

Department of Planning and Budget 2002 Fiscal Impact Statement

1. Bill Number SB563

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Bolling

3. Committee Finance

4. Title Environmental Stewardship Bond Act of 2002

5. Summary/Purpose: The bill provides, subject to approval of the voters, for the issuance of \$488,495,075 in general obligation bonds under the provisions of Article X, Section 9(b) of the Constitution of Virginia to finance a variety of projects. The bill provides for five categories of capital projects: (1) \$96,974,000 for biological nutrient removal at sewage treatment facilities, (2) \$9,850,000 for rehabilitation of dams owned by soil and water conservation districts, (3) \$25,300,000 to provide matching fund grants for combined sewer overflow, (4) \$156,371,075 for the renovation, acquisition and development of capital projects at state parks, and (5) \$200,000,000 for the acquisition of permanent interests in real estate for conservation purposes. No bonds can be issued for a category of projects until all prior categories have been fully funded (e.g., bonds to finance category 2 projects can only be issued if the aggregate principal amount of \$96,974,000 has been issued to finance category 1 projects).

6. Fiscal Impact Estimates are Final:

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

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2001-02	\$0	0.00	-
2002-03	\$0	0.00	-
2003-04	\$12,140,000	0.00	GF

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

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
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 estimated debt service impact is based on the following issuance schedule:

Jan. 2003 - \$97 million - category 1 projects

Jan.2004 -\$35million -category2&3projects

Jan.2005 -\$156million -category4projects

Jan.2006 -\$200million -category5projects.

Undertheseassumptions, principalandinterestpaymentswouldbeginDecember2003.

Onceallthebondshavebeenissued,debtswouldpeakin2008at\$47.4million.

Since most of the projects are non -state facilities and bond proceeds would be allocated by grants, it would be incumbent on the Commonwealth to provide some degree of oversight on the expenditure and administration of the funds. This is important not only to ensure the proceeds are expended for the purpose for which they were authorized, but also to ensure compliance with federal tax law. This responsibility will likely rest with several different agencies (e.g., Department of Environmental Quality, Department of Conservation and Recreation, State Water Control Board, etc.). The costs associated with that oversight is not available.

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 Environmental Quality, Department of Conservation and Recreation, State Water Control Board, Virginia Land Conservation Foundation, Office of Farmland Preservation, and the State Board of Elections.

10. Technical amendment necessary: Yes, for each category of projects any movement of allocations between projects should be determined by the "Governor or his designee," not the agency head or other entity as designated in the bill. This would make the bill consistent with previous general obligation bond bills.

11. Other comments: Bond counsel for the Treasury Board is concerned with the multiple purposes included in this bill. Article X, Section 9(b) of the Constitution of Virginia provides that "such law shall specify capital projects constituting a single purpose..." This bill appears to roll three distinct purposes (environmental/water projects, state park capital projects, and acquisition of land interests) into a single bill.

In the past general obligation bonds have not been used to finance grants, non -state projects and land interests.

Also, it appears that the purchase of permanent interests in land will be carried out by localities using the bond proceeds. Since the Commonwealth would not own the land, there may be no public access/public use of the project.

The language requires that bonds can be issued for Category 2 projects only if the aggregate principal amount of \$96,974,000 has been issued to finance the cost of Category 1 projects. It is possible that another source of funding could be identified, that a project does not meet grant requirements, or that the full amount may not be needed for a given category. Such an event could effectively block issuing for the next category.

HB1220 is a companion bill introduced by Delegate Albo.

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Document: G:\GaSessions\2002Session\Fis\Sb563.Doc

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