

September 30, 2026

The Honorable Karrie K. Delaney, Chair
Joint Commission on Transportation Accountability
P.O. Box 231023
Centreville, Virginia 20120

Delivery by Electronic Transmission

Dear Chair Delaney:

Item 1. I. of Chapter 1 of the Acts of Assembly of the 2026 Special Session of the General Assembly included the requirement that the Joint Commission on Transportation Accountability shall regularly review and provide oversight of the usage of funding generated pursuant to the provisions of House Bill 2313, 2013 Session of the General Assembly. To meet this requirement, the Hampton Roads Transportation Accountability Commission (HRTAC) has prepared the attached report to inform the JCTA on the uses of the Hampton Roads Transportation Fund ('HRTF') for Fiscal Year 2026.

If you have any questions or need additional information, please feel free to contact me at 757-810-6241.

Sincerely,



Todd M. Halacy, P.E.
Executive Director

Attachment



Fiscal Year 2026 Annual Report to the Joint Commission on Transportation Accountability Relating to the Hampton Roads Transportation Fund

Hampton Roads Transportation Accountability Commission
723 Woodlake Drive
Chesapeake, Virginia 23320
www.hrtac.org

Executive Summary

Item 1. I. of Chapter 1 of the Acts of Assembly of the 2026 Special Session of the General Assembly states that the Joint Commission on Transportation Accountability shall regularly review and provide oversight of the usage of funding generated pursuant to the provisions of House Bill 2313, 2013 Session of the General Assembly. To this end, by November 15 of each year, the Director of the Department of Rail and Public Transportation, the Northern Virginia Transportation Authority and the Hampton Roads Transportation Accountability Commission shall each prepare a report on the uses of the Commonwealth Rail Fund, the Northern Virginia Transportation Authority Fund, and the Hampton Roads Transportation Fund, respectively, each year to be presented to the Joint Commission on Transportation Accountability.

During FY2026, the Hampton Roads Transportation Accountability Commission ('HRTAC' or the 'Commission') took actions and executed project agreements or project amendments with the Virginia Department of Transportation ('VDOT') to advance project readiness and to provide funding for construction and project delivery. During the fiscal year, HRTAC issued its \$7.8 billion through FY2032 Funding Plan Update and its \$12.1 billion Long-Range Funding Plan Update through FY2050, and further advanced project development and construction with VDOT, which was supported by the Hampton Roads Transportation Fund ('HRTF'). HRTAC also advanced project agreements with the Transportation District Commission of Hampton Roads (Hampton Roads Transit) supported by the Hampton Roads Regional Transit Fund ('HRTF'). The major work activity of FY2026 was related to the continued execution of the Commission's debt financing and funding plan for HRTF supported projects, administration of the Master Agreement for the Development and Tolling ('Master Tolling Agreement') of the Hampton Roads Express Lanes Network ('HRELN'), and the administration of the fifth funding year of the Hampton Roads Regional Transit Fund and Program. Of the total HRTF- and toll-revenue supported project costs under agreement, \$5.8 billion is sourced by HRTAC controlled monies. Since the inception of the HRTF, the Commonwealth of Virginia's SMART SCALE Program has provided approximately \$463.8 million toward HRTAC projects including the I-64 Peninsula Widening, the I-64 Southside Widening/High Rise Bridge Phase I, the I-64/I-264 Interchange Improvements (Phase II) and the HRBT Expansion Project. Figure 1 provides a graphic showing the locations and the activities of the HRTAC HRTF- and toll-revenue funded projects. HRTAC does not permit balances to sit on projects that will not fully utilize the allocated funds in a timely manner; VDOT and HRTAC work together to identify projects that could release project contingency funds or allocations deemed surplus to allow other projects to advance.

