THE NEED FOR MORE AND BETTER HIGHWAYS: PAYING FOR THEM

REPORT OF THE VIRGINIA HIGHWAY STUDY COMMISSION to THE GOVERNOR and THE GENERAL ASSEMBLY OF VIRGINIA

COMMONWEALTH OF VIRGINIA
Department of Purchases and Supply
RICHMOND
1963

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SENATE BILL NO. 172

Patrons: Messrs. Stone, Gray, Wyatt, Moses, Bateman, Hutcheson, McCue and Alexander

CHAPTER 271

An Act creating a Commission to study and report upon matters relating to the State Highway Department and to appropriate certain funds.

Approved March 15, 1962

Whereas, the general economy of the Commonwealth will be adversely affected unless highway construction and improvement, both in rural and urban areas, keep abreast of demonstrated need; and

Whereas, it is questionable whether the State Highway Department will be able to meet this need under the present method of allocations of funds due to the failure of revenues available for highway expenditure to keep pace with the constantly increasing highway demands and costs of construction; now, therefore,

Be it enacted by the General Assembly of Virginia:

1. There is hereby created a Commission to be known and designated as the Virginia Highway Study Commission, which shall be composed of one member from each of the eight highway construction districts and two members from the State at large, all to be appointed by the Governor, who shall designate the Chairman.

The Commission shall study and make recommendations on the following matters:

(1) The needs of the Primary, Secondary and Urban Systems of Highways and the methods of allocating revenues to these systems;

(2) The diversion of highway revenues from highway construction and maintenance to other highway-related activities;

(3) The impact of the Interstate System of Highways on the State matching funds for the other systems;

(4) The review of right of way acquisition policies of the State Highway Department;

(5) Such other matters relating to the Highway Commission, the Highway Department, and the Highway Systems as the Study Commission deems appropriate in relation to the foregoing.

In pursuing its studies, the Study Commission shall reexamine and reappraise those certain matters relating to the State Highway Department which were studied by the Virginia Advisory Legislative Council in 1957 and which also have been studied by consultants for the State Highway Department.

The members of the Commission shall receive no compensation for their services but shall be paid their necessary expenses, for which, and for such secretarial and other assistance as the Study Commission may require, including consultants, there is hereby appropriated from Highway revenues a sum sufficient not to exceed twenty-five thousand dollars.

All agencies of the State shall assist the Commission in its study, upon request. The Commission shall complete its study and submit its recommendations to the Governor and the General Assembly, along with drafts of legislation to effectuate the same, not later than October one, nineteen hundred sixty-three.

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REPORT OF THE
VIRGINIA HIGHWAY STUDY COMMISSION
TO
THE GOVERNOR AND THE GENERAL ASSEMBLY OF VIRGINIA

Richmond, Virginia, December 3, 1963

To:

HONORABLE A. S. HARRISON, JR., *Governor of Virginia*

and

THE GENERAL ASSEMBLY OF VIRGINIA

Since the end of World War II Virginia has been pouring ever larger sums of money into its highway system; and the federal contributions have increased materially as a result of the Interstate Highway program. Yet traffic growth on existing roads and an expanding economy require improved and additional highways which our present highway revenues cannot meet. A long-range highway construction program is necessary if we are to provide the roads needed and to keep them up to date.

In any discussion of Virginia Highway problems it is well to review briefly the history of our modern State highway system. In 1932 when the Byrd Road Act took effect, primary and secondary roads comprising the State highway system consisted of 8,110 miles of hardsurfaced roads; 11,660 miles of soil and gravel roads and 25,000 miles of unimproved roads and trails. In the short span of 30 years, our primary and secondary systems have progressed to where they now contain 29,078 miles of hardsurfaced roads ranging from two-lane secondary roads to four and six-lane divided primary highways of the latest design; 20,008 miles of soil and gravel roads and 976 miles of unsurfaced roads in the secondary system. In addition, the 1,053 mile Interstate System is under construction and is approaching the half-way mark toward completion. Only two states of our Union have a larger highway network than Virginia. They are North Carolina and Texas, both being much larger in area than Virginia. The increase in travel on our present highway system has increased from 18 million vehicle miles per day in 1946 to 50 million vehicle miles per day in 1963. It is estimated that Virginia's population will have increased 26% by 1975, and that for the same period of time motor vehicle registration will have increased 51% and miles per day by 72%. Authorities estimate that there are 22 cars for every mile of road and street in the country, which means that if every car were to go out on the road at the same time, they would crowd the streets and highways 80 yards apart. It is also estimated that 100,000,000 Americans spent $26 billion dollars while on their vacations in 1963. The average tourist couple spends $31.00 per day on rooms, meals, gas, etc. The tourist industry brings to our Virginia economy over $700,000,000 a year. In order to cope with the ever-increasing congestion on our highways, the Virginia Department of Highways has become our largest State agency, employing over 10,000 people and spending in excess of $200,000,000 per year.

The General Assembly of 1962, concerned over the increasing acuteness of the highway problem, enacted Chapter 271, Acts 1962, creating a Commission to study all matters relating to highway needs including raising, allocating and spending of our highway funds and the administration of the present system. A copy of this act is found as the frontispiece to this Report.

Pursuant to the act, Your Excellency appointed the following persons to serve upon the Commission, representing Construction Districts as indicated: William F. Stone, State Senate, Martinsville, Salem District; John H. Daniel, House of Delegates, Charlotte Court House, At Large; Vernon G. Eberwine, Suffolk, Suffolk District; W. Wright Harrison, Charlottesville, Culpeper District; A. G. Lively, Lebanon, Bristol District; James B. Martin, Gloucester, Fredericksburg District; Joseph A. Massie, Jr., Winchester, Staunton District; Laurence H. McWane, Lynchburg, Lynchburg District; Charles T. Moses, State Senate, Appomattox, At Large; A. Robbins, Jr., Hopewell, Richmond District.

Following the appointments, the Commission met in the office of the Governor and discussed the matters involved in the study. William F. Stone was named Chairman and John H. Daniel was elected Vice-Chairman. John B. Boatwright, Jr. and Wildman S. Kincheloe, Jr. served as Secretary and Recording Secretary, respectively, to the Commission.

After the Commission had been functioning for some time, Mr. Eberwine died and was replaced by Mr. William P. Griffin of Suffolk, Virginia; Mr. McWane was appointed to a vacancy upon the State Highway Commission and resigned as a member of the study Commission. No successor to Mr. McWane was appointed since the Commission was near the end of its study.

It soon appeared that technical problems would have to be dealt with in the study. After reviewing the qualifications of a number of firms, the Commission selected the firm of Worden & Risberg of Philadelphia to serve as consultants. This was a happy choice since this firm has had experience with other governmental problems in Virginia.

The cooperation extended this Commission by the Commission on Efficiency and Economy in Governmental Operations (which also had the same consultants) is hereby acknowledged with appreciation.

After wide publicity, the Commission held a series of hearings throughout the State. These were generally well attended. Many valuable suggestions were received, all of which have been carefully studied. Testimony at the hearings clearly indicated the vast majority of the people of Virginia want better highways now; they are willing to pay for them provided this cost is borne by the several classes of highway users and other persons benefiting from better highways.

Numerous meetings were held with the consultants by the Commission and by individual members. The Commission met with the State Highway Commission and a profitable and free interchange of ideas took place.

Early in the study the Department of Highways was requested to furnish the Commission with an estimate of the needs of the primary, secondary and urban systems of highways, the costs of needed improvements, and an evaluation of the revenues available from existing tax sources. The Department cooperated by preparing the *1962 Highway Needs Report,* which was published in October 1962. The Department submitted another report in February 1963, outlining recommended changes in the policies and statutes controlling allocations and right-of-way matters.

The work of the Commission necessarily involved the closest association with the State Department of Highways at all levels, and full and hearty cooperation was given by that Department. We express our appreciation to the Department and note at this point that any comments made concerning the organization and administration of the Department are not intended in a critical manner, but rather as a means of enabling them to do the good job which they are now doing in a better and more expeditious manner.

Throughout our study we have sought economies which would lead to more and better roads from present revenues. However, we have found that inflation, competition for technically trained people, improvements in highway design, steadily increasing traffic requiring more and better highways immediately, and a recognition of the fact that the people of Virginia want and deserve to have their highway system regain the status which it had twenty years ago,—one of pre-eminence in the nation—indicate that economies alone will not solve the problem but additional highway funds also are needed.

In order to facilitate the work of the Commission and to provide the closest scrutiny of the operations of the Highway Department, the following three Subcommittees with the indicated memberships were appointed: Organization and Administration—Messrs. McWane, Griffin, and Moses; Revenues, Diversions and Allocations—Messrs. Harrison, Martin and Robbins; Right-of-Way Acquisition Policies and Right-of-Way Laws—Messrs. Lively, Daniel and Massie; the Chairman served ex officio on the several Subcommittees. The Subcommittees worked with the Consultants and met on a number of occasions with personnel of the Department of Highways to discuss matters under study. These discussions were valuable to the Commission.

Our Consultants and the members of the Commission have reviewed the material filed with us, the practices and operations of the Department of Highways and the practices of highway departments in other states. We have sought aid and guidance from all possible sources. Our Consultants submitted a detailed and complete report which is an appendix to this report. Throughout our report references will be made to various portions of the Consultant's report.

After reviewing and considering all the information available to us, we now submit our recommendations. These fall generally into three areas: I—Revenues, Diversions and Allocations; II— Organization and Administration of the Highway Department; and, III—Right-of-Way Policies. Since each category consists of several recommendations, we will list under each heading the recommendations pertaining thereto, which will be followed by the reasons therefor numbered to conform therewith. We will then deal with the other two major headings in the same manner. For convenience, all recommendations are listed in Appendix *I*.

The Highway Department outlined an extensive program for all road systems in its *1962 Highway Needs Report.* This program has been subjected to careful scrutiny, and it is our view, subject to the Proposals we set out later being adopted, that it should be accepted as the State's master plan for highway construction, improvement, and maintenance for the period 1963-75. A summary of this $2,998,000,000 program appears in Appendix *II*.

The Revenue Needs Gap for the period 1963-75 was estimated, by the Highway Department, to be $535,000,000. This figure is not realistic as we point out later and should be reduced to $421,000,000, which considers certain important adjustments in projected revenues and expenses, and includes provision for factors such as increases in labor and material costs, not covered by the *1962 Highway Needs Report.*

RECOMMENDATIONS

I—Revenues, Diversions and Allocations

1. Increase the motor vehicle operator's license fee from $2 to $5 for the three year term. This will produce $1,800,000 a year.

2. Increase motor vehicle license taxes across the board by $5 per vehicle with statutory provision that counties and municipalities cannot increase local vehicle tax rates above those limits set by present statutes. This will produce approximately $7,500,000 per year.

3. Impose a titling tax of 2% on the retail value of all new and used motor vehicles which are required to be registered with and licensed by the Division of Motor Vehicles. This will produce $15 million a year.

4. Increase the license fee on heavy trucks over fifty-five thousand pounds and equalize the licenses on for hire and private carriers. This will produce approximately $750,000 a year.

5. Require operators of fleets of one hundred or more vehicles operating as much as 5% of their fleet mileage in Virginia to license that percentage of their vehicles in Virginia, which their mileage in Virginia is of the total mileage of the fleet.

6. Charge the State Corporation Commission with the enforcement of the reciprocal weight-distance tax statute, and amend the statute to make it more practicable in application.

7. Improve administration of the Reciprocity Act so as to bring those foreign licensed trucks subject to being licensed in Virginia within the operation of our registration laws. This is estimated to produce $750,000 a year.

8. Charge one half the cost of the State Police to the General Fund in order to defray the cost of their enforcement of non-highway laws and off highway duties. This will cost the General Fund approximately $5 million and increase highway funds accordingly.

9. Charge the Highway Department only for the actual cost of the State Convict Road Force, for the time the convicts are actually engaged in highway work; housekeeping and related expenses should be borne by the General Fund. This is estimated to save the highway fund approximately $640,000.

10. Construct future industrial access roads with appropriations solely from the General Fund. Such funds would be appropriated to the Department of Highways and expended by it upon authorization by the Division of Industrial Development and Planning. This would save the highway fund $1,500,000 a year, the amount now required by § 33-136.1 of the Code.

11. (a) Make the following allocations of highway funds, exclusive of

(1) Secondary System construction and maintenance, not less than 33%. (Funds for Arlington and Henrico Counties are deducted and set aside by the State Comptroller before remaining funds are apportioned for highways.)

(2) Urban System, construction and Maintenance, not less than 14%.

(b) It is anticipated that the balance of highway funds will be distributed on the following basis

General Activity 17%
Departmental Administration
Primary System Maintenance
Interstate System Maintenance

Matching Funds 7%
Interstate System Construction

Primary System 29%
Construction
Right-of-Way

The above percentages are subject to minor adjustments to the extent that there are changes in the Secondary and Urban programs maintenance requirements, or in federal aid grants.

(c) If a substantial reduction occurs in the total mileage of the secondary system as a result of county areas coming under city or town governments, the Highway Commission should be authorized to lower the percentage distribution to such system.

12. Secondary System funds from existing sources of revenue should continue to be distributed as at present. The additional funds for this system resulting from the revenues proposed in this report would be distributed among the counties upon the basis of the relative need, in meeting the objectives shown on page 68 of the *1962 Highway Needs Report.*

13. (a) From the 14% set aside for the Urban System, the Highway Commission would make annual distributions to the cities and towns entitled thereto of $10,000 for each mile of primary extensions within their boundaries, and $800 for each mile of other streets. This distribution would be made without respect to Construction Districts.

(b) The amount remaining from the Urban System percentage would be made available to the urban construction program in the cities and towns on an equitable basis without regard to Construction Districts. A city or town should be permitted to accumulate these allocations, so as to undertake major projects which cannot be financed by annual allocations, provided that such accumulation does not exceed 5 years.

(c) In those cases in which a portion of a primary arterial highway is to be constructed through a city, the city's contribution should be reduced from the present 25% requirement to 20%.

(d) The Highway Department should conduct a study jointly with the cities or their representatives to develop a more practical maintenance compensation schedule for those miles of primary extensions, in incorporated cities and towns of over 3,500 population, which because of their rural character and light travel are much less expensive to maintain than the normal urban primary extension.

14. Authorize the Highway Department to construct and maintain primary system by-passes within the limits of cities and towns, using rural Primary System funds therefor if the city or town does not aid in construction; the municipality would not have to maintain the street, nor would it receive a mileage allocation therefor.

15. (a) Continue the allocation of revenue from existing sources to the Construction Districts for rural primary construction on the 3-factor formula of area, population, and road mileage; however, modify these from

the existing "rural and urban area, rural and urban population, and rural primary mileage" to "rural and one-half urban area, rural and one-half urban population, and rural primary mileage". (While urban needs are provided before distribution of rural primary funds, the cities and towns radically affect the adjacent rural system.)

(b) Direct the Highway Commission to establish an Arterial road program within the Primary System, designed to serve all municipalities with a population of 5,000 or more not served by the Interstate System, and conforming with the other criteria shown on page 52 of the *1962 Highway Needs Report.* Appropriation of funds for this purpose should be made from the new revenue sources apportioned to the rural primary system and allocated to the Construction Districts in accordance with each district's needs towards completing this Arterial road program by 1975. (To the extent that funds from new revenue sources are insufficient to accomplish this, the shortage should be allocated from the 3-factor funds under (a) above as needed in each Construction District.)

REASONS FOR RECOMMENDATIONS

Our Highways

Virginia has completed approximately one fifth of its Interstate System mileage at a cost of one quarter billion dollars; maintenance costs on these highways are estimated at $5,000 per mile per year. There are about 8,000 miles of primary highways with a replacement value of approximately one billion dollars on which maintenance costs average about $2,000 per mile per year. The secondary system approximates 42,000 miles, with a value of about one and one half billion dollars; and costs about $750 per mile per year to maintain. The urban system has about 4,500 miles with maintenance performed by the cities. The total replacement value of our present highways, exclusive of city and town streets, is approximately three billion dollars. The maintenance and improvement of this system and the construction of additional highways is a staggering task. See Table 1.

TABLE 1

TOTAL HIGHWAY MILEAGE
BY HIGHWAY DISTRICTS—BY ROAD SYSTEMS
AS OF DECEMBER 31, 1962

District	Primary System	Secondary System	Interstate System	Urban System	Grand Total
Bristol	1,162.71	5,822.95	127.10	196.34	7,309.10
Salem	974.83	6,698.16	112.90	703.15	8,489.04
Lynchburg	961.42	5,932.03	1.40	353.08	7,247.93
Richmond	1,085.71	5,256.35	235.70	737.66	7,315.42
Suffolk	797.39	4,387.21	129.30	1,737.40	7,051.30
Fredericksburg	744.25	3,477.71	46.60	49.73	4,318.29
Culpeper	1,080.23	5,851.10	166.60	441.67	7,539.60
Staunton	1,027.45	4,921.78	233.50	327.03	6,509.76
Total	7,833.99	42,347.29	1,053.10	4,546.06	55,780.44

Status of Interstate Mileage as of October 1, 1963—

Miles open to traffic		186
Miles under construction		256
Miles not under construction—		
Surveys, plans or studies underway	591	
Studies not yet started	20	611
Total Miles to Completion of System		1,053

Highway funds rose, in round figures, from $85,000,000 in the biennium ending in June 1947 to $139,000,000 in 1950 and to $198,000,000 in 1954. In the single year 1962 over $208,000,000 were expended for this purpose. Costs have steadily advanced, and the types of roads required are far more costly per mile than anything contemplated in the immediate post-war years. The trends in highway construction costs may be seen from the fact that construction cost index (based on 100 for 1957-59) which in 1954 was 86.7 and 91.8 in 1960, had in 1962 risen to 105.6. This trend inevitably will continue.

Virginia has embarked upon a vigorous program of attracting business and industry. One of the prime factors in inducing business management to select a state for expansion or a new location is a good highway system which not only is needed for transportation of goods and raw materials but enables employees to be drawn from a wide radius. Some other states have moved ahead of Virginia in expanding their highway systems; we cannot afford to be left behind.

The motor vehicle is an essential and integral part of our everyday life. Its impact upon our economy and way of life has reached dimensions which have exceeded all forecasts. The exodus from public transportation to the private automobile has enriched the economy in some ways but it has congested our city streets and strained many of our highways beyond their capacity.

The $700,000,000 tourist industry of Virginia depends for its very existence on adequate roads. Anyone who visits the State's scenic or historic areas may see license plates from every State in the Union. The easier it is for the tourist to come to Virginia, and travel therein, the more often he will come, the longer he will stay, and the more we will benefit from his expenditures in the State.

The distribution of goods has been revolutionized by our highway system. The trucking industry carries a major share of long-distance freight as well as serving the needs of areas having no other heavy duty transport.

The importance of the motor vehicle to each individual will be realized if he asks himself "How could I manage my personal and business life without my car and a good highway on which to use it?" What is true for the individual is true for the State as well. We will all benefit or suffer depending on whether our highways keep abreast of needs or are left to deteriorate to the point of traffic stagnation.

Why Different Distributions of Additional Revenue are Required

Since its inception the State has constructed and maintained the primary system of highways. In 1932 it took over the secondary system of highways, with counties being free to retain control of their roads. Only Henrico and Arlington counties still build and maintain their secondary streets and roads, with local funds and State and federal aid. The tax on motor vehicle fuels, fixed at 2¢ a gallon in 1923, has been increased from time to time to its present 7¢ a gallon. When it was raised to 6¢ a guarantee was made to the secondary system as to the allocation of a portion of the increase thereto. In 1948 the system of granting a certain maintenance allowance for primary extensions in cities and towns over 3,500 and an amount for streets in such municipalities, not a part of the primary extension, was instituted; these latter two allotments contain a provision for escalation. In 1960 the gasoline tax was again increased of which 50% was set aside for the Secondary System.

Prior to 1923, motor vehicle license and registration fees paid the whole cost of the "state highway system". While the relative position of this source has declined, it still is of major importance, and charges for license tags have increased concomitantly with gas tax increases. The tag tax on automobiles was set in 1946 at a basic $10 with generally higher rates on other motor vehicles. Changes have been made, usually in an upward direction, in registration and license fees for heavy trucks. Along with such increases, the maximum permissible weight for trucks was gradually raised until in 1960 it was raised to the present limit of 70,000 pounds.

For some years a gross receipts tax applied to carriers of property. This was replaced in the late 1950's by the so-called road tax, equivalent to 2¢ a gallon on fuel used in traveling on Virginia's highways. We have had a reciprocity board for years which is authorized to make agreements with the proper authorities of other states under which trucks licensed in Virginia could use the highways in other states without the requirement of purchasing a tag. A like privilege is extended to their trucks in Virginia.

Virginia does not enjoy full reciprocity with Ohio and New York, both of which have a weight-distance or ton-mile tax.

TABLE 2

VIRGINIA DEPARTMENT OF HIGHWAYS
ESTIMATE OF REVENUES AND ALLOCATIONS
FISCAL YEAR 1963-64

February 1, 1963

Revenues From State Taxes and Fees	From 6¢ Tax	From 1¢ Tax	Total
Collected by Division of Motor Vehicles:			
Gross Motor Fuel Tax	90,000,000	15,000,000	105,000,000
Less Refunds (Sec. 58-715 of the Code)	5,657,000	943,000	6,600,000
Less 2 Counties not in Sec. System	2,070,000	345,000	2,415,000
Net Motor Fuel Tax	82,273,000	13,712,000	95,985,000
Motor Vehicle Licenses			25,200,000
Registration of Titles			810,000
Operators' License Fees			890,000
Recording & Certifying Public Records			435,000
Miscellaneous Fees			347,500
Collected by State Corporation Commission:			
Carriers' Passenger Gross Receipts Tax			375,000
Permits to M. V. Carriers			209,000
Collected by Department of State Police:			
Patrol of Toll Revenue Bond Facilities			231,500
Sale of Cars and Surplus Property			242,400
Misc. Services and Refunds			154,000
Collected by Dept. of Highways:			
Liquidated Damages—Violation of Weight Limits			682,500
Sale of Surplus Property and Misc. Fees			253,500
Tolls from State-Owned Ferries			166,650
Regulation of Outdoor Advertising			46,150
Sub-Total			126,028,200
From the General Fund of the Treasury			
Approp. Item 552—For Industrial Access Roads		500,000	
Approp. Item 552.1—For Rural Primary Construction		500,000	1,000,000
Total from State Sources			127,028,200
Less Appropriations for Other State Agencies			
Division of Motor Vehicles		4,905,800	
Department of State Police		9,560,100	
Department of Agriculture & Immigration		52,470	
State Corporation Commission		520,750	15,039,120
State Funds Available for Highways			111,989,080
Add Federal Grants			
Interstate Federal Aid		78,796,575	
Primary Federal Aid		8,287,423	
Secondary Federal Aid		6,439,440	
Urban Federal Aid		4,111,778	97,635,216
Total State and Federal Funds for Highways			209,624,296

ALLOCATIONS

FISCAL YEAR 1963-64

	Federal Funds	State Funds	Total
General Expenses			
Administration and Supervision		6,150,000	6,150,000
Traffic and Planning—			
Routine Operations and Truck Weighing		490,000	490,000
Grounds and Buildings—			
Capital Outlay		400,000	400,000
Maintenance and Operations		375,000	375,000
Engineering Overhead—			
(Not distributable to Projects)		500,000	500,000
Va. Council of Highways			
Investigation and Research		210,000	210,000
Accident Prevention, Compensation			
Awards and Medical		145,000	145,000
Regulation of Outdoor Advertising		42,500	42,500
Insurance, Legal Expense, Advertising,			
Miscellaneous Charges		116,000	116,000
Total General Expense		8,428,500	8,428,500

ROAD FUNDS

FISCAL YEAR 1963-64

Interstate System	Federal Funds	State Funds	Total
Construction	78,796,575	9,244,290	88,040,865
Maintenance and Replacements	....	1,000,000	1,000,000
Total Interstate System	78,796,575	10,244,290	89,040,865
Primary System			
Construction:			
Primary Federal Aid—Matched	8,287,423	8,287,423	16,574,846
30% of Sec. Federal Aid—Matched	1,931,832	1,931,832	3,863,664
State Construction	....	8,848,799	8,848,799
Additional State Constr. from 1¢ Tax	....	5,391,375	5,391,375
Additional Constr. from General Fund	....	500,000	500,000
Total Primary Construction	10,219,255	24,959,429	35,178,684
Maintenance and Replacements	....	14,000,000	14,000,000
Total Primary System	10,219,255	38,959,429	49,178,684
Secondary System			
70% of Sec. Federal Aid—Matched	4,507,608	4,507,608	9,015,216
State Construction, Maint. & Replacements	....	27,428,784	27,428,784
Additional Construction from 1¢ Tax	....	6,856,000	6,856,000
Total Secondary System	4,507,608	38,792,392	43,300,000
Urban System			
Urban Federal Aid—Matched	4,111,778	2,234,494	6,346,272
City Street Funds—			
2/3 from Primary Construction Funds:			
Regular Funds	....	6,910,578	6,910,578
From 1¢ Tax	....	976,465	976,465
1/3 from Primary Maintenance Funds:			
Regular Funds	....	3,454,772	3,454,772
From 1¢ Tax	....	488,160	488,160
Total City Streets Fund	....	11,829,975	11,829,975
Total Urban System	4,111,778	14,064,469	18,176,247
Access Roads to Industrial Sites			
From Road-User Taxes	....	1,000,000	1,000,000
From General Fund of the Treasury	....	500,000	500,000
Total Industrial Site Roads	....	1,500,000	1,500,000
Total Allocations	97,635,216	111,989,080	209,624,296

From these several major sources, revenues are paid into a special fund account for construction and maintenance of highways. However, the distribution of the fund is highly inflexible. The full cost of operations of the State Police Force and of the Division of Motor Vehicles are charged against these funds. Approximately $2,750,000 a year are paid the Department of Welfare and Institutions for the services of the State Convict Road Force; minor amounts are paid out to other State agencies.

After these deductions are made approximately one third is allocated by law to the secondary system of highways for distribution to the counties on a four factor formula established by the State Highway Commission. From the sum remaining, after providing for operating the State Department of Highways, construction funds are allocated to the eight construction districts on a three factor formula: rural and urban area, rural and urban population, and rural primary system mileage. From the Primary System allocation to a district approximately $10,000 a mile is paid to cities for the maintenance of urban primary extensions. (Construction costs in urban areas are made up of 50% federal money, 25% State money and 25% local money. The State's share comes from the rural primary construction funds in the district.) The expenses of the Interstate System for construction are borne about 90% from federal funds and 10% from State funds. Maintenance on this system, as on other federal-aid projects, is entirely from State funds. See Table 2, showing, for 1962-63, estimated revenues and allocations.

It should be observed that there are no separate allocations for construction and maintenance for the secondary system. The vast, widespread mileage of this system, with its thin-surfaced roads and drainage problems, subjects it to extreme variances in maintenance and winter damage repairs from year to year, making advance estimates for construction almost impossible until the needed maintenance repairs are known.

Due to the various factors above discussed—expenditures from highway funds for purposes other than construction and maintenance of highways, required allocations to construction districts of funds on secondary highways with no regard for either relative costs or actual needs, escalator clauses on distribution formulae to municipalities and to the counties which maintain their own roads, and steadily increasing highway use without proportionate increases in revenues paid by highway users—Virginia finds itself in a position where, except as to the Interstate System—it is inconceivable that the present system of collections and expenditures of highway funds will ever permit bringing the system as a whole up to required levels, or even meeting the most critical needs within the several construction districts. The problem is further complicated by the fact that as more new highways are built, maintenance costs increase accordingly, thus reducing the percentage of funds available for further new construction.

Because of the fragmented planning necessitated by the traditional allocation of available funds to construction districts, the Highway Department must think and act on a district basis rather than giving the needs of the State as a whole primary consideration. This has inevitably resulted in a system of piecemeal construction—expenditure of funds on short stretches of new highway, as the funds are available and as planning can be completed, rather than the more economical and practical method of planning and building the highway system as a whole.

We hope that the recommendation hereinafter discussed for the creation of an arterial system of highways, to supplement the Interstate System and provide good roads between all major areas of population concentration, will, in addition to producing uniformity of adequate highways throughout the State, result in a more efficient and economical utilization of available funds to produce the most highway for the least expenditure.

Having seen the magnitude of our investment in highways and our annual construction, improvement and maintenance programs, having set forth the inadequacies both of the present revenues and of the methods of distributing them, we now proceed to our program for raising additional revenues (which will be followed in turn by proposals on how to spend them efficiently) and will indicate why we believe it should be adopted. Our revenue proposals are designed to spread increased costs among all classes of highway users—increased user fees from operators, motor vehicle owners, and highway carriers with a contribution from the general public through requiring the general fund to pay for services rendered in general law enforcement by the State Police and for nonhighway activities in the case of the State Convict Road Force.

REASONS FOR RECOMMENDATIONS

Recommendation No. 1. Increase the motor vehicle operator's license fee from $2.00 to $5.00.

For a number of years this fee was $1.00, an amount which merely sought to recoup the cost of issuance. In 1962 it was increased to $2.00 with the additional money going into the public school driver training program. The $3.00 additional proposed fee will not be a major burden on the operator. These licenses must be obtained only every third year and thus the increase is only $1.00 a year. The additional revenue is estimated at $1,800,000 annually.

Recommendation No. 2. Increase motor vehicle license taxes across the board by $5 per vehicle with statutory provision that counties and municipalities cannot increase local vehicle tax rates above those limits set by present statutes.

This increase in license fees will yield additional revenue of $7,500,000 annually with no extra cost of collection. The major share of this tax would be realized from automobiles and light trucks though the increase would be applied to all vehicles, powered or towed.

Virginia statutes permit counties and municipalities to levy vehicle license taxes equivalent to the State tax. It is recommended that the statutes be amended to restrict local vehicle license taxes to those levels set by present statutes.

Recommendation No. 3. Impose a titling tax on the retail value of motor vehicles which are required to be registered and licensed by the Division of Motor Vehicles.

Every state bordering Virginia has, now in effect, a similar tax. These taxes on the sale of both new and used vehicles run from 1½% in North Carolina to 5% in Pennsylvania. West Virginia, Kentucky and Tennessee tax at 3% while Maryland and the District of Columbia tax at 2%. The tax would apply only one time while a vehicle was in the possession of the same owner. It is a flat rate tax, however it will require the person who buys a large or expensive car to pay more than the person buying for economy; in the case of the purchaser of a smaller or used car the amount of tax is correspondingly less.

In the case of new cars, the price list required to be attached thereto by federal law would be the base for the tax; in the case of used cars, the publications employed by tax authorities to determine the value for taxation can be used. The tax would be collected by the Division of Motor Vehicles at the time of issuance of a new title, thus involving little additional overhead. We estimate the increased revenue at $15,000,000 annually and believe it represents the least possible burden to the general public consistent with the need to finance the highways we so badly require.

The Highway Study Commission recommends that sales of vehicles covered by the Titling Tax be exempt from any future excise taxes or sales taxes which might be imposed.

Recommendation No. 4. Increase the license fees on heavy trucks. The license fees for trucks were for many years graduated, with the heavier truck paying a proportionately higher rate than the lighter vehicle. When a proposal for a weight increase was made to the Session of 1960 seeking an increase in weights, the bill contained a graduated fee scale. The legislation which was adopted in 1962 did not impose commensurate increases on those vehicles in excess of 55,000 pounds. It is generally agreed that wear and tear on roads increases with vehicle weight.

We recommend that in the case of trucks, both private and for hire, the fees for the larger vehicles be as follows: over 55,000 pounds but not over 60,000 pounds—$11.70 per thousand pounds; over 60,000 pounds but not over 65,000 pounds—$12.75 per thousand pounds; over 65,000 pounds but not over 70,000 pounds—$13.80 per thousand pounds.

These increases appear reasonable in light of the higher design standards for highways which must carry these vehicles. Moreover, taking into account the taxation of such vehicles in other states, the scale we propose is not unreasonable. Our recommendation is in lieu of a special levy on diesel fuel or increasing the road tax, both of which would produce more money from these highway users. The tax rates which we propose will bring in approximately an additional $750,000 year.

Recommendation No. 5. Require fleet operators to register a percentage of their vehicles in Virginia equivalent to their road mileage in Virginia.

The taxation of large trucks and trailers is a complex matter, affected as it is by reciprocity. The operation of the present plan of license tag enforcement gives an incentive to the operators of large fleets of heavy trucks and trailers to search for the state with the lowest total tax on such vehicles. From this haven, their vehicles can operate in every state with reciprocal license arrangements.

While we obtain some revenue from the road tax on these vehicles, it is our opinion that considerably more revenue should be obtained from them in order to obtain an equitable contribution from them for the use of our highways. Otherwise, Virginia residents and Virginia trucking firms will be contributing to the upkeep and construction of our highways for the benefit of foreign truckers. We therefore recommend that the operators of fleets of 100 or more vehicles, whether owned, operated or leased, which operate in Virginia for as much as 5% of their total mileage, should be required to register and obtain licenses in Virginia for that percentage of their fleet which their mileage in Virginia bears to their total fleet mileage. In this way, foreign based operators will be paying a just portion of the cost of the highways which they enjoy. It is to be expected that the practice of pro-rating truck licenses may lead to the loss of some sales of Virginia truck licenses as other states begin to impose similar requirements on Virginia truck operators. The net result, however, will be favorable to Virginia.

Recommendation No. 6. Charge the State Corporation Commission with enforcement of the weight distance tax statute, § 46.1-135 of the Code, and amend the statute to make it more easily enforceable.

Virginia has long had a reciprocal weight-distance tax act. It was intended to apply to vehicles from other states which have such taxes and which do not give reciprocity to Virginia. States such as New York and Ohio impose such taxes but due to lack of information available to the Division of Motor Vehicles and consequent difficulty of enforcement, their vehicles use our highways without paying the tax while our vehicles pay it in those states. The State Corporation Commission has the staff and the information needed to enforce and collect this tax, and could do so if they were given clear responsibility of so doing.

