

Department of Planning and Budget 2005 Fiscal Impact Statement

1. Bill Number HB1943

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

2. Patron Saxman

3. Committee General Laws

4. Title Property conveyance; former Staunton Correctional Center.

5. Summary/Purpose:

This bill authorizes the Governor to convey the former Staunton Correctional Center to the Staunton Industrial Authority (SIA) with the understanding that the SIA agrees to market the property to a developer who, within five years, would either pay to the SIA the fair market value of the property or begin paying the fair market long-term rental payments for the property. The SIA, in turn, would pay to the Commonwealth all amounts it receives from the developer, minus its reasonable and necessary costs.

6. Fiscal Impact Estimates are: Indeterminate

7. Budget amendment necessary: N/A

8. Fiscal implications:

With the closing of the Staunton Correctional Center (SCC), the sale of the SCC property was originally included in an Executive Amendment to the 2002 Budget Bill that proposed the sale of various Department of Corrections' (DOC) surplus property. Initially, \$9.6 million was expected to result from the sale of all the DOC properties and be deposited into the general fund of the state treasury by the end of FY 2003. From that amount, \$1.8 million was to be transferred to the Conservation Resources Fund. By the time Chapter 899, 2002 Acts of Assembly, passed, the estimated sale value for all the properties had increased to \$15.5 million for FY 2003 and \$6.0 million for FY 2004 with \$5.9 million being transferred to the Conservation Resources Fund by the end of FY 2003. The SCC sale accounted for \$6.6 million of the total amount expected to be collected during FY 2003.

By the 2003 Session, the SCC property had not been sold. Revenues in both Chapters 1042 and 943 (Caboose Bill), 2003 and 2004 Acts of Assembly respectively, reflected a \$6.6 million reduction to account for the SCC property sale not being completed. Furthermore, the revenues included in Chapter 4, 2004 Acts of Assembly, and the 2005 introduced budget bill do not include any amount associated with the SCC sale.

Historic easements and the fact that other structures would have to be razed or significantly renovated have contributed to the difficulty associated with selling the property. In late 2004, Staunton's Tax Assessor reported to the Department of General Services that the current value of

the SCC, taking into consideration historic easements, is approximately \$4.0 million. This estimate does not take into account such factors as when a buyer for the property would be secured, the future economic factors that could impact property values in the Staunton area, and what the Staunton Industrial Authority might define as “necessary and reasonable costs” associated with selling the land. Given these unknown variables, it is probably best to assume that any revenue to the Commonwealth resulting from this sale would not exceed \$4.0 million.

9. Specific agency or political subdivisions affected: Office of the Attorney General, Department of General Services, and Staunton Industrial Authority

10. Technical amendment necessary: No.

11. Other comments: SB 1015 has similar provisions as this legislation, but does not deposit any resulting funds from the sale or the lease of the property to the Commonwealth.

Date: 01/18/05 / sas

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cc: Secretary of Public Safety
Secretary of Finance