



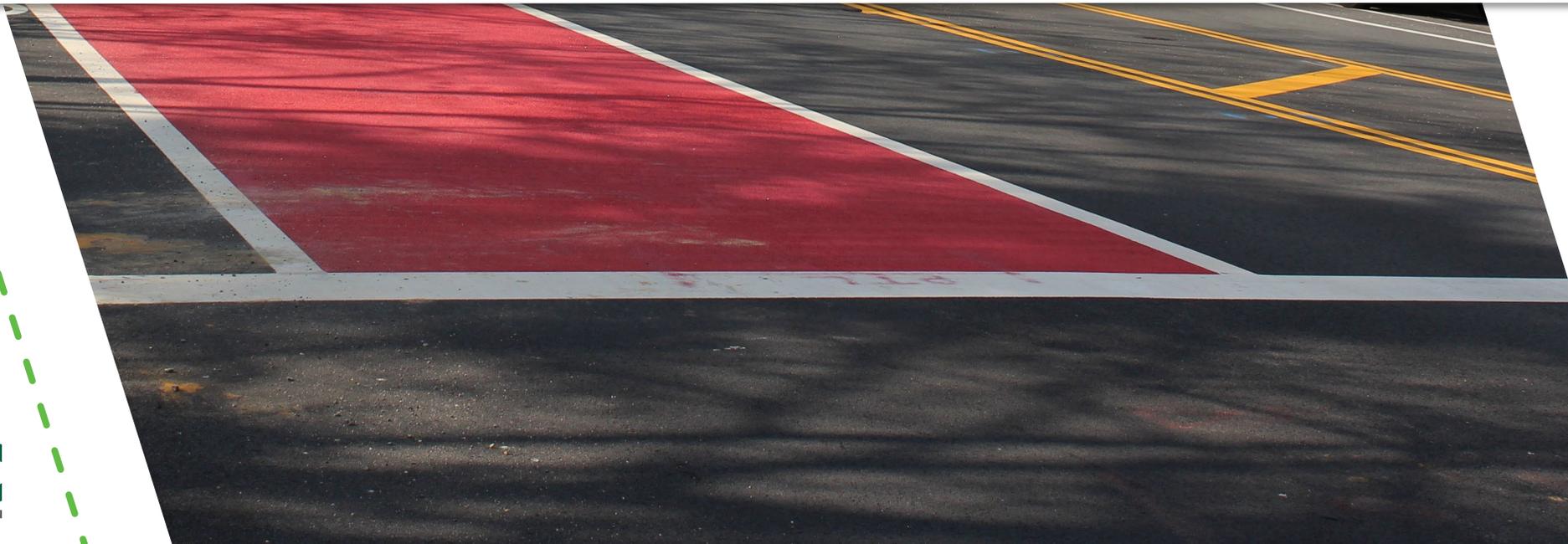
NVTC Joint WMATA and Legislative & Policy Committee Meeting