Recommendation No. 7. Require Virginia registration of those foreign licensed trucks which should be properly licensed in Virginia under our present laws; change membership of the Reciprocity Board to include a member of the State Corporation Commission, the Commissioner of the Division of Motor Vehicles and the Attorney General, or their designees from their agencies. The State Corporation Commission representative should act as Chairman of the Reciprocity Board. Require the Board to maintain and distribute annually a formal and correct record of reciprocity relationships between Virginia and other states. Require the State Corporation Commission to withhold identification markers from foreign licensed trucks until the applicant proves that he is properly licensed in some other state.

The Reciprocity Board was designed to obtain license reciprocity for Virginia trucks in other states in return for which trucks from such other states enjoy like treatment in Virginia. Its present membership is composed of the Commissioner of the Division of Motor Vehicles, a member of the State Corporation Commission, and the State Highway Commissioner. We have found it difficult to obtain a comprehensive record of the states with which Virginia has reciprocal relationships, and the State Police, who are supposed to check for proper licensing, have great difficulty in determining whether a truck licensed elsewhere should be licensed in Virginia.

Legal questions constantly arise in connection with reciprocity and we believe that the Commissioner of Highways should be replaced on the board by the Attorney General. The State Corporation Commission has the records of all trucks, foreign and domestic, operating in Virginia; the Commissioner of the Division of Motor Vehicles has the records only of trucks that are licensed in Virginia. Foreign trucks must apply to the Corporation Commission for road tax identification markers to operate in Virginia. We believe the State Corporation Commission should be vested with the definite responsibility for the determination of whether a truck should be licensed in Virginia or elsewhere.

We estimate that these changes will produce approximately $750,000 a year. In addition, it will centralize the responsibility for the enforcement of our licensing laws in the case of foreign trucks, and enable the State Police to bring about better enforcement of the licensing laws with little additional expense.

In an effort to eliminate misunderstandings about the proper interpretation of Virginia's truck licensing statutes, the Study Commission asked the Attorney General to prepare an opinion on that subject. He did so in an opinion dated January 23, 1963, which subsequently was sent by the Study Commission to the Division of Motor Vehicles, the State Corporation Commission, the Department of State Police, all county and municipal judges, and all attorneys for the Commonwealth. An active program was instigated by the three enforcement agencies in March 1963 which to the date of this report has resulted in the sale of some 200 truck licenses with a total annual revenue of approximately $140,000. It might be said that the collection of this sum more than justified the effort and cost of the Highway Study Commission.

Recommendation No. 8. Charge the General Fund with one half of the cost of the State Police.

The State Police began as a group charged with the enforcement of the highway laws. In recent years their authority has been broadened to include the enforcement of criminal laws generally and it is a matter of common knowledge that a great deal of off-the-highway law enforcement is being done by the State Police. The general fund presently bears one half of the cost of the sheriffs' and sergeants' salaries in the counties and cities; we believe it should bear a similar proportion of the cost of the State Police. This will cost the general fund approximately $5,000,000 a year and increase highway funds in the same amount. Fines collected from violators of traffic ordinances—estimated to be approximately $3 million per year—are credited to the State Literary Fund in accordance with Section 134 of the Virginia Constitution. It is common practice in other states to support state highway patrol activities with a combination of traffic fines and general highway revenue. This burden on Highway Department revenues will increase greatly when the Interstate System is completed, for it is estimated that the patrol of that System will require 350 State Police at a cost of approximately $3,000,000 per year.

Recommendation No. 9. Charge the Highway Department only for the actual expenses of the State Convict Road Force measured by the time the convicts are actually engaged upon highway work; have the general fund bear other expenses of this Force.

It is recognized universally that convicts must be employed, both to facilitate their rehabilitation and to minimize disciplinary problems. The general fund bears the expenses of convicts in the penitentiary and in the other penal institutions. A certain number of convicts have been used on highway work for many years. Due to federal policies, it is difficult to find productive employment for convicts, and we feel that there is no alternative to using them on the highways even if convicts are not as productive as free labor. However, the practice of charging highway funds for the entire cost of the Convict Road Force is bad in principle. Highway funds should pay only on the basis of services rendered; they should not bear housekeeping and other related expenses of this Force which are a proper charge upon the general fund. Adoption of this would save highway funds about $640,000 a year and increase general fund expenditures accordingly.

Recommendation No. 10. Industrial access roads should be paid for solely from the general fund with the funds being appropriated to the Department of Highways and expended upon authorization by the Division of Industrial Development and Planning.

The industrial access road program has been of great help in the State's efforts to attract new industry. Frequently the assurance of construction of construction of an access road from the highway to the site of a plant has been an absolute necessity in establishing a new plant location. We believe that such roads, being of value to the general economy of the State should be a charge solely upon the general fund as a proper adjunct to industrial development. These roads are now paid for from a revolving fund which is replenished from highway funds. The money needed for maintaining the revolving fund should be appropriated from the general fund to the Highway Department; but expenditures from the fund should be made only upon authorization by the Division of Industrial Development and Planning, as a part of its overall program. Under present law, such roads may be built only in counties. We feel that cities should not be excluded from participation in this program.

Recommendation No. 11.

(a) Make the following allocations of highway funds, exclusive of federal interstate funds:

(1) Secondary System construction and maintenance, not less than 33%. (Funds for Arlington and Henrico Counties are deducted and set aside by the State Comptroller before remaining funds are apportioned for highways.)

(2) Urban System, construction and maintenance, not less than 14%.

(b) It is anticipated that the balance of highway funds will be distributed on the following basis:

General Activity	17%
Departmental Administration Primary System Maintenance Interstate System Maintenance	
Matching Funds	7%
Interstate System Construction	
Primary System	29%
Construction Right-of-Way	

The above percentages are subject to minor adjustments to the extent that there are changes in the Secondary and Urban programs, maintenance requirements, or in federal aid grants.

(c) Provide that if a substantial reduction occurs in the total State mileage of the secondary system resulting from county areas coming under municipal governments, the Highway Commission may lower the percentage distribution to such system and increase the allocation to other systems, exclusive of the interstate federal aid funds.

The present system of allocating funds to each of the systems of highways and municipal streets is complex, laborious and difficult of application as well as understanding. We believe that a clear-cut and forthright percentage distribution can be better understood by everyone and lead, on the basis of other recommendations herein, to a better highway system.

Since 1951, four counties have consolidated with adjacent municipalities, thereby reducing the mileage in the secondary system. Other counties may do so in the future. Such consolidations seriously affect the allocations of funds as between the several highway "systems". We believe the Highway Commission should be authorized to reduce the distribution to the secondary system under such circumstances and to increase the allocation to other systems. For an illustration of the effect on a district's secondary system funds of counties becoming cities see Table 3.

TABLE 3

ALLOCATION BY DISTRICTS OF STATE AND FEDERAL HIGHWAY FUNDS FOR 1962-63
(EXCLUSIVE OF INTERSTATE FEDERAL AID AND INDUSTRIAL ACCESS FUNDS)

Table I
Allocations as Made Prior to Incorporation of Counties of Princess Anne and Norfolk

FUNDS	Bristol	Salem	Lynch-burg	Richmond	Suffolk	Fredericks-burg	Culpeper	Staunton	Total
Matching Interstate Federal Aid	914,750	808,940	12,800	1,495,860	1,719,440	246,620	1,739,932	1,594,850	8,533,192
Urban Federal Aid	90,155	389,070	249,630	660,739	1,591,943	31,655	745,100	239,613	4,006,905
Matching Urban Federal Aid	45,078	194,535	124,815	330,370	795,971	15,827	564,123	119,807	2,190.526
Rural Primary Const. (Federal & State)	4,730,285	4,145,232	4,736,900	4,366,300	2,696,964	3,227,434	4,536,700	3,262,704	31,702,519
Interstate & Primary Maint. (State)	1,810,250	1,625,250	1,450,250	2,064,750	2,193,750	1,400,250	2,445,250	1,760,250	14,750,000
Secondary Const. & Maint. (State & Fed.)	6,123,456	5,946,406	5,273,589	5,302,701	5,458,292	3,250,175	7,833,704	4,811,677	44,000,000
City Street Funds (State)	545,142	1,255,310	836,486	1,262,425	3,533,665	131,832	814,410	798,723	9,177,993
Total	14,259,116	14,364,743	12,684,470	15,483,145	17,990,025	8,303,793	18,688,219	12,587,624	114,361,135

Table II
Allocation of Above Funds Assuming Incorporation of Counties of Princess Anne and Norfolk

	Bristol	Salem	Lynch-burg	Richmond	Suffolk	Fredericks-burg	Culpeper	Staunton	Total
Matching Interstate Federal Aid	914,750	808,940	12,800	1,495,860	1,719,440	246,620	1,739,932	1,594,850	8,533,192
Urban Federal Aid	84,145	362,224	232,000	614,659	1,759,833	29,651	701,609	222,784	4,006,905
Matching Urban Federal Aid	42,073	181,112	116,000	307,330	879,917	14,825	537,877	111,392	2,190,526
Rural Primary Const. (Federal & State)	4,976,312	4,384,482	4,958,911	4,678,642	1,100,276	3,372,502	4,808,261	3,491,800	31,771,186
Interstate & Primary Maint. (State)	1,810,250	1,625,250	1,450,250	2,064,750	1,633,445	1,400,250	2,445,250	1,760,250	14,189,695
Secondary Const. & Maint. (State & Fed.)	6,123,456	5,946,406	5,273,589	5,302,701	3,732,293	3,250,175	7,833,704	4,811,677	42,274,001
City Street Funds (State)	545,142	1,255,310	836,486	1,262,425	5,751,302	131,832	814,410	798,723	11,395,630
Total	14,496,128	14,563,724	12,880,036	15,726,367	16,576,506	8,445,855	18,881,043	12,791,476	114,361,135

Table III
Allocation of Above Funds Showing Adjustment to Offset Loss of Rural Primary Funds to Suffolk District for One Year Only, Pending Change in Allocation Methods Now Being Studied

	Bristol	Salem	Lynch-burg	Richmond	Suffolk	Fredericks-burg	Culpeper	Staunton	Total
Matching Interstate Federal Aid	914,750	808,940	12,800	1,495,860	1,719,440	246,620	1,739,932	1,594,850	8,533,192
Urban Federal Aid	84,145	362,224	232,000	614,659	1,759,833	29,651	701,609	222,784	4,006,905
Matching Urban Federal Aid	42,073	181,112	116,000	307,330	879,917	14,825	537,877	111,392	2,190,526
Rural Primary Const. (Federal & State)	4,759,354	4,170,458	4,764,391	4,426,301	2,566,685	3,244,260	4,545,392	3,294,345	31,771,186
Interstate & Primary Maint. (State)	1,810,250	1,625,250	1,450,250	2,064,750	1,633,445	1,400,250	2,445,250	1,760,250	14,189,695
Secondary Const. & Maint. (State & Fed.)	6,123,456	5,946,406	5,273,589	5,302,701	3,732,293	3,250,175	7,833,704	4,811,677	42,274,001
City Street Funds (State)	545,142	1,255,310	836,486	1,262,425	5,751,302	131,832	814,410	798,723	11,395,630
Total	14,279,170	14,349,700	12,685,516	15,474,026	18,042,915	8,317,613	18,618,174	12,594,021	114,361,135

Recommendation No. 12. Continue to distribute present secondary funds in the manner now provided but not less than 33% of present highway funds, exclusive of federal aid for the Interstate Sytem. The additional funds for this system brought in from the sources recommended in this report should be distributed to the counties in the secondary system upon the basis of the greatest need therefor in meeting the objectives shown on page 68 of the *1962 Highway Needs Report.*

The present distribution to the secondary system amounts to approximately one third of the highway funds, exclusive of federal interstate funds. The present distribution began thirty years ago and is presently based upon a four factor formula. Its weakness is that it does not take in account the fact that one county may have almost all its secondary mileage paved, while another county's needs may be far from adequately provided for.

We do not think it feasible to change the present method of distributing present funds. However, we propose additional taxes, which we feel are justified by overall needs of the highway system. If such funds are made available, they should be expended for the purpose for which provided—meeting needs without regard for arbitrary regional allocations. The need in the several counties is set forth in the *1962 Highway Needs Report,* and we propose that funds available to the secondary system from the proposed new sources should be expended according to this projection.

Recommendation No. 13.

(a) From the 14% set aside for the urban system, the Highway Commission would make annual distributions to the cities and towns entitled thereto of $10,000 for each mile of primary extensions within their boundaries, and $800 for each mile of other streets. This distribution would be made without respect to Construction Districts.

(b) The amount remaining from the urban system percentage would be made available to the Urban Construction program in the cities and towns on an equitable basis without regard to Construction Districts. A city or town should be permitted to accumulate these allocations, so as to undertake major projects which cannot be financed by annual allocations, provided that such accumulation does not exceed 5 years.

(c) In those cases in which a portion of a primary arterial highway is to be constructed through a city, the city's contribution should be reduced from the present 25% requirement to 20%.

(d) The Highway Department should conduct a study, jointly with the cities or their representatives, to develop a more practical maintenance compensation schedule for those miles of primary extensions, in incorporated cities and towns of over 3,500 population, which because of their rural character and light travel are much less expensive to maintain than the normal urban primary extension.

These will be discussed in order.

(a) The present distribution of funds to municipal streets is made from the Primary System allocation to a Construction District, thereby reducing primary system funds for that district. We believe it better to establish a definite percentage of funds for the urban system and to make street allocations therefrom rather than from district funds. The present method of allocating urban funds from District Primary funds has seriously curtailed the rural Primary System Construction program. See the effect on the Suffolk District of the incorporation of Chesapeake and Virginia Beach as shown on Table 3 preceding.

We referred earlier to the fact that the allocation for maintenance payments to urban areas has an escalator clause. These funds are intended for maintenance. We believe adequate maintenance can be had for $10,000 a mile; the present allocation is approximately $10,800 per mile. The allocation for urban streets not constituting primary extensions should also be frozen at $800 per mile; the allocation for this purpose presently also has an escalator clause which should be ended. The extensive mileage of the urban system and allocations therefor are shown on Tables 4 and 5. Other recommendations in this report are designed to compensate for the loss which a municipality might otherwise suffer under this recommendation.

TABLE 4

TOTAL URBAN MILEAGE BY CITIES AND TOWNS OVER 3,500 POPULATION AS OF JANUARY 1, 1963

City or Town	Col. 1 Urban Extensions Primary System	Col. 2 Other Streets	Col. 3 Total	Col. 4 Urban Interstate	Col. 5 Total
Abingdon	4.53	15.99	20.52		20.52
Alexandria	13.94	149.42	163.36	4.20	167.56
Bedford	10.50	19.02	29.52		29.52
Big Stone Gap	2.97	11.99	14.96		14.96
Blacksburg	3.47	26.84	30.31		30.31
Blackstone	3.55	21.39	24.94		24.94
Bluefield	3.95	10.34	14.29		14.29
Bristol	7.87	49.14	57.01	0.10	57.11
Buena Vista	3.43	17.87	21.30		21.30
Charlottesville	9.19	83.26	92.45		92.45
Chesapeake	99.51	431.14	530.65	16.50	547.15
Christiansburg	2.34	12.93	15.27		15.27
Clifton Forge	4.03	15.47	19.50		19.50
Colonial Heights	3.33	35.64	38.97	3.50	42.47
Covington	6.47	24.71	31.18	1.40	32.58
Danville	23.65	128.59	152.24		152.24
Emporia	3.44	19.55	22.99		22.99
Fairfax	11.40	43.70	55.10		55.10
Falls Church	4.50	23.52	28.02		28.02
Farmville	3.86	13.68	17.54		17.54
Franklin	4.80	24.60	29.40		29.40
Fredericksburg	10.22	39.51	49.73		49.73
Front Royal	4.93	31.01	35.94		35.94
Galax	4.53	27.01	31.54		31.54
Hampton	48.90	217.16	266.06	12.50	278.56
Harrisonburg	9.78	36.14	45.92		45.92
Hopewell	7.09	67.95	75.04		75.04
Lexington	5.08	14.48	19.56		19.56
Lynchburg	30.22	129.79	160.01		160.01
Manassas	3.90	16.59	20.49		20.49
Manassas Park		11.20	11.20		11.20
Marion	5.57	18.21	23.78	1.00	24.78
Martinsville	10.75	65.79	76.54		76.54
Newport News	60.64	240.19	300.83	13.00	313.83
Norfolk	71.28	585.11	656.39	22.10	678.49
Norton	6.42	7.65	14.07		14.07
Petersburg	12.74	89.25	101.99	5.00	106.99
Poquoson	8.95	22.72	31.67		31.67
Portsmouth	22.94	259.99	282.93	5.20	288.13
Pulaski	5.78	36.57	42.35		42.35
Radford	2.54	41.20	43.74		43.74
Richlands	4.01	10.00	14.01		14.01
Richmond	50.04	446.68	496.72	14.20	510.92
Roanoke	29.96	292.83	322.79	4.10	326.89

City or Town	Col. 1 Urban Extensions Primary System	Col. 2 Other Streets	Col. 3 Total	Col. 4 Urban Interstate	Col. 5 Total
Rocky Mount	5.39	15.23	20.62		20.62
Salem	13.11	60.77	73.88		73.88
South Boston	4.29	19.00	23.29		23.29
Staunton	14.94	37.18	52.12		52.12
Suffolk	5.74	27.90	33.64		33.64
Vienna	1.83	46.44	48.27		48.27
Vinton	1.42	15.17	16.59		16.59
Virginia Beach	63.09	545.70	608.79	3.00	611.79
Warrenton	8.28	14.50	22.78		22.78
Waynesboro	9.07	54.60	63.67	1.10	64.77
Williamsburg	6.24	14.49	20.73		20.73
Winchester	7.13	30.71	37.84		37.84
Wytheville	3.68	34.02	37.70		37.70
Totals	791.21	4,801.53	5,592.74	106.90	5,699.64

TABLE 5

URBAN SYSTEM ALLOCATIONS—YEAR 1963-64 BY MUNICIPALITIES

Cities and Towns (Over 3,500 Pop.)	Col. 1 Payments to Cities for Street Maint.	Col. 2 Matched Urban Federal Aid Construction*	Col. 3 Urban Const.	Col. 4 Interstate Maint.	Col. 5 System Total	Col. 6 Grand Total
Abingdon	58,875					58,875
Alexandria	258,342	298,491	1,179,416	24,078	1,203,494	1,760,327
Bedford	122,574	19,442				142,016
Big Stone Gap	39,760					39,760
Blacksburg	56,334	23,176				79,510
Blackstone	52,960					52,960
Bluefield	48,563					48,563
Bristol	118,732	56,364		700	700	175,796
Buena Vista	49,015	20,639				69,654
Charlottesville	158,574	96,483				255,057
Chesapeake	1,354,840	241,473	4,553,331	5,000	4,558,331	6,154,644
Christiansburg	34,008					34,008
Clifton Forge	53,335	17,261				70,596
Colonial Heights	61,671	31,406				93,077
Covington	85,531	36,277				121,808
Danville	342,112	152,625				494,737
Emporia	50,412	18,144				68,556
Fairfax	150,829	44,571				195,400
Falls Church	64,365	33,402				97,767
Farmville	50,209					50,209
Franklin	68,281	23,747				92,028
Fredericksburg	135,473	44,956				180,429
Front Royal	74,552	26,043				100,595
Galax	67,360	17,259				84,619
Hampton	669,856	292,702				962,558
Harrisonburg	128,355	39,048				167,403
Hopewell	125,199	58,711				183,910
Lexington	63,366	24,692				88,058
Lynchburg	410,569	179,533				590,102
Manassas	52,862					52,862
Manassas Park	8,624	17,552				26,176
Marion	71,275	27,570		1,400	1,400	100,245
Martinsville	161,157	61,674				222,831
Newport News	808,264	372,748	1,177,304		1,177,304	2,358,316
Norfolk	1,183,221	999,777	5,730,634		5,730,634	7,913,632
Norton	71,881	16,482				88,363
Petersburg	199,676	120,498		16,500	16,500	336,674
Poquoson	109,491					109,491
Portsmouth	435,992	376,482	1,177,304		1,177,304	1,989,778
Pulaski	87,570	34,325				121,895
Radford	57,832	30,755				88,587
Richlands	48,918					48,918
Richmond	858,304	721,314	2,748,623		2,748,623	4,328,241
Roanoke	533,437	318,533	589,374		589,374	1,441,344
Rocky Mount	67,130					67,130
Salem	181,549	52,668				234,217
South Boston	58,726	19,593				78,319
Staunton	182,196	72,858				255,054
Suffolk	80,484	41,358				121,842
Vienna	54,568	37,444				92,012
Vinton	26,276					26,276
Virginia Beach	1,068,690	279,362	2,747,043		2,747,043	4,095,095
Warrenton	96,275					96,275
Waynesboro	135,272	51,444				186,716
Williamsburg	75,297	22,413				97,710

Cities and Towns (Over 3,500 Pop.)	Col. 1 Payments to Cities for Street Maint.	Col. 2 Matched Urban Federal Aid Construction*	Col. 3 Urban Const.	Col. 4 Interstate Maint.	Col. 5 System Total	Col. 6 Grand Total
Winchester	96,935	49,518				146,453
Wytheville	64,021	18,525				82,546
Sub-Total	11,829,975	5,539,338	19,903,029	47,678	19,950,707	37,320,020
Matched Urban Fed. Aid to Arlington Co.		714,420				714,420
Matched Urban Fed. Aid 1½% Planning		92,514				92,514
Total	11,829,975	6,346,272	19,903,029	47,678	19,950,707	38,126,954

* Cities over 5,000 population

(b) After the distribution above recommended, there will be funds remaining in the urban system allocation; these should be distributed without regard to construction districts, and for those urban construction needs which are more urgent. Again, this represents a change from present practice but one which is needed if inadequacies are ever to be corrected.

Under the procedure recommended, a municipality should not have to spend its allocation each year, but should be permitted to retain these funds for up to five years in order to finance large construction projects requiring funds in excess of the annual allocations, instead of doing the work on a piecemeal basis.

(c) Under present law when a portion of primary system passes through a municipality and construction thereon is required, the city or town must pay 25% of the cost. We believe the city contribution should be reduced to 20% for the Arterial road program with the State contribution going to 30% and the federal contribution remaining at 50%.

(d) The road and street needs of urban areas have not been spelled out and defined as well as those of the balance of the State's highway system. The expansion of cities will bring more miles of rural highways into the Urban System. A careful study of urban highway construction, improvement, and maintenance needs may well point out a course of action which will lead to a better handling of those needs.

Recommendation No. 14.

Authorize the Highway Commission to construct and maintain primary system bypasses, from rural primary funds, within municipalities if the city or town does not aid in construction; the municipality would not be required to maintain such roads nor would it receive a mileage allocation therefor.

Occasionally it is necessary and more economical to construct a primary system bypass partially within the corporate limits of cities and towns. Construction must be delayed until the municipality can pay its share of the cost and this can be a long time. We believe if a municipality is unwilling or unable to share in the cost of such projects, the Highway Department should go ahead with the construction. It is only fitting that if the locality does not aid in the construction it should not have to maintain the street, nor should it receive a mileage allocation therefor.

Recommendation No. 15.

(a) Continue the allocation of revenue from existing sources to the construction districts for rural primary construction on the 3-factor formula of area, population, and road mileage; however, modify these from the existing "rural and urban area, rural and urban population, and rural primary mileage" to "rural and one half urban area, rural and one half urban population, and rural primary mileage".

(While urban needs are provided before distribution of rural primary funds, the cities and towns radically affect the needs of the adjacent rural system.)

(b) Direct the Highway Commission to establish an Arterial road program within the Primary System designed to serve all municipalities with a population of 5,000 or more not served by the Interstate System, and conforming with the other criteria shown on page 52 of the *1962 Highway Needs Report*. Appropriation of funds for this purpose should be made from the new revenue sources apportioned to the rural primary system and allocated to the construction districts in accordance with each district's needs towards completing this Arterial Highway System by 1975. (To the extent that funds from new revenue sources are insufficient to accomplish this, the shortage should be allocated from the 3-factor funds under (a) above as needed in each construction district.)

(c) The need for construction of major portions of the new system at one time, rather than piecemeal, should be stressed; it should be planned to complete the new system by 1975.

The present method of allocations to the construction districts for primary construction long has been followed. Other changes applicable to other systems require a slight modification of the formula employed. By setting aside a definite percentage of funds for the primary system and by making other changes elsewhere recommended, the excess revenues can be used to equate expenditures with needs.

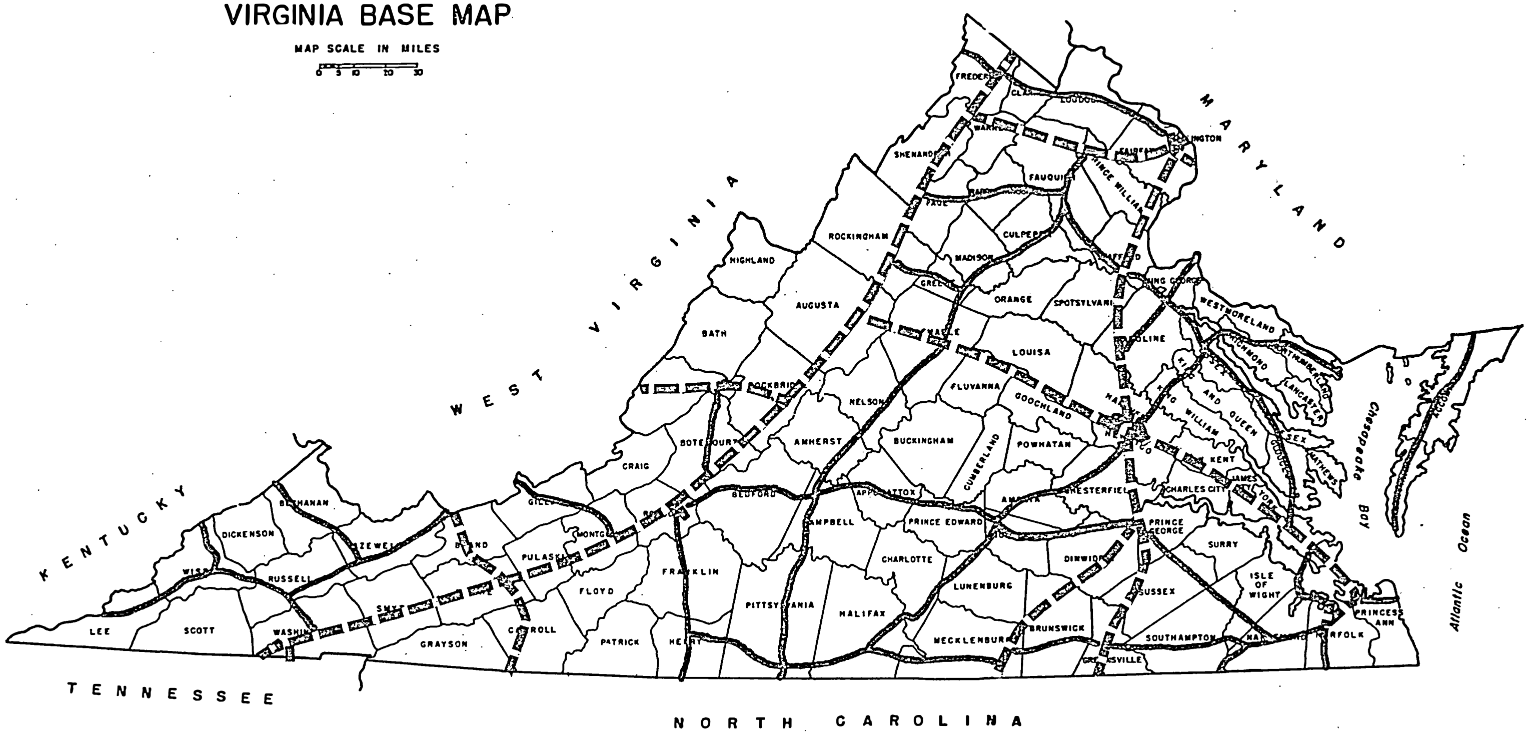
For years Virginia's highway complex has been divided into four basic systems. They are (1) Interstate System; (2) Primary System; (3) Secondary System and (4) Urban System. Vast areas of Virginia will never be directly served by the modern Interstate System, yet all regions have need for the benefits of four-lane divided highways. The Highway Department has proposed a program for the construction of arterial roads which will serve as the "mainstream" for the major flow of traffic within the primary system.

The Interstate System functions primarily as an expressway for national traffic routes. An adequate feeder system of arterial routes is needed if the Interstate System is to function properly. The Primary System of Virginia is comprised of 7,842 miles or some 15% of our total mileage. The arterial classification has been assigned to 1,613 miles of the Primary System or roughly 21%. Forty percent of all rural primary traffic uses these routes and consequently 32% of total State traffic. These proposed four-lane divided arterial routes would carry an average of 4,200 vehicles per day including a majority of the State's commercial traffic. The arterial road program, when completed, will in conjunction with the Interstate System connect every city within the Commonwealth of 5,000 or more and nearly every town having a population of 3,500 to 5,000. When completed, there will be an arterial route or Interstate route within a 40-mile radius of every town in Virginia. If our entire State is to continue to keep pace with national growth trends in industry and commerce, high class highways must be provided for every section.

Not least among the advantages of the arterial road program is the financial factor. Since arterial roads must be developed with Primary System funds, it is not feasible to develop these facilities to limited access road standards. The construction of a new two-lane highway parallel to the existing roadway can, in most cases, provide an adequate dual-lane facility. This type of work averages from $200,000 to $400,000 per mile for construction and right of way, compared with an average of $1,000,000

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF HIGHWAYS
DIVISION OF TRAFFIC AND PLANNING
VIRGINIA BASE MAP

MAP SCALE IN MILES



LEGEND

Interstate Highway System

Primary Arterial Highway System

per mile for rural Interstate highways. These estimates were based on providing limited access only where new bypasses were required around urban areas.

Arterial routes will cost an average of 0.74 cents per vehicle mile of travel on the needed sections to provide necessary improvements required to serve traffic. Each vehicle mile of travel on arterial highways returns 1.17 cents in the form of taxes and fees. This is a surplus of 0.43 cents per vehicle mile of travel for revenue over expenditure, returning to the State approximately 40% on its investment.

The safety factor also is important. It has been proven in test surveys by both private consultant firms and various state highway departments that accident rates decrease proportionally to the degree of improvement of highway facilities. Better highways offer not only savings in time and convenience, but also a saving in lives, injuries and property damage through reduction of accidents. The danger of restrictive vertical sight distances for safe passing is practically eliminated since traffic going in the opposite direction is on a different lane. On a two-lane highway, when a motorist passes a vehicle going in the same direction, he must encroach upon the lane that has been constructed for on-coming traffic. With a four-lane highway, a passing lane is provided, which eliminates this encroachment on the other motorists' right of way.

In 1961, on Virginia's rural Primary System, the accident rate was 319 per 100 million vehicle miles of travel. The injury rate was 147 and the death rate was 6.3. As a comparison for this same year, the four-lane divided arterial system showed an accident rate of 251, injury rate was 131 and the death rate was 5.8. From the latest traffic statistics available on the entire arterial system (both divided and undivided), 171 persons were killed and 3,402 persons were injured in 6,747 accidents. Had the entire arterial system been divided to four lanes, 130 lives would have been lost and 3,169 injured in 6,072 accidents.

Thus, with all of the arterial roads divided, we would realize a saving of some 40 lives, from 300 to 500 less injuries and a reduction of from 700 to 1,200 accidents per year. With the completion of the Interstate System coupled with the proper development of the arterial road program it is estimated that approximately 200 lives could be saved each year in Virginia.

To bring arterial roads up to standard and provide the minimum improvements needed to 1975 will cost approximately $290,000,000. The rural cost was estimated at $245,000,000. The estimated cost of urban sections was $45,000,000. This will provide a limited number of by-passes within the towns and correct or close gaps on an otherwise adequate Urban Street System.

The reduction of accidents, if the system had been four-lane divided, would have saved between $2.0 and $2.5 million in economic losses alone. Since the Commonwealth will have already realized a return of 0.43 cents per vehicle mile of travel, this $2.0 to $2.5 million represents an extra annual dividend that will result from the completion of the arterial road program.

The savings in lives and personal suffering cannot be expressed in dollars and cents. Accident reduction would leave homes and families intact that would otherwise know the personal loss from highway accidents. Justification for the arterial road program can be based then on not only the dollars saved by providing safer, more efficient facilities, but also in the reduction of the tragic personal losses suffered by our citizens on our State's highways.

Our basic primary system was established many years ago. Changes in population growth, the establishment of new industry, and patterns of municipal growth have rendered the present primary system inadequate as a means of providing highways where needed. The new system of roads, intermediate between the Interstate System and the present primary system, is needed to connect centers of population. Accordingly, the Highway Commission should be directed to establish such a system. A suggestion of what we have in mind is contained on the map.

The cost of the new system would be borne by the district's share of primary funds, using the new revenues for this purpose. Allocations would still be made by district, based on need. In order to avoid piecemeal and expensive construction long stretches of the new system should be completed under single contracts. Therefore, the Highway Commission should be authorized to establish an Arterial rotating fund to be allocated to the eight construction districts in accordance with each district's pro-rata share of the Arterial road program. Accordingly the Commission should be authorized to transfer funds for this purpose between districts, but no district, over a period of years would lose anything because eventually its proportionate share would be refunded from other districts to which its funds had been transferred temporarily. This practice is followed already in the secondary system. Finally, if the new system is to be of any value in this generation—the one that will pay for it—it must be completed by 1975. Some part of other district primary funds may be required to do this. The Highway Commission should be charged with the duty of completing this system by that date.

II. ORGANIZATION AND ADMINISTRATION OF THE HIGHWAY DEPARTMENT

Organization

1. Revise the departmental structure of the Highway Department to provide an improved framework for more effective management. The present and proposed organization structures are shown on charts 1 and 2 following these recommendations.

2. Redefine the responsibilities and authority of each position on the organization chart; and keep this information up-to-date as organization and operation changes are made.

