

## Department of Planning and Budget 2010 Fiscal Impact Statement

**1. Bill Number:** HB672

House of Origin	<input type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input checked="" type="checkbox"/>	Enrolled

**2. Patron:** May

**3. Committee:** Passed Both Houses

**4. Title:** Virginia Infrastructure Project Loan Fund.

**5. Summary:** This bill creates the Virginia Infrastructure Project Loan Fund, to be administered by the Virginia Resources Authority (VRA). Moneys in the fund would be used exclusively for the financing of recovered gas energy projects undertaken by a local government. The bill also specifies that a recovered gas energy project constitutes a “project” under the Virginia Resources Authority Act. The bill has a liberal construction clause.

**6. Fiscal Impact Estimates:** Final.

**7. Budget Amendment Necessary:** No.

**8. Fiscal Implications:** This bill establishes the Virginia Infrastructure Project Loan Fund as a set apart permanent and perpetual fund, “off the books” of the Commonwealth. This fund, to be administered by the Virginia Resources Authority (VRA), is to consist of such sums that may be appropriated by the General Assembly, all income from investment of moneys held in the fund, and any other sums designated for deposit to the fund. Should the General Assembly choose to make a general fund deposit to the fund, this bill may create a general fund obligation. VRA is granted the authority to disburse from the fund its reasonable costs and expenses incurred in the administration and management of the fund.

Moneys in the fund are to be used solely to make loans to local governments to finance or refinance the cost of any project. The bill defines “project” as any undertaking by a local government to reclaim or collect methane or other combustible gas from the breakdown of solid waste and use such gas to (i) generate electric energy, or (ii) transmit it off premises for sale or delivery to commercial or industrial purchasers or to a public utility or locality.

The bill specifies that, in approving loans, VRA shall give preference to loans for projects that will (i) utilize private industry where a cost savings can be shown over public operations, and (ii) serve two or more local governments to encourage regional cooperation.

The bill also directs the Auditor of Public Accounts (APA) to annually audit the accounts of VRA; any costs of these audit services are to be borne by VRA and as such, this bill is not estimated to have an unfunded general fund impact on the APA.

Finally, the bill also adds “recovered gas energy facilities” to the list of projects that are authorized for VRA loans. Adding this type of project would not affect the total dollar amount of projects that could be financed. VRA's current moral obligation debt limit is \$1.5 billion and moral obligation debt outstanding, as of December 31, 2009, was approximately \$723 million. The 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. The moral obligation debt limit has no impact on the Commonwealth’s overall debt capacity.

The Department of Environmental Quality has said that this bill would have no fiscal impact on their agency.

**9. Specific Agency or Political Subdivisions Affected:** Virginia Resources Authority, Auditor of Public Accounts, Department of Environmental Quality, local governments, local courts.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

**Date:** 3/9/2010 dpbaek

**Document:** G:\FIS\2010 Fiscal Impact Statements\VRA\HB672ER.Doc