

## Department of Planning and Budget 2006 Fiscal Impact Statement

**1. Bill Number** HB77

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

**2. Patron** Callahan

**3. Committee** Senate Finance

**4. Title** Higher Education 9(c) Issuance Bill

**5. Summary/Purpose:** This bill authorizes the issuance of general obligation bonds subject to the provisions of Article X, Section 9(c) of the Constitution of Virginia in an amount not to exceed \$395,428,570 plus financing costs for revenue-producing capital projects. Of this amount, \$129,278,400 relates to 11 previously authorized projects being carried forward in this bill. The remaining \$266,150,170 is for 14 new capital projects and three supplements. The substitute bill adds \$25,914.170 for two capital projects, a new dining hall at James Madison University and supplemental funding for a new residence hall at Virginia Tech.

The bonds are backed by the full faith and credit of the Commonwealth and therefore, constitute tax-supported debt. The bill also states that an emergency exists and that the bill is in force from its passage. In addition, the bill repeals Chapters 2 and 813 of the 2004 Acts of Assembly and Chapter 83 of the 2005 Acts of Assembly for the issuance of bonds to the extent that the maximum amount of such bonds has not been issued.

**6. No Fiscal Impact:** It is expected that the projects, included in the bill, will generate sufficient nongeneral fund revenues to pay operating expenses and debt service.

**7. Budget amendment necessary:** No.

**8. Fiscal implications:** Institutions will need nongeneral fund appropriations for debt service once the projects are complete. Institutions of higher education affected by the bill must set rates, fees, and/or charges at levels that will generate sufficient net revenues to retire the debt.

**9. Specific agency or political subdivisions affected:**

George Mason University  
College of William and Mary  
Christopher Newport University  
Old Dominion University  
Virginia Polytechnic Institute and State University  
Department of the Treasury

James Madison University  
University of Mary Washington  
Longwood University  
Virginia State University  
Treasury Board

**10. Technical amendment necessary:** No.

**11. Other comments:** Yes.

The Department of the Treasury and bond counsel state that approval of the two new projects added in the substitute bill are contingent upon certification by the Governor that the projects are financially feasible prior to passage of this legislation by either house of the General Assembly.

**Date:** 02/24/06/aps

**Document:** g:\aps\legislation\2006\HB77S1.doc

cc: Secretary of Finance