3. Develop management controls based on predetermined, written standard methods and procedures covering the broad scope of interdivision coordination and communication; fix responsibility, provide needed authority and then require satisfactory performance.

4. Establish performance criteria by which the work of the individual managers and their divisions can be evaluated; and develop programs to improve the performance of the managers and the divisions.

5. Develop procedures for orderly long range project planning and scheduling, coordinating the need for road construction, maintenance, and improvements with the availability of manpower and funds; then establish plans and execute them.

6. Decentralize departmental authority and responsibility from Richmond to the construction districts to the greatest degree possible consistent with maintaining control of performance and adherence

to sound operating practices. Solving problems closer to their source will expedite work and help in the development of the field staff.

7. Print in book form the policies established over the years by the Highway Commission, review policies critically each year and keep manuals up-to-date.

8. Revise the statutory responsibility and authority of the Highway Commission, the State Highway Commissioner and the State Highway Chief Engineer-Deputy Commissioner.

   (a) The Highway Commission members should continue to be appointed from the construction districts but they should be directed by statute to represent only the broad interest of the State as a whole and not be guided by the interest of their home districts; they should be given authority and responsibility to approve or censure the administrative management of the Department; and they should be directed to organize themselves into several subcommittees covering such functions as Urban, Secondary, Primary, Traffic and Planning, Right-of-Way and Administration. The term of office for Highway Commission members should be increased from four years to six years.

   (b) The State Highway Commissioner should continue to be appointed by the Governor; he should be an experienced administrator, chosen for his ability and capacity to direct and guide the Department in the establishment and achievement of the State's long range highway objectives; and he should function as the chief executive officer of the Department.

   (c) The State Highway Chief Engineer-Deputy Commissioner should be a career highway administrator appointed by the State Highway Commissioner, subject to the approval of the Highway Commission; and he should function as the chief operating officer of the Department, responsible for the effective operation of all divisions of the agency and for the accomplishment of the objectives set by the State Highway Commissioner and the Highway Commission.

Personnel Administration

9. The Department should develop a better understanding of its need for a modern, effective personnel administration division, and of the benefits which can accrue to the Department from the contributions of such a division with respect to recruitment, employee training and development, employee retention, and improved salary administration. The Department should undertake a complete reorganization of this function.

10. Salary compensation levels of higher ranking Department officials should be revised consistent with the responsibility and authority they exercise.

11. Salary scales for the position Division Engineer should be set to provide for the different levels of compensation, the higher recognizing the greater compensible characteristics of the positions involving the Location and Design, Bridge, Construction, and Right-of-Way Divisions.

12. The position District Engineer, because of its broad responsibilities and accompanying authority, should be elevated in status and salary to correspond with the lower level of Division Engineer.

13. The position Resident Engineer should be expanded to categories "C," "B," and "A." The residencies should be classified in a similar manner depending upon the responsibilities and activities of each location. Resident Engineer "C" would correspond in status with Assistant District Engineer. This would permit resident engineers to advance both in job status and in compensation.

14. Promotional opportunities for professional personnel should be developed with the objective of encouraging talented and able highway engineers to remain with the Department rather than leaving for opportunities with other states, the federal government, or industry.

15. The Highway Commission should establish a policy requiring all personnel to retire at 65 years of age as a means of opening promotional opportunities and to force the training of replacements.

Reasons For Recommendations

The Virginia Department of Highways employs approximately 10,000 persons, of whom 1,400 are located in Richmond, the balance working in every area of the State in the eight construction districts and forty-four residencies. The Department is the largest State agency and corresponds in size with the largest industrial organizations in Virginia.

Organizing such a large and diversified group into an effective work force is, of course, a difficult undertaking. The Department's success in serving the highway needs of Virginia will in large part reflect the ability of its administrators to apply sound principles of organization and efficient methods and procedures while employing and retaining able engineering and operating personnel.

The Highway Study Commission's evaluation of the operating effectiveness of the Highway Department developed important criticism in the areas of organization, managerial controls, policy and procedure definition, and personnel administration. The rapid increase in work load associated with the urgency of starting the Interstate System may explain some of these deficiencies. Nevertheless, failure to employ effective management practices could well negate the expected benefits from increased highway expenditures.

The Department is to be congratulated for keeping pace with technical and engineering advances in highway construction, but it has not attained an equivalent proficiency in its application of advancements in management methods. This subject has been reviewed thoroughly with Department executives and with the Highway Commission. The need for improvement has been recognized and an effective effort has already been made to implement some of the following recommendations, under a program which will be used by the Bureau of Public Roads as a management improvement guide to other states' highway departments.

Recommendation No. 1. Revise the departmental organization structure in accordance with Chart II.

The existing organization structure requires the Department's top executives to become involved in many small problems which can be handled by their subordinates, thus limiting the time they can give to more important matters. The lines of communication from the construction districts and the engineering divisions to the Right-of-Way, Fiscal, Purchasing, and Personnel Divisions run through the Highway Commissioner. The formal lines between the various engineering divisions and to the construction districts are through the Chief Engineer. For very important matters this may be beneficial, but for routine problems it is impractical. In actual practice, the divisions often informally by-pass the formal channels in order to save time, but of course this tends to break down needed managerial controls.

The proposed organization structure will permit the Highway Commissioner to focus his attention on those important executive problems which only he can handle. By spending less time on routine problems which can be solved by subordinates, he will have more time to develop the broad improvement of the Department.

The Chief Engineer will have full authority to operate the divisions of the Department and will have full responsibility to achieve the objectives set by the Highway Commissioner and the Commission.

The several Directors will have authority over distinct functional groups of activities and will be responsible for performance within their groups. In every case the objective is to get problems handled at the lowest practical level consistent with maintaining proper management controls.

Recommendation No. 2. Redefine the responsibilities and authority of each position on the organization chart.

The only formal record of the responsibilities and authority of Highway Department positions is contained in the Class Title Descriptions and Work Descriptions on file at the State Division of Personnel. Much of this material was found to be out-of-date and not indicative of the present position duties. A general up-dating of Work Descriptions commenced in August, 1963. This project should be completed and then efforts should be made to keep the information current as organization and operation changes are made.

Recommendation No. 3. Develop managerial controls based on predetermined, written standard methods and procedures.

and

Recommendation No. 4. Establish performance criteria by which the work of the individual managers and their divisions can be evaluated.

and

CHART I
PRESENT ORGANIZATION

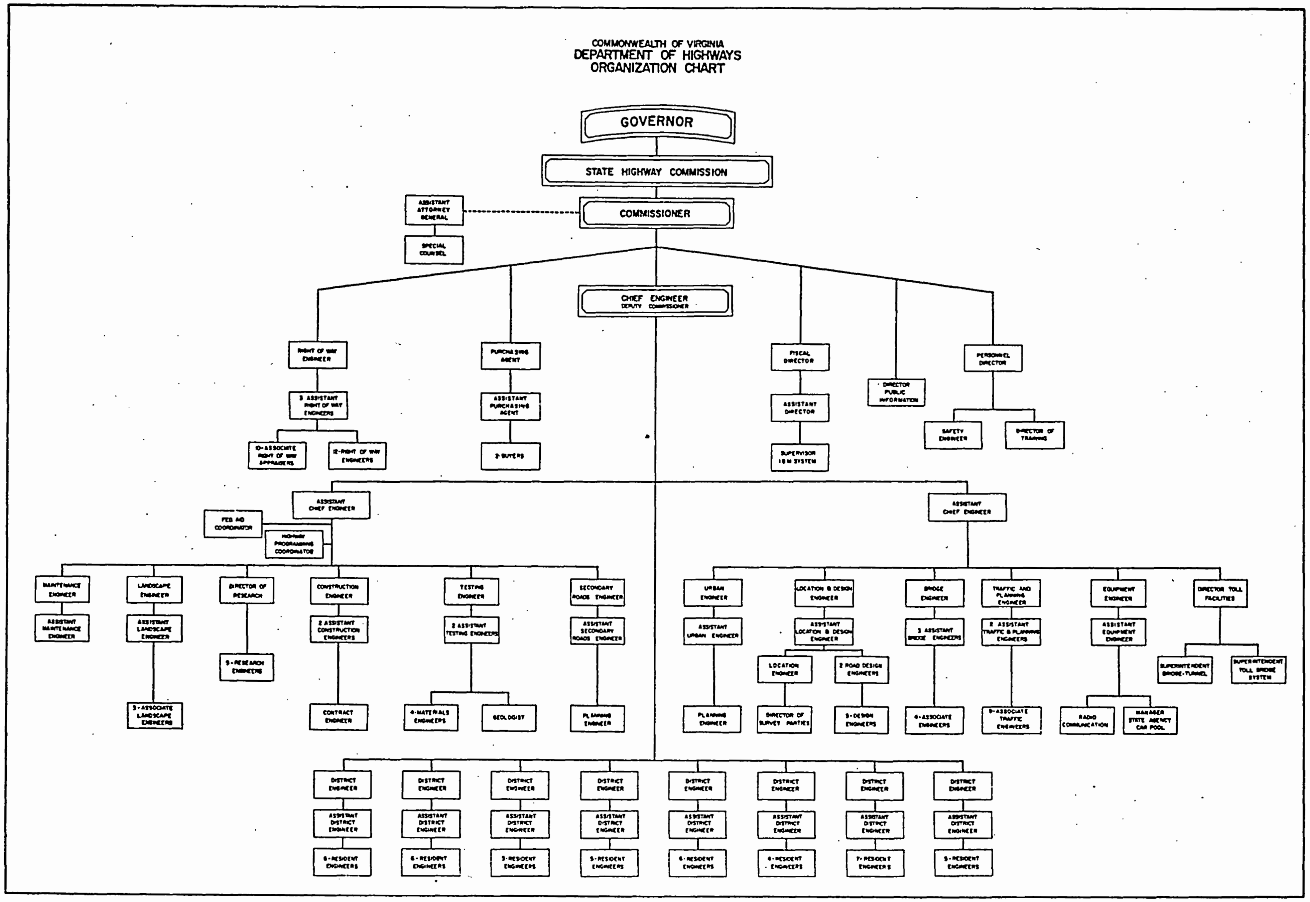
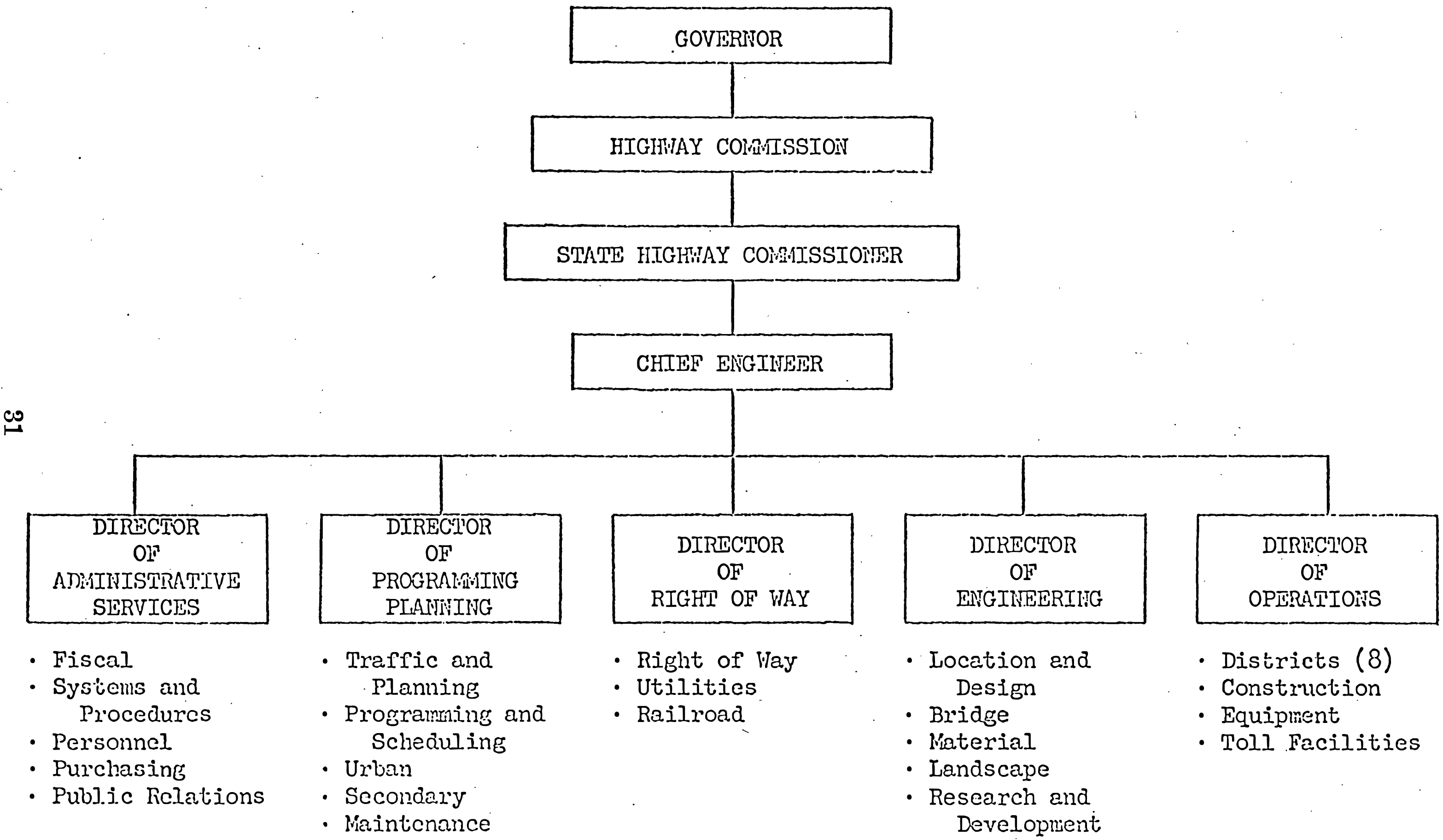


CHART II
RECOMMENDED ORGANIZATION STRUCTURE



Recommendation No. 5. Develop procedures for orderly long range project planning and scheduling, coordinating the need for road construction, maintenance, and improvements with the availability of manpower and funds.

The Highway Department has established a Task Force of its engineers who are working on an extensive program related to the three recommendations listed above. Also active in this program are the consultants to the Highway Study Commission and representatives of the Bureau of Public Roads. This undertaking involves a thorough examination of Department operations, together with the establishment of improved methods, procedures, and managerial controls.

Recommendation No. 6. Decentralize departmental authority and responsibility from Richmond to the construction districts to the greatest practical degree.

A large public agency like the Highway Department must, of necessity, control its subordinate divisions carefully. However, it appears that many local problems of minor importance are now held up while information is relayed back and forth through channels between the residencies, the districts, and central headquarters at Richmond. This can be time consuming and tends to create unfavorable public relations. The Department should approach this problem by giving the construction districts more power to make decisions locally. Control of policy however, must be retained in Richmond.

Recommendation No. 7. Print in book form the policies of the Highway Commission, review these policies each year, and keep the manual up-to-date.

The Department recently has undertaken to prepare a policy manual which will be based on a review of the minutes of Commission meetings over the years. It is recommended that the Commissioner's Office take responsibility for keeping the manual up-to-date.

Recommendation No. 8. Revise the statutory responsibility and authority of the Highway Commission, the State Highway Commissioner, and the State Highway Chief Engineer-Deputy Commissioner.

a. The statute, § 33-2, requires the appointment of a Commission member from each construction district. Though it is not called for in the statutes, the Commission members often tend to represent their home districts. The general powers and duties of the Commission members, covered in § 33-12, gives them no authority or responsibility with respect to the administrative management of the Department. The men on the Highway Commission combine a broad understanding of highway problems with broad experience and knowledge of other State problems. These men could serve a more important need if they were authorized to provide more extensive policy and administrative guidance to the State Highway Commissioner and his staff and directed to concentrate their attention on broad state-wide highway problems.

   Highway Commission members are limited, by § 33-1, to a tenure of two four-year terms. Because of the lengthy period necessary to become informed about highway problems, the Commission member may have to leave the Commission at a time when his contribution would be of maximum value. The State will benefit by extending the tenure of Commission members' terms to two six-year terms.

It is recommended:

........that the Commission members be directed by statute to represent only the broad interest of the State;

........that the Commission members be given authority to approve or censure the administrative management of the Department;

........that the Commission members participate more closely with the Department management by forming Commission Subcommittees for such functions as Urban, Secondary, Right-of-Way, Traffic and Planning and Administration;

........that the term of office of Highway Commission members be increased to six years.

b. The State Highway Commissioner has been assigned such an extensive list of responsibilities and duties that it is understandable that he has inadequate time to devote to his major executive responsibility, namely, developing the establishment of and achievement of the State's long range highway objectives. The statute, § 33-3, states that he shall be a practical businessman but lists no requirements as to his competence as a highway administrator.

It is recommended:

........that the State Highway Commissioner be an experienced administrator;

........that the State Highway Commissioner be chosen for his ability to direct and guide the Department in the establishment and achievement of the State's long range highway objectives;

........that the State Highway Commissioner be instructed to function as the chief executive officer of the Department and to delegate operating responsibilities to the Chief Engineer-Deputy Commissioner.

c. The State Highway Chief Engineer-Deputy Commissioner now has direct supervision of the construction districts and the engineering divisions. He does not have authority over certain important related divisions, namely, Right-of-Way, Personnel, Purchasing and Fiscal. This leads to administrative and coordinative shortcomings.

It is recommended:

........that the State Chief Engineer be made the chief operating officer of the Department, with authority over all divisions of the Department, and responsible to the Commissioner for the effective operation of all divisions and for the accomplishment of the objectives set by the Commissioner and the Highway Commission.

PERSONNEL ADMINISTRATION

Recommendation No. 9. The Department should undertake a complete reorganization of its personnel administration function.

The Personnel Division is charged with administering a wide range of personnel matters including selection and recruitment, training, safety, and maintenance of personnel records for some 10,000 employees. The Division is headed by the Personnel Director, the Training Director, and the Safety Engineer and is staffed with a clerical force of fifteen. The State Division of Personnel provides some administrative control and renders technical assistance when requested.

The Highway Department personnel function should be administered by men who are educated and trained in that specialized field, rather than men drawn from the engineering ranks whose background is limited to experience gained within the Department. Many of the personnel administration practices and procedures which might be applied in such a large organization are not in use in the Highway Department. Typical examples explaining these comments are stated below:

........Employee turnover is very high for certain jobs yet there is little investigation of the reasons for resignations and separations. Employees leaving the Department are not asked about the reasons for their action and no attempt is made to hold them.

........Recruitment of young engineers for the Engineering Training Program has fallen behind needs for several years. Recruitment has not been well planned or organized. No effort is made to attract or recruit experienced people. The program is restricted to Civil Engineers though Mechanical, Industrial, Architectural, and Mining Engineers should be considered. A study now is underway which may lead to improvements in the Engineering Training Program.

........The Personnel Division has done little to recognize and develop the talents of employees. The Department has some excellent training programs but they have been independent efforts of some divisions and districts and are not the product of the Personnel Division nor are they planned and coordinated with overall Department needs. Supervisory training programs are inadequate.

........The personnel function is not recognized within the Department, by employees or by management, as a means by which employees may be developed to the point where their contribution to the Department will increase or a means by which agency management can develop more effective operations.

The consultants to the Highway Study Commission will submit a report on this matter to the Highway Department, together with recommendations for an appropriate course of action.

Recommendations No. 10, 11 and 12. Salary compensation levels of higher ranking Department officials should be revised consistent with the responsibility and authority they exercise.

Salary adjustments were granted to lower ranking engineering personnel in May 1963. Adjustments for the higher ranking officials were held up. An examination of the compensible characteristics of these positions indicates the need for a thorough salary reallocation study. This study should be performed by the State Division of Personnel.

Recommendation No. 13. The position Resident Engineer should be expanded to categories "C," "B," and "A." The residencies should be classified in a similar manner depending upon the responsibilities and activities of each location. Certain residencies provide a much more demanding task for the Resident Engineer than do others. The several classifications for residencies and Resident Engineers will recognize the differences in responsibility and will permit a more orderly advancement of engineers.

Recommendations No. 14 and 15. Develop promotional opportunities for professional personnel. Establish a Highway Commission policy requiring retirement at 65 years of age.

The most difficult personnel problem faced by any organization, governmental or commercial, is the limitation of opportunities for advancement. The implementation of the organization structure shown as Chart II and of other organization and personnel changes mentioned earlier will create such opportunities. By the same token, the policy of requiring retirement when employees achieve full retirement benefit status will have the same result.

III. RIGHT-OF-WAY POLICIES AND RIGHT-OF-WAY LAWS

1. Amend § 33-57.1 to authorize the Highway Department to acquire right-of-way for non-Interstate roads upon which construction will be started within ten years of the date of acquisition; also, allow—rather than require—lease of the property to the former owner for rental which a bona fide lessee would pay.

2. Amend the Code to allow the Highway Department to acquire by condemnation "residue parcels" of less than two acres.

3. Establish a revolving fund of $10,000,000, or so much thereof as can be obtained, for purchase of right-of-way which would be needed for highway use in future years and which lies in an area in which developments indicate that future acquisition would be far more costly.

4. Authorize the Highway Commission to establish and fix in advance, after appropriate proceedings, the location and approximate width of right-of-way for future roads and require the preparation and filing of a map thereof, together with placing monuments upon the land. After a location is established as above, for a period of five years no one may erect or move in any structure, nor rebuild, alter, or add to any existing structure without first giving notice to the Commission of such contemplated action. At this point the Commission must offer to purchase the land at fair market value if it desires to keep the land under dedication to the Highway Department.

5. Authorize the Highway Commissioner under § 33-76.6 to convey easements to public utilities, railroads and other persons who might require same for the establishment or continued operation of their facilities crossing highway rights-of-way, provided use of the highway is not disturbed.

6. Require the offer made by the Highway Department to a landowner to be in writing, setting forth separately the total value of the land to be taken, the total value of improvements to be taken, and the total damages and attach thereto a plat of the land to be taken.

7. Authorize the Highway Department to confer on district right-of-way engineers power to negotiate settlements for the acquisition of land prior to condemnation, with authority being limited to amounts not exceeding $2,500 in total.

8. Authorize the Highway Department to extend the power of the district engineer in approving minor changes during construction.

9. Amend § 33-64 to require the rules of evidence in civil proceedings to apply in condemnation cases and to require commissioners to be bound by the evidence submitted to them by all parties to the action.

10. Direct the Highway Department to strengthen and improve its public relations program in the area of land acquisition for highways so as to reduce misunderstandings, and make for better public understanding of the highway program.

REASONS FOR RECOMMENDATIONS

The cost of right-of-way for highways has been increasing at a great rate and, unless something is done about it, will render our revenue program and other proposals of little value. It is proper that a person be compensated for land taken for highway purposes and that he receive adequate compensation for the damages to the residue. However, frequently awards are made which appear to be unreasonably high. Some of our recommendations are designed to alleviate this.

The right-of-way acquisition policies of the Highway Department require some correction. This is the place in which so many landowners form their first opinion of our highway program. It is important that the land agents be trained not only in all facets of making evaluations but also in meeting the public. An explanation of why the road is being built a certain way, why the land is required, and answers to reasonable questions will do much to avoid later confusion and hard feelings. We call this to the attention of the Highway Department.

Some of the problems in the right-of-way acquisition are brought about by federal regulations. The regulations are designed to prevent fraud; we are entirely in accord with that objective. However, the same objectives can be accomplished and the land acquisition program smoothed if competent people are given more discretion in negotiating with landowners. While the condemnation statutes applicable to highway acquisitions have been recently amended, there are other changes which are required in the interest of making the program work more smoothly and with less cost to highway users. The changes proposed herein are such as to remedy some of the major deficiencies without hampering the procedure in any respect.

Recommendation No. 1. Amend § 33-57.1 to allow the acquisition of lands for non-Interstate highways upon which construction will be started within ten years from the date of acquisition making the lease of the property back to the owner permissive instead of mandatory.

§ 33-57.1 allows the Highway Department to acquire rights-of-way for future use of twelve years on the Interstate System and six years on other highways. This is intended to allow property to be acquired before the price goes up. It offers an expeditious and economical method of acquiring lands which will be needed in years to come. The limit should be raised from six to ten years on non-Interstate highways.

The section presently requires property so acquired to be leased back to the former owner if the property is improved and the owner requests it. We believe that when land is purchased by the State and becomes public property, the former owner should not be given special privileges with respect to its use. If the Highway Department is allowed, but not required, to lease the property back, the former property owner is not damaged and the public is protected.

Recommendation No. 2. Amend the Code to allow the Highway Department to acquire by condemnation so-called residue parcels of two acres or less.

It frequently happens that when a right-of-way is acquired through property a small parcel is left on one side of the road which has no commercial value and which is cut off from highway access in the case of limited access highways. In such cases the State is required to pay for the damages to the cut off parcel which is referred to as a "residue parcel". In many cases the damages awarded are greater than the value of the parcel. The

Highway Department may presently acquire such parcels by purchase but not by condemnation. We believe that if the Department has the right to acquire such parcels by purchase, it should have the same right to do so by condemnation; the right to acquire such property should be limited to parcels of two acres or less.

Recommendation No. 3. Establish a revolving fund of ten million dollars for the purchase of future right-of-way in cases in which property is likely to become developed before road construction can begin.

As noted, the cost of right-of-way is increasing. This is especially true in areas which are rapidly developing. California and Ohio, among other states, have established a revolving fund for the purchase of future right-of-way in areas which are likely to develop rapidly; the revolving fund is repaid prior to construction of the highway. We believe that Virginia can save a considerable amount of money by using the same approach. It is less expensive to buy property which is undeveloped or on which buildings in disrepair are located than to wait for the property to be developed into residential or business areas or to have the buildings improved or new buildings placed upon the property.

It is well known that when it is learned that a highway will be constructed in an area, devices exist whereby the value of property can be inflated whether it is purchased by negotiation or condemnation. The time to buy property is when it is low.

At the end of each fiscal year, the Highway Department usually has unspent sums which are composed of revenues above those estimated to be received during such year and thus not allocated; these usually amount to several million dollars. These sums should be used as a revolving fund. In this way, the beneficial results contemplated from such a fund can be realized without in any wise affecting the construction and maintenance program of the Department of Highways. We recommend that this be done.

Recommendation No. 4. Authorize the Highway Commission to locate, plat and monument in advance future highways and reserve the land for highway use for a period up to five years.

Many municipalities have authority under their charters to establish location of future streets. See Chapter 28 of Title 15 of the Code. Under this legislation, a locality can establish a comprehensive plan and put forth an official map which shows the location of streets and other improvements thereon. Property which is subject to street or road location cannot be improved but if the owner of the property desires, he can require the political subdivision to purchase the same. If the offer of purchase is refused, the property can be developed without regard to the map.

Highway engineers consider the value of right-of-way land when they select the most desirable right-of-way lines for new roads. There is an important need to stabilize the value of land from the time of the public hearing until purchase can be effected.

It is our firm conviction that the Highway Department should be authorized to fix the location of right-of-way for future roads, to prepare and file a map thereof and to place monuments upon the land to show the location of future rights-of-way. Safeguards are proposed in the legislation we propose; these include notice and hearing. If the property owner on which a future right-of-way is located desires to improve his property he can require the Highway Department to buy it and if they refuse to offer to do so within a reasonable time the property is free and clear of any dedication for highway purposes. This, together with the revolving fund plan, offers a means whereby the cost of right-of-way land can be stabilized.

It should go a long way toward reducing controversies, since if people know in advance where the location of a road will be they are less likely to take the risk of having their businesses interrupted by placing them on or too near the site of a future highway.

Recommendation No. 5. Authorize the Highway Commissioner to convey easements to others in the same manner as easements may be conveyed to public utilities.

Under present law, the Highway Commissioner can convey easements across the highways for public utilities. Doubt exists that such conveyances may be made to railroads. Easements cannot be conveyed to other persons. With the growth of highways and an expanding population, persons other than public utilities frequently must have their facilities cross the right-of-way. We believe that under proper safeguards they should be given the right to do so. A bill is attached which would allow the Highway Commissioner to grant such rights provided the interests of the public in the highway are adequately protected.

Recommendation No. 6. Require the offer made for the purchase of land by the Highway Department to be in writing and to set forth certain matters therein.

The negotiations for land frequently involve discussions with the landowner as to the offer which covers the value of the land and the improvements, the damages thereto, and the exact location of the road. We believe that these matters should be reduced to writing in order to avoid any misunderstanding and have both parties clear as to exactly what is proposed.

Hard feeling can be avoided by this device. Accordingly, we recommend that the offer to the landowner for the purchase of his property be in writing and that it set forth therein the total value of the land and improvements sought, the total damages to the remaining property, all accompanied by a plat of the land to be taken. In our judgment, this is only fair and proper.

Recommendation No. 7. The Highway Department should be empowered to authorize district right-of-way engineers to negotiate settlement for the acquisition of land, prior to condemnation, when the parcels do not exceed $2,500 in value.

As noted elsewhere in this report, a great many construction projects are financed in part by federal funds. As usual, when federal funds are involved, many requirements have to be observed in connection with the project. One of these concerns the acquisition of property. It frequently occurs that when an offer is made for land required for a highway, the owner will put out a counteroffer which is only a bit higher than the State offer; the difference is frequently less than the cost of bringing a condemnation suit. At the present time all counteroffers have to be referred back to the Highway Department in Richmond. This is a costly and time consuming process and adds materially to the cost of right-of-way. We believe it more economical and expeditious to authorize the district engineer of a construction district to negotiate, after the original offer has been made and a counteroffer put forth, for the acquisition of the property. He will have knowledge of the amount of the counteroffer, the cost of bringing the suit, and he will be in the best position to know whether to bargain for the property. The appraisers on whose finding the original offer is based, are in a position to advise the district engineer as to whether or not a counteroffer is reasonable. In our opinion, the saving in time and counsel fees will be considerable. If he is entrusted to oversee the spending of millions of dollars in highway construction, he should certainly have the ability to negotiate for small parcels. To begin with, this proposal should be limited to cases where parcels do not exceed $2,500 in value.

This proposal will also require approval of the Bureau of Public Roads and we recommend that this approval be speedily sought and obtained.

Recommendation No. 8. The Highway Department should be authorized to extend the authority of the district engineer to approved minor changes during construction.

The construction plans for highways are based on the best information available as to the topography of the land and sub-surface conditions. It frequently occurs that after construction has begun, changes are necessary. Any variation from the plan authorized by the Highway Department and concurred in by the federal agency, must be referred back to Richmond for approval. This not only occasions a delay in construction but is also costly, since the construction company takes these delays into account when making these bids. Many of these changes, which are eventually approved, are matters which any competent engineer would approve without question.

Our proposal will not only expedite construction, but will serve to put the district engineers on their mettle and qualify them to undertake matters of wider scope. In our opinion, our district engineers are capable men; they should be given authority over required construction changes. Elsewhere in this report, we point out the need for making more effective use of the district engineers, with the Central Highway Department Office setting policy and laying out broad plans.

Recommendation No. 9. Amend Code § 33-64 to provide that the rules of evidence in civil proceedings shall apply in condemnation cases and be binding upon the commissioners in condemnation cases.

At the present in each locality in which property is sought by condemnation, a panel of resident landowners is chosen by the judge of the local court of record. From these, commissioners are selected to make a valuation of the land sought, the damages to the residue, and other matters in connection therewith. These men perform an important function, for in their hands is vested the determination as to whether the State will pay a fair value for property acquired, for it is difficult to upset the finding of the commissioners.

Under present practice, there is little in the way of rules which bind the commissioners in what they can consider in fixing the value of the land and the damages, if any. Many proposals have been made, both to improve the caliber of the commissioners and to prescribe in detail the rules of evidence which will determine what evidence they can consider in arriving at their finding. We have rejected many such proposals and have settled upon the requirement that the rules of evidence in civil proceedings should apply in condemnation cases and bind the commissioners, in fixing values and damages, to use only the evidence thus submitted. This will be fair to all parties concerned. It will enable local people who have accurate knowledge of local values to testify; it will enable experts to testify; but it will exclude hearsay evidence based on guesses and rumors as to what some other tract or property sold for or the amount which the owner received from the Highway Department for the portion taken.

Under present condemnation case practices it is possible for the commissioners to go beyond the limits of the testimony in setting an award.

It seems unreasonable that an award be set lower than the State's testimony would indicate. Also, it is unreasonable to permit witnesses to pose as real estate experts and to influence the condemnation commissioners' decision unless they, in fact, have accurate knowledge of local conditions and local property values. This would not prevent the condemnation commissioners from viewing the land and, notwithstanding other evidence introduced, the commissioners may make their awards based solely upon their view of the land to be taken.

Why should such material be excluded? Simply because no two parcels of land are alike; the amount of the taking is different in every case; the damages to the residue are different in every case and the effect upon the property remaining in the possession of the landowner may be beneficial in one case and detrimental in another. Land is unique. Its location gives it a special value. Our recommendation is that each tract of land be considered upon the basis of its own peculiar value and the damages be reached by determination of the effect of the taking upon the remaining land left in the possession of the land owner. No one will be damaged under this plan except those who seek to overreach the public; it is public money which is being spent for this property.

Recommendation No. 10. The Highway Department should strengthen and improve its public relations program in the area of land acquisition.

The Highway Department has a public information office which, on a Statewide basis, appears to be doing a commendable job. In the great majority of cases, those employees of the Department who are engaged in valuing and acquiring land for highway purposes are able and competent. However, there have been many cases in which subsequent hard feelings could have been avoided if the landowner could have been told why his land was needed, when construction would begin, and the steps the owner ought to take to protect himself from the necessary destruction of fences or other property, after the property has been acquired and construction is about to begin. These are simple things yet they are important, for the support of the highway program depends, in the final analysis, upon public support.

If the landowner knows why the road has to go a certain way, he may not like it but he is more likely to go ahead more cheerfully. If the landowner is told that the program will require the relocation of his fences he can go ahead and change them at his leisure instead of being met one morning with construction under way and the fences down. If he realizes that after he has been paid for the property it is no longer his, he is less likely to engage in acts of ownership upon it feeling that he can use the property until actual construction begins. If the owner is told that the construction will involve a deep cut or a high fill, in advance, complaints will be reduced.

