



To: GRTC Development & Finance Committee
Date: May 14, 2026
Re: May 2026 Federal & State Legislative Update

Federal Legislative Update

FY27 THUD Bill & Federal Transit Funding

The FY27 Transportation, Housing and Urban Development (THUD) appropriations process is expected to be challenging, as the Administration has signaled potential reductions to federal transportation funding programs.

One area of concern is the Capital Investment Grant (CIG) Program, which is currently funded at just over \$1 billion in FY26. Conversations occurring at the federal level suggest the program could face significant reductions, including proposals that could reduce funding to zero.

The CIG program is already highly competitive, with historically only approximately 1 in 20 projects receiving funding nationally. Eliminating or significantly reducing the program would create a major bottleneck for large scale transit capital projects across the country.

For GRTC and peer agencies, this could impact future opportunities for:

- Bus Rapid Transit (BRT) expansion projects
- Light rail development initiatives
- Other major regional mobility investments

These are the same types of transformational projects Board members observed during the recent intercity visit.

Zero Fare Policy Discussions

The Administration has also signaled potential policy changes related to zero fare transit systems, including discussions around agencies that utilize federal funding in support of zero fare operations.

While details remain unclear, GRTC continues to actively monitor these discussions. CEO Sheryl Adams submitted correspondence to Virginia's congressional delegation outlining GRTC's position in opposition to any actions that would penalize transit agencies operating fare-free models. GRTC leadership has also continued direct conversations with congressional staff regarding the value and impact of zero fare transit in the Richmond region.



Surface Transportation Reauthorization

GRTC is also closely tracking the next federal Surface Transportation Reauthorization bill, as the Infrastructure Investment and Jobs Act (IIJA) is scheduled to expire at the end of September.

This legislation establishes the long term federal framework for transportation funding and policy over approximately a five year period. Historically, when negotiations extend beyond authorization deadlines, Congress has often utilized continuing resolutions or temporary extensions while broader negotiations continue.

The outcome of this legislation will help shape national transportation priorities, funding eligibility, and federal investment strategies for years to come.

State Legislative Update

HB200 – TRIP Program Governance

HB200 was signed into law and shifts guidance and development of the Transit Ridership Incentive Program (TRIP) to the Transportation Service Delivery Advisory Committee (TSDAC).

TSDAC met this week, and DRPT staff indicated they are still evaluating the long term impacts of the legislation, including how future state support for zero fare transit programs may evolve.

HB564 – Clear Lanes / Automated Enforcement

HB564, “Clear Lanes” bill, authorizes transit agencies to utilize AI-assisted camera enforcement technology to address parking violations impacting transit operations.

GRTC previously conducted a pilot program with Hayden AI that demonstrated the operational and safety impacts blocked bus stops and lanes have on transit reliability and customer experience.

The legislation creates a pathway for future deployment of automated enforcement technology across the system.

State Budget & Future Legislation

The Commonwealth’s budget has not yet been finalized, and GRTC continues to monitor negotiations closely. The outcome of the state budget may influence what transportation related legislation and funding initiatives emerge during the next General Assembly session.