# Department of Planning and Budget
## 2011 Fiscal Impact Statement

1. **Bill Number:** SB 1446

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| **House of Origin** | ☐ | Introduced | ☐ | Substitute | ☐ | Engrossed |
| **Second House** | ☐ | In Committee | ☒ | Substitute | ☐ | Enrolled |

2. **Patron:** Wampler

3. **Committee:** Appropriations

4. **Title:** Transportation funding.

5. **Summary:** The proposed legislation would provide additional transportation funding sources.

   The bill would create the Virginia Transportation Infrastructure Bank (Bank) to make loans and grants to specified public and private entities. The Bank is to be capitalized as recommended by the Governor and appropriated by the General Assembly. Up to 20 percent of the Fund may be used to make grants to localities for transportation projects and the remainder is used to make loans to private or public entities for transportation projects. The Commonwealth Transportation Board (CTB) is to sign a management agreement with the Virginia Resources Authority (VRA), which is to manage and administer the Bank. The agreement is to include provisions setting forth terms and conditions under which the VRA will advise the CTB on the financial propriety of providing loans and financial assistance to eligible borrowers. The agreement is also to set forth the conditions under which interest rates and repayment schedules are to be applied and administered. The CTB is to have the right to determine the projects for which loans and other financial assistance may be made by the Bank.

   The proposed legislation also amends the Code to allow the Governor to provide certain general fund revenues to the Transportation Trust Fund. In years in which the growth of general fund revenues is at least eight percent greater than the previous year, up to two percent of general fund revenues may be provided to the Transportation Trust Fund as well as for capital outlay projects. In years in which there exists a general fund surplus, one-third of the surplus is to be directed to the Virginia Water Quality Improvement Fund and two-thirds are to be deposited in the Transportation Trust Fund or one of its subfunds, after the requisite deposit to the Revenue Stabilization Fund is made. Currently, funds are directed to the two Funds after other specified deposits are made.

   The proposed legislation also amends the revenue sharing program by increasing the $1 million local matching fund cap to $10 million. The bill would amend the program's funding priority structure by only giving precedence to projects which accelerate projects contained in VDOT's Six-Year Improvement Plan or the locality's capital plan. The bill also increases the funding ceiling to $200 million from $50 million. The bill directs the CTB to create guidelines to govern the distribution of funding and the funding level. The CTB is given the authority to take the funding amount needed for the revenue sharing program off the top of the revenues of the Transportation Trust Fund, before highway system allocations are made.

The proposed bill also grants the CTB the authority to issue state bonds tied to federal grant anticipation revenue vehicles (GARVEEs) to fund eligible transportation projects. The bonds will dedicate future federal funds to pay the debt service for specific transportation improvements. If federal funds are insufficient to pay the debt service, the proposed language would use available TTF revenues at the discretion of the CTB and then use other funds as designated by the General Assembly. The bill directs that the amount of outstanding GARVEES, when combined with the outstanding debt principal of Federal Reimbursement Anticipation Notes (FRANs), are not to exceed $1.2 billion. In FY 2012, there will be $176.6 million in outstanding FRANs principal obligations. This amount will fall to zero by the end of FY 2016. The bill contains an enactment clause which provides for the authority to issue FRANs to expire on January 1, 2011.

The bill also accelerates the issuance of Transportation Capital Projects Revenue Bonds authorized by Chapter 896 (HB 3202) of the 2007 General Assembly Session. The bill would increase the annual authorized issue amount for FY 2012 and FY 2013 to $500 and $600 million, respectively, from the current annual limit of $300 million. The proposed legislation would retain the CTB's ability to carry over authority and issue additional amounts when less than the authorized $300 million is issued in a fiscal year.

The bill also creates the Intercity Passenger Rail Operating and Capital Fund. Beginning in FY 2013, federal support for certain Amtrak trains will cease and shift to states. The Commonwealth currently does not have a funding source to support the rail services. The bill would create the fund and allow the Commonwealth Transportation Board, pursuant to §33.1-23.1, to deposit up to 10 percent of the amount in the Transportation Trust Fund after certain set-asides are made.

6. **Budget Amendment Necessary**: None.

7. **Fiscal Impact Estimates:** Preliminary. See Item 8.

8. **Fiscal Implications:** The bill would provide some general fund support to transportation in fiscal years where general fund growth exceeded eight percent or when general fund revenues were higher than anticipated. The amount eligible to be directed to transportation would fluctuate between fiscal years.

   The bill would create the Virginia Transportation Infrastructure Bank. The Governor's proposed budget includes $150 million in general fund support and $250 million in transportation funds to be used for loans and grants for transportation improvements.

The bill accelerates the issuance of Transportation Capital Projects Revenue Bonds by increasing the authorized issuance to $500 in FY 2012 and $600 million in FY 2013. The bonds are currently limited to $300 million per year, although unissued authorization may be carried over between fiscal years. Because the bonds were not issued beginning in FY 2008 when they were first authorized, there is currently a balance of $407 million in authorized but unissued bonds. The current debt capacity model assumes the issuance of a portion of the excess authorization in the biennium, with $493 million to be issued in FY 2011, $500 million in FY 2012 and $314 million in FY 2013.

The use of GARVEEs to fund transportation projects will not impact the state's debt capacity, since they pledge future federal funding. The projects funded by the GARVEEs will be chosen by the Commonwealth Transportation Board in consultation with the Federal Highway Administration. The repayment of the bonds will limit the use of a portion of federal transportation revenues, although the limit of $1.2 billion in outstanding principal will require roughly ten percent of federal transportation funds be used for debt service.

9. **Specific Agency or Political Subdivisions Affected:** Department of Transportation, Department of Rail and Public Transportation, Department of Treasury, Department of Accounts

10. **Technical Amendment Necessary:** None.

11. **Other Comments:** Identical to HB 2527 H1.

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