Other sections of this report deal with areas in which the Highway Department can improve its relationship with the public. This recommendation along with those made elsewhere, is intended to give the Highway Department and its activities better public support. These are badly needed.

CONCLUSION

This has been a long and complex report. This was necessary because of the nature of the operations of the Highway Department and the magnitude of the spending involved. We do not look upon this report as a one shot panacea for all the troubles of the highway program. Some of them can only be solved by the realization of the general public and by the members of the legislative body that the highway program has a dual aspect: (1) There are certain roads and streets within political subdivisions which serve local people only; this report recommends continuity of financial support for such roads and streets. (2) There are other roads and streets which are tied in with the traveling needs of the State at large; they must be so constructed and maintained as to serve the entire State and local needs must give way in such cases.

We do not mean to imply that local interests should be completely subordinated but we do stress the fact that the welfare of the entire population of Virginia depends upon a network of roads to afford safe and rapid access to all areas of the State and local interests must recognize and give way if necessary to the needs of the State at large.

Certain proposals are made in this report concerning the management of the Highway Department. The Highway Department should from time to time have its management reviewed. Practices change and new and better methods are discovered. These should be used wherever possible.

A detailed listing of the many sources from which this Commission has obtained assistance would unduly extend this report. We do express our appreciation for their interest and assistance and ask for their continued support for this program.

This Commission would be remiss in its obligations if it did not express its gratitude and appreciation to Mr. John B. Boatwright, Jr., our Secretary, and Mr. Wildman S. Kincheloe, Jr., our Recording Secretary, for the splendid contributions they made to the planning and execution of the Commission's mission and to the preparation of this report. Without their dedication, untiring efforts and their able analysis and interpretation of material presented, it would have been difficult, if not impossible, for the Commission to have discharged its responsibilities.

In our considered judgment the recommendations set forth in this report are a minimum program to advance the highways of this State, both State and local, to the position which they should occupy.

We will either advance with this program or get further behind.

It is unthinkable that Virginia should reject this opportunity to become a leader again in the highway field. This Governor and General Assembly have an opportunity for distinterested leadership which will test their mettle. Let them lead the way. The people of Virginia stand ready to support leadership and, if denied this, will find it elsewhere.

Respectfully submitted,

WILLIAM F. STONE, Chairman
JOHN H. DANIEL, Vice-Chairman
WILLIAM P. GRIFFIN
W. WRIGHT HARRISON
A. G. LIVELY
JAMES B. MARTIN
JOSEPH A. MASSIE, JR.
*CHAS. T. MOSES
A. ROBBINS, JR.

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* Statement of Chas. T. Moses:

If a sales tax is hereafter adopted, it should not apply to motor vehicles which are dealt with in the registration tax.

CHAS. T. MOSES

APPENDIX I

SUMMARY OF RECOMMENDATIONS

I—Revenues, Diversions and Allocations

1. Increase the motor vehicle operator's license fee from $2 to $5 for the three year term. This will produce $1,800,000 a year.

2. Increase motor vehicle license taxes across the board by $5 per vehicle with statutory provision that counties and municipalities cannot increase local vehicle tax rates above those limits set by present statutes.

3. Impose a titling tax of 2% on the retail value of all new and used motor vehicles which are required to be registered with and licensed by the Division of Motor Vehicles. This will produce $15 million a year.

4. Increase the license fee on heavy trucks over fifty-five thousand pounds and equalize the licenses on for hire and private carriers. This will produce approximately $750,000 a year.

5. Require operators of fleets of one hundred or more vehicles operating as much as 5% of their fleet mileage in Virginia to license that percentage of their vehicles in Virginia, which their mileage in Virginia is of the total mileage of the fleet.

6. Charge the State Corporation Commission with the enforcement of the reciprocal weight-distance tax statute, and amend the statute to make it more practicable in application.

7. Improve administration of the Reciprocity Act so as to bring those foreign licensed trucks subject to being licensed in Virginia within the operation of our registration laws. This is estimated to produce $750,000 a year.

8. Charge one half the cost of the State Police to the General Fund in order to defray the cost of their enforcement of nonhighway laws and off highway duties. This will cost the General Fund approximately $5 million and increase highway funds accordingly.

9. Charge the Highway Department only for the actual cost of the State Convict Road Force, for the time the convicts are actually engaged in highway work; housekeeping and related expenses should be borne by the general fund. This is estimated to save the highway fund approximately $640,000.

10. Construct future industrial access roads with appropriations solely from the general fund. Such funds would be appropriated to the Department of Highways and expended by it upon authorization by the Division of Industrial Development and Planning. This would save the highway fund $1,500,000 a year, the amount now required by § 33-136.1 of the Code.

11. (a) Make the following allocations of highway funds, exclusive of federal interstate funds:

   (1) Secondary System construction and maintenance, not less than 33%. (Funds for Arlington and Henrico Counties are deducted and set aside by the State Comptroller before remaining funds are apportioned for highways.)

   (2) Urban System, Construction and Maintenance, not less than 14%.

(b) It is anticipated that the balance of highway funds will be distributed on the following basis

General Activity	17%
Departmental Administration	
Primary System Maintenance	
Interstate System Maintenance	
Matching Funds	7%
Interstate System Construction	
Primary System	29%
Construction	
Right of Way	

The above percentages are subject to minor adjustments to the extent that there are changes in the Secondary and Urban programs maintenance requirements, or in federal aid grants.

(c) If a substantial reduction occurs in the total mileage of the secondary system as a result of county areas coming under city or town governments, the Highway Commission should be authorized to lower the percentage distribution to such system.

12. Secondary System funds from existing sources of revenue should continue to be distributed as at present. The additional funds for this system resulting from the revenues proposed in this report would be distributed among the counties upon the basis of the relative need, in meeting the objectives shown on page 68 of the *1962 Highway Needs Report*.

13. (a) From the 14% set aside for the Urban System, the Highway Commission would make annual distributions to the cities and towns entitled thereto of $10,000 for each mile of primary extensions within their boundaries, and $800 for each mile of other streets. This distribution would be made without respect to Construction Districts.

(b) The amount remaining from the Urban System percentage would be made available to the Urban construction program in the cities and towns on an equitable basis without regard to Construction Districts. A city or town should be permitted to accumulate these allocations, so as to undertake major projects which cannot be financed by annual allocations, provided that such accumulation does not exceed five years.

(c) In those cases in which a portion of a primary arterial highway is to be constructed through a city, the city's contribution should be reduced from the present 25% requirement to 20%.

(d) The Highway Department should conduct a study jointly with the cities or their representatives to develop a more practical maintenance compensation schedule for those miles of primary extensions, in incorporated cities and towns of over 3,500 population, which because of their rural character and light travel are much less expensive to maintain than the normal urban primary extension.

14. Authorize the Highway Department to construct and maintain primary system by-passes within the limits of cities and towns, using rural Primary System funds therefor if the city or town does not aid in construction; the municipality would not have to maintain the street, nor would it receive a mileage allocation therefor.

15. (a) Continue the allocation of revenue from existing sources to the Construction Districts for rural primary construction on the 3-factor formula of area, population, and road mileage; however, modify these from the existing "rural and urban area, rural and urban population, and rural primary mileage" to "rural and one-half urban area, rural and one-half urban population, and rural primary mileage."

(While urban needs are provided before distribution of rural primary funds, the cities and towns radically affect the adjacent rural system.)

(b) Direct the Highway Commission to establish an Arterial road program within the Primary System, designed to serve all municipalities with a population of 5,000 or more not served by the Interstate System, and conforming with the other criteria shown on page 52 of the *1962 Highway Needs Report*. Appropriation of funds for this purpose should be made from the new revenue sources apportioned to the rural primary system and allocated to the Construction Districts in accordance with each district's needs towards completing this Arterial road program by 1975. (To the extent that funds from new revenue sources are insufficient to accomplish this, the shortage should be allocated from the 3-factor funds under (a) above as needed in each Construction District.)

II—Organization and Administration of the Highway Department

ORGANIZATION

1. Revise the departmental structure of the Highway Department to provide an improved framework for more effective management. The present and proposed organization structures are shown on charts 1 and 2 on pages 30 and 31 of the report.

2. Redefine the responsibilities and authority of each position on the organization chart; and keep this information up-to-date as organization and operation changes are made.

3. Develop management controls based on predetermined, written standard methods and procedures covering the broad scope of interdivision coordination and communication; fix responsibility, provide needed authority and then require satisfactory performance.

4. Establish performance criteria by which the work of the individual managers and their divisions can be evaluated; and develop programs to improve the performance of the managers and the divisions.

5. Develop procedures for orderly long range project planning and scheduling, coordinating the need for road construction, maintenance, and improvements with the availability of manpower and funds; then establish plans and execute them.

6. Decentralize departmental authority and responsibility from Richmond to the construction districts to the greatest degree possible consistent with maintaining control of performance and adherence to sound operating practices. Solving problems closer to their source will expedite work and help in the development of the field staff.

7. Print in book form the policies established over the years by the Highway Commission, review policies critically each year and keep manuals up-to-date.

8. Revise the statutory responsibility and authority of the Highway Commission, the State Highway Commissioner and the State Highway Chief Engineer-Deputy Commissioner.

(a) The Highway Commission members should continue to be appointed from the construction districts but they should be directed by statute to represent only the broad interest of the State as a whole and not be guided by the interest of their home districts; they should be given authority and responsibility to approve or censure the administrative management of the Department; and they should be directed to organize themselves into several subcommittees covering such functions as Urban, Secondary, Primary, Traffic and Planning, Right-of-Way and Administration. The term of office for Highway Commission members should be increased from four years to six years.

(b) The State Highway Commissioner should continue to be appointed by the Governor; he should be an experienced administrator, chosen for his ability and capacity to direct and guide the Department in the establishment and achievement of the State's long range highway objectives; and he should function as the chief executive officer of the Department.

(c) The State Highway Chief Engineer-Deputy Commissioner should be a career highway administrator appointed by the State Highway Commissioner, subject to the approval of the Highway Commission; and he should function as the chief operating officer of the Department, responsible for the effective operation of all divisions of the agency and for the accomplishment of the objectives set by the State Highway Commissioner and the Highway Commission.

Personnel Administration

9. The Department should develop a better understanding of its need for a modern, effective personnel administration division, and of the benefits which can accrue to the Department from the contributions of such a division with respect to recruitment, employee training and development, employee retention, and improved salary administration. The Department should undertake a complete reorganization of this function.

10. Salary compensation levels of higher ranking Department officials should be revised consistent with the responsibility and authority they exercise.

11. Salary scales for the position Division Engineer should be set to provide for the different levels of compensation, the higher recognizing the greater compensible characteristics of the positions involving the Location and Design, Bridge, Construction, and Right-of-Way Divisions.

12. The position District Engineer, because of its broad responsibilities and accompanying authority, should be elevated in status and salary to correspond with the lower level of Division Engineer.

13. The position Resident Engineer should be expanded to categories "C," "B," and "A." The residencies should be classified in a similar manner depending upon the responsibilities and activities of each location. Resident Engineer "C" would correspond in status with Assistant District Engineer. This would permit resident engineers to advance both in job status and in compensation.

14. Promotional opportunities for professional personnel should be developed with the objective of encouraging talented and able highway engineers to remain with the Department rather than leaving for opportunities with other states, the federal government, or industry.

15. The Highway Commission should establish a policy requiring all personnel to retire at 65 years of age as a means of opening promotional opportunities and to force the training of replacements.

III—Right-of-Way Policies and Right-of-Way Laws

1. Amend § 33-57.1 to authorize the Highway Department to acquire right-of-way for non-Interstate roads upon which construction will be started within ten years of the date of acquisition; also, allow—rather than require—lease of the property to the former owner for rental which a bona fide lessee would pay.

2. Amend the Code to allow the Highway Department to acquire by condemnation "residue parcels" of less than two acres.

3. Establish a revolving fund of $10,000,000, or so much thereof as can be obtained, for purchase of right-of-way which would be needed for highway use in future years and which lies in an area in which developments indicate that future acquisition would be far more costly.

4. Authorize the Highway Commission to establish and fix in advance, after appropriate proceedings, the location and approximate width of right-of-way for future roads and require the preparation and filing of a map thereof, together with placing monuments upon the land. After a location is established as above, for a period of five years no one may erect or move in any structure, nor rebuild, alter, or add to any existing structure without first giving notice to the Commission of such contemplated action. At this point the Commission must offer to purchase the land at fair market value if it desires to keep the land under dedication to the Highway Department.

5. Authorize the Highway Commissioner under § 33-76.6 to convey easements to public utilities, railroads and other persons who might require same for the establishment or continued operation of their facilities crossing highway rights-of-way, provided use of the highway is not disturbed.

6. Require the offer made by the Highway Department to a landowner to be in writing, setting forth separately the total value of the land to be taken, the total value of improvements to be taken, and the total damages and attach thereto a plat of the land to be taken.

7. Authorize the Highway Department to confer on district right-of-way engineers power to negotiate settlements for the acquisition of land prior to condemnation, with authority being limited to amounts not exceeding $2,500 in total.

8. Authorize the Highway Department to extend the power of the district engineer in approving minor changes during construction.

9. Amend § 33-64 to require the rules of evidence in civil proceedings to apply in condemnation cases and to require commissioners to be bound by the evidence submitted to them by all parties to the action.

10. Direct the Highway Department to strengthen and improve its public relations program in the area of land acquisition for highways so as to reduce misunderstandings, and make for better public understanding of the highway program.

APPENDIX II

THE NEEDS OF THE STATE HIGHWAY SYSTEM

Projected Highway Program 1963-1975

Interstate System—1,052 Miles	
Federal—Construction	$ 694,000,000
State—Construction	81,000,000
State—Maintenance	47,000,000
Interstate Program Cost	$ 822,000,000
Primary System—7,842 Miles	
Federal—Construction	124,000,000
State—Construction	317,000,000
State—Maintenance	184,000,000
	$ 625,000,000
Needs Gap—Construction	178,000,000
Primary Program Cost	$ 803,000,000
Secondary System—42,063	
Federal—Construction	55,000,000
State—Construction	150,000,000
State—Maintenance	409,000,000
	$ 614,000,000
Needs Gap—Construction	165,000,000
Secondary Program Cost	$ 779,000,000
Urban	
Federal—Construction	52,000,000
State—Construction	30,000,000
State—Maintenance	187,000,000
	$ 269,000,000
Needs Gap—Construction	193,000,000
Urban Program Cost	$ 462,000,000
Other	
General Expense	120,000,000
Industrial Access	12,000,000
Total Program—1963-75	$2,998,000,000

APPENDIX III

A BILL to amend and reenact § 2-4.2, as amended, of the Code of Virginia dealing with the conveyance of easements by State departments, agencies or institutions.

Be it enacted by the General Assembly of Virginia:

1. That § 2-4.2, as amended, of the Code of Virginia be amended and reenacted as follows:

§ 2-4.2. Conveyance of easements to utility companies, *public service corporations or companies* and political subdivisions by State departments, agencies or institutions.—Any State department or agency, or State institution through its governing board, is authorized, after having first obtained the consent of the Governor in writing, to convey to public utility companies, *public service corporations or companies* and political subdivisions right of way easements over property owned by it for such consideration as it shall deem proper, when such conveyance is deemed expedient, and to execute the instruments necessary to effectuate such conveyance, such instruments to be subject to the approval of the Attorney General as to form.

All funds received from any such conveyance shall be paid into the State treasury, to be expended as provided by law.

A BILL to amend the Code of Virginia by adding in Title 2 thereof a new section numbered 2-57.02 and to amend and reenact § 33-136.1 of the Code of Virginia, both relating to the construction or improvement of access roads to industrial sites.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia be amended by adding in Title 2 thereof the following section numbered 2-57.02:

§ 2-57.02. A revolving fund for access roads to industrial or commercial sites.—Notwithstanding any other provision of law, from the funds appropriated to the Division of Industrial Development and Planning, there shall be set aside one million five hundred thousand dollars in a revolving fund for access roads to industrial or commercial sites.

This fund, along with other monies made available to the Division for such purpose, shall be expended by the Director for constructing, reconstructing, or improving or having constructed, reconstructed, or improved access roads to industrial or commercial sites on which manufacturing, processing, or other establishments will be constructed or expanded under firm contract or have already been constructed or expanded. At the close of each succeeding fiscal year, the Director shall replenish this fund to the extent he deems necessary to carry out the purpose intended provided the balance in the fund plus the replenishment does not exceed the aforesaid one million five hundred thousand dollars.

In deciding whether or not to construct or improve any such access road and in determining the nature of the road to be constructed, consideration shall be given to the cost thereof in relation to the volume and nature of the traffic to be generated as a result of developing or expanding the industrial or commercial establishment, and the Director shall obtain the advice and approval of the State Highway Commissioner in regard thereto. No such access road shall be constructed or improved on privately owned property.

Any access road constructed or improved under this section shall constitute a part of the secondary system of State highways or of the road system of the locality in which it is located, whichever is applicable, and shall thereafter be constructed, reconstructed, improved and maintained as other roads in such system.

2. That § 33-136.1 of the Code of Virginia be amended and reenacted as follows:

§ 33-136.1 * *Construction of* access roads to industrial *or commercial* sites * . * *The State Highway Commissioner is authorized and empowered to fully cooperate with the Director of the Division of Industrial Development and Planning in the planning and constructing of access roads to industrial or commercial sites, as authorized by § 2-57.02, and to this end may do all things necessary to carry out the co-operation contemplated by this section.*

The Commissioner and Director may by appropriate agreement authorize the Commissioner to act on behalf of the Director in doing the necessary survey, plans, construction, improvement, or other work incidental to any project undertaken pursuant to § 2-57.02.

A BILL to amend and reenact § 33-1, as amended, of the Code of Virginia, relating to composition, and terms of office of members, of the State Highway Commission.

Be it enacted by the General Assembly of Virginia:

1. That § 33-1, as amended, of the Code of Virginia, be amended and reenacted as follows:

§ 33-1. The State Highway Commission, hereinafter in this title sometimes called "the Commission", shall consist of nine members, who shall be appointed by the Governor subject to confirmation by the General Assembly, and who shall be removable from office during their respective terms by the Governor at his pleasure. Appointments, *for terms beginning on or after July one, nineteen hundred sixty-four,* shall be for terms of * *six* years commencing upon July first, upon the expiration of the terms of the existing members, respectively. Vacancies shall be filled by appointment by the Governor for the unexpired term and shall be effective until thirty days after the next meeting of the ensuing General Assembly and, if confirmed, thereafter for the remainder of the term. No person shall be eligible to serve more than two successive terms, * other than as State Highway Commissioner; provided, that a person heretofore or hereafter appointed to fill a vacancy may serve two additional successive terms. Incumbency during a current four-year term when this amendment becomes effective shall constitute * *one of* the two successive terms with respect to eligibility for appointment.

A BILL to amend the Code of Virginia by adding in Title 33 thereof new sections numbered 33-23.1 through 33-23.5, establishing an arterial system of roads within the State Highway System and authorizing the State Highway Commission to establish, designate, construct, maintain, and improve roads in the arterial system.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia be amended by adding in Title 33 thereof the following sections numbered 33-23.1 through 33-23.5:

§ 33-23.1. Arterial Highways; Criteria—The State Highway Commission is hereby authorized to establish within the State Highway System an arterial network of highways to supplement and complement the Interstate System as established under Article 2.1 of Title 33 of this Code.

Arterial highways shall be those highways which meet the following criteria:

(1) Supplement and complement the Interstate System to form a complete network of through highways to serve both interstate and principal intrastate traffic flow;

(2) Carry a sufficient volume of traffic by 1975 to warrant a minimum of four lanes;

(3) Carry a substantial volume of heavy trucks and buses and through traffic;

(4) Serve as the principal routes of major traffic corridors;

(5) Provide reasonable connections to or between the major cities and towns in the State; and

(6) Have been declared by resolution of the State Highway Commission to be portions of the arterial network of the State Highway System.

Existing highways and streets, even though established as turnpikes, toll projects, revenue bond projects, or streets of cities and towns may be included in the arterial network of highways established by this section.

§ 33-23.2. Extensions of arterial highways within cities and towns.—Extensions of the arterial network of highways into and through cities and towns of thirty-five hundred or more population shall be constructed or improved in the same manner as other urban projects, and the funds for such construction shall be provided in accordance with § 33-35.5.

When such extensions of the arterial network of highways have been constructed or improved, they shall be maintained and controlled by the governing bodies of such cities and towns and be eligible for maintenance payments under § 33-35.2.

Notwithstanding the above paragraph, the State Highway Commission is authorized in its discretion to assume the maintenance and control of any extension of the arterial network of highways within a municipality of thirty-five hundred or more population when such extension has been constructed without contribution by the municipality and such action is deemed by the Commission to be in the best interest of the Commonwealth. The Commission shall have the same jurisdiction and control over extensions of the arterial network which it assumes for maintenance as is vested in it relative to other highways in the State Highway System and the municipality shall thereafter be relieved from all civil liability arising from the physical condition of such extensions. No payment shall be made by the Commissioner to any city or town pursuant to § 33-35.2 for any extension which the Commission assumes for maintenance.

Nothing contained herein shall relieve the cities and towns from the responsibility for the preservation of public peace, prevention of crime, apprehension of criminals, protection of the rights of persons and property and enforcement of the laws of the Commonwealth and the rules and regulations enacted pursuant thereto on any extension of the arterial network maintained by the Commission, nor shall anything contained herein be considered as a waiver by the Commonwealth of its immunity from liability for tort.

§ 33-23.3. Funds for establishing and maintenance of the arterial network of highways.—The roads and streets embraced within the arterial network of the State Highway System shall be established, constructed and maintained by the State under the direction and supervision of the Commissioner with such funds as may hereafter be appropriated and made available for such purposes to the State Highway System under §§ 33-31 and 33-32.

§ 33-23.4. Transfer of streets and roads.—In connection with the establishment and construction of the arterial network of the State Highway System the State Highway Commission may transfer to and from the State Highway System such streets, roads, and bridges as the Commission shall deem proper.

Such transfers shall be made in accordance with § 33-26 or § 33-27 but without regard to the limitations or conditions set forth in such sections.

§ 33-23.5. Portions of arterial network within annexed areas.—The State Highway Commission is authorized in its discretion to continue the maintenance and control of any portion of the arterial network of highways which is located within an area that is annexed, merged, or incorporated into a city or town of thirty-five hundred or more population, subsequent to the construction of such portion of highway, when such action is deemed by the Commissioner to be in the best interest of the Commonwealth. The Commission shall have the same jurisdiction and control over those portions of the arterial network which it continues to maintain as is vested in it relative to other highways in the State Highway System and the municipality shall incur no civil liability as a result of the physical condition of such portions. No payment shall be made by the Commissioner to any city or town pursuant to § 33-35.2 for any portion of the arterial network which the Commission continues to maintain under this section.

Nothing contained herein shall relieve the cities and towns from the responsibility for the preservation of public peace, prevention of crime, apprehension of criminals, protection of the rights of persons and property and enforcement of the laws of the Commonwealth and the rules and regulations enacted pursuant thereto on any portion of the arterial network maintained by the Commission under this section, nor shall anything contained herein be considered as a waiver by the Commonwealth of its immunity from liability for tort.

A BILL to amend and reenact § 33-32, as amended, of the Code of Virginia, relating to construction districts and allocation of funds for the primary system.

Be it enacted by the General Assembly of Virginia:

1. That § 33-32, as amended, of the Code of Virginia be amended and reenacted as follows:

§ 33-32. Construction districts; allocation of funds.—The present division of the State into not less than eight construction districts shall continue in effect. Work shall be continued in each district, except as herein provided. * *All funds allocated to the primary system from existing sources of revenue shall be, as nearly as possible, apportioned among the various construction districts in an equitable manner taking into account* *such factors as area, population and road mileage. Funds allocated from new sources of revenue shall be apportioned among the various construction districts entirely on the basis of the needs of each district in relation to the needs of the State as a whole for the construction of the arterial network of highways created under § 33-23.1.*

The Commission shall * *program the primary construction activities of each district in a manner which will insure the completion of the arterial network of highways by 1975 and, to the extent that the funds from new sources of revenue are insufficient to finance the program, shall make available the necessary funds from existing sources of revenue to finance the program.*

The Commission shall give preference to projects on which the right of way is donated.

The funds for each year shall, as far as possible, be allotted prior to the commencement of the fiscal year and public announcement made of such allotment, but the Commission shall not approve such allotment until after public hearing, at which political subdivisions of the State and interested citizens may be heard.

In any case where any allotment of funds is made under this section to any county all or a part of which subsequently is incorporated as or into a city or town such allocation shall not be impaired thereby and the funds so allocated shall be expended as if such county or any part thereof had never become an incorporated city, but such city shall not be eligible to receive funds as a city during the same year it receives the funds allocated as a county or as any part of a county.

For the purpose of this section "new sources of revenue" shall include all revenue received from the increase in existing taxes or levies as well as the revenue from new taxes or levies.

A BILL to amend and reenact § 33-35 of the Code of Virginia, relating to by-passes through or around cities and incorporated towns.

Be it enacted by the General Assembly of Virginia:

1. That § 33-35 of the Code of Virginia be amended and reenacted as follows:

§ 33-35. By-passes through or around cities and incorporated towns.—The State Highway Commission may acquire by gift, purchase, exchange, condemnation or otherwise, such lands or interest therein, necessary or proper for the purpose, and may construct and improve thereon such by-passes or extensions and connections of the primary system of State highways through or around cities and incorporated towns, as the Commission may deem necessary for the uses of the State Highway System; provided, that the respective cities and the incorporated towns of thirty-five hundred population, or more, by action of their governing bodies agree to * *participate in accordance with the provisions of § 33-35.5 in* all costs of such construction and improvement, including the cost of rights of way, on that portion of any such by-pass or extension which is located within any such city or incorporated town. The maintenance of that portion of a by-pass or extension located within a city or incorporated town shall be borne by the city or town. However, the Commission shall contribute to such maintenance in accordance with the provisions of law governing its contribution to the maintenance of streets, roads and bridges in such cities and incorporated towns. The location, form and character of informational, regulatory and warning signs, curb and pavement or other markings and traffc signals installed or placed by any public authority shall be subject to the approval of the Commission. At both ends of by-passes through or around cities and incorporated towns the Commission shall erect and maintain adequate directional signs of sufficient size and suitable design to indicate clearly the main route or routes leading directly into such cities and incorporated towns.

Notwithstanding the above, in any case where a municipality refuses to contribute to the construction of a by-pass or an extension or connection of the primary system within said municipality the State Highway Commission may construct such by-pass or extension and connection without any contribution by the municipality when the Commission determines that such by-pass or extension and connection is primarily rural in character and that the most desirable and economical location is within said municipality. Any by-pass or extension and connection built under this provision shall be maintained by the Commission as a part of the primary system and the municipality shall receive no payment for such by-pass or extension and connection under § 33-35.2.

All the provisions of general law relating to the exercise of eminent domain by the Commissioner shall be applicable to such by-passes, or extensions or connections of the primary system of State highways.

The Commission may expend out of funds appropriated to the Commission such funds as may be necessary to carry out the provisions of this section.

A BILL to amend the Code of Virginia by adding in Title 33 thereof new sections numbered 33-35.1 through 33-35.7, relating to the allocation of urban funds, payments to cities and towns therefrom, the matching of federal highway funds, the use of allocated funds by cities and towns and the location and character of certain urban highway signs; and to repeal §§ 33-113, 33-113.1, 33-113.2, as amended, 33-114, as amended, 33-114.1 and 33-115, as amended, of the Code of Virginia, relating to the same subject.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia be amended by adding in Title 33 thereof the following sections numbered 33-35.1 through 33-35.7:

§ 33-35.1. Allocation of funds for urban highways.—The State Highway Commission shall allocate during each year from all funds made available for highway purposes such sum as it may deem reasonable and necessary for the best interests of the several cities and towns of the State and of the State at large to be expended in the maintenance and improvement, including construction and reconstruction, of urban streets and highways; provided, however, that the funds allocated by this section to be spent on urban streets and highways shall not be less than fourteen per centum of all funds available to the State Highway Commission, exclusive of any federal funds made available for the Interstate System.

The funds allocated under this section shall be used to make payments to cities and towns pursuant to §§ 33-35.2 and 33-35.4. The balance of the allocated funds shall be used as the State's portion of urban construction cost and be apportioned among the cities and towns of the State in an equitable manner taking into account State-wide urban construction needs.

The State Highway Commission is authorized to apportion the urban construction funds in a manner which will permit a city to accumulate credits for a period up to five years for the undertaking of major highway construction projects.

§ 33-35.2. Selection of connecting streets and roads in certain incorporated towns and cities; payments for maintenance from State highway funds.—The State Highway Commissioner, subject to the approval of the State Highway Commission, shall select such streets and roads, or portions thereof, in incorporated towns and cities having more than thirty-five hundred inhabitants according to the last preceding United States census, and in all towns situated within one mile of the corporate limits of a city of the first class and having a population in excess of thirty-five hundred inhabitants according to the census of nineteen hundred and thirty, and in all cities operating under a charter designating them as cities notwithstanding the number of inhabitants, and in all towns having a population in excess of thirty-five hundred inhabitants according to the last preceding United States census through which passes any primary road in the State Highway System directly connecting and over which moves a substantial portion of the traffic between two cities of the State each of which has a population in excess of forty thousand inhabitants according to the said census, as may in his judgment be best for the handling of traffic in such towns and cities, from or to any road in the State Highway System, and from time to time make such changes in the selection thereof as may be reasonable and proper. If such streets and roads, or portions thereof, in such towns or cities so selected by the Commissioner shall, in the opinion of the Commission, be maintained up to the standard of maintenance of the State Highway System adjoining such town or city, the Commissioner shall cause to be paid to such town or city, for the streets and roads selected under this section, to be used by it in the maintenance and improvement, including construction and reconstruction, of streets, roads and bridges within such town or city, subject to the approval of the Commission, the sum of ten thousand dollars annually for each mile of such streets and roads or portions thereof.

Notwithstanding any other provisions of this section, in any county having a population of more than fourteen thousand eight hundred sixty-five but less than fourteen thousand nine hundred according to the last preceding United States census, and which county entirely surrounds any town therein, such towns shall share in the distribution herein provided for towns having a population of more than thirty-five hundred. The Commissioner shall be shown evidence that the population of such town exceeds thirty-five hundred before the provisions of this paragraph shall apply.

Allocations and payments made pursuant to this section to such cities and incorporated towns shall be paid by the Commissioner to the governing bodies of such cities and towns from funds allocated under § 33-35.1.

Notwithstanding any other provisions of this section, any incorporated town which shows to the Commission by satisfactory evidence that its population has increased to thirty-five hundred inhabitants, or more, since the last preceding United States census, shall be included in the provisions of this section.

Plans and specifications for construction and reconstruction shall be approved by the Commissioner.

The fund allotted by the Commission shall be paid in equal sums in each quarter of the fiscal year, and no payment shall be made without the approval of the Commission.

The town or city receiving such fund shall make quarterly reports accounting for all expenditures, and certifying that none of the money received has been expended for other than the maintenance, improvement, construction or reconstruction of the roads and streets in such town or city.

§ 33-35.3. Incorporation into State Highway System of connecting streets and roads in certain other towns and cities; maintenance, etc., costs.— The State Highway Commission may, by and with the consent of the Governor and the governing body of any incorporated town or city having a population of thirty-five hundred inhabitants or less, incorporate in the State Highway System such streets and roads or portions thereof in such incorporated town or city as may in its judgment be best for the handling of traffic through such town or city from or to any road in the State Highway System and may, in its discretion, eliminate any of such roads or streets or portions thereof from the State Highway System. Every such action of the State Highway Commission incorporating any such road or street or portion thereof in the State Highway System or eliminating it therefrom, shall be recorded in its minutes.

Any such road or street or portion thereof in any such city or town so incorporated in the State Highway System shall be subject to the rules, regulations and control of the State road authorities as are other roads in the State Highway System. But such town or city shall be obligated to pay the maintenance and construction and reconstruction costs of such roads or streets or portions thereof so incorporated in the State Highway System in excess of the amounts authorized to be spent by the State Highway Commissioner on such roads or streets.

Every provision in the charter of any such town or city insofar as it is in conflict with this section is hereby repealed.

The State Highway Commissioner may in his discretion permit such town or city to maintain any such road or street, or portion thereof, incorporated in the State Highway System, and reimburse such city or town up to such amount as he is authorized to expend on the maintenance of such road or street, or portion thereof.

§ 33-35.4. Payments to certain cities and towns for maintenance, etc., of streets not a part or extension of State highway primary system.— The State Highway Commission is authorized and empowered to allocate and pay to all cities and incorporated towns having a population of thirty-five hundred or more according to the last United States census for which population figures are available, and to all towns situated within one mile of the corporate limits of a city of the first class and having a population in excess of thirty-five hundred inhabitants according to the census of nineteen hundred and thirty, for maintenance, improvement, construction or reconstruction of streets which are not a part or an extension of the State highway primary system in the corporate limits of such cities and incorporated towns, the sum of eight hundred dollars per mile annually, if such streets and roads or portions thereof be maintained up to a standard satisfactory to the Commission. However, with the exception of streets or portions thereof located within territory annexed or incorporated since July one, nineteen hundred fifty, or hereafter, which streets a portion thereof (1) have been paved and have constituted parts of the secondary system of State highways prior to such annexation or incorporation, or (2) have constituted parts of the secondary system of State highways prior to such annexation or incorporation and are paved to a minimum width of sixteen feet subsequent to such annexation or incorporation and with the further exception of streets or portions thereof which have previously been maintained under the provisions of § 33.50.1 or § 33-50.4, or which have been eligible for maintenance payments under § 33-50.2, no such allocation of payments shall be made by the Commission to any such city or incorporated town unless the portion of the street for which said allocation is made has an unrestricted right of way width of not less than thirty feet and a hard surface width of not less than sixteen feet; and any such street established after July first, ninteen hundred fifty, shall have an unrestricted right of way width of not less than fifty feet and a hard surface width of not less than thirty feet; provided, however, that cul-de-sacs may have an unrestricted right of way width of not less than forty feet and a turn around that meets State Highway Commission standards.