Background

Prior Legislative Actions

On April 3, 2013, the Governor's substitute for House Bill 2313 (HB 2313) was adopted by the Virginia General Assembly. Based on criteria set forth in HB 2313, several new taxes dedicated to transportation were imposed in Planning District 23, (located in Hampton Roads), thereby providing permanent, annual sources of revenue dedicated to transportation projects to reduce congestion in the region. These new revenue sources became effective on July 1, 2013 (FY 2014), with the new taxes being imposed in the localities comprising Planning District 23: the counties of Isle of Wight, James City, Southampton, and York, and the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg. The legislation established the Hampton Roads Transportation Fund ('HRTF') which is funded with the new taxes imposed in Planning District 23. Pursuant to HB 2313, the Hampton Roads Transportation Planning Organization ('HRTPO') initially was given authority over the use of funds in the HRTF.

During the 2014 General Assembly Session, the Hampton Roads Transportation Accountability Commission was created and given authority to administer the use of funds in the HRTF, and since June 2015, monthly revenue collections from the previous accounting period are transferred to HRTAC by VDOT. House Bill 1253 and Senate Bill 513, (Chapters 678 and 545 respectively), created HRTAC as a political subdivision of the Commonwealth to procure, finance, build, and operate critical projects in the region. The Commission has 23 Members, consisting of the Chief Elected Officers of the governing bodies of the 14 localities in Planning District 23, two members of the Virginia Senate, three members of the House of

Delegates, and four nonvoting ex officio members (Commissioner of Highways, Director of Rail and Public Transportation, Executive Director of the Virginia Port Authority, and a member of the Commonwealth Transportation Board). HRTAC is also authorized to issue bonds and use the revenue generated by HB2313 in Planning District 23 to, among other things, support the debt service. HRTAC did not replace the planning functions provided by the HRTPO. Instead, the Commission utilizes the HRTPO's prioritized projects as the Commission's program of projects.

During the 2016 General Assembly Session, changes were made to HRTAC's enabling legislation to improve the business operations of HRTAC. House Bill 1111 (Chapter 603) allows for HRTAC to invest the Hampton Roads Transportation Fund (HRTF) revenues and provides liability protections to HRTAC while investing the funds. The enacted legislation also allows counties to designate a representative to the Board in lieu of the Chief Elected Official and allows each locality to have representation at the meetings if its Chief Elected Officer or County Designee is unable to attend. HB1111 also provided that administrative and operating expenses may be paid from the HRTF.

During the 2018 General Assembly Session, changes were made to the regional motor fuels tax in an effort to stabilize revenues, assist in bonding, and generate nearly \$20M in additional annual revenues for the Hampton Roads Transportation Fund. Senate Bill 896 (Chapter 797) established a floor on the 2.1 percent sales tax imposed on motor vehicle fuels sold in Northern Virginia and Hampton Roads by requiring that the average distributor price upon which the tax is based be no less than what the statewide average distributor price would have been on February 20, 2013. Also during the 2018 Session, the General Assembly included State Budget language (Chapter 2, Item 442 R.) authorizing the Commissioner of DMV to share tax collection data with HRTAC's Executive Director and included language (Chapter 2, Item 452 B.) that expressed the intent of the General Assembly that the toll revenues, and any bond proceeds or concession payments backed by such toll revenues, derived from the express lanes on Interstate 64 between the interchange of Interstate 64 with Interstate 664 and the interchange of Interstate 64 with Interstate 564 be used to reduce the necessary contribution from the Hampton Roads Transportation Accountability Commission established pursuant Chapter 26 of Title 33.2, Code of Virginia, for a project to expand the capacity of Interstate 64 between the interchange of Interstate 64 with Interstate 664 and the interchange of Interstate 64 with Interstate 564.

