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HOUSE BILL NO. 2466

Offered January 13, 2025

Prefiled January 8, 2025

A *BILL to amend and reenact § 33.2-2605 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 33.2-2600.2, 33.2-2600.3, and 58.1-603.3, relating to Hampton Roads Interstate Highway Corridor Improvement Program and Fund; Hampton Roads Highway Coastal Resilience Program and Fund; sales and use tax; Planning District 23.*

Patrons—Glass and Clark

Referred to Committee on Transportation

Be it enacted by the General Assembly of Virginia:

1. That § 33.2-2605 of the Code of Virginia is amended and reenacted and the Code of Virginia is amended by adding sections numbered 33.2-2600.2, 33.2-2600.3, and 58.1-603.3 as follows:

§ 33.2-2600.2. Hampton Roads Interstate Highway Corridor Improvement Program and Fund.

A. There is hereby created in the state treasury a special nonreverting fund for Planning District 23 to be known as the Hampton Roads Interstate Highway Corridor Improvement Fund, referred to in this chapter as "the Highway Corridor Improvement Fund," to be managed and administered by the Commission. The Highway Corridor Improvement Fund shall be established on the books of the Comptroller. All revenues dedicated to the Highway Corridor Improvement Fund pursuant to § 58.1-603.3 shall be paid into the state treasury and credited to the Highway Corridor Improvement Fund as provided in § 58.1-603.3. Interest earned on moneys in the Highway Corridor Improvement Fund shall remain in the Highway Corridor Improvement Fund and be credited to it. Any moneys remaining in the Highway Corridor Improvement Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Highway Corridor Improvement Fund. Moneys in the Highway Corridor Improvement Fund shall be used solely for (i) projects selected by the Commission in its administration of the program established pursuant to subsection B and (ii) administrative and operating expenses of the Commission as specified in subsection B of § 33.2-2605.

B. The Commission shall establish and administer the Hampton Roads Interstate Highway Corridor Improvement Program (the Program) for the purpose of planning, developing, financing, building, constructing, and otherwise making infrastructure and safety improvements to new or existing highway corridors connected to, surrounding, or paralleling interstate highways in Planning District 23. The Commission shall identify highway corridors that provide ingress and egress to and from interstate highways or are otherwise as alternative routes to interstate highways, including U.S. Routes 58 and 460, and develop a long-term plan for addressing increased vehicle traffic on the highways that are part of such highway corridors. In selecting projects for the Program, the Commission shall (i) prioritize projects based on (a) the anticipated congestion mitigation and highway safety benefits, taking into account the throughput, actual or anticipated, of the applicable corridor and (b) the readiness of such projects for completion, including the availability of funding; (ii) consult with the Hampton Roads Transportation Planning Organization and relevant localities; and (iii) consider the impact of traffic from the Port of Virginia on such highways.

C. The amounts dedicated to the Highway Corridor Improvement Fund shall be deposited monthly by the Comptroller into the Highway Corridor Improvement Fund and thereafter distributed to the Commission as soon as practicable for use in accordance with this section. If the Commission determines that such moneys distributed to it exceed the amount required to meet the current needs and demands identified in this section, the Commission may invest such excess moneys to the same extent and in the same manner as provided in subsection A of § 33.2-1525 for excess funds in the Transportation Trust Fund, *mutatis mutandis*.

D. The amounts deposited into the Highway Corridor Improvement Fund and the distribution and expenditure of such amounts shall not be used to calculate or reduce the share of federal, state, or local revenues otherwise available to participating localities. Further, such revenues and moneys shall not be included in any computation of, or formula for, a composite index of local ability-to-pay, upon which appropriations of state revenues to local governments for public education are determined.

§ 33.2-2600.3. Hampton Roads Highway Coastal Resilience Program and Fund.

A. There is hereby created in the state treasury a special nonreverting fund for Planning District 23 to be known as the Hampton Roads Highway Coastal Resilience Fund, referred to in this chapter as "the Highway Coastal Resilience Fund," to be managed and administered by the Commission. The Highway Coastal Resilience Fund shall be established on the books of the Comptroller. All revenues dedicated to the Highway Coastal Resilience Fund pursuant to § 58.1-603.3 shall be paid into the state treasury and credited to the Highway Coastal Resilience Fund as provided in § 58.1-603.3. Interest earned on moneys in the Highway

59 *Coastal Resilience Fund shall remain in the Highway Coastal Resilience Fund and be credited to it. Any*
60 *moneys remaining in the Highway Coastal Resilience Fund, including interest thereon, at the end of each*
61 *fiscal year shall not revert to the general fund but shall remain in the Highway Coastal Resilience Fund.*
62 *Moneys in the Highway Coastal Resilience Fund shall be used solely for (i) projects selected by the*
63 *Commission in its administration of the program established pursuant to subsection B and (ii) administrative*
64 *and operating expenses of the Commission as specified in subsection B of § 33.2-2605.*

65 *B. The Commission shall establish and administer the Hampton Roads Highway Coastal Resilience*
66 *Program (the Program) for the purpose of planning, developing, financing, building, constructing, and*
67 *maintaining infrastructure to address transportation infrastructure that is at risk due to recurrent and coastal*
68 *flooding in Planning District 23. The Commission shall identify such at-risk transportation infrastructure and*
69 *develop a long-term plan to address and mitigate the effects of recurrent flooding and other coastal*
70 *resilience issues on such transportation infrastructure. In selecting projects for the Program, the Commission*
71 *shall consult with the Hampton Roads Planning District Commission and relevant localities.*