Allocations and payments made pursuant to this section to such cities and incorporated towns, shall be paid by the Commission to the governing bodies of such cities and towns from funds allocated under § 33-35.1.

Notwithstanding any other provisions of this section, any incorporated town which shows to the Commission by satisfactory evidence that its population has increased to thirty-five hundred inhabitants, or more, since the last preceding United States census, shall be included in the provisions of this section.

Plans and specifications for construction and reconstruction shall be approved by the State Highway Commissioner.

The fund allocated by the Commission shall be paid in equal sums in each quarter of the fiscal year, and no payment shall be made without the approval of the Commission.

The city or town receiving this fund will be required to make quarterly reports accounting for all expenditures and certifying that none of the money received has been expended for other than the maintenance, improvement, construction or reconstruction of the streets in such city or town.

§ 33-35.5. Matching highway funds.—In any case in which an act of Congress requires that federal aid highway funds made available for the construction or improvement of federal or State highways be matched, the State Highway Commission may contribute such matching funds; provided, however, that if such matching funds be required within a municipality of thirty-five hundred or more population the Commission may contribute fifty per cent of the matching funds if the municipality contributes the other fifty per cent; and provided further, that on extensions of the arterial network of highways within municipalities of thirty-five hundred or more population the Commission may contribute sixty per cent of the matching funds if the municipality contributes the other forty per cent.

The Commission may contribute all the required matching funds on roads in the Interstate System except on that portion of the System projected within municipalities of thirty-five hundred population or more. In such municipalities the Commission may contribute all the required matching funds if the municipality donates the right of way to existing streets to be occupied by the Interstate System.

Within municipalities of thirty-five hundred or more population, the State Highway Commission may contribute toward the costs of construction or improvement of any highway or street project for which no federal aid highway funds are made available seventy-five per cent of the necessary funds if the municipality contributes the other twenty-five per cent, except that for any such project on an extension of the arterial network of highways the Commission may contribute eighty per cent of the necessary funds if the municipality contributes the other twenty per cent.

The term "construction or improvement" means the supervising, inspecting, actual building, and all expenses incidental to the construction or reconstruction of a highway, including locating, surveying, design and mapping, costs of rights of way, signs, signals and markings and elimination of hazards of railroad-grade crossings.

§ 33-35.6. Use of funds allocated to cities and towns for construction, etc., of highways, streets, roads and bridges.—Notwithstanding any other provisions of law, the governing bodies of the cities and towns defined in §§ 33-35, 33-35.2, 33-35.3, 33-35.4 and 33-35.5 of the Code of Virginia may hereafter authorize the use of the funds allocated and paid to such cities and towns under the authority of said sections to pay debts created by such cities and towns to finance the cost of constructing, reconstructing, maintaining and improving the highways, streets, roads and bridges defined in said sections, provided such projects have received the prior approval of the Highway Commissioner.

33-35.7. Character of signs, etc., in event of matching public funds.—On any urban highway upon which the State Highway Commission has expended funds in the manner provided in § 33-35.5, the location, form and character of informational, regulatory and warning signs, curb and pavement or other markings and traffic signals installed or placed by any public authority shall be subject to the approval of the State Highway Commission.

2. That §§ 33-113, 33-113.1, 33-113.2, as amended, 33-114, as amended, 33-114.1 and 33-115, as amended, of the Code of Virginia are repealed.

A BILL to amend and reenact §§ 33-48.1, 33-49 and 33-50 of the Code of Virginia, relating to the allocation of funds to the Secondary System and to the counties withdrawn therefrom and the apportionment of such funds to the counties, and to repeal § 33-49.2 of the Code of Virginia, relating to the same subject.

Be it enacted by the General Assembly of Virginia:

1. That §§ 33-48.1, 33-49 and 33-50 of the Code of Virginia be amended and reenacted as follows:

§ 33-48.1. Apportionment of * funds among counties in secondary system.— * *All funds allocated to the secondary system from existing sources of revenue shall be, as nearly as possible, apportioned among the counties in the secondary system in an equitable manner, taking into account such factors as area, population, road mileage and vehicular travel.*

Those funds allocated to the secondary system from new sources of revenue shall be apportioned among the counties in the secondary system entirely on the basis of the needs of each county in relation to the needs of the system as a whole.

For the purpose of this section "new sources of revenue" shall include all revenue received from the increase in existing taxes or levies as well as the revenue from new taxes or levies.

§ 33-49. * *F*unds for system.—The State Highway Commission shall allocate during each year from * *all* funds *made available for highway pur-*

poses such sum * as it may deem reasonable and necessary for the best interests of the several counties of the State and of the State at large to be expended * in the maintenance and improvement, including construction and reconstruction of the secondary system of State highways; provided, however, that the funds spent upon the secondary system of highways for maintenance and improvement, including construction and reconstruction, shall not be less than thirty-*three* per centum of * *all* funds available to the State Highway Commission, *exclusive of any federal funds made available for the Interstate System,* in any one fiscal year * ; and provided further that * *the Highway Commission is authorized to lower the minimum if substantial reduction in the mileage of the secondary system results from incorporation, annexation or merger of areas which are now in the secondary system.*

§ 33-50. Reduction in funds to counties withdrawn from secondary system.—If the receipts from the motor fuel tax shall in any calendar year fall below the receipts therefrom for the calendar year nineteen hundred and thirty-one *or if the road mileage of any county withdrawn from the secondary system shall be substantially reduced as a result of incorporation, annexation or merger of such county or any portion thereof,* the amount to be received by those counties which have withdrawn their roads from the secondary system of State highways and which have not elected to bring themselves back within the operation of this chapter pursuant to § 33-53 shall be decreased proportionately.

2. That § 33-49.2 of the Code of Virginia is repealed.

A BILL to amend and reenact § 33-57.1 of the Code of Virginia dealing with the acquisition of real property which may be needed for highways or projects by the State Highway Commissioner.

Be it enacted by the General Assembly of Virginia:

1. That § 33-57.1 of the Code of Virginia be amended and reenacted as follows:

§ 33-57.1. Acquisition of real property which may be needed for highways or projects.—When the State Highway * *Commissioner* determines that any real property will be required in connection with the construction of a highway, or "project" as defined in § 33-228 of the Code, within a period not exceeding twelve years for the Interstate Highway System or * *ten* years for any other highway system from the time of such determination, and that it would be advantageous to the State to acquire such real property, * *he* may proceed to do so. * *The State Highway Commissioner may lease any real property so acquired to* the owner from whom such real property is acquired, if requested by him, * *upon such terms and conditions as in the judgment of the Commissioner may be in the public interest.* In the event that the highway or project contemplated has not been substantially completed within a period of twelve years, if in the Interstate Highway System, or * *eleven* years, if in any other system of highways, from the date of the acquisition of such property, upon written demand of the owner or owners, their heirs or assigns, such property shall be reconveyed by the Commonwealth of Virginia to such owner or owners, their heirs or assigns, upon repayment of the original purchase price, without interest.

A BILL to amend the Code of Virginia by adding in Title 33 thereof a new section numbered 33-58.2, relating to the authority of district right of way engineers of the State Highway Department to negotiate certain settlements.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia be amended by adding in Title 33 thereof a new section numbered 33-58.2, as follows:

§ 33-58.2. At any time before institution of condemnation proceedings under this title, any district right of way engineer of the State Highway Department is authorized and empowered to negotiate a settlement for land or any interest therein within his jurisdiction, when in his judgment such settlement is in the best interest of the Commonwealth and the total amount of the settlement does not exceed twenty-five hundred dollars.

A BILL to amend the Code of Virginia by adding in Title 33 thereof a new section, numbered 33-58.3 relating to the power and authority of district engineers of the State Highway Department to make certain changes during construction of projects.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia be amended by adding in Title 33 thereof a new section numbered 33-58.3, as follows:

§ 33-58.3. Any district engineer of the State Highway Department is authorized and empowered to make minor changes in plans during construction of a project under his supervision when in his judgment such minor change is in the best interest of the Commonwealth.

A BILL to amend and reenact § 33-59.1 of the Code of Virginia, relating to the exercise of the power of eminent domain by the State Highway Commissioner.

Be it enacted by the General Assembly of Virginia:

1. That § 33-59.1 of the Code of Virginia be amended and reenacted as follows:

§ 33-59.1. No proceedings shall be taken to condemn land or other property, nor any interest therein, until a bona fide but ineffectual effort has been made to acquire the same from the owner or owners thereof by purchase, except where consent cannot be obtained because of the incapacity of one or more owners, or one or more of them will not or cannot convey legal title or because such owner, or owners, be unknown or cannot with reasonable diligence be found within this State.

Any offer made by the Commissioner to an owner shall be made in writing, setting forth separately the total value of the land to be taken, the improvements thereon and the damages to the residue, and shall have attached thereto a plat of the land to be taken.

A BILL to amend and reenact § 33-64, as amended, of the Code of Virginia, relating to the exercise of the power of eminent domain by the State Highway Commissioner.

Be it enacted by the General Assembly of Virginia:

1. That § 33-64, as amended, of the Code of Virginia, be amended and reenacted as follows:

§ 33-64. Upon the selection of the commissioners, the court, or the judge thereof in vacation, shall direct them, in the custody of the sheriff or one of his deputies, to view the land described in the petition with the landowner and the State Highway Commissioner, or any representative of either party, and none other, unless otherwise directed by the court; and, upon motion of either party, the judge shall accompany the commissioners upon their view of the land. *Such view shall not be considered by the commissioners as the sole evidence in the case.* Upon completion of the view, the court or the judge in vacation shall hear the testimony in open court on the issues joined. *The rules of evidence in civil actions shall be applicable to the taking of such testimony.* When the commissioners shall have arrived at their conclusion they shall make their report in writing to the court or to the judge thereof in vacation. The report may be confirmed or set aside forthwith by the court, or the judge, as the case may be, provided that when the report is so filed and before the court or judge passes thereon, either party shall have the right to file written exceptions to the report, which shall be filed not later than ten days after the rendering of the report by the commissioners. The court or the judge, as the case may be, shall have the same power over the commissioners' reports as it now has over verdicts of juries in civil actions.

Upon hearing of exceptions to the commissioners' report the court, or the judge in vacation, shall not recall and question the commissioners as to the manner in which their report was determined unless there be an allegation in such written exceptions that fraud, collusion, corruption or improper conduct entered into the report. If such allegation is made the judge shall summon the commissioners to appear and he alone shall question them concerning their actions. If the court be satisfied that fraud, collusion, corruption or improper conduct entered into the report of the commissioners, the report shall be set aside and new commissioners appointed to rehear the case.

If the court be satisfied that no such fraud, collusion, corruption or improper conduct entered into the report of commissioners, or no other cause exists which would justify setting aside or modifying a jury verdict in civil actions, the report shall be confirmed.

A BILL to amend and reenact §§ 33-117.2 and 33-117.3 of the Code of Virginia, relating to the acquisition of residue parcels of land by the State Highway Commission.

Be it enacted by the General Assembly of Virginia:

1. That §§ 33-117.2 and 33-117.3 of the Code of Virginia be amended and reenacted as follows:

§ 33-117.2. Authority to acquire entire tract of land, or parcel thereof, when only part to be utilized for highway purposes.—In acquiring rights of way for highway construction, reconstruction or improvement, and lands incidental to such construction, reconstruction or improvement, the State Highway Commission is authorized and empowered, whenever a portion of a tract of land is to be utilized for right of way, or a purpose incidental to the construction, reconstruction or improvement of a public highway, to acquire by purchase * , gift *or by the exercise of the power of eminent domain* the entire tract of land or any part thereof, whenever the remainder of such tract or part thereof can no longer be utilized for the purpose for which the entire tract is then being utilized, or a portion of a building is to be taken or the cost of removal or relocation of the buildings or other improvements on the remaining portion, necessitated by the taking, would exceed the cost of destroying such buildings or other improvements, or the highway project will leave the remaining portions without a means of access to a public highway, or whenever in the judgment of the State Highway Commission the resulting damages to the remainder of such tract or part thereof lying outside the proposed right of way, or the area being acquired for a purpose incidental to the construction, reconstruction or improvement of a public highway, will approximate or equal the fair market value of such remaining lands; provided, however, that the State Highway Commission shall not acquire the remainder of such tracts where the remaining portion is in excess of ten acres.

§ 33-117.3. Acquisition of residue parcels declared to be in public interest * .—The acquisition of such residue parcels in addition to the lands necessary for the immediate use for highway rights of way, or purposes incidental to the construction, reconstruction or improvement of public highways, is hereby declared to be in the public interest and constitutes a public use as the term public uses is used in § 58 of the Constitution of Virginia * .

A BILL to amend and reenact § 46.1-19 of the Code of Virginia, relating to the composition and membership of the Reciprocity Board; and to amend the Code of Virginia by adding a section numbered 46.1-19.1, requiring the State Corporation Commission to publish annually a list of states with which certain reciprocal agreements have been made and to furnish copies of such list to certain officials and agencies.

Be it enacted by the General Assembly of Virginia:

1. That § 46.1-19 of the Code of Virginia be amended and reenacted, and that the Code of Virginia be amended by adding a section numbered 46.1-19.1, as follows:

§ 46.1-19. The Reciprocity Board, hereinafter called the Board, shall consist of three ex-officio members, namely, the Commissioner of the Division of Motor Vehicles, * *or an employee of the Division designated by him, the Attorney General or an Assistant Attorney General designated by him,* and one of the members of the State Corporation Commission who shall be designated by the * Commission *or an employee of the Commission appointed by the member so designated. The Board member designated or appointed from the membership or staff of the State Corporation Commission shall serve as the Chairman of the Board.* A majority of the members of the Board shall constitute a quorum and the action of the majority of the members in attendance at any meeting shall be the action of the Board. Whenever a member of the Board is absent from a meeting of the Board, he may designate one of his assistants or employees to attend on his behalf. Any such assistant or employee shall be entitled to participate in the discussion and proceedings of the Board, but he shall not be entitled to vote.

§ *46.1-19.1. The State Corporation Commission shall annually prepare and publish a list showing, as of June thirty of each year, those states, including the District of Columbia, with which reciprocal agreements, unilateral, bilateral or otherwise, have been made, or are in force, under the provisions of § 46.1-20 of the Code. Copies of the list shall be mailed to all State and local law enforcement agencies, Attorneys for the Commonwealth, and judges of all courts which have criminal jurisdiction; each such list shall be accompanied by a statement of the law requiring the registration and licensing of motor vehicles of all kinds and the exemptions therefrom.*

A BILL to amend and reenact §§ 46.1-149, 46.1-150, 46.1-154, 46.1-155, 46.1-156, 46.1-157, 46.1-162, 46.1-164 of the Code of Virginia, relating to fees for registration and license plates for motor vehicles, trailers and semitrailers, and to amend and reenact § 46.1-65 of the Code of Virginia, relating to taxes and license fees imposed by counties, cities and towns upon motor vehicles, trailers and semitrailers.

Be it enacted by the General Assembly of Virginia:

1. That §§ 4.1-65, 46.1-149, 46.1-150, 46.1-154, 46.1-155, 46.1-156, 46.1-157, 46.1-162 and 46.1-164 of the Code of Virginia be amended and reenacted as follows:

§ 46.1-65. (a) Except as provided in § 46.1-66 counties, incorporated cities and towns may levy and assess taxes and charge license fees upon motor vehicles, trailers and semitrailers; provided that no such taxes and license fees shall be assessed or charged by any county upon vehicles of owners who are residents of any town located in such county which constitutes a separate school district approved for operation when such vehicles are already subject to town license fees and taxes. The amount of the license fee or tax imposed by any county, city or town upon any class of motor vehicles, trailers or semitrailers shall not be greater than the amount of the license tax imposed *at the time of the annual registration in 1963* by the State on vehicles of like class. Such license fees and taxes shall be imposed in such manner, on such basis, and for such periods, as the proper authorities of such counties, cities and towns may determine, and subject to proration for fractional periods of years in the manner prescribed in § 46.1-165.

(b) The revenue derived from all county, city or town taxes and license fees imposed upon motor vehicles, trailers or semitrailers shall be applied to general county, city or town purposes, as the case may be, except that in any county having a population of more than eleven thousand four hundred but less than eleven thousand nine hundred, or in any county having a population of more than thirty thousand but less than thirty-one thousand, this revenue shall be paid into the school fund of such county.

(c) A county, incorporated city, or town may require that no motor vehicle, trailer or semitrailer shall be locally licensed unless and until the applicant for such license shall have produced satisfactory evidence that all personal property taxes upon the motor vehicle, trailer or semitrailer to be licensed have been paid which have been properly assessed or are assessable against the applicant by the county, incorporated city or town.

(d) If in any county imposing license fees and taxes under this section, a town therein imposes like fees and taxes upon vehicles of owners resident in such town, the owner of any vehicle subject to such fees or taxes shall be entitled, upon such owner displaying evidence that he has paid the amount of such fees or taxes, to receive a credit on the fees or taxes imposed by the county to the extent of the fees or taxes he has paid to such town. Nothing herein contained shall be construed as depriving any town now imposing such licenses and taxes from increasing the same or as depriving any town not now imposing the same from hereafter doing so, but subject to the limitations provided in the foregoing paragraph. The governing body of any county and the governing body of any town in said county wherein each impose the license tax herein provided may provide mutual agreements so that not more than one license tag in addition to the State tag shall be required.

(e) Any county, city or town levying taxes and charging license fees under this section may by ordinance provide that it shall be unlawful for any owner of a motor vehicle, trailer or semitrailer to display upon such motor vehicle, trailer or semitrailer any license plate of such county, city or town after the expiration date of such license plate. Any such ordinance may provide that a violation of such ordinance shall constitute a misdemeanor and be punishable by a fine not exceeding twenty dol ars.

(f) Except as provided by paragraph (d), no vehicle shall be subject to taxation under the provisions of this section in more than one jurisdiction.

§ 46.1-149. (a) The annual registration fees for motor vehicles, trailers and semitrailers, designed and used for the transportation of passengers upon the highways of this State are:

(1) * *$15.00* for a private motor vehicle other than a motorcycle with a normal seating capacity of not more than 10 persons, including the driver if such private motor vehicle is not used for the transportation of passengers for compensation and is not kept or used for rent or for hire, or is not operated under a lease without a chauffeur.

(2) 30¢ per one hundred pounds of weight or major fraction thereof for a private motor vehicle other than a motorcycle with a normal seating capacity of more than 10 adult persons including the driver if such private motor vehicle is not used for the transportation of passengers for compensation and is not kept or used for rent or for hire or is not operated under a lease without chauffeur. Provided that in no case shall the fee be less than * *$15.00.*

(3) 30¢ per hundred pounds of weight or major fraction thereof for a school bus, public or private; provided that in no case shall the fee be less than * *$15.00.*

(4) * *$12.50* for trailer or semitrailer designed for use as living quarters for human beings.

(5) *$5.00 in addition to* 30¢ per hundred pounds of weight or major fraction thereof for each motor vehicle, trailer or semitrailer used as a common carrier of passengers, operating either intrastate or interstate.* Starting with the nineteen hundred fifty-nine license year beginning April one, nineteen hundred fifty-nine, interstate common carriers of interstate passengers may elect to be licensed and pay the fees therefor as prescribed in subsection (5a) of this section upon submission to the Commissioner of a declaration of operations and equipment as he may prescribe.

(5a) *$5.00 in addition to* 70¢ per hundred pounds of weight or major fraction thereof for each motor vehicle, trailer or semitrailer used as a common carrier of interstate passengers if election is made to be licensed under this subsection. Starting with the nineteen hundred fifty-nine license year beginning April one, nineteen hundred fifty-nine, in lieu of the foregoing fee of 70¢ per hundred pounds a motor carrier of passengers, operating two or more vehicles both within and without this State under authority of the Interstate Commerce Commission, may make application to the Commissioner for proration registration and upon the filing of such application, in such form as the Commissioner may prescribe, the Commissioner is authorized and directed to apportion the registration fees provided in this subparagraph so that the total registration fees to be paid for such vehicles of such carrier shall be that proportion of the total fees, if there were no apportionment, that the total number of miles travelled by such vehicles of such carrier within the State bears to the total number of miles travelled by such vehicles within and without this State, such total mileage in each instance being the estimated total mileage to be travelled by such vehicles during the license year for which such fees are paid, subject to the adjustment in accordance with an audit to be made by representatives of the Commissioner at the end of such license year, the expense of such audit to be borne by the carrier being audited; provided that each vehicle passing into or through this State shall be registered and licensed in this State and the annual registration fee to be paid for each such vehicle shall not be less than * *$30.00.* For the purpose of determining such apportioned registration fees, only those motor vehicles, trailers, or semitrailers operated both within and without the State shall be subject to inclusion in determining the apportionment provided for herein.

(6) *$5.00 in addition to* 80¢ per hundred pounds of weight or major fraction thereof for each motor vehicle, trailer or semitrailer kept or used for rent or for hire or operated under a lease without chauffeur for the transportation of passengers. This subsection does not apply to vehicles used as common carriers.

(7) *$5.00 in addition to* 90¢ per hundred pounds of weight or major fraction thereof for a taxicab and other vehicles kept for rent or hire operated with a chauffeur for the transportation of passengers, which operates or should operate under permits issued by the Corporation Commission as required by law. This subsection does not apply to vehicles used as common carriers.

(8) * *$8.00* for a motorcycle.

(9) * *$7.00* for a sidecar.

(10) * *$15.00* for a bus used exclusively for transportation to and from Sunday school or church, for the purpose of divine worship.

(11) *$5.00 in addition to* 70¢ per hundred pounds of weight or major fraction thereof for other passenger-carrying vehicles.

(b) The manufacturer's shipping weight or scale weight shall be used for computing all fees required by this section to be based upon the weight of the vehicle.

(c) The applicant for registration bears the burden of proof that the vehicle for which registration is sought is entitled by weight, design and use to be registered at the fee tendered by the applicant to the Commissioner or to his authorized agent.

§ 46.1-150. The fees required by § 46.1-149 (a) (6) and (7) to be paid for certificates of registration and license plates for the operation of motor vehicles used for rent or hire shall not be required for the operation of any motor vehicle with a normal seating capacity of not more than six adult persons including the driver while used not for profit in transporting persons who, as a common undertaking, bear or agree to bear all or a part of the actual costs of such operation; and for the purpose of § 46.1-149 every such motor vehicle shall be treated as a private motor vehicle for which the fee for the annual certificate of registration and license plates shall be * *fifteen* dollars.

§ 46.1-154. Except as hereinafter otherwise provided, the fee for certificates of registration and license plates to be paid by owners of all motor vehicles, trailers and semitrailers not designed and used for the transportation of passengers shall be *five dollars in addition to an amount to be* determined by the gross weight of the vehicle or combination of vehicles of which it is a part, when loaded to the maximum capacity for which it is registered and licensed, according to the schedule of fees herein set forth. For each thousand pounds of gross weight, or major fraction thereof, for which any such vehicle is registered and licensed there shall be paid to the Commissioner the fee indicated in the following schedule immediately opposite the weight group and under the classification established by the provisions of § 46.1-99 (b) into which such vehicle, or any combination of vehicles of which it is a part, falls when loaded to the maximum capacity for which it is registered and licensed; provided, that in no case shall the fee be less than * *seventeen* dollars.

Gross Weight Groups (pounds)	Private Carriers	Fee Per Thousand Pounds of Gross Weight For Rent or For Hire Carriers
10,000 and less	$ 1.20	$ 1.20
10,001-11,000	1.30	1.30
11,001-12,000	1.40	1.40
12,001-13,000	1.50	1.50
13,001-14,000	1.60	1.60
14,001-15,000	1.70	1.70
15,001-16,000	1.80	1.80
16,001-17,000	2.00	2.00
17,001-18,000	2.20	2.20
18,001-19,000	2.40	3.85
19,001-20,000	2.60	4.15
20,001-21,000	2.80	4.50
21,001-22,000	3.00	4.70
22,001-23,000	3.20	5.10
23,001-24,000	3.40	5.40
24,001-25,000	3.60	5.75
25,001-26,000	3.80	6.10
26,001-27,000	4.00	6.40
27,001-28,000	4.20	6.70
28,001-29,000	4.40	7.05
29,001-40,000	4.50	7.20
40,001-45,000	5.00	8.00
45,001-50,000	6.00	9.60
50,001-**55,000*	7.50	10.65
55,001-60,000	*11.70*	*11.70*
60,001-65,000	*12.75*	*12.75*
65,001-70,000	*13.80*	*13.80*

§ 46.1-155. The fee for the certificate of registration and license plates to be paid to the Commissioner by the owner of a one or two wheel trailer of a cradle, flat bed or open pickup type which has a body width not greater than the width of the motor vehicle to which it is attached at any time of operation, which is pulled or towed by a passenger car or station wagon, or a pickup or panel truck having an actual gross vehicle weight not exceeding five thousand pounds, and which is used for carrying property not exceeding one thousand pounds at any one time, shall be * *eight* dollars and fifty cents. Nothing herein shall be construed as applying to the fees for trailers or semitrailers designed for use as living quarters for human beings, or to those trailers or semitrailers operated under lease or rental agreement, or operated for compensation.

§ 46.1-156. The fee for the certificate of registration and license plates to be paid by the owner of any motor vehicle, trailer or semitrailer upon which well-drilling machinery is attached and which is permanently used solely for transporting such machinery shall be * *fifteen* dollars.

§ 46.1-157. (a) In the case of a combination of a tractor-truck and a semitrailer, each vehicle constituting a part of such combination shall be registered as a separate vehicle, and separate vehicle license plates shall be issued therefor, but, for the purpose of determining the gross weight group into which any such vehicle falls pursuant to § 46.1-154, the combination of vehicles of which such vehicle constitutes a part shall be considered a unit, and the aggregate gross weight of the entire combination shall determine such gross weight group. The fee for the registration certificate and license plates for a semitrailer constituting a part of such combination shall be * *seventeen* dollars.

(b) In determining the fee to be paid for the registration certificate and license plates for a tractor-truck constituting a part of such combination the fee shall be assessed at the total gross weight and the fee per thousand pounds applicable to the gross weight of the combination when loaded to the maximum capacity for which it is registered and licensed. However, there shall be no deduction from this fee for the registration fee of the semitrailer in the combination.

§ 46.1-162. (a) The Commissioner may issue appropriately designated license plates to persons engaged in the business of delivering unladen motor vehicles under their own power from points of assembly or distribution.

(b) Every applicant for license plates to be issued under this section shall, on or before the first day of April in each year, or before he begins delivery of any such vehicles, make application to the Commissioner for certificate of registration and license upon such forms as may be prescribed by the Commissioner. On the payment of a fee of seventy-*five* dollars a certificate of registration and license shall be issued to the applicant in such form as may be prescribed by the Commissioner. The Commissioner shall issue to such applicant two sets of license plates. For each additional set of license plates a fee of * *twenty* dollars per set shall be paid by such applicant.

(c) It shall be unlawful for any person to use such license plates other than on unladen motor vehicles, trailers and semitrailers which are being delivered from points of assembly or distribution in the usual and ordinary course of such delivery business; and the operators of such vehicles being delivered, bearing license plates issued under this section, shall at all times during such operation have in their actual possession a proper bill of lading showing the point of origin and destination of the vehicle being delivered and describing same.

§ 46.1-164. Every manufacturer, agent or dealer in motor vehicles, trailers or semitrailers, on or before the first day of April in each year, or before he commences to operate vehicles to be sold by him, shall make application to the Commissioner for a dealer's certificate of registration and license. The application shall state the make of the machine handled by the manufacturer, agent or dealer. On the payment of the fee of * *thirty* dollars a certificate of registration and license shall be issued to the dealer in such form as may be prescribed by the Commissioner. For such fee the Commissioner shall issue to such dealer two sets of license plates and for each additional set in excess of two a fee of * *thirteen* dollars per set shall be paid, provided that the fee for a motorcycle dealer shall be * *twenty* dollars for the first three sets of plates and * *nine* dollars for each additional set of plates.

A BILL to amend and reenact § 46.1-380, as amended, of the Code of Virginia, relating to expiration and renewal of operators' and chauffeurs' licenses; notice of expiration of same; the fees for the issuance and renewal of such licenses; the disposition and use of such fees.

Be it enacted by the General Assembly of Virginia:

1. That § 46.1-380, as amended, of the Code of Virginia be amended and reenacted as follows:

§ 46.1-380. Any operator's license issued in accordance with the provisions of this chapter shall be issued to expire three years from the date of issuance thereof and may thereafter upon proper application, and in the discretion of the Division, be renewed without examination of the applicant. All operators' licenses issued prior to July first, nineteen hundred forty-six, shall expire on the date shown thereon. Upon renewal thereof, after July first, nineteen hundred forty-six, such licenses shall be valid for three years from the birthday month of the applicant nearest to the month in which application for renewal is made. All original operators' licenses issued after July first, nineteen hundred forty-six, shall be valid for three years from the borthday month of the applicant nearest to the month in which the license is issued. Thereafter, all such licenses shall be renewed in the birthday month of the licensee and shall be valid for three years. Any chauffeur's license so issued, or any chauffeur's license issued prior to June nineteenth, nineteen hundred and forty-six, may thereafter upon proper application and in the discretion of the Division be renewed without examination of the applicant and every such license shall be issued to expire one year from the date of issuance thereof. For each operator's license issued or renewed as herein provided the fee shall be * *five* dollars and for each chauffeur's license issued or renewed as herein provided the fee shall be three dollars. Within ninety days prior to the date shown on the operator's license as the date of expiration, commencing with those operators' licenses shown as expiring in the fourth month following the month in which this section as hereby amended becomes effective, the Division shall mail notice to the holder thereof, at the address shown on the records of the Division in its operators' license file, that such license will expire on a date related therein. Nonreceipt of such notice shall not serve to extend the period of validity of such operator's license beyond the expiration date shown thereon. Twenty-five cents of each operator license fee and fifty cents of each chauffeur license fee thus received by the Commissioner shall be used to defray the expenses of the Division incurred by reason of the mailing of such notices and shall be in addition to the regular appropriation made by the General Assembly, and one dollar of such fees shall be paid into the Driver Education Fund of the State treasury, and expended as provided for in § *22-235.1*. Unexpended funds from the Driver Education Fund shall be retained in such Fund and be available for expenditure in ensuing years as provided herein.

A BILL to amend the Code of Virginia by adding in Title 52 thereof a new section numbered 52-3.1, dealing with the source of funds for the operation of the State Police.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia be amended by adding in Title 52 thereof the following section numbered 52-3.1:

§ 52-3.1. Funds for operation of Department.—The funds for the operation and maintenance of the Department of State Police, including funds for capital outlay, shall be obtained in equal proportions from general fund revenues and the special highway fund revenues under § 46.1-167.

A BILL to amend and reenact § 53-109.1, as amended, of the Code of Virginia, relating to payments by the State Highway Commission for convict labor.

Be it enacted by the General Assembly of Virginia:

1. That § 53-109.1, as amended, of the Code of Virginia be amended and reenacted as follows:

§ 53-109.1. Payments by State Highway Commission to Director for convict labor.—The State Highway Commission shall pay to the Director monthly for the hours convicts are employed on the State highway * system*s* and work incidental thereto, including relocation and moving of convict road camps, for each hour such convict is so employed not more than the local hourly rate for similar type of labor in the area in which such convicts are employed and not less than seventy-five per cent of such local hourly rate for similar type of labor in the area where such convicts are employed as evidenced by the payrolls of the Department of Highways in such area. Such monthly payment by the Commission to the Director shall be made not later than the fifteenth day of the succeeding month after the work or labor has been performed for the Commission, provided, however, that the State Highway Commission shall allocate the sum of three hundred thousand dollars annually to the Director for the State convict road force to be used as an advance against said monthly payments.

The rate of payment set pursuant to this section shall be sufficient to pay only the cost of maintaining those members of the State convict road force actually engaged in road work, and the cost of maintaining all other members of the State convict road force shall be borne by the general fund. This payment should be reviewed annually and set forth as a separate item in the appropriation act.

A BILL to amend the Code of Virginia by adding an Article numbered 1.1 in Chapter 12 of Title 56 containing sections numbered 56-277.1 through 56-277.3 imposing a tax upon certain carriers of persons or property by motor vehicle, providing for the rate of such tax, providing for the administration and collection of such tax, and providing for exemptions therefrom, and to repeal § 46.1-135 relating to the same matters.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia be amended by adding an article numbered 1.1 in Chapter 12 of Title 56 consisting of sections numbered 56-277.1 through 56-277.3, as follows:

ARTICLE 1.1

§ 56-277.1. There is hereby levied and imposed upon all carriers of persons or property by motor vehicle operated for purposes other than pleasure and using the highways of this State, a tax at the rate and upon the basis hereinafter set forth:

(a) For each such vehicle whose gross weight is less than five thousand pounds the sum of one cent per mile for each mile operated over the public highways of this State; for each such vehicle whose gross weight is five thousand pounds, but less than ten thousand pounds, the sum of one and one-half cents per mile so operated; for each such vehicle whose gross weight is ten thousand pounds, but less than fifteen thousand pounds, the sum of two cents per mile so operated; and for each such vehicle whose gross weight is fifteen thousand pounds, or more, the sum of two and one-half cents per mile so operated.

(b) In the event that the mileage charge imposed by this section becomes operative, the State Corporation Commission shall collect such charges and pay the same to the State Treasurer. For the purpose of collecting such charges the Commission is authorized to promulgate such rules and regulations, appoint such deputies or agents and perform such other acts as shall be reasonable, necessary and proper for the collection of such charges. The State Treasurer shall, in the manner provided by law, pay out of any funds so collected and paid to him the cost of collection of such charges, which payments shall be in addition to the appropriations otherwise made to the Commission but shall not exceed the amount so collected and paid to the State Treasurer.

