

Department of Planning and Budget 2013 Fiscal Impact Statement

1. Bill Number: HB1953

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

2. Patron: Poindexter

3. Committee: Passed both houses

4. Title: U.S. Route 58 Corridor Development Program; issuance of bonds.

5. Summary: The proposed legislation would amend the maximum amount of bonds that may be issued under the Route 58 Corridor Development Program. The bill would change the authorization from an aggregate principal amount not exceeding \$704.3 million to an aggregate principal amount not exceeding \$1.3 billion. The bill also gives priority to specified projects in the development program.

The bill includes language directing that any new bonds issued pursuant to this legislation may only be issued if debt service on the new bonds may be solely met by the existing revenues provided to the program. Item 450 B.1. of the 2012 Appropriation Act provides for the payment on the currently outstanding bonds. In FY2013, \$40 million is provided from the general fund and \$13 million is provided from the Transportation Trust Fund (TTF).

The bill also includes an enactment clause stating that the provisions of the bill do not become effective unless a statewide, comprehensive transportation funding bill is passed in the 2013 General Assembly session and becomes law.

The Route 58 Corridor Development Program was created in 1989 to widen Route 58 to four lanes from Virginia Beach to Interstate 77. Work began on the east coast and proceeded westward. There are currently approximately 20 miles remaining in the project.

6. Budget Amendment Necessary: None.

7. Fiscal Impact Estimates: Final. See Item 8.

8. Fiscal Implications: The proposed legislation increases the overall cap on the bonds from \$704.3 million to \$1.3 billion, an increase of \$595.7 million. The bill does not allow the additional debt to be issued until it can be supported within the Route 58 program's existing revenue stream. It is unknown when debt service on any new bonds may be supported by the revenue and, subsequently, when new bonds may be issued. Debt service on the outstanding bonds is approximately \$50 million per year until fiscal year 2019, when it begins to diminish as various series of bonds are paid off.

As of May 15, 2013, the outstanding bonds for the Route 58 Corridor Development Program will be \$378.1 million. Any debt issued pursuant to this legislation would impact the state's debt capacity. The impact on debt capacity would depend on the amount of debt issued for the Route 58 program.

9. Specific Agency or Political Subdivisions Affected: Virginia Department of Transportation, Department of Treasury

10. Technical Amendment Necessary: None.

11. Other Comments: None.

Date: 3/14/2013 dpb/smc

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