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SENATE BILL NO. 638

Offered January 14, 2026

Prefiled January 14, 2026

A *BILL to amend and reenact §§ 33.2-359, 33.2-371, 33.2-1526, 33.2-1526.1, 33.2-3102, 33.2-3401, 33.2-3402, 33.2-3403, 33.2-3502, 46.2-774, and 46.2-2099.48 of the Code of Virginia; to amend the Code of Virginia by adding in Article 2 of Chapter 19 of Title 33.2 a section numbered 33.2-1904.1, by adding in Article 11 of Chapter 19 of Title 33.2 a section numbered 33.2-1937, by adding in Chapter 24 of Title 33.2 a section numbered 33.2-2402, by adding in Chapter 7 of Title 46.2 a section numbered 46.2-775, by adding a section numbered 58.1-603.3, and by adding in Chapter 17 of Title 58.1 articles numbered 13, 14, and 15, consisting of sections numbered 58.1-1749, 58.1-1750, and 58.1-1751; and to repeal § 33.2-3100.1 of the Code of Virginia, relating to transportation funding.*

Patrons—Ebbin, Boysko, Surovell and Favola

Referred to Committee on Transportation

Be it enacted by the General Assembly of Virginia:

1. That §§ 33.2-359, 33.2-371, 33.2-1526, 33.2-1526.1, 33.2-3102, 33.2-3401, 33.2-3402, 33.2-3403, 33.2-3502, 46.2-774, and 46.2-2099.48 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Article 2 of Chapter 19 of Title 33.2 a section numbered 33.2-1904.1, by adding in Article 11 of Chapter 19 of Title 33.2 a section numbered 33.2-1937, by adding in Chapter 24 of Title 33.2 a section numbered 33.2-2402, by adding in Chapter 7 of Title 46.2 a section numbered 46.2-775, by adding a section numbered 58.1-603.3, and by adding in Chapter 17 of Title 58.1 articles numbered 13, 14, and 15, consisting of sections numbered 58.1-1749, 58.1-1750, and 58.1-1751, as follows:

§ 33.2-359. Unpaved secondary highway funds.

A. Funds from the highway construction district grant programs established pursuant to § 33.2-371 shall be allocated for the improvement of nonsurface treated secondary highways that carry 50 or more vehicles per day. Such improvement may consist of enhancements to such highway or highway segment other than paving, such as improved materials, drainage upgrades, or enhanced design of the highway profile. Other techniques shall be considered improvements if they increase safety, reduce maintenance costs, or enhance the historic qualities of the highway or highway segment. Funds shall be deducted from the allocation made to each highway construction district pursuant to subsection *D E* of § 33.2-371 and such deduction shall be based on the ratio of nonsurface treated secondary highways in each highway construction district that carry 50 or more vehicles per day to the total number of such nonsurface treated secondary highways in the Commonwealth.

Total funds of the Commonwealth allocated by the Board under this section shall not exceed \$25 million annually.

B. Such funds shall be distributed to counties in the secondary state highway system based on the ratio of nonsurface treated roads in each county carrying 50 vehicles or more per day to the total number of such nonsurface treated roads in the Commonwealth. The local governing body of the county shall select the highways or highway segments to be improved pursuant to this section, after consulting with the Department. Improvements pursuant to this section shall be designed and implemented utilizing project standards that conform to then-existing federal and state requirements and standards and, if no such standards exist, that conform to standards as mutually agreed upon by the Department and the locality.

§ 33.2-371. Highway construction district grant programs.

A. As used in this section:

"Land area" means the total land area of the counties within a highway construction district reduced by the area of any military reservations and state or national parks or forests within its boundaries and such other similar areas and facilities of five square miles in area or more, as may be determined by the Board.

"Population" means the population according to the latest U.S. census or the latest population estimates made by the Weldon Cooper Center for Public Service of the University of Virginia, whichever is more recent.

B. The Board shall establish a grant program in each highway construction district to fund projects and strategies that address a need in the Statewide Transportation Plan developed pursuant to § 33.2-353 and for purposes set forth in subsection *D*.

C. The Board shall solicit candidate projects and strategies from local governments for consideration in the applicable highway construction district's grant program. Candidate projects and strategies shall be screened, evaluated, and selected by the Board according to the process established pursuant to subsection *B*

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59 of § 33.2-214.1 but shall be within a highway construction district and not outside such highway construction
 60 district. Candidate projects and strategies from localities within a highway construction district shall be
 61 scored against projects and strategies within the same highway construction district. Only those candidate
 62 projects and strategies submitted by a locality shall be funded.

63 *D. From funds available for each district where funding is made available pursuant to §§ 46.2-775 and*
 64 *58.1-2299.20, the Board shall award up to 15 percent for transit capital and operating support for transit*
 65 *agencies providing service within such district. No agency that receives funds directly from either the*
 66 *Hampton Roads Transportation Accountability Commission pursuant to Chapter 26 (§ 33.2-2600 et seq.), the*
 67 *Central Virginia Transportation Authority pursuant to Chapter 37 (§ 33.2-3700 et seq.), or a transportation*
 68 *district established pursuant to Chapter 19 (§ 33.2-1900 et seq.) shall receive funds pursuant to this*
 69 *subsection.*

70 *E. Funds allocated to this program under § 33.2-358 shall be distributed to each highway construction*
 71 *district for that district's grant program as follows:*

72 1. Thirty percent based on the ratio of the population of the cities and towns eligible to receive payments
 73 pursuant to § 33.2-319 within a highway construction district to the total population of the cities and towns
 74 eligible to receive payments pursuant to § 33.2-319 within the Commonwealth;

75 2. Twenty-eight percent based on the ratio of vehicle miles traveled on primary highways within the
 76 highway construction district to the total vehicle miles traveled on primary highways in the Commonwealth;

77 3. Twenty-four percent based on the ratio of the population of counties within a highway construction
 78 district to the total population of all counties within the Commonwealth;

79 4. Ten percent based on the ratio of the number of primary lane-miles in the highway construction district
 80 to the total number of primary lane-miles within the Commonwealth;

81 5. Six percent based on the ratio of the land area of counties within the highway construction district to the
 82 total land area of counties within the Commonwealth; and

83 6. Two percent based on a primary need factor based on addressing the largest under-allocation to
 84 highway construction districts relative to primary needs.

