

Department of Planning and Budget 2013 Fiscal Impact Statement

1. Bill Number: SB1095

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: Hanger

3. Committee: Finance

4. Title: Bond issuance for wastewater treatment facilities.

5. Summary: Authorizes the Virginia Public Building Authority (VPBA) to issue an additional \$150 million in bonds to continue installing nutrient removal technology in eligible wastewater treatment facilities to comply with the Chesapeake Bay TMDL and the Watershed Implementation Plan. These funds would complete projects at facilities under existing signed Water Quality Improvement Fund agreements and at additional eligible facilities that did not receive moneys from the original bonds issued in 2007. The original legislation (Chapter 851 and 900 of the Acts of Assembly of 2007) provided for \$250 million in authorization.

6. Budget Amendment Necessary: No, not in the current biennium.

7. Fiscal Impact Estimates are preliminary. See item 8, below.

8. Fiscal Implications: The proposed legislation authorizes VPBA to issue an additional \$150 million in bonds for Water Quality Improvement Fund Grants to certain publicly owned sewage treatment facilities to fund a portion of the costs of design and installation of the 89 projects listed in Chapters 851 and 900, 2007 Acts of Assembly, and other eligible nonsignificant dischargers. The grant funding is used to install technologies in the listed treatment facilities that achieve significant additional reductions of nitrogen and phosphorus. These reductions are needed in order to restore and improve the Chesapeake Bay and its tributaries and to protect the Bay from further impairment.

The bonds authorized by this bill will constitute tax-supported debt of the Commonwealth and as such have an impact on the Commonwealth's debt capacity. Language in the bill specifies that the additional bonds authorized in this bill will not be issued prior to July 1, 2013. The amount of debt service required will depend on when any additional bonds are issued. If all of the \$150 million in bonds provided for in this bill are issued in the fall of FY 2014, the annual debt service on those bonds would be approximately \$11.03 million and would be required for 20 years beginning in FY 2015.

9. Specific Agency or Political Subdivisions Affected: Department of the Treasury, Treasury Board, Virginia Public Building Authority, Department of Environmental Quality (DEQ), Department of Planning and Budget, Augusta County Service Authority, Town of Luray, Harrisonburg-Rockingham Regional Sewer Authority, City of Waynesboro, Town of Berryville, Town of Front Royal, Town of Mount Jackson, Stoney Creek Sanitary District, Town of Strasburg, Town of Woodstock, Frederick-Winchester Service Authority, Town of Purcellville, Loudoun County Service Authority, Town of Leesburg, Town of Round Hill, Prince William County Service Authority, Upper Occoquan Sewage Authority, Arlington County, Fauquier County Water and Sewer Authority, Alexandria Service Authority, Fairfax County, Stafford County, Town of Colonial Beach, King George County Service Authority, Town of Culpeper, Town of Orange, Rapidan Service Authority, Town of Warrenton, Spotsylvania County, City of Fredericksburg, Stafford County, Westmoreland County, Town of Tappahannock, Town of Warsaw, Reedville Sanitary District, Town of Kilmarnock, Caroline County, Hanover County, Hampton Roads Sanitation District, New Kent County, City of Buena Vista, City of Covington, Maury Service Authority, Alleghany County, Town of Amherst, City of Lynchburg, Rivanna Water and Sewer Authority, Town of Crewe, Town of Farmville, Henrico County, City of Hopewell, Chesterfield County, City of Richmond, South Central Wastewater Authority, Town of Cape Charles, Town of Onancock, Town of Tangier.

10. Technical Amendment Necessary: The list of eligible significant discharges in subsection E of §10.1-1186.01, Code of Virginia, may need to be updated, to reflect the current status of several of the listed dischargers.

11. Other Comments: There are 58 current signed agreements for the design/construction of nutrient reduction technology to meet Chesapeake Bay limits. These agreements total \$653 million in commitments. The Department of Environmental Quality (DEQ) is projecting a shortfall of \$12.0 million to fully fund existing grant commitments. Additionally, DEQ estimates that 10 new grants, totaling approximately \$122 million, will be signed over the next two years. Combined, the result will be a projected shortfall of \$134 million in commitments beyond FY 2017.

The projected shortfall, based on cash flow, through FY 2016 is \$101 million. HB800/1500, as introduced, includes authorization for an additional \$101 million in bonds (beyond the \$250 authorized in Chapter 851 and 900 of the Acts of Assembly of 2007) for Water Quality Improvement Fund Grants.

SB494, as introduced, in the 2012 Session, and HB1180, as introduced in the 2012 Session, authorize VPBA to issue an additional \$300 million in bonds for Water Quality Improvement Fund Grants. The Substitute for SB494 authorizes VPBA to issue an additional \$378 million in bonds - \$300 million for Water Quality Improvement Fund Grants and \$78 million for combined sewer overflow (CSO) projects in the Cities of Lynchburg and Richmond. SB800/HB1500, as introduced, also authorizes VPBA to issue \$59 million in bonds to support the Richmond and Lynchburg CSO projects.

Date: 1/21/13

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