

**REPORT OF THE  
JOINT SUBCOMMITTEE STUDYING**

**The Transportation Needs  
of the Cities South of  
Hampton Roads**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**House Document No. 20**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
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## CONTENTS

Summary .....	16
Subcommittee Background and Activities .....	17
Appendix I: HJR No. 272 (1985) .....	19
Appendix II: Recommended Legislation .....	20
Appendix III: Subcommittee Members .....	21

## SUMMARY

This study was called for by House Joint Resolution No. 272, passed by the 1986 Session of the Virginia General Assembly. Its goal was to recommend a means of reducing the gap between the highway construction maintenance funds available to the cities south of Hampton roads and the highway maintenance and construction needs of those cities. The Joint Subcommittee created to carry out this study, in the course of two meetings, met with representatives of the five cities, the Department of Highways and Transportation, the Southeastern Virginia Planning District Commission, and the Tidewater Transportation District Commission.

The Joint Subcommittee considered its task to be to recommend to the General Assembly a course of legislative action which, even though it would not eliminate this shortfall, would at least reduce it. The group agreed to recommend to the 1986 Session of the General Assembly legislation which would (i) impose a two percent sales tax on the retail sale of gasoline and diesel fuel in the cities of Chesapeake, Norfolk, Portsmouth, Suffolk, and Virginia Beach; (ii) become effective if agreed to by the governing bodies of all five cities; (iii) return the proceeds of the tax to the locality where collected; and (iv) allow each locality to use the proceeds for any highway purpose, including construction, maintenance, or any combination of the two. (A copy of draft legislation carrying out these recommendations is included in this report as Appendix II.)

Additionally, owing to the important roll played by the facility, both in the region's commuter traffic and also in its tourist industry, the Joint Subcommittee directed its Chairman to write a letter to the Department of Highways and Transportation to urge that all possible steps be taken to mitigate highway congestion associated with the Hampton Roads Bridge Tunnel.

## SUBCOMMITTEE BACKGROUND AND ACTIVITIES

In 1984 the Joint Legislative Audit and Review Commission reported to the General Assembly the results of its two-year study of the reasonableness, appropriateness, and equity of statutory provisions allocating highway maintenance and construction funds. Based on a study of these recommendations (see Senate Document No. 14 of 1985), the 1985 Virginia General Assembly passed and the Governor signed into law a measure (Chapter 42 of the 1985 Acts of Assembly) which substantially revised the formulas by which highway maintenance and construction funds are allocated. This was the third major revision of these formulas since the present allocation system was devised in 1977 (see Chapter 578 of the 1977 Acts of Assembly and Chapter 84 of the 1979 Acts of Assembly). Although this Act did a great deal to rationalize the distribution of highway maintenance and construction funds, it was unable to fully meet the needs of localities because of the inadequacy of highway revenues generally.

Even as it moved forward with revision of the highway fund allocation formulas, the 1985 General Assembly was aware that its efforts would not be able to satisfy the peculiar needs of some of the Commonwealth's localities, particularly the five cities immediately south of Hampton Roads: Chesapeake, Norfolk, Portsmouth, Suffolk, and Virginia Beach. In order better to understand this region's transportation needs, and in order to seek to meet those needs, the 1985 General Assembly approved House Joint Resolution No. 272, "requesting a joint subcommittee to study the transportation needs of the cities south of Hampton Roads." (A copy of this resolution is included in this report as Appendix I.)

In the course of 1985 the Subcommittee conducted two hearings and met with representatives of the five cities, the Department of Highways and Transportation, the Southeastern Virginia Planning District Commission, and the Tidewater Transportation District Commission. Its efforts were considerably assisted by the work of the Southeastern Virginia Planning District Commission which had requested its staff "to review the region's highway needs and allocation program with the ultimate goal of reaching some regional consensus on the best approach to pursue with the 1986 General Assembly."

On the basis of analysis by the Planning District Commission's staff (an analysis with which the Department of Highways and Transportation was in substantial agreement), it appeared that in each of the five cities there was a substantial shortfall of funds as compared to demonstrated highway needs. The total shortfall per year ranged from a low of \$3,063,000 for the secondary system to a high of \$97,238,000 for the urban system. The total shortfall for all systems in the entire Planning District was estimated to be about \$112,447,000 per year.

