

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: HB672

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

2. Patron: May

3. Committee: Counties, Cities and Towns

4. Title: **Virginia Infrastructure Project Loan Fund.**

5. Summary: This bill creates the Virginia Infrastructure Project Loan Fund, to be administered by the Virginia Resources Authority (VRA). Moneys in the fund would be used exclusively for the financing of landfill gas energy projects and sewerage system or wastewater treatment projects undertaken by a local government. The bill also specifies that a landfill gas energy project constitutes a “project” under the Virginia Resources Authority Act. The bill has a liberal construction clause.

6. Fiscal Impact Estimates: Preliminary.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: This bill establishes the Virginia Infrastructure Project Loan Fund as a set apart permanent and perpetual fund, “off the books” of the Commonwealth. This fund, to be administered by the Virginia Resources Authority (VRA), is to consist of such sums that may be appropriated by the General Assembly, all income from investment of moneys held in the fund, and any other sums designated for deposit to the fund. Should the General Assembly choose to make a general fund deposit to the fund, this bill may create a general fund obligation. VRA is granted the authority to disburse from the fund its reasonable costs and expenses incurred in the administration and management of the fund.

Moneys in the fund are to be used solely to make loans to local governments to finance or refinance the cost of any project. The bill defines “project” as any undertaking by a local government to build (i) landfill gas energy projects, or (ii) sewerage system or wastewater treatment projects.

The bill specifies that, in approving loans, VRA shall give preference to loans for projects that will (i) utilize private industry where a cost savings can be shown over public operations, and (ii) serve two or more local governments to encourage regional cooperation.

The bill also directs the Auditor of Public Accounts (APA) to annually audit the accounts of VRA; any costs of these audit services are to be borne by VRA and as such, this bill is not estimated to have an unfunded general fund impact on the APA.

Finally, the bill also adds “landfill gas energy facilities” to the list of projects that are authorized for VRA loans. Adding this type of project would not affect the total dollar amount of projects that could be financed. VRA's current moral obligation debt limit is \$1.5 billion and moral obligation debt outstanding, as of December 31, 2009, was approximately \$723 million.

The Department of Environmental Quality has said that this bill would have no fiscal impact on their agency.

9. Specific Agency or Political Subdivisions Affected: Virginia Resources Authority, Auditor of Public Accounts, Department of Environmental Quality, local governments, local courts.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/29/2010 dpbaek

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