

Department of Planning and Budget 2007 Fiscal Impact Statement

1. Bill Number SB771

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

2. Patron Chichester

3. Committee Finance

4. Title Public Building Authority; authorized to issue bonds for water treatment.

5. Summary/Purpose: Authorizes the Virginia Public Building Authority (VPBA) to issue bonds in an amount not to exceed \$250 million for grants to be used solely for the purpose of funding the installation of nutrient removal technologies at specified publicly owned sewage treatment plants to implement the Commonwealth's Chesapeake Bay Tributary Strategies.

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

7. Budget amendment necessary: No.

8. Fiscal implications: The proposed legislation authorizes VPBA to issue revenue bonds in an amount not to exceed \$250 million, plus amounts needed to fund costs and other financing expenses, including interest for up to one year after completion. The bonds will be used to finance Water Quality Improvement Grants to certain publicly owned sewage treatment facilities to fund a portion of the costs of acquisition, design, construction, installation, equipping, improvement or renovating of the 89 projects listed in the bill. The purpose of the projects is to install technologies in the listed treatment facilities that will allow the facilities to achieve significant additional reductions of nitrogen and phosphorus in order to restore and improve the Chesapeake Bay and its tributaries and to protect the Bay from further impairment, all for the benefit of the citizens of the Commonwealth. The bonds are intended to provide a secure and reliable source of future funds to aid in the upgrading of sewage treatment facilities to meet the nutrient reduction goals set forth in the Chesapeake Bay Agreement and improve water quality throughout Virginia's portion of the Chesapeake Bay watershed.

Grants will be administered by the Department of Environmental Quality under the Virginia Water Quality Improvement Grant program.

The bonds authorized by this bill will constitute tax-supported debt of the Commonwealth and as such have an impact on the Commonwealth's debt capacity. Language in the bill provides for the issuance of these bonds contingent upon the appropriation and deposit of the \$200 million from the general fund specified in Item 364 B.1. of Chapter 3 of the 2006 Acts of Assembly, Special Session 1 and specifies that no bonds authorized in this bill will be issued prior to July 1, 2008.

Assuming all of the bonds authorized were issued at the same time at an interest rate of 4.9 percent, annual debt service would be approximately \$20 million.

- 9. Specific agency or political subdivisions affected:** Department of the Treasury, Treasury Board, Virginia Public Building Authority, Department of Environmental Quality, Augusta County Service Authority, Town of Luray, Harrisonburg-Rockingham Regional Sewer Authority, City of Waynesboro, Town of Berryville, Town of Front Royal, Town of Mount Jackson, Town of New Market, Shenandoah County, Stoney Creek Sanitary District, Town of Strasburg, Town of Woodstock, Frederick-Winchester Service Authority, Town of Purcellville, Loudoun County Service Authority, Town of Leesburg, Town of Round Hill, Prince William County Service Authority, Upper Occoquan Sewage Authority, Arlington County, Fauquier County Water and Sewer Authority, Alexandria Service Authority, Fairfax County, Stafford County, Town of Colonial Beach, King George County Service Authority, Town of Culpeper, Town of Marshall, Culpeper County, Town of Orange, Rapidan Service Authority, Town of Warrenton, Rapidan Service Authority, Spotsylvania County, City of Fredericksburg, Stafford County, Westmoreland County, King George County Service Authority, Town of Tappahannock, Town of Urbanna, Town of Warsaw, Reedville Sanitary District, Town of Kilmarnock, Caroline County, Town of Gordonsville, Hanover County, Hampton Roads Sanitation District, New Kent County, City of Buena Vista, Town of Clifton Forge, City of Covington, Maury Service Authority, Alleghany County, Town of Amherst, City of Lynchburg, Rivanna Water and Sewer Authority, Town of Crewe, Town of Farmville, Henrico County, City of Hopewell, Chesterfield County, City of Richmond, South Central Wastewater Authority, Town of Cape Charles, Town of Onancock, Town of Tangier.

- 10. Technical amendment necessary:** No.

- 11. Other comments:** The companion for this bill is HB1710.

Date: 01/09/07 /tmw

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cc: Secretary of Finance

Secretary of Natural Resources