85 *E. F. Projects awarded funds under a grant program established by this section may be administered by*
 86 *the local government pursuant to § 33.2-228 or by the Department.*

87 **§ 33.2-1526. Commonwealth Mass Transit Fund.**

88 A. There is hereby created in the State Treasury a special nonreverting fund that shall be a part of the
 89 Transportation Trust Fund and shall be known as the Commonwealth Mass Transit Fund (the Fund). The
 90 Fund shall be established on the books of the Comptroller and any funds remaining in the Fund at the end of
 91 the biennium shall not revert to the general fund but shall remain in the Fund. Interest earned on such funds
 92 shall be credited to the Fund.

93 B. The amounts allocated to the Fund pursuant to §§ 33.2-1526.1, 58.1-1749, and 58.1-1750 shall be
 94 used to support the operating, capital, and administrative costs of public transportation at a state share
 95 determined by the Board, and such amounts may be used to support the capital project costs of public
 96 transportation and ridesharing equipment, facilities, and associated costs at a state share determined by the
 97 Board. Capital costs may include debt service payments on local or agency transit bonds.

98 **§ 33.2-1526.1. Use of the Commonwealth Mass Transit Fund.**

99 A. All funds deposited pursuant to §§ 33.2-1524.1, 58.1-1749, and 58.1-1750 into the Commonwealth
 100 Mass Transit Fund (the Fund), established pursuant to § 33.2-1526, shall be allocated as set forth in this
 101 section.

102 B. From funds available pursuant to subsection D, up to \$50 million shall be allocated to the Washington
 103 Metropolitan Area Transit Authority as matching funds to federal and other funds provided by the Federal
 104 Transit Administration, the District of Columbia, and the State of Maryland. However, such funds shall only
 105 be provided if the District of Columbia and the State of Maryland each provide an amount equal to one-third
 106 of the funding provided by the Federal Transit Administration to the Washington Metropolitan Area Transit
 107 Authority. The funds provided by the Commonwealth shall not exceed the funds provided by the District of
 108 Columbia or the State of Maryland.

109 C. The Board may establish policies for the implementation of this section, including the determination of
 110 the state share of operating, capital, and administrative costs related to mass transit. For purposes of this
 111 section, capital costs may include debt service payments on local or agency transit bonds. Funds may be paid
 112 to any local governing body, transportation district commission, or public service corporation for the
 113 purposes as set forth in this section. No funds from the Fund shall be allocated without a local match from the
 114 recipient.

115 D. Each year the Director of the Department of Rail and Public Transportation shall make
 116 recommendations to the Board for the allocation of funds from the Fund. Such recommendations, and the
 117 final allocations approved by the Board, shall adhere to the following, except as provided in subsection E:

118 1. ~~Twenty-four and one-half~~ *Twenty-seven* percent of the funds shall be allocated to support operating
 119 costs of transit providers and shall be distributed by the Board on the basis of service delivery factors, based
 120 on effectiveness and efficiency as established by the Board. Such measures and their relative weight shall be

121 evaluated every three years and shall be finalized 6 months prior to the fiscal year of implementation. The
 122 Washington Metropolitan Area Transit Authority (WMATA) and the commuter rail system jointly operated
 123 by the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock
 124 Transportation Commission (PRTC), established pursuant to Chapter 19 (§ 33.2-1900 et seq.) shall not be
 125 eligible for an allocation of funds pursuant to this subdivision.

126 2. ~~Seventeen~~ *Fifteen* percent of the funds shall be allocated for capital purposes and distributed utilizing
 127 the transit capital prioritization process established by the Board pursuant to § 33.2-214.4. WMATA and the
 128 commuter rail system jointly operated by NVTC and PRTC, established pursuant to Chapter 19 (§ 33.2-1900
 129 et seq.) shall not be eligible for an allocation of funds pursuant to this subdivision.

130 3. Three and one-half percent of funds ~~may~~ *shall* be allocated to NVTC for distribution to the commuter
 131 rail system jointly operated by NVTC and PRTC, established pursuant to Chapter 19 (§ 33.2-1900 et seq.),
 132 for operating and capital purposes. ~~The amount of funds distributed pursuant to this subdivision and the~~
 133 ~~selection of systems receiving funds pursuant to this subdivision shall be based on service delivery factors~~
 134 ~~including effectiveness and efficiency as established by the Board. Such measures and their relative weight~~
 135 ~~shall be evaluated every three years and shall be finalized six months prior to the fiscal year of~~
 136 ~~implementation. Any funds remaining after such distribution shall be redistributed to subdivision 2.~~

137 4. ~~Forty-six and one-half~~ *Forty-nine* percent of the funds shall be allocated to the NVTC for distribution to
 138 WMATA for capital purposes and operating assistance, as determined by the Commission. ~~All allocations~~
 139 ~~pursuant to this subdivision shall not exceed 50 percent of the total operating and capital assistance required~~
 140 ~~to be provided by NVTC or other Virginia entities in the approved WMATA budget. If the default allocation~~
 141 ~~pursuant to this subdivision exceeds an amount equal to 50 percent of the total operating and capital~~
 142 ~~assistance required to be provided by NVTC or other Virginia entities in the approved WMATA budget, the~~
 143 ~~remaining funds shall be redistributed to subdivision 2. No contributions made to WMATA pursuant to~~
 144 ~~§ 33.2-3401 by the Commonwealth or NVTC shall be relevant for the purposes of administering this~~
 145 ~~subdivision.~~

146 5. ~~Six~~ *Three and nine-tenths* percent of the funds shall be allocated by the Board for the Transit Ridership
 147 Incentive Program established pursuant to § 33.2-1526.3.

