Department of Planning and Budget 2025 General Assembly Session State Fiscal Impact Statement

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Bill Number: HB2466 Patron: Glass

Bill Title: Hampton Roads Interstate Highway Corridor Improvement Program and Fund; Hampton

Roads Highway Coastal Resilience Program and Fund; sales and use tax; Planning District

23.

Bill Summary: Creates (i) the Hampton Roads Interstate Highway Corridor Improvement 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 (Hampton Roads) and (ii) the Hampton Roads Highway Coastal Resilience Program for the purpose of planning, developing, financing, building, constructing, and maintaining infrastructure to address transportation infrastructure that is at risk due to recurrent and coastal flooding in Planning District 23. The bill creates a 0.30 percent retail sales and use tax to be levied and imposed in each county and city located in Planning District 23 and provides that, less the applicable portion of any refunds to taxpayers, two-thirds of the moneys generated shall be deposited in the Hampton Roads Interstate Highway Corridor Improvement Fund, created by the bill, and one-third of moneys generated shall be deposited in the Hampton Roads Highway Coastal Resilience Fund, created by the bill.

Budget Amendment Necessary: Yes **Items Impacted:** Item 446 (Agency 503)

Explanation: Appropriations under Agency 503 represent pass-through payments to local transportation

authorities. Additional appropriation would be needed to make payments to the Hampton

Roads Transportation Accountability Commission.

Fiscal Summary: It is estimated that this legislation would generate \$81.7 million in additional revenue and corresponding payments to the Hampton Roads Transportation Accountability Commission in FY2026.

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	FY2025	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	FY2029	FY2030
∨DOT Transfer	ćo	¢01 742 124	\$92.653.990	¢0E 939 007	¢00 072 217	¢104 F20 067
Payments	\$0	\$81,743,124	\$92,053,990	\$95,828,907	\$99,972,317	\$104,539,967

Fiscal Analysis: The bill creates a 0.30 percent retail sales and use tax in each county and city located in Planning District 23 and provides that two-thirds of the revenue would be deposited in the Hampton Roads Interstate Highway Corridor Improvement Fund, created by the bill, and one-third of the revenue generated would be deposited in the Hampton Roads Highway Coastal Resilience Fund, created by the bill.

Based on projections from the Department of Taxation, it is estimated that that this bill would generate an additional \$81.7 million in revenue in FY2026. The table below summarizes the revenue impact to the new funds established by the legislation.

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	Fiscal Year					
Fund	2026*	2027	2028	2029	2030	
Hampton Roads Interstate Highway Corridor Improvement Fund	\$54,495,416	\$61,769,327	\$63,885,938	\$66,648,211	\$69,693,311	
Hampton Roads Highway Coastal Resilience Fund	\$27,247,708	\$30,884,663	\$31,942,969	\$33,324,106	\$34,846,656	
Total	\$81,743,124	\$92,653,990	\$95,828,907	\$99,972,317	\$104,539,967	

*11-month impact

Both funds created by this legislation would be managed by the Hampton Roads Transportation Accountability Commission. The Commission is a local authority and any impact to its operations is indeterminate.

Revenue for pass-through payments made by the Virginia Department of Transportation (VDOT) to local transportation authorities is appropriated under Item 446 of the 2025 Budget Bill (HB1600/SB800). Additional appropriation would be needed in FY2026 for VDOT to complete the pass-through of these funds to the Commission. It is anticipated that this legislation will not have an operational impact on VDOT.

Other: Planning District 23 includes the cities of Suffolk, Virginia Beach, and Williamsburg and the Counties of Isle of Wight, James City, Southampton, and York.