

Department of Planning and Budget 2004 Fiscal Impact Statement

1. **Bill Number** SB413

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

2. **Patron** Edwards

3. **Committee** House Appropriations

4. **Title** Rail Transportation Development Authority; change of effective date.

5. **Summary/Purpose:**

Creates a body corporate and a political subdivision of the Commonwealth to be known as the Rail Transportation Development Authority. The Authority has the responsibility of identifying needed construction, reconstruction, improvements, repairs, extensions, additions, restorations, and any related acquisitions of real or personal property, rails, tracks, rights-of-way, shops, terminals, bridges, tunnels, rolling stock, signals, and any other equipment, infrastructure, or facilities that are or may be used to provide for the transportation of freight or passengers by rail in the Commonwealth that the Authority determines to be in the public interest. The following powers conferred upon the Rail Transportation Development Authority shall not become effective earlier than July 1, 2007: 1) to issue bonds and other evidences of debt; 2) to acquire real and personal property or any interest therein by purchase, lease, gift, or otherwise, and to hold, encumber, sell, or otherwise dispose of such land or interest; 3) to construct or acquire, by purchase, lease, contract, or otherwise, rail transportation facilities; 4) to establish and collect fees, charges or other revenue for the use of the property, equipment, or facilities of the Authority, and to pledge such fees, charges or other revenues to service debt authorized under this Act; and, 5) to exercise all the powers given to transportation district commissions. Such powers shall only become effective if (i) the Authority prepares a comprehensive statewide plan providing specific details; (ii) such plan includes a specific proposal for the financing of each rail transportation project included in the plan; and (iii) such comprehensive statewide plan provides for the Rail Transportation Development Authority to acquire, construct, reconstruct, improve, repair, extend, add to, or restore rail transportation projects. The Authority shall not issue bonds or any other evidences of debt or borrow any funds for any rail transportation project unless the project and the financing thereof is approved by the General Assembly and enacted into law by the Governor.

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

6a. **Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04	\$0	0	NA
2004-05	\$260,000	0	GF
2005-06	\$260,000	0	GF
2006-07	\$525,000	0	GF/NGF
2007-08	\$750,000	0	GF/NGF
2008-09	\$750,000	0	GF/NGF
2009-10	\$750,000	0	GF/NGF

7. **Budget amendment necessary:** Yes, Item 483.

8. **Fiscal implications:**

The bill notes that the members of the Authority shall be reimbursed their actual and necessary expenses incurred in carrying out their duties and, in addition, shall be paid the same per diem as provided in the general appropriation act for members of the General Assembly engaged in legislative business between sessions. Currently, non-session per diems are \$200 per day. If the nine members are reimbursed, for example, \$50 for

their actual and necessary expenses, and an additional \$200 per day, and there are six meetings per year, then the total costs could be \$13,500.

Also, the bill notes that the Virginia Department of Rail and Public Transportation shall provide administrative support services for the Authority, which shall include developing, publishing, advocating, and periodically revising a rail transportation plan for the Commonwealth, including a comprehensive statewide plan. According to the Department of Rail and Public Transportation, the minimum annual "start-up" budget could be \$260,000 in general fund moneys. If transportation funding is ultimately used, then funding to other transportation programs will have to be reduced. After two years, either general fund and/or nongeneral fund moneys would need to be made available to continue the Authority. However, it is unclear, at this time, from where the additional nongeneral funding would come. Again, if transportation funding is used, then funding for other programs will have to be reduced. Given this, the Authority may have to be re-evaluated at some point in the future, and a steady funding source for costs identified.

When, and if, the full provisions of the legislation are implemented, additional staff or consultant staff for the Authority could cost \$250,000 to \$500,000. A recently completed study indicated a budget need between \$500,000 to \$1 million each year. An existing similar authority's budget is about \$1.4 to \$1.7 million a year. Thus, out-year costs are estimated at \$525,000 in FY 2007, and \$750,000 each year thereafter. As the Authority takes on more responsibility, additional staff may have to be added to the department, such as attorneys, engineers, and other technical advisors. However, the actual number, positions, and salaries cannot be determined at this time.

9. Specific agency or political subdivisions affected: The Department of Rail and Public Transportation and the Department of Treasury.

10. Technical amendment necessary: No.

11. Other comments: The primary purpose of the Authority appears to be to finance infrastructure improvements to rail lines, which are owned and controlled by private freight companies. Senate Document #4 (2004) noted that the creation of the Virginia Rail Transportation Authority to serve this intended purpose may be unconstitutional. However, the Attorney General's office has not reviewed the provisions. If any future funding for debt service comes from Transportation Trust Fund moneys or other related funding, then debt issued by this authority would impact the state's debt capacity. The ultimate impact on the state's debt capacity will depend upon the issuance and debt repayment terms of the bonds so authorized.

Date: 03/01/04 / jlm

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cc: Secretary of Treasury
Secretary of Finance