

1 HOUSE BILL NO. 1496  
 2 AMENDMENT IN THE NATURE OF A SUBSTITUTE  
 3 (Proposed by the House Committee on \_\_\_\_\_  
 4 on \_\_\_\_\_)  
 5 (Patron Prior to Substitute--Delegate Austin)

6 A BILL to amend and reenact § 33.2-1526.1 of the Code of Virginia and to repeal the eighth enactment  
 7 of Chapter 854 and the eighth enactment of Chapter 856 of the Acts of Assembly of 2018, relating  
 8 to the Commonwealth Mass Transit Fund.

9 **Be it enacted by the General Assembly of Virginia:**

10 **1. That § 33.2-1526.1 of the Code of Virginia is amended and reenacted as follows:**

11 **§ 33.2-1526.1. Use of the Commonwealth Mass Transit Fund.**

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

14 B. From funds available pursuant to subsection D, ~~beginning in fiscal year 2022~~, up to \$50 million  
 15 shall be allocated to the Washington Metropolitan Area Transit Authority as matching funds to federal  
 16 and other funds provided by the Federal Transit Administration, the District of Columbia, and the State  
 17 of Maryland. However, such funds shall only be provided if the District of Columbia and the State of  
 18 Maryland each provide an amount equal to one-third of the funding provided by the Federal Transit  
 19 Administration to the Washington Metropolitan Area Transit Authority. The funds provided by the  
 20 Commonwealth shall not exceed the funds provided by the District of Columbia or the State of Maryland.

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

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

30 1. ~~Twenty-seven~~ Twenty-four and one-half percent of the funds shall be allocated to support  
31 operating costs of transit providers and shall be distributed by the Board on the basis of service delivery  
32 factors, based on effectiveness and efficiency as established by the Board. Such measures and their relative  
33 weight shall be evaluated every three years ~~and, if redefined by the Board, shall be published and made~~  
34 ~~available for public comment at least one year in advance of being applied~~ and shall be finalized 6 months  
35 prior to the fiscal year of implementation. The Washington Metropolitan Area Transit Authority  
36 (WMATA) and the commuter rail system jointly operated by the Northern Virginia Transportation  
37 Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC),  
38 established pursuant to Chapter 19 (§ 33.2-1900 et seq.) shall not be eligible for an allocation of funds  
39 pursuant to this subdivision.

40 2. ~~Eighteen~~ Seventeen percent of the funds shall be allocated for capital purposes and distributed  
41 utilizing the transit capital prioritization process established by the Board pursuant to § 33.2-214.4. ~~The~~  
42 ~~Washington Metropolitan Area Transit Authority~~ WMATA and the commuter rail system jointly operated  
43 by NVTC and PRTC, established pursuant to Chapter 19 (§ 33.2-1900 et seq.) shall not be eligible for an  
44 allocation of funds pursuant to this subdivision.

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

52 4. Forty-six and one-half percent of the funds shall be allocated to the ~~Northern Virginia~~  
53 ~~Transportation Commission~~ NVTC for distribution to WMATA for capital purposes and operating

54 assistance, as determined by the Commission. All allocations pursuant to this subdivision shall not exceed  
55 50 percent of the total operating and capital assistance required to be provided by NVTC or other Virginia  
56 entities in the approved WMATA budget. If the default allocation pursuant to this subdivision exceeds an  
57 amount equal to 50 percent of the total operating and capital assistance required to be provided by NVTC  
58 or other Virginia entities in the approved WMATA budget, the remaining funds shall be redistributed to  
59 subdivision 2. No contributions made to WMATA pursuant to § 33.2-3401 by the Commonwealth or  
60 NVTC shall be relevant for the purposes of administering this subdivision.

61 ~~4-5.~~ Six percent of the funds shall be allocated by the Board for the Transit Ridership Incentive  
62 Program established pursuant to § 33.2-1526.3.

63 ~~5-6.~~ Two and one-half percent of the funds shall be allocated for special programs, including  
64 ridesharing, transportation demand management programs, experimental transit, public transportation  
65 promotion, operation studies, and technical assistance, and may be allocated to any local governing body,  
66 planning district commission, transportation district commission, or public transit corporation. Remaining  
67 funds may also be used directly by the Department of Rail and Public Transportation to (i) finance a  
68 program administered by the Department of Rail and Public Transportation designed to promote the use  
69 of public transportation and ridesharing throughout the Commonwealth or (ii) finance up to 80 percent of  
70 the cost of development and implementation of projects with a purpose of enhancing the provision and  
71 use of public transportation services.

72 E. The Board may consider the transfer of funds from subdivisions D 2 and ~~5~~ 6 to subdivision D  
73 1 in times of statewide economic distress or statewide special need.

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

78 G. The Board may allocate up to 3.5 percent of the funds set aside for the Fund to support costs of  
79 project development, project administration, and project compliance incurred by the Department of Rail

80 and Public Transportation in implementing rail, public transportation, and congestion management grants  
81 and programs.

82 H. Funds allocated to the Northern Virginia Transportation Commission (NVTC) for WMATA  
83 pursuant to subdivision D-~~3~~4 shall be credited to the Counties of Arlington ~~and~~, Fairfax, and Loudoun  
84 and the Cities of Alexandria, Fairfax, and Falls Church. ~~Beginning in the fiscal year when service starts~~  
85 ~~on Phase II of the Silver Line, such funds shall also be credited to Loudoun County.~~ Funds allocated  
86 pursuant to this subsection shall be credited as follows:

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

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

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

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

100 K. In any year that the total Virginia operating assistance in the approved WMATA budget  
101 increases by more than three percent from the total operating assistance in the prior year's approved  
102 WMATA budget, the Board shall withhold an amount equal to 35 percent of the funds available under  
103 subdivision D-~~3~~4. The following items shall not be included in the calculation of any WMATA budget  
104 increase: (i) any service, equipment, or facility that is required by any applicable law, rule, or regulation;  
105 (ii) any capital project approved by the WMATA Board before or after the effective date of this provision;  
106 (iii) any payments or obligations of any kind arising from or related to legal disputes or proceedings

107 between or among WMATA and any other person or entity; and (iv) any service increases approved by  
108 the WMATA Board.

109 L. The Board shall withhold 20 percent of the funds available pursuant to subdivision D-3 4 if (i)  
110 any alternate directors participate or take action at an official WMATA Board meeting or committee  
111 meeting as Board directors for a WMATA compact member when both directors appointed by that same  
112 WMATA compact member are present at the WMATA Board meeting or committee meeting or (ii) the  
113 WMATA Board of Directors has not adopted bylaws that would prohibit such participation by alternate  
114 directors.

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

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

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

134 regarding the WMATA budget, system performance, and utilization of the Commonwealth's investment  
135 in the WMATA system.

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

142 **2. That the eighth enactment of Chapter 854 and the eighth enactment of Chapter 856 of the Acts**  
143 **of Assembly of 2018 are repealed.**

144 **3. That for fiscal year 2024, the Director of the Department of Rail and Public Transportation may**  
145 **deviate from the allocation requirements in subsection D of § 33.2-1526.1 of the Code of Virginia,**  
146 **as amended by this act, when making recommendations to the Commonwealth Transportation**  
147 **Board (Board) for allocation of funds from the Commonwealth Mass Transit Fund (the Fund). For**  
148 **fiscal year 2024, the Board may utilize the allocation requirements for the Fund provided for in**  
149 **subsection D of § 33.2-1526.1 of the Code of Virginia, as it was in effect prior to the effective date of**  
150 **this act, for the purpose of transitioning to the allocation requirements of this act.**

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