(c) For the purpose of aiding in the enforcement of the provisions of this section, with reference to the mileage charges, every operator required to pay such charges, while transporting property over the highways of this State, shall at all times cause to be in the possession of the person in charge of such vehicle a bill of lading or way bill showing the point of origin and destination of the property so transported. It shall be unlawful for any such operator to fail or refuse to pay such charges or to have in his possession or exhibit any false or fraudulent bill of lading or way bill.

(d) For the purpose of this section "gross weight" shall be the weight of the chassis (manufacturer's shipping weight), plus one and one-half times the manufacturer's rated carrying capacity. The provisions of this section shall not be construed to supersede §§ 56-304 through 56-304.12 of this Code.

(e) Provided, however, that if any other state imposes a license tax, fuel tax, road tax, ton-mile tax, weight-distance tax, or any other tax of any nature whatsoever upon carriers of persons or property licensed in this State and operated other than for pleasure in such other state, at a rate in excess of those specified in this section, then all such motor vehicles from such other state traveling in this State shall be subject to taxation in this State upon the same basis that a like motor vehicle registered in this State would be subject to taxation in such other state.

§ 56-277.2. The State Corporation Commission shall administer and collect the tax imposed by this article. All provisions of law provided for the collection of State taxes shall apply to the collection of taxes which are due and payable under this article.

§ 56-277.3. There shall be exempt from the tax imposed by this article the following classes of motor vehicles:

(a) All motor vehicles registered and licensed by this State;

(b) All motor vehicles which are subject to taxation as personal property within this State but which are exempt from registration and licensing by this State by reason of public ownership or which are used solely in agricultural, horticultural, lumbering or sawmill operations or other like purposes;

(c) Motor vehicles licensed in another state and which, while operating in this State, are subject to exemption under reciprocity agreements made by the Reciprocity Board in accordance with the provisions of Title 46.1 of this Code.

2. § 46.1-135 of the Code of Virginia is repealed.

A BILL to amend and reenact § 56-304.1, and §§ 56-304.2 and 56-304.3, as amended, of the Code of Virginia, relating to registration cards, identification markers and classification plates required of certain private carriers of passengers and property, and painting of identifying numbers on motor vehicles in lieu of such markers and plates under certain circumstances.

Be it enacted by the General Assembly of Virginia:

1. That § 56-304.1, and §§ 56-304.2 and 56-304.3, as amended, of the Code of Virginia, be amended and reenacted as follows:

§ 56-304.1. No person shall operate or cause to be operated for compensation on any highway in this State any passenger vehicle having seats for more than seven passengers in addition to the driver, or any road tractor, or any tractor truck, or any truck having more than two axles, that is not required by law to display license plates issued by the Division of Motor Vehicles, unless there has been issued by the Commission to the owner or the operator of the vehicle a registration card and an identification marker for each vehicle so operated. At all times the registration card shall be carried in the vehicle for which it was issued. The marker shall have on it the same number that appears on the registration card and shall at all times be displayed on the vehicle.

The Commission shall determine whether an applicant for a registration card and identification marker for any such vehicle is entitled thereto and is not required by law to display license plates issued by the Division of Motor Vehicles. The Commission shall find that an applicant is not required by law to display such license plates before issuing a registration card and identification marker under this section.

§ 56-304.2. No person shall operate or cause to be operated for the transportation not for compensation of property on any highway in this State any road tractor, or any tractor truck, or any truck having more than two axles unless there has been issued by the Commission to the owner or the operator of the vehicle a registration card and an identification marker for each vehicle so operated. At all times the registration card shall be carried in the vehicle for which it was issued. The marker shall have on it the same number that appears on the registration card and shall at all times be displayed on the vehicle.

The Commission shall determine whether an applicant for a registration card and identification marker for any such vehicle is entitled thereto and is not required by law to display license plates issued by the Division of Motor Vehicles. The Commission shall find, in the case of an applicant *who does not display license plates issued by the Division of Motor Vehicles that such applicant is not required by law to display such license plates, before issuing a registration card and identification marker under this section.*

§ 56-304.3. A person who owns and operates more than five vehicles for which warrants or exemption cards have been issued under § 56-304, or for which registration cards have been issued under § 56-304.1 or § 56-304.2, may apply to the Commission for leave to paint on the sides of said vehicles an identifying number; and the Commission, instead of issuing classification plates or markers for said vehicles, may authorize the applicant to paint on them letters and a number as specified by the Commission, which number shall appear on each warrant, exemption card or registration card issued for said vehicles.

The Commission shall make the same determination and finding before issuing an authorization under this section that it is required to make under §§ 56-304.1 and 56-304.2 before issuing a registration card and an identification marker.

A BILL to amend the Code of Virginia by adding in Article 8 of Chapter 12 of Title 56 a section numbered 56-304.13 restricting the issuance of certain exemption cards, classification plates, registration cards, and identification markers by the State Corporation Commission for certain vehicles designed and used for the transportation of passengers for compensation, and road tractors, tractor trucks, and trucks having more than twe axles, and trailers which are designed for being drawn by tractor trucks, and to require the registration and licensing of such motor vehicles and trailers, in specified percentages, by the Division of Motor Vehicles.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia be amended by adding in Article 8 of Chapter 12 of Title 56 a section numbered 56-304.13 as follows:

§ 56-304.13. Whenever the owner or operator of any passenger vehicle having seats for more than seven passengers, in addition to the driver, or of any road tractor, tractor truck, or truck having more than two axles, or trailer designed to be drawn by a tractor truck and not licensed by this State, applies to the State Corporation Commission for warrants, exemption cards, classification plates, registration cards, and identification markers under this Article, for each such vehicle so operated, the State Corporation Commission shall determine if such owner or operator has one hundred or more such vehicles and whether the total mileage of any or all of such vehicles operated in Virginia is equal to at least five per cent of the total mileage traveled by all such vehicles within and without Virginia, and the State Corporation Commission shall not issue a registration card or identification marker for any of such vehicles unless he complies with this and other provisions of law.

Such applicant shall obtain and display license plates issued by the Division of Motor Vehicles upon such number of vehicles as is equal to the ratio which the mileage traveled in Virginia by all such vehicles owned or so operated bears to the total number of miles operated by such vehicles within and without Virginia. The Commissioner may require such evidence of the total number of vehicles owned or operated by the applicant and the miles traveled by all such vehicles as it deems appropriate for the application and administration of this Article and other provisions of law.

A BILL to amend and reenact §§ 58-628, as amended, 58-711, as amended, and 58-744, as amended, of the Code of Virginia, all relating to road taxes and taxes upon the sale and use of motor fuels and uses of such taxes paid.

Be it enacted by the General Assembly of Virginia:

1. That §§ 58-628, as amended, 58-711, as amended, and 58-744, as amended, of the Code of Virginia be amended and reenacted as follows:

§ 58-628. Every motor carrier of passengers, except urban and suburban bus lines, shall pay a road tax equivalent to seven cents per gallon, and every motor carrier of property shall pay a road tax equivalent to nine cents per gallon calculated on the amount of gasoline or liquefied gases (which would not exist as liquids at a temperature of 60°F and a pressure of 14.7 pounds per square inch absolute), or other motor fuel used in its operations within this State. Urban and suburban bus lines which are hereby defined as bus lines the majority of whose passengers use the buses for traveling a distance of not exceeding forty miles, measured one way, on the same day between their places of abode and their places of work, shopping areas, or schools, shall pay a road tax equivalent to six cents per gallon calculated on the amount of gasoline or liquefied gases (which would not exist as liquids at a temperature of 60°F and a pressure of 14.7 pounds per square inch absolute), or other motor fuel used in their operations within this State. *

§ 58-711. There is hereby levied a tax of seven cents per gallon on all motor fuel which is sold and delivered or used in this State, including all motor fuel sold by or through post exchanges, ship stores, ship service stores, commissaries, filling stations, licensed traders and other similiar agencies located on United States military or other reservations within the boundaries of the State, when such fuel is not for the exclusive use of the United States and is not under the protection of the interstate commerce clause of the Constitution of the United States; provided, that the tax herein imposed and assessed shall be collected by and paid to the State but once in respect to any motor fuel. Nothing herein shall be construed to exempt from this tax any dealer in motor fuel on the motor fuel used in making such distribution. The tax herein levied shall be collected in the manner hereinafter provided. *

§ 58-744. A tax at the rate of seven cents per gallon is hereby imposed upon all fuel sold or delivered by any supplier to any licensed user-seller, or used by any such supplier in any *aircraft or* motor vehicle owned, leased, or operated by him, or delivered by such supplier directly into the fuel supply tank of *an aircraft or* a motor vehicle, or imported by a user-seller into, or acquired tax free by a user-seller or user in this State for resale or use for the propulsion of *an aircraft or* a motor vehicle, *including all types of fuel used or sold for use in any type of aircraft.*

Except that fuel sold to the United States or any of the governmental agencies thereof or to the State of Virginia or any political subdivision thereof shall not be subject to tax hereunder.
***

A BILL to amend the Code of Virginia by adding in Title 58 thereof a Chapter numbered 12.1, containing sections numbered 58-685.10 through 58-685.17, so as to impose a tax upon the sale and use of motor vehicles; to prescribe the manner of computation and collection of such tax; to provide for certain exemptions therefrom; to authorize the Commissioner of the Division of Motor Vehicles to adopt rules and regulations relating to application and collection thereof; and to provide for disposition of revenues derived therefrom.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia be amended by adding in Title 58 thereof a Chapter numbered 12.1, containing sections numbered 58-685.10 through 58-685.17, as follows:

CHAPTER 12.1

§ 58-685.10. Except as otherwise provided in this Chapter or where the context clearly requires a different meaning, the following words and phrases as used herein shall have the meanings respectively ascribed to them:

(1) "Person"—every natural person, firm, partnership, association or corporation.

(2) "Sale"—any transfer of title or possession, or both, exchange, barter conditional or otherwise, including a transaction whereby possession is transferred, but title is retained by the seller as security, in any manner or by any means whatsoever, of a motor vehicle.

(3) "Motor vehicle"—every vehicle which is self-propelled or designed for self-propulsion and every vehicle drawn by or designed to be drawn by a motor vehicle; it includes every device in, upon, or by which, any person or property is, or can be, transported or drawn upon a highway, except devices moved by human or animal power and devices used exclusively upon stationary rails or tracks and vehicles used in this State but not required to be licensed by the State.

(4) "Sale price"—the total price paid for a motor vehicle and all attachments thereon and accessories thereto, without any allowance or deduction for trade-ins or unpaid liens or encumbrances but, in the case of a new motor vehicle, exclusive of the federal manufacturers excise tax.

(5) "Commissioner"—the Commissioner of the Division of Motor Vehicles of this State.

(6) "Division"—the Division of Motor Vehicles.

§ 58-685.11. There is hereby levied and imposed, in addition to all other taxes and fees of every kind now imposed by law, a tax upon the sale of every motor vehicle sold in this State and upon the use in this State of any motor vehicle, the same to be collected in the amount to be determined by the application of the following rate against the gross sales price, to-wit: at the rate of two per cent of the sale price of each motor vehicle sold in this State and at the rate of two per cent of the sale price of each motor vehicle when the same is not sold in this State but is used or stored for use in this State; provided there shall be no duplication of the tax.

§ 58-685.12. The tax shall be paid by and collected from the purchaser or user of such motor vehicle.

§ 58-685.13. The tax shall be collected and paid to the Commissioner at the time the owner applies to the Division of Motor Vehicles for, and obtains, the registration and a certificate of title therefor. No tax shall be levied or collected upon the sale or use of a motor vehicle which is not required to be registered and a certificate of title obtained and upon which the fees required by Article 9 or 10 of Chapter 3 of Title 46.1 of the Code are not payable.

§ 58-685.14. In the case of the sale of a motor vehicle upon which the pricing information is required by 15 U.S.C.A. §§ 1231 through 1233, the Commissioner shall collect the tax upon the basis of the total sale price shown on such document; provided that if the Commissioner is satisfied that the purchaser has paid less than such price by such evidence as the Commissioner may require, he may assess and collect the tax upon the basis of the sale price so found by him. In no case shall such lesser price include credits for trade-in or any other transaction of such nature. In the case of the sale of a motor vehicle which is sold not as a new motor vehicle, the Commissioner may employ such publications, sources of information, and other data as are customarily employed in ascertaining the maximum sale price of such used motor vehicles, but in no case shall any credit be allowed for trade-in or any other transaction of like nature.

§ 58-685.15. The Commissioner may adopt rules or regulations designed to ensure the just and proper application and collection of the tax and, without limiting the generality of the foregoing, is specifically authorized to require the presentation of a bill of sale verified by affidavit showing the sale price of any motor vehicle.

§ 58-685.16. In every transaction subject to the provisions of this Chapter, the tax imposed by this Chapter shall be separately stated from the sale price of such motor vehicle and shall be paid by such purchaser in accordance with the provisions of this Chapter.

§ 58-685.17. All moneys collected under this Chapter shall be paid into the State treasury to the credit of a Special Fund which is hereby created and designated as the Virginia Motor Vehicle Titling Tax Fund.

A BILL to provide a Highway Right-of-Way Fund, to provide the manner and purposes for which such fund is to be expended, and to appropriate the necessary funds therefor.

Be it enacted by the General Assembly of Virginia:

§ 1. There is hereby established and created in the State treasury the Highway Right-of-Way Fund.

§ 2. The sum of ten million dollars ($10,000,000.00) or so much thereof as may be necessary is hereby appropriated from the funds hereinafter mentioned to be expended by the State Highway Commission as provided in this Act.

§ 3. All money deposited in or transferred to the Highway Right-of-Way Fund shall be expended by the State Highway Commission for the acquisition of properties to constitute rights of way for highways under the control and jurisdiction of the State Highway Commission. The Commission shall expend such fund for acquisition of properties which will be needed for future highway construction purposes, whenever the State Highway Commissioner deems such acquisition necessary, due to the probability of development of such properties, and after the State Right-of-Way Engineer declares prompt acquisition is required to prevent such development and consequent higher acquisition and construction costs when the highway project is to be constructed.

Such acquisition is hereby declared to be in the public interest and any properties so acquired are deemed to be acquired for a public use.

§ 4. The procedure for acquiring such properties shall be mutatis mutandis the same as provided for the acquisition of land or interest therein by the State Highway Commissioner in Article 5, Chapter 1 of Title 33, except that no proceeding instituted for the purposes of acquiring property hereunder shall fail for lack of a completed construction plan for the highway for which property is being acquired. In lieu of a center-line description, any land or interest therein acquired hereunder may be described by metes and bounds, or any other recognized method of describing boundaries to land.

§ 5. The State Highway Commission may sell or otherwise dispose of any improvements on lands acquired under the terms of this chapter, or lease such land and improvements until such time as the land is needed for immediate highway construction purposes. Any residue parcels of lands so acquired which are found to be unnecessary for highway purposes may be sold or otherwise disposed of by the State Highway Commission.

All revenues received from the rental or disposition of such land and improvements shall be deposited in the Highway Right-of-Way Fund.

§ 6. All revenues paid into the State treasury from the proceeds of taxes on motor vehicle fuels, motor vehicle licenses, and any other sources which are required by law to be segregated for the construction, reconstruction and maintenance of State highways, not otherwise expressly appropriated, are hereby declared to be available funds to be expended as provided in this Act. For purposes of this Act any revenues paid into the State treasury in excess of the estimated receipts from such segregated revenues in the Appropriation Act for the current biennium shall be considered as available funds. The State Comptroller is directed to transfer such funds to the special fund herein created at such time as it appears that current revenues above mentioned exceed the estimated sums otherwise appropriated. Provided, however, that the total amount to be accumulated in such special fund shall not exceed ten million dollars ($10,000,000.00).

§ 7. Whenever, after acquisition of any property under this Act, the State Highway Commission proceeds with the construction of a highway project which will require the use of any of the property so acquired, the Commission shall deposit in the Highway Right-of-Way Fund, from other funds available, the amount expended to pay the cost of such properties.

§ 8. It is the intention of this Act to provide a revolving fund for the purpose of acquiring properties to be used for highway rights of way at a time before development of such properties so as to minimize the costs of highway construction and reduce the inconvenience to owners of property within a proposed highway project.

§ 9. If any portion of this Act, or any section, sentence, clause, phrase or word is held invalid, the validity of the remainder of the Act shall not be affected thereby.

A BILL to authorize the State Highway Commission to adopt a comprehensive plan for the interstate, primary, or secondary system of highways and to alter, amend or repeal the same at any time; to provide for public hearing on such plan; and to provide for the filing of portions of any such plan in the clerk's office of any county or city wherein deeds are admitted to record and in which county or city land affected by such plan is located; to provide for the effect of such filing; to require persons owning property which is on the location of a proposed highway to obtain the approval of the Highway Commission before making improvements thereon; to provide that the Highway Department may be required to acquire such property; and to provide for the effect of failure or refusal to acquire such property.

Be it enacted by the General Assembly of Virginia:

1. § 1. As used in this act the following terms shall have the meanings respectively ascribed them unless the context clearly requires a different meaning.

(a) "Commission" means the State Highway Commission;

(b) "Department" means the State Department of Highways;

(c) "Clerk's office" means the clerk's office of the county or city wherein deeds are admitted to record and in which county or city land affected by a plan adopted by the Department lies;

(d) "Interstate system" means the National System of Interstate and Defense Highways;

(e) "Primary system" means the primary system of State highways;

(f) "Secondary system" means the secondary system of State highways;

(g) "Plan" means the plan for future highways in the interstate, primary, or secondary system which the Department is authorized to adopt, and which has been platted and placed on a plat filed in the clerk's office and shall include alterations and amendments of such plan;

(h) "Plat" means a map or other survey filed in the clerk's office of the county or city showing the plan for the interstate, primary or secondary system of future highways in such county or city which has been adopted by the Commission and which shows the ownership of the land lying on the location of such future highways; provided that the boundary lines of such highway shall be indicated by permanent markers, which markers shall be designated on such map or survey;

(i) "Construct" includes construct, enlarge, add to, improve, extend or reconstruct a building or other improvement on land shown within the lines of a proposed highway shown on any plat filed under the provisions of this act in a clerk's office.

§ 2. (a) The State Highway Commission is hereby authorized to adopt as to (1) the interstate system of twenty-year plan for construction and development of those highways or sections thereof incorporated in the system by resolution of the Commission in accordance with § 33-36.1, Code of Virginia (1950), as amended, and for which it is anticipated that state matched federal interstate funds will be available during the period, and (2) for the primary or secondary system, a twenty-year plan for construction and development of those highways or sections thereof which in the best judgment of the Commission should be selected for the expenditure of federal aid and state construction funds anticipated to become available during the period. Such plan shall show generally for each highway or section thereof the type of development proposed, the estimated cost of construction, and the anticipated date of construction. Such plan shall be revised annually so as to continuously cover the twenty-year period just ahead.

(b) Within the framework of the twenty-year plan the Commission is authorized to advance individual projects to the final planning stage in such manner as in its judgment may be required to maintain an orderly and continuous construction program consistent with available funds. Before preparing final plans for the development of a highway or section thereof the Department will hold, or provide the opportunity for holding, a public hearing after at least thirty days notice at which preliminary plans for development, including alternates if any, shall be presented.

(c) Upon adoption by the Commission of the preliminary plans for a project for which a public hearing has been held, plats showing the proposed location of such highways by such descriptions as will disclose the ownership of the land which will be required may, at the option of the Department, be filed in the clerk's office of the county or city in which the affected land lies. Property owners affected by a plan so filed shall immediately be given notice thereof by registered mail, together with notice of the provisions of this act. Plans so filed may be altered or amended as may be necessary in developing final plans for the project to be constructed. The Department shall provide books wherein such plans and plats thereof may be spread and made available to the public.

§ 3. The filing of any such plan shall operate to zone the land shown on the lines of an interstate, primary, or secondary highway for highway uses only. Any alteration or amendment duly adopted shall be noted on the plat of record by the clerk at the time a revised plat is filed by the Department. All such plats and amendments thereto shall be indexed in the general indices of such clerk's office in the name of the person holding record title to each parcel of land or interest therein situate within the lines of such highway. The names of the persons holding such record title shall be indicated on any plat so filed and a list thereof shall be furnished to the clerk by the Department at the time of filing. The clerk shall be paid a fee by the Department of fifty cents for each person in whose name such plat shall be indexed. Nothing in such zoning shall operate to prevent the use of such land for a then existing use until such time as such land is acquired by the Department, or by a municipality in the case of primary urban projects if applicable, in the manner provided by law.

§ 4. Any person owning land lying within the lines of a proposed highway as shown by the plat filed in the clerk's office and desiring to construct any building on such land shall apply in writing to, and obtain the approval of, the Department of Highways before so doing. Any construction done in violation of the provisions of this act shall not entitle the then existing or a subsequent owner of such land to an award or damages in condemnation for the construction made without the consent of the Department of Highways.

§ 5. Any person owning land which lies within the boundaries of a proposed highway as shown on a plat filed in accordance with the provisions hereof may require the Department, or municipality in the case of primary urban projects if applicable, to acquire such land if such owner desires to dispose thereof or if the Department fails or refuses to approve an application for a permit to construct or reconstruct an improvement on such land within sixty days of application therefor. If the Department refuses to acquire such land for a period of more than ninety days, beginning on a date when the owner thereof sends a certified letter to the Department of Highways requesting it to make such acquisition, then such land shall not be subject to any other provisions of this act and the Department shall cause to be entered by the clerk such fact of record in an appropriate place in the plat book furnished by the Department which book shall contain such pages as may be necessary for the listing of owners who have requested the Department to acquire their land and who have been refused by the Department. If the Department and the owner are unable to agree on the purchase price of the land and the Department wishes to acquire such land, the Department shall proceed under the laws of eminent domain within ninety days of the owner's demand that the Department acquire such land.

APPENDIX IV

REPORT ON THE STUDY OF VIRGINIA HIGHWAY PROBLEMS FOR VIRGINIA HIGHWAY STUDY COMMISSION

Commonwealth of Virginia

Richmond, Virginia

Worden & Risberg

Philadelphia

June 24, 1963

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INTRODUCTION

The Commonwealth of Virginia operates the third largest state-administered highway system in the United States, with over 50,000 miles of rural and urban roads in the system. These roads are built, improved, and maintained by the Virginia Department of Highways which, with 10,000 employees and an annual budget of $200 million, is Virginia's largest State agency.

The extent of highway use in Virginia is indicated by the following information:

Licensed Drivers	1,800,000
Licensed Vehicles	1,500,000
Vehicle Miles—Annually	18,000,000,000
Vehicle Hours—Annually	900,000,000
Cost of Vehicle Use—Annually	$1,250,000,000

Tourists traveling on Virginia highways are estimated to bring $700 million of commerce to the Commonwealth each year.

Recognizing the importance of providing adequate highways in the face of steady increases in population and in vehicle use, the 1962 Session of the General Assembly enacted Senate Bill No. 172 which created the Virginia Highway Study Commission and charged it with studying the broad spectrum of matters related to Virginia's long-range highway needs.

The Highway Study Commission retained the firm of Worden & Risberg in September, 1962, to provide consultative assistance to the Commission with respect to examining administrative matters in the Department of Highways. Later, the consultants were asked to investigate other matters for the Commission, involving sources of additional revenue, the allocation and diversion of highway funds, and the review of right-of-way acquisition policies. Representing Worden & Risberg on this assignment were Messrs. Wesley R. Ellms and Louis W. Matthey.

SENATE BILL NO. 172

Patrons: Messrs. Stone, Gray, Wyatt, Moses, Bateman, Hutcheson, McCue and Alexander

CHAPTER 271

An Act creating a Commission to study and report upon matters relating to the State Highway Department and to appropriate certain funds.

Approved March 15, 1962

Whereas, the general economy of the Commonwealth will be adversely affected unless highway construction and improvement, both in rural and urban areas, keep abreast of demonstrated need; and

Whereas, it is questionable whether the State Highway Department will be able to meet this need under the present method of allocations of funds due to the failure of revenues available for highway expenditure to keep pace with the constantly increasing highway demands and costs of construction; now, therefore, Be it enacted by the General Assembly of Virginia:

1. There is hereby created a Commission to be known and designated as the Virginia Highway Study Commission, which shall be composed of one member from each of the eight highway construction districts and two members from the State at large, all to be appointed by the Governor, who shall designate the Chairman.

The Commission shall study and make recommendations on the following matters:

(1) The needs of the Primary, Secondary and Urban Systems of Highways and the methods of allocating revenues to these systems;

(2) The diversion of highway revenues from highway construction and maintenance to other highway-related activities;

(3) The impact of the Interstate System of Highways on the State matching funds for the other systems;

(4) The review of right of way acquisition policies of the State Highway Department;

(5) Such other matters relating to the Highway Commission, the Highway Department, and the Highway Systems as the Study Commission deems appropriate in relation to the foregoing.

In pursuing its studies, the Study Commission shall reexamine and reappraise those certain matters relating to the State Highway Department which were studied by the Virginia Advisory Legislative Council in 1957 and which also have been studied by consultants for the State Highway Department.

The members of the Commission shall receive no compensation for their services but shall be paid their necessary expenses, for which, and for such secretarial and other assistance as the Study Commission may require, including consultants, there is hereby appropriated from Highway revenues a sum sufficient not to exceed twenty-five thousand dollars.

All agencies of the State shall assist the Commission in its study, upon request. The Commission shall complete its study and submit its recommendations to the Governor and the General Assembly, along with drafts of legislation to effectuate the same, not later than October one, nineteen hundred sixty-three.

I—THE NEEDS OF THE STATE HIGHWAY SYSTEM

At the request of the Highway Study Commission, the Department of Highways examined the Commonwealth's long-range highway needs and reported on them in its 1962 Highway Needs Report. That report is perhaps the most comprehensive analysis ever made of Virginia's Statewide highway problems. It describes a program of highway construction, improvement, and maintenance for the period 1963-75, designed to provide adequate traffic service to the people of Virginia on all road systems.

Included in the program outlined by the Needs Report is the completion of 1,052 miles of Interstate System roads and a Primary System arterial road program of 1,570 miles. Other roads of the Primary System and the Secondary System will be improved to meet minimum standards which, in general, are equivalent to those established by the American Association of State Highway Officials (AASHO). The program also includes a substantial outlay of funds for relief of urban roads' needs. The overall highway program for 1963-75 is expected to cost $2,998 million.

The Needs Report projection of future highway revenues indicates $2,463 million will be available from existing tax sources to support the highway program. This means that only 82% of the total program could be covered by forecast revenues, leaving a Needs Gap of $535 million.

The Highway Department subsequently stated in a report on February 7, 1963, that $48.2 million of the urban portion of the Needs Gap was actually the responsibility of cities and towns. This, in effect, increases projected available funds to $2,511 million, or 84% of the total program, and leaves a Needs Gap of $487 million. The tables on the following pages outline the overall program.

PROJECTED HIGHWAY PROGRAM 1963-1975

Interstate System—1,052 Miles	
Federal—Construction	$ 694,000,000
State—Construction	81,000,000
State—Maintenance	47,000,000
Interstate Program Cost	$ 822,000,000
Primary System—7,842 Miles	
Federal—Construction	124,000,000
State—Construction	317,000,000
State—Maintenance	184,000,000
	$ 625,000,000
Needs Gap—Construction	178,000,000
Primary Program Cost	$ 803,000,000
Secondary System—42,063 Miles	
Federal—Construction	55,000,000
State—Construction	150,000,000
State—Maintenance	409,000,000
	$ 614,000,000
Needs Gap—Construction	165,000,000
Secondary Program Cost	$ 779,000,000
Urban	
Federal—Construction	52,000,000
State—Construction	30,000,000
State—Maintenance	187,000,000
	$ 269,000,000
Needs Gap—Construction	193,000,000
Urban Program Cost	$ 462,000,000
Other	
General Expense	120,000,000
Industrial Access	12,000,000
Total Program—1963-75	$2,998,000,000

AVAILABLE FUNDS 1963-1975

	Twelve Years' Total
Gross Motor Fuel Tax	$1,457,600,000
Less Refunds	91,800,000
Less 2 Counties' Share	33,500,000
Net Motor Fuel Tax	$1,332,300,000
Motor Vehicle Licenses	344,300,000
Registration of Titles	10,900,000
Operators' Licenses	12,600,000
Other Fees and Collections	44,200,000
Total from State Sources	$1,744,300,000
Less Appropriation for Other Agencies	
Division of Motor Vehicles	67,400,000
Department of State Police	131,300,000
Department of Agriculture and Imm.	700,000
State Corporation Commission	7,000,000
	$ 206,400,000
Total State Funds Available	$1,538,000,000
Federal Grants	924,800,000
Total Funds Available for Highways	$2,462,700,000

PROJECTED NEEDS GAP 1963-1975

Original Needs Gap by System

	12-Year Total	Average per Year
Primary System	$177,531,000	$14,794,000
Secondary System	164,919,000	13,743,000
Urban System	192,881,000	16,073,000
Total	$535,331,000	$44,611,000

Note: The Highway Department stated in its report of February 7, 1963, that $48,200,000 of the Urban Needs Gap represents the responsibility of the cities and towns.

Revised Needs Gap by System

	12-Year Total	Average per Year
Primary System	$177,531,000	$14,794,000
Secondary System	164,919,000	13,743,000
Urban System	144,661,000	12,018,000
Total	$487,111,000	$40,555,000

The 1962 Highway Needs Report is one of the basic documents upon which the entire Virginia highway program is being examined. Consequently, it is important to subject it to careful, critical review. The report has the merits of providing a good workable highway program. The program is divided into logical and understandable segments. Revenues are coordinated with planned expenses, and general timetables are established for the completion of the program.

The Needs Report might be a better and more useful document if the Department had been encouraged to chart a more aggressive plan of action to accomplish urgently needed improvements and had been less responsive to traditional regional demands for shares of highway funds. The report, covering the period only through 1975, does not look far enough into the future. It is recommended that the Highway Department start the development of a long-range highway planning program in terms of 1975-85 vehicle needs. It must develop the means of evaluating highway plans and needs in terms of 1975-85 thinking and technology.

The Needs Report program is referred to as austere and conservative, which indicates a degree of understatement of the problems at hand. We have the impression that the report is based not entirely on what Virginians need in the way of highways but what the authors consider they may be willing to support through added taxes. This tends to weaken what is essentially a good report.

The Department should be asked to expand the 1962 Needs Report, maintain it, and keep it up to date as the foundation and framework of a working long-range highway planning program. Criteria should be established to define highway needs. Changes in needs should be studied and reported on regularly. Adequate tax revenue measures can then be developed to support highway construction and maintenance needs.

The Department, in preparing the report, made what it considered to be conservative projections of future highway revenues. It would be dangerous and pointless to overstate expected revenues, but our examination indicates that the revenue projections presented in the report are inconsistent with information used to establish the need for highway improvements. The Department's projections understate the amount of revenue and funds which will be collected and available to support the highway program. It is recommended that the Department appoint a task force, independent of the authors of the report, to review the report, particularly with respect to traffic projections.

The report states on Page 13 that approximately 18 billion vehicle miles (BVM) are traveled annually on Virginia roads. This is consistent with reports submitted to and used by the Bureau of Public Roads. The table on Page 35 indicates that annual motor fuel consumption will increase 39% from 1962-63 to 1974-75. This implies an increase in travel from 18 BVM in the earlier period to 25 BVM in the latter period. However, the Department submitted reports to the Bureau of Public Roads indicating an expected travel of approximately 31 BVM in 1974-75. If this growth in travel is realized—which seems reasonable—revenue collected from motor fuel taxes will be substantially greater for the period 1963-75 than is shown in the report. Motor fuel taxes are estimated to total approximately $96 million more than is shown for the twelve-year period.

A similar condition exists with respect to motor vehicle license fees. Revenues should be approximately $15 million higher than shown in the report for the twelve-year period.

The 1962 Highway Needs Report indicates that the Federal Government will reduce its aid grants sharply in 1971, at the completion of the Interstate Program. With Federal highway tax collections from Virginia running about $120 million annually at that time, it seems reasonable to expect the Federal Highway Trust Fund will supply about $90 million per year more than is shown for each of the four years 1971-75. This $360 million should be programmed to meet the highway needs of Virginia. If it is expected that these funds will be used for projects not shown in the 1962 Highway Needs Report, then the report tends to understate the actual highway problem in Virginia. It would seem desirable to investigate the problem of employing the $360 million for projects outlined in the report, even if this should necessitate referring the problem to Virginia's Congressmen in Washington to coordinate Virginia's need with long-range Federal highway planning. This applies particularly to the $300 million Arterial System which, according to the Highway Department, will be built 100% with Virginia funds and no Federal aid.

It is of interest that, at a meeting of the Associated General Contractors in New York on March 5, 1963, the Federal Highway Administrator and the Chairmen of the Senate and House Roads Subcommittees were questioned about what would happen after 1972, the planned completion date of the Interstate System. All three expressed the opinion that the existing Federal highway tax structure would be continued and that the funds would be used to increase the Interstate System or support an intermediate system. It is recommended that Virginia shape its long-range highway plans to realize maximum value from the Highway Trust Fund contributions in the period 1971-75.

The Highway Department, in preparing its report, reduced the forecast needs of the Division of Motor Vehicles and the Department of State Police by a total of $105 million over the twelve-year period. The table set out below summarizes those agencies' requests and the amounts which were shown on Page 35 in the analysis of available funds. A comparison of the figures shown with the actual record of the past ten years indicates that there may be a more reasonable level somewhere between the two sets of extremes. In any case, it is recommended that these agencies be asked to review their requests and submit sufficient backup information to permit a better analysis of their needs. It is our understanding that the figures submitted by the Department of State Police do not include its anticipated cost of patrolling the Interstate System.

