

February 23, 2004

Statement by Delegate Vivian Watts

Friday, I provided a very abbreviated summary of major issues in transportation funding...Not all the issues in the complex world of delivering this most basic service to what is the business of government, but 8 key elements that are essential to the public's trust.

The floor response and, most regrettably, the House budget response was to play word games. "Not a penny will be taken from the *Transportation Trust Fund*." The fact is the "Trust" Fund contains less than a third of the money spent on transportation. Protecting it, and it alone, is like telling a child to go back to sleep, snug in an upstairs bedroom while the rest of the house is being washed away.

The citizens of Virginia are not children. Commuters locked in traffic, school bus drivers on unsafe roads, people who suffer every time we have a Air Pollution Alert know that what matters is the total amount we spend on transportation. It's not simply some fund labeled a "Trust." It is whether they can trust the bottom line.

They cannot.

A central element of the proposed House Budget is taking \$272 million from Governor's proposed transportation budget. That \$272 million was a significant and much-needed step to address the gaping hole created by inflation since 1987. Even the most diehard tax-cutters acknowledge the need to keep up with inflation. The public accepts it...indeed, they expect it. Nevertheless, the proposed House budget ignores this basic tenet and just pushes transportation construction projects further and further behind. No matter how much we do to correct VDOT contract management, if you can't fund it, you can't build it.

What's even worse than simply ignoring our transportation needs, however, is the claim that using \$272 million from the insurance license tax for other programs isn't really diverting transportation funds. No wonder the public has lost trust!

The 2000 General Assembly, under the new leadership of a Republican majority, passed the Priority Transportation Act (HB608). I have provided you with a copy of the legislative history of HB608. It created the Priority Transportation Fund which was to have 3 sources of funding to support what the public was told would be “the biggest transportation program in Virginia’s history.” Look up the bill and you will see pages of projects that the public was led to believe it would fund.

Two of the three funding sources for the Priority Fund failed miserably: FRANS (borrowing ahead on federal highway funds) is draining this budget of close to \$80 million in interest. The second, diverting funds from the 6-Year Plan, the public was shocked to learn a year ago only was possible on paper, because the then existing 6-Year Plan was so politically inflated. The third source for Priority Transportation funding was to be one-third of the insurance license tax.

Even though the Governor hasn’t been able to shield the public from the harsh reality of the other two funding shams, his proposed budget honored the law as passed by the General Assembly and designated \$272 million from the insurance license tax for transportation. Now, many of the very members who patroned that law are saying they really didn’t mean it...The insurance license tax was never supposed to go to transportation...We’ll just divert it back to the General Fund.

No wonder the public doesn’t trust politicians.

While I’ve only addressed the first of the 8 points, the graphic I provided Friday tried to illustrate that all of the elements are related. Once trust begins to fall, the house of cards can’t stand. Maintenance will eat up construction and transit support. Federal funds will be lost. The public – and investors – will find Virginia’s infrastructure sorely lacking. Trust will crumble.

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