

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: HB1073

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Suit

3. Committee: General Laws

4. Title: **Department of Housing and Community Development; administration of the Private Activity Bonds program**

5. Summary: The bill would transfer the administration of the Private Activity Bonds program in Chapter 50 of Title 15.2 Code of Virginia, from the Virginia Small Business Financing Authority in the Department of Business Assistance to the Department of Housing and Community Development (DHCD). Federal law imposes a ceiling on the amount of private activity bonds that can be issued each year. The bill would: increase the housing allocation of the Virginia state ceiling on private activity bonds from 41 to 70 percent (from the current 27 percent to 56 percent to the Virginia Housing Development Authority (VHDA) the allocation to local housing authorities would remain at 14 percent); reduce the Governor's state allocation portion of the ceiling from 18 to nine percent; and reduce the industrial development bonds for manufacturing and exempt facilities portion of the ceiling from 41 to 21 percent. The bill would also transfer the responsibility of issuing the program's guidelines from the Virginia Small Business Financing Authority to the Director of DHCD. The proposal would provide that any remaining unused bond authority in any category be reallocated to VHDA (up to VHDA's request) with assurances that the amount will be used within federal requirements. Finally, the bill eliminates provisions related to student loan bonds which are not issued in Virginia.

6. Fiscal Impact Estimates: Preliminary.

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2008	0	0	-
2009	99,700	1.0	GF
2010	103,730	1.0	GF
2011	103,730	1.0	GF
2012	103,730	1.0	GF
2013	103,730	1.0	GF
2014	103,730	1.0	GF

7. Budget Amendment Necessary: Yes. Item 109.

8. Fiscal Implications: Under the provisions of the bill, the Department of Housing and Community Development would be responsible for the administration of the entire Private

Activity Bonds program. DHCD anticipates that an additional FTE would be required to implement the provisions of the bill. It is anticipated that this position will have a start date of July 1, 2008. Therefore, funding for FY 2009 is based on 23 pay periods plus nonpersonal services; funding each year thereafter is based on 24 pay periods plus nonpersonal services.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Business Assistance, Virginia Small Business Financing Authority, Department of Housing and Community Development

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/29/2008 dpbtmw

Document: G:\2008 Session\Fiscal Impact Statements\Hb1073.Doc

cc: Secretary of Commerce and Trade