	Motor Vehicles		State Police	
	Agency Request	1962 Needs Report	Agency Request	1962 Needs Report
1963-64	$ 5,901,259	$ 4,905,800	$ 8,367,260	$ 9,560,100
1964-65	6,456,550	4,990,500	10,470,374	9,725,200
1965-66	7,064,100	5,115,100	10,470,374	9,967,900
1966-67	7,728,850	5,245,900	12,358,500	10,222,800
1967-68	8,456,150	5,380,400	12,358,500	10,484,900
1968-69	9,251,850	5,518,600	14,533,030	10,754,300
1969-70	10,122,450	5,659,900	14,533,030	11,029,700
1970-71	11,074,975	5,804,800	17,207,976	11,312,100
1971-72	12,117,150	5,953,300	17,207,976	11,601,500
1972-73	13,257,350	6,106,200	20,315,418	11,899,300
1973-74	14,504,850	6,262,700	20,315,418	12,204,300
1974-75	15,869,750	6,423,200	23,688,315	12,517,100
12-Year Total	$121,805,284	$67,366,400	$181,826,171	$131,279,200

The 1962 Highway Needs Report expresses many elements of highway problems in such complete detail as to imply a high level of accuracy in its figures. For example, to express total revenue and total expenses in terms of even millions of dollars would seem more reasonable than to carry the figures out to the last dollar. Long-range planning unavoidably is inaccurate. In view of this, it might have been well had the Department expressed the need for a contingency factor of perhaps 10% over the total program cost.

The total program cost does not provide for inflation in the cost of constructing and maintaining highways. The tax structure upon which highway revenues are based has no built-in provision which would increase revenue proportionately with inflation. During the past decade, inflation has effectively negated the revenue benefits that might have been expected from a rapid growth in vehicle use of highways. It seems unrealistic to overlook this contingency in developing long-range highway plans.

The report states that urban needs were based on estimates submitted to the Highway Department by each municipality. Urban construction needs amount to $300 million or about 10% of the total highway program. The Department, after reviewing the information submitted, made the assumption that the municipalities evaluated their needs satisfactorily since a good degree of uniformity and consistency was evident in their estimates. Considering the magnitude of urban needs, it would seem desirable to subject the information on which they are based to much more careful scrutiny and to make any appropriate amendments in the report.

Secondary System needs are based on a program of improvements which will cost substantially more than the total tax revenue generated by travel on that System. The program contemplates the continuance of a policy which requires highway tax revenue to be diverted from the roads which carry the major traffic loads to those which carry relatively little traffic. It expresses, for example, the objective of improving secondary roads and bridges to be able to carry the same weight loads as either the Primary or Interstate System. While this policy has much to commend it, it may well act as a brake on achieving improvements which are urgently needed to serve a greater number of motorists. It is recommended that these policy matters be subjected to thorough review.

It is recommended that the Highway Department supplement the Needs Report with an evaluation of the benefits the public may expect to realize from the proposed road improvements. Data of that nature would provide important reasons for supporting the highway program. For example, it is estimated that, at the completion of the Virginia Interstate System, motorists using the Virginia System will save 30 to 40 million travel hours per year, plus approximately $15 million of fuel per year. Other benefits such as comfort and safety are equally dramatic.

It is apparent that similar benefits will be realized from other highway improvements. The construction of better roads indeed will have the effect of reducing the relative amount of fuel tax revenue the highway system will receive as vehicles are able to operate more efficiently. This, of course, is a step in the right direction for the motorist, but it may require some adjustments in the fuel tax structure as the improved roads are put into use.

Summarizing our views of the 1962 Highway Needs Report, it appears that funds will become available to cover 96% of the total program listed in the report. Since the report does not provide reserves for any contingencies and since a sizeable portion of the funds will not become available until the latter years of the program, the current need for additional funds appears to be urgent. It is recommended that a Contingency Reserve of **10% ($300 million)** be introduced into the long-range highway plan and that action be taken to develop additional sources of highway taxation as promptly as possible.

SUMMARY OF HIGHWAY PROGRAM 1963-75

Total Program Cost		$2,998,000,000
Forecast Funds Available		$2,463,000,000
Other Sources of Funds		
Contribution from Cities	$ 48,000,000	
Additional Fuel Tax Revenue	96,000,000	
Additional License Tax Revenue	15,000,000	
Additional Federal Aid	360,000,000	
Total Other Funds		519,000,000
Total Funds Available		$2,982,000,000
Less Other Expense Burdens		
Additional DMV Cost	$ 54,000,000	
Additional DSP Cost	51,000,000	
Total Other Costs		105,000,000
Net Funds Available		$2,877,000,000
Revised Twelve-Year Needs Gap		$ 121,000,000
Contingency Reserve		$ 300,000,000
Total Additional Funds Needed		$ 421,000,000

II—ALLOCATION OF HIGHWAY FUNDS

The Highway Department, in a report submitted to the Highway Study Commission dated February 7, 1963, made the statements:

> "Coupled with the need for more money is the necessity for substantial changes in present allocation and fund distribution methods to assure uniform progress on all portions of all systems . . . The laws and policies . . . are complex and often confusing. Many provisions were included for special conditions which long ago changed."

The Department listed a series of recommendations concerning changes and improvements in the statutes and policies which control the allocation of highway funds. The following comments summarize the Department's recommendations and reflect other information and suggestions developed during a review of this subject with Department officials.

A. *Fund Distribution Recommendations*

The Highway Department's recommendations call for the separation of all available funds into two categories. The first, the money which the Bureau of Public Roads assigns to Virginia as the Federal 90% portion of Interstate System costs, must be reserved solely for use on that system. The balance of non-Interstate available funds, consisting of State highway tax revenues and Federal ABC system contributions, are to be distributed in the following manner:

Allocation Category	Non-Interstate Funds
Secondary System Maintenance and Construction	33% minimum
Urban System Maintenance and Construction	14% minimum
General Activity Departmental Administration Primary System Maintenance Interstate System Maintenance Industrial Access Roads	19%
Matching Funds Interstate System Construction	7%
Primary System Construction Right of Way	27%

B. *Secondary System Allocations*

The Highway Department's recommendations for Secondary System maintenance and construction allocations will require the repeal of certain existing statutes concurrent with passage of new statutes covering the following points:

1. Direct the Highway Commission to allocate to the Secondary System annually a minimum of 33% of available highway funds, exclusive of the 90% Federal portion of the Interstate System fund. Provide the Highway Commission with authority to lower the minimum if substantial reduction in mileage of the Secondary System results from incorporation, annexation, or merger of areas which are now in the Secondary System.
2. Provide the Highway Commission with authority to distribute funds to the counties in the Secondary System in a just and equitable manner, taking into account such factors as area, population, road mileage, and vehicle travel.
3. Direct the Highway Commission to allocate the Secondary System portion of "new source" funds (received from new taxes and increased tax rates after 1963) entirely in accordance with the needs of each county to achieve the minimum standards listed on Page 68 of the 1962 Highway Needs Report.

C. *Urban System Allocations*

The Highway Department's recommendations for Urban System maintenance and construction allocations also will require substantial changes in the statutes.

1. Direct the Highway Commission to allocate to the Urban System annually a minimum of 14% of available highway funds, exclusive of the 90% Federal portion of the Interstate System fund.
2. Direct the Highway Commission to distribute maintenance payments to the cities without regard to construction district boundaries at a fixed and frozen rate of $10,000 per mile of Primary System extensions within the city and $800 per mile of city streets.

3. Direct the Highway Commission to distribute the balance of Urban System funds after satisfying maintenance payments as the State's share of Urban System construction costs, taking into account in an equitable manner State-wide urban construction needs without regard to existing construction district boundaries.
4. Authorize the Highway Commission to distribute Urban System construction funds to the cities in a manner which will permit a city to accumulate credits for a period up to five years for the undertaking of major highway construction projects.
5. Create an incentive to the cities to support the Primary System arterial roads program. Reduce their pro rata share from the present level of 25% to a new level of 20% of costs of extensions of the arterial system which fall within the limits of towns and cities.
6. Provide the Highway Commission with authority to build and to maintain a Primary System bypass within the limits of a city using rural Primary System funds. In such cases, the city would not contribute to the construction cost of the road nor would the city maintain the road. For such roads, the Highway Commission would not contribute the $10,000-per-mile maintenance allowance.

D. *Industrial Access Allocations*

The present sources of funds for Industrial Access roads, which consist of $1 million from highway funds and $.5 million from the General Fund, do not appear to be adequate. The Highway Department recommended that the Highway Commission be directed to make an annual allocation to the Industrial Access Road Fund not to exceed 2% of available highway funds, exclusive of the 90% Federal portion of the Interstate System fund.

E. *Primary System Allocations*

The Highway Department, in the 1962 Needs Report, described an arterial road program which would be part of the Primary System, saying

> "It can be stated unequivocally that our greatest highway need today is for the completion of this arterial system concurrently with the Interstate program which will end in 1975."

The following recommendations were made concerning Primary construction and right-of-way allocations:

1. Direct the Highway Commission to establish an arterial road program within the framework of the Primary System.
2. Direct the Highway Commission to establish criteria for roads which will come under the arterial road program.
3. Direct the Highway Commission to distribute to the Primary System all remaining available highway funds after provision for the Secondary, Urban, and General Activity Funds' needs are met.
4. Direct the Highway Commission to distribute Primary System construction and right-of-way funds to the eight construction districts in a just and equitable manner, taking into account such factors as area, population, and road mileage, except that "new source" funds (received from new taxes and increased tax rates after 1963) would be allocated to the eight construction districts

in accordance with each district's pro rata share of the arterial road program cost.

5. Direct the Highway Commission to set the Primary System construction and right-of-way activities of each construction district so that existing source funds (see No. 4 above) are available, sufficient when combined with each district's "new source" funds, to finance the completion of the arterial road program by 1975.

The above recommendations merit the careful attention of the Highway Study Commission and should be accepted as an improvement over present statutes and policies. Unfortunately, even these recommendations appear to be influenced by past practice, tradition, and what Department personnel think may be acceptable to the General Assembly members.

Recognition has not been given to the fact that allocation policies, to be most effective, must be subjected to regular review with adjustments made when highway needs change. Furthermore, the policy makers should consider Virginia's State-wide long-range highway objectives and resist influence from regional pressures.

F. *Allocation Objectives*

The allocation of highway funds to the several highway systems as well as the distribution of those funds around the Commonwealth is the most important matter affecting the long-range improvement of Virginia's highways. The fact that certain statutes and policies have been in force for many years should not prevent a thorough re-examination of allocation principles. Virginia's basic highway objectives should be clearly stated and then, consistent with available funds, allocation priorities should be set which will permit the achievement of those objectives.

1. *Maintain the Condition of the Existing Road System*

   Virginia's highways represent an asset with an original cost of approximately $1 billion but which could not be replaced for many times that amount. Allocation of funds for the proper maintenance of existing roads should take priority over any other need.

2. *Improve Existing Roads Consistent with Traffic Needs*

   Current plans place great emphasis on improving practically all roads regardless of the traffic needs involved. This is particularly evident in the plans for extensive improvements of very lightly traveled secondary roads. For example, the Highway Department plans to spend over $100 million for construction improvements on 13,500 miles of secondary roads with traffic loads of less than 50 vehicles per day. When this work is completed, the maintenance cost will be approximately $5 million per year. The tax revenue realized from users of these roads is expected to be less than $2.5 million per year. The net result is that a tremendous amount of capital will be diverted away from traffic needs for construction and then for an annual maintenance subsidy of substantial proportions to roads which are put to only modest use. The State's responsibility to provide and maintain adequate roads, regardless of the relationship between expense and revenue, should be carefully studied.

3. *Build New Roads in Accordance with Traffic Needs*

   The Interstate System and the proposed arterial road program are examples of the use of highway tax funds to build new roads which serve the major source of these funds. These road systems, when in use, will actually generate sufficient revenue to assist materially in the support of other road maintenance costs. Priority should be given to the construction of new roads in accordance with the traffic they will serve.

4. *Improve Roads to Permit Safe Travel*

Virginia citizens are rightfully concerned about the frequency of their highway accidents and fatalities. Funds for the improvement of unsafe roads demonstrate the need for special allocations, free from any geographical or construction district limitations.

5. *Provide Equitable Distribution of Funds to Construction Districts*

Primary System funds are distributed to the construction districts in accordance with three factors—area, population, and road mileage—with each given equal weight. Consideration is not given to the amount of vehicle travel on the primary roads of each district or of the funds needed to bring the condition of the primary roads up to acceptable standards. This distribution of Primary System funds is a matter that deserves much more penetrating examination with probable redefinition of distribution criteria.

G. *Other Allocation Recommendations*

Several important matters were not covered in the Highway Department's comments on allocation matters.

1. *Maintenance of Arterial Roads*

The Highway Department plans to maintain that part of the rural Primary System which will be called arterial roads. It is recommended that the Highway Department also be given responsibility for maintaining that part of the arterial roads which is within urban areas and be excused from paying the $10,000 per mile to the cities to cover urban arterial road maintenance.

2. *Expansion of Urban Primary Extensions*

The Highway Department spends approximately $2,000 per mile to maintain roads in the Primary System. The recent expansion of cities through annexation of rural areas has brought about the changing of rural Primary System roads into urban Primary System extensions, for which the Highway Department must pay a flat maintenance charge of $10,000 per mile to the city. Some of these roads remain rural in character. It is recommended that the maintenance charge be reduced to $2,000 per mile for those miles of Primary System extensions with traffic usage averaging less than 4,000 vehicles per day.

3. *Industrial Access Roads*

The Industrial Access Road program may encourage industry to locate in the rural areas of Virginia. There is good reason to question the desirability of supporting this program with highway tax funds rather than with money from the General Fund. It may be worthwhile for the State to spend much more to help bring in industry and to use some of the access road funds in areas which now are not given this aid. It is recommended that funds for Industrial Access roads be appropriated from the General Fund, with distribution and control under the Division of Industrial Development and Planning.

The Highway Commission, under existing statutes, does not have authority to allocate funds for investment in long-range programs. Long-range planning may necessitate continuing commitments for engineering and study work as well as for acquisition of special tracts of land for long-term future use. The Commission does not have statutory authority to commit the Highway Department to a program of action extending beyond the time limits of the biennium budget. It is recommended that consideration be given to the drafting of special statutes granting the Highway Commission authority to make long-range commitments of funds, provided the total of all outstanding commitments does not exceed 20% of State highway tax revenue for the preceding year.

III—SOURCES OF ADDITIONAL HIGHWAY REVENUE

The need for increased revenue to provide financial support for the expanding highway program is probably the most important problem confronting the Highway Study Commission. All facets of this matter were reviewed, including:

... existing Virginia statutes controlling highway taxes

... fuel and vehicle tax enforcement policies and procedures

... reciprocity policies

... highway revenue laws, practices, and policies in other states.

The consultants reviewed material submitted to the Study Commission at public hearings and collected other information which was appropriate to this study. Officials of the Department of Highways, Division of Motor Vehicles, State Corporation Commission, Department of State Police, Bureau of Public Roads, and other interested persons contributed information and suggestions about the potential sources of highway revenue. What appear to be the most practical sources of revenue are reviewed in the following pages. Tax-rate levels are suggested which can be expected to develop the maximum practical revenue from each source.

A. *Fuel Taxes*

Taxes on gasoline and other motor fuels constitute the major source of highway revenue for the Federal Government and for all states. Motor fuel taxes, which are in effect sales or excise taxes, yield over 80% of the Federal Highway Trust Fund and a similar share of Virginia's highway revenue. Approximately 1.4 billion gallons of fuel are sold annually in Virginia and are taxed at a rate of 7¢ per gallon. The tax, collected at the source from a relatively few refiners and terminal operators, is easily and economically enforced.

	Present Gasoline Tax Cents per Gallon
Virginia	7
North Carolina	7
West Virginia	7
Maryland	6
District of Columbia	6
Tennessee	7
Kentucky	7
Pennsylvania	7
New Jersey	6
New York	6
Delaware	6
South Carolina	7
Georgia	6.5
Florida	7
Alabama	7
Ohio	7

It will be observed from the preceding table that an increase in the gas tax would make the Virginia rate higher than that in any neighboring state. A higher tax rate would undoubtedly divert business to Maryland and the District of Columbia, probably sufficient to offset most of the extra revenue collected. The change in buying habits could have a damaging effect on service station operators in all border regions.

It is recommended that the gas tax rate be held at 7¢ per gallon, at least until such time as Maryland and the District fuel tax rates are increased.

B. *Reduce Refunds for Nonhighway Use of Fuel*

Gasoline taxes are collected from refiners and terminal operators when the fuel is brought into Virginia. This necessitates a procedure for granting refunds to certain tax-exempt users of gasoline. In fiscal 1960-61, total fuel tax collections amounted to $95.5 million (1.4 billion gallons) in Virginia on which refunds of $6.1 million (86 million gallons) were paid.

Refunds were granted for the following uses of fuel:

	Usage in Virginia—1960
Agriculture	26 million gallons
Aviation	10 " "
Industrial—Construction	10 " "
Marine	2 " "
Highway Use	27 " "
Nonhighway Use	9 " "
Federal-Highway Use	2 " "
Total	86 million gallons

The following uses for motor fuel are exempt or subject to refund in most states:

Use Category	Exempt or Tax Refunded
Agriculture	48 states
Aviation	42 "
Industrial—Construction	34 "
Marine	34 "
Public Use—State—Nonhighway	33 "
County and Local— "	35 "
Federal— "	42 "

Virginia and seven other states exempt Federal highway use of fuel from gas taxes.

Fuel tax refunds are given to those private users who state that they do not use the fuel on Virginia's highways. We have no evidence that the claims for refunds are incorrect, but, if this is the case, it would seem wise to improve tax enforcement procedures rather than compel certain fuel users to pay taxes for which they receive no benefits.

It is recommended that the present statutes covering fuel tax exemptions and refunds be continued without change.

C. *Motor Vehicle License Fees*

Virginia issues approximately 1,500,000 motor vehicle licenses annually, of which 80% is for automobiles, 15% for light trucks, and the balance for heavier trucks, tractors, trailers, motorcycles, etc. The following table compares Virginia vehicle license fees with those of other states:

	Present Registration Fees for Representative Vehicles		
	Medium Auto	Stake Truck	40,000 lb. Combination
Virginia	$10.00	$ 25.50	$300.00
North Carolina	11.00	106.00	562.00
West Virginia	24.00	54.00	284.50
Maryland	10.00	35.00	115.00
District of Columbia	22.00	60.00	166.00
Tennessee	9.50	125.00	435.00
Kentucky	5.00	36.50	470.50
Pennsylvania	10.00	55.00	245.00
New Jersey	15.00	75.00	200.00
New York	17.50	75.00	239.00
Delaware	10.00	63.50	173.00
South Carolina	7.00	76.00	222.00
Georgia	7.50	15.00	220.00
Florida	20.25	64.05	210.90
Alabama	3.75	23.00	76.00
Ohio	10.35	91.55	304.70

An increase in vehicle license fees of $5.00 per vehicle would yield additional revenue of approximately $7.5 million annually with no extra cost of collection. The major share of this tax would be realized from automobiles and light trucks, though it is contemplated that the increase be applied to all vehicles, powered or towed. A separate section later in this report comments on the application of higher license rates for heavy tractor trucks.

Virginia statutes permit counties and municipalities to levy vehicle license taxes equivalent to the State tax. It is recommended that the tax for motor vehicle licenses be increased across the board by $5.00 per vehicle and that a special statute prevent the counties and municipalities from increasing their vehicle tax rates above those limits set by present statutes.

D. *Operators' License Fees*

Approximately 1,800,000 operators' licenses are outstanding in Virginia. The following table compares Virginia operators' license fees with those of other states:

	License Term (Years)	First Fee	Renewal Fee	Effective Annual Cost
Virginia	3	$2.00	$2.00	$ .67
North Carolina	4	2.50	2.50	.63
West Virginia	4	5.00	5.00	1.25
Maryland	2	7.25	2.00	1.00
District of Columbia	3	3.00	3.00	1.00
Tennessee	2	2.00	2.00	1.00
Kentucky	2	2.00	2.00	1.00
Pennsylvania	2	4.00	4.00	2.00
New Jersey	3	8.00	8.00	2.67
New York	3	5.00	3.00	1.00
Delaware*	2	4.00	4.00	2.00
South Carolina	4	.50	.50	.13
Georgia	1	1.00	1.00	1.00
Florida	2	2.50	2.50	1.25
Alabama	2	2.25	2.25	1.13
Ohio	3	1.00	1.00	.33

*Permanent license is available for $10.00.

It is recommended that the operators' license fee for the three-year term be increased to $5.00. The additional revenue of $1.8 million annually could support driver training and safety programs, with the balance going to the highway program.

E. *Application of a Titling Tax*

Excise taxes in the form of a sales tax, use tax, or a titling tax on motor vehicles are imposed by 38 states, New York City, and the District of Columbia. The tax usually is based on the retail value of the vehicle less the value of a trade-in vehicle. Virginia is the only state among its immediate neighbors that does not employ this source of vehicle taxation.

	Sales and Use Tax	Titling Tax
Virginia	—	—
North Carolina	1.5%*	—
West Virginia	—	3%*
Maryland	—	2%*
District of Columbia	—	2%
Tennessee	3.0%	—
Kentucky	3.0%	—
Pennsylvania	5.0%	—
New Jersey	—	—
New York	3.0%	—
Delaware	—	—
South Carolina	3.0%	—
Georgia	3.0%	—
Florida	1.0%	—
Alabama	1.5%	—
Ohio	3.0%*	—

*Based on retail value—no credit for trade-in.

Studies indicate that new car sales in Virginia amount to approximately $500 million annually, and used car sales amount to approximately $250 million.

A titling tax of 2% assessed on the retail value of all new and used motor vehicles sold in Virginia and on all motor vehicles brought into Virginia would yield revenue of approximately $15 million per year. No credit would be granted for the trade-in value of vehicles traded.

It is recommended that a titling tax of 2% be adopted with revenue from this source specifically channeled to the support of the highway program in Virginia.

F. *Title Transfer Fees*

Approximately 750,000 motor vehicle title certificate applications are processed annually.

	Title Certificate and Transfer Fee
Virginia	$1.00
North Carolina	1.00
West Virginia	1.00
Maryland	1.00
District of Columbia	1.00
Tennessee	.50
Kentucky	—
Pennsylvania	2.00
New Jersey	1.50
New York	—
Delaware	2.00
South Carolina	.50
Georgia	1.00
Florida	1.00
Alabama	
Ohio	1.00

Suggestions have been made to increase the title certificate and transfer fees in Virginia to $5.00. An increase of that magnitude would increase revenue by about $2.5 million annually with little or no extra cost of collection. However, it is recommended that this source of additional taxation be employed only if the titling tax mentioned earlier is not put into effect.

G. *Commercial Highway Use Taxes*

Highways, unlike many other public facilities, are widely used for private commercial purposes. Highways are designed, built, and repaired with special attention given to the needs of commercial users. The tax burdens assigned to commercial users are a matter of importance, not only as a large potential source of highway revenue but also with respect to the economic consequences to truckers and railroads, their customers, and the citizens who ultimately pay all transportation bills through their purchase of goods and services. Ideally, commercial highway use tax revenues should compensate the State in full for the extra highway investment and maintenance costs related to the commercial use of highways.

Several states have conducted cost allocation studies to determine the proper assignment of highway cost responsibility to the various kinds of highway users. The Bureau of Public Roads approached the problem by preparing a preliminary cost allocation study dated March 20, 1961, which will be supplemented in a report to Congress in mid-1963. The following tables provide a comparison of cost responsibility indices from the Bureau's 1961 study, with Virginia tax indices based on highway use taxes paid by users of various categories of Virginia-licensed vehicles and foreign-licensed vehicles.

The Highway Use Tax Contribution tables indicate that Virginia's highway user tax revenues are below par for two basic user categories—large diesel-powered tractors and all foreign-licensed vehicles. Present license rates on large diesel tractors do not equate increased weight with increased highway cost responsibility, and these units have the advantage of getting more mileage per unit of fuel. Foreign vehicles are excused through reciprocity agreements from buying Virginia license tags, which constitute about 20% of Virginia's highway tax base.

There appears to be no practical means of collecting extra highway use taxes from foreign-licensed automobiles using Virginia's highways. On the contrary, it would seem desirable to encourage more travel of this nature as a source of business and general revenue for Virginia and for the gasoline taxes involved. Excluding additional user tax revenues from foreign automobiles, we estimate that total extra revenue realized from bringing road taxes up to what appear to be equitable levels would be about $5 million per year. This sum is important, of course, but falls far short of solving the overall highway revenue problem and would be difficult and expensive to collect.

Increased license rates for large tractors and the application of a special surtax on diesel fuel are discussed later in this report.

HIGHWAY USE TAX CONTRIBUTIONS*

	Miles per Year		Fuel Tax	Total Tax	Tax per Mile	Virginia Tax Index (Resident)	Cost Responsibility Index
#2 Automobile	9,500	$ 10.00	$ 44.31	$ 54.31	$.0057	1.00	1.00
#4 Truck—5,000# Private	9,000	12.00	52.50	64.50	.0072	1.26	0.85
#5 Truck—15,000# For Hire	20,000	25.50	164.71	190.21	.0095	1.67	1.76
#6 Truck—19,000# For Hire	25,000	73.15	233.31	306.46	.0123	2.16	1.63
#7 Truck—40,000# Private	30,000	180.00	675.00	855.00	.0285	5.00	3.62
#8 Tractor—40,000# Gas for Hire	40,000	288.00	720.00	1,008.00	.0252	4.42	4.67
#9 Tractor—55,000# Gas for Hire	60,000	585.75	1,350.00	1,935.75	.0323	5.67	5.86
#10 Tractor—55,000# Diesel for Hire	60,000	585.75	981.81	1,567.56	.0261	4.58	5.63
#11 Tractor—62,000# Diesel for Hire	70,000	660.30	1,340.46	2,000.76	.0286	5.02	8.54
#12 Tractor—70,000# Diesel for Hire	70,000	745.50	1,465.11	2,210.61	.0316	5.54	8.54

* Figures Show Only Virginia-Licensed Vehicles

HIGHWAY USE TAX CONTRIBUTIONS—FOREIGN VEHICLES

	Tax per Mile (Fuel)	Virginia Tax Index (Foreign)	Virginia Tax Index (Resident)	Bureau Index
#2 Automobile	.0047	0.82	1.00	1.00
#8 Tractor—40,000#	.0220	3.86	4.42	4.67
#9 Tractor—55,000# Gas	.0250	4.38	5.67	5.86
#10 Tractor—55,000# Diesel	.0200	3.51	4.58	5.63
#11 Tractor—62,000# Diesel	.0234	4.11	5.02	8.54
#12 Tractor—70,000# Diesel	.0256	4.49	5.54	8.54

1. *Heavy Truck License Fees*

When allowable weight limits for heavy trucks were increased from 56,800 pounds to 70,000 pounds, the license fee rate was not adjusted. License fees for "for hire" and "private" trucks increase progressively from 10,000 pounds up to the category of 50,001-55,000 pounds. Heavier trucks, up to 70,000 pounds, enjoy the same tax rate as a truck registered at 50,001 pounds.

Heavy vehicles licensed for "private" use in Virginia enjoy a rate structure about 37½% lower than that applied to "for hire" vehicles. This may be reasonable because "private" trucks in the lower weight ranges normally operate fewer road miles annually than do "for hire" vehicles. For vehicles above 50,000 pounds, it seems desirable to equalize "private" and "for hire" rates at the higher level, as is the case in 44 other states.

	Present Fee per 1,000 Pounds		Proposed Fee per 1,000 Pounds	
Weight Range	Private	For Hire	Private	For Hire
40,001-45,000	$5.00	$ 8.00	$ 5.00	$ 8.00
45,001-50,000	6.00	9.60	6.00	9.60
50,001-55,000	7.50	10.65	7.50	10.65
55,001-60,000	7.50	10.65	11.70	11.70
60,001-65,000	7.50	10.65	12.75	12.75
65,001-70,000	7.50	10.65	13.80	13.80

These fee increases for heavy trucks would yield additional revenue of approximately $750,000 per year. This is in addition to the increase in revenue of approximately $7.5 million for license fee increases for automobiles and light trucks. It is recommended that the above license rate changes be adopted.

2. *Heavy Truck Fuel Taxes*

Virginia imposes two special fuel taxes on practically all heavy trucks operating on its highways. One requires the truck operator to pay Virginia fuel taxes on the total amount of fuel his vehicle consumes in Virginia, even if purchased in another state. The other tax is a 2¢ per gallon surtax for vehicles or tractor-trailer combinations with more than two axles. These taxes are administered by the State Corporation Commission at a cost of approximately $550,000 per year.

In 1961, vehicles affected by special fuel taxes consumed 57.4 million gallons of gasoline and 44.4 million gallons of diesel fuel in Virginia and paid taxes of approximately $9 million. The 2¢ surtax brought in $2 million of that amount. It is of interest that more than 60% of the heavy truck fuel taxes was paid by nonresidents.

While many states have laws requiring heavy trucks to pay the tax on fuel consumed within the state, only Virginia and Kentucky have heavy truck fuel surtaxes. The Kentucky surtax also is 2¢ per gallon.

Increases in the heavy truck fuel surtax would yield approximately $1 million for each cent of increase. Extra expense of collection would be minimal. However, there appears to be the greater inequity with respect to the tax rate on diesel fuel, and it is recommended that attention be focused on adjustments in the diesel fuel tax rate.

Large trucks powered with diesel engines can be expected to realize approximately 37½% more miles per gallon of fuel than can equivalent gasoline-powered trucks. Ten states charge additional taxes for diesel fuel, ranging from 14.3% to 80% above the gasoline tax. No state, however, assesses a tax higher than the effective Virginia level of 9¢ per gallon of fuel.

The Bureau of Public Roads is reported to be considering making a recommendation to Congress that the Federal motor fuel tax on diesel fuel be increased from 4¢ per gallon to 5.5¢ per gallon. The gasoline tax would remain at 4¢ per gallon.

Heavy truck consumption of diesel fuel in Virginia in 1960-61 was 44.4 million gallons, of which 75% was reported by nonresidents. A special diesel fuel surtax of 4¢ per gallon over the basic 7¢ rate, instead of the current 2¢ per gallon rate, would yield approximately $1 million per year. This could be a major step in equalizing the highway use tax contribution of foreign heavy diesel trucks. It is recommended that a diesel fuel surtax of 4¢ per gallon be adopted for all diesel-powered vehicles now subject to the 2¢ surtax.

Weight-distance taxes are imposed on heavy truck operators in ten states, all of which—except for New York and Ohio—are in the West. A few other states levy similar taxes on their own residents' vehicles.

Virginia has a weight-distance tax statute, § 46.1-135, which covers foreign-licensed vehicles that operate in interstate commerce in Virginia at least four times a month. This law is not enforced because of exemptions granted to all foreign vehicles through reciprocity agreements. If this statute were amended to include all residents and nonresidents and rigidly enforced, we estimate it would return a yield of $6 to $7 million annually.

The tax rates specified in the Virginia statute would average about $.0125 per mile for heavy trucks. The existing surtax on fuel consumed by heavy trucks is, in effect, a weight-distance tax amounting to an average of about $.004 per mile.

As a practical and economical solution to the problem of developing equitable tax returns from heavy trucks, it would seem more desirable to adjust the surtax on fuel and to apply a diesel fuel tax than to activate a weight-distance tax. We recommend that the existing statute, § 46.1-135, be left undisturbed but enforced only as a retaliatory tax against vehicles from those states which do not extend weight-distance tax reciprocity to Virginia-licensed vehicles. The Division of Motor Vehicles has responsibility for enforcing § 46.1-135, but, unfortunately, could not administer the statute without duplicating records currently maintained by the State Corporation Commission. Furthermore, there is some question whether § 46.1-135 is a valid statute. If the statute is declared or made valid, it is recommended that its administration and enforcement be made a responsibility of the State Corporation Commission.

4. *Enforcement of Licensing Statutes*

Any vehicle operated upon the highways of Virginia is subject to licensing in Virginia, except those vehicles which are licensed in other states and qualify, through reciprocity arrangements, for exemption from Virginia licensing. It has been brought to the attention of the Highway Study Commission that certain misunderstandings as to the correct interpretation of the motor vehicle laws have permitted some truck operators to escape Virginia license taxes and have prevented adequate enforcement of the licensing statutes. This matter was referred to the consultants with the request that they investigate it and report their findings to the Commission.

Licensing of motor vehicles in Virginia, administration and enforcement of licensing statutes, and registration of vehicle titles are among the responsibilities of the Division of Motor Vehicles (DMV). DMV follows a practice of registering those titles and licensing those vehicles whose owners voluntarily file applications with the agency. Some inspections are made to learn of and apprehend violators of the statutes, but, in general, the operator of a vehicle bearing an up-to-date license tag from any foreign state can be expected to have little, if any, contact with DMV short of being involved in an accident or a traffic violation. The agency has no record of the thousands of foreign-licensed automobiles and commercial vehicles which operate on Virginia highways and which take advantage of licensing reciprocity agreements. Likewise, it has no record of the travel in foreign states of Virginia-licensed vehicles.

The Reciprocity Board (see § 46.1-19) consists of three ex-officio members—the Commissioner of the Division of Motor Vehicles, the State Highway Commissioner, and a member of the State Corporation Commission, two of whom constitute a quorum at meetings of the Board. Under § 46.1-20, the Governor may, with the advice of the Board, enter into reciprocal agreements with other states. The statutes provide the Governor with the widest latitude in entering reciprocal agreements and in setting reci-

Our review of Virginia's reciprocity situation indicates that it is not the Governor, however, who effectively controls reciprocity matters, nor the full Reciprocity Board, which seldom meets. The

Board Chairman, who is the Commissioner of DMV, functions as the Reciprocity Board. He arranges formal or informal agreements with other states. He may or may not achieve what others consider to be balanced reciprocal conditions. This seems to be the case with respect to New York and Ohio who impose weight-distance taxes on Virginia-licensed vehicles. Virginia's retaliatory statute, § 46.1-135, is not enforced against vehicles from those of any other states. Considering that the reciprocity agreements exempt foreign states' individuals and companies from Virginia statutes and Virginia taxation, it is important that administration of the agreements be handled under the most stringent controls.