Meeting materials available at novatransit.org

September 18, 2025



Key Funding and Policy Issues



Transit Funding Guide: Findings

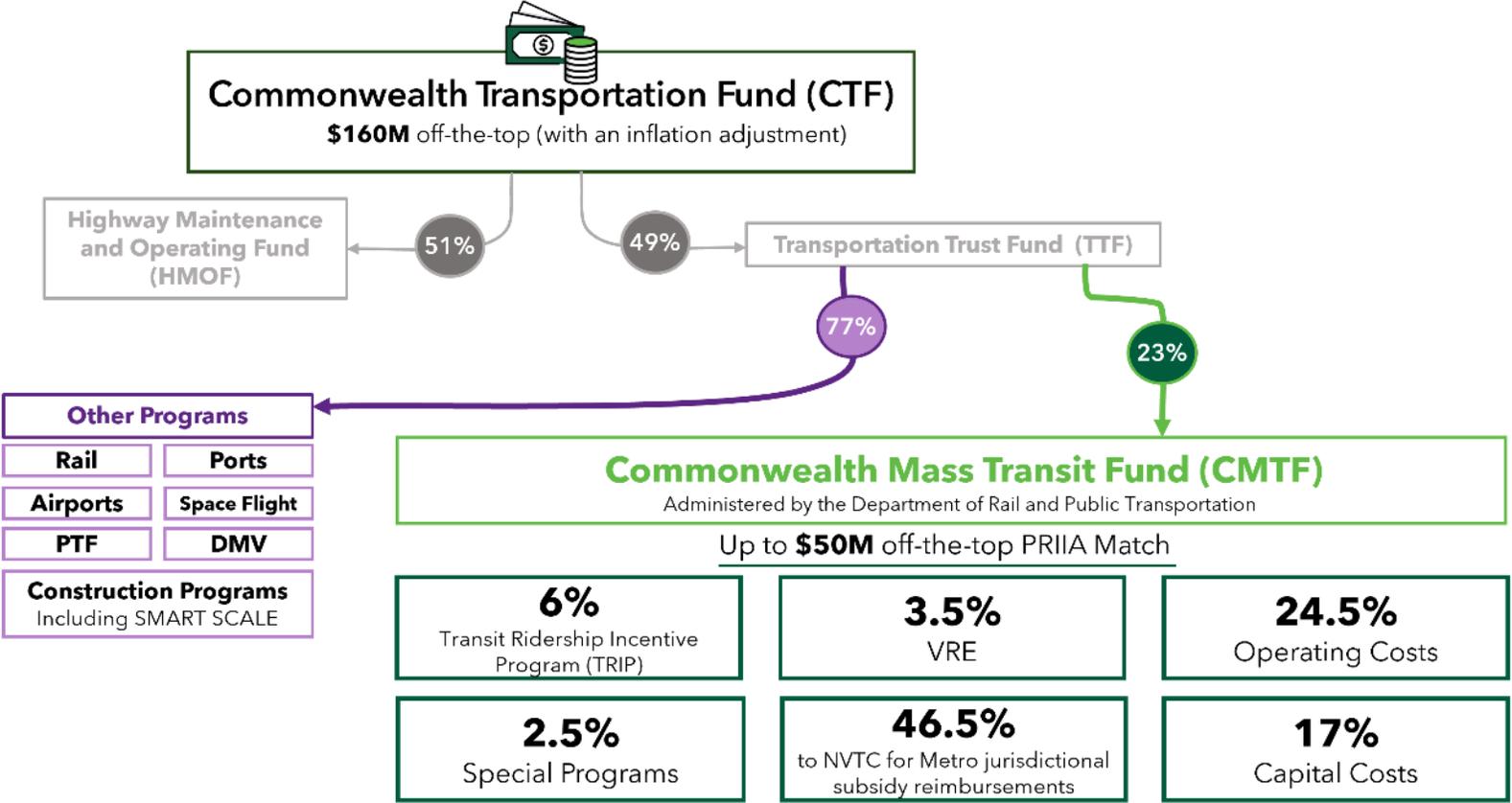
Earlier this year, NVTC created a transit funding guide, which identified a few key findings:

- Capital expansion dollars are easier to acquire than operating and state of good repair funds.
- State aid is projected to decline in the near future and not keep up with rising expenses.
- Key transit funding sources in the region are not indexed to inflation.



[Northern Virginia Transit Funding Guide](#)

