	\$61.30
Fredericksburg	21,651	\$1,545,041	\$71.36
Stafford	120,511	\$3,917,268	\$32.51
PRTC Total	561,864	\$19,627,531	\$34.93

Source: PRTC

The \$34.93 PRTC average figure was used to project motor fuels tax revenues for Charlottesville and Albemarle County. On this basis, a 2% motor fuels tax would generate \$1.4 million per year in Charlottesville and \$4.0 million in Albemarle County. In total, this tax would produce the second highest levels of funding of the HB 3202 sources.

Future growth in motor fuel sales tax revenues would be related to consumption and the price of motor fuel. Consumption continues to be on an upward trend, while prices are volatile and on a generally upward trend.

4.5.9 Commercial Real Estate Tax

The Commercial Real Estate Tax of 10¢ would be applied to every \$100 of assessed valuation for commercial property. This tax would generate \$1.5 million in Charlottesville and \$1.7 million in Albemarle County.

4.5.10 Local Registration Fee

The Local Registration Fee would be a local counterpart to the Regional Registration Fee, and would generate equivalent revenue (\$282,000 in Charlottesville and \$878,000 in Albemarle County).

4.5.11 Commercial/Residential Impact Fee

Commercial/Residential Impact fee levels would be set at the discretion of the local jurisdictions.

4.5.12 Property Tax

Each 1¢/\$100 increase in taxes on all property would generate \$527,000 per year in Charlottesville and \$1.7 million in Albemarle County.

4.5.13 Local Sales Tax

A local sales tax could provide the largest single source of new funding, and significantly larger than any of the HB 3202 funding sources. A 1% local sales tax would generate \$10.8 million in Charlottesville and \$15.3 million per year in Albemarle County.

5 Impacts of New RTA on State and Federal Funds

As described in Section 3, FTA Section 5307 Urban Area and 5311 Non-Urban Area funding and State Operating Assistance are allocated on formula bases. The development of an RTA or other alternative governance structure would have no impact on federal or state funding revenues.

5.1 Impact on FTA 5307 and 5311 Fund Generation

In the case of FTA Section 5307 and 5311 funding, the formulae are based on population and population density. Therefore, the development of an RTA or other alternative governance structure would have no impact on the amount of funds generated in the Charlottesville Albemarle area.

5.2 Impact on State Operating Assistance Funding

As described in Section 3.2.1, the State allocates available State Operating Assistance among eligible recipients based on each system's share of total statewide operating costs (for example, if a systems' operating costs are 10% of the operating costs for all systems combined, it would receive 10% of available Statewide operating assistance).

At the present time, all City, County, and JAUNT operating costs are included in the CTS budget and State formula calculations. Thus the development of an RTA or other alternative governance structure consisting of the City, the County, and/or JAUNT would not leverage any additional funding.