

## Department of Planning and Budget 2007 Fiscal Impact Statement

**1. Bill Number** SB857

<b>House of Origin</b>	<input checked="" 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 type="checkbox"/> Enrolled

**2. Patron** Reynolds

**3. Committee** Senate Finance

**4. Title** Commonwealth Transportation Board; bonds for Route 58 Corridor.

**5. Summary/Purpose:** The proposed legislation would authorize the Commonwealth Transportation Board (CTB) to issue bonds for the U.S. Route 58 Corridor Development Program in an additional amount not to exceed \$196 million to fund certain specified transportation projects in the Route 58 Corridor.

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

**7. Budget amendment necessary:** Yes. Item 447 will need to be amended to appropriate the debt service, if the bonds are issued during FY 2008.

**8. Fiscal implications:** The proposed legislation authorizes the CTB to issue Commonwealth of Virginia Transportation Revenue Bonds in the amount of \$196 million to finance specified improvements to Route 58. According to the Department of Transportation, the estimated debt service on \$196 million in new bonds would be approximately \$13.7 million annually if structured for level annual debt service payments. Assuming the debt service on the new bonds would be paid in the same manner as the current bonds for the U.S. Route 58 Corridor Development Program, the debt would be considered tax-supported debt and would impact the Commonwealth's debt capacity.

Previous sessions of the General Assembly have approved the issuance of \$704.3 million in bonds for improvements to the U.S. Route 58 corridor. The debt service is funded through the U.S. Route 58 Corridor Development Fund, which is supported by a transfer of \$40 million in state recordation taxes pursuant to §58.1-815, Code of Virginia. As the current debt service exceeds the transfer from recordation taxes, the 2006 Appropriation Act appropriates an additional \$12 million from the Transportation Trust Fund to the U.S. Route 58 Corridor Development Fund. If the proposed legislation is passed, an additional amount will need to be appropriated from the Transportation Trust Fund to support the additional debt service.

**9. Specific agency or political subdivisions affected:** Commonwealth Transportation Board, Department of Transportation

**10. Technical amendment necessary:** None.

**11. Other comments:** The bill directs \$73 million to of the \$196 million bond issuance to be used for improvements to the Hillsville Bypass. In the Governor's proposed budget, \$305 million is dedicated to four highway improvement projects. The Hillsville Bypass project is included in the list.

**Date:** 01/16/07 / smc

**Document:** F:\SMC\GA\FIS 2007\SB857.Doc

cc: Secretary of Finance

Secretary of Transportation