

Department of Planning and Budget 2004 Fiscal Impact Statement

1. Bill Number HB1071

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Armstrong

3. Committee Appropriations

4. Title U.S. Route 58 Transportation Revenue Bonds; increases amount for Corr. Development Program.

5. Summary/Purpose:

Allows a \$300 million increase in bond issuance relating to the U.S. Route 58 Corridor Development Program for the completion of that portion of the Program from the Stuart Bypass to Interstate 77, and provides that the provisions of the Public-Private Transportation Act of 1995 of the Code of Virginia shall be utilized as deemed appropriate. The bill also increases the principal amount of bonds authorized to \$1,004,300,000.

6. Fiscal Impact Estimates are: Preliminary, see item 8.

7. Budget amendment necessary: Yes, Item 493.

8. Fiscal implications:

According to the Department of Transportation, bonds issued during the latter portion of FY 2005 at 5 percent, for a 25-year term, could need about \$21.3 million in additional appropriation for FY 2006 for the Route 58 Corridor Development Program to cover the additional debt service requirement.

However, a source of funding for the annual debt service is not identified in the bill. If Commonwealth Transportation Funds are designated, then this could diminish funding available for other highway construction projects throughout the state. In addition, if any funding for debt service comes from Transportation Trust Fund moneys or other related funding, then debt issued would impact the state's debt capacity. According to the Department of Treasury, the 2003 Debt Advisory Capacity Committee recommended that no more than \$661.9 million of tax-supported debt be authorized in any year. Given this, the issuance of these bonds could impact other bond projects. The ultimate impact on the state's debt capacity will depend upon the issuance and debt repayment terms of the bonds so authorized.

9. Specific agency or political subdivisions affected: Department of Transportation and localities along the Route 58 Corridor

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 02/03/04 / jlm

Document: (DPB G:\Leg 04\HB1071.DOC)

cc: Secretary of Transportation

Secretary of Finance