Commonwealth Mass Transit Fund

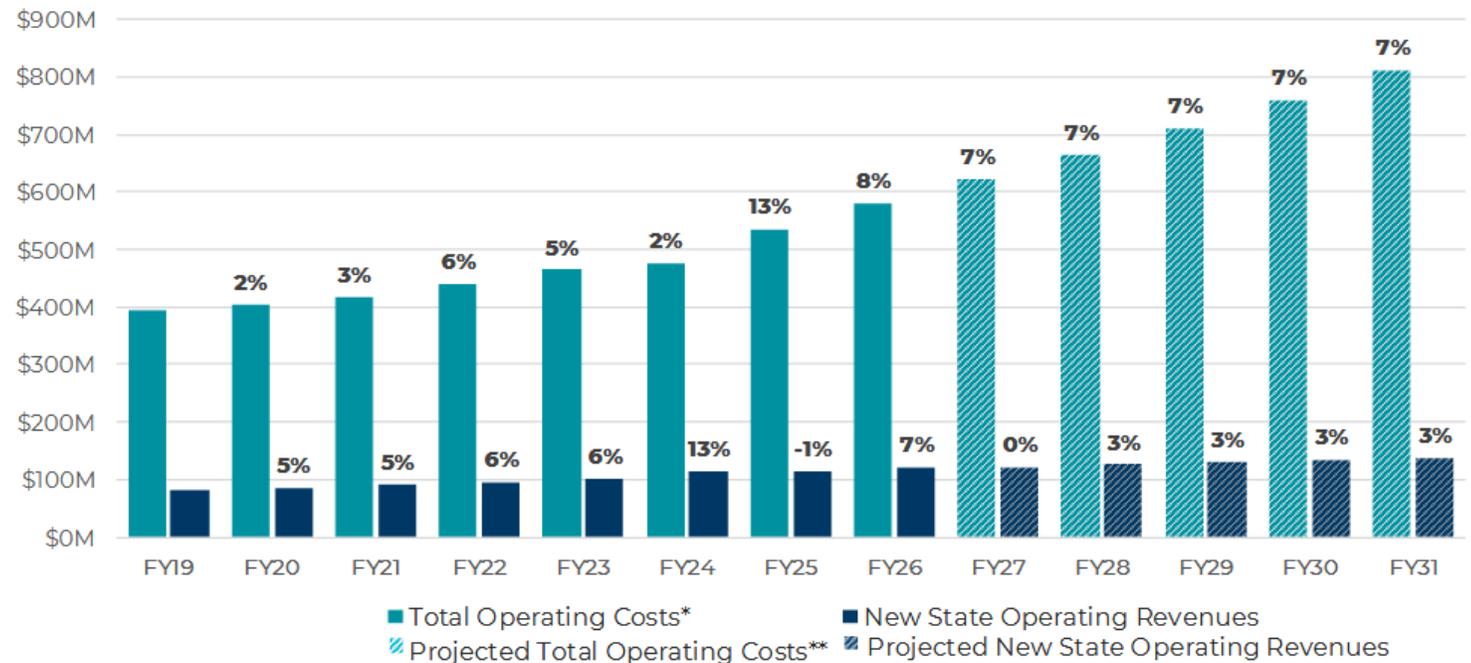


- Nearly all state aid for transit flows through the Commonwealth Transportation Fund (CTF).
- The CTF allocates revenue by formula and is not subject to annual appropriations like the General Fund.
- FYs 2025 and 2026 stopgap Metro funding solution came from the General Fund and is unlikely to be repeated.

State Aid is not Keeping Up with Rising Costs

- Although revenues going into the CTF are rising, they are not keeping up with rising operating costs and inflationary pressures affecting the transportation industry.
- One-off allocations from pandemic-era relief programs helped mask the problem for a few years.
- With less funding, local agencies are less likely to receive the up to 30% of operating budget in assistance from the state through the MERIT program.

Statewide Transit Operating Costs vs. New CMTF Revenues
 FY19-FY26 Actual | FY27-FY31 Projected
 Excludes: WMATA, VRE

