

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: HB2390

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

2. Patron: Futrell

3. Committee: General Laws

4. Title: Investment in infrastructure.

5. Summary: Creates the Virginia Infrastructure Investment Authority to manage and administer the Virginia Infrastructure Investment Bank. The Bank would consist of private investment funds, and other public and private monies designated for the Bank, and would provide loans and other financing assistance to public and private infrastructure projects that develop infrastructure and have a demonstrated likelihood to create jobs and stimulate economic development.

6. Budget Amendment Necessary: Yes, Item 273 and Item 468

7. Fiscal Impact Estimates: Preliminary, see Item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2015	\$0	-	-
2016	\$200,000 plus the cost of capitalization	2	Nongeneral (Staff cost) General (Fund capitalization)
2017	\$200,000	2	Nongeneral
2018	\$200,000	2	Nongeneral
2019	\$200,000	2	Nongeneral
2020	\$200,000	2	Nongeneral
2021	\$200,000	2	Nongeneral

7b. Revenue Impact: Indeterminate nongeneral fund amount, depending on loan volume.

8. Fiscal Implications: This bill would establish the Virginia Infrastructure Investment Authority (“the Authority”) and the Virginia Infrastructure Investment Bank (“the Bank”). The Authority shall manage the Bank and is directed to provide loans and other financings to public and private entities for projects that develop infrastructure and have a demonstrated likelihood to stimulate economic development. The Department of the Treasury (“Treasury”) is directed to serve as staff to the Authority.

Treasury indicates that a minimum of two staff members would be needed to conduct credit analysis for the public and private loans issued by the Authority and to manage the program and the Bank. The estimated cost of salary and benefits for these positions is \$200,000 annually. As the legislation allows the Authority to recover its costs and expenses from the Bank, these positions would most likely be funded through interest charges or administrative fees to borrowers. If loan volume was to increase or become more complex, additional staff may be required.

The legislation creates the Bank, but does not address funding to provide the Bank an initial capitalization. Without funding, the Bank will not have capital with which to provide loans or other financings. The initial capitalization will most likely have to come from the general fund, unless an alternate funding source is identified.

9. Specific Agency or Political Subdivisions Affected: Department of the Treasury

10. Technical Amendment Necessary: None.

11. Other Comments: The bill creates an Infrastructure Investment Authority to provide loans to public and private entities to develop infrastructure projects. Two similar entities already exist in the *Code of Virginia*.

The Virginia Resources Authority (VRA) provides loans and financing options to political subdivisions of the Commonwealth for a variety of infrastructure needs, including but not limited to water supply, solid waste disposal, brownfield remediation, roads and other transportation infrastructure, and site acquisition and development for economic and community development projects.

The Virginia Transportation Infrastructure Bank (VTIB) provides loans and financing options to public and private entities for a variety of transportation infrastructure needs such as highways, mass transit, rail transit, port, and airport facilities.

Utilizing VRA or VTIB for the purposes outlined in the bill instead of a new entity may capture cost efficiencies through the use of existing resources.