

Department of Planning and Budget

2019 Fiscal Impact Statement

1. Bill Number: SB1093

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

2. Patron: Ruff

3. Committee: Appropriations

4. Title: Literary Fund; school modernization loan interest rate subsidy payments.

5. Summary: Requires the Board of Education to establish a program to subsidize interest payments on certain loans made by the Virginia Public School Authority to local governing bodies and school boards for the design and construction of new school buildings and facilities or the modernization and maintenance of existing school buildings and facilities as follows: 1) for school divisions with a composite index of local ability-to-pay that is greater than 0.2500 but less than 0.4000 at the time an application to the program is made, the Board may subsidize up to 50 percent of the interest due on such loan; or 2) for school divisions with a composite index of local ability-to-pay that is 0.2500 or less at the time an application to the program is made, the Board may subsidize up to 100 percent of the interest rate on such loan. The bill limits the aggregate amount of subsidies to the allocation specified in the general appropriation act for each fiscal year. The bill also stipulates that for each loan, the annual subsidy amount shall not include both 1) interest or other loan-related costs related to any part of the loan that exceed \$7.5 million in loan value; and 2) interest on any part of the loan that exceeds the rate that the local governing body or school board would have obtained for such loan under current statute authorizing Literary Fund loans and interest rates.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Indeterminate. See Item 8.

8. Fiscal Implications: SB1093 would direct revenues from the Literary Fund to subsidize interest payments by local governing bodies and school boards on certain loans from the Virginia Public School Authority for school construction and modernization.

The fiscal impact of SB1093 is indeterminate, as the amount of revenue available for such interest payment subsidies cannot be determined at this time, and any expenditures from such revenues would depend on the revenues available and the amount of loans issued by the Virginia Public School Authority. The Senate budget would set aside \$5.0 million from the Literary Fund each fiscal year for these subsidy payments.

The Department of Education anticipates that it can absorb any costs to establish and administer the program required by this bill.

The Virginia Department of the Treasury does not anticipate a fiscal impact from this bill.

9. Specific Agency or Political Subdivisions Affected: Department of Treasury, Virginia Public School Authority, Department of Education, Board of Education, local school divisions

10. Technical Amendment Necessary: No

11. Other Comments: None