# Department of Planning and Budget
## 2021 Fiscal Impact Statement

1. **Bill Number:** SB1134

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

2. **Patron:** Howell

3. **Committee:** Finance and Appropriations

4. **Title:** Refunding bonds; emergency.

5. **Summary:** Alters the principal and interest requirements, maturity date, and allowable discount for previously issued refunding bonds. The bill contains an emergency clause and an expiration date of June 30, 2023.

6. **Budget Amendment Necessary**: See item 8

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

8. **Fiscal Implications:** This bill amends prior legislation that provided the authority to refund bonds issued under Article X Section 9(c) of the Constitution primarily on behalf of institutions of higher education for dormitory and dining facility projects. This legislation allows for debt service relief for institutions of higher education by allowing the Department of the Treasury, through the Treasury Board, to restructure, the debt service on all or a portion of the Commonwealth's outstanding 9(c) debt by deferring the next two principal payments (June 1, 2021 and June 1, 2022) on these bonds. 9(c) debt is secured by a pledge of revenues derived from the operation of 118 capital projects and the full faith and credit of the Commonwealth. The provisions of this legislation, if passed, will expire June 30, 2023.

This legislation provides an estimated potential present value debt service relief of $59 million in FY2021 and $50 million in FY2022. This action generates savings for the higher education institutions in the short term by deferring principal payments on 9(c) bonds to the two years beyond the original maturity date of each capital project. Over the long term, there are not expected to be savings as the higher education institutions will have to pay those two payments eventually.

Based on debt service calculations made mid-year of 2020, aggregate debt service would increase by $32.8 million and on a present value basis by $2.9 million. Debt service relief associated with deferral of principal will vary by institution and is subject to market conditions at the time of the bond sale.

9. **Specific Agency or Political Subdivisions Affected:** Department of the Treasury, Virginia higher education institutions

**10. Technical Amendment Necessary:** No

**11. Other Comments:** This bill is identical to HB2179