148 6. ~~Two and one-half~~ *One and six-tenths* percent of the funds shall be allocated for special programs,
 149 including ridesharing, transportation demand management programs, experimental transit, public
 150 transportation promotion, operation studies, and technical assistance, and may be allocated to any local
 151 governing body, planning district commission, transportation district commission, or public transit
 152 corporation. Remaining funds may also be used directly by the Department of Rail and Public Transportation
 153 to (i) finance a program administered by the Department of Rail and Public Transportation designed to
 154 promote the use of public transportation and ridesharing throughout the Commonwealth or (ii) finance up to
 155 80 percent of the cost of development and implementation of projects with a purpose of enhancing the
 156 provision and use of public transportation services.

157 E. The Board may consider the transfer of funds from subdivisions D 2 and 6 to subdivision D 1 in times
 158 of statewide economic distress or statewide special need.

159 F. The Department of Rail and Public Transportation may reserve a balance of up to five percent of the
 160 Fund revenues in order to ensure stability in providing operating and capital funding to transit entities from
 161 year to year, provided that such balance shall not exceed five percent of revenues in a given biennium.

162 G. The Board may allocate up to 3.5 percent of the funds set aside for the Fund to support costs of project
 163 development, project administration, and project compliance incurred by the Department of Rail and Public
 164 Transportation in implementing rail, public transportation, and congestion management grants and programs.

165 H. Funds allocated to the Northern Virginia Transportation Commission (NVTC) for WMATA pursuant
 166 to subdivision D 4 shall be credited to the Counties of Arlington, Fairfax, and Loudoun and the Cities of
 167 Alexandria, Fairfax, and Falls Church. Funds allocated pursuant to this subsection shall be credited as
 168 follows:

169 1. Local obligations for debt service for WMATA rail transit bonds apportioned to each locality using
 170 WMATA's capital formula shall be paid first by NVTC, which shall use 95 percent state aid for these
 171 payments.

172 2. The remaining funds shall be apportioned to reflect WMATA's allocation formulas by using the related
 173 WMATA-allocated subsidies and relative shares of local transit subsidies. Capital costs shall include 20
 174 percent of annual local bus capital expenses. Local transit subsidies and local capital costs of Loudoun
 175 County shall not be included. ~~Hold harmless protections and obligations for NVTC's jurisdictions agreed to~~
 176 ~~by NVTC on November 5, 1998, shall remain in effect *be included*.~~

177 I. Appropriations from the Fund are intended to provide a stable and reliable source of revenue, as defined
 178 by P.L. 96-184.

179 J. Notwithstanding any other provision of law, funds allocated to WMATA may be disbursed by the
 180 Department of Rail and Public Transportation directly to WMATA or to any other transportation entity that
 181 has an agreement to provide funding to WMATA.

182 K. ~~In any year that the total Virginia operating assistance in the approved WMATA budget increases by~~

183 more than three percent from the total operating assistance in the prior year's approved WMATA budget, the
 184 Board shall withhold an amount equal to 35 percent of the funds available under subdivision D 4. The
 185 following items shall not be included in the calculation of any WMATA budget increase: (i) any service,
 186 equipment, or facility that is required by any applicable law, rule, or regulation; (ii) any capital project
 187 approved by the WMATA Board before or after the effective date of this provision; (iii) any payments or
 188 obligations of any kind arising from or related to legal disputes or proceedings between or among WMATA
 189 and any other person or entity; and (iv) any service increases approved by the WMATA Board. The Board
 190 shall distribute to WMATA all funds required pursuant to subdivision D 4 if:

191 1. The WMATA Board of Directors adopts a policy to establish a methodology for determining the
 192 measurement of Metrorail and Metrobus annual unit cost growth using mod-specific operating costs and
 193 vehicle revenue hours. Such policy shall determine a baseline year and associated data from which annual
 194 unit cost growth will be measured. Baseline operating cost and vehicle revenue data shall be actual and for
 195 the most recent year and may be preliminary and not yet audited by the Federal Transit Administration's
 196 National Transit Database;

197 2. Beginning no later than the WMATA proposed budget for Fiscal Year 2028, WMATA annually
 198 publishes the results of the annual unit cost growth calculation as described in the policy adopted pursuant to
 199 subdivision 1, detailing the year-over-year operating expenses and vehicle revenue hours by mode for rail
 200 and bus and percentage growth increase from the prior year; and

201 3. Beginning in Fiscal Year 2029, the approved WMATA budget's unit cost of rail or bus service does not
 202 grow more than three percent.

203 However, if the approved WMATA budget's unit cost of rail or bus service grows more than three percent
 204 from the previous year, the Board shall withhold an amount equal to 35 percent of the funds available under
 205 subdivision D 4 for such year. If the WMATA Board of Directors fails to adopt a policy pursuant to
 206 subdivision 1, the Board shall withhold an amount equal to 35 percent of the funds available under
 207 subdivision D 4 for Fiscal Year 2028 and for every subsequent fiscal year in which such a policy has not
 208 been adopted.

209 L. The Board shall withhold 20 percent of the funds available pursuant to subdivision D 4 if (i) any
 210 alternate directors participate or take action at an official WMATA Board meeting or committee meeting as
 211 Board directors for a WMATA compact member when both directors appointed by that same WMATA
 212 compact member are present at the WMATA Board meeting or committee meeting or (ii) the WMATA
 213 Board of Directors has not adopted bylaws that would prohibit such participation by alternate directors.

214 M. The Board shall withhold 20 percent of the funds available pursuant to subdivision D 4 unless (i)
 215 WMATA has adopted a detailed capital improvement program covering the current fiscal year and, at a
 216 minimum, the next five fiscal years, and at least one public hearing on such capital improvement program has
 217 been held in a locality embraced by the Northern Virginia Transportation Commission (NVTC), and (ii)
 218 WMATA has adopted or updated a strategic plan within the preceding ~~36 months~~ five years, and at least one
 219 public hearing on such plan or updated plan has been held in a locality embraced by NVTC.

220 The strategic plan shall require (a) an assessment of state of good repair needs; (b) a review of the
 221 performance of fixed-route bus service, including schedules, route design, connectivity, and vehicle sizes; (c)
 222 an evaluation of opportunities to improve operating efficiency of the transit network, including reliability of
 223 trips and travel speed; (d) an examination and identification of opportunities to share services where multiple
 224 transit providers' services overlap; and (e) an examination of opportunities to improve service in underserved
 225 areas.

