

# Department of Planning and Budget

## 2009 Fiscal Impact Statement

**1. Bill Number SB 1386**

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

**2. Patron Stolle**

**3. Committee Appropriations**

**4. Title State reimbursement of jail construction**

**5. Summary/Purpose:**

The proposed legislation would repeal the provisions of current law that provide for state reimbursement of the costs of construction of a new jail or for enlarging or renovating an existing jail.

Under current law, for jails operated by one or two counties or cities, or a combination thereof, the reimbursement is set at one-fourth of the cost of the construction, enlargement, or renovation. For regional jails operated by a combination of 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 stipulates that the provisions for reimbursement shall remain applicable for those projects approved by the Board of Corrections on or before June 1, 2009 and for which there is funding approved in the general appropriation act.

**6. Fiscal Impact estimate:** Indeterminate. See Item 8.

**7. Budget amendment necessary:** None.

**8. Fiscal implications:**

The proposed legislation would result in significant savings in debt service payments for the state in the future. For example, the projected state share of the cost of one regional jail for which plans have been recently completed was about \$73.7 million. Another large city jail project that is likely to occur in the near future would probably cost between \$150 and \$200 million. Under current law, the state share of that cost would range from \$37.5 to \$50 million.

Some of these savings could potentially be offset by higher operating costs of jails. The state reimburses localities for a large portion of the costs of operating local and regional jails.

Because the proposed legislation would remove one of the primary incentives for localities to build regional jails rather than local ones, it might result in more localities choosing to build smaller local jails, rather than regional facilities, in the future. Local jails are less efficient to operate than regional facilities and their higher operating costs could result in larger reimbursements by the state.

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

Department of Corrections  
Counties and cities  
Compensation Board  
Treasury Board

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

**11. Other comments:** None.

**Date:** {2/19/2009} rah

**Document:** G:\LEGIS\Fis-09\Sb1386s1.DOC Dick Hall-Sizemore