During the 2020 General Assembly Session, HB1726/SB1038 created the Hampton Roads Regional Transit Program and Fund to develop, maintain, and improve a regional network of transit routes and related infrastructure, rolling stock, and support facilities. The program is funded by an additional (i) regional grantor's tax at a rate of \$0.06 per \$100 of the consideration for the conveyance and (ii) regional transient occupancy tax at a rate of one percent of the charge for the occupancy, both imposed in localities in the Hampton Roads Transportation District. The legislation also dedicated \$20 million of revenues from existing recordation taxes to fund the program. The moneys are deposited into the Hampton Roads Regional Transit Fund, created by the bill, and are administered by HRTAC. Use of the funds requires a two-thirds vote of the HRTAC localities in which the new taxes are imposed. HB1438 authorized the Hampton Roads Transportation Accountability Commission to impose and collect tolls in high-occupancy toll lanes on certain portions of Interstate 64; specifically, the 'facility' being the vicinity of the interchange of Interstate 64 and Jefferson Avenue to the interchange of Interstate 64, Interstate 264, and Interstate 664. The bill directed the Commission to enter into an agreement with the Commonwealth Transportation Board and the Department of Transportation, which has been entered into and is the Master Tolling Agreement, regarding the standards for operating the facility and use of toll proceeds. Other legislation involving adjustments to state and regional motor fuels tax revenues included for HRTAC the conversion of the calculation of gasoline tax revenue from a 2.1 percentage of wholesale cost per gallon to a new rate of 7.6 cents per gallon on gasoline and gasohol (and 7.7 cents per gallon on diesel), subject to an annual adjustment in accordance with the consumer price index beginning July 1, 2021.

During the 2021 General Assembly Session, legislative actions that impacted HRTAC included the following state budget language (HB 1800, Chapter 552, Item 447.1, B. 3 and HB 1800, Chapter 552, Item 447.1, F.):

B. 3. Up to \$93,100,000 shall be transferred to Item 447 for improvements to the Interstate 64 Corridor as follows: (i) to provide any amounts necessary to complete the funding plan for the Hampton Roads Express Lanes as identified in the Master Agreement for Development and Tolling of the Hampton Roads Express Lanes Network executed pursuant to

Chapter 703 of the 2020 Acts of Assembly, and (ii) any remaining amounts to improve Interstate 64 between exit 205 and exit 234 as determined by the Commonwealth Transportation Board.

F. For amounts available pursuant to subsection B.3. of this item, the Board shall not distribute any funds for the Hampton Roads Express Lanes Network until updated traffic and revenue modeling considering summer weekend traffic volumes is completed and the amount necessary to complete the funding plan, if any, is determined by the Hampton Roads Transportation Accountability Commission in coordination with the Board. In the event that funds are available to improve the Interstate 64 corridor between exit 205 and exit 234, the Board shall coordinate with the Central Virginia Transportation Authority to determine whether there is an opportunity to partner with the Authority on such improvements.

During the 2022 General Assembly Session, legislative actions that impacted HRTAC included the following state budget language (HB 29, Chapter 1, Item 447.1, F. of Special Session 1):

F. For amounts available pursuant to subsection B.3. of this item, the Board shall not distribute any funds for the Hampton Roads Express Lanes Network until updated traffic and revenue modeling considering summer weekend traffic volumes is completed and the amount necessary to complete the funding plan, if any, is determined by the Hampton Roads Transportation Accountability Commission in coordination with the Board. In the event that funds are available to improve the Interstate 64 corridor between exit 205 and exit 234, the Board shall coordinate with the Central Virginia Transportation Authority to determine whether there is an opportunity to partner with the Authority on such improvements.

During the 2025 General Assembly Session, legislative actions that would have impacted HRTAC included HB2466, the Hampton Roads Interstate Highway Corridor Improvement Program and Fund; Hampton Roads Highway Coastal Resilience Program and Fund; Planning District 23. HB2466 would have created (i) the Hampton Roads Interstate Highway Corridor Improvement Program for the purpose of planning, developing, financing, building, constructing, and otherwise making infrastructure and safety improvements to, or maintaining the infrastructure of, certain new or existing highway corridors, highways, bridges, and tunnels in Planning District 23 (Hampton Roads) and (ii) the Hampton Roads Highway Coastal Resilience Program for the purpose of planning, developing, financing, building, constructing, and maintaining infrastructure to address transportation infrastructure that is at risk due to recurrent and coastal flooding in Planning District 23. HB2466 passed in the House and Senate and was vetoed by the Governor.

