

Department of Planning and Budget 2003 Fiscal Impact Statement

1. Bill Number HB1950

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

2. Patron Drake

3. Committee Passed Both Houses

4. Title Commonwealth Transportation Commissioner condemnations

5. Summary/Purpose:

HB1950 amends and reenacts §33.1 -124 and 33.1 -128 of the Code of Virginia relating to eminent domain proceedings by the Commonwealth Transportation Commissioner related to interest on awards. The provision of this act shall be retroactive to awards rendered on or after October 1, 2002. In the event that the interest rate is required, as such section existed on October 1, 2002, is greater than the interest rate required under such sections as provided under the provisions of this act, the higher rate of interest shall be utilized for purposes of awards rendered on or after October 1, 2002, but prior to the effective date of this act. In addition, that an emergency exists and this act is in force from its passage.

6. Fiscal Impact Estimates: Final, see item 8.

7. Budget amendment necessary: No.

8. Fiscal implications:

For eminent domain proceedings, the Department of Transportation (VDOT) currently uses the general account composite rate compiled by the Department of Treasury. However, over the past 18 months the rate was modified, which resulted in a negative interest rate. The low rate penalized owners when the courts award was greater than VDOT's offer. This bill will establish the use of the Federal Short-Term Rate in 26 CFR 301.6621(a)(2), which is the same rate that the Federal Government charges when taxes are underpaid or when owners are reimbursed for overpayment.

According to the Department of Transportation (VDOT), the fiscal implications of this bill are unknown at this time. In addition, the emergency clause will allow for the inclusion of several pending court cases, with their total cost unknown at this time. Also, the emergency clause will eliminate the possibility of any future negative interest cases between now and July 1. If additional funding were required, it would most likely come from highway construction funding.

9. Specific agency or political subdivisions affected: Department of Transportation (VDOT), the Department of the Treasury, and the courts.

10. Technical amendment necessary: No.

11. Other comments: See SB713, which is similar.

Date: 02/26/03jlm

Document: (DPB G\ Leg03 \HB1950ER.DOC)

cc: Secretary of Transportation