

## Department of Planning and Budget 2007 Fiscal Impact Statement

1. **Bill Number** SB1299

<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** Norment

3. **Committee** Transportation

4. **Title** George P. Coleman Bridge; tolls.

5. **Summary/Purpose:** The proposed legislation would require that the tolls be removed from the George P. Coleman Bridge by repealing the authority of the Commonwealth Transportation Board (CTB) to impose and collect tolls on the bridge.

6. **Fiscal Impact Estimates are:** Preliminary. See Item 8.

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2007-2008	\$5,593,371	8	NGF
2008-2009	\$5,634,228	8	NGF
2009-2010	\$5,655,452	8	NGF
2010-2011	\$5,710,285	8	NGF

**b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2007-2008	(\$6,598,234)	0	NGF
2008-2009	(\$6,670,815)	0	NGF
2009-2010	(\$6,744,194)	0	NGF
2010-2011	(\$6,818,380)	0	NGF

The expenditure impact represents VDOT's estimate of funds needed to operate and maintain the facility and meet the facility's currently scheduled debt obligation. The revenue impact is the loss of the forecasted toll revenue.

7. **Budget amendment necessary:** Yes. Item 445.

8. **Fiscal implications:** The Coleman Bridge is located on Route 17 between the counties of Gloucester and York and spans the York River. Built in 1952, the bridge was reconstructed and widened in 1996 for \$97 million. The project was financed through:

- \$43.3 million - toll revenue bonds issued by the Commonwealth's Treasury Board in accordance with General Assembly 9(c) bond authorization;
- \$38 million loan - Toll Facilities Revolving Account;
- \$16 million - federal funding with agreement that the bridge would be tolled; and
- \$4 million - Fredericksburg district primary CTB allocations

The general obligation bonds were authorized and issued under §9(c) of Article X of the Virginia Constitution, which permits the General Assembly to authorize general obligation debt for specific revenue-producing capital projects where the debt is secured by a pledge of net revenues derived from rates, fees or other charges. In the event revenues prove insufficient, the bonds are backed by the full faith and credit of the Commonwealth. Before any such debt can be authorized by the General Assembly, and again before it can be incurred, the Governor must certify in writing his opinion, based on reasonable engineering and economic estimates, that the anticipated net revenues to be pledged to the payments on such debt will be sufficient to meet such payments.

When the toll revenue bonds were issued, the Treasury Board and the CTB entered into an agreement under which the CTB covenanted to set tolls at rates that would at all times produce net revenue sufficient to pay the principal and interest on the bonds.

Other general obligation bonds, issued under #9(b) of Article X of the Constitution, in which no project revenues are pledged, must be approved by the voters in a referendum. According to the Department of Treasury, legislatively removing the tolls supporting 9(c) debt may in effect be creating 9(b) bonds without submitting them to a voter referendum. A court may find that the repeal of tolls would render the taxpayer protections under 9(c) ineffective and therefore would violate the Constitution.

Further, the proposed legislation does not specify how the debt service on the bonds is to be paid. If paid by general funds or funds from the Transportation Trust Fund, the bonds would become tax-supported debt and impact the Commonwealth's debt capacity. Using funds from the general fund may require there be significant reductions in general fund appropriations for some programs or some agencies in FY 2008 and beyond. The use of funds in the Transportation Trust Fund may impact VDOT's ability to match federal funding, which could result in a loss to the Commonwealth of four dollars in federal funding for every one dollar not available for match.

**9. Specific agency or political subdivisions affected:** Department of Transportation, Commonwealth Transportation Board, Treasury Board and Department of Treasury

**10. Technical amendment necessary:** None.

**11. Other comments:** None.

**Date:** 01/19/07 / smc

**Document:** F:\SMC\GA\FIS 2007\SB1299.Doc

**cc:** Secretary of Finance

Secretary of Transportation