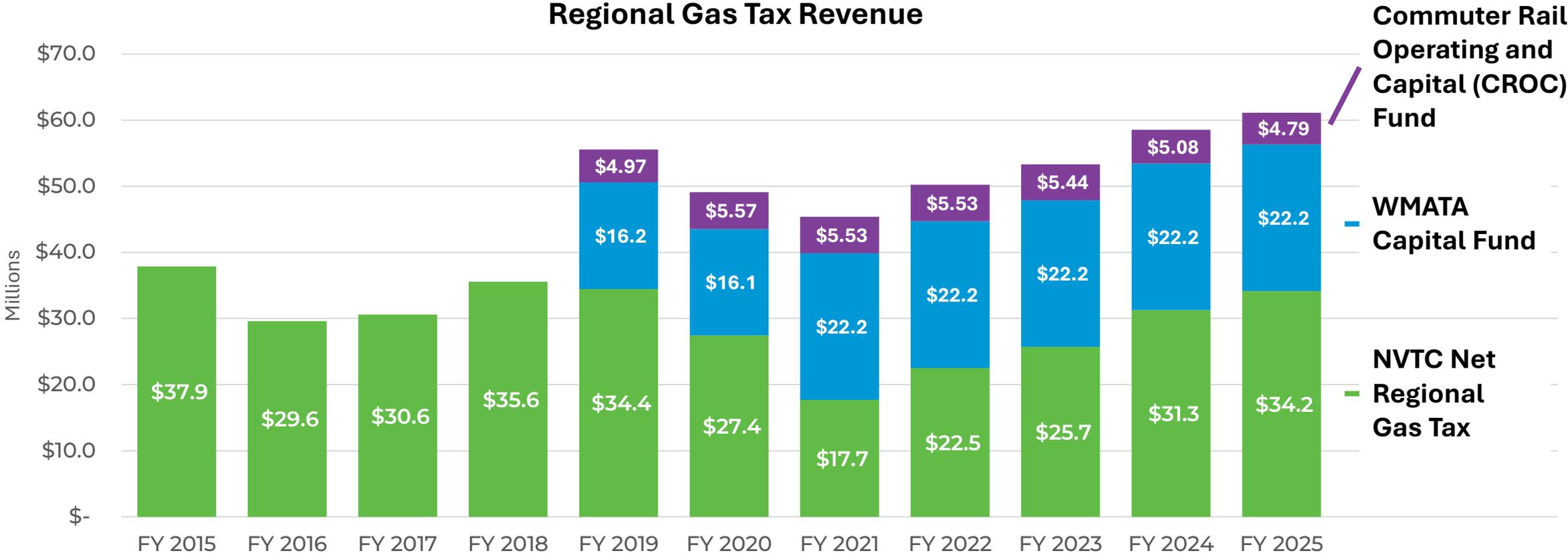


* Total Operating Costs are based on the previously audited expenses used for the operating assistance formula. For example, FY26 costs were based on FY24 financials.
 ** Projected Total Operating Costs are estimated using the average cost growth rate over the past 5 fiscal years

Source: [May 2025 Transit Service Delivery Advisory Committee \(TSDAC\)](#)

Regional Gas Tax: Transit's Funding Source

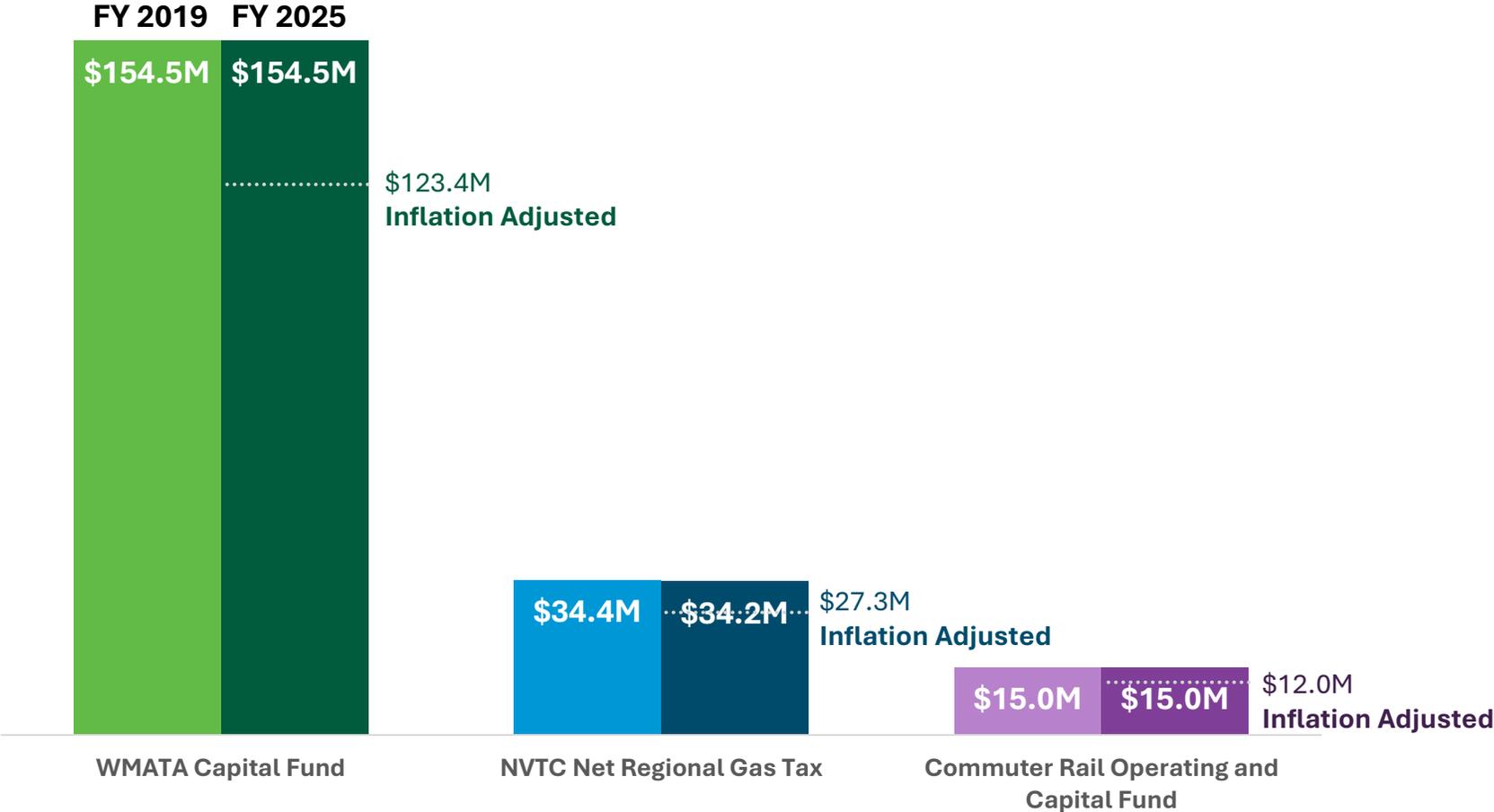
The regional motor fuels sales tax, known as the regional gas tax, was first levied in NVTC in 1981 as a **key tool for jurisdictions to use to pay their WMATA subsidy**. The regional gas tax adds 9 cents per gallon for gasoline to the existing state gas tax of 30.8 cents per gallon in FY 2025. It is a key regional funding source for transit, yet it is not keeping up with transit needs.



