

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: HB923

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

2. Patron: Rust

3. Committee: Appropriations

4. Title: Public schools; financing.

5. Summary: This statement has been revised to incorporate additional fiscal implications. Creates the Virginia School Construction Revolving Fund for financing elementary, secondary, or vocational education school projects.

6. Fiscal Impact Estimates: None

7. Budget Amendment Necessary: No

8. Fiscal Implications: The Department of Education (DOE) indicates that this legislation would have no fiscal impact on the DOE. The Revolving Fund proposed by this bill is would create an authority similar to an industrial development Authority (IDA) where any costs to administer the funds would be absorbed. Funding for this bill is subject to funds appropriated by the General Assembly.

Once funded, the IDA could pledge and use the fund to secure bonds issued by the IDA to fund any project. The current Virginia Public School Authority's programs all carry bond ratings of AA+/AA1/AA+ without the need for bond insurance. Bonds issued by the IDA may not carry the same rating which could result in higher costs. If any funds were diverted away from the Literary Fund to support the proposed revolving fund, it would reduce the funding available for the existing school construction financing program.

9. Specific Agency or Political Subdivisions Affected: Board of Education, local school divisions.

10. Technical Amendment Necessary: No.

11. Other Comments: Same as SB737 and SB780

Date: 1/24/2008 dpb

Document: G:\Dape-197\2008session\Fis\Hb923.Doc

c: Secretary of Education
Secretary of Finance