

Department of Planning and Budget 2003 Fiscal Impact Statement

1. Bill Number HB2804

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron Morgan

3. Committee Passed Both Houses

4. Title Capitol Square Preservation Act of 2003; bond issue

5. Summary/Purpose: The bill authorizes the Virginia Public Building Authority to issue bonds in a principal amount not to exceed \$118,570,000 to finance the improvement and furnishing of certain buildings located within the boundaries of Capitol Square that were originally built before 1950.

The bill requires that the Governor submit a plan to the chairmen of the Senate Finance and Houses Appropriation Committees by December 1, 2003, to provide alternatives for completing the renovations of the Old Finance Building and Washington Building projects, including the feasibility of entering into public-private partnerships. In no case shall any action be taken on those two projects (the Washington Building and Old Finance Building) prior to March 31, 2004. If the Governor's plan is not submitted by December 1, 2003, the Virginia Public Building Authority shall not issue any bonds for the renovation of the Old Finance Building and Washington Building projects.

The bill further requires the Department of General Services to notify the Virginia Public Building Authority identifying the renovations and costs that will be undertaken by entities other than the authority, including private entities through a public-private partnership.

The bill has a second enactment clause that requires the Joint Rules Committee with the assistance of the Secretary of Administration to prepare and release a plan to the chairmen of the Senate Finance and House Appropriations Committees by December 1, 2003 to fund the acquisition of fixtures and furnishings for the Capitol Building renovation project through private donations or fundraising (cost estimated at \$5,972,000). Any funds raised may be used for such purposes by the Department of General Services after December 31, 2003.

6. Fiscal Impact Estimates are: Final.

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002-03	\$0	-	-
2003-04	\$727,000	-	GF
2004-05	\$2,511,000	-	GF

6b. Revenue Impact: None.

- 7. Budget amendment necessary:** Yes. The enrolled budget bill only includes funding of \$657,000 of the total \$727,000 needed for the Capitol Building project. Therefore, a budget amendment of \$70,000 is necessary for the debt service on the entire Capitol Square project.
- 8. Fiscal implications:** The debt service impact is based on the most recent draws provided by the Department of General Services. It assumes four tax-exempt bond issues:

ISSUANCE DATE	AMOUNT
August 2003	\$28.5 million
August 2004	\$9.3 million
August 2005	\$62.5 million
August 2006	\$18.2 million

The debt service costs would be:

Fiscal Year	AMOUNT
2004	\$727,000
2005	\$2,511,000
2006	\$4,609,000
2007	\$8,464,000
2008	\$9,452,000

The debt service estimates assume an August issuance each year, with one interest only payment in the first fiscal year of repayment and full debt service in each subsequent year. Once all bonds are issued by 2006, the annual debt service would peak at approximately \$9.5 million a year, beginning in fiscal year 2008.

The debt service estimates are based on the Virginia Public Building Authority issuing and paying the debt service on the debt for all of the projects authorized in the bill. To the extent that public-private partnerships are utilized for the Washington Building and Old Finance Building, the debt service requirements may change. However, any impact of alternative methods of financing are interminable until such methods are explored and the details developed.

- 9. Specific agency or political subdivisions affected:** Department of the Treasury and the Department of General Services.
- 10. Technical amendment necessary:** No.
- 11. Other comments:** None.

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cc:Secretary of Finance