226 N. The Board shall withhold 20 percent of the funds available pursuant to subdivision D 4 unless
 227 WMATA prepares and submits a proposed detailed annual operating budget and any proposed capital
 228 expenditures and projects for the following fiscal year to the Board by April 1 of each year. The budget shall
 229 include information on expenditures, indebtedness, pensions and other liabilities, and other information as
 230 prescribed by the Board. Additionally such funds shall be withheld if the Commonwealth's and Northern
 231 Virginia Transportation Commission's representatives to the WMATA Board of Directors and the WMATA
 232 General Manager fail to annually address the Commonwealth Transportation Board regarding the WMATA
 233 budget, system performance, and utilization of the Commonwealth's investment in the WMATA system.

234 O. The Board shall withhold 20 percent of the funds available pursuant to subdivision D 3 unless the
 235 commuter rail system jointly operated by Northern Virginia Transportation Commission and the Potomac and
 236 Rappahannock Transportation Commission, established pursuant to Chapter 19 (§ 33.2-1900 et seq.), submits
 237 a detailed annual operating budget and any proposed capital expenditures and projects for the following fiscal
 238 year to the Board by ~~February~~ March 1 of each year. The operating plan and budget shall include information
 239 on expenditures, indebtedness, service delivery factors, including effectiveness and efficiency, and other
 240 information as prescribed by the Board.

241 **§ 33.2-1904.1. Distribution of revenues from the Northern Virginia Transportation District Regional**
 242 **Fund.**

243 A. There is hereby created in the state treasury a special nonreverting fund for the benefit of the localities
 244 within the Northern Virginia Transportation District to be known as the Northern Virginia Transportation

245 District Regional Fund (the Fund). The Fund shall be established on the books of the Comptroller. All
 246 revenues dedicated to the Fund pursuant to §§ 46.2-775, 58.1-603.3, 58.1-1749, 58.1-1750, and 58.1-1751
 247 that are attributable to revenues generated in any county or city located within the Northern Virginia
 248 Transportation District shall be paid into the state treasury and credited to the Fund as set forth in this
 249 section and shall be used for public transportation purposes.

250 B. Two percent of the annual Fund revenues shall be distributed to the Northern Virginia Transportation
 251 District Commission for technical assistance, planning, and design to advance transit projects that benefit
 252 the Northern Virginia Transportation District.

253 C. Beginning in fiscal year 2028:

254 1. A total of \$136 million shall be deposited by the Comptroller into the Washington Metropolitan Area
 255 Transit Authority (WMATA) Capital Fund established pursuant to § 33.2-3401. For each fiscal year after
 256 2028, such amount to be deposited into the WMATA Capital Fund pursuant to this subdivision shall be equal
 257 to 103 percent of the amount deposited in the preceding fiscal year. Any revenue generated in excess of the
 258 amount distributed to WMATA for capital purposes pursuant to subsection B of § 33.2-3401 shall be credited
 259 to this amount.

260 2. A total of \$9.1 million shall be deposited by the Comptroller into the Commuter Rail Operating and
 261 Capital Fund established pursuant to § 33.2-3500. For each fiscal year after 2028, such amount to be
 262 deposited into the Commuter Rail Operating and Capital Fund pursuant to this subdivision shall be equal to
 263 103 percent of the amount deposited in the preceding fiscal year.

264 D. Any revenue dedicated to the Fund as provided in subsection A in excess of the amounts distributed
 265 pursuant to subsections B and C shall remain in the Fund and be held in trust accounts for each county and
 266 city located within such district for public transportation purposes. The amount in each trust account shall be
 267 determined on a pro rata basis in proportion to the revenues generated and attributable to such county or
 268 city.

269 **§ 33.2-1937. Other transportation districts with unique needs.**

270 The General Assembly finds that transportation districts that (i) have a population of 800,000 or more, as
 271 shown by the most recent United States Census, (ii) have not less than one million motor vehicles registered
 272 therein, and (iii) have a total transit ridership of not less than four million riders per year across all transit
 273 systems within the transportation district and that jointly operate with another transportation district a
 274 commuter rail service have unique transportation needs.

275 **§ 33.2-2402. Potomac and Rappahannock Transportation Commission Regional Fund.**

276 A. There is hereby created in the state treasury a special nonreverting fund for the benefit of the localities
 277 embraced by the Potomac and Rappahannock Transportation Commission to be known as the Potomac and
 278 Rappahannock Transportation Commission Regional Fund (the Fund). The Fund shall be established on the
 279 books of the Comptroller. All revenues dedicated to the Fund pursuant to §§ 46.2-775 and 58.1-603.3 that
 280 are attributable to revenues generated in any county or city embraced by the Potomac and Rappahannock
 281 Transportation Commission shall be paid into the state treasury and credited to the Fund as set forth in this
 282 section and shall be used for public transportation purposes.

283 B. Beginning in fiscal year 2028, \$18.2 million shall be deposited by the Comptroller into the Commuter
 284 Rail Operating and Capital Fund established pursuant to § 33.2-3500. For each fiscal year after 2028, such
 285 amount to be deposited into the Commuter Rail Operating and Capital Fund pursuant to this subsection shall
 286 be equal to 103 percent of the amount deposited in the preceding fiscal year.

287 C. Any revenue dedicated to the Fund as provided in subsection A in excess of the amounts distributed
 288 pursuant to subsection B shall remain in the Fund and be held in trust accounts for each county and city
 289 located within such district to be used for public transportation purposes in accordance with the Potomac
 290 and Rappahannock Transportation Commission's strategic plan for transit or adopted budget. The amount in
 291 each trust account shall be determined on a pro rata basis in proportion to the revenues generated and
 292 attributable to such county or city.

293 **§ 33.2-3102. Virginia-specific requirements.**

294 A. Members of the Board of Directors of the Washington Metrorail Safety Commission for the
 295 Commonwealth of Virginia shall be appointed by the Governor of Virginia and subject to confirmation by the
 296 General Assembly.

