

Department of Planning and Budget 2006 Fiscal Impact Statement

1. Bill Number HB1257

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

2. Patron Hugo, T.

3. Committee Senate Finance

4. Title Transportation Investment Bond Act of 2006

5. Summary/Purpose:

This bill establishes two funds, the Northern Virginia Transportation Investment Fund and the Hampton Roads Transportation Investment Fund. Each fund is dedicated to projects in the respective regions. Tax-supported bonds and notes issued for the projects in these funds will be secured by revenues dedicated to each fund.

Revenues dedicated to these funds include:

- One-third of all insurance license tax revenue multiplied by the ratio of the population of each region compared to the population of the entire Commonwealth.
- Recordation tax revenues received from each region.
- Interest earned on each fund.
- Other amounts as legally may be available to each fund.

6. Fiscal Impact Estimates are Preliminary: (See Item 8)

7. Budget amendment necessary: Yes

- a) Item 443, to increase construction costs for each region.
- b) Item 447, to increase debt service for notes and bonds for each region.

8. Fiscal implications:

Recordation taxes estimated at \$20.0 million for FY 2007, and \$25.0 million for each fiscal year thereafter will be deposited to the Northern Virginia Transportation Investment Fund (NVTIF). Recordation taxes estimated at \$10.0 million for FY 2007, and \$15.0 million for each fiscal year thereafter will be deposited to the Hampton Roads Transportation Investment Fund (HRTIF). This will result in a reduction of recordation tax revenue to the general fund of \$30.0 million in FY 2007 and \$40.0 million each fiscal year thereafter.

The introduced budget proposes using one-third of all insurance license tax revenues to fund debt service for the Federal Highway Revenue Anticipation Notes (FRANS) and to

increase financial support for mass transit. Since a portion of the one-third of all insurance license tax revenues will be redirected to the NVTIF and HRTIF, funding for debt service for the FRANS will need to be secured elsewhere. If the Transportation Trust Fund is responsible for FRAN debt service, the Virginia Department of Transportation (VDOT) has estimated that funding for other construction projects will be reduced by \$28.1 million in FY 2007 and \$25.9 million in FY 2008.

9. Specific agency or political subdivisions affected:

Virginia Department of Transportation

10. Technical amendment necessary: No

11. Other comments:

According to the Department of Treasury, debt issued under this bill will be tax-supported debt of the Commonwealth.

Date: 02/27/06 / jmh

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cc: Secretary of Transportation

Secretary of Finance