During the 2026 General Assembly Session, legislative actions that would have impacted HRTAC included HB583, the Hampton Roads Interstate Highway Corridor Improvement Program and Fund; Hampton Roads Highway Coastal Resilience Program and Fund; Planning District 23. HB583 would have created (i) the Hampton Roads Interstate Highway Corridor Improvement Program for the purpose of planning, developing, financing, building, constructing, and otherwise making infrastructure and safety improvements to, or maintaining the infrastructure of, certain new or existing highway corridors, highways, bridges, and tunnels in Planning District 23 (Hampton Roads) and (ii) the Hampton Roads Highway Coastal Resilience Program for the purpose of planning, developing, financing, building, constructing, and maintaining infrastructure to address transportation infrastructure that is at risk due to recurrent and coastal flooding in Planning District 23. HB583 was left in the Appropriations Committee.

Also included in the 2026 General Assembly Session was HB1241, the Hampton Roads Infrastructure Coordination and Readiness Framework development; Planning District 23. HB1241 directs the Hampton Roads Planning District Commission (HRPDC) to develop an infrastructure coordination and fiscal readiness framework for Planning District 23 and to coordinate and consult with certain other entities in the development of the Framework. The bill requires HRPDC to submit to the Chairs of the House and Senate Committees on Transportation, the House Committees on Finance and Appropriations, and the Senate Committee on Finance and Appropriations a report of the progress of the development of the Framework no later than December 1, 2026, and a final report on the Framework no later than December 1, 2027. HB1241 was enacted by the General Assembly (Chapter 760).

In the 2026 General Assembly Session, the House introduced HJ28, relating to the Hampton Roads; Joint Subcommittee to Study Public Transit Systems to Ensure it Meets Needs of the Region. HJ28 would have created a 13-member joint subcommittee for a two-year study on options for providing long-term, sustainable, and dedicated operations and capital funding with cost-containment controls to ensure that the public transit systems that serve Hampton Roads, including all modes of Hampton Roads Transit (HRT) service, local and express bus, light rail, passenger ferry, paratransit, on-demand

Hampton Roads Regional Transportation Priority Projects \$5.8 Billion HRTAC Funded Under Construction

