

## Department of Planning and Budget 2008 Fiscal Impact Statement

**1. Bill Number:** SB778

House of Origin	<u>  X  </u>	Introduced	<u>      </u>	Substitute	<u>      </u>	Engrossed
Second House	<u>      </u>	In Committee	<u>      </u>	Substitute	<u>      </u>	Enrolled

**2. Patron:** Herring

**3. Committee:** Commerce and Labor

**4. Title:** Virginia Highway Corporation Act of 1988; tolls on the Dulles Greenway.

- 5. Summary:** The proposed legislation would authorize the State Corporation Commission (SCC) to take certain actions during any toll rate case under the Virginia Highway Corporation Act of 1988. The SCC is authorized to exclude from the accounts of the operator any payment to an affiliated interest for any services rendered or property or service furnished, if it is not consistent with the public interest. In exercising its authority to exclude from the operator's costs any amounts it finds excessive or improper, the costs of the operator's debt obligations shall be deemed to be improper or excessive to the extent that any proceeds from the issuance of securities are distributed to any affiliated interest. The operator's non-cash account reflecting accumulated retained earnings shall be deemed to be improper or excessive to the extent that gains from a sale of the operator, or control thereof, are distributed to the operator or any affiliated interest without being applied to reduce the balance of the account.

In addition, if there is a change in the ownership of an operator or the issuance of securities, the SCC, in any subsequent toll rate proceeding, shall ensure that any costs, changes in capital and debt structure, and other factors attributable to or resulting from the change in ownership or issuance of securities that would contribute to an increase in the level of the toll are excluded from the operator's reasonable return.

Other provisions (i) require the operator to provide copies of annual audited financial statements and (ii) make operators subject to the Utility Transfers Act, which authorizes the SCC to review the acquisition or disposition of control of an operator, its assets, and securities.

The only toll road constructed pursuant to the provisions of the Virginia Highway Corporation Act of 1988 is the Dulles Greenway, located in Loudoun County.

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

**7. Budget Amendment Necessary:** None.

- 8. Fiscal Implications:** The proposed legislation would give the SCC more authority to review the financial statements of toll road operators during a toll rate proceeding. The SCC is to ensure that certain expenditures of the operator are not included in the calculations

determining the toll rate adjustment and the operator's reasonable rate of return, as well as reviewing that payments and compensation to an affiliated interest are consistent with the public interest. The State Corporation Commission does not anticipate any additional staffing will be required to address the requirements of this legislation.

**9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission

**10. Technical Amendment Necessary:** None.

**11. Other Comments:** Similar to HB 1140.

**Date:** 2/4/2008 dpb/smc

**Document:** G:\GA\FIS 2008\SB778.doc

cc: Secretary of Transportation