

Department of Planning and Budget

2001 Fiscal Impact Statement

REVISED

1. Bill Number HB1908

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Callahan

3. Committee Finance

4. Title Virginia Public School Authority; bonds and notes for grants.

5. Summary/Purpose:

Authorizes the Virginia Public School Authority (VPSA) to pledge to certain bonds and notes issued for grants to local school boards any general funds appropriated for such purpose. The Governor's annual budget bill must contain a sum sufficient appropriation to cure any shortfall on any debt service payment date on the bonds or notes.

6. No Fiscal Impact

7. Budget amendment necessary: No.

8. Fiscal implications: In 2000, the General Assembly approved language in the Appropriation Act authorizing the issuance of notes by the VPSA which would be secured by annual appropriations from the Literary Fund and a "sum sufficient appropriation" from the Commonwealth's general fund. The language includes a provision, which requires the Governor's budget submission each year to include provisions for the "sum sufficient appropriation" for the payment of debt service.

This bill will codify the requirement that the Governor include this provision in the Budget Bill each year and will give additional comfort to investors and the credit rating agencies. In addition, the enabling legislation of the VPSA is amended to provide for a security structure for the new notes (authorized subsequent to June 30, 2000) that includes as a source of security "any funds in the general fund of the Commonwealth appropriated for such purpose". The outstanding VPSA technology note issues are rated "double-A" by all three rating agencies. It is anticipated that the new enhanced note program will receive ratings of "double-A plus" when the first issue goes to market in the spring of 2001. The VPSA expects to receive more favorable interest rates on its notes secured under this provision which should reduce amounts needed to pay debt service. This should positively impact the Literary Fund, which is the source of payment for debt service for the VPSA technology notes program.

9. Specific agency or political subdivisions affected: VPSA, Department of Treasury, Department of Education, school divisions.

10. Technical amendment necessary: No.

11. Other comments: SB 1033 is the companion bill.

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cc: Secretary of Education

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