Source: NVTC

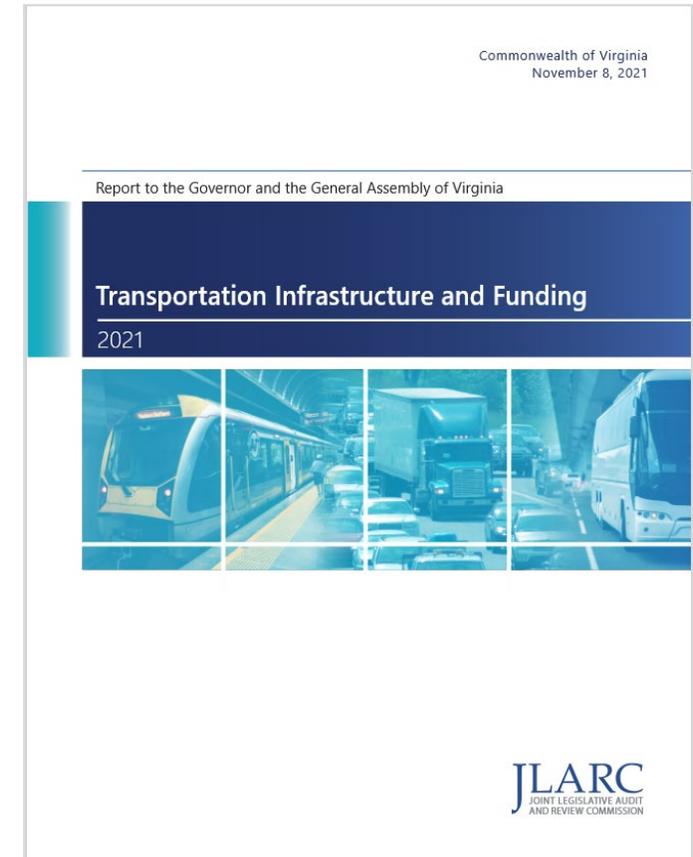
Existing Regional Transit Funds, Inflation Adjusted

- With set annual amounts of \$154.5M and \$15.0M, the WMATA Capital Fund and CROC Fund are worth less each year due to inflation.
- Although the regional gas tax can grow with inflation, changes in fuel efficiency and driving patterns have meant that the net regional gas tax that NVTC jurisdictions use to pay their WMATA subsidies has yet to return to its FY 2019 amount, especially when adjusted for inflation.



