

Department of Planning and Budget 2007 Fiscal Impact Statement

1. Bill Number HB3067

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Callahan

3. Committee House Appropriations

4. Title Bonds for highway construction and mass transit.

5. Summary/Purpose: The proposed legislation authorizes the Commonwealth Transportation Board (CTB) to issue bonds in an aggregate principal amount not to exceed \$2 billion (with no more than \$325 million to be issued in any one fiscal year), with 84.3 percent of the proceeds to be used for highway construction in each highway construction district on a pro rata basis according to population, and the remaining proceeds to be used for mass transit purposes. The bonds are to be 20-year notes. The proposed legislation includes an enactment clause directing that the debt service on the bonds are to be paid, in whole or in part, from revenue attributable to additional vehicle registration fees enacted by the 2007 Session of the General Assembly.

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

7. Budget amendment necessary: Yes. Item 447.

8. Fiscal implications: The proposed legislation would authorize the CTB to issue up to \$2.0 billion in bonds, with no more than \$325 million issued in one fiscal year. The debt service on the bonds is to be paid, in whole or in part, from revenue attributable to additional vehicle registration fees enacted by the 2007 session of the General Assembly. It is not clear what revenue source is to be used for the debt service if the proposed legislation passes, but the 2007 General Assembly does not pass any legislation increasing the fees on vehicle registration. If the debt service is supported by increased vehicle registration fees, the bonds would constitute tax-supported debt and would impact the state's debt capacity.

The bond proceeds are to be distributed between highway and transit purposes, with 84.3 percent used by the CTB for highway construction, and 15.7 percent to be deposited into the Commonwealth Mass Transit Fund and spent according to the Code of Virginia. The amount reserved for highway construction is to be distributed among the nine construction districts on the basis of population.

9. Specific agency or political subdivisions affected: Department of Transportation, Commonwealth Transportation Board, Department of Rail and Public Transportation

10. Technical amendment necessary: None.

11. Other comments: The proposed legislation terms the instruments authorized here as notes. Notes are generally limited to 10 years or less. With an authorized maturity of 20 years, according to the Department of Treasury, the term bonds is a more fitting description. In addition, the proposed legislation does not contain a provision to allow issuing refunding bonds and exempting the refunding bonds from counting against the \$2.0 billion issuance cap.

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cc: Secretary of Finance

Secretary of Transportation