

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: HB1835

House of Origin	<u>X</u>	Introduced	___	Substitute	___	Engrossed
Second House	___	In Committee	___	Substitute	___	Enrolled

2. Patron: Toscano

3. Committee: House Transportation

4. Title: Rail Enhancement Fund; may be used to subsidize railroad operations.

5. Summary: The proposed legislation would allow the Rail Enhancement Fund (REF) to be used to subsidize railroad operations. The bill also amends the 30 percent matching contribution from a private funds to apply only to capital projects and allows such matching contributions to come from federal government sources.

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

7. Budget Amendment Necessary: None.

8. Fiscal Implications: Currently, the REF may be used for the retention, maintenance, improvement and development of railways. The Code of Virginia currently limits the use of REF funds to projects which the CTB has determined will result in public benefits to the Commonwealth or to a region of the Commonwealth that are equal to or greater than the investment of funds. DRPT determines such results through a public benefit model that analyzes the costs and benefit of various projects.

The proposed bill appears to create two separate tracks for determining the appropriateness of REF investment. Capital projects, which would cover all expenditures currently authorized in the Code, would need to show a public result through a cost/benefit analysis. Operational investments, however, do not appear to be required to follow such an analysis and would be allowed if the CTB determines such an operational investment is for the common good of a region of the Commonwealth or the Commonwealth as a whole. The proposed bill does not specify a process through which the CTB is to determine such a common good exists.

If DRPT was to use the same cost/benefit model to analyze operational investments, the agency would incur expenditures to update the model, since is not currently designed to accommodate non-capital investments. DRPT estimates it would cost approximately \$75,000 to hire a consultant to modify the cost-benefit analysis model.

The proposed legislation does not increase the level of funding received by the REF. As such, if operating expenses are also covered by the REF, the fund may not be able to continue previous levels of support to capital expenditures.

9. Specific Agency or Political Subdivisions Affected: Department of Rail and Public Transportation, Commonwealth Transportation Board

10. Technical Amendment Necessary: None.

11. Other Comments: None.

Date: 1/26/2009 dpb/smc

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cc: Secretary of Transportation