297 B. The Secretary of Transportation, in coordination with the Northern Virginia Transportation
 298 Commission, shall engage his counterparts in Maryland and Washington, D.C., and the appropriate officials
 299 in the federal government for the purpose of revising the Washington Metropolitan Area Transit Authority
 300 Compact of 1966 and implementing other reforms necessary to ensure the near-term and long-term viability
 301 of the Washington Area Metropolitan Transit Authority (WMATA). In doing so, the Secretary shall develop,
 302 propose, and seek agreement on reforms related to the following: (i) the legal and organizational structure of
 303 WMATA; (ii) the composition and qualifications of the WMATA Board of Directors and the length of terms
 304 of its members; (iii) labor costs and labor relations; (iv) measures necessary to resolve WMATA's unfunded
 305 pension liability and other postemployment benefits; (v) measures necessary to better ensure the safety of
 306 riders and employees, including safety in the event of a homeland security emergency in the national capital

307 area; and (vi) financial and operational improvements necessary to ensure that WMATA's performance is at
 308 least as efficient as its closest comparable transit systems in the United States. The Secretary shall report to
 309 and consult quarterly beginning June 30, 2017, with the Chairmen of the House and Senate Transportation
 310 Committees regarding activity taken in accordance with this subsection.

311 **§ 33.2-3401. Washington Metropolitan Area Transit Authority Capital Fund.**

312 A. There is hereby created in the state treasury a special nonreverting fund for the benefit of the Northern
 313 Virginia Transportation District to be known as the Washington Metropolitan Area Transit Authority Capital
 314 Fund. The Fund shall be established on the books of the Comptroller. All revenues dedicated to the Fund
 315 pursuant to §§ 33.2-1904.1, 33.2-2400, 33.2-3404, 58.1-802.3, 58.1-1741, 58.1-1743, and 58.1-2299.20 shall
 316 be paid into the state treasury and credited to the Fund as set forth in subsection B ~~and shall be used for the~~
 317 ~~payment of capital purposes incurred, or to be incurred, by WMATA.~~ Interest on moneys in the Fund shall
 318 remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the
 319 end of each fiscal year shall not revert to the general fund but shall remain in the Fund. The Comptroller shall
 320 disburse funds to WMATA on a monthly basis if NVTC has provided the certification required by subsection
 321 B of § 33.2-3402.

322 B. *The amounts dedicated to the Fund shall be deposited monthly by the Comptroller into the Fund and*
 323 *thereafter distributed by NVTC as soon as practicable for use by WMATA for capital purposes. The amount*
 324 *distributed to WMATA for capital purposes shall not exceed:*

325 1. *For fiscal year 2027, \$154.5 million; and*

326 2. *For fiscal year 2028 and each fiscal year thereafter, the sum of (i) the amount referenced in subdivision*
 327 *1 and (ii) \$136 million. Beginning in fiscal year 2029 and annually thereafter, the amount provided pursuant*
 328 *to clause (ii) shall be adjusted by increasing the amount provided for the previous fiscal year by three*
 329 *percent.*

330 C. 1. ~~Within the Fund, there shall be established~~ NVTC shall establish a separate, segregated account into
 331 which revenues dedicated to the Fund pursuant to §§ 33.2-2400 and 58.1-1741 shall be deposited (the
 332 Restricted Account). Revenues deposited into the Restricted Account shall be available for use by WMATA
 333 for capital purposes other than for the payment of, or security for, debt service on bonds or other indebtedness
 334 of WMATA.

335 2. ~~Within the Fund, there shall be established~~ NVTC shall establish a separate, segregated account into
 336 which revenues dedicated to the Fund pursuant to §§ 33.2-1904.1, 33.2-3404, 58.1-802.3, 58.1-1743, and
 337 58.1-2299.20 shall be deposited (the Non-Restricted Account). Revenues deposited into the Non-Restricted
 338 Account shall be available for use by WMATA for capital purposes, including for the payment of, or security
 339 for, debt service on bonds or other indebtedness of WMATA, or for any other WMATA capital purposes.

340 C. The amounts deposited into the Fund and the distribution and expenditure of such amounts shall not be
 341 used to calculate or reduce the share of federal, state, or local revenues otherwise available to participating
 342 jurisdictions. Further, such revenues and moneys shall not be included in any computation of, or formula for,
 343 a locality's ability to pay for public education, upon which appropriations of state revenues to local
 344 governments for public education are determined.

345 D. *However, the amount allocated pursuant to clause (ii) of subdivision B 2, including any adjustment*
 346 *made thereto, shall not be provided to WMATA unless the District of Columbia contributes at least \$173*
 347 *million in 2027 and the State of Maryland contributes at least \$152 million in 2027 to WMATA, such amounts*
 348 *to be adjusted by three percent increases each year thereafter.*

349 **§ 33.2-3402. NVTC oversight.**

350 A. In any year that funds are deposited into the Fund, the NVTC shall ~~request~~ verify the publication of
 351 certain documents and reports from WMATA to confirm the benefits of the WMATA system to persons
 352 living, traveling, commuting, and working in the localities that the NVTC comprises. Such documents and
 353 reports shall include:

354 1. WMATA's annual capital budget;

355 2. WMATA's annual independent financial audit;

356 3. WMATA's National Transit Data annual profile; ~~and~~

357 4. Single audit reports issued in accordance with the Uniform Administrative Requirements, Cost
 358 Principals, and Audit Requirements for Federal Awards (2 C.F.R. Part 200);

359 5. *In the annual budget or other regular reports to the WMATA Board of Directors, data describing the*
 360 *performance and condition of the rail and bus systems, including safety, reliability, ridership, cost savings*
 361 *initiatives, financial performance, and the use of the funds provided from the Fund to improve the safety and*
 362 *condition of the rapid heavy rail mass transportation system; and*

363 6. *By June 30, 2027, and contingent upon enactment of similar reporting requirements by the District of*
 364 *Columbia and the State of Maryland, WMATA's reporting commitments under the DMVMoves Plan,*
 365 *comprising the most recent 20-year capital plan, to be updated every five years, including analysis of*
 366 *potential capital investments that reduce operating costs; funding or financial plans for major projects with*
 367 *capital costs greater than \$300 million, adjusted with inflation; and an annual report to the Metropolitan*
 368 *Washington Council of Governments on system performance, detailing progress toward DMVMoves goals*

369 and objectives.

