

## Department of Planning and Budget 2007 Fiscal Impact Statement

**1. Bill Number** HB2240

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

**2. Patron** Cox

**3. Committee** Appropriations

**4. Title** Virginia War Memorial

**5. Summary/Purpose:** This bill requires the State Treasurer to advance a loan of \$3.5 million to the Department of General Services for the state share of the construction of an educational wing for the Virginia War Memorial in the form of a short-term treasury loan, with no interest, upon certification by the Secretary of Administration that \$2 million in private funds have been raised, are available, and will be used to support construction.

**6. Fiscal Impact Estimates are:** See item 8, below.

**7. Budget amendment necessary:** Yes. Item C-4. The general fund appropriation would need to be increased from \$1.5 million to \$3.5 million.

**8. Fiscal implications:** Chapter 3, 2006 Acts of Assembly, Special Session I, provides \$2.5 million (\$500,000 from the general fund and \$2.0 million in special fund appropriation) for the project. The introduced budget bill also adds \$1.5 million from the general fund to support the construction of this project (Item C-4). The remaining appropriation needed to complete this project is \$2.0 million from the general fund.

The Department of Treasury and the Department of Planning and Budget are authorized to provide anticipation loans for capital projects. However, according to Section 4-3.02 of Chapter 3, a treasury loan for a capital project is only authorized when the agency has developed a plan for financing the capital project and it has an identified source of anticipated revenue (i.e. federal funds) to repay the treasury loan. Given that only \$1.5 million general fund has been authorized in the Governor's introduced budget and that the War Memorial has no other source to repay the treasury loan of \$3.5 million, the only means for moving forward with this capital project (with a total cost of \$6.0 million-\$4.0 general fund; \$2.0 private funds) is to increase the general fund appropriation for this project by \$2.0 million. Otherwise, there will be a \$2.0 million liability on the general fund.

**9. Specific agency or political subdivisions affected:** Department of General Services, Department of the Treasury.

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

**11. Other comments:** None

**Date:** 01/17/07/ AFG

**Document:** G:\AFG\General Assembly 2007 Session\FIS 2007\HB2240.Doc AFG

**cc:** Secretary of Administration

Secretary of Finance