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

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Bill Number: HB2020 Patron: Gilbert

**Bill Title:** Highway maintenance; Town of New Market.

**Bill Summary:** Adds the Town of New Market to the list of localities authorized to receive state funds for the performance of certain highway maintenance projects.

**Budget Amendment Necessary:** No **Items Impacted:** N/A **Explanation:** Expenditure impacts would fall outside of the 2024-2026 Biennium.

**Fiscal Summary:** This legislation would not increase nongeneral fund expenditures in the current biennium. In future biennia, either a transfer within VDOT's budget from the Highway System Maintenance and Operations program to the Financial Assistance to Localities for Ground Transportation program would be needed or resulting payments to localities would be adjusted to account for the addition of the Town.

**Fiscal Analysis:** This legislation would add certain roads within the Town of New Market into the Urban System of Highways requiring the Town to maintain certain roads within its jurisdictional boundaries and making the roads eligible for maintenance payments from the Virginia Department of Transportation (VDOT) to the Town for those eligible roads

VDOT estimates that the Town of New Market has approximately 9.57 lane miles of arterial roads and 13.58 lane miles of minor collector road and local streets (4.43 centerline miles at various number of lanes for arterials and 6.79 for minor collectors/locals) within its jurisdiction. For localities that receive state funds for the highway maintenance, payments from VDOT are based on the type of roads and the number of lane-miles of each road type. Using the FY 2025 maintenance payment rates of \$29,094 per lane mile for arterial roads and \$17,082 per lane mile for collector/local roads, the Town's estimated allocation would be \$278,431 for Arterials and \$231,975 for Local and Minor Collectors for a total of \$510,406 per year. That total includes if the Town assumes maintenance of their Primaries, without their Primaries the total it would be \$315,184. If the bill is approved, payments could begin as early as FY 2027 as a result of having to complete reviews of the street inventory, receipt of Urban Inventory resolutions from the Town, and condition assessments.

VDOT's estimates of the total eligible payments to the Town of New Market are summarized in the table below. This assumes a 2.5% budget increase in 2026 (not shown), 2.4% budget increase in 2027 and a 2.3% increase in subsequent years.

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Fiscal Year	Estimated Payment to the Town of New Market
2027	\$535,723
2028	\$548,044
2029	\$560,649
2030	\$573,544
2031	\$586,736

The addition of the Town's roads to the urban highway system would reduce the existing maintenance and operations expenditures by VDOT on those roads. While VDOT does not track expenditures specifically in the Town of New Market, expenditures for Shenandoah County (where New Market is located) are tracked. After collecting known expenditures for the County in 2024, and removing all interstate expenditures and project-specific expenditures, VDOT spent a total of \$5,526,679 in the County, to include the Town of New Market. Using VDOT's mileage tables, Shenandoah County has a total of 729.16 centerline miles. Expenditures per lane mile can be calculated as \$7,580. Using New Market's total centerline mileage of 11.22, the Department could be expected to spend \$85,048 in the Town annually. As a result, the net impact to VDOT expenditures is summarized in the table below.

Fiscal Year	Net Impact to VDOT Expenditures
2027	\$450,675
2028	\$462,996
2029	\$475,601
2030	\$488,496
2031	\$501,688

So that no other City or Town payment rates are diminished due to the addition of the Town of New Market's urban mileage, additional Urban Maintenance system budget for all maintenance payments would be necessary. As the assets would currently be maintained by VDOT, a transfer from the VDOT Maintenance

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Budget would be made from the base budget to fund this additional need in Financial Assistance to Localities in the first fiscal year the legislation is effective.

**Other:** This bill is similar to SB1288.