370 B. NVTC shall be responsible for ~~coordinating the delivery~~ verifying publication, either on the WMATA
371 website or by other means, of such documents and reports with by WMATA. Funding of the Commonwealth
372 to support WMATA pursuant to § 33.2-1526.1 shall be contingent on WMATA providing publishing the
373 documents and reports described in subsection A, and NVTC shall provide annual certification to the
374 Comptroller that such documents and reports have been ~~received~~ published.

375 **§ 33.2-3403. NVTC report.**

376 By December 15 of each year that funds are deposited into the Fund, NVTC shall report to the Governor
377 and, the General Assembly, and the Commonwealth Transportation Board on the performance and condition
378 of WMATA. Such report shall contain, at a minimum, documentation of the following:

379 1. ~~The safety and reliability of the rapid heavy rail mass transportation system and bus network~~ An
380 assessment of the data, trends, and information included in WMATA documents and reports as described in
381 subsection A of § 33.2-3402; and

382 2. ~~The financial performance of WMATA related to the operations of the rapid heavy rail mass~~
383 ~~transportation system, including farebox recovery, service per rider, and cost per service hour;~~

384 3. ~~The financial performance of WMATA related to the operations of the bus mass transportation system,~~
385 ~~including farebox recovery, service per rider, and cost per service hour;~~

386 4. Potential strategies to reduce the growth in such costs and to improve the efficiency of WMATA
387 operations;

388 5. Use of the funds provided from the Fund to improve the safety and condition of the rapid heavy rail
389 mass transportation system; and

390 6. Ridership of the rapid heavy rail mass transportation system and the bus mass transportation system.

391 **§ 33.2-3502. Authority to issue bonds.**

392 The transportation districts described in subsection B of § 33.2-3500 may issue bonds and other evidences
393 of debt as may be authorized by this section or other law. The provisions of Article 5 (§ 33.2-1920 et seq.) of
394 Chapter 19 shall apply, mutatis mutandis, to the issuance of such bonds or other debt. The Authority may
395 issue bonds or other debt in such amounts as it deems appropriate. ~~The bonds may be supported by any funds~~
396 ~~available in the Fund, provided that the total amount of debt service for all outstanding bonds may not exceed~~
397 ~~66 percent of the revenues dedicated to the Fund pursuant to § 58.1-2299.20.~~

398 **§ 46.2-774. (For contingent expiration, see Acts 2020, cc. 1230 and 1275) Distribution of revenues.**

399 All revenues collected pursuant to this chapter, *except those collected pursuant to § 46.2-775*, shall be
400 used first to pay for the direct cost of administration of this chapter by the Department, and then shall be
401 deposited into the Commonwealth Transportation Fund established pursuant to § 33.2-1524.

402 **§ 46.2-775. Regional Highway Use Fee.**

403 A. *There is hereby imposed an additional annual regional highway use fee on any motor vehicle*
404 *registered in the Commonwealth under § 46.2-694 or 46.2-697 that is an alternative fuel vehicle and electric*
405 *motor vehicle or a fuel-efficient vehicle. Such regional highway use fee shall be 29.34 percent of the amount*
406 *of the highway use fee assessed pursuant to § 46.2-772 for such vehicle. The fee shall be collected by the*
407 *Department in the same manner as the highway use fee pursuant to § 46.2-772, mutatis mutandis.*

408 B. *There is hereby established a regional mileage-based user fee program. The program shall be a*
409 *voluntary program that allows owners of vehicles subject to the regional highway use fee pursuant to*
410 *subsection A to pay a mileage-based fee in lieu of the regional highway use fee. Such program shall be*
411 *administered in the same manner as the mileage-based user fee program created pursuant to § 46.2-773,*
412 *mutatis mutandis.*

413 C. *All revenues collected pursuant to this section shall be used first to pay for the direct cost of the*
414 *administration of this section by the Department, and then shall be deposited in the following manner:*

415 1. *For any vehicle that is principally garaged in any county or city that is a member of the Northern*
416 *Virginia Transportation Commission, such funds shall be deposited into the Northern Virginia*
417 *Transportation District Regional Fund created pursuant to § 33.2-1904.1.*

418 2. *For any vehicle that is principally garaged in any county or city that is a member of the Potomac and*
419 *Rappahannock Transportation Commission, such funds shall be deposited into the Potomac and*
420 *Rappahannock Transportation Commission Regional Fund created pursuant to § 33.2-2402.*

421 3. *For any vehicle that is principally garaged in any county or city that is subject to § 58.1-2299.20, but*
422 *that is not subject to subdivision 1 or 2, such funds shall be distributed in the same manner as in*
423 *§ 58.1-2299.20, mutatis mutandis.*

424 4. *For any vehicle that is not subject to subdivision 1, 2, or 3, such funds shall be deposited into the*
425 *Commonwealth Transportation Fund established pursuant to § 33.2-1524.*

426 **§ 46.2-2099.48. General operational requirements for transportation network companies and TNC**
427 **partner.**

428 A. A transportation network company and a TNC partner shall provide passenger transportation only on a
429 prearranged basis and only by means of a digital platform that enables passengers to connect with TNC
430 partners using a TNC partner vehicle. No TNC partner shall transport a passenger unless a transportation

431 network company has matched the TNC partner to that passenger through the digital platform. A TNC
432 partner shall not provide transportation in any other manner. A TNC partner shall not solicit, accept, or
433 arrange transportation except through a transportation network company's digital platform or through a TNC
434 broker.

435 B. A transportation network company shall authorize collection of fares for transporting passengers solely
436 through a digital platform. A TNC partner shall not accept payment of fares directly from a passenger or any
437 other person prearranging a ride or by any means other than electronically via a digital platform, unless:

438 1. The ride is booked by a transit system, with a transportation network company with which it has a
439 contract, on behalf of an eligible paratransit passenger;

440 2. The fare is a defined amount, as published by the transit system, and is communicated to the passenger
441 in advance;

442 3. The transportation network company specifically authorizes over the digital network the TNC partner
443 to collect cash for the fare, and that authorization includes the amount to be collected. The transportation
444 network company's digital platform shall provide the TNC partner with a method to acknowledge receipt of
445 the fare when it is collected;

446 4. The passenger receives a receipt for the fare paid; and

447 5. The transit system receives a receipt and full accounting of cash fares monthly, or on demand, through
448 the transportation network company's account dashboard.

