

26104583D

SENATE BILL NO. 638

Offered 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 of § 33.2-214.1 but shall be within a highway construction district and not outside such highway construction

INTRODUCED

SB638

district. Candidate projects and strategies from localities within a highway construction district shall be scored against projects and strategies within the same highway construction district. Only those candidate projects and strategies submitted by a locality shall be funded.

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

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

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

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

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

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

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

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

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

§ 33.2-1526. Commonwealth Mass Transit Fund.

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

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

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

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

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

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

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

1. ~~Twenty-four and one-half~~ Twenty-seven percent of the funds shall be allocated to support operating costs of transit providers and shall be distributed by the Board on the basis of service delivery factors, based on effectiveness and efficiency as established by the Board. Such measures and their relative weight shall be evaluated every three years and shall be finalized 6 months prior to the fiscal year of implementation. The

Washington Metropolitan Area Transit Authority (WMATA) and the commuter rail system jointly operated by the Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC), established pursuant to Chapter 19 (§ 33.2-1900 et seq.) shall not be eligible for an allocation of funds pursuant to this subdivision.

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

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

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

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

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

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

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

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

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

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

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

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

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

K. ~~In any year that the total Virginia operating assistance in the approved WMATA budget increases by more than three percent from the total operating assistance in the prior year's approved WMATA budget, the~~

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

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

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

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

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

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

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

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

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

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

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

A. There is hereby created in the state treasury a special nonreverting fund for the benefit of the localities within the Northern Virginia Transportation District to be known as the Northern Virginia Transportation District Regional Fund (the Fund). The Fund shall be established on the books of the Comptroller. All

revenues dedicated to the Fund pursuant to §§ 46.2-775, 58.1-603.3, 58.1-1749, 58.1-1750, and 58.1-1751 that are attributable to revenues generated in any county or city located within the Northern Virginia Transportation District shall be paid into the state treasury and credited to the Fund as set forth in this section and shall be used for public transportation purposes.

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

C. Beginning in fiscal year 2028:

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

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

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

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

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

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

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

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

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

§ 33.2-3102. Virginia-specific requirements.

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

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

least as efficient as its closest comparable transit systems in the United States. The Secretary shall report to and consult quarterly beginning June 30, 2017, with the Chairmen of the House and Senate Transportation Committees regarding activity taken in accordance with this subsection.

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

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

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

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

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

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

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

C. The amounts deposited into the 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 jurisdictions. Further, such revenues and moneys shall not be included in any computation of, or formula for, a locality's ability to pay for public education, upon which appropriations of state revenues to local governments for public education are determined.

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

§ 33.2-3402. NVTC oversight.

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

1. WMATA's annual capital budget;

2. WMATA's annual independent financial audit;

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

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

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

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

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

§ 33.2-3403. NVTC report.

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

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

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

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

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

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

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

§ 33.2-3502. Authority to issue bonds.

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

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

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

§ 46.2-775. Regional Highway Use Fee.

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

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

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

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

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

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

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

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

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

partner shall not provide transportation in any other manner. A TNC partner shall not solicit, accept, or arrange transportation except through a transportation network company's digital platform or through a TNC broker.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. The tax imposed pursuant to this section 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, 58.1-603.1, and 58.1-603.2 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. No discount under § 58.1-622 shall be allowed for the tax imposed under this section. 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.

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

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

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

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