

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: HB1180

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

2. Patron: Ingram

3. Committee: Appropriations

4. Title: Bond issuance for wastewater treatment facilities.

5. Summary: Authorizes the Virginia Public Building Authority (VPBA) to issue an additional \$300 million in bonds to continue installing nutrient removal technology in eligible wastewater treatment facilities to comply with the Chesapeake Bay total maximum daily load (TMDL) and the Watershed Implementation Plan. These funds would continue funding for projects at facilities under existing signed Water Quality Improvement Fund agreements and at additional eligible facilities that did not receive moneys from the original bonds authorized in 2007.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary. See item 8, below.

8. Fiscal Implications: The proposed legislation authorizes VPBA to issue an additional \$300 million in bonds for Water Quality Improvement Fund Grants to certain publicly owned sewage treatment facilities to fund a portion of the costs of design and installation of the 89 projects listed in Chapters 851 and 900, 2007 Acts of Assembly, and other eligible nonsignificant dischargers. The grant funding is used to install technologies in the listed treatment facilities that achieve significant additional reductions of nitrogen and phosphorus. These reductions are needed in order to restore and improve the Chesapeake Bay and its tributaries and to protect the Bay from further impairment.

The bonds authorized by this bill will constitute tax-supported debt of the Commonwealth and as such have an impact on the Commonwealth's debt capacity. Language in the bill specifies that the additional bonds authorized in this bill will not be issued prior to July 1, 2013. The amount of debt service required will depend on when any additional bonds are issued. If all of the \$300 million in bonds provided for in this bill are issued in the fall of FY 2014, the annual debt service on those bonds would be approximately \$22 million and would be required for 20 years beginning in FY 2015.

9. Specific Agency or Political Subdivisions Affected: Department of the Treasury, Treasury Board, Virginia Public Building Authority, Department of Environmental Quality (DEQ),

Department of Planning and Budget, Augusta County Service Authority, Town of Luray, Harrisonburg-Rockingham Regional Sewer Authority, City of Waynesboro, Town of Berryville, Town of Front Royal, Town of Mount Jackson, Stoney Creek Sanitary District, Town of Strasburg, Town of Woodstock, Frederick-Winchester Service Authority, Town of Purcellville, Loudoun County Service Authority, Town of Leesburg, Town of Round Hill, Prince William County Service Authority, Upper Occoquan Sewage Authority, Arlington County, Fauquier County Water and Sewer Authority, Alexandria Service Authority, Fairfax County, Stafford County, Town of Colonial Beach, King George County Service Authority, Town of Culpeper, Town of Orange, Rapidan Service Authority, Town of Warrenton, Spotsylvania County, City of Fredericksburg, Stafford County, Westmoreland County, Town of Tappahannock, Town of Warsaw, Reedville Sanitary District, Town of Kilmarnock, Caroline County, Hanover County, Hampton Roads Sanitation District, New Kent County, City of Buena Vista, City of Covington, Maury Service Authority, Alleghany County, Town of Amherst, City of Lynchburg, Rivanna Water and Sewer Authority, Town of Crewe, Town of Farmville, Henrico County, City of Hopewell, Chesterfield County, City of Richmond, South Central Wastewater Authority, Town of Cape Charles, Town of Onancock, Town of Tangier.

10. Technical Amendment Necessary: Yes. According to DEQ, the list of eligible significant discharges in subsection E of §10.1-1186.01, Code of Virginia, needs to be updated, to reflect the current status of several of the listed dischargers. New Market sewage treatment plant (STP), Shenandoah Co. N. Fork Regional wastewater treatment plant (WWTP), Mountain Run WWTP, Clifton Forge STP, and Chickahominy WWTP should be removed from the list. Broadway Regional WWTP (owned by Town of Broadway) should be added to the list.

11. Other Comments: According to DEQ, the bond authorization of \$250 million that was authorized in FY 2007 is expected to be depleted by the end of FY 2012. Going forward, DEQ estimates that commitments for signed grant agreements, grant applications currently under review, and pending applications will exceed the \$300 million proposed in this bill. As of January 2012, the full estimated need for matching funds for upgrades is approximately \$423 million; this includes approximately \$100 million for the shortfall on existing grant agreements, \$42 million for current applications under active processing, \$199 million for applicants that do not have a signed agreement yet, and \$128 million for eligible facilities that have not filled out an application yet. These amounts also include the anticipated \$45 million deposit from the surplus for point source projects.

SB494 also authorizes VPBA to issue an additional \$300 million in bonds for Water Quality Improvement Fund Grants.

Date: 1/25/12

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