449 C. A transportation network company with knowledge that a TNC partner has violated the provisions of
450 subsection A or B shall remove the TNC partner from the transportation network company's digital platform
451 for at least one year.

452 D. A transportation network company shall publish the following information on its public website and
453 associated digital platform:

454 1. The method used to calculate fares or the applicable rates being charged, *including any taxes imposed*
455 *pursuant to § 58.1-1749 or other applicable law*, and an option to receive an estimated fare;

456 2. Information about its TNC partner screening criteria, including a description of the offenses that the
457 transportation network company will regard as grounds for disqualifying an individual from acting as a TNC
458 partner;

459 3. The means for a passenger or other person to report a TNC partner reasonably suspected of operating a
460 TNC partner vehicle under the influence of drugs or alcohol;

461 4. Information about the company's training and testing policies for TNC partners;

462 5. Information about the company's standards for TNC partner vehicles; and

463 6. A customer support telephone number or email address and instructions regarding any alternative
464 methods for reporting a complaint.

465 E. A transportation network company shall associate a TNC partner with one or more personal vehicles
466 and shall authorize a TNC partner to transport passengers only in a vehicle specifically associated with a
467 TNC partner by the transportation network company. The transportation network company shall arrange
468 transportation solely for previously associated TNC partners and TNC partner vehicles. A TNC partner shall
469 not transport passengers except in a TNC partner vehicle associated with the TNC partner by the
470 transportation network company.

471 F. A TNC partner shall carry at all times while operating a TNC partner vehicle proof of coverage under
472 each in-force TNC insurance policy, which may be displayed as part of the digital platform, and each in-force
473 personal automobile insurance policy covering the vehicle. The TNC partner shall present such proof of
474 insurance upon request to the Commissioner, a law-enforcement officer, an airport owner and operator, an
475 official of the Washington Metropolitan Area Transit Commission, or any person involved in an accident that
476 occurs during the operation of a TNC partner vehicle. The transportation network company shall require the
477 TNC partner's compliance with the provisions of this subsection.

478 G. Prior to a passenger's entering a TNC partner vehicle, a transportation network company shall provide
479 through the digital platform to the person prearranging the ride the first name and a photograph of the TNC
480 partner, the make and model of the TNC partner vehicle, and the license plate number of the TNC partner
481 vehicle.

482 H. A transportation network company shall provide to each of its TNC partners a credential, which may
483 be displayed as part of the digital platform, that includes the following information:

484 1. The name or logo of the transportation network company;

485 2. The name and a photograph of the TNC partner; and

486 3. The make, model, and license plate number of each TNC partner vehicle associated with the TNC
487 partner and the state issuing each such license plate.

488 The TNC partner shall carry the credential at all times during the operation of a TNC partner vehicle and
489 shall present the credential upon request to law-enforcement officers, airport owners and operators, officials
490 of the Washington Metropolitan Area Transit Commission, or a passenger. The transportation network
491 company shall require the TNC partner's compliance with this subsection.

492 I. A transportation network company and its TNC partner shall, at all times during a prearranged ride,

493 make the following information available through its digital platform immediately upon request to
494 representatives of the Department, to law-enforcement officers, to officials of the Washington Metropolitan
495 Area Transit Commission, and to airport owners and operators:

- 496 1. The name of the transportation network company;
 - 497 2. The name of the TNC partner and the identification number issued to the TNC partner by the
498 transportation network company;
 - 499 3. The license plate number of the TNC partner vehicle and the state issuing such license plate; and
 - 500 4. The location, date, and approximate time that each passenger was or will be picked up.
- 501 J. Upon completion of a prearranged ride, a transportation network company shall transmit to the person
502 who prearranged the ride an electronic receipt that includes:
- 503 1. A map of the route taken;
 - 504 2. The date and the times the trip began and ended;
 - 505 3. The total fare, including the base fare and any additional charges incurred for distance traveled or
506 duration of the prearranged ride;
 - 507 4. The TNC partner's first name and photograph; and
 - 508 5. Contact information by which additional support may be obtained.

509 K. The transportation network company shall adopt and enforce a policy of nondiscrimination on the basis
510 of a passenger's points of departure and destination and shall notify TNC partners of such policy.

511 TNC partners shall comply with all applicable laws regarding nondiscrimination against passengers or
512 potential passengers.

513 A transportation network company shall provide passengers an opportunity to indicate whether they
514 require a wheelchair-accessible vehicle. If a transportation network company cannot arrange wheelchair-
515 accessible service in a TNC partner vehicle in any instance, it shall direct the passenger to an alternate
516 provider of wheelchair-accessible service, if available.

517 A transportation network company shall not impose additional charges for providing services to persons
518 with disabilities because of those disabilities.

519 TNC partners shall comply with all applicable laws relating to accommodation of service animals.

520 A TNC partner may refuse to transport a passenger for any reason not prohibited by law, including any
521 case in which (i) the passenger is acting in an unlawful, disorderly, or endangering manner; (ii) the passenger
522 is unable to care for himself and is not in the charge of a responsible companion; or (iii) the TNC partner has
523 already committed to providing a ride for another passenger.

524 A TNC partner shall immediately report to the transportation network company any refusal to transport a
525 passenger after accepting a request to transport that passenger.

526 L. No transportation network company or TNC partner shall conduct any operation on the property of or
527 into any airport unless such operation is authorized by the airport owner and operator and is in compliance
528 with the rules and regulations of that airport. The Department may take action against a transportation
529 network company that violates any regulation of an airport owner and operator, including the suspension or
530 revocation of the transportation network company's certificate.

531 M. A TNC partner shall access and utilize a digital platform in a manner that is consistent with traffic
532 laws of the Commonwealth.

533 N. In accordance with § 46.2-812, no TNC partner shall operate a motor vehicle for more than 13 hours in
534 any 24-hour period.