Regional Gas Tax Applies to Fewer Vehicles

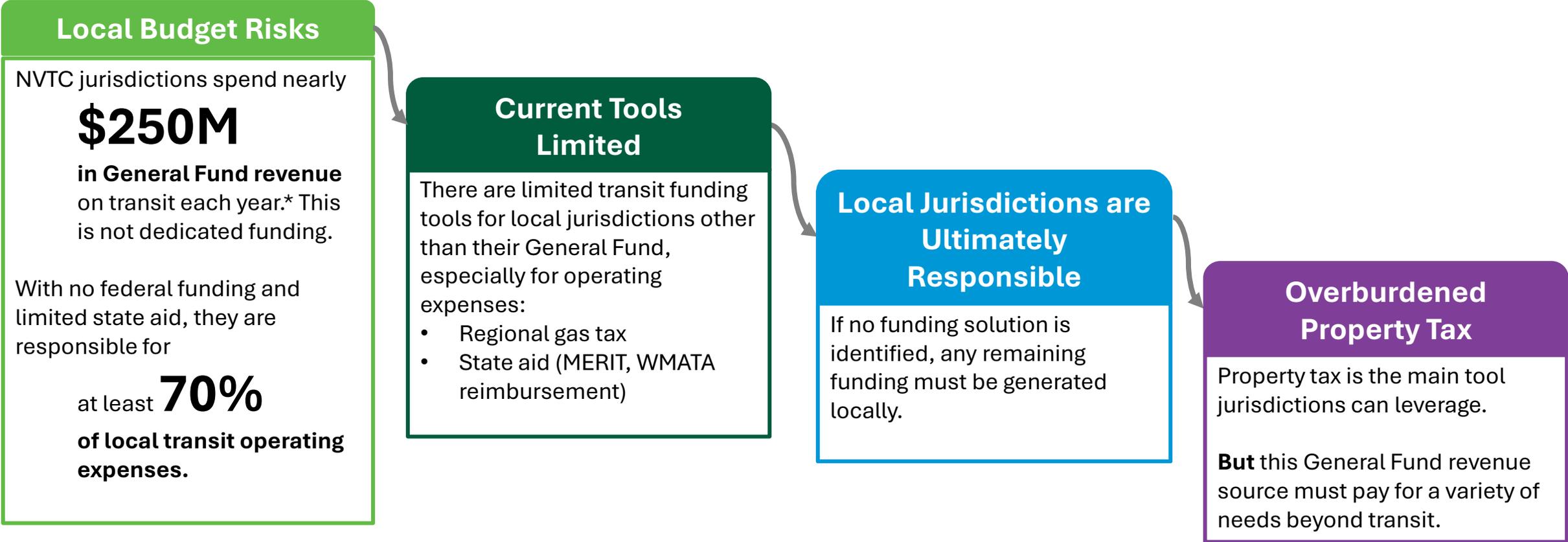
- Revenues from the gas tax are becoming less predictable due to:
 - Better fuel economy vehicles,
 - More hybrid and electric vehicles and
 - Shifts in travel behavior.
- The **state highway use fee** enacted in 2020, paired with an optional mileage-based user fee program, complements the Commonwealth gas tax to make up for lost statewide revenues as gas sales decline.
- A **regional highway use fee** in the NVTTC district could hold a similar function.



The **2021 JLARC Report “Transportation Infrastructure and Funding”** recommended that the Commonwealth of Virginia create a regional highway use fee surcharge to improve consistency and avoid future revenue gaps.