The State Corporation Commission administers the Road Tax Statute, § 58-627. In doing so, the SCC maintains an up-to-date registration record of Virginia's commercial highway users consisting of all motor carriers of passengers with seats for more than seven people, and all trucks and tractor-trailer combinations with more than two axles. SCC maintains quarterly records showing fuel consumption and mileage within and out of Virginia for approximately 100,000 vehicles, about 75% of which are licensed in foreign states. SCC records indicate the state in which each vehicle is licensed as well as the name and address of the owner. SCC has the only record indicating the amount of use given Virginia highways by foreign commercial vehicles and the amount of use given foreign highways by Virginia-licensed commercial vehicles. It is of interest that foreign commercial vehicles operate approximately 70% more miles on Virginia highways than Virginia-licensed commercial vehicles operate on foreign highways.

The question of enforcement of motor vehicle licensing statutes revolves around several agencies, one of which, DMV, has responsibility for enforcement but little knowledge about potential violators. Meanwhile, another agency, SCC, has excellent information around which an enforcement program might be built, but no responsibility for license enforcement. In the past, poor communications, differences of opinion regarding reciprocity policies, and misunderstandings about the correct interpretation of licensing statutes have prevented SCC from working effectively with DMV. The Department of State Police, without a clear-cut definition of licensing policy from either agency, has been unable to back up licensing enforcement. The net result of this is that an estimated 1,000 to 2,000 large truck tractors operate in Virginia with foreign license tags under conditions which a literal interpretation of the statutes would require them to display Virginia tags.

In an effort to eliminate misunderstandings about the proper interpretation of the licensing statutes, the Study Commission asked the Attorney General to express his opinion on that subject. He did so in an Opinion dated January 23, 1963, which subsequently was sent by the Highway Study Commission to DMV, SCC, the State Police, all County and Municipal Judges, and all Attorneys for the Commonwealth.

Officials repesenting DMV, SCC, and the State Police met in February to develop a practical means of implementing the policies outlined in the Attorney General's Opinion. Within two months, SCC had instigated further investigation through DMV and the State Police of approximately 675 tractors operated by Virginia companies but licensed in other states. A similar program is under way to investigate foreign trucking companies with terminals in Virginia but with few, if any, Virginia-licensed tractors.

The administration of licensing statutes and reciprocity agreements, as they apply to vehicles which are licensed in foreign states, can be expected to be a continuing problem. It is important that the major burden of controlling the problem be in the hands of the agency with the maximum information about potential violators, and this, of course, is the State Corporation Commission. It is recommended that the reciprocity and licensing statutes be revised as follows:

a. Reorganize the membership of the Reciprocity Board to consist of a designee of the SCC as Chairman, with the other two members being the designees of DMV and of the Attorney General, respectively.

b. Charge SCC with the responsibility for determining whether or not any vehicle currently displaying a foreign license must be licensed with Virginia tags.

c. Charge SCC with the responsibility for the preparation and distribution annually of a formal record of Virginia's reciprocity relationship with each state.

d. Allow SCC to withhold issuance of Identification Markers or Classification Plates unless and until the applicant supplies adequate informatoin for SCC to determine his licensing or reciprocity status.

e. Require operators of fleets of 100 or more vehicles operating as much as 5% of their fleet mileage in Virginia to license at least the same percentage of their vehicles in Virginia as the percentage of their fleet mileage in Virginia bears to their total interstate mileage.

f. Charge SCC with the enforcement of the weight-distance tax statute, § 46.1-135, against vehicles from states which do not extend reciprocity to Virginia vehicles for similar weight-distance or axle-mile taxes.

H. *Summary of Sources of Additional Revenue*

	Additional Taxation Sources	
	Increase license fees for all vehicles (\$5 for automobiles)	\$ 7,500,000
2.	Increase operators' license fees (\$5 for three-year term)	1,800,000
3.	Apply a titling tax for new and used vehicles (2% on gross retail value)	15,000,000
4.	Increase heavy truck license fees	750,000
5.	Apply a special tax on diesel fuel (4 cents per gallon above the 7-cent fuel tax)	1,000,000
	Total Additional Taxation Sources	\$26,050,000
	Improvements in Tax Enforcement	
1.	Bring 1,000 additional heavy trucks under Virginia licensing	750,000
	Reduction of Diversions (see Section IV)	
1.	Transfer 50% of State Police expense to the General Fund	4,000,000
2.	Reduce cost of the Convict Labor program	640,000
	Total Potential Revenue from All Sources	\$31,440,000

IV—DIVERSIONS OF HIGHWAY REVENUE

It was indicated earlier that highway funds come from three major sources—motor fuel taxes, motor vehicle license fees, and the Federal Aid Program. State highway revenues support the entire budgets of the Division of Motor Vehicles and the Department of State Police and contribute to the support of the State Corporation Commission and the Department of Agriculture and Immigration. The matter of "highway diversions" is related to the amount of support each of these agencies receives from highway funds.

A. *Division of Motor Vehicles*

DMV is responsible for the administration and enforcement of motor fuel and vehicle and operator tax statutes. It collects practically all of the State taxes which support the Highway Department. It seems reasonable that the expenses of operating this agency be paid from highway funds.

B. *Department of State Police*

The Department has approximately 1,000 employees of whom 730 are enforcement personnel. Last year, 93.8% of arrests by State Troopers involved traffic cases, and 96% of arrests involved law violations on the highways. These statistics, supplied by the Department, may not clearly state the time given to nonhighway matters involving law enforcement not related to highways. This agency works very closely with the Highway Department to develop and maintain highway safety programs.

The Virginia Constitution requires fines collected from violators of traffic ordinances to be credited to the State Literary Fund. This amounted to $3.8 million in 1961. Since the Literary Fund now is used in part to assist the General Fund, it would seem practical to charge half the State Police budget to the General Fund with the balance coming from highway funds. It is common practice in other states to support state highway patrol activities with a combination of highway traffic fines and general highway revenue. This would make approximately $4 million per year available for highway needs.

C. *State Corporation Commission*

This agency administers and enforces the statutes which require certain commercial users of Virginia highways to pay fuel taxes to Virginia for all motor fuel consumed in the State. This program costs approximately $500,000 annually and yields total taxes of approximately $10 million annually. This diversion of highway funds appears reasonable.

D. *Department of Agriculture and Immigration*

This agency provides a testing and inspection service for motor fuel. It is reasonable that sufficient highway funds are diverted to compensate for the cost of such work. The annual cost is approximately $55,000.

E. *Use of Convict Labor*

For many years, the Department of Highways in conjunction with the Division of Corrections has used convict labor to maintain roads. The convicts are imprisoned at 32 Convict Road Force Camps throughout the State. The Department of Highways is charged for this labor at a rate of $.85 per hour. This compares with a free labor rate that is about 25%

higher. In 1962, approximately 2,800 convicts, of whom 1,600 worked on highways, were used on this program at a total cost to the Highway Department of about $3 million.

The Highway Department pays the cost of transporting the convicts to and from the job sites. Recent studies indicated that there would be a modest economy for the Highway Department if it could use free labor entirely. It seems desirable, however, to continue to put convict labor to a practical use in road maintenance.

The rate structure should be set at a level to insure that the General Fund carries its full share of the cost and that the Highway Department pay no more than its reasonable share. This year, the Highway Department will pay approximately $1,700 per working convict. The cost to maintain convicts at the Road Force Camps is approximately $1,300 per man. It seems reasonable that the Highway Department should be required to support the maintenance cost only of those convicts actually engaged in road work. This would reduce Highway Department costs by $640,000 per year. This matter should be reviewed regularly and included in the biennial budget. The reviewers should consider the problem of using convicts in labor-short areas and free labor in areas where there is unemployment. Federal regulations prohibit the use of convict labor on any federally supported construction project.

The above highway diversions appear to be reasonable, and it is recommended that they continue to be supported from highway funds, with the exception of that portion of the Department of State Police budget which would be charged to the General Fund as an offset to traffic fines credited to the Literary Fund.

V—IMPACT OF THE INTERSTATE SYSTEM ON MATCHING FUNDS

Virginia's Interstate System of Highways, when completed in 1975, will consist of 1,053 miles at a cost of approximately $1,250 million. Ten percent of the cost, $125 million, will come from State funds. The Highway Department has estimated it would have needed $433 million from the Rural Primary Construction Fund to serve at minimum road standards the same needs that will be satisfied by the Interstate System. From this, it appears the Interstate System is indeed a good bargain.

The Highway Department estimates its Interstate System maintenance costs will amount to $5.9 million per year by 1972 and continue at approximately that figure. The Interstate System is expected to carry about 8.67 billion vehicle miles per year by 1975, generating gas tax revenues of over $40 million per year. On this basis, the System will not only be self-supporting but can contribute materially to supporting the balance of Virginia's highways.

The Interstate System can be expected to divert traffic away from some primary and secondary roads, but, by the same token, it may increase traffic on those roads in the vicinity of interchanges. Furthermore, the Interstate System can be expected to have the net effect of generating increased traffic on the overall highway system with a corresponding increase in fuel tax revenues. In any case, as the Interstate System is brought toward completion, traffic patterns and the needs of the Arterial, Primary, and Secondary Systems will be subject to constant change. It is recommended that the Highway Department report to the General Assembly each year the impact of these changes on the overall System.

VI—RIGHT-OF-WAY POLICIES

The Highway Department's Right-of-Way Division has expanded its activities steadily in recent years. Expenditures in the fiscal year ending June 30, 1963, will exceed $25 million. This compares with $16 million in 1961 and $20 million in 1962. Right-of-way costs represent more than 11% of construction costs of the Interstate System and 20% of Primary System costs. The acquisition of right-of-way property often is the controlling factor in determining when highway construction can proceed. Right-of-way problems are one of the Department's major sources of public relations troubles.

The Right-of-Way Division appears to be well organized. Policy manuals spell out in detail the procedures to be followed for every phase of work by agents and appraisers. Field personnel report through the District Engineer. Highway Department Right-of-Way personnel handle 30 to 40% of the total property appraisals made, but the heavy volume of work requires the extensive use of fee appraisers. Unfortunately, the fee appraisers often are from counties distant from the land under study, a practice which may be misunderstood by and irritate the landowner, and which should be avoided. Fee appraisers, men who perform similar work for insurance companies, utilities, and banks and who are compensated on a per diem basis, handle many of the "special use" and complicated appraisals, particularly those involving the Interstate System. Offers to landowners, however, are made only by Highway Department personnel.

The Highway Department submitted a report on right-of-way activities to the Highway Study Commission in August, 1962, which provides a thorough explanation of their policies and practices. The Department is strongly influenced and in many respects controlled by right-of-way regulations prescribed by the Bureau of Public Roads. One of the most important Bureau regulations, and one which is concurred in by the Highway Department, is the prohibition against the use of "horse trading" in presenting an offer to a landowner.

The ban on "horse trading" creates an inflexible situation in which the landowner faces the alternatives either of accepting the State's offer, or of forcing the State into condemnation proceedings. Fortunately, approximately 75% of the offers are accepted.

Approximately 10% of all right-of-way cases must be taken to court for the protection of landowners unable to make a clear transfer of title to their property because of age, incompetency, or other legal restrictions. These cases often involve awards which are almost insignificant when compared with the condemnation expenses, which may run to $300 per case. There seems to be no practical means for reducing this cost while continuing to provide necessary protection to the landowners.

Condemnation cases based on differing opinions between the State and the landowner as to the value of his property account for approximately 15% of all land parcels acquired and appear to be about the same portion of the total money involved. Some of these cases, perhaps several hundred per year, concern parcels for which the State's offer is less than $1,000. Considering that condemnation expenses can be expected to run at least $300 per case, it would seem that some of them might be settled out of court to reduce the litigation costs. The Highway Department has expressed the view that a change in their policies permitting their attorneys to attempt out-of-court settlements to reduce litigation costs would be the equivalent of permitting "horse trading" and that this would be unfair to landowners who had accepted the State's offer. It might encourage more landowners to reject the State's offer. This matter should be subjected to careful review. Benefits from out-of-court settlements could include lower litigation costs, savings in awards, and improved public relations.

Right-of-way policies and procedures require a high degree of centralized direction from headquarters in Richmond. This makes the regional Right-of-Way personnel somewhat less able to negotiate effectively at the local level since they must constantly refer problems back to Richmond. The statement has been made, probably with much merit, "The further you get control of right-of-way negotiations from the landowners' area, the more you pay for land." For parcels valued at $1,000 or less, it would seem desirable to provide the District Right-of-Way Engineer with greater authority.

The public is reminded constantly of the extensive highway construction programs under way and large sums of money used in their construction. It is not surprising that some landowners are becoming more sophisticated about the value of their property and are anxious to get maximum awards for land taken from them. An extension of this attitude with respect to the Secondary System might make it extremely difficult to improve those roads. It has been suggested that the local Boards of Supervisors of the counties be required to acquire Secondary System right-of-way property with the assistance of the State Right-of-Way Engineers as needed, the presumption being that landowners would deal more readily with "local officials" than with "State officials." This would also encourage local officials to be more aggressive in attempting to acquire land by donation.

A. *Highway Department Right-of-Way Recommendations*

The Highway Department recommended a list of changes in right-of-way statutes in the February 7 report to the Highway Study Commission. The recommendations are listed below:

> That the State Highway Department be authorized by statute to acquire the right-of-way inside municipalities whenever State funds are involved. Deeds for the right-of-way are to be taken in the name of the Commonwealth, and the statutes on eminent domain for rural sections be made applicable to urban areas.
>
> *Highway Department Comments*
>
> Most of the municipalities do not have within their organizations people trained to appraise and negotiate for property in accordance with the policies of the State Highway Department and the Bureau of Public Roads. The municipalities have to hire people specially trained to do this work, and it has proved very difficult to ensure that the work is done in such manner and form that reimbursement can be obtained from the Bureau of Public Roads. It is the feeling of the Highway Department that this Department could acquire the right-of-way with less time and effort on the part of the Highway personnel than is now required to explain, guide, and check on acquisitions by the municipalities.
>
> *Consultants' Comments*
>
> It is reasonable to assume that the Highway Department personnel are much more experienced in right-of-way work than are the municipalities' personnel. However, there is good reason to believe that costs may be lower under the present arrangement

with negotiations handled by the local officials. It is recommended that the Highway Department work more closely with municipal officials on right-of-way acquisitions to ensure compliance with acceptable practices but that authority to acquire property in municipalities be left with the local governments.

2. That the statute for the acquisition of right-of-way for "future use" be amended to provide for ten years' advance purchase on *all* Highway Systems and that leasing of the right-of-way so acquired be permissive rather than mandatory, as applied to the former owner.

. . . *Highway Department Comments*

The present statute calls for advance purchase of right-of-way for the Interstate System as much as twelve years in advance, while the federal law will only permit Government funds to participate in the purchase of right-of-way seven years in advance. The Highway Department does not have funds to make advance purchase of right-of-way in any real amount, except with federal participation. The present statute provides that where property is improved upon demand of the former owner the same shall be leased to him until needed by the Department. This is a rather awkward condition, and we feel that to cut out this requirement and have the former owner placed on the same footing with any others who may want to lease the property is the preferable situation. After all, the owner has been adequately compensated for the property or he would not have entered into a selling agreement with the Department, and, after the transaction is consummated, he should have no special rights in the property.

. . . *Consultants' Comments*

The present statutes have conflicting statements that the land be built on in six years and seven years. It is possible that a former owner might demand return of his land if, for example, only one strip of a divided highway has been started during a six-year term or completed after seven years. It is recommended that the statutes be amended to stipulate that any construction on right-of-way property contiguous to the property in question within ten years from the time of purchase would constitute a relief from any demand by the former owner for return of his land. The Highway Department should be permitted, rather than required, to lease the land to the former owner.

3. That the statute for the acquisition of "residue parcels" be amended to permit the acquisition by eminent domain of parcels smaller than two acres in area so as to eliminate "nuisance" parcels.

. . . *Highway Department Comments*

In the reconstruction of highways on all Systems, there are places where the alignment of the highway is improved and small areas are left between the old road and the new road. These small areas often serve to block property owners who have property on the opposite side of the old road from direct access to the new road. These properties cannot actually be "landlocked" because in a situation of this kind the Department has to leave the old road open as an access. Where it can purchase this small area by agreement, the Department does so in order to avoid these "nuisance" parcels. However, if an agreement cannot be reached, it cannot acquire these by eminent domain, and they remain as "nuisance" parcels to the property owner on the opposite side of the old road. Under the present statute, it can acquire by agreement these residue parcels but not by condemnation. It is recommended that it be given authority to acquire these by condemnation where the area involved is less than two acres.

. . . *Constultants' Comments*

The Highway Department has the authority to buy residue parcels up to ten acres but not to acquire them through eminent domain. Since the eminent domain statutes grant the Highway Commissioner broad power to determine the necessity for acquiring land, it would seem that he already has the power to acquire any residue parcel that, in his judgment, would be for purposes incidental to the highway construction program. This would give the Highway Commissioner authority to include within the right-of-way any land which would serve the purpose of building the highway more economically or expeditiously. It is recommended that the Highway Commissioner's power to acquire land be thoroughly re-examined and redefined.

4. That a statute be drawn to authorize the Highway Department to set up a procedure for the advance purchase of right-of-way where development in an area would materially increase the cost of right-of-way if acquisition is delayed for several years. The funds for such acquisition to be provided from the General Fund, the Retirement Fund, or other funds; the use of such funds to be under a procedure either like the Ohio Program, the Washington State Program, or a somewhat similar program.

. . . *Highway Department Comments*

In urban areas, or areas subject to urban influence, the development of property is so rapid and sometimes occurs "overnight" that the location of the highways is either blocked or becomes exceedingly expensive. At the present time, the Highway Department has only a limited amount of funds that can be tied up in purchasing any amount of property in advance of actual need for construction. The experience of California and other states has proved that advance purchase of right-of-way can, and will, save highway dollars. Faced with a somewhat similar situation, the States of Ohio and Washington have developed a procedure which utilizes Pension, Retirement, or other funds.

In Ohio, an agreement is entered into among the Highway Department, the Conservation and Development Commission, and the Trustees of whatever fund is available, whereby the Highway Department enters into a contract to purchase right-of-way for "future use," with the title taken in the name of the Conservation and Development Commission and held by the said Commission until the actual project is advertised for construction, at which time the Highway Department must buy the property from the Conservation and Development Commission at the price paid, plus interest at some agreed-upon figure.

In the State of Washington, the Retirement or Pension Funds are used, but the Highway Department "borrows" the funds directly from the Fund plus interest until the project becomes active and the funds are repaid and title is taken in the name of the Highway Department.

California has for years had a "Revolving Fund" of $30 million for the purchase of right-of-way which was provided from State General Funds. In each of these States, there is a time limit within which the Highway Department must make use of the right-of-way.

A word of caution should be included as to this advance purchase of right-of-way. Highway design has never been "static" and is constantly undergoing changes as experience and research indicate desirable improvements. The Highway Department's experience, in many cases, with advance acquisition of right-of-way is that the plans have so changed that the Department has either had to purchase additional right-of-way, or a part, or all, of the right-of-way purchased has not been included within the final plans. There appears to be no way to overcome this situation since the final plans should include all of the improved features in highway design, and it is a chance which will have to be taken.

... Consultants' Comments

The Highway Department already has authority to purchase land for future use. The need is for a source of funds to cover these purchases. It is recommended that the Highway Commission be given authority to borrow funds from other State funds but only with the specific approval of the General Assembly. Any borrowing of funds, even for investment in land for future highway rights-of-way, should be subjected to the most stringent examination. Long-range highway planning is subject to many inherent inaccuracies. Miscalculation with respect to land acquisitions could be serious to the State as well as the landowner.

5. That the State Highway Commissioner be authorized to make certain special conveyances of lands or interests in lands to public utilities, railroads, and other corporations or parties who may require such interests in lands for the establishment or continued operation of their facilities crossing highway rights-of-way or other property of the Commonwealth.

... Highway Department Comments

At present, we have only two statutes which authorize conveyance of interests in real estate by the State Highway Commissioner. One of these, § 33-76.6, provides for conveyance of lands which have been certified as not constituting a section of public road and no longer needed for the uses of the State Highway System. The other, § 2-4.1, provides for conveyance of easements to public utilities. Railroads are not public utilities according to the definition of the State Corporation Commission, and often in the relocation of railroad facilities as well as similar relocation of other corporation facilities, it is necessary to grant a permanent interest in the existing right-of-way of the Highway System in exchange for the right-of-way's being vacated by the railroad or other corporations.

Since the present right of way is still a part of the public road, the first of the two sections mentioned above cannot be used, and, since a railroad and certain other corporations are not public utilities, the second statute cannot be used.

... Consultants' Comments

The above recommendation is reasonable.

6. That consideration be given to a statute permitting reservation of right-of-way for future construction.

... *Highway Department Comments*

The State of Wisconsin has a statute providing that, if the State Highway Commission determines there will be a need to construct a State Highway as a freeway or expressway, it may establish the location and approximate widths of the right-of-way after holding a public hearing. Thereafter, a map must be prepared showing the location and approximate right-of-way that will be needed, including the right-of-way necessary for traffic interchanges with other highways, grade separations, frontage roads, and other coincidental facilities, and for the alteration or relocation of existing public highways to adjust traffic service to grade separation structures and interchange ramps. The map must show existing highways, property lines, and record owners of lands to be needed. It must be approved and recorded in the office of the Clerk of the County in which the property is located. The Commission may from time to time supplement or change the map.

After a location is established as above, no one may erect or move in any additional structure, nor rebuild, alter, or add to any existing structure without first giving notice to the Commission of such contemplated action. At this point, the Commission must purchase the land from the owner if it desires to keep the land free of encumbrances.

A statute such as this would no doubt be very helpful to the Department, particularly if the Highway Commission is furnished a "Revolving Fund" for advance acquisition of property.

... *Consultants' Comments*

The reservation of rights-of-way for future use appears to be reasonable, if it is intended to protect the State between the time that plans are made public and the needed land is purchased. Under the present statutes, it is possible for a landowner to take advantage of the State by improving or developing improvement plans for land that is known to be needed and about to be purchased for highways. It is recommended that the Highway Department have the authority to freeze land within a definite right-of-way plan for a period not to exceed two years from the time the plan is filed with the local Clerk of the County. A longer period would seem to be an unfair burden on landowners.

B. *Other Right-of-Way Recommendations*

Several other proposals have been made concerning right-of-way matters:

1. *Require Donations of Land for the Secondary System*

In many counties, landowners have donated land for Secondary System rights-of-way. Donations are beneficial to the locality and the State and usually improve the landowner's remaining property. While every effort should be made to encourage donation of land, particularly on lightly traveled roads, it is impractical for the State to take the firm position that the Secondary System will not be improved unless right-of-way land is donated.

2. *Encourage Donations of Land for Highway Use*

Gifts of land to the State may be considered charitable contributions of an amount equal to the current value of the land, regardless of the original cost of the land or of benefits to the donor from the public use to which the land is put. It is recommended that the Right-of-Way Agents be taught to exploit this tax advantage and that the Highway Public Information Division publicize it.

3. *Improve Right-of-Way Public Relations*

The Right-of-Way Division is faced with several thousand serious public relations problems each year with respect to landowners, their relatives, and neighbors. It is essential that the State provide fair treatment to landowners. It is very important that the State publicize the fact that its dealings with landowners are fair and that the large majority of its offers for land have been accepted. The benefits associated with new and improved roads should be brought to the public eye. The Highway Department should correlate its public relations activities with those of the Right-of-Way Division.

VII—OTHER MATTERS RELATING TO THE HIGHWAY DEPARTMENT

At the request of the Highway Study Commission, the consultants conducted a brief review of administrative matters in the Virginia Department of Highways. Information was collected from the various functions within the Department. All division heads and many of their subordinates were interviewed.

The Highway Department has undertaken a highway construction program for the next twelve years which involves more engineering and construction work than was accomplished in the entire previous history of Virginia's highways. It is understandable that this mammoth program has imposed burdens on the Department which have noticeably affected personnel and operating efficiency. The following observations are intended to be constructive suggestions, the implementation of which can be expected to contribute to improved operating effectiveness. Since these observations are based on a relatively brief exposure, they are subject to modification, deletion, or expansion based on our further contacts in the Department.

A. *Organization*

1. Revisions in the existing organization structure combined with new definitions of position responsibilities and reporting relationships can be expected to improve operating performance.
2. Improvements in planning and scheduling, including a fuller application of modern construction project scheduling techniques, will result in more economic and more timely construction programs.
3. Establishment and use of individual and functional performance criteria will allow Department management to evaluate the caliber of work performed and recognize outstanding employees.
4. Greater attention to the simplification of administrative routines will improve operating performance.

5. Efforts to improve interdivisional coordination will improve operating performance.
6. The wider application of managerial skills, particularly on construction projects, will result in better roads at lower costs.

B. *Salary and Wage Structure*

1. Salary rates are generally comparable with nearby state highway departments.
2. Certain industries in Virginia pay higher rates for some jobs.
3. Employee turnover is high for certain jobs, particularly with respect to young engineers and field construction personnel.
4. Department personnel are very conscious of salary rate comparisons to industry, particularly those that are unfavorable.
5. More thorough investigation of turnover and resignations, the proper use of exit interviews, and a greater effort to keep aware and abreast of competitive employment conditions will be helpful in holding employees.
6. The establishment of higher personnel standards, regular reexamination of position classifications, and greater attention to the development of promotion opportunities will reduce turnover.
7. Efforts made to improve personnel administration and to recognize it as a tool of top agency management will lead toward more satisfied employees and reduce turnover.

C. *Recruitment and Training*

1. Long-range determination of recruitment needs combined with a greater effort and coverage of more schools will improve recruiting results.
2. Less restrictive personnel specifications and an effort to recruit experienced men should bring in more recruits.
3. Reducing the time span of the engineering trainee program may make it more attractive to participants and prospective recruits.
4. Too many trainees have bypassed the training program in the past four years.
5. Revision of the policy which restricts the training program to civil engineers may induce more recruits from other engineering disciplines to join the Department.
6. The wider use of supervisory development programs and improved coordination of the training programs conducted in the Districts will contribute to improved departmental performance.

D. *Retention of Employees*

1. The improvement of what is now a defeatist attitude on the part of employees will make the Department a more attractive place to work, improve employee performance, and reduce turnover.
2. More effective use of merit reviews will lead to better recognition of employee performance and will aid in setting up employee development programs.

E. *Utilization of Man Power*

1. Efforts to effect the assignment of men to projects on which they will be most productive and to coordinate the planning and scheduling of projects with man power will improve departmental operations.
2. The employment of improved project status reporting and project control practices will permit more efficient utilization of man power and may reduce to some degree the "stop and go" inefficiency which appears to be affecting many major projects.
3. The budgeting and control of man power time and costs will lead to improvements in operating effectiveness.

F. *Policies*

1. A formal Highway Department policy manual should be compiled and maintained and be a basic tool for effective agency management.
2. Clarification of the reporting relationships of district-based personnel and decentralization of certain functions from Richmond to the districts should improve operating efficiency.
3. The letting of construction projects in larger increments can reduce costs and make more usable stretches of highway available as projects are completed.
4. The broader use of public relations techniques may reduce right-of-way and construction problems and costs.
5. Closer coordination of departmental purchasing functions with the Department of Purchases and Supply should lead to reductions in material, equipment, and supply costs.
6. Revision of the policy requiring the transfer of Resident Engineers every six years can be expected to improve the operating effectiveness in the residencies.
7. Further study is indicated of the statutes which define the responsibility, authority, and membership of the Highway Commission and of the limit to the time a Commission member may serve.

VIII—SUMMARY OF RECOMMENDATIONS

Needs of the State Highway System

1. The Highway Department should start the development of a long-range highway program in terms of 1975-1985 vehicle needs.
2. The Highway Department should expand the 1962 Needs Report, keep it current, and use it as a framework for future planning.
3. The Highway Department should appoint an independent task force to review the 1962 Highway Needs Report, with special emphasis on traffic projections.
4. Virginia should shape its long-range highway plans to realize maximum value from the Highway Trust Fund contributions in the period 1971-75.
5. The Division of Motor Vehicles and the Department of State Police should be asked to review their annual needs through 1975

and submit sufficient backup information to permit careful analysis of their needs.

6. The information submitted by municipalities on which urban needs were determined should be subjected to very thorough examination by the Highway Department, with the report amended as may be necessary.
7. The policy of supporting the Secondary System with allocations substantially greater than revenue generated on that system should be thoroughly reviewed.
8. The policy of improving Secondary System roads and bridges to enable them to carry the same weight loads as the Primary and Interstate Systems should be thoroughly reviewed.
9. The Highway Department should supplement the 1962 Needs Report with an evaluation of the benefits the public may expect to realize from the proposed road improvements.
10. A Contingency Reserve of 10% ($300 million) should be introduced into the long-range highway planning.
11. Action should be taken to develop additional sources of highway taxation as promptly as possible.

Allocation of Highway Funds

1. The allocation recommendations made by the Highway Department should be approved.
2. Allocation policies should consider Virginia's State-wide long-range highway objectives.
3. Allocation priorities should be set to achieve basic highway objectives.
   a. Maintain the condition of the existing road system.
   b. Improve existing roads consistent with traffic needs.
   c. Build new roads in accordance with traffic needs.
   d. Improve roads to permit safe travel.
   e. Provide equitable distribution of funds to construction districts.
4. Authorize the Highway Department to maintain the urban extensions of arterial roads free of the $10,000 per mile payment to the cities.
5. Reduce the maintenance charge to $2,000 per mile for Primary System urban extensions which have traffic usage averaging less than 4,000 vehicles per day.
6. The Industrial Access Road program should be supported wholly from the General Fund and should be placed entirely under the control of the Division of Industrial Development and Planning.
7. Consideration should be given to authorizing the Highway Commission to make commitments of funds beyond the present statutory biennium limits.

Sources of Additional Highway Revenue

1. The gasoline tax rate should be held at its present level of 7 cents per gallon.
2. Present statutes covering fuel tax exemptions and refunds should be continued without change.
3. Motor vehicle license taxes should be increased across the board by $5 per vehicle with statutory provisions that counties and municipalities cannot increase local vehicle tax rates above those limits set by present statutes.
4. The operator's license fee for a three-year term should be increased to $5. The additional revenue should be used to support driver training and safety programs with the balance assigned to the highway program.
5. A titling tax of 2% should be adopted, assessed on the retail value of all new and used motor vehicles sold in Virginia and on all motor vehicles brought under Virginia titling. No credit should be allowed for the trade-in value of vehicles traded.
6. An increase in the fee for title certificate application to $5 each should be adopted only if the titling tax (No. 5 above) is not adopted.
7. License fees for "Private" and "For Hire" trucks in the weight range above 55,000 pounds should be equalized and should be increased to a degree consistent with extending progressive rate structure now in effect to all heavy trucks.
8. The present fuel surtax of 2 cents per gallon should be continued but should apply only to gasoline.
9. A fuel surtax of 4 cents per gallon should be applied to diesel fuel used by diesel-powered vehicles now subject to the road tax.
10. The weight-distance tax statute, § 46.1-135, should be enforced only as a retaliatory tax against vehicles from those states which do not extend weight-distance tax reciprocity to Virginia-licensed vehicles.
11. The weight-distance tax statute, § 46.1-135, should be transferred to the administrative and enforcement jurisdiction of the State Corporation Commission.
12. The reciprocity and licensing statutes should be revised as follows:

    a. Reorganize the membership of the Reciprocity Board to consist of a designee of SCC as Chairman, with the other two members being the designees of DMV and the Attorney General, respectively.

    b. Charge SCC with the responsibility for determining whether or not any vehicle must be licensed with Virginia tags.

    c. Charge SCC with the responsibility for the preparation and distribution annually of a formal record of Virginia's reciprocity relationship with each state.

    d. Allow SCC to withhold issuance of Identification Markers or Classification Plates unless and until the applicant supplies adequate information for SCC to determine his licensing or reciprocity status.

e. Require operators of fleets of 100 or more vehicles operating as much as 5% of their fleet mileage in Virginia to license at least the same percentage of their vehicles in Virginia as the percentage of their fleet mileage in Virginia bears to their total interstate mileage.

f. Charge SCC with the enforcement of the weight-distance tax statute, § 46.1-135, against vehicles from states which extend reciprocity to Virginia vehicles for similar weight-distance or axle-mile taxes.

Diversions of Highway Revenue

1. Arrangements should be made to charge 50% of the Department of State Police budget to the General Fund or an amount equivalent to the total of fines collected from violators of traffic ordinances.
2. The rate structure controlling the amount the Highway Department is charged for convict labor should be reviewed regularly and included in the biennial budget.
3. The Highway Department should be required to support the maintenance cost only of those convicts actually engaged in road work.
4. Other highway diversions to DMV, SCC, and the Department of Agriculture and Immigration should be continued on the present basis.

Impact of the Interstate System on Matching Funds

1. The Highway Department should prepare a report each year, showing the effect the progressive completion of the Interstate System has on the traffic pattern changes in the Arterial, Primary, and Secondary Systems.

Right-of-Way Policies

1. The matter of permitting the Highway Department's attorneys to attempt out-of-court settlements in certain condemnation cases should be reviewed.
2. District Right-of-Way Engineers should be given more responsibility and greater authority to solve problems at the local level.
3. Authority to acquire property in municipalities should be left with local governments.
4. The "future use" statute should extend the term to ten years and make leasing of land to the former owner permissive rather than mandatory.
5. The Highway Commissioner's power to include certain "residue" parcels within a right-of-way should be re-examined and redefined.
6. The Highway Commission should be authorized to borrow from other State funds to acquire right-of-way land for future use, subject to General Assembly approval.

7. The Highway Department with respect to special conveyances to utilities should be approved.
8. The Highway Department should be given authority to "freeze" land within a definite right-of-way plan for a period of two years after a formal plan is filed with appropriate local authorities.
9. Right-of-way agents should be trained to encourage landowners to donate land to the Highway Department.
10. The Highway Department should expand its public relations activities and correlate them with the needs of the Right-of-Way Division.