72 *C. The amounts dedicated to the Highway Coastal Resilience Fund shall be deposited monthly by the*
73 *Comptroller into the Highway Coastal Resilience Fund and thereafter distributed to the Commission as soon*
74 *as practicable for use in accordance with this section. If the Commission determines that such moneys*
75 *distributed to it exceed the amount required to meet the current needs and demands identified in this section,*
76 *the Commission may invest such excess moneys to the same extent and in the same manner as provided in*
77 *subsection A of § 33.2-1525 for excess funds in the Transportation Trust Fund, mutatis mutandis.*

78 *D. The amounts deposited into the Highway Coastal Resilience Fund and the distribution and expenditure*
79 *of such amounts shall not be used to calculate or reduce the share of federal, state, or local revenues*
80 *otherwise available to participating localities. Further, such revenues and moneys shall not be included in*
81 *any computation of, or formula for, a composite index of local ability-to-pay, upon which appropriations of*
82 *state revenues to local governments for public education are determined.*

83 **§ 33.2-2605. Annual budget and allocation of expenses.**

84 *A. The Commission shall adopt an annual budget and develop a funding plan and shall provide for such*
85 *adoption in its bylaws. The funding plan shall provide for the expenditure of funds over a four- to six-year*
86 *period and shall align with the Statewide Transportation Plan established pursuant to § 33.2-353 as much as*
87 *possible. The Commission shall solicit public comment on its budget and funding plan by posting a summary*
88 *of such budget and funding plan on its website and holding a public hearing. Such public hearing shall be*
89 *advertised on the Commission's website and in a newspaper of general circulation in Planning District 23.*

90 *B. The administrative and operating expenses of the Commission shall be provided in an annual budget*
91 *adopted by the Commission. To the extent that funds for such expenses are not provided from other sources,*
92 *the expenses shall be paid from the Fund ~~and~~, the Regional Transit Fund, the Hampton Roads Interstate*
93 *Highway Corridor Improvement Fund, and the Hampton Roads Highway Coastal Resilience Program Fund,*
94 *as applicable, or on an approximately pro rata basis of the programs supported by the Fund ~~and~~, the Regional*
95 *Transit Fund, the Hampton Roads Interstate Highway Corridor Improvement Fund, and the Hampton Roads*
96 *Highway Coastal Resilience Program Fund. Such budget shall be limited solely to the administrative and*
97 *operating expenses of the Commission and shall not include any funds for construction or acquisition of*
98 *transportation facilities or the performance of any transportation service.*

99 *C. Members may be reimbursed for all reasonable and necessary expenses provided in §§ 2.2-2813 and*
100 *2.2-2825, if approved by the Commission. Funding for the costs of compensation and expenses of the*
101 *members shall be provided by the Commission.*

102 **§ 58.1-603.3. Additional state sales and use tax for certain transportation and transportation-related**
103 **purposes in certain counties and cities; distribution of revenues.**

104 *A. In addition to the sales tax imposed pursuant to §§ 58.1-603 and 58.1-603.1, there is hereby levied and*
105 *imposed in each county and city located in Planning District 23 established pursuant to the Regional*
106 *Cooperation Act (§ 15.2-4200 et seq.) a retail sales tax at the rate of 0.30 percent. Such tax shall be added to*
107 *the rate of the state sales tax imposed pursuant to §§ 58.1-603 and 58.1-603.1 in each such county and city*
108 *and shall be subject to all the provisions of this chapter and the rules and regulations published with respect*
109 *thereto. No discount under § 58.1-622 shall be allowed for the tax imposed under this subsection. Such tax*
110 *shall be administered and collected by the Tax Commissioner in the same manner and subject to the same*
111 *penalties as provided for the state sales tax under § 58.1-603, mutatis mutandis.*

112 *B. In addition to the use tax imposed pursuant to §§ 58.1-604 and 58.1-604.01, there is hereby levied and*
113 *imposed in each county and city located in Planning District 23 established pursuant to the Regional*
114 *Cooperation Act (§ 15.2-4200 et seq.) a retail use tax at the rate of 0.30 percent. Such tax shall not be levied*
115 *upon food purchased for human consumption or essential personal hygiene products, as such terms are*
116 *defined in § 58.1-611.1. Such tax shall be added to the rate of the state use tax imposed pursuant to §§*
117 *58.1-604 and 58.1-604.01 in each such county and city and shall be subject to all the provisions of this*
118 *chapter and the rules and regulations published with respect thereto. No discount under § 58.1-622 shall be*
119 *allowed for the tax imposed under this subsection. Such tax shall be administered and collected by the Tax*

Commissioner in the same manner and subject to the same penalties as provided for the state use tax under § 58.1-604, *mutatis mutandis*.

C. The revenue generated and collected pursuant to any tax authorized under this section, less the applicable portion of any refunds to taxpayers, shall be deposited by the Comptroller as follows: two-thirds shall be deposited in the Hampton Roads Interstate Highway Corridor Improvement Fund established pursuant to § 33.2-2600.2 and one-third shall be deposited in the Hampton Roads Highway Coastal Resilience Fund established pursuant to § 33.2-2600.3.

2. If the General Assembly or a locality located in Planning District 23 appropriates or transfers any of the additional revenues dedicated to the Hampton Roads Interstate Highway Corridor Improvement Fund or the Hampton Roads Highway Coastal Resilience Program Fund, as created by this act, for any non-transportation-related purpose or any purpose not authorized by the provisions of this act that create the fund affected by such appropriation or transfer, then the provisions of this act that generate additional revenues for the fund affected by such appropriation or transfer shall expire on December 31 of the year in which such appropriation or transfer occurs. If any provision of this act expires as provided in this enactment, the Hampton Roads Transportation Accountability Commission shall notify the Virginia Code Commission of such expiration.