

## Department of Planning and Budget 2013 Fiscal Impact Statement

**1. Bill Number:** SB1305

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

**2. Patron:** Wagner

**3. Committee:** Transportation

**4. Title:** Virginia Port Authority, Commonwealth Transportation Board membership

**5. Summary:** The proposed legislation would amend the membership of two transportation boards. The bill would add the chief executive officer of the Virginia Economic Development Partnership to the board of commissioners of the Virginia Port Authority (VPA). It would also add the executive director of the VPA to the Commonwealth Transportation Board (CTB). The bill also provides that members of the CTB and the VPA board of commissioners may only be removed by the Governor for misconduct. Currently, the members serve at the pleasure of the Governor. The bill also makes amendments to the duties and responsibilities of the VPA and exempts it from certain state processes.

The bill also grants the VPA the some of the powers that are conferred to industrial development authorities (IDAs). The VPA currently has similar powers as IDAs to acquire land and issue debt, although IDAs also have the ability to promote industry and trade by issuing loans or grants to manufacturing, industrial, or commercial enterprises to induce them to locate or remain in Virginia.

The bill contains an enactment clause directing the VPA to exercise all powers and authority granted to it to implement reforms necessary to ensure the effective operation of the Virginia International Terminals, Inc., a separate entity created by the VPA to operate port facilities. The actions may include the elimination of duplicative services, personnel and positions. The VPA is to report to the 2014 General Assembly on any actions taken.

In addition, the bill would prevent the Commonwealth and the VPA from accepting any unsolicited proposal under the Public-Private Transportation Act of 1995 (PPTA) or the Public-Private Education Facilities and Infrastructure Act (PPEA) regarding the ownership or operation of any seaport or port facility. The state is currently considering two proposals received through the PPTA which would privatize operations of state-owned terminals. Under the provisions of the PPTA, the involved agency and its respective secretariat are authorized to negotiate and finalize agreements with the private entity

In addition, the bill requires the VPA to submit a detailed annual operational plan and budget to the Secretary of Transportation and the Director of the Department of Planning and Budget

(DPB) by November 1 of each year. The Director of DPB is to determine the form and content of the submission. The bill also authorizes the VPA board of commissioners, the General Assembly or the Governor to request the Office of the Inspector General to review VPA's finances or operations.

**6. Budget Amendment Necessary:** None.

**7. Fiscal Impact Estimates:** Preliminary. See Item 8.

**8. Fiscal Implications:** The proposed legislation would authorize the VPA to exercise the powers of industrial development authorities and extend grants or loans to private individuals or businesses for the purpose of economic development. The bill provides that the grants and loans may come from revenues of the VPA, which includes state tax dollars. The bill does not place a cap on the amount of funding VPA may provide as grants or loans.

The proposed legislation would alter the membership of the Commonwealth Transportation Board and the board of directors of the VPA, in addition to other changes in the structure and responsibilities of the VPA. These changes are not expected to have a fiscal impact on the state.

The proposed legislation would eliminate the ability of the VPA to use the PPTA or PPEA process to sell port facilities or privatize the operations of the state's terminals. The PPTA proposals currently under consideration would allow a private party to operate the facilities of the Virginia Port Authority, but the state would retain ownership of the facilities. The proposals are currently under review pursuant to the provisions of the PPTA, and as currently envisioned, the process will be concluded in the spring of 2013. Given that the proposed legislation would become effective July 1, 2013, it is unclear how the provisions of this legislation would impact the finalization of a comprehensive agreement with a private partner.

**9. Specific Agency or Political Subdivisions Affected:** Department of Transportation, Virginia Port Authority, Virginia Economic Development Partnership

**10. Technical Amendment Necessary:** None.

**11. Other Comments:** The bill exempts VPA from provisions regarding the Virginia Information Technologies Agency (VITA). Language in the Appropriation Act has historically exempted VPA from VITA oversight. The proposed legislation would codify the exemption.

**Date:** 2/8/2013 dpb/smc

**Document:** G:\GA\FIS 2013\SB1305ES1.doc