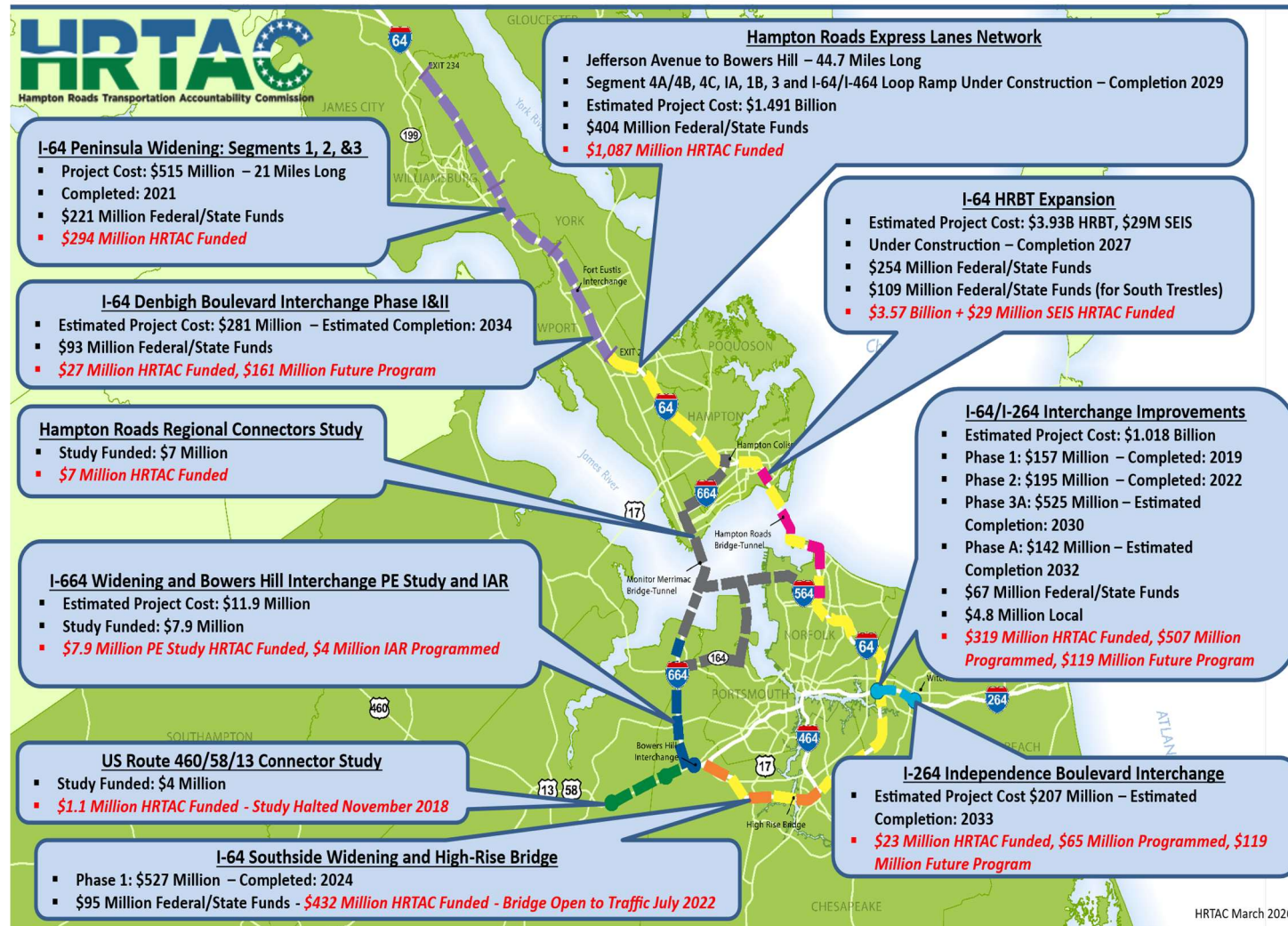


Figure 1 – Activities of HRTAC/HRTF Funded Projects

microtransit, and seasonal trolley and shuttle services, other ridesharing and commuter programs, and any future modes of public transportation or mobility services that may be developed to serve the Hampton Roads region, meet the growing public transit needs of the region. HJ28 was left in the Rules Committee.

Revenue Sources and Collections

Retail Sales and Use Tax

In 2013, an additional state Retail Sales and Use Tax was imposed in Planning District 23 at the rate of 0.7 percent and dedicated to the HRTF. Accordingly, the total rate of the state and local Retail Sales and Use Tax became 6 percent in localities that fall within the District (4.3 percent state, 0.7 percent regional, and 1 percent local).

Local Fuels Tax

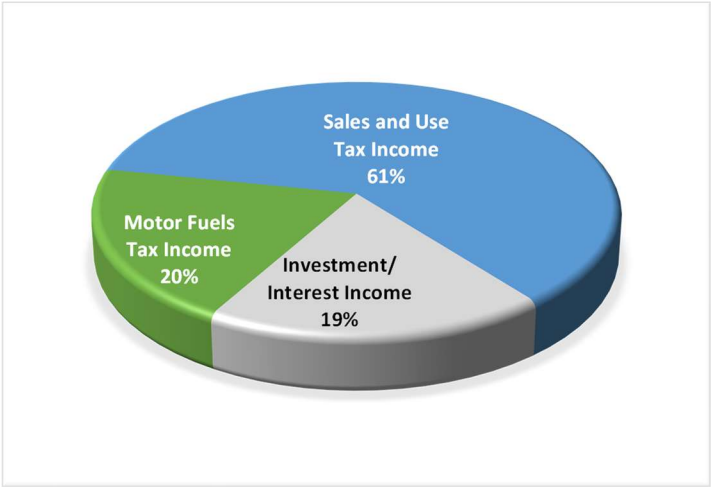
In 2013, in Planning District 23, an additional fuels tax was added at the wholesale level of 2.1 percent. During the 2020 Acts of Assembly, legislative action involving adjustments to state and regional motor fuels tax revenues included for HRTAC the conversion of the calculation of gasoline tax revenue from a 2.1 percentage of wholesale cost per gallon to a new rate of 7.6 cents per gallon on gasoline and gasohol (and 7.7 cents per gallon on diesel), subject to an annual adjustment in accordance with the consumer price index beginning July 1, 2021. On July 1, 2025, through June 30, 2026, the regional tax per gallon of gasoline and gasohol was 9.3 cents (and 9.4 cents per gallon of diesel). These funds were also dedicated to the HRTF.