Given a shortfall of this magnitude, the Joint Subcommittee considered its task to be to recommend to the General Assembly a course of legislative action which, even though it would not eliminate this shortfall, would at least reduce it. In making this choice, the Joint Subcommittee's task was complicated by the likelihood that legislation increasing highway fund taxes statewide would probably be considered by the 1986 Session of the General Assembly. The Joint Subcommittee considered such possibilities as (i) a four percent additional statewide tax on retail sales of motor fuels (proceeds would be returned to localities for highway construction in accordance with existing non-interstate construction fund allocation formulas), (ii) a local option motor fuel sales tax of up to four percent (for the Southeastern Virginia Planning District) with an additional statewide motor fuel tax increase of two cents per gallon to be used to support a \$500 million bond issue, (iii) the imposition of a regionwide gasoline tax at a rate to bring total taxation to 20 cents/gallon, (iv) the imposition of a regionwide real estate tax surcharge of 44 cents per \$100 of assessed value, and (v) the imposition of a \$1,000 fee per unit of newly constructed residential housing. All proceeds from alternatives (iii), (iv), and (v) would have been used to pay back a bond, the revenues from which would have been used to meet unfunded area highway needs through the year 1991. However, all these alternatives were rejected.

Considering the need to balance the legitimate highway needs of the five cities with the reluctance of the public to bear an increased tax burden, the Joint Subcommittee agreed to recommend to the 1986 Session of the General Assembly legislation which would (i) impose a two percent sales tax on the retail sale of gasoline and diesel fuel in the cities of Chesapeake, Norfolk, Portsmouth, Suffolk, and Virginia Beach, (ii) only become effective if agreed to by the

governing bodies of all five cities, (iii) return the proceeds of the tax to the locality where collected, an (iv) allow each locality to use the proceeds for any highway purpose, including construction, maintenance, or any combination of the two. (A copy of draft legislation carrying our these recommendations is included in this report as Appendix II.)

Additionally, owing to the important role played by the facility both in the region's commuter traffic and also in its tourist industry, the Joint Subcommittee directed its Chairman to write a letter to the Department of Highways and Transportation to urge that all possible steps be taken to mitigate highway congestion associated with the Hampton Roads Bridge Tunnel.

Respectfully submitted,

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Owen B. Pickett (Chairman)

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William T. Parker (Vice Chairman)

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Peter K. Babalas

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Frederick H. Creekmore

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R. Beasley Jones

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Glenn B. McClanan

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William S. Moore

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J. W. O'Brien, Jr.

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Stanley C. Walker

**Appendix I: HJR No. 272 (1985)**

**HOUSE JOINT RESOLUTION NO. 272**

*Requesting a joint subcommittee to study the transportation needs of the cities south of Hampton Roads.*

**Agreed to by the House of Delegates, February 4, 1985**

**Agreed to by the Senate, February 20, 1985**

WHEREAS, the cities south of Hampton Roads are faced with unique transportation problems, among which are (i) a concentration of relatively large numbers of employees at relatively few employment locations, (ii) a comparatively low number of major roads available to serve the commuting needs of these employees, and (iii) the presence of many water bodies and much swampy terrain, which make road building difficult and expensive; and

WHEREAS, the area south of Hampton Roads has the fastest growing population of any area in the Commonwealth; and

WHEREAS, construction of roads and improvement of mass transit facilities have not kept pace with population growth; and

WHEREAS, the area's numerous tourist attractions draw still more persons and vehicles into the area, especially during the summer months; and

WHEREAS, unless solutions are found to the region's transportation problems, economic growth will stagnate, tourist interest will wane, and population growth will make one vast parking lot of the area's streets; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee is requested to study the transportation needs of the cities south of Hampton Roads. The joint subcommittee shall seek innovative, effective, and cost-efficient solutions to these needs. In so doing, consideration shall be given not only to the area's needs for roads, bridges and other highway projects, but also to its needs for mass transit and other transportation systems. The joint subcommittee shall consider what actions by the General Assembly may be required to address these needs, and how the solutions to these needs best can be financed.

