

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: HB1073

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed
Second House ☒ In Committee ☒ Substitute ☐ Enrolled

2. Patron: Suit

3. Committee: General Laws and Technology

4. Title: **Department of Housing and Community Development; administration of the Private Activity Bonds program**

5. Summary: The bill would transfer the administration of a portion of the Private Activity Bonds program in Chapter 50 of Title 15.2 Code of Virginia, from the Virginia Small Business Financing Authority (VSBFA) in the Department of Business Assistance to the Department of Housing and Community Development (DHCD) and the Virginia Housing Development Authority (VHDA). Federal law imposes a ceiling on the amount of private activity bonds that can be issued each year. The bill would: increase the housing allocation of the Virginia state ceiling on private activity bonds from 41 to 57 percent (from the current 27 percent to 43 percent to the Virginia Housing Development Authority (VHDA), the allocation to local housing authorities would remain at 14 percent); maintain the current 18 percent for the Governor's state allocation portion; and reduce the industrial development bonds for manufacturing and exempt facilities portion of the ceiling from 41 to 25 percent. The proposal would provide that any remaining unused bond authority in any category be reallocated to VHDA (up to VHDA's request) with assurances that the amount will be used within federal requirements. The bill also eliminates provisions related to student loan bonds which are not issued in Virginia. Finally, the bill directs the VSBFA to develop regulations that raise the cap on an allocation for a tax exempt project from the industrial development bond portion to an amount greater than \$10 million per project.

6. No Fiscal Impact.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: Under the provisions of the bill, the Department of Housing and Community Development would be responsible for the administration of the allocation for local housing authorities and developing guidelines and policies for the allocation of both the housing and state allocation portions of the program. VHDA would be responsible for the administration of its allocation. DBA would be responsible for administration of the allocation for industrial development and the development of guidelines and policies for the allocation of the industrial development allocation. It is anticipated that no additional resources will be needed to implement the provisions of the proposed legislation.

9. Specific Agency or Political Subdivisions Affected: Department of Business Assistance, Virginia Small Business Financing Authority, Department of Housing and Community Development

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 2/26/2008 dpbtmw

Document: G:\2008 Session\Fiscal Impact Statements\Hb1073S1.Doc

cc: Secretary of Commerce and Trade