

GOP legislators: Tap surplus for transportation projects

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September 14 2004

VIENNA, Va. -- A dozen GOP legislators from northern Virginia touted a plan Tuesday to use the state's budget surplus to finance \$5 billion in new transportation projects across the state.

The lawmakers said at a press conference they expect at least a \$700 million surplus over the next two years, and they want to ensure that money is used for badly needed transportation projects.

Their proposal also serves as a pre-emptive strike against proponents of a gasoline tax increase to fund new transportation projects.

"People will be lined up to divvy up that \$700 million," said Del. Tim Hugo, R-Fairfax. "Under this plan, we're saying that the \$700 million is going to be dedicated to transportation."

In reality, the \$5 billion in transportation projects would be funded by dedicating the state's tax on insurance premiums to transportation projects and borrowing against that stream of revenue. The surplus would be used to replenish the general fund for the lost insurance taxes.

Del. Vincent Callahan, R-Fairfax, chairman of the Appropriations Committee, said using the money to issue bonds and borrow is superior to raising gasoline taxes, because the bonds would give the state \$5 billion almost immediately to jumpstart stalled projects. A gas tax, on the other hand, raises only \$45 million for each one-cent increase, meaning a 10-cent or 20-cent increase would be needed to provide any significant funds.

"And it's just not in the cards to raise it 10 cents, 20 cents," Callahan said.

Del. David Albo, R-Fairfax, said road and transit construction is a good way to use surplus funds because it dedicates the money to one-time use projects instead of starting new government programs that will drain the treasury when the economy turns sour.

"We do not want to use that money to expand government," he said. "We want to draw a line in the sand" and insist the money be used for transportation.

There is no guarantee that the state will have any budget surplus. A three-month stretch

between April and July generated a \$324 million surplus. The GOP legislators suggested that estimating a \$700 million surplus over the next two years is a conservative estimate.

And if the economy goes into a recession, "we'll pull in our belts again," Callahan said. "We can always adjust to fluctuating economic times."

Many of those at Tuesday's press conference were on the losing side of the last year's budget battle, which resulted in a sales-tax increase and other tax reforms that added \$1.4 billion in new taxes to the state's coffers.

William Lecos, president of the Fairfax County Chamber of Commerce, supported the legislators' plan as "an important first step" in dealing with the state's transportation problems. But he said the chamber supports additional measures, including new taxes like a gas tax increase.

Ellen Qualls, spokeswoman for Gov. Mark Warner, said the governor welcomes "any responsible proposals that recognize our unmet transportation needs ... but we'll need to review any plan carefully to make sure it doesn't affect our ability to fund core services like education, and for its long term effect on our borrowing capacity."

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