

## Department of Planning and Budget

### 2007 Fiscal Impact Statement - Final

**1. Bill Number** SB756

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

**2. Patron** Stosch

**3. Committee** Passed Both Houses

**4. Title** Public-Private Partnership Advisory Commission; created.

**5. Summary/Purpose:** The bill establishes the Public-Private Partnership Advisory Commission as an advisory commission in the legislative branch. The purpose of the Commission is to advise responsible public entities that are agencies or institutions of the Commonwealth on proposals received pursuant to the Public-Private Education Facilities and Infrastructure Act of 2002 (§ 56-575.1 et seq.). The Commission is to consist of 11 members, including eight legislative members, as follows: (i) the Chair of the House Committee Appropriations or his designee and four members of the House of Delegates appointed by the Speaker of the House, (ii) the Chair of the Senate Committee on Finance or his designee and two members of the Senate appointed by the Senate Committee on Rules, and (iii) the Secretary of Administration, the Secretary of Finance, and the Secretary of Technology or their designees.

The bill requires a responsible public entity, prior to requesting or considering a proposal for a qualifying project, adopt and make publicly available guidelines that are sufficient to enable the responsible public entity to comply with this chapter. Such guidelines shall be reasonable, encourage competition, and guide the selection of projects under the purview of the responsible public entity.

Prior to entering into the negotiation of an interim or comprehensive agreement, each responsible public entity that is an agency or institution of the Commonwealth is required to submit copies of detailed proposals to the Public-Private Partnership Advisory Commission as provided by Chapter 42 (§ 30-278 et seq.) of Title 30. Any proposed comprehensive agreement for a qualifying project where the responsible public entity is an agency or institution of the Commonwealth that (i) creates state tax-supported debt, (ii) requires a level of appropriation significantly beyond the appropriation received by the responsible public entity in the most recent appropriation act, or (iii) significantly alters the Commonwealth's discretion to change the level of services or the funding for such services over time, is to be reviewed by the appropriating body prior to execution.

The following qualifying projects shall not be subject to review by the Commission: (1) any proposed qualifying project with a total cost of less than \$3 million; and, (2) any proposed qualifying project with a total cost of more than \$3 million but less than \$50 million for which funds have been specifically appropriated as a public-private partnership in the general appropriation act or capital construction projects that have been authorized in the appropriation act, provided such project does not increase in size more than five percent beyond the plans and justifications that were the basis of the appropriation.

**6. Fiscal Impact - Final:** see Item #8.

7. **Budget amendment necessary:** Yes. Division of Legislative Services, Item #6. The bill would require an amendment to provide an appropriation to support the Commission.
8. **Fiscal implications:** There would be some additional costs associated with this proposal. The Public-Private Partnership Advisory Commission would consist of 11 members (eight of which would be legislative members) to advise public entities on the terms and conditions of proposed interim and comprehensive agreements.

Commission members would be compensated according to their status and have expenses reimbursed. General Assembly members would receive a \$200 per diem and the ex officio members would receive no per diem compensation. If the General Assembly is in session, the legislative members would receive expenses but no compensation.

The analysis assumes that the Commission meets four times per year. It also assumes that 30 percent of the members live near Richmond and their expenses would be \$20 per meeting, 30 percent live in central Virginia and their expenses would be \$50 per meeting, and the remaining members would incur expenses of \$120 per meeting. The calculations for expenses and compensation to fund the Commission are as follows:

**Estimated expenses and compensation annual costs**

Number of Commission members (6 are delegates):	1
Meetings per year when GA is not in session:	3
Meetings per year when GA is in session:	1
Expense Reimbursement:	\$20 - \$120
Compensation per day:	\$200

**Calculations**

**Compensation Summary:**

3 ex officio members * \$0	\$ 0
8 General Assembly members * \$200 * 3 meetings	<u>\$4,800</u>
<b>Total annual compensation</b>	<b>\$4,800</b>

**Expense Summary:**

3 members * \$20 * 4 annual meetings	\$ 240
4 members * \$50 * 4 annual meetings	\$ 800
4 members * \$120 * 4 annual meetings	<u>\$1,920</u>
<b>Total annual expenses</b>	<b>\$2,960</b>

There may be minor costs incurred by agencies for posting the proposals, obtaining public comments, and adopting guidelines.

Finally and most importantly, the bill could significantly increase the review time of the Public-Private Educational Facilities and Infrastructure Act (PPEA) project. This could potentially increase the PPEA project cost and delay the capital construction process.

9. **Specific agency or political subdivisions affected:** All public bodies, Auditor of Public Accounts, Division of Legislative Services, Secretaries of Administration, Finance, and Technology.

**10. Technical amendment necessary:** No.

**11. Other comments:** None.

**Date:** 03/07/07 / acd

**Document:** H:\BOS-RO\Legislation\07 Session\FIS-ACD\SB756er

cc: Secretary of Finance