Total Collections

Revenue collected from the Region’s Retail Sales and Use and Fuels taxes plus interest and investment income earned in FY 2026 totaled \$345.0 million. Figure 2 provides a detail and graphic of the collections by revenue source and percentage of total collections. Year-end cash balances of the HRTAC totaled \$1.9 billion including bond proceeds, operating, and investment accounts.

Figure 2 - HRTAC Revenue Collections FY2026

Sales & Use Tax Income	\$210,839,589
Local Fuels Tax Income	68,484,886
Investment/Interest Income	<u>65,696,646</u>
	\$345,021,121



Expenditures

From July 1, 2025 through June 30, 2026, HRTAC incurred the following administrative and project expenditures:

Description	Amount
Legal Fees	\$ 967,037
Investment Fees	221,502
HRPDC/HRTPO Assistance	95,840
Financial Advisor	91,070
Payroll/Fringes	1,104,336
Pension Expense	(28,284)
Bond Issuance Costs	719,834
Interest Expense	63,811,662
DMV Fees	50,319
Operating	134,196
Capital Outlay	28,222
Project Related	538,943,467
Total	\$ 606,139,201

Expenditures (continued)

HRTAC project-related expenditures are provided in detail below (inception through June 30, 2026):

Hampton Roads Transportation Fund (HRTF)
Total Project-Related Expenditures as of June 30, 2026

Project	Total
I-64 Peninsula Widening	
UPC 104905/111926 - Segment 1 - PE/Construction	\$ 11,608,384
UPC 106665 - Segment 2 - PE/ROW/Construction	159,559,703
UPC 109790/106689 - Segment 3 - PE	5,766,837
UPC 109790/106689 - Segment 3 - Construction	102,703,236
UPC 123656 - Denbigh Blvd Interchange Phase 2 East Bound - Design/ROW	4,438,498
I-64/264 Interchange Improvement	
UPC 57048/108042 - Phase I - PE/ROW	15,071,063
UPC 57048/108042 - Phase I - Construction	135,151,747
UPC 17630/108041 - Phase II - PE/ROW	54,592,576
UPC 17630/108041 - Phase II - Construction	73,157,062
UPC 106693 - Phase III - PE & ROW	7,500,058
UPC 125602 - Phase IIIA - PE & ROW	1,880,000
I-64 Southside Widening/High-Rise Bridge	
UPC 106692 - Phase I - PE	12,189,098
UPC 106692/108990 - Phase I - ROW/Construction	358,788,456
I-64 HRBT Expansion Project	
UPC 115008 - I-64 HRBT Expansion Project Design Build	2,515,164,864
UPC 115009 - I-64 HRBT Expansion Project Owners Oversight	361,659,189
Hampton Roads Express Lanes Network (HRELN)	
UPC 117840 - Segment 1 Phase 1 - PE	5,621,500
UPC 117839 - Segment 4A/4B Phase 1 - PE	5,916,425
UPC 117841 - Segment 4C Phase 1 - PE	6,062,743
UPC 119637 - Segment 1A - PE/ROW/Construction	68,295,444
UPC 120863 - Segment 1B - PE/ROW/Construction	6,410,180
UPC 119824 - Segment 4A/4B - PE/ROW/Construction	89,719,283
UPC 119638 - Segment 4C - PE/ROW/Construction	315,066,744
UPC 122999 - Transportation Management Plan	542,448
UPC 122714 - I-464/I-64 Interchange Improvements - Full Interchange Access Report Development Project	1,620,879
UPC 127093 - I-464/I-64 Interchange Improvements - Phase A	-
UPC 118376 - Segment 3 - Design/Construction	2,334,000
UPC 120375 & 123322 - I-64/I-464 Interchange Exit 291 Flyover Ramp Improvements	-
HRCS Preferred Alternative Refinement - HRBT UPC 110577 - SEIS	28,800,287
460/58/13 Connector Study - UPC 106694 - PE	1,095,368
Bowers Hill Interchange Study - UPC 111427	10,280,098
UPC 122761 - I-264 Independence Blvd Interchange IAR	1,078,654
HR Regional Connector Study - HRTPO (Remaining Projects of Third Crossing)	7,000,000
Total	\$ 4,369,074,826

