Department of Planning and Budget
2001 Fiscal Impact Statement

1. **Bill Number** SB1033

   House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

   Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. **Patron** Chichester

3. **Committee** Passed Both Houses

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

5. Summary/Purpose: This bill creates Section 22.1-167.3 of the Code of Virginia in order to codify certain requirements currently contained in the 2000 Appropriation Act regarding the issuance of certain bonds and notes by the Virginia Public School Authority (VPSA). The bill will require that the Budget Bill presented to the General Assembly shall include an item proposing an appropriation to the VPSA of a sum sufficient from the General Fund, to remedy any shortfall in Literary Fund revenues on any debt service payment date on certain bonds and notes of the VPSA**.**

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: None.

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cc: Secretary of Education
Secretary of Finance

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