

Department of Planning and Budget

2002 Fiscal Impact Statement

1. Bill Number HB1144

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

2. Patron Dillard

3. Committee Finance

4. Title Commonwealth of Virginia Park and Recreational Facilities Bond Act of 2002

5. Summary/Purpose: The bill authorizes the issuance of Commonwealth of Virginia Park and Recreational Facilities Bond pursuant to Article X, Section 9(b) of the Constitution of Virginia in an amount not exceeding \$119,040,000, subject to approval by a majority of the qualified voters of the Commonwealth voting thereon at the November 5, 2002, general election. The purpose of the bonds is to provide funds for (i) acquiring land and developing state parks; (ii) acquiring land for natural area preservation; and (iii) construction of numerous specified projects at existing state parks. The full faith and credit of the Commonwealth is pledged for the payment of the principal of and interest on the bonds and any bond anticipation notes or refunding bonds.

This bill also contains a pre-condition for authorization that the Governor prepare and release a plan, to the chairmen of the Senate Finance and House Appropriations Committees by December 1, 2002, for the orderly issuance of the bonds. The plan is required to include the development of processes to expedite the capital outlay review process and the development of detailed draw schedules, to the extent practicable, and an estimate of the net additional costs of staffing and equipping such projects.

The bill contains a second enactment clause that requires the Secretary of Finance to provide to the chairmen of the Senate Finance and House Appropriations committees, by April 1 and September 1 of each year, a status report on the projects, including compliance with the preconditions set out for the initial authorization of the projects.

6. Fiscal Impact Estimates are final:

6a. Expenditure Impact: (Treasury Board – Debt Service)

Fiscal Year	Dollars	Positions	Fund
2001-02	\$0	-	-
2002-03	\$0	-	-
2003-04	\$768,000	-	GF

6b. Expenditure Impact: (State Board of Elections)

Fiscal Year	Dollars	Positions	Fund
2001-02	\$0	-	-
2002-03	\$85,000	-	GF
2003-04	\$0	-	-

7. Budget amendment necessary: Yes, Item 92 for State Board of Elections and Item 296 for Treasury Board.

8. Fiscal implications: The debt service impact is computed based on preliminary draw schedules with the assumption of five tax-exempt bond issues: \$6.1 million in FY 2003, \$15.8 million in FY 2004, \$32.0 million in FY 2005, \$30.2 million in FY 2006, and \$34.9 million in FY 2007. This does not factor in the use of tax-exempt commercial paper to provide interim funding for these projects. Once all bonds are issued, annual debt service would peak at approximately \$12.5 million in 2008 and decline thereafter. The issuance of the bonds will be structured so that debt service payments would not begin until December 2003, which is in FY 2004.

The fiscal impact on the Department of Conservation and Recreation (DCR) would affect both expenditures and revenues. Some of the projects proposed in the bill would generate additional revenues for the state parks system. However, the department would require additional funds to operate and maintain the majority of the new facilities once acquisition and/or construction is completed. All of these costs would likely be outside the 2002-2004 biennium. The department would also require additional positions beginning in FY 2004 to oversee the design and construction of these projects. Restricted positions whose payroll costs are charged directly to other related bond projects may be utilized.

For the November 2002 general election, the State Board of Elections would incur costs of an estimated \$85,000 for printing informational materials and for advertising the ballot initiative.

9. Specific agency or political subdivisions affected:

- Department of the Treasury
- Treasury Board
- Department of Conservation and Recreation
- State Board of Elections
- Department of General Services

10. Technical amendment necessary: Yes. The following amendments should be considered to make the titles of capital projects consistent with the proper way titles are generally stated.

Page 2, line 55, after “Replace” strike “Chippokes Plantation”.

Page 2, line 73, strike “Utility Improvements” and insert “Improve utilities”.

Page 2, line 70, strike “Chesapeake Bay and Trail Center improvements” and insert “Improve Chesapeake Bay and Trail Center”.

Page 2, line 89, strike “Road Improvements” and insert “Improve roads”.

Page 2, line 79, strike “Trail access and safety improvements” and insert “Improve trail access and safety”.

Page 2, line 97, strike “Road repair” and insert “Repair roads”.

Page 3, line 131, strike “Shoreline Erosion” and insert “shoreline erosion”.

Page 3, line 133, strike “Trail Improvements” and insert “Improve trails”.

11. Other comments: An initial review by DCR of the proposed projects indicate that some appear to be underfunded.

SB672 is a companion bill introduced by Senator Chichester.

Date: 02/14/02/mst

Document: G:\GaSessions\2002Session\Fis\Hb1144S1.Doc

cc: Secretary of Finance
Secretary of Natural Resources
Secretary of Administration