

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: HB2665

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

2. Patron: May

3. Committee: Finance

4. Title: Virginia Broadband Infrastructure Loan Fund

5. Summary: This bill creates the Virginia Broadband Infrastructure Loan Fund. The Fund would be administered by the Virginia Resources Authority. Money in the Fund would be used exclusively for the financing of broadband infrastructure projects undertaken by a local government. Priority for loans would be given to projects that will utilize private industry in operating and maintaining the projects where private involvement will provide cost savings, to projects that serve two or more local governments, and to projects in underserved, or unserved areas. The bill also includes a “liberal construction of chapter” clause.

6. Fiscal Impact Estimates: Preliminary.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: This bill creates the Virginia Broadband Infrastructure Loan Fund (the Fund), and names the Virginia Resources Authority (VRA) as the administrator. The Fund is to consist of monies appropriated by the General Assembly, receipts from loans made by it to local governments, all income from investment of monies held in the fund, and any other sums designated for deposits to the fund from any public or private sources.

The bill specifies that monies in the Fund are to be used solely to make loans to local governments to finance or refinance the cost of any project to build or facilitate the building of broadband infrastructure. It does, however, authorize VRA to disperse from the Fund reasonable costs and expenses incurred in the management of this Fund. VRA does not anticipate that this bill will result in workload increases that cannot be absorbed.

VRA assists localities with financing infrastructure projects. As established, VRA is “off the books of the Commonwealth;” it is an entirely self-sufficient political subdivision that covers its expenses with administrative fees from the various programs it administers. They are currently authorized a moral obligation debt limit of \$900 million. This debt ceiling represents the total amount of bonds VRA may issue or local obligations they may guarantee without needing prior approval of the General Assembly. As of December 31, 2008, VRA’s moral obligation debt outstanding was approximately \$735 million.

- 9. Specific Agency or Political Subdivisions Affected:** Virginia Resources Authority, Auditor of Public Accounts, Secretary of Technology, Secretary of Commerce and Trade, local governments.
- 10. Technical Amendment Necessary:** Yes, Line 119, strike “Secretary of Economic Development,” and insert “Secretary of Commerce and Trade.”
- 11. Other Comments:** SB1451 proposes to raise VRA’s moral obligation debt limit from \$900 million, to \$1.5 billion.

This bill creates an independent fund within VRA similar to the existing Virginia Airports Revolving Fund (VARF). Create in 2000 with an appropriation of \$25 million, VARF is used to leverage loans to support projects related to public-use airports in Virginia.

Date: 2/9/2009 dpb

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cc: Secretary of Commerce and Trade
Secretary of Technology