

## Department of Planning and Budget 2004 Fiscal Impact Statement

**1. Bill Number** HB307

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

**2. Patron** Marshall, R.G.

**3. Committee** Counties, Cities and Towns

**4. Title** Adequacy of public education facilities in local school divisions.

**5. Summary/Purpose:** This bill requires the Board of Education to undertake a comprehensive assessment of the adequacy of public education facilities in each local school division of the Commonwealth. The bill sets forth factors that the Board must consider and requires that the locality cooperate during the assessment process. If the Board determines that a local school division's public education facilities are inadequate or will be inadequate within five years, then the local school board will have one year to develop a plan for addressing such inadequacy. If the Board determines that such plan will not achieve adequacy, then it shall impose a public education residential impact fee upon the builder of each new residential unit in the local school division, until such time as the facilities are adequate. The Board is authorized to promulgate regulations for the implementation of the act.

**6. Fiscal Impact:** See Item 8.

**7. Budget amendment necessary:** No.

**8. Fiscal implications:** If the Board of Education determines that a school division's facilities are not adequate to serve its current population, or will be inadequate in the next five years, the Board shall notify the local school board that it has one year to establish a plan to achieve adequacy in the next five years. Should the local school board fail to submit a plan or if the Board determines that the plan does not achieve adequacy, then the Board shall establish and apply a public education residential development impact fee.

The impact fee would be assessed to the builder of each new residential unit constructed in the local school division until such time as the Board determines that the public education facilities are adequate and likely to remain adequate for the next five years. The fee would be based upon: (1) the pro-rata impact of each additional residential unit on existing public education facilities and (2) the pro-rata impact of each additional residential unit on the costs of improving existing or constructing new public education facilities. All fees collected would be held in special interest-bearing accounts on behalf of the school division within the Virginia Public School Construction Grants Fund or the funds would be deposited in the local Capital School Projects Fund. Disbursements would be made in accordance with the applicable fund. (The Virginia Public School Construction Grants Fund is used to disburse grants for school construction, additions, infrastructure, site acquisition for public school

buildings and facilities, and renovations. The Capital School Projects Fund is used “solely for: (1) construction, additions, renovations, site acquisition or (2) debt service payments for any such projects completed in the previous ten years.”)

The School Construction Grants Fund (per 22.1 – 175.2, *Code of Virginia*) is a special nonreverting fund. This fund is managed by the State Treasurer and subject to the authority of the BOE. The Capital School Projects Fund (per 22.1-175.5, *Code of Virginia*) is established as an escrow account and subject to local governing body control. Any fees deposited in either of these accounts could be co-mingled with other school construction funds. If the School Construction Grants Fund were the account of deposit for the fees, then a mechanism would need to be available to delineate the school division to which the fee applies.

Once the Board determines that a school division’s public education facilities are adequate and likely to remain so, then the Board would cease to collect the impact fee and would release the funds.

The bill provides for an appeals process. The Board would also be required to promulgate regulations.

Depending upon how this program is established, additional resources would be needed within the department to administer this program. Several FTE positions could be needed in both FY 2005 and FY 2006, with annual salary and benefits averaging approximately \$60,000 per position. There would also be costs involved with the promulgation of regulations, which could take twelve to eighteen months to complete.

There would also be costs at the local level since all school divisions would be required to work with the Board and Department of Education to accomplish a comprehensive assessment. The impact at the local level is unknown and could depend upon the condition of facilities in each school division. The amount of builder fees collected cannot be estimated at this time since the assessment of the fees is dependent upon Board guidelines.

**9. Specific agency or political subdivisions affected:** Local school divisions, Board of Education, Department of Education

**10. Technical amendment necessary:** No.

**11. Other comments:** None.

**Date:** 02/02/04 / acd

**Document:** H\ bos\k12 legislation\2004 session\completed bills\HB307.doc.

cc: Secretary of Education  
Secretary of Finance