

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: HB2296

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: Joannou

3. Committee: Transportation

4. Title: Tolling authority

5. Summary: On or after July 1, 2015, requires approval by the General Assembly before the imposition or collection of tolls or user fees on any interstate, primary, or secondary highway, on any project undertaken pursuant to the Public-Private Transportation Act (PPTA) of 1995 (§ 33.2-1800 et seq.), the Northern Virginia Transportation Authority (§ 33.2-2500 et seq.), the Hampton Roads Transportation Accountability Commission (§ 33.2-2600 et seq.), or the Richmond Metropolitan Transportation Authority (§ 33.2-2900 et seq.).

6. Budget Amendment Necessary: No

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

8. Fiscal Implications: This legislation could affect the ability to implement new tolls, or toll increases after July 1, 2015. In the case of existing facilities, this could be viewed as an impairment of the contract under which bonds have been issued. Requiring legislative approval of toll increases would weaken the credit strength and adversely affect the value of the bonds. This action would need to be disclosed to bondholders/investors. This could potentially include existing facilities such as: Dulles Toll Road, Elizabeth River, Pocahontas Parkway, Coleman Bridge, as well as facilities enumerated in the bill. Certain facilities could trigger the need for the Commonwealth Transportation Board (CTB) to cover with other transportation revenues any shortfall not covered through bond issuances.

According to the Virginia Resources Authority (VRA), the Richmond Metropolitan Transportation Authority (RMTA) is a borrower in the VRA pool. VRA and its bondholders have a contractual requirement to increase tolls if it is necessary for RMA to meet debt service payments. The VRA notes that the limitation of toll increases could reduce the ability of the borrower to meet its debt obligations, as well as threaten VRA's credit rating and the appeal of investors in VRA and other Commonwealth bonds.

The Commonwealth has outstanding 9(c) bonds on the Coleman Bridge. It is not clear if this proposal would override language in the 9(c) act allowing the CTB to set tolls at a rate to generate sufficient net project revenues to pay debt service. If it does and the General Assembly does not approve a change in tolls, the general fund or other transportation funds would be needed to cover the debt service of these bonds.

The proposed legislation would require General Assembly approval of tolls associated with any agreements negotiated through the PPTA. It is not known whether this requirement might reduce the number of solicited and unsolicited bids made by private entities through the PPTA, or whether costs of their proposed projects would be higher, due to the increased uncertainty of their ability to negotiate a comprehensive agreement with the responsible agencies.

- 9. Specific Agency or Political Subdivisions Affected:** Northern Virginia Transportation Authority, Hampton Roads Transportation Accountability Commission, Richmond Metropolitan Transportation Authority, Commonwealth Transportation Board, Virginia Department of Transportation, Virginia Resources Authority, and Department of the Treasury.

- 10. Technical Amendment Necessary:** No

- 11. Other Comments:** None