The joint subcommittee shall be composed of ten members. Two shall be members of the House Committee on Roads and Internal Navigation, two shall be members of the House Committee on Finance, and two shall be members of the House of Delegates, at large, all to be appointed by the Speaker. Two shall be members of the Senate Committee on Transportation and two shall be members of the Senate Committee on Finance, all to be appointed by the Senate Committee on Privileges and Elections.

The Department of Highways and Transportation is requested to assist the joint subcommittee in its work.

The joint subcommittee shall complete its work in time to present its legislative recommendations to the 1986 Session of the General Assembly.

The direct and indirect costs of this study are estimated to be \$27,500.

**Appendix II: Recommended Legislation**

**SENATE BILL NO. .... HOUSE BILL NO. ....**

A BILL to amend the Code of Virginia by adding in Chapter 21 of Title 58.1 an article numbered 5, consisting of sections numbered 58.1-2148 through 58.1-2152, relating to the motor fuel and special fuel tax.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 21 of Title 58.1 an article numbered 5, consisting of sections numbered 58.1-2148 through 58.1-2152 as follows:

*Article 5.*

*Motor Fuel and Special Fuel Tax in Certain Cities.*

*§ 58.1-2148. Title.—This article shall be known as and may be cited as the “Motor Fuel and Special Fuel Tax in Certain Cities Act.”*

*§ 58.1-2149. Purpose and intent.—It is the purpose of this article to afford the Cities of Chesapeake, Norfolk, Portsmouth, Suffolk, and Virginia Beach an opportunity to obtain an added source of revenue to meet their growing financial needs by providing these cities with authority to levy a two cents per gallon local tax on all motor fuel and special fuel sold within each city.*

*§ 58.1-2150. Rules and regulations; forms.—The Commissioner of the Department of Motor Vehicles shall promulgate rules and regulations and shall prescribe forms as necessary to enforce the provisions of this article.*

*§ 58.1-2151. Tax on fuel in certain cities.—A. The Cities of Chesapeake, Norfolk, Portsmouth, Suffolk and Virginia Beach may levy a motor fuel and special fuel tax of two cents per gallon on all fuel except aviation fuel, sold at retail in addition to any other fuel and special fuel tax levied pursuant to this chapter. As used in this section “sell at retail” means a sale to a consumer or to any person for any purpose other than for resale.*

*B. The governing bodies of the Cities of Chesapeake, Norfolk, Portsmouth, Suffolk and Virginia Beach may impose the local motor fuel and special fuel tax in the following manner.*

*The city councils shall adopt a resolution by a majority of all the members, by a recorded yeas and nays vote, stating its purpose and referring to this section, and providing that the local motor fuel and special fuel tax shall become effective on the first day of a month at least sixty days after the adoption of the resolution. A certified copy of such resolution shall be forwarded to the Commissioner of the Department of Motor Vehicles so that it will be received within five days after its adoption.*

*§ 58.1-2152. Disposition of tax revenues.—The Commissioner shall deposit the net proceeds of the additional two cents per gallon motor fuel and special fuel tax levied under this article, into a special fund entitled the “Special Fund Account of the City of ...” The Commissioner shall distribute quarterly to the city the tax revenues deposited in the special fund to be used solely for the road needs of the particular city. The direct costs of administration shall be credited to the funds appropriated to the Department.*

2. That no city shall levy the tax authorized by this Act unless each of the five cities of Chesapeake, Norfolk, Portsmouth, Suffolk and Virginia Beach adopts the tax pursuant to the provisions of this Act.

**Appendix III: Subcommittee Members**

**Owen B. Pickett (Chairman)**

**William T. Perker (Vice Chairman)**

**Peter K. Babalas**

**Frederick H. Creekmore**

**R. Beasley Jones**

**Glenn B. McClanan**

**William S. Moore**

**J. W. O'Brien, Jr.**

**Stanley C. Walker**

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Joint Subcommittee was provided by the  
Division of Legislative Services**

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