Local Tools and Risks

Once state and regional funds are allocated, localities pay the remainder

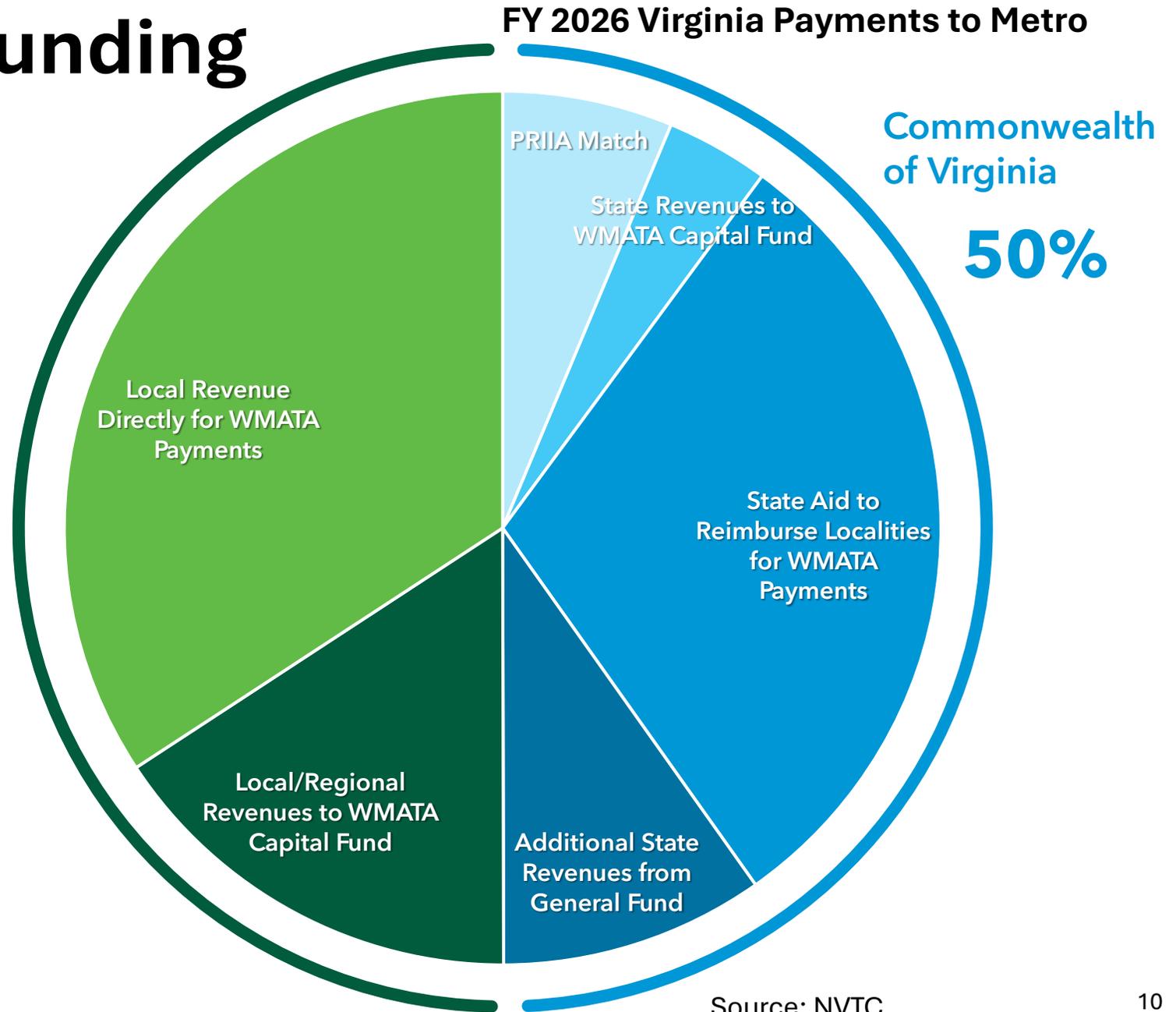


*Based on FY 2025 Adopted Budgets

The State – Local Funding Partnership

With jurisdictions' Metro bill making up the majority of their transit payments, it is critical that we maintain a funding partnership with the Commonwealth.

Local Jurisdictions
50%



Takeaways

- Local revenue for transit is overly reliant on the property tax.
- Regional transit funds are losing purchasing power and not diversified.
- Commonwealth General Fund revenue is not a long-term solution for fully funding transit.
- NoVa's transit system is an economic engine for the state, so a funding solution should be a partnership among local and state government.

