

VIRGINIA ACTS OF ASSEMBLY — CHAPTER

An Act to amend and reenact §§ 2.1-304.3, 2.1-304.4, and 2.1-304.6 of the Code of Virginia, relating to powers and duties of the Debt Capacity Advisory Committee.

[H 2423]

Approved

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.1-304.3, 2.1-304.4, and 2.1-304.6 of the Code of Virginia are amended and reenacted as follows:

§ 2.1-304.3. Powers and duties.

The Committee shall have the power and duty to:

1. Annually review the size and condition of the Commonwealth's tax-supported debt and submit to the Governor and to the General Assembly an estimate of the maximum amount of new tax-supported debt that prudently may be authorized for the next biennium. The estimate shall be advisory and in no way bind the Governor or the General Assembly; and

2. Annually review the amount and condition of bonds, notes, and other security obligations of the Commonwealth's agencies, institutions, boards, and authorities, for which the (i) Commonwealth has a contingent or limited liability or (ii) General Assembly is permitted to replenish reserve funds if deficiencies occur, and submit to the Governor and the General Assembly an annual report with the Committee's recommendation to ensure the prudent use of such obligations. Such review shall be submitted on or before January 1 of each year; and

3. Conduct ongoing reviews of the amount and condition of bonds, notes, and other security obligations of the Commonwealth's agencies, institutions, boards, and authorities ~~(i)~~ not secured by the full faith and credit of the Commonwealth or for which the General Assembly is not permitted to replenish reserve funds, ~~(ii) for which the Commonwealth has a contingent or limited liability or for which the General Assembly is permitted to replenish reserve funds if deficiencies occur, and (iii) and~~ when appropriate, shall recommend limits on such additional obligations to the Governor and to the General Assembly.

§ 2.1-304.4. Estimated amount of prudent tax-supported debt; affordability considerations.

Before ~~December 15~~ January 1 of each year, the Committee shall submit to the Governor and to the General Assembly the Committee's estimate of tax-supported debt which prudently may be authorized for the next fiscal year, together with a report explaining the basis for the estimate. In developing its annual estimate and in preparing its annual report, the Committee shall, at a minimum, consider:

1. The amount of tax-supported debt that, during the next fiscal year and annually for the following nine fiscal years (i) will be outstanding and (ii) has been authorized but not yet issued;

2. A projected schedule of affordable, state tax-supported debt authorizations for the next biennium. The assessment of the affordability of the projected authorizations shall include but not be limited to the considerations specified in this section;

3. Projected debt-service requirements during the next fiscal year and annually for the following nine fiscal years based upon (i) existing outstanding debt, (ii) previously authorized but unissued debt, and (iii) projected bond authorizations;

4. The criteria that recognized bond rating agencies use to judge the quality of issues of Commonwealth bonds;

5. Any other factor that is relevant to (i) the ability of the Commonwealth to meet its projected debt service requirements for the next two fiscal years; (ii) the ability of the Commonwealth to support additional debt service in the upcoming biennium; (iii) the requirements of the statewide capital plan; and (iv) the interest rate to be borne by, the credit rating on, or any other factor affecting the marketability of such bonds; and

6. The effect of authorizations of new tax-supported debt on each of the considerations of this section.

§ 2.1-304.6. Cooperation of the Commonwealth's instrumentalities.

All Commonwealth debt-issuing agencies, institutions, boards, and authorities shall quarterly provide the State Treasurer with all information ~~which the Committee deems necessary for it~~ to carry out the requirements of this article. The Departments of Accounts, Planning and Budget, and Taxation and other state agencies shall also provide the State Treasurer with the information and assistance the Committee deems necessary.