Allocations

Project allocations as of June 30, 2026 are provided in detail below (inception through June 30, 2026):

Hampton Roads Transportation Fund (HRTF) Total Allocations as of June 30, 2026

Project	Total FY2014 - FY2025	FY 2026 YTD	Total
I-64 Peninsula Widening			
UPC 104905 - Segment 1 - Construction	\$ 11,608,385	\$ -	\$ 11,608,385
UPC 106665 - Segment 2 - PE/ROW/Construction	159,559,703	-	159,559,703
UPC 109790/106689 - Segment 3 - PE	10,000,000	(4,233,163)	5,766,837
UPC 109790/106689 - Segment 3 - Construction	112,893,996	(10,190,760)	102,703,236
UPC 123656 - Denbigh Blvd Interchange Phase 2 East Bound	26,643,026	-	26,643,026
I-64/264 Interchange Improvement			
UPC 57048/108042 - Phase I - PE/ROW	15,721,136	8,887,052	24,608,188
UPC 57048/108042 - Phase I - Construction	137,123,580	(1,971,833)	135,151,747
UPC 17630/108041 - Phase II - PE/ROW	54,592,576	1,776,106	56,368,682
UPC 17630/108041 - Phase II - Construction	73,157,062	3,493,197	76,650,259
UPC 106693 - Phase III - PE & ROW	7,500,000	-	7,500,000
UPC 125602 - Phase IIIA - PE & ROW	9,917,000	-	9,917,000
I-64 Southside Widening/High-Rise Bridge			
UPC 106692 - Phase I - PE	12,200,000	-	12,200,000
UPC 106692/108990 - Phase I - ROW/Construction	419,756,220	-	419,756,220
I-64 HRBT Expansion Project			
UPC 115008 - I-64 HRBT Expansion Project D-B Contract	3,004,569,251	-	3,004,569,251
UPC 115009 - I-64 HRBT Expansion Project Owners Oversight	548,900,330	-	548,900,330
Hampton Roads Express Lanes Network (HRELN)			
UPC 117840 - Segment 1 Phase 1 - PE	5,621,500	-	5,621,500
UPC 117839 - Segment 4A/4B Phase 1 - PE	5,916,425	-	5,916,425
UPC 117841 - Segment 4C Phase 1 - PE	6,062,743	-	6,062,743
UPC 119637 - Segment 1A - PE/ROW/Construction	92,079,565	-	92,079,565
UPC 120863 - Segment 1B - PE/ROW/Construction	5,749,681	398,064,224	403,813,905
UPC 119824 -Segment 4A/4B - PE/ROW/Construction	136,611,494	-	136,611,494
UPC 119638 - Segment 4C - PE/ROW/Construction	399,153,311	-	399,153,311
UPC 122999 - Transportation Management Plan	8,000,000	-	8,000,000
UPC 122714 - I-464/I-64 Interchange Improvements - Full Interchange Access Report Development Project	2,500,000	(879,121)	1,620,879
UPC 127093 - I-464/I-64 Interchange Improvements - Phase A	-	19,645,254	19,645,254
UPC 118376 - Segment 3 - Design/Construction	-	33,526,139	33,526,139
UPC 120375 & 123322 - I-64/I-464 Interchange Exit 291 Flyover Ramp Improvements	15,380,374	-	15,380,374
HRCS Preferred Alternative Refinement - HRBT	UPC 110577 - SEIS		
	28,800,287	(1,199,713)	27,600,573
UPC 106694 - 460/58/13 Connector Study - PE	1,095,368	-	1,095,368
UPC 111427 - Bowers Hill Interchange Study	11,904,630	-	11,904,630
UPC 122761 - I-264 Independence Blvd Interchange IAR	1,250,000	-	1,250,000
HR Regional Connector Study - HRTPO	(Remaining Projects of Third Crossing)	-	7,000,000
Total	\$ 5,331,267,642	\$ 446,917,382	\$ 5,778,185,024