

Department of Planning and Budget 2002 Fiscal Impact Statement

1. Bill Number HB99

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

2. Patron Callahan**3. Committee** Passed Both Houses**4. Title** Higher Education Facilities Bond Act of 2002

5. Summary/Purpose: The enrolled bill provides, subject to approval of the voters, for the issuance of up to \$900,488,645 in general obligation bonds pursuant to Article X, Section 9(b) of the Constitution of Virginia to finance 133 capital projects at higher educational institutions and museums throughout the Commonwealth. The bill includes an additional \$292.3 million and 75 projects more than the introduced bill. Debt service will be paid from general fund appropriations. The debt to be issued would impact the Commonwealth's debt capacity in future years.

The bonds would be issued subject to approval by a majority of the qualified voters of the Commonwealth voting in a general election on November 5, 2002. 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. The bill will not become effective, and no bonds will be issued, until voter approval is obtained.

6. Fiscal Impact Estimates are: Preliminary (see Line 8.)**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2001-02			
2002-03	\$40,000		GF
2003-04	\$13,346,622		GF

7. Budget amendment necessary: Depending on final issuance schedules, the amount of debt service in Treasury Board (Item 296) may be impacted.

8. Fiscal implications: The figure of \$40,000 (reflected above) is the estimated amount needed to place the referendum on the ballot in FY 2003. If the voters pass the referendum in the fall of 2002, debt service payments will be required beginning in fiscal year 2004.

Based on drafts schedules compiled by the Department of Planning and Budget (DPB), the Department of the Treasury estimates debt service requirements at \$43.6 million in FY 2005, \$83.4 million in FY 2006, and \$90.0 million in FY 2007. In fiscal year 2008, debt service requirements gradually begin to decline. Delaying the issuance of the bonds or limiting the number of projects given authority to proceed would have the effect of reducing the immediate need for debt service.

In addition, issuance of bonds will impact the Commonwealth's debt capacity in subsequent years.

9. Specific agency or political subdivisions affected:

College of William and Mary	University of Virginia
Virginia Military Institute	Virginia State University
Norfolk State University	Longwood College
Mary Washington College	James Madison University
Radford University	Old Dominion University
Virginia Commonwealth University	Richard Bland College
Christopher Newport University	George Mason University
Virginia Polytechnic Institute and State University	University of Virginia – Wise
Virginia Community College System	Department of the Treasury
Virginia Institute of Marine Science	Jamestown-Yorktown Foundation
Southwest Virginia Higher Education Center	Virginia Tech – Cooperative Extension
Science Museum of Virginia	Virginia Museum of Fine Arts
Frontier Culture Museum	Treasury Board

10. Technical amendment necessary: Yes. The Department of the Treasury has advised the Department of Planning and Budget that capital projects for “planning only” cannot be financed under Article X, §9(b) of the Constitution of Virginia. House Bill 99 includes one such project, the Science Museum of Virginia’s Construct Belmont Bay Science Center, \$5,000,000.

Page 1 (enrolled bill), line 3, after “exceeding” STRIKE “\$900,488,645,” and INSERT “\$895,488,645”

Page 1 (enrolled bill), line 38, STRIKE “\$900,488,645,” and INSERT “\$895,488,645”

Page 6 (enrolled bill), STRIKE lines 289 and 290

Page 6 (enrolled bill), line 298, STRIKE “\$900,488,645,” and INSERT “\$895,488,645”

Page 8 (enrolled bill), line 424, after “amount of” STRIKE “\$900,488,645,” and INSERT “\$895,488,645”

11. Other comments: The issuance schedules, assumed for this analysis by the Department of the Treasury, would violate the \$250 million issuance limitation set out in HB 1285/SB 402. The \$250 million limitation applies to this bill, HB 1144/SB 672 (9(b) Parks and Recreation) and HB 1284/SB 673 (VPBA/VCBA).

Senate Bill 31 is identical to House Bill 99.

Date: 3/12/02/aps

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cc: Secretary of Finance
Secretary of Education