

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: SB1309

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: Colgan

3. Committee: Finance

4. Title: Virginia Resources Authority.

5. Summary: This bill modifies provisions regarding the Virginia Resources Authority (VRA) to conform to the Public Finance Act. Specifically, this bill clarifies that state aid intercept (the redirection of state aid to VRA to make payments owed on a local obligation) applies for all obligations of the Authority for the payment of money.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary.

8. Fiscal Implications: This bill would have no general fund or nongeneral fund fiscal impact on the state because the Virginia Resources Authority (VRA), as established, is "off the books of the Commonwealth." VRA is totally self-sufficient and covers its expenses with administrative fees from the various programs it administers.

While the bill does continue current law that authorizes the Governor to withhold any state aid to localities found to be nonpaying on obligations owed to VRA, this provision does not result in a net impact on the state as it only redirects state aid already designated for said locality.

9. Specific Agency or Political Subdivisions Affected: Virginia Resources Authority.

10. Technical Amendment Necessary: No.

11. Other Comments: Access to state aid as a way to reinforce local obligations is a credit enhancement that increases the security of the bonds to both purchasers and bond rating agencies. By increasing the confidence of the bond rating agencies, a higher bond rating may result which would likely lower the cost of borrowing, resulting in future benefits for VRA and for localities.

Date: January 20, 2011