

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: SB 1049

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

2. Patron: McDougle

3. Committee: Militia, Police and Public Safety

4. Title: Reimbursement of regional jail construction costs

5. Summary:

Under current law, the Commonwealth reimburses localities for up to one-half of the approved costs of constructing, enlarging, or renovating a regional jail. The reimbursement rate for a local jail that serves fewer than three localities is 25 percent.

The proposed legislation would reduce the reimbursement rate for constructing a new regional jail approved after July 1, 2015, to 25 percent. The reimbursement rate for projects to enlarge or renovate regional jails created prior to July 1, 2015, would remain 50 percent.

6. Budget Amendment Necessary: No.

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

8. Fiscal Implications:

The Commonwealth funds its share of the cost of regional jail projects through the proceeds from the issuance of Virginia Public Building Authority bonds. Consequently, the budget bill contains an appropriation only for the debt service on bonds previously authorized and issued. In addition, the provisions of the legislation would apply only to projects approved in the future and not to any projects included in the proposed budget bill. For these reasons, there would be no fiscal impact on the current budget. However, due to their nature, new regional jail construction projects are expensive and, reducing the Commonwealth's share of that cost by half, from 50 percent to 25 percent, would result in savings for the state in the future.

Although it is not possible to project the future frequency of regional jail construction projects or their costs, one recent project could serve as an example of the extent of the potential savings. A new 375-bed regional recently opened. The state's share of the \$65.7 million total approved cost was \$32.8 million. Under the proposed legislation the state's share would have been \$16.4 million less. Because the state funds its share of regional jail construction costs with the proceeds of bonds issued by the Virginia Public Building Authority, there would also have been a reduction in interest costs.

As far as is known, there are no active proposals for the construction of a new regional jail being considered. Furthermore, most regions of the state for which a regional jail would be most likely to be considered are already served by one. Therefore, the fiscal impact of the proposed legislation is likely to be limited.

9. Specific Agency or Political Subdivisions Affected:

Treasury Board
Regional jail authorities

10. Technical Amendment Necessary: None.

11. Other Comments: None.

Date: 2/12/2015

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