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Transit agency tax projections to drop dramatically

Dan Genz, The Examiner

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WASHINGTON -

The Northern Virginia Transportation Authority is expected to slash its revenue estimates for seven new taxes and fees because of the region's economic downturn.

More than half of the \$336 million slated for road and rail projects is set to come from a tax on property sales, which are plummeting across the region.

January home sales are down more than 50 percent from last year in the region's two largest residential markets, Fairfax County and Loudoun County, diminishing projections for the property sales tax, or grantor's tax, originally expected to generate \$171 million this year.

It is not clear how much the authority will have to lower its expectations, but officials already are expecting a drop below \$300 million and have vowed to continually monitor the projections.

"The economy has changed much more rapidly than even some of the best economists anticipated," said Martin Nohe, the authority's vice chairman and a Prince William County supervisor. "The biggest piece of our revenue is the grantor's tax, and property sales are dramatically down."

A fee that collects 1 percent of a new car's value also could drop well below the authority's estimates of \$64.6 million if automotive sales stall, Nohe said.

Significant reductions in expectations could weaken the authority's ability to address the region's long underfunded transportation network.

"We're in slow times and we're going to have to do a little less," Nohe said.

State spending mandates could limit the authority's influence. The General Assembly required the authority to dedicate \$50 million to Metro and \$25 million to Virginia Railway Express annually, and send 40 percent of the taxes back to its county and city members. The housing market's woes have transportation advocates prepared for the authority to scale back its estimates, said Bob Chase, president of the Northern Virginia Transportation Alliance.

"Clearly, they're not going to reach that goal," he said. "The flip side of that is when the economy comes back, there will be swings in these revenue projections."

dgenz@dcexaminer.com

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