

Department of Planning and Budget 2006 Fiscal Impact Statement

1. Bill Number SB195

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Williams

3. Committee Transportation

4. Title Virginia Airports Revolving Fund; prepayment of loans from the Fund.

5. Summary/Purpose:

This bill provides that the Virginia Resources Authority (VRA) may not include as a provision in a loan from the Virginia Airports Revolving Fund any penalty for early payment. The bill would allow the Authority to charge and collect costs directly relating to the defeasance of principal and interest on obligations issued by the Authority. The bill would also prohibit VRA from collecting a prepayment penalty on any loan outstanding to a local government as of June 30, 2006.

6. No Fiscal Impact to the State: See Item 8

7. Budget amendment necessary: No

8. Fiscal implications:

This bill will have no fiscal impact on the state, but could potentially increase loan costs to the local airports that utilize the Virginia Airports Revolving Fund.

According to the Virginia Resources Authority, it presently does not charge Virginia Airports Revolving Fund borrowers any costs at closing, but instead recoups its costs and on-going administrative costs for the Fund through a 0.10% annual fee. The Authority believes this approach reduces closing costs and helps make more projects viable.

The bill prohibits the Authority from collecting the balance of these annual administrative fees if a borrower prepays or refunds its loan; thus, on future loans, the Authority will need to charge its costs upfront, which makes borrowing more costly.

9. Specific agency or political subdivisions affected:

Virginia Resources Authority; local airport

10. Technical amendment necessary: No

11. Other comments: None

Date: 02/06/06 / mdm

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cc: Secretary of Transportation