

# Department of Planning and Budget

## 2008 Fiscal Impact Statement

### 1. Bill Number HB 921

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

2. Patron Joannou

3. Committee Appropriations

4. Title State reimbursement of jail construction

### 5. Summary/Purpose:

The Commonwealth reimburses localities for part of the costs of constructing a new jail or for enlarging or renovating an existing jail. Under current law, for jails operated by one county or city, the reimbursement is set at one-fourth of the cost of the construction, enlargement, or renovation. For regional jails operated by three or more counties or cities, the reimbursement rate is one-half the cost. The state share of the cost is funded through the issuance of bonds by the Virginia Public Building Authority.

The bill would increase the state share of the cost for construction, enlargement, or renovation of jails owned by one or two counties or cities to one-half for those projects that resulted in an increase of bed capacity of at least 150 beds.

6. Fiscal Impact: See Item 8.

7. Budget amendment necessary: None.

### 8. Fiscal implications:

The proposed legislation could result in significant additional costs to the state. There are no jail projects authorized in the introduced budget bill that would be affected by this legislation. However, it is known that several localities are exploring the feasibility of expanding their jails or building new ones. For example, the Department of Corrections has recently received inquiries from two localities relating to the expansion or construction of a single-locality jail. The projected cost of those projects is approximately \$28 million each. Under the current law, the state reimbursement for those two projects would be a total of \$14 million. Under the proposed legislation, it would be \$28 million. In another case, a major city has publicly stated the need to build a large new jail. Although this project has not been authorized in the budget bill and the estimated cost is unknown at this time, based on the costs of recent jail projects of similar size, the cost of this contemplated new jail could easily be \$100 million. Under current law, the state's share of that cost would be \$25 million; under the proposed legislation, it would increase to \$50 million.

Generally speaking, on a proportional basis, regional jails are cheaper to build and more efficient to operate. The statutory preference given to regional jails with a fifty percent reimbursement has served as an incentive to localities to enter into regional agreements for the construction and operation of jails. The proposed legislation would eliminate that incentive. As a result, more localities may decide to build and operate their own jails, rather than enter into regional jail agreements. Because the state also pays a major share of the cost of operating jails, the proposed legislation could also result in the state spending more to reimburse localities for jail operations.

**9. Specific agency or political subdivisions affected:**

Counties and cities  
Treasury Board  
Department of Corrections

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

**11. Other comments:** Almost identical to HB 1392 and SB 589.

**Date:** 1/16/2008 rwh

**Document:** G:\LEGIS\fis-08\hb921.doc