535 O. *A transportation network company shall comply with any requirements imposed by the Tax
536 Commissioner in the administration of the tax created pursuant to § 58.1-1749.*

537 **§ 58.1-603.3. Additional state sales and use tax in certain transportation districts.**

538 A. *In addition to the sales tax imposed pursuant to §§ 58.1-603, 58.1-603.1, and 58.1-603.2, there is
539 hereby levied and imposed in any county or city that is (i) a member of the Northern Virginia Transportation
540 Commission or (ii) a member of the Potomac and Rappahannock Transportation Commission, a retail sales
541 tax at the rate of 0.2 percent.*

542 B. *The tax imposed pursuant to this section shall not be levied upon food purchased for human
543 consumption and essential personal hygiene products, as such terms are defined in § 58.1-611.1. Such tax
544 shall be added to the rate of the state sales tax imposed pursuant to §§ 58.1-603, 58.1-603.1, and 58.1-603.2
545 in each such county and city and shall be subject to all the provisions of this chapter and the rules and
546 regulations published with respect thereto. No discount under § 58.1-622 shall be allowed for the tax
547 imposed under this section. Such tax shall be administered and collected by the Tax Commissioner in the
548 same manner and subject to the same penalties as provided for the state sales tax under § 58.1-603.*

549 D. *The revenue generated and collected pursuant to the tax authorized under this section, less the
550 applicable portion of any refunds to taxpayers, shall be deposited by the Comptroller into (i) the Northern
551 Virginia Transportation District Regional Fund created pursuant to § 33.2-1904.1, for revenue from any
552 county or city that is a member of the Northern Virginia Transportation Commission or (ii) the Potomac and
553 Rappahannock Transportation Commission Regional Fund created pursuant to § 33.2-2402, for revenue
554 from any county or city that is a member of the Potomac and Rappahannock Transportation Commission.*

Article 13.

*Transportation Network Companies Tax.***§ 58.1-1749. Transportation network companies tax.**

A. For purposes of this section, "transportation network company" means the same as that term is defined in § 46.2-2000.

B. In addition to all other fees and taxes imposed under law, there is hereby imposed an additional transportation network companies tax:

1. At the rate of 4.3 percent of the gross proceeds derived from fares charged by transportation network companies for transporting passengers from any county or city located in the Commonwealth; and

2. In addition to the amount provided in subdivision 1, at the rate of 1.9 percent of the gross proceeds derived from fares charged by transportation network companies for transporting passengers from any county or city that is a member of the Northern Virginia Transportation Commission.

C. The tax imposed under this section shall be subject to all the provisions of this chapter and the rules and regulations published with respect thereto. 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 sales tax under § 58.1-603 except as herein provided.

D. No discount under § 58.1-622 shall be allowed for the tax imposed under this section. The revenue generated and collected from the tax imposed pursuant to subdivision B 1 shall be deposited into the Commonwealth Mass Transit Fund established in § 33.2-1526.

E. The revenue generated and collected from the tax imposed pursuant to subdivision B 2 shall be deposited into the Northern Virginia Transportation District Regional Fund pursuant established in § 33.2-1904.1.

Article 14.

*Retail Delivery Fee.***§ 58.1-1750. Retail delivery fees.**

A. In addition to all other fees and taxes imposed under law, there is hereby imposed an additional retail delivery fee:

1. In the amount of 50 cents per retail delivery made in the Commonwealth; and

2. In addition to the amount provided in subdivision 1, 25 cents for any retail delivery made in any county or city that is a member of the Northern Virginia Transportation Commission.

On and after July 1, 2027, such rates provided under this subsection shall be adjusted annually based on the greater of (i) the change in the United States Average Consumer Price Index for all items, all urban consumers (CPI-U), as published by the Bureau of Labor Statistics for the U.S. Department of Labor for the previous year or (ii) zero.

B. The tax imposed pursuant to subsection A shall not be levied upon food purchased for human consumption and essential personal hygiene products, as such terms are defined in § 58.1-611.1. Such tax shall be added to the rate of the state sales tax imposed pursuant to § 58.1-603 in each such county and city and shall be subject to all the provisions of this chapter and the rules and regulations published with respect thereto. 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 sales tax under § 58.1-603 except as herein provided.

C. No discount under § 58.1-622 shall be allowed for the tax imposed under this section.

D. The revenue generated and collected from the tax imposed pursuant to:

1. Subdivision A 1 shall be deposited into the Commonwealth Mass Transit Fund established in § 33.2-1526.

2. Subdivision A 2 shall be deposited into the Northern Virginia Transportation District Regional Fund pursuant to § 33.2-1904.1.

E. For additional transportation districts that may become subject to this section, funds shall be established by appropriate legislation.

Article 15.

*Regional Commercial Parking Tax.***§ 58.1-1751. Regional commercial parking tax.**

A. In addition to all other fees and taxes imposed under law, there is hereby imposed in any county or city that is a member of the Northern Virginia Transportation Commission an additional regional commercial parking tax in the amount of 10 percent of the gross receipts from the sale of or charges for the service of parking or storing of motor vehicles or trailers on a public, commercial parking lot.

B. The tax imposed under this section shall not be imposed on:

1. Any sale or charge for the service of parking or storing of motor vehicles or trailers on a parking lot owned or operated by the Washington Metropolitan Area Transit Authority;

2. Any sale or charge imposed by the Washington Metropolitan Area Transit Authority or any locality for the service of parking or storing of motor vehicles or trailers; or

3. Any sale or charge for the service of parking or storing of motor vehicles or trailers on a parking lot designated for residential purposes.

617 *C. Such tax shall be subject to all the provisions of this chapter and the rules and regulations published*
618 *with respect thereto. Such tax shall be administered and collected by the Tax Commissioner in the same*
619 *manner and subject to the same penalties as provided for the state sales tax under § 58.1-603 except as*
620 *herein provided.*

621 *D. No discount under § 58.1-622 shall be allowed for the tax imposed under this section. The revenue*
622 *generated and collected from the tax imposed pursuant to this section shall be deposited into the Northern*
623 *Virginia Transportation District Regional Fund established in § 33.2-1904.1.*

624 **2. That § 33.2-3100.1 of the Code of Virginia is repealed.**

INTRODUCED

SB638