

Department of Planning and Budget 2006 Fiscal Impact Statement

1. Bill Number SB 28

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

2. Patron Chichester

3. Committee Passed Both Houses

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 is 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: 03/21/06/aps

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cc: Secretary of Finance