

## Department of Planning and Budget 2013 Fiscal Impact Statement

**1. Bill Number:** HB1979

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:** May

**3. Committee:** Appropriations

**4. Title:** Authorization of bonds to acquire the Dulles Greenway.

**5. Summary:** The Dulles Greenway is a 14-mile long privately-owned toll road in Loudoun County. The road was constructed with private funding in 1995 in compliance with the Virginia Highway Corporation Act of 1988, a precursor to the Public Private Transportation Act of 1995. Toll rates on the facility are regulated by the State Corporation Commission.

The proposed legislation would authorize the Commonwealth Transportation Board (CTB) to issue bonds to acquire the Dulles Greenway and, if necessary, improve or upgrade the facility. The bill does not require the CTB to purchase the Greenway. If the CTB were to acquire the facility, the legislation authorizes the CTB to impose and collect tolls from all classes of vehicles in amounts established by the Board.

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

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

**8. Fiscal Implications:** The legislation would authorize the issuance of bonds for the acquisition and improvement of the Dulles Greenway. The bonds would be secured by toll revenue and backstopped by the Transportation Trust Fund (TTF) and other available revenues.

Due to the security structure's involvement of the TTF, any debt issued by the CTB pursuant to this legislation would be 9(d) tax-supported debt and would impact the state's debt capacity. According to a Moody's report dated November 7, 2012, the current owner of the Dulles Greenway, Toll Road Investors Partnership II, has approximately \$1.01 billion in outstanding Dulles Greenway Project Revenue Bonds.

The CTB is not authorized to issue bonds unless the Treasury Board certifies that the debt service coverage ratio is 1.25, meaning that the annual toll revenue must be 1.25 times greater than the required annual debt service payment. The Treasury Board, to date, has not been involved in giving opinions on a project's revenue sufficiency to cover debt service and operating expenses and would likely need to engage an independent consultant to analyze the

revenues and expenses and advise the Board. The bill does not provide a funding source for the cost of the consultant.

The proposed legislation does not require the CTB to purchase the Dulles Greenway and precludes the expenditure of funds on the Dulles Greenway unless the CTB has acquired it through a negotiated sale at fair market value as determined by the board. It is not clear if the CTB would need additional authority from the General Assembly to purchase the facility, should it become available. Section 2.2-1149, Code of Virginia, exempts from the Commonwealth's capital outlay approval process the acquisition of real property for the construction, improvement or maintenance of highways and transportation facilities. However, it is unclear if the proposal to purchase an existing toll facility would meet the exemption provisions.

**9. Specific Agency or Political Subdivisions Affected:** Department of Transportation, Department of Treasury, Commonwealth Transportation Board

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

**11. Other Comments:** None.

**Date:** 1/25/2013 dpb/smc

**Document